

THE INSTITUTE FOR FISCAL STUDIES

England & Wales · Charity number 258815

Details

Other names	THE INSTITUTE FOR FISCAL STUDIES LIMITED, THE INSTITUTE OF FISCAL STUDIES, I F S
Status	Registered
Legal form	Charitable company
Company number	00954616
Registered	1969-06-12
Register	View on the Charity Commission register

Contact

Address	First Floor 2 Marylebone Road London NW1 4DF
Phone	02072914800
Email	mailbox@ifs.org.uk
Website	www.ifs.org.uk

Activities

Objects: THE OBJECTS OF THE INSTITUTE ARE THE ADVANCEMENT OF EDUCATION, FOR THE BENEFIT OF THE PUBLIC, BY PROMOTION ON A NON-POLITICAL BASIS OF THE STUDY AND DISCUSSION OF, AND THE EXCHANGE AND DISSEMINATION OF INFORMATION AND KNOWLEDGE CONCERNING, THE ECONOMIC AND SOCIAL EFFECTS AND INFLUENCES OF:4.1.1 EXISTING TAXES;4.1.2 PROPOSED CHANGES IN FISCAL SYSTEMS; AND4.1.3 OTHER ASPECTS OF PUBLIC POLICY,IN EACH

Activities: The Institute for Fiscal Studies is a research institute which exists to provide top quality economic analysis independent of government, political party or any other vested interest. Our goal is to promote effective economic and social policies by understanding better their impact on individuals, families, businesses and the government's finances.

Classification

- **How:** Provides Advocacy/advice/information, Sponsors Or Undertakes Research
- **What:** Education/training, Economic/community Development/employment
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** UNRESTRICTED
- Australia
- Brazil
- Colombia
- Ethiopia
- Ghana
- India
- Nigeria
- Uganda
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£11,370,473	£10,959,987	£5,113,832	86
2023-12-31	£10,166,930	£9,661,499	£4,552,680	80
2022-12-31	£9,175,531	£8,746,749	£3,838,610	73
2021-12-31	£8,771,724	£8,476,119	£3,409,828	77
2020-12-31	£9,802,176	£9,672,723	£3,114,223	77

Trustees

Name	Role	Appointed
Caroline Gillian Mawhood		2018-11-28
DAVID JOHN GREGSON		2018-11-28
Dr Peter Kane		2020-06-26
Dr Swati Dhingra		2023-11-01
James Bell		2015-12-14
Jonathan Athow		2014-07-15
KEVIN HARRY GASKELL		2024-09-16
LORD GUS O'DONNELL GCB		2015-12-14
Nicholas Timmins		2015-12-14
Orna Gabrielle NiChionna		2020-07-14
Winifred Armah		2023-11-01

THE INSTITUTE FOR FISCAL STUDIES

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Accounts



Trustees' Report

Year ended 31 December 2024

Institute for Fiscal Studies



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Company information

Company registered office

7 Ridgmount Street
London WC1E 7AE

Company registered number

00954616 (Incorporated in England and Wales)

Registered charity

258815

Company bankers

National Westminster Bank plc
City of London Office
1 Princes Street
London EC2R 8BP

Auditor

Moore Kingston Smith LLP
9 Appold Street
London EC2A 2AP

Introduction from the Chair of Trustees



I am pleased to present the Trustees' Report of the activities of IFS in 2024.

During the year, the IFS once again justified its role as the most respected and influential independent institution in economic and fiscal policy in the UK. During the general election campaign, many in the media and the public turned to the Institute as a public referee, holding parties to account when numbers didn't add up or policy proposals were less than transparent. Aside from the election itself, researchers at the IFS analysed and explained a number of fiscal events for the UK as a whole and across the regions.

The authority to comment on policies and policy proposals and to work with governments to understand and improve policy development comes from unparalleled excellence in academic research conducted at the IFS. An example of this was the IFS Deaton Review of Inequalities: the first part of its work was published in 2024 by Oxford University Press and – in common with nearly all publications and outputs by IFS staff – is available free of charge online for everyone to read.

The IFS is entirely independent of political parties, companies, individuals and pressure groups, with much of its funding coming through a peer-reviewed process from UK Research and Innovation (UKRI). During the year, we were successful in gaining renewed funding for IFS's UKRI-funded Centre for the Microeconomic Analysis of Public Policy, which will provide much-needed consistency of funding for the next five years.

On behalf of the Trustees, I thank all the staff at IFS for their tireless work, continuing to produce and disseminate excellent research of the highest standard. I would like to thank my fellow Trustees for giving their time and expertise so generously throughout the year. Thanks also go to my predecessor in this role, Michael Ridge, who stepped down last year after 8 years of service to the IFS as Trustee and Chair of the Board.

A handwritten signature in black ink, appearing to read 'Harry Gaskell', written on a light-colored background.

Harry Gaskell
Chair of Trustees, Institute for Fiscal Studies

Objectives and activities

The objectives of the Institute

The objectives of IFS are the advancement of education, for the benefit of the public, by promotion on a non-political basis of the study and discussion of, and the exchange and dissemination of information and knowledge concerning, the economic and social effects and influences of:

- existing taxes;
- proposed changes in fiscal systems; and
- other aspects of public policy,

in each case whether in the United Kingdom (UK) or elsewhere in the world.

So as to advance these objectives, it is IFS's policy to retain the right to publish its reports openly in order to inform public debate and policymaking.

Public benefit

The members of the Board of Trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011 and have taken due regard of the Charity Commission's general guidance on public benefit. Examples of how the Institute has aimed to meet its public benefit are given in the review of 2024, where the Institute's achievements are reported.

Strategic framework

IFS operates within a strategic framework agreed by the Board of Trustees; in addition to its regular meetings, the Board meets every year to discuss strategy with IFS staff, discuss issues, opportunities and difficulties, and agree on objectives. These discussions cover maintaining excellence in research, preserving independence and impartiality in policy analysis, engaging with a wide range of stakeholders, financial viability and good management, good governance, and supporting Institute members.

How has the Institute furthered these aims?

During the year, the Institute has carried out a wide range of research and has publicised the resulting findings as widely as possible through publications and conference participation, on its own website, on social media and in broadcast and written media. Success lies in the scientific quality of our research and the efficacy with which our findings have informed the public debate. The following pages outline how this has been done, as well as highlighting significant operational changes.

Review of 2024

IFS responded to significant events relating to UK policy, which included a number of fiscal events – UK-wide and in the devolved regions – before and after the change of government, as well as to the general election itself. Where decisions of national importance were at stake, by policymakers and the electorate, IFS research shone a light on the claims and counter-claims of politicians to help voters understand the choices for the country.

The IFS aims to reach a range of audiences, using strategies tailored to the expertise and interests of those groups. Methods used to connect with people include in-person meetings with national and regional policymakers, evidence to select committees and government bodies, written reports, public events, academic conferences, social media posts, digital tools, materials for schools and students, podcasts and videos.

The expertise that allows IFS researchers to explain and improve policy is underpinned by leading-edge academic research. The wide-ranging IFS Deaton Review of Inequalities was published in 2024 by Oxford University Press. Researchers have published articles in top journals and taken part in conferences, seminars and academic collaborations. Examples of research programmes that were ongoing in 2024 included: the IFS Pensions Review; research into productivity and labour markets; the Centre for Tax Analysis in Developing Countries; and collaborations with health experts into child nutrition and health and social care.

More information about IFS research and publications can be found on the IFS website:

<https://ifs.org.uk/research-and-analysis>.

To support our research and engagement, IFS has raised research funding during the year. A key funding source is UKRI, which, most significantly, funds the Economic and Social Research Council (ESRC) Centre for the Microeconomic Analysis of Public Policy (CPP) at IFS. Funding for this core research programme was applied for and renewed this year, with the new five-year tranche beginning in autumn 2025.

IFS research is funded through research grants, from the UK Research Councils, charitable trusts such as the Nuffield Foundation, and elsewhere (see financial review on page 12 for details). During 2024, IFS was notified of the outcome of 36 research proposals, of which 24 were approved for funding (67% success rate). Fewer proposals were submitted and assessed than in 2023 (42) but the success rate was higher (60% in 2023). In part, this was owing to the significant effort devoted to preparing the bid for renewal funding for the ESRC Institute, which was successfully achieved with a value of £10.3 million. The total value of awards made was £14.9 million (£10.02 million in 2023). The number of potential funders approached was 23, and funding was awarded by 18 different organisations (25 and 17 in 2023). A total of 87 funded research projects were active in 2024, which is a little lower than 2023 (101).

A list of projects active during 2024 can be found on the IFS website: <https://ifs.org.uk/about/finance>.

Part of the remit of the IFS is to build capacity and expertise in the social sciences in the UK and elsewhere. In 2024, we recruited three new graduates and three postdoctoral researchers. The organisation also hosted eight summer students and four work-experience school students as part of a programme to encourage interest in social science research amongst under-represented groups of young people. The IFS acts as a hub for UK researchers and experts, with a wide network of affiliates who frequently visit from the UK and overseas to collaborate with IFS researchers. During the year, the IFS hosted a series of guest seminars, as well as larger academic and policy-focused events. Details of all IFS events can be found on the website: <https://ifs.org.uk/events>.

Operationally, a significant development during the year has been a move to cloud computing and a laptop-first policy. This will enhance data security and ease of working for staff and affiliates.

Selected highlights

During the year, a number of members of staff were recognised for their excellence in the field. IFS Director, Paul Johnson, was awarded an honorary doctorate degree from the University of Sussex. CPP Director, Imran Rasul, was appointed Royal Economic Society President-Elect. IFS Deputy Director, Carl Emmerson, was made a Fellow of the Academy of Social Sciences. IFS Deputy Research Director, Dr Sonya Krutikova, was appointed to the new Department for Education Science Advisory Committee. CPP Co-director, Professor Sir Richard Blundell, gave the prestigious Marshall Paley Lecture on inequalities.

Top journals and press highlights

Top five journal articles past decade (2015–24): 45

Top field journal articles past decade (2015–24): 130

Front pages 2024: 301 (144 in 2023, 258 in 2022, 165 in 2021)

Press interviews 2024: 413 (304 in 2023, 493 in 2022, 249 in 2021) including 24 on Today, 13 on LBC and 65 on BBC Radio 4

Academic and policy publications summary

Type	2024	2023	2022	2021
Journal articles [¥]	102	82	81	48
Top five journal articles [*]	6	6	3	2
Top field journal articles [◇]	17	11	21	13
Working papers	89	70	105	67
IFS reports [‡]	58	70	55	44
Comments	117	95	79	42

[¥] Includes more papers in 2022, 2023 and 2024 than were tracked in the past, now available on Elements.

^{*} *American Economic Review (AER), Econometrica (ECMA), Journal of Political Economy (JPE), Quarterly Journal of Economics (QJE), Review of Economic Studies (ReStud).*

[◇] *Journal of Health Economics, Journal of Labor Economics, Journal of Human Resources, Review of Economic Dynamics, Journal of Public Economics, Journal of Econometrics, RAND Journal of Economics, Review of Economics and Statistics, Journal of Economic Literature, Economic Journal, Journal of the European Economic Association, European Economic Review, Journal of Monetary Economics, Quantitative Economics.*

[‡] Includes IFS Deaton Review of Inequalities chapters.

More statistics about publications and impact are on the IFS website: <https://ifs.org.uk/about/impact>.

Priorities for 2025 and beyond

In addition to the UKRI-funded CPP, whose research programme is central to IFS's work, two other large projects are getting underway and are expected to progress during 2025. The first will focus on access to the justice system, pathways through the justice system and wider effects on well-being for those experiencing the justice system. The second project aims to transform understanding of economic inequalities within and between the UK's ethnic minority groups. Informed by multidisciplinary insights, researchers will bring together cutting-edge methods and newly linked datasets. For both projects, IFS researchers are in a unique position to engage with policymakers and stakeholders, and to upskill a generation of researchers in the study of ethnic inequalities.

During the year, our researchers and communications professionals will continue to seek ways to engage in dialogue with audiences across the UK and further afield. An example is the biennial IFS residential conference, which brings together academics, policymakers and tax professionals: the theme for 2025 will be business taxation.

Two big changes are underway for the organisation in 2025. IFS's director, Paul Johnson, will be stepping down after 14 years in the job: recruitment will take place during the first quarter of the year. The IFS will also be moving in the summer to new premises. Following an extensive search for a suitable property, plans are already in train to fit out the accommodation ready for staff to move in during July. In preparation for this, IFS has been updating its ICT infrastructure to move most data and analysis to a cloud computing environment. This has enhanced data security and will allow for more flexible working using laptops.

Strategic report

Financial review

The results for the year ended 31 December 2024 are presented in the statement of financial activities on page 20. Before unrealised net gains on investment, IFS surplus was £410,486 (2023: £505,431). This was primarily driven by a surplus on membership and donations/raising funds (£327,613) and investment (deposit) income (£188,684). Research at IFS recorded a deficit of £185,285, made up of a surplus on unrestricted research funds (primarily research contracts) of £299,609 and a deficit on restricted research funds (primarily research grants) of £483,894. The latter figure reflects the impact of inflation on multi-year fixed budget research grants.

Expenditure increased in total by £1,298,488 in the year, to £10,959,987 (2023: £9,661,499). Around half that increase (£645,607) was higher staff costs – both the impact of inflationary pay awards, but also higher staff numbers to manage an expanded research agenda. The other major drivers of increased expenditure were one-off IT costs associated with a major upgrade of hardware and software across the organisation, and professional fees associated with IFS's planned office move in 2025.

Unrealised net gains on IFS's investment with CCLA of £150,666 for the year meant net income overall for the year was £561,512. Despite this, because of the rise in the overall cost base, General Fund reserves cover only increased marginally from 6.26 months to 6.29 months – remaining at the six-month target set by the Board of Trustees.

The Institute attempts to raise its research funds from a range of organisations so that it is not dependent upon a single source of funding. Although 46% of the income from charitable activities recognised in 2024 was provided by the ESRC (46% in 2023), this funding covers a wide range of projects and IFS continues to submit applications to new funders to widen the funding base.

Reserves policy

The reserves policy is twofold: one, to hold funds for working capital purposes and as a contingency, should sufficient new funding not emerge or should existing contracts be cancelled; and two, to reflect the net book value of fixed and intangible assets.

In response to the significant impact of inflation on IFS's reserves, in November 2022 the Board of Trustees approved an investment of £2 million into CCLA's COIF Charities Investment Fund and established an Investment Committee to oversee performance. The purpose of the investment was defined as maintaining the real value of reserves as a whole over a 15- to 20-year time frame. For the year ended 31 December 2024, the unrealised net gain on this investment was £150,666.

As at 31 December 2024, the Institute's total reserves were £5,113,832 (2023: £4,552,680), comprising the unrestricted General Fund of £5,031,403 (2023: £4,408,501), the unrestricted Fixed Asset Fund of £47,552 (2023: £62,800) and the unrestricted Intangible Asset Fund of £34,877 (2023: £81,379).

The General Fund reflects the Institute's net current assets and is considered to be the amount of reserves that could be easily converted to cash, should the need arise. The target is for the General Fund to be maintained at a level to cover up to six months' expenditure (excluding direct project costs). The Trustees wish to continue to raise modest surpluses so that the General Fund meets and maintains this target.

The Fixed Asset Fund was established in 2010 such that this fund would be equivalent in value to the net book value of the Institute's fixed assets.

The Intangible Asset Fund comprises IFS's investment in a new website, launched in 2022, which is being paid for out of the General Fund. Now the site has been launched, the value of the asset, and this fund, will reduce on a straight-line basis over three years.

The reserves policy is subject to active review in the light of prevailing circumstances.

	2024	2024	2024	2023	2023	2023
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Cash and cash equivalents	2,361,711	1,891,506	4,253,217	2,409,963	3,051,387	5,461,350
Less net grants received in advance	(332,034)	(1,454,279)	(1,786,313)	(202,787)	(2,256,814)	(2,459,601)
Cash holdings (excluding net project grants received in advance)	2,029,677	437,227	2,466,904	2,207,177	794,573	3,001,750
Other working capital	(184,060)	(437,227)	(621,287)	(436,096)	(794,573)	(1,230,669)
Investments	3,185,786	-	3,185,786	2,637,421	-	2,637,421
General Fund	5,031,403	-	5,031,403	4,408,501	-	4,408,501
No. of months of forecast expenditure (excluding direct project costs)	6.29			6.26		
Target level for the General Fund: (six months' forecast expenditure, excluding direct project costs)	4,800,687			4,226,788		

General Fund	5,031,403	-	5,031,403	4,408,501	-	4,408,501
Fixed Asset Fund	47,552	-	47,552	62,800	-	62,800
Intangible Asset Fund	34,877	-	34,877	81,379	-	81,379
Total reserves	5,113,832	-	5,113,832	4,552,680	-	4,552,680

Principal risks and uncertainties

The Board of Trustees has overall responsibility for ensuring that the Institute has appropriate systems of control, both financial and operational. These systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The Audit Committee reviews IFS's internal controls in detail and advises the Board where necessary.

During the year, the Board of Trustees continued to review the major financial and operational risks facing the Institute. This is done through regular review of movements in the risk register at Board meetings. The Audit Committee also regularly reviews the IFS risk register and receives detailed analysis of major risks, advising the Board where appropriate. Key organisational risks normally become a standing item at both meetings so that regular updates can be provided.

The key risks that have been considered by the Board of Trustees in 2024 are:

- Access to funding and changes to existing funders' policies – in particular, IFS relies on the ESRC for a large proportion of the Institute's research funds. However, this funding represents a mix of long-term and short-term funding, which reduces the immediate risk. During 2024, the IFS Audit Committee reviewed a paper outlining the risks in this area and was satisfied with the mitigating

steps IFS is taking. The Institute continues to seek to diversify its funding sources in order to spread the risk.

- Retention of key staff and staff satisfaction – human capital is crucial to IFS's long-term success. The Board attaches the highest priority to nurturing and retaining talent and receives updates on the results and action points arising from periodic staff surveys.
- Safeguarding – to a limited extent, IFS is engaged in primary research activities with potentially vulnerable research participants in the UK and internationally. Our procedures in this area have been well benchmarked and stress tested, and we continue to take the greatest care to ensure that the relevant staff get proper training in this area.
- Investment risk – the potential long-term benefits of adding to our investment fund have been carefully weighed against the potential risks to IFS operations of a lack of easy access cash.
- IFS office lease expiration in June 2025 – as at the balance sheet date, IFS had signed a 15 year lease on a new office at 2 Marylebone Road, London NW1 4DF, starting April 2025.
- Network and data security – IFS is reliant on access to and use of data sources from a wide range of suppliers, a lot of which is confidential. Furthermore, as a high-profile public institution, IFS is, like other similar organisations, a potential target for cyber crime. These complex issues are currently managed by an internal information security forum that reports to IFS senior management and IFS Trustees. IFS is currently ISO 27001 compliant.
- Going concern risk and reserves – IFS restricted research grant finances in particular have been put under pressure by cost inflation. In response the IFS has and will continue to explore options to increase income where possible whilst carefully managing costs.
- Director recruitment – as at the balance sheet date, the IFS had successfully hired a replacement Director – Helen Miller, to replace the outgoing Director, Paul Johnson.

Going concern

IFS has modelled and stress-tested its cash flows and this work concluded that it will have sufficient liquid resources (cash and investments that can be converted to cash) to continue to operate for at least 12 months from the date of approval of these financial statements.

The Board of Trustees considered the extreme scenario that no projects currently applied for were successful, that no further applications were submitted, that all debtors were delayed by three months whilst all creditors were settled in the current month, and that no cost mitigations were introduced whether on staff costs or capital investments. Even in this case, which is not considered even remotely likely, IFS's cash position was not projected to turn negative in the 12 months from the date of signing of the accounts. Therefore the Board of Trustees remains of the view that there are no material uncertainties that call into doubt IFS's ability to continue. The financial statements have therefore been prepared on the basis that IFS is a going concern.

Governance and management

Constitution

The Institute for Fiscal Studies (IFS) was incorporated by guarantee on 21 May 1969. It is a private company limited by guarantee and has no share capital. It is a registered charity. The guarantee of each Company Law member ('Member') is limited to £1. The governing document is the Memorandum and Articles of Association of the Company and the members of the Board of Trustees are the Directors of the Company and the Trustees.

Company Law members consist of the IFS Council members. At the end of November 2024, the number of guarantors was 49 (49 at the end of November 2023), five of whom were elected by the IFS members. The Articles contain the provision that the IFS Council be expanded to no more than 50 persons and that it shall consist of 45 members elected by Council and five members elected by the wider IFS membership.

Members of the Board of Trustees

The Board of Trustees is established by the IFS Council: Trustees are elected by the Council from among themselves; the Board consists of at least seven and no more than twelve people, one of whom is *ex officio* the President of the Council. Trustees serve three-year terms, and will usually only serve a maximum of three terms. The Board of Trustees met five times during the year. Committee membership during 2024 was:

- Winnie Armah;
- Jonathan Athow;
- James Bell;
- John F. Chown* (Co-founder of IFS and honorary board member);
- Swati Dhingra;
- Harry Gaskell (Chair; joined in September 2024);
- David Gregson;
- Peter Kane;
- Caroline Mawhood;
- Orna NiChionna;
- Gus O'Donnell (President, IFS Council);
- Michael Ridge (Chair; stepped down in September 2024);
- Nicholas Timmins.

* John Chown is a co-founder of the IFS and a lifelong trustee; he is now unable to attend board meetings because of ill health.

As part of the organisation's governance review (see below), the Board of Trustees set up two subcommittees during 2019 to help improve scrutiny of the Institute's operations – a Nominations Committee and an Audit Committee. An Investment Committee was formed in 2023. The remits and memberships of the committees are as set out below.

Audit Committee

The Audit Committee's overall objective is to give advice to the Board of Trustees on:

- the overall processes for risk, control and governance;
- management assurances and appropriate actions from external audit and internal audit (if appropriate) findings, risk analysis and reporting undertaken;
- the financial control framework and supporting compliance culture;

- accounting policies and material judgements, the accounts and the annual report, and management's letter of representation to the external auditors;
- whistle-blowing arrangements for confidentially raising and investigating concerns over possible improprieties in the conduct of IFS business;
- processes to protect against fraud and corruption;
- the planned activity of internal audit (if appropriate) and external audit.

Membership during 2024: Jonathan Athow*, Peter Kane*, Caroline Mawhood* (Chair)

IFS staff attending: Carl Emmerson (Deputy Director), Slav Sikora-Sikorski (Head of Finance)

* Trustee

Nominations Committee

The Nominations Committee's objectives are:

- to develop and maintain rigorous and transparent procedures for appointments and re-appointments to the Council and the President, Trustees and its committees;
- to propose candidates for appointment to the Council and to the Board of Trustees;
- to formulate plans for succession and ensure that there is a transparent and fair procedure for the appointment of the President, Chair of Trustees, Honorary Officers, and members of the Council and Board of Trustees;
- to review regularly the composition of the Board and its committees (including their diversity, balance of skills, knowledge and experience) and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- to review the results of the Board performance evaluation process that relate to the composition of the Board.

Membership during 2024: Frances Cairncross (stepped down in March 2024)[§], Harry Gaskell (Chair; joined in September 2024), David Gregson*, Orna NiChionna*, Sue Owen (joined in March 2024)[§], Michael Ridge** (Chair; stepped down in September 2024)

IFS staff attending: Carl Emmerson (Deputy Director), Emma Hyman (Head of Operations)

* Trustee

** Chair of Trustees

§ Member of Council

Investment Committee

The Investment Committee's objectives are:

- to consider the investment strategy and policies;
- to oversee the execution of the agreed investment strategy;
- to review returns on excess cash and the appropriateness of existing and proposed cash;
- to manage facilities in the context of IFS liquidity requirements;
- to carry out other duties as may be determined from time to time by the Board.

Membership during 2024: David Gregson*, Peter Kane* (Chair), Orna NiChionna*

IFS staff attending: Slav Sikora-Sikorski (Head of Finance)

* Trustee

Induction and training of Trustees

New Trustees receive training and induction following their appointment. Trustees are kept up-to-date with IFS research by a rolling programme of research presentations made at each meeting of the Board of Trustees.

Attendance at board meetings

	February	May	June	September	November
Winnie Armah	Y	N	Y	N	Y
Jonathan Athow	Y	Y	Y	N	Y
James Bell	N	Y	Y	N	Y
Swati Dhingra	N	Y	Y	Y	N
Harry Gaskell	N/A	N/A	N/A	Y	Y
David Gregson	Y	N	Y	Y	Y
Peter Kane	Y	Y	Y	Y	Y
Caroline Mawhood	Y	Y	Y	Y	Y
Orna NiChionna	Y	Y	Y	Y	Y
Gus O'Donnell	Y	Y	Y	Y	N
Michael Ridge	Y	Y	N	N/A	N/A
Nicholas Timmins	Y	Y	Y	Y	Y

Remuneration policy

The salary of the Director is determined by the Board of Trustees when renewing his contract and is normally adjusted each year for a cost-of-living adjustment, in line with salaries across the Institute. The pay of all other staff is reviewed by the Director and, where appropriate, other members of senior management annually and is also usually increased by a cost-of-living adjustment. From time to time, the salary scales of the Institute are benchmarked against comparable organisations. In 2024, the services of the Research Directors, Rachel Griffith, Fabien Postel-Vinay and Imran Rasul, were provided by the University of Manchester (Griffith) and UCL (Postel-Vinay and Rasul) under contracts that reimburse the universities for an agreed percentage of the individual's salary, National Insurance and pension costs. Further details on these amounts are included in note 8 to the accounts.

Organisational structure of the Institute and the decision-making process

The overall management of IFS is carried out by the Director, Paul Johnson, who reports to the Trustees on a quarterly basis. The Director is part of the Senior Management Team of the Institute, which also during 2024 comprised the Deputy Directors, Carl Emmerson, Robert Joyce and Helen Miller, the Deputy Research Directors, Monica Costa Dias and Sonya Krutikova, and the Research Directors, Professors Rachel Griffith, Fabien Postel-Vinay and Imran Rasul.

The Board of Trustees delegates the operational responsibilities of the Institute to the Director of the Institute via a 'Scheme of Delegation', and he in turn delegates various duties to senior staff.

In 2024, the Institute employed directly an average of 86 (2023: 80) full- and part-time staff usually based at its office in Ridgmount Street, London. Research staff are divided into sectors, and administrative staff provide support facilities.

The Institute also employed indirectly 12 (2023: 10) senior academic staff based at UK universities on a part-time basis. In addition, a number of other academics from both UK and overseas institutions work with the staff as Research Fellows and Research Associates on an ad hoc collaborative basis.

Statement of policy on fundraising

Section 162A of the Charities Act 2011 requires us to make a statement regarding fundraising activities. We do not undertake widespread fundraising activities with members of the public, although we do accept donations or offers from partners to contribute to work that we undertake. The legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes'. Such amounts receivable are presented in our accounts as 'donations and legacies'. We do not use professional fundraisers or 'commercial participators' or any other third parties to solicit donations. We are therefore not subject to any regulatory scheme or relevant codes of practice, nor have we received any complaints in relation to fundraising activities.

Charity Governance Code

In July 2017, the new Charity Governance Code was published setting out recommended practice. The Board of Trustees is supportive of the principles set out in the code and is keen to ensure that these are built into the governance of the organisation. To this end, during 2019, Trustees carried out a detailed review of its governance policies and procedures with reference to the code and agreed on a plan to put in place measures to comply where appropriate. The plan is now being implemented.

The Committee noted the updates made to the governance code in 2020, relating to integrity and to diversity. Integrity has always been central to the values of the Institute and a *sine qua non* for staff, Trustees and collaborators. The Trustees are satisfied that their procedures are in keeping with the revised code and are appropriate to uphold integrity to a high standard.

In the light of updated principles relating to diversity and inclusion, the Nominations Committee considers these criteria when looking at the make-up of the Board of Trustees and of the Council. In particular, the Trustees are delighted that they have been able to increase both gender and ethnic diversity on the Council, a step that was much needed and a trend that they will strive to continue.

Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including income and expenditure, of the charity for the year. In preparing those financial statements, the Trustees are required:

- to select suitable accounting policies and then apply them consistently;
- to observe the methods and principles in the Charities SORP;
- to make judgements and accounting estimates that are reasonable and prudent; and
- to prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the charity will continue in business.

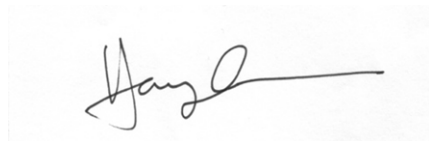
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, to disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees at the time the report is approved are aware:

- there is no relevant audit information of which the auditor is unaware; and
- they have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the UK governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Approved and authorised for issue by the Board of Trustees and signed on their behalf by



Harry Gaskell, Chair of Trustees

19th May 2025

Company registered number: 00954616

Registered charity: 258815

Independent Auditor's Report to members of THE INSTITUTE FOR FISCAL STUDIES

Opinion

We have audited the financial statements of Institute for Fiscal Studies ('the company') for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 and of its incoming resources and application of resources, including its 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 charitable company 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 Trustees' 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the 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.

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 course of 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 themselves. 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 strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' annual report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 29, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees 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 trustees 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 and trustees those matters which 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 any party other than the charitable company, the charitable company's members, as a body, and the charity's trustees, as a body for our audit work, for this report, or for the opinion we have formed.

Moore Kingston Smith LLP.

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Date: 27/05/2025

James Saunders (Senior Statutory Auditor)

for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

9 Appold Street
London
EC2A 2AP

Moore Kingston Smith LLP is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.

Financial reports

Statement of financial activities

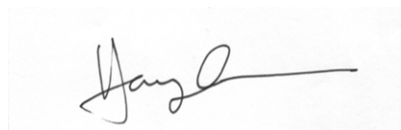
Year ended 31 December		2024	2024	2024	2023
		Unrestricted	Restricted	Total	Total
		£	£	£	£
Income from:					
Donations and legacies	2	432,912	-	432,912	349,819
Charitable activities	3	1,790,988	8,879,416	10,670,404	9,563,521
Investment income	4	188,684	-	188,684	124,215
Other income		78,473	-	78,473	129,375
Total income		2,491,057	8,879,416	11,370,473	10,166,930
Expenditure on:					
Raising funds	6	105,299	-	105,299	95,234
Charitable activities	6	1,491,378	9,363,310	10,854,688	9,566,265
Total expenditure		1,596,677	9,363,310	10,959,987	9,661,499
Net income before net gains on investment		894,380	(483,894)	410,486	505,431
Net gains on investment	11	150,666	-	150,666	208,639
Net income for the year		1,045,046	(483,894)	561,152	714,070
Transfers between funds	15	(483,894)	483,894	-	-
Net movement in funds		561,152	-	561,152	714,070
Reconciliation of funds:					
Total funds brought forward	16	4,552,680	-	4,552,680	3,838,610
Total funds carried forward	16	5,113,832	-	5,113,832	4,552,680

There were no other recognised gains or losses other than the net income for the year. All amounts relate to continuing operations.

Balance sheet

As at 31 December		2024	2023
		£	£
Fixed assets			
Tangible assets	10	47,552	62,800
Investments	11	3,185,786	2,637,421
Total fixed assets		3,233,338	2,700,221
Intangible assets	12	34,877	81,379
Total intangible assets		34,877	81,379
Current assets			
Debtors	13	2,010,402	1,809,490
Short-term deposits		2,522,571	4,047,049
Cash at bank and in hand		1,730,646	1,414,301
Total current assets		6,263,619	7,270,840
Liabilities:			
Creditors: amounts falling due within one year	14	(4,418,002)	(5,499,760)
Net current assets		1,845,617	1,771,080
Net assets		5,113,832	4,552,680
Total funds:			
Unrestricted funds			
- General Fund	15	5,031,403	4,408,501
- Fixed Asset Fund	15	47,552	62,800
- Intangible Asset Fund	15	34,877	81,379
		5,113,832	4,552,680
Restricted	15	-	-
Total		5,113,832	4,552,680

Approved and authorised for issue by the Trustees and signed on their behalf by



19th May 2025 - Harry Gaskell, Chair of Trustees

Company registered number: 00954616

Registered Charity: 258815

Statement of cash flows

Year ended 31 December	2024	2023
	£	£
Reconciliation of net income to net cash flow from operating activities		
Net income for the reporting period (as per the Statement of Financial Activities)	561,152	714,070
Adjustments for:		
Depreciation charges	34,527	38,220
Amortisation charges	46,502	46,503
Investment income	(188,684)	(124,215)
(Gains) on investments	(150,666)	(208,639)
(Increase) in debtors and accrued income	(200,912)	(126,115)
(Decrease) in creditors and accrued expenses	(573,778)	661,879
(Decrease) in grants received in advance of expenditure	(507,981)	194,743
Net cash (expended on) / generated from operating activities	(979,840)	1,196,446
Interest on investments	188,684	124,215
Purchase of intangible assets	-	-
Purchase of tangible fixed assets	(19,279)	(42,201)
Purchase of investments	(397,699)	(2,428,782)
Cash flows from investing activities	(228,294)	(2,346,768)
Change in cash and cash equivalents in the reporting period	(1,208,133)	(1,150,322)
Cash and cash equivalents at the beginning of the reporting period	5,461,350	6,611,672
Cash and cash equivalents at the end of the reporting period	4,253,217	5,461,350
Analysis of cash and cash equivalents		
	2024	2023
	£	£
Short-term deposits	2,522,571	4,047,049
Cash at bank and in hand	1,730,646	1,414,301
Total cash and cash equivalents	4,253,217	5,461,350

No net debt reconciliation has been presented as the Institute has no borrowings or external debt.

Notes to the accounts

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:

a) Basis of preparation

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

The Institute for Fiscal Studies 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).

Going concern

IFS has modelled and stress-tested its cash flows and this work concluded that it will have sufficient liquid resources (cash and investments that can be converted to cash) to continue to operate for at least 12 months from the date of approval of these financial statements. The members of the Board of Trustees have reviewed this work and are happy with the methodology and conclusions. They thus remain of the view that there are no material uncertainties that call into doubt IFS's ability to continue. The financial statements have therefore been prepared on the basis that IFS is a going concern.

b) Tangible fixed assets and depreciation

All tangible fixed assets costing more than £1,000 (excluding VAT) are capitalised and depreciated. Depreciation of fixed assets is calculated to write off the cost of each asset over the term of its estimated useful life.

The Trustees have determined that all costs relating to the refurbishment of the premises and any furniture be depreciated over five years and all other assets depreciated over three years. Assets are written off on a straight-line basis commencing from the quarter after the date of purchase. Where the length of any remaining lease is less than five years, then any refurbishment costs are depreciated up to the end of the year in which the lease comes to an end.

c) Listed investments

'Investments' refers to a single investment fund provided by a major fund manager in the charity sector. Purchases are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Net gains on investments' in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

d) Intangible assets and amortisation

All intangible assets capitalised are amortised over three years from the point when they are brought into actual use.

e) Income - membership subscriptions and donations

Membership income is deferred to the extent that it relates to services to be provided in future periods. Donations are credited to the statement of financial activities at the date of receipt.

f) Income - publications

Royalty income receivable from the publisher of the IFS-owned journal, *Fiscal Studies*, is recognised on an accruals basis and in accordance with the substance of the publishing agreement.

g) Income – research activities

Income from research activities is recognised when the Institute has entitlement to the funds, when it is probable that the income will be received and the amount can be measured reliably.

The Institute is usually entitled to research income in stages over the course of a project, subject to performance-related conditions requiring a particular level of service or output, often approximating to when related expenditure is incurred. In such cases, research income is credited to the statement of financial activities when it falls due to be received to the extent that it is matched by related expenditure.

Where donations or grants are received without performance-related conditions, entitlement usually arises on receipt and research income is credited to the statement of financial activities when it falls due to be received.

h) Interest and dividends receivable

Interest on funds held on deposit and dividends on investments are included when receivable and the amount can be measured reliably.

i) Allocation of expenses

Direct and indirect expenses are included when incurred. The majority of expenses are directly attributable to specific activities. Indirect overhead costs (e.g. premises and administration) are allocated on a basis consistent with the use of the resource, usually on a per-capita basis. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Pension costs

The pension cost charge represents contributions payable by the Institute to employees' personal pension plans in respect of the year.

k) Operating leases

Leasing charges in respect of operating leases are charged to the statement of financial activities as they are incurred.

l) Current asset investments – short-term deposits

Current asset investments include cash on deposit and cash equivalents held for investment purposes rather than to meet short-term cash commitments as they fall due.

m) Foreign currency

The value of the balances in the Institute's Euro and US Dollar accounts at the end of the year was based on the exchange rate as at 31 December 2024. Transactions in foreign currencies are calculated at the exchange rate ruling at the date of the transaction and Institute-wide foreign exchange gains or losses made during the year are taken into account in arriving at the net income for the year.

n) Financial instruments

IFS 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.

o) Critical accounting estimates and areas of judgement

Preparation of the financial statements requires some judgements and estimates to be made. The items in the financial statements where judgements and estimates are made include:

- judging the progress of multi-year research projects;
- estimating the useful economic life of tangible fixed assets;
- estimating the useful economic life of intangible assets; and
- estimates relating to the allocation of support costs across expenditure categories.

p) Funds

IFS maintains three internal funds, which include restricted and unrestricted funds.

Unrestricted – General Fund: these funds are derived from any unrestricted donations and grants received by IFS as well as from contracts for research that are unrestricted in nature.

These are funds that can be used for any purpose within the charitable objectives of IFS.

Unrestricted – designated Fixed Asset Fund: this fund represents resources set aside to cover future capital expenditure. The value of this fund at the year-end represents the net book value of tangible fixed assets and intangible assets.

Restricted – research funds: these funds represent grants and donations received to cover project expenditure on research projects. The restrictions are imposed by the funder, usually with respect to the specific research project being undertaken. The nature of the portfolio of research grants and contracts is such that in most cases income and expenditure are closely matched.

2. Membership and donations

	2024	2023
	£	£
Corporate membership	227,775	206,983
Individual membership	55,637	50,336
	283,412	257,319
Other donations	149,500	92,500
	432,912	349,819

Donations in the year totalling £620 were received from Trustees and their spouses.

3. Income from charitable activities

IFS frequently collaborates with universities and other research organisations. The income classification below is based on the ultimate funder of the research.

	2024	2024	2024	2023	2023	2023
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
ESRC	0	4,951,447	4,951,447	52,869	4,389,217	4,442,086
Charitable trusts and foundations	329,631	1,564,292	1,893,923	42,670	1,901,910	1,944,580
Government (or similar)	996,183	2,363,579	3,359,762	995,412	1,850,939	2,846,351
Other organisations	364,601	98	364,699	199,710	-	199,710
Event income	31,473	-	31,473	84,272	-	84,272
Publications	69,100	-	69,100	46,521	-	46,521
	1,790,988	8,879,416	10,670,404	1,421,454	8,142,067	9,563,521

IFS receives funds in the form of project grants, directly and indirectly, from the UK and other national governments, other governmental agencies and international governmental bodies. These funds are tied to specific research-related activities in the course of the standard charitable activities of IFS. IFS does not receive any funding in the form of general government grants or assistance. Therefore, it is not felt to be necessary, useful or practical to disclose further analysis within these accounts.

4. Investment income

All investment income arises from money held in interest-bearing deposits. IFS reinvests all dividends and other income earned on its investment fund and so takes no distributions to the Statement of Financial Activities.

5. Analysis of expenditure

Total costs include payments to third parties that work together with IFS on particular projects. Where the Institute is the lead organisation, it receives funding from the grant-giving body for all participating organisations for onward transmission. Gross receipts are reflected in the Institute's revenues and, depending on the types of project undertaken, may vary significantly from year to year.

	Total charitable activities £	Raising funds £	Governance costs £	Support costs £	2024 Total £	2023 Total £
Research collaborations & subcontracts	1,581,355	-	-	-	1,581,355	1,288,098
Data costs & data collection costs	176,444	-	-	-	176,444	322,039
IFS travel, accommodation & subsistence	233,814	-	-	-	233,814	242,429
Visitor travel, accommodation & subsistence	2,149	-	-	-	2,149	1,085
Event, publication & dissemination costs	362,100	-	-	68,287	430,387	517,832
Other direct costs	197,584	-	-	-	197,584	106,080
Premises	-	-	-	676,742	676,742	834,242
IT & office costs	-	-	-	609,917	609,917	339,527
Other staff costs	-	-	-	159,551	159,551	108,342
Insurance & professional fees	-	-	55,370	313,305	368,675	159,811
Other	-	-	-	83,437	83,437	65,834
Total costs (excl. staff costs)	2,553,446	-	55,370	1,911,239	4,520,055	3,985,319
Staff costs (universities)	790,989	-	-	-	790,989	664,927
Research Fellows & Research Associates	64,583	-	-	-	64,583	72,500
	855,572	-	-	-	855,572	737,427
IFS staff costs (research)	4,326,995	31,840	24,330	-	4,383,164	3,787,977
IFS staff costs (events & dissemination)	-	46,071	-	513,476	559,547	528,734
IFS staff costs (research services)	-	8,868	-	168,499	177,367	183,990
IFS staff costs (central)	-	2,975	22,848	438,459	464,282	438,051
	4,326,995	89,753	47,178	1,120,434	5,584,360	4,938,753
Total staff costs (incl. Fellows & Associates)	5,182,567	89,753	47,178	1,120,434	6,439,932	5,676,180
Total expenditure	7,736,013	89,753	102,548	3,031,673	10,959,987	9,661,499
Allocation of support costs (including governance)	3,118,675	15,546	(102,548)	(3,031,673)	-	-
Total expenditure	10,854,688	105,299	-	-	10,959,987	9,661,499

Analysis of expenditure 2023	Total charitable activities £	Raising funds £	Governance costs £	Support costs £	2023 total £
Research collaborations and subcontracts	1,288,098	-	-	-	1,288,098
Data costs and data collection costs	322,039	-	-	-	322,039
IFS travel, accommodation and subsistence	242,429	-	-	-	242,429
Visitor travel, accommodation and subsistence	1,085	-	-	-	1,085
Event, publication and dissemination costs	465,303	-	-	52,529	517,832
Other direct costs	106,080	-	-	-	106,080
Premises	-	-	-	834,242	834,242
IT and office costs	-	-	-	339,527	339,527
Other staff costs	-	-	-	108,342	108,342
Insurance and professional fees	-	-	36,771	123,040	159,811
Other	-	-	-	65,834	65,834
Total costs (excluding staff costs)	2,425,035	-	36,771	1,523,513	3,985,319
Staff costs (universities)	664,927	-	-	-	664,927
Research Fellows and Research Associates	72,500	-	-	-	72,500
	737,427	-	-	-	737,427
IFS staff costs (research)	3,736,949	28,169	22,859	-	3,787,977
IFS staff costs (events and dissemination)	-	42,312	-	486,422	528,734
IFS staff costs (research services)	-	9,200	-	174,790	183,990
IFS staff costs (central)	-	2,703	20,563	414,786	438,051
	3,736,949	82,384	43,422	1,075,998	4,938,753
Total staff costs (including Fellows and Associates)	4,474,376	82,384	43,422	1,075,998	5,676,180
Total expenditure	6,899,411	82,384	80,193	2,599,511	9,661,499
Allocation of support costs (including governance)	2,666,853	12,850	(80,193)	(2,599,511)	-
Total expenditure	9,566,265	95,234	-	-	9,661,499

6. Expenditure

2024	Unrestricted £	Restricted £	2024 total £	2023 total £
Cost of raising funds				
Direct costs (membership programme)	-	-	-	-
Staff costs (direct)	89,753	-	89,753	82,384
Support and governance costs (allocation)	15,546	-	15,546	12,850
	105,299	-	105,299	95,234
Charitable activities				
Project costs	163,973	2,389,473	2,553,446	2,425,035
Staff costs (total)	1,015,422	5,334,757	6,350,179	5,593,796
Support and governance costs (allocation)	311,984	1,639,080	1,951,063	1,547,434
	1,491,378	9,363,310	10,854,688	9,566,265
Total expenditure	1,596,677	9,363,310	10,959,987	9,661,499

2023	Unrestricted £	Restricted £	2023 total £
Cost of raising funds			
Direct costs (membership programme)	-	-	-
Staff costs (direct)	82,384	-	82,384
Support and governance costs (allocation)	12,850	-	12,850
	95,234	-	95,234
Charitable activities			
Project costs	119,607	2,305,428	2,425,035
Staff costs (total)	764,865	4,828,931	5,593,796
Support and governance costs (allocation)	211,588	1,335,846	1,547,434
	1,096,061	8,470,204	9,566,265
Total expenditure	1,191,295	8,470,204	9,661,499

IFS initially identifies the costs of its support functions. It then identifies the costs that relate to governance. The remaining support costs together with the governance costs are apportioned between charitable activities and the cost of raising funds.

The cost of raising funds includes costs related to the IFS membership programme and costs related to activities focused on seeking funding. These include some direct costs and direct staff time, as well as an allocation of support costs. Support costs are allocated on the basis of staff time.

Governance costs include the costs of external audit. Other governance costs relate primarily to costs associated with the AGM and Annual Lecture and dinner. No expenses were claimed by the Trustees during the year (2023: £0).

7. Net income

Net income is stated after charging:

	2024	2023
	£	£
Depreciation	34,527	38,220
Amortisation	46,502	46,503
Auditor's remuneration		
- Audit fees	25,950	24,750
Operating lease rentals – property	409,453	409,453

Audit fees are stated net of VAT and disbursements.

8. Analysis of staff costs and key management personnel

	2024	2023
	£	£
Wages and salaries	4,794,853	4,237,900
Social security costs	508,577	447,781
Pension costs	280,930	253,072
	5,584,360	4,938,753
Comprising:		
Researchers	4,383,164	3,787,977
Support staff	1,201,196	1,150,776
IFS payroll staff	5,584,360	4,938,753
Staff costs (universities)	790,989	664,927
Research Fellow and Research Associate payments	64,583	72,500
	6,439,932	5,676,180

The IFS has agreements in place with several universities/institutions for the provision of an agreed proportion of the working time (typically 5-50%) of, during 2024, on average 12 (2023:10) named, highly skilled individuals to carry out specific research duties at IFS in their areas of academic excellence. In 2024, £60,000 (2023: £50,000) of the amount for Research Fellows and Research Associates relates to these individuals.

During 2024 the Institute's senior management team comprised: the Director, Paul Johnson, and the Research Directors, Professors Imran Rasul, Rachel Griffith and Fabien Postel-Vinay. In 2024, the total compensation for these key management personnel, including amounts due to universities under contractual arrangement for the provision of an agreed amount of the Research Directors' time was £604,836 (1.825 FTE) (2023: £571,186 (1.85 FTE)).

8. Analysis of staff costs and key management personnel (cont.)

The numbers of employees whose emoluments (excluding pension contributions) were in excess of £60,000 are shown in the ranges below. In addition, pension contributions were paid by the Institute on behalf of these employees. The total sum of these contributions was £214,505 (for 35 employees) (2023: £185,631 for 31 employees).

	2024	2023
	Number	Number
£60,001–£70,000	13	12
£70,001–£80,000	6	6
£80,001–£90,000	6	7
£90,001–£100,000	5	3
£100,001–£110,000	2	0
£110,001–£120,000	0	1
£120,001–£130,000	1	0
£130,001–£140,000	0	1
£150,001–£160,000	1	0
£250,001–£260,000	0	1
£260,001–£270,000	1	0
	35	31

9. Staff numbers

	2024 FTE	Average number	2023 FTE	Average number
Research staff				
Permanent contracts	40.8	44.4	33.9	37.8
Fixed-term contracts	12.8	17.8	12.9	6.3
Variable-hours contracts	1.5	1.8	1.6	4.5
	55.1	64.0	48.4	58.6
Central staff				
Events, publications, dissemination	9.9	11.1	9.2	10.8
Finance, HR, IT, central support	7.6	8.0	7.8	8.3
Research services	2.8	2.8	2.8	2.8
	20.2	21.8	19.8	21.9
Total	75	85.8	68	80.4
Full-time		62.8		54.3
Part-time		23.0		26.1

10. Tangible fixed assets

	Fixtures and improvements to short leasehold premises	Office equipment	Total
	£	£	£
Cost			
At 1 January 2024	781,607	409,487	1,191,094
Additions	-	19,279	19,279
Disposals and assets no longer in use	-	-	-
At 31 December 2024	781,607	428,766	1,210,373
Depreciation			
At 1 January 2024	780,653	347,641	1,128,294
Charge for the year	954	33,573	34,527
Disposals and assets no longer in use	-	-	-
At 31 December 2024	781,607	381,214	1,162,821
Net book value			
As at 31 December 2024	-	47,552	47,552
As at 31 December 2023	954	61,846	62,800

11. Investments

	2024	2023
	£	£
Fair value at the start of the year	2,637,421	-
Additions at cost	397,699	2,428,782
Disposal proceeds	-	-
Net gain in fair value	150,666	208,639
Fair value at the end of the year	3,185,786	2,637,421

At 31 December 2024 the total investment holding was in CCLA's COIF Charities Investment Fund.

12. Intangible assets

	IFS website	Total
	£	£
Cost		
At 1 January 2024	139,508	139,508
At 31 December 2024	139,508	139,508
Amortisation		
At 1 January 2024	58,129	58,129
Charge for the year	46,502	46,502
At 31 December 2024	104,631	104,631
Net book value		
As at 31 December 2024	34,877	34,877
As at 31 December 2023	81,379	81,379

All contracted costs associated with the build of IFS's new website, in line with FRS 102 requirements.

13. Debtors

	Unrestricted	Restricted	2024	2023
	£	£	£	£
Accrued income	184,503	1,067,427	1,251,930	1,086,622
Trade debtors	262,093	129,233	391,326	315,647
Other debtors	2	-	2	4,292
Prepayments	325,317	41,827	367,144	402,929
	771,915	1,238,487	2,010,402	1,809,490

14. Creditors

	Unrestricted	Restricted	2024	2023
	£	£	£	£
Amounts falling due within one year				
Trade payables	122,606	19,801	142,407	447,279
Taxation and social security	145,806	-	145,806	129,598
VAT	15,883	-	15,883	41,942
Accruals	529,004	546,659	1,075,663	1,334,718
	813,299	566,460	1,379,759	1,953,537
Deferred income				
Balance at 1 January 2024	422,810	3,123,413	3,546,223	3,351,480
Amount released to income	(292,852)	(2,831,001)	(3,123,853)	(3,077,842)
Amount deferred in the year	386,579	2,229,294	2,615,873	3,272,585
Balance at 31 December 2024	516,537	2,521,706	3,038,243	3,546,223
Total creditors: amounts falling due within one year	1,329,836	3,088,166	4,418,002	5,499,760

As at 31 December 2024, total deferred income was £3,038,243 (2023: £3,546,223). This includes amounts received on multi-year projects, where the timing of the related expenditure may be more than 12 months from the balance sheet date. A proportion of this deferred income will therefore not be released to income until 2025.

Included in accruals is a provision for dilapidations of £233,113 (2023: £333,414). The estimated future costs of dilapidations is reviewed annually and adjusted as appropriate.

15. Analysis of movement in funds

2024	At 1 Jan 2024	Income	Expenditure	Net gains on investment	Transfers	At 31 Dec 2024
	£	£	£	£	£	£
Unrestricted funds						
General Fund	4,408,501	2,491,056	(1,596,677)	150,666	(422,143)	5,031,403
Fixed Asset Fund	62,800	-	-	-	(15,248)	47,552
Intangible Asset Fund	81,379	-	-	-	(46,502)	34,877
	4,552,680	2,491,056	(1,596,677)	150,666	(483,894)	5,113,832
Restricted funds						
Research funds	-	8,879,416	(9,363,310)	-	483,894	-
Total funds	4,552,680	11,370,472	(10,959,987)	150,666	-	5,113,832

2023	At 1 Jan 2023	Income	Expenditure	Net gains on investment	Transfers	At 31 Dec 2023
	£	£	£	£	£	£
Unrestricted funds						
General Fund	3,651,909	2,024,863	(1,191,295)	208,639	(285,616)	4,408,501
Fixed Asset Fund	58,819	-	-	-	3,981	62,800
Intangible Asset Fund	127,882	-	-	-	(46,503)	81,379
	3,838,610	2,024,863	(1,191,295)	208,639	(328,137)	4,552,680
Restricted funds						
Research funds	-	8,142,067	(8,470,204)	-	328,137	-
Total funds	3,838,610	10,166,930	(9,661,499)	208,639	-	4,552,680

Amounts have been transferred from the General Fund to restricted research funds to cover the overall deficit arising on the restricted research grants that completed during the year. This deficit was driven primarily by the effects of inflation on projects with multi-year budgets, and the lack of full overhead recovery on many of these projects.

Within restricted-research funds are funds relating to projects where the agreement with the funder requests that the project funding is separately disclosed in the financial statements. During 2024, the income and expenditure on these grants was as set out below.

2024

Project name	Funder	Start date	End date	2024 income £	Accrued/(Deferred) income as at 31 Dec 2024 £
The Centre for Tax Analysis in Developing Countries – Phase 3 (TAXDEV III)	Foreign, Commonwealth & Development Office	01/05/23	31/03/30	1,625,946	436,010
Effects of local government finance systems	The Health Foundation	02/09/24	31/03/26	10,296	(40,172)
Pensions Commission	abrdn Financial Fairness Trust	01/01/23	30/06/27	320,268	(46,198)
General Election policy proposal analysis	abrdn Financial Fairness Trust	01/01/24	31/12/24	113,000	-
Evaluating the Two-Child Limit	Nesta	01/12/22	31/03/24	35,010	(5,156)
UK 2040: Options – Taxation and Public Finance	Nesta	01/06/23	30/04/24	29,869	-

2023

Project name	Funder	Start date	End date	2023 income £	Accrued/(Deferred) income as at 31 Dec 2023 £
The Centre for Tax Analysis in Developing Countries – Phase 2 (TAXDEV II)	Foreign, Commonwealth & Development Office	11/11/18	30/04/23	433,392	-
The Centre for Tax Analysis in Developing Countries – Phase 3 (TAXDEV III)	Foreign, Commonwealth & Development Office	01/05/23	31/03/30	735,278	307,641
Taxation of Pensions	abrdn Financial Fairness Trust	01/07/21	28/02/23	47,218	-
Pensions Commission	abrdn Financial Fairness Trust	01/01/23	30/06/27	149,104	(100,466)
General Election policy proposal analysis	abrdn Financial Fairness Trust	01/01/24	31/12/24	-	(30,000)
Evaluating the Two-Child Limit	Nesta	01/12/22	31/03/24	59,834	(40,166)
UK 2040: Options – Taxation and Public Finance	Nesta	01/06/23	30/04/24	60,511	50,511

16. Analysis of net assets between funds

	2024	2024	2024	2023	2023	2023
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Tangible fixed assets	47,552	-	47,552	62,800	-	62,800
Investments	3,185,786	-	3,185,786	2,637,421	-	2,637,421
Intangible assets	34,877	-	34,877	81,379	-	81,379
Cash at bank and in hand	2,361,711	1,891,506	4,253,217	2,409,963	3,051,387	5,461,350
Net current assets/(liabilities)	(516,094)	(1,891,506)	(2,407,600)	(638,883)	(3,051,387)	(3,690,270)
Net assets at 31 December	5,113,832	-	5,113,832	4,552,680	-	4,552,680

17. Operating lease commitments

The total of future minimum lease payments under non-cancellable operating leases is set out below for each of the following periods.

	2024	2023
	£	£
One year	449,630	375,000
Two to five years	1,830,452	179,795
After five years	3,858,750	0

18. Pension scheme

The total pension cost to the IFS for contributions to employees' pension schemes under the IFS's group personal pension plans with Scottish Widows was £280,930 (2023: £253,072). In addition, two members of staff (2023: two) participated in other personal pension schemes, of their own choice, to which the Institute contributed £15,319 (2023: £15,018).

	2024	2023
	£	£
Scottish Widows	265,611	238,054
Other	15,319	15,018
	280,930	253,072

19. Related party transactions

None

20. Contingent Assets

IFS' current lease has 1954 Landlord and Tenant's Act protection, which entitles it to compensation at the end of its lease under certain circumstances. As at the balance sheet signing date, it seemed probable that the IFS would receive twice the rateable value of its demise (£1.086m) in compensation following the expiry of its lease in June 2025. In order for the IFS to receive this amount, it will need to meet the threshold of "quitting the holding" under the Act referenced above, and ensure it fulfils all relevant obligations in its lease.

21. New property committed costs

As at the Balance Sheet date IFS had committed to construction fit out costs of £803,732 in respect of getting its new office ready for use.

22. Comparative information: Statement of financial activities for the year to 31 December 2023

Year ended 31 December		2023	2023	2023
		Unrestricted	Restricted	Total
		£	£	£
Income from:				
Donations and legacies	2	349,819	-	349,819
Charitable activities	3	1,421,454	8,142,067	9,563,521
Investment income	4	124,215	-	124,215
Other income		129,375	-	129,375
Total income		2,024,863	8,142,067	10,166,930
Expenditure on:				
Raising funds	6	95,234	-	95,234
Charitable activities	6	1,096,061	8,470,204	9,566,265
Total expenditure		1,191,295	8,470,204	9,661,499
Net income before net gains on investment		833,568	(328,137)	505,431
Net gains on investment	11	208,639	-	208,639
Net income for the year		1,042,207	(328,137)	714,070
Transfers between funds	15	(328,137)	328,137	-
Net movement in funds		714,070	-	714,070
Reconciliation of funds:				
Total funds brought forward	16	3,838,610	-	3,838,610
Total funds carried forward	16	4,552,680	-	4,552,680

There were no other recognised gains or losses other than the net income for the year. All amounts relate to continuing operations.

THE INSTITUTE FOR FISCAL STUDIES

England & Wales - Charity number 258815

Accounts



Trustees' Report

Year ended 31 December 2023

Institute for Fiscal Studies



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Company information

Company registered office

7 Ridgmount Street
London
WC1E 7AE

Company registered number

00954616 (Incorporated in England and Wales)

Registered charity

258815

Company bankers

National Westminster Bank plc
City of London Office
1 Princes Street
London EC2R 8BP

Auditor

Moore Kingston Smith LLP
9 Appold Street
London EC2A 2AP

Introduction from the Chair of Trustees

I am pleased to present the Trustees' report of the activities of IFS in 2023. Over the year, IFS published research findings on a wide range of topics. At the core of this is our ESRC-funded research institute, now complemented by a large research grant focusing on productivity and work.



The Trustees were delighted to hear about two large new programmes of work that are beginning at IFS, expanding the areas of expertise of our researchers. The first, funded by the ESRC, investigates economic opportunities across racial and ethnic groups in the UK, focusing on five interlinked themes: identity, education, crime and justice, labour market, and wealth and inheritance. The project is headed by our Research Director, Imran Rasul, in partnership with colleagues at the London School of Economics. The work aims to transform our understanding of economic inequalities within and between the UK's ethnic minority groups.

The second programme will focus on the interplay of social change and policy reforms. With funding from the Nuffield Foundation, IFS researchers are setting out to develop both depth and breadth of expertise on justice within IFS, and with partner institutions, such that there is a group of independent experts who can support, challenge and communicate about developments in justice policy and spending in the public domain. Just as, over the past two decades, we have developed such capacity in education, childcare and health, we aim to do so in the justice domain.

The first phase of the Deaton Review of Inequalities is almost complete, and will see the many studies that have contributed to it published during 2024 by Oxford University Press. The Review has brought together leading academics both in economics and in other disciplines; researchers involved in the Review have also been looking at aspects of inequality caused or exacerbated by the pandemic.

The academic excellence of the Institute's research and researchers has continued to underpin our mission to inform the public debate and support policymakers in understanding the choices they face. IFS researchers are frequently called upon by the media, especially around fiscal events. Our improved website allows us to make new materials available to the public, including a series of new explainer videos, using chart animations and graphics to illustrate key research findings, and the podcast series, 'IFS Zooms In'. IFS has also launched a new microsite, TaxLab, a repository of facts, figures, data and tools, created to provide better access to impartial information about how the UK tax system works, the effects it has on different people and businesses, and the options for reform. Everything on the site is either a verifiable fact or a conclusion drawing on the best possible evidence.

This report highlights these achievements along with a small selection of the research and activities that took place over the year.

Careful scrutiny of the finances of IFS is an important part of the Trustees' work; as ever, this has been helped by clear and timely presentation of the facts to the committee by IFS officials. Whilst we, in common with other organisations that seek funding for academic research, face challenges in raising the finances to cover our ambitious programme of work, I am reassured that our financial position is healthy. In 2020, IFS's ESRC Centre – which has attained 'Institute status' – received a further five years of Research Council funding. This contributes greatly to future stability. The Institute has again been successful in gaining 'impact acceleration' funding from the ESRC to broaden and deepen the impact of its research, and this funding is used to invest in digital expansion and public engagement. We have continued with this programme during 2023, expanding the digital materials available on our website and our research information system, as well as designing and running a series of online events and podcasts.

On behalf of the Trustees, I thank all the staff at IFS for their tireless work, continuing to produce and disseminate excellent research of the highest standard. I would like to thank my fellow Trustees for giving their time and expertise so generously throughout the year.

Michael Ridge

Michael Ridge

Chair of Trustees

Institute for Fiscal Studies

Objectives and activities

The objects of the Institute

The objects of IFS are the advancement of education, for the benefit of the public, by promotion on a non-political basis of the study and discussion of, and the exchange and dissemination of information and knowledge concerning, the economic and social effects and influences of:

- existing taxes;
- proposed changes in fiscal systems; and
- other aspects of public policy,

in each case whether in the United Kingdom (UK) or elsewhere in the world.

So as to advance these objectives, it is IFS's policy to retain the right to publish its reports openly in order to inform public debate and policymaking.

Public benefit

The Members of the Board of Trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011 and have taken due regard of the Charity Commission's general guidance on public benefit. Examples of how the Institute has

aimed to meet its public benefit are given in the review of 2022, where the Institute's achievements are reported.

Strategic framework

IFS operates within a strategic framework agreed by the Board of Trustees; the Board meets every year to discuss strategy with IFS staff, discuss issues, opportunities and difficulties, and agree on objectives. These discussions cover maintaining excellence in research, preserving independence and impartiality in policy analysis, engaging with a wide range of stakeholders, financial viability and good management, good governance, and supporting Institute.

How has the Institute tried to further these aims?

During the year, the Institute has carried out a wide range of research and has publicised the resulting findings as widely as possible through publications and conference participation, on its own website and in the media. Success lies in the scientific quality of our research and the efficacy with which our findings have informed the public debate. The following pages outline how this has been done.



Review of 2023

In 2023, IFS continued to undertake rigorous research to inform public understanding of crucial policy issues. IFS research spans a broad spectrum of topics and is presented to, and discussed with, audiences from academics at international conferences to UK policymakers to undergraduate students.

Alongside work on our ambitious programme of academic research, focused on the key themes of our CPP Institute, IFS researchers were called upon during 2023 to analyse and explain a number of policy changes and discussions that accompanied the political and economic upheavals.

Academic excellence

In recognition of the contribution made by IFS research and researchers to the advancement of economic understanding, a number of members of staff and associates received awards and honours for their work.

- CPP Director Imran Rasul was elected as the next Vice-President (President-Elect in 2025 and President in 2026) of the European Economic Association.
- IFS Director Paul Johnson was awarded an honorary doctorate from the University of York.
- IFS NHS waiting lists calculator won the 2022 Harding Prize for Trustworthy Communication.
- IFS Deaton Review contributor Claudia Goldin won the Nobel Prize in economics.
- A paper by IFS Associate Director Anne Brockmeyer was awarded the 2023 ADB-IEA Innovative Policy Research Award.
- IFS International Research Fellow Olympia Bover won the Rei Jaume I Prize.

IFS research is funded through research grants, from the UK Research Councils, charitable trusts such as the Nuffield Foundation, and elsewhere (see financial review on page 20 for details). During 2023, IFS was notified of the outcome of 42 research proposals, of which 25 were approved for funding (60% success rate). Fewer proposals were assessed than in 2022 (47) and the success rate was a little lower (77% in 2022); but the value of awards made was greater as IFS was successful with a number of large grants

(£10.0 million in 2023 compared with £7.4 million in 2022). A total of 101 funded research projects were active in 2023, which is very similar to 2022 (100). Selected ongoing and new research projects from 2023 are outlined below.

Centre for the Microeconomic Analysis of Public Policy (CPP)

CPP has been at the heart of IFS research and its dissemination over the past 30 years. In recognition of the role this research has played in the UK social sciences, the Economic and Social Research Council (ESRC) elevated the Centre to Institute status, with a new tranche of funding starting in October 2020.

The core objective of the ESRC Institute at IFS is to inform and improve the quality of public debates around economic policy in the UK and internationally. We do this by conducting world-class research, acting as a national resource by collaborating with a wide range of researchers in the UK and abroad, engaging with policymakers and practitioners, and building capacity through training new generations of researchers. We are strongly committed to bringing the high-quality and rigorous insights from our research, and the research of others, to bear on issues of current public interest through many forms of media and communication.

Our research agenda is ambitious and will yield policy-relevant academic research that makes important scientific advances and is published in the most prestigious peer-reviewed journals. This agenda is driven by our core areas of expertise, covers a broad spectrum of interrelated topics and is designed to address major challenges the UK and other economies face in ensuring the resilience of households, firms and the broader economy. It will continue to evolve in response to the changing policy landscape and wider economic environment.

Our agenda is organised around five interconnected themes:

- inequalities and living standards;
- tax and benefit reform;
- human capital and productivity;
- the challenges of an ageing population;
- demands on public expenditure and public services.

The economics of race and ethnicity

Funded by the ESRC, this ambitious new programme of work investigates economic opportunities across racial and ethnic groups in the UK, focusing on five interlinked domains: identity, education, crime and justice, labour market, and wealth and inheritance. The project, headed by Imran Rasul, IFS Research Director, and co-led by Monica Costa Dias (IFS and Bristol) and Lucinda Platt (London School of Economics), aims to transform

understanding of economic inequalities within and between the UK's ethnic minority groups.

The UK is increasingly ethnically diverse. There have been significant improvements in the economic, and especially educational, success of some ethnic minorities in recent years. But not all have shared in this success. Substantial ethnic inequalities in multiple domains across the life course persist, and many continue across generations. The experience of minority groups has been quite different in terms of how far their economic outcomes have become similar to or different from those of the majority. There have been equally important differences within minority groups, between men and women and by social class background.

Even as the extent of ethnic inequalities is recognised to be of public and political salience, the causes and solutions remain contested. Despite an important body of existing qualitative and quantitative research from multiple disciplines, substantial gaps remain in knowledge and robust policy recommendations.

The ambition of this project is to establish new, authoritative and policy-relevant evidence and understanding in this contested area. We will do so by providing a detailed account of how ethnic economic inequalities emerge, evolve and are maintained across the life course at a level of detail and in ways not previously possible. We will use newly available administrative and linked data, tracking different life stages, alongside longitudinal survey data and primary data collection. Developing an integrated programme of work across domains allows robust conclusions to be drawn about what drives disadvantage for different ethnic groups, and for men and women and different social classes within groups.

Inequalities in the 21st century

The first stage of this wide-ranging, international and interdisciplinary programme of research, funded by the Nuffield Foundation, is now complete. Altogether, 18 studies, along with commentaries, have been produced by an interdisciplinary and international group of experts. The studies contain much new work, as well as summarising the current state of thinking in each area. They are to be published by Oxford University Press in the summer of 2024, freely available through Open Access as part of the journal, Oxford Open Economics. In addition, a series of country studies focus on particular countries and provide comparative data.

The studies cover these areas:

- What's wrong with inequality?
- Attitudes to inequality
- Trends in economic inequality
- History of inequality
- Political inequality

- Gender
- Race and ethnicity
- Immigration
- Health
- Geography
- Families
- Early childhood
- Education
- The labour market
- Firms
- Trade and globalisation
- Top income inequality and tax policy
- Benefits and public services

Work is under way on the second volume of the Review, which will draw on the key findings and themes to produce a book accessible to a much wider audience. This is likely to be published in autumn 2024.

Cross-country studies of inequalities

Alongside the Deaton Review, IFS researchers are taking part in an international project looking at differences and commonalities in inequality in 17 countries.

The impact of the COVID-19 pandemic on earnings, education, skills and jobs raises key challenges for inequality and the design of policy responses. The aim of this project is to examine a broad set of inequalities in employment, human capital, earnings and family income over the last five decades in a coherent framework across North America and Europe. It will provide a major source for comparative research on inequality trends and on how the pandemic has affected them. There are 17 country-based research teams involved, with extensive experience researching economic inequalities. Each team is responsible for their country-specific data, which will draw on household surveys and administrative records, but all analyses are coordinated across countries to provide harmonious treatment of variables and estimation.

The project is composed of four related research strands. The first is to understand changes in a wide range of economic inequalities before and during the COVID-19 pandemic. The second examines labour market inequalities in detail. The third highlights the role of education and training for those who do not go to university and focuses on the differences in educational systems and the impact on inequality. The final strand looks at the tax and welfare systems and their effectiveness at addressing family income inequality.

The key outputs of this project are a set of country-specific papers on the evolution and drivers of income inequalities

pre- and post-pandemic, two cross-country synthesis papers, and a policy brief for each country. We are organising an international conference for academics and policymakers to conclude the project. The project highlights key differences and commonalities across 17 economies, deepens our understanding of the drivers of inequality and the impact of the pandemic, and provides evidence needed to design appropriate policy responses to inequality in the post-pandemic world.

Tax in developing countries

The Foreign, Commonwealth and Development Office (FCDO) has renewed funding for The Centre for Tax Analysis in Developing Countries (TaxDev) for seven years, working in collaboration with the Overseas Development Institute.

TaxDev was originally established in 2016 to support governments in low- and middle-income countries (L&MICs) to develop evidence-based tax policies which help them to achieve their revenue, poverty reduction and growth objectives. To date, the programme has worked with partners in Tax Policy Units in Ethiopia, Ghana, Rwanda and Uganda to provide high-quality analysis at critical points in the policymaking process, and increase the demand for, and use of, evidence by senior policymakers. It has also generated important new research on the impact of taxes in L&MICs.

TaxDev's recent activities have included support for the embedding of systematic policy appraisal and costing in budget processes; in-depth reviews of major taxes (such as customs and VAT); support for the publication of tax expenditure reports to increase transparency around spending through the tax system; and the development of medium-term revenue strategies to help partner governments to plan and deliver on their longer-term policy priorities.

Complementing the work with partners, TaxDev's research has sought to answer large policy questions which are core to our broader understanding of how tax systems operate in L&MICs. How might the taxation of formal sector employees in Africa be simpler, fairer and more progressive? Is the VAT really regressive in the presence of high levels of informality, and could VAT exemptions be better targeted? How would different households, businesses and industries be affected by carbon pricing? And how can governments increase property tax revenues without reducing welfare?

TaxDev's work over the next seven years will include:

- an expanded network of partnerships in six countries, and increased emphasis on ensuring the sustainability of data resources, analytical tools and skills;
- research at the frontier of the study of public finance in L&MICs, complemented by high-quality analysis of emerging policy issues – e.g. changes in the global corporate tax system, increasing digitalisation, and the design of environmental taxes;
- strong linkages between TaxDev and its partners,

researchers and wider tax policy networks to maximise the impact of training tools, resources and research.

Quality of higher education provision

The overall objective of this project is to set out options for making use of graduate earnings data to support the Office for Students' regulation of the higher education sector. For this purpose, we aim to develop indicators of graduates' earnings outcomes that will be informative about higher education providers' success, or otherwise, in equipping graduates with skills that are useful for them in the labour market.

Education Maintenance Allowance

The Education Maintenance Allowance (EMA) is a government programme designed to improve lifetime outcomes by reducing the numbers of young people leaving school without basic academic qualifications in the UK. The scheme pays 16- to 19-year-olds up to £30 per week for continuing their education, targeting students from poorer households due to their particularly high dropout rates.

While early evidence shows the EMA boosted post-16 education participation and reduced youth crime, evidence of its effect on subsequent educational attainment is incomplete, and there is no evidence on its long-term effects on crime and labour market outcomes. As improving later-life outcomes was the ultimate aim of the policy, this represents a crucial gap in our knowledge. This project will exploit the staggered roll-out of the EMA across the UK in 2004 to investigate its effects on labour market outcomes, education outcomes and crime, at various ages up to 30. It will also consider how these effects vary by gender, prior attainment and – sample size permitting – ethnicity. The project will provide evidence for policymakers on whether the EMA improves longer-term outcomes and on whether it delivers value for money. More broadly, the project will provide additional evidence on whether policies that reduce school dropout improve longer-term outcomes.

Minimum wages and cash transfers

Tackling high rates of inequality and in-work poverty has become central to public policy agendas in many developed countries. Policymakers have often turned to two particular tools: cash transfers (sometimes called 'tax credits') from the government to low-income workers or firms that hire them, and minimum wages. But the impacts of these policies, and in particular their role in reducing poverty and increasing living standards, cannot be adequately understood independently from one another.

Understanding how these key tools combine, and how their effects are shaped by the wider economic and policy environment, is crucial for building the mix of policies that is best targeted at boosting living standards for low-income workers. With funding from the ESRC, this project seeks to enhance our understanding of such policies in several dimensions, and across three countries: France, Germany and the UK.



Job opportunities

The COVID-19 pandemic brought about unprecedented changes to the labour market. Job opportunities in sectors such as hospitality disappeared overnight, whilst opportunities expanded in other sectors such as driving and healthcare.

This radical restructuring of the economy called for a new way of measuring the labour market prospects facing individuals that captured their widely varying ability to adapt to the shock by moving into alternative lines of available work. The aim of this project is to take a newly developed approach to measuring job opportunities, allowing for detailed characterisation of how opportunities vary across individuals, and to embed it in research practice in three ways:

- by refining and extending it, which will include accounting for competition that workers face from other jobseekers, and grounding it within a widely used theoretical framework;
- by demonstrating its usefulness in applied research, by applying it to answer topical empirical questions relating to inequalities in job opportunities and wage growth, and the mismatch between supply and demand for different skills;
- finally, by researchers disseminating it, and gaining feedback on how to maximise its potential, among both the research and policymaking communities.

Healthcare workforce shortages

IFS Associate Director, George Stoye, has received a British Academy postdoctoral Fellowship to carry out a programme of research into shortages in the healthcare workforce.

Governments around the world are facing shortages in health and long-term care staff. However, we know relatively little about how these shortages have fed through to patient outcomes, in part due to a lack of high-quality data on workers in these areas linked to patient outcomes. This research uses new individual administrative data on health and long-term care workers in England, linked to patient records at the provider level.

The work will exploit three natural sources of variation in the availability of staff: changes in the number and experience of hospital and nursing home staff following the 2016 EU referendum; disruptions to the composition of hospital doctor teams; and changes in the nature of the labour markets that nursing homes hire workers from. This will allow researchers to study the impact of these disruptions on the number and characteristics of workers in the affected sectors, and the health consequences for patients.

Pensions Review

The Pensions Review – led by the Institute for Fiscal Studies and funded by abrdn Financial Fairness Trust – is an ambitious, 2½-year, project that is comprehensively assessing the consequences of current pension policy, the economic environment and individual behaviour for the future of living standards in retirement. It will provide recommendations for reform to improve outcomes for future generations of pensioners across the UK.

The time is ripe for a comprehensive review of pensions policy. The economic and policy environment is hugely different from when Lord Turner's Pensions Commission reported in 2005. The UK has seen a global financial crisis, a COVID-19 pandemic

and, most recently, the highest levels of inflation in almost 40 years. Interest rates (at least until mid 2022) have been at historically low levels, homeownership rates have fallen, and there has been a large rise in self-employment with the growth of the gig economy. All of these have consequences for how people are – or should be – saving for retirement.

The Review is led by a team of three Directors at IFS: Paul Johnson, Carl Emmerson and Jonathan Cribb. We are guided by a highly qualified steering group: David Gauke (former Secretary of State for Work and Pensions) and Joanne Segars (former CEO of the Pensions and Lifetime Savings Association). This steering group will provide high-level strategic advice on the direction of the Review and on the merits and drawbacks of policy options that emerge from our work, and will assist with disseminating our findings and recommendations to policymakers and the pensions industry.

The Review was launched at a public event in April 2023, with preliminary findings to be published throughout the following two years: the first main report was released in autumn 2023. We will publish our key findings and recommendations for reform at launch events in London and Edinburgh in early summer 2025.

Communication and stakeholders

IFS receives UKRI funding, in the form of a renewed Impact Acceleration Account (IAA), specifically to enhance the impact of our research. This has been and will continue to be used to develop our relationships with key stakeholders – business, central government, and local and devolved governments – and to improve the resources available to the public to aid their

understanding of economic issues.

UKRI has renewed this funding stream, to cover the period from 2023 to 2028. The key aims to increase the impact of our work are set out below.

- Widen our networks and develop new, stronger – and more varied – strategic partnerships with business, central and local government, the nations and regions. We know through our previous IAA that building strong partnerships and networks is key to impact, providing us with invaluable insights into 'real-world' public policy challenges. We will invest to build stronger relationships with Northern Irish, Scottish and Welsh governments, civil society and policymakers, resulting in increasingly strong impact on policy and debate in the devolved nations.
- Improve knowledge, capability and policy design at local and national levels. With IAA support, in recent years we have developed new skills to build tools, resources and clear, tailored briefings that stakeholders can use to better assess and respond to public policy challenges (e.g. NHS waiting times and local government finances). We have also started working with select councils to evaluate service delivery and impact, and have worked with and advised central government departments and the devolved governments across a range of policy issues. We will build on this using, for example, round-table events, targeted training and co-produced tools. In 2023, our student loans calculator and related briefings influenced the decision to cap interest rates on student loans, for example.
- Train and develop IFS research and support staff at all career stages, promoting a strong impact culture and enabling effective and ambitious knowledge exchange



and impact. Building enthusiasm and capability is key to achieving genuine and enduring impact. The ultimate objective is to ensure the sustainability of our impact capacity and that we build on our past successes in creating new generations of researchers who can go on to influential positions in academia and public policy, where they can have long-term positive impact on policy and public understanding.

- During the year, our communications team and researchers were able to use a combination of in-person and online events to communicate research findings, using experience gained during the pandemic. We also continued our fortnightly podcast, IFS Zooms In, dealing with a range of topical themes from pensions to the tax system, to childcare and the NHS, and involving IFS researchers alongside external experts. In 2023, 22 episodes (2022: 18) were recorded; series 4 received over 78,000 listens (2022: 43,000), with persistently high consumption rates (80%+ completion). During the year, we also released a four-part mini-series as part of the IFS Deaton Review of Inequalities, with host Soumaya Keynes (Financial Times) speaking to key figures in the review. These episodes were listened to over 25,000 times.

Conferences and lectures

Our events in 2023 were a mixture of in-person, online and hybrid events. Our event videos from 2023 were watched over 28,000 times (2022: 32,000).

Some highlights are listed below.

- Our analysis of the Spring Budget 2023 had the highest online viewing numbers of any IFS live event so far (previously held by the Autumn Statement 2022), with 594 viewers watching the live-stream and over 3,750 subsequent views on YouTube. Our online event analysing the Autumn Statement 2023 was also popular, with 565 live viewers.
- Our Annual Lecture, delivered by Professor Nick Bloom (Stanford), was held in-person only, with a recording made available afterwards, for the second year in a row. 158 people attended in person, and the talk was watched over 2,600 times on YouTube.
- The 2023 Green Budget launch was spread out over six events: three online early releases, an online press briefing, an in-person invite-only launch event and a public online launch event. In total, almost 700 people watched at least one of these events live, and the videos have had over 5,600 views on YouTube subsequently. The in-person launch event was particularly successful, with the audience including senior civil servants, political party advisers (including special advisers to the Conservative, Labour and Liberal Democrat treasury teams), researchers from NGOs and City economists.

- We held the IFS biennial Residential Conference in March on 'Taxing top incomes'. Part-sponsored by the Chartered Institute of Taxation (CIOT), the event was attended by 105 people from government, business and research.
- As part of the ESRC Festival of Social Science, we co-organised a day conference for A-level students. More than 700 students from 38 schools (25 state-funded, 13 private) attended.
- We held three joint debates (one online, two hybrid) with CIOT ('Carbon border adjustment' on 24 May; 'Where next for income tax?' on 26 June; and 'How should non-doms be taxed?' on 29 November), as well as two hybrid events at the party conferences (on tax and public finance challenges). Total attendance at these five events was over 850, with the online event on non-doms setting a record for the most people watching an IFS-CIOT event (460 live viewers).

Research findings and reports

A key strength of IFS is that its analysis of policy and its contributions to the public debate are grounded in rigorous empirical research. IFS researchers and Fellows published 82 (2022: 81) journal articles during the year, including six (2022: three) in the top five economics journals and 11 (2022: 21) in the leading field journals. The IFS journal, *Fiscal Studies*, which is published by Wiley, curated symposia of papers on: global minimum taxes; welfare economics; tax equity around the world; and the Understanding Society panel dataset.

Journal paper highlights included the following:

- Abramovsky, L., Augsburg, B., Lührmann, M., Oteiza, F. and Rud, J. P. (May 2023), 'Community matters: heterogeneous impacts of a sanitation intervention', *World Development*, <https://doi.org/10.1016/j.worlddev.2023.106197>
- Arellano, M., Blundell, R., Bonhomme, S. and Light, J. (Jun 2023), 'Heterogeneity of consumption responses to income shocks in the presence of nonlinear persistence', *Journal of Econometrics*, <https://doi.org/10.1016/j.jeconom.2023.04.001>
- Augsburg, B., Baquero, J. P., Gautam, S. and Rodriguez-Lesmes, P. (Jun 2023), 'Sanitation and marriage markets in India: evidence from the Total Sanitation Campaign', *Journal of Development Economics*, <https://doi.org/10.1016/j.jdeveco.2023.103092>
- Augsburg, B., Caeyers, B., Giunti, S., Malde, B. and Smets, S. (May 2023), 'Labeled loans and human capital investments', *Journal of Development Economics*, <https://doi.org/10.1016/j.jdeveco.2023.103053>
- Augsburg, B., Olorenshaw, H. and Malde, B. (May 2023), 'To invest or not to invest in sanitation: the role of intra-household gender differences in perceptions and bargaining power', *Journal of Development Economics*,

- <https://doi.org/10.1016/j.jdeveco.2023.103074>
- Bandiera, O., Burgess, R., Deserranno, E., Morel, R., Sulaiman, M. and Rasul, I. (Feb 2023), 'Social incentives, delivery agents, and the effectiveness of development interventions', *Journal of Political Economy Microeconomics*, <https://doi.org/10.1086/722898>
 - Banks, J. and Brockmeyer, A. (Sep 2023), 'Symposium: tax equity around the world – introduction', *Fiscal Studies*, <https://doi.org/10.1111/1475-5890.12343>
 - Black, M. M., Walker, S. P., Attanasio, O., Rubio-Codina, M., Meghir, C., Hamadani, J. D., Fernald, L. C. H., Kowalski, A. and Grantham-McGregor, S. (May 2023), 'Promoting childhood development globally through caregiving interventions', *Pediatrics*, <https://doi.org/10.1542/peds.2023-060221b>
 - Blundell, R. (Mar 2023), 'Reflections on Journal of Econometrics', *Journal of Econometrics*, <https://doi.org/10.1016/j.jeconom.2023.01.013>
 - Blundell, R. and Bond, S. (Mar 2023), 'Initial conditions and Blundell–Bond estimators', *Journal of Econometrics*, <https://doi.org/10.1016/j.jeconom.2023.01.020>
 - Blundell, R. and Bond, S. (Mar 2023), 'Reprint of: Initial conditions and moment restrictions in dynamic panel data models', *Journal of Econometrics*, <https://doi.org/10.1016/j.jeconom.2023.03.001>
 - Brockmeyer, A. and Phillips, D. (Sep 2023), 'Tax equity around the world: a discussion', *Fiscal Studies*, <https://doi.org/10.1111/1475-5890.12342>
 - Cattan, S., Lereya, S., Yoon, Y., Gilbert, R. and Deighton, J. (Oct 2023), 'The impact of area level mental health interventions on outcomes for secondary school pupils: evidence from the HeadStart programme in England', *Economics of Education Review*, <https://doi.org/10.1016/j.econedurev.2023.102425>
 - Chen, Y., Bandosz, P., Stoye, G., Liu, Y., Lobanov-Rostovsky, S., French, E., Liao, J. and Brunner, E. (Dec 2023), 'Downward dementia trend goes into reverse in England and Wales? English Longitudinal Study of Aging 2002 to 2019', *Innovation in Aging*, <https://doi.org/10.1093/geron/igad104.0646>
 - Cribb, J., Joyce, R. and Wernham, T. (Jul 2023), 'Twenty-five years of income inequality in Britain: the role of wages, household earnings and redistribution', *Fiscal Studies*, <https://doi.org/10.1111/1475-5890.12331>
 - Crossley, T., Fisher, P., Levell, P. and Low, H. (Jan 2023), 'Stimulus payments and private transfers', *Economics Letters*, <https://doi.org/10.1016/j.econlet.2022.110944>
 - Das, S., Gadenne, L., Nandi, T. and Warwick, R. (Aug 2023), 'Does going cashless make you tax-rich? Evidence from India's demonetization experiment', *Journal of Public Economics*, <https://doi.org/10.1016/j.jpubeco.2023.104907>
 - De Hoyos, R., Attanasio, O. and Meghir, C. (Mar 2023), 'Targeting high school scholarships to the poor: the impact of a program in Mexico', *Economic Development and Cultural Change*, <https://doi.org/10.1086/725232>
 - Dubois, P., Hjort, J., Lorenzoni, G., Pavoni, N., Peri, G., Skreta, V., Wacziarg, R. and Weber, A. (Aug 2023), 'Reflecting on the first 20 years of the Journal of the European Economic Association', *Journal of the European Economic Association*, <https://doi.org/10.1093/jeea/jvad045>
 - Finamor, L. (Jun 2023), 'Labor market conditions and college graduation: evidence from Brazil', *Economics of Education Review*, <https://doi.org/10.1016/j.econedurev.2023.102403>
 - Janz, T., Augsburg, B., Gassmann, F. and Nimeh, Z. (Dec 2023), 'Leaving no one behind: urban poverty traps in Sub-Saharan Africa', *World Development*, <https://doi.org/10.1016/j.worlddev.2023.106388>
 - Johnson, P. (Aug 2023), 'Comment on "What taxpayers, governments and tax economists do – and what they should do"', *Fiscal Studies*, <https://doi.org/10.1111/1475-5890.12330>
 - Kelly, E. (Oct 2023), 'Women in surgery: slow progress for mothers', *British Medical Journal*, <https://doi.org/10.1136/bmj.p2425>
 - Lindenlaub, I. and Postel-Vinay, F. (Dec 2023), 'Multidimensional sorting under random search', *Journal of Political Economy*, <https://doi.org/10.1086/725362>
 - Lobanov-Rostovsky, S., He, Q., Chen, Y., Liu, Y., Wu, Y., Liu, Y., Venkatraman, T., French, E., Curry, N., Hemmings, N., Bandosz, P., Chan, W. K., Liao, J. and Brunner, E. J. (Jun 2023), 'Growing old in China in socioeconomic and epidemiological context: systematic review of social care policy for older people', *BMC Public Health*, <https://doi.org/10.1186/s12889-023-15583-1>
 - Meghir, C., Attanasio, O., Jervis, P., Day, M., Makkar, P., Behrman, J., Gupta, P., Pal, R., Phimister, A., Vernekar, N. and Grantham-McGregor, S. (May 2023), 'Early stimulation and enhanced preschool: a randomized trial', *Pediatrics*, <https://doi.org/10.1542/peds.2023-060221h>
 - Rasul, I., Bassi, V., Bandiera, O., Burgess, R., Vitali, A. and Sulaiman, M. (Oct 2023), 'The search for good jobs: evidence from a six-year field experiment in Uganda', *Journal of Labor Economics*, <https://doi.org/10.1086/728429>
 - Stoye, G. and Warner, M. (Aug 2023), 'The effects of doctor strikes on patient outcomes: evidence from the English NHS', *Journal of Economic Behavior & Organization*, <https://doi.org/10.1016/j.jebo.2023.06.011>
 - Wang, L., Qian, Y., Warrinnier, N., Attanasio, O., Rozelle, S. and Sylvia, S. (Oct 2023), 'Parental investment, school choice, and the persistent benefits of an early childhood intervention', *Journal of Development Economics*, <https://doi.org/10.1016/j.jdeveco.2023.103074>

doi.org/10.1016/j.jdeveco.2023.103166

- Wielgoszewska, B., Bryson, A., Costa Dias, M., Foliano, F., Joshi, H. and Wilkinson, D. (Mar 2023), 'Exploring the reasons for labour market gender inequality a year into the COVID-19 pandemic: evidence from the UK cohort studies', *Longitudinal and Life Course Studies*, <https://doi.org/10.1332/175795921x16751166213852>

Researchers published reports relating to a broad spectrum of important policy areas. Some of the more significant reports are mentioned below.

The IFS annual report on living standards, poverty and inequality examined how material living standards – most commonly measured by households' incomes – have changed for different groups in the UK, and the consequences that these changes have for income inequality and for measures of deprivation and poverty. This 23rd such annual report by IFS authors explored how material living standards have changed since the beginning of the pandemic, based on household incomes as well as other indicators. The report had a particular focus on cost-of-living payments and housing. A further report looked particularly at the impact of the COVID-19 pandemic on living standards. In addition, most of the studies for the Deaton Review of Inequalities were finished during the year and made available on the Review's website; these will be published during 2024 by Oxford University Press as part of its Open Access journal, *Oxford Open Economics*.

Researchers produced the sixth IFS annual report on education spending, funded by the Nuffield Foundation, which sought to provide a clear and consistent comparison of the level and changes in spending per student across different stages of education. Following on from cuts to most areas of education spending during the 2010s, the government has provided additional funding at successive spending reviews between 2019 and 2021. However, rising levels of inflation and cost pressures have dampened the effects of extra funding. The government also has high ambitions for education to play a major role in 'levelling up' poorer areas of the country. Our report therefore focused on geographical differences in education spending across each stage of education, as well as the extent to which education spending is targeted at pupils from more disadvantaged backgrounds.

Publications were also launched around key political and fiscal events. Following the Spring Statement and Autumn mini-Budget, IFS researchers helped to explain the implications by answering questions from journalists from all the national papers, as well as conducting interviews on the BBC, ITV and other major broadcasters. In addition, as ever, research was disseminated via local radio and newspapers and through a range of online media outlets. Analysis was presented to journalists and key civil servants on the day after the Chancellor's statements, to explain the implications for the public finances, businesses and households. Similar analysis was carried out around the Scottish Budget in February.

The IFS Green Budget 2023 was published in October with a detailed analysis of the issues and challenges facing the Chancellor. The areas covered by IFS researchers, and partners at Citi, were: the global economic outlook; the UK economic outlook; the outlook for the public finances; policy risks to the fiscal outlook; Chancellors' responses to economic news; public sector net worth as a fiscal target; inheritance tax reform; implications of the NHS workforce plan; investment in training and skills; and full expensing and the corporation tax base.

Other reports published during the year covered topics including: the future of the state pension; benefits and the labour market; health, health inequalities, spending on healthcare and staff diversity in the NHS; corporation tax; local government and the geographical distribution of spending; and geography and the labour market.

Engagement with stakeholders

IFS staff and centre directors give evidence to a wide range of committees each year and also meet with senior policymakers to discuss policy developments and ideas, as well as briefing them on IFS research.

IFS work was cited 352 times in UK policy documents in 2023 (277 in 2022; 333 in 2021). The numbers show just how influential we are in informing policies, briefings to policymakers and debates. IFS was mentioned in 97 (157 in 2022; 187 in 2021) Select Committee published briefings, 35 (62 in 2022; 64 in 2021) official government documents from departments, commissions and committees (excluding select committees) and 25 (29 in 2022; 38 in 2021) research briefings from the House of Commons Library and Scottish Parliament.

Staff gave evidence to parliamentary committees 21 times in 2023 (17 in 2022; 12 in 2021; 15 in 2020; 9 in 2019). In 2023, staff have given evidence to:

- Treasury Select Committee (3)
- Work and Pensions Select Committee (2)
- Education Select Committee (3)
- Scottish Finance Committee (3)
- Welsh Government's Cost of Living Experts Group (2)
- All-Party Parliamentary Group for Students (1)
- House of Lords Education Committee (1)
- Senedd Finance Committee (1)
- London Assembly Economy Committee (1)
- Public Services Committee (1)
- Northern Ireland Affairs Committee (1)
- Levelling Up, Housing and Communities Committee (1)
- All-Party Parliamentary Group on Single Parent Families (1)

Significant contributions by IFS staff to committees, commissions and policy reviews in 2023 included:

- Jonathan Cribb – member of the Pensions Policy Institute Model Review Board (2023–ongoing), member of the Centre for Longitudinal Studies Scientific Advisory Network (2023–ongoing)
- Carl Emmerson – member of Social Security Advisory Committee (2022–ongoing), member of Advisory Board of the Office for Budget Responsibility (2011–23), member of the UK Statistics Authority Methodological Assurance Review Panel (2023–ongoing)
- Paul Johnson – member of the Financial Services Culture Board (2015–23), member of the Climate Change Committee (2012–ongoing), member of the Times Health Commission (2023–ongoing)
- Robert Joyce – member of the Department for Work and Pensions Expert Advisory Group (2023–ongoing), member of the Economic and Social Research Institute steering group in Dublin (2022–ongoing)
- Heidi Karjalainen – member of the ONS Household Financial Statistics Transformation Expenditure Steering Group (2023)
- Peter Levell – member of the ONS Technical Advisory Panel on Consumer Prices (2017–ongoing)
- Helen Miller – member of the Advisory Group for the Tax Justice Network (2023–ongoing), member of the Advisory Group for the Fairness Foundation (2023–ongoing), member of the Advisory Group for the Green Alliance on Green Taxes (2023)
- David Phillips – Expert Advisor to Northern Ireland Fiscal Commission (2022–ongoing), member of the Welsh Government Cost of Living Expert Group (2023–ongoing)
- George Stoye – member of Expert Advisory Board for the development of the ONS Health Index for England (2021–ongoing)

Through our website, social media and press activity, we communicate the results of our research directly to the public, to enhance understanding of economics and policymaking. Our primary social media channel (because it reflects our main stakeholder groups) is Twitter (now known as X), where we have over 59,200 followers on our main @TheIFS account, up from 56,200 at the end of 2022. We have seen growth of 5.3% in 2023. Director Paul Johnson's account has also grown and now has over 62,490 followers, up 9.0% from 57,300 followers at the end of 2022. His tweets reached 16,694,000 total impressions in 2023 (compared with 29,252,000 in 2022).

YouTube continues to be central to our digital strategy – it hosts our explainer videos, event videos, podcasts and other video content. This gives us an exceptional opportunity to reach younger audiences. In 2023, around 50% (2022: 63%) of our YouTube audience was aged between 18 and 34. YouTube

remains a key place to reach younger audiences, though we are now reaching an older demographic on YouTube than before. This is likely due to demographic changes on the platform itself. During the year, we had around 177,600 views (2022: 174,000) on YouTube.

In November, we launched our TikTok channel, where we primarily share clips from our podcast, short-form explainers and event clips. In the first two months of operation, we had over 1,045,000 views and reached over 827,000 people with our content.

TikTok is a high-engagement platform. Our videos generated nearly 3,000 comments, were shared over 3,000 times and were liked nearly 24,000 times. This is our highest-engagement social media channel. We added 4,414 followers in the first two months; 63% of them are aged between 25 and 44 and 97% of them are based in the UK. Crucially, our follower base is geographically distributed, with only 5.7% from London.

The number of website users (individual visitors) remained steady at about 1.5 million between 2022 and 2023.

Since the new version of the IFS website was launched in 2022, with improved ease of navigation and improved accessibility, the communications team has been working on curating existing content and producing new materials to showcase our research. In 2023, we continued filming our rapid-response explainer videos for major fiscal announcements. Our videos around the Spring Budget and Autumn Statement had around 36,000 views across platforms. We have continued developing our longer explainer videos. In 2023, we produced two explainer videos on pensions, which together gained over 3,000 views.

Video production also allows us to give young researchers exposure to the production process for digital content and a chance to build skills in this area. The videos are hosted in a dedicated explainer section on our website, as well as on



YouTube, Twitter and Facebook. These social media platforms allow us to reach new viewers via algorithmic distribution.

Capacity building

IFS contributes to the UK social science environment by training excellent economists – both our own researchers and those working elsewhere. IFS researchers who move on typically take up positions in academia, or in the civil service or the media where they will put into practice the research and communication skills they have learned at the Institute.

We continued to improve our training programme for staff during the year. During 2023, in-house training for research staff included research skills, media training, writing and presentation skills, Stata and R coding and other analytical skills, while there was training for professional services staff in social media, design, membership management and other communication skills. Most of the training can now be carried out in-person again, although we have made a habit of recording a number of core training sessions so that those who cannot attend are able to view them.

Five new graduate economists were taken on in 2023 (2022: three), as well as five postdoctoral researchers (2022: two).

The Institute also runs a summer internship programme. In 2023, three students (2022: four) were taken on for six-week placements, working with research teams on projects that gave them a taste of the type of work undertaken by new research economists.

In order to encourage diversity and openness in our recruitment process, we continued to look at our recruitment materials to ensure that they are accessible, to provide information to demystify the recruitment and interview process, and to advertise our vacancies widely, in line with our Equality, Diversity and Inclusion policy. For the third year in a row, we held our own virtual recruitment event designed to give prospective applicants an introduction to IFS and an opportunity to ask questions directly to researchers. Around 170 students attended the Zoom meeting, representing universities across the country.

IFS researchers and communications staff are involved in the Royal Economic Society initiative, #DiscoverEconomics, which aims to attract more women, students from minoritised ethnic groups and students from state schools and colleges to study the subject at university. IFS has also been working with a range of think tanks and social policy research organisations to run recruitment events aimed at minority and potentially disadvantaged groups. During the summer of 2023, we hosted four sixth-form students, via a programme run by the Nuffield Foundation to offer experience of quantitative research to young people from under-represented backgrounds.

Each year, IFS holds a day of talks on issues in public economics of interest to undergraduates in economics and related

disciplines. The aim is to focus on the policy implications of research carried out at the Institute. The day also includes a session with IFS researchers talking about their careers in order to promote both IFS recruitment opportunities and working as an economist in public policy more generally.

In 2023, we held five courses (2022: four) under the auspices of the Centre for Microdata Methods and Practice, a joint enterprise with University College London. We also ran two masterclasses (2022: two) and five workshops (2022: five). The courses were held online, and the other events in-person.

Governance

Strategic oversight

A senior team comprising the Director, Deputy Directors, Deputy Research Directors, and Heads of Finance and Operations (and ICT when needed) meets fortnightly, in-person or remotely, to coordinate and track progress on governance issues and matters relating to staff, the research programme and finances. A wider management group – comprising the above group and all research team leaders and the heads of communications and research services – meets approximately six times a year in order to ensure that issues relating to individual projects and staffing are picked up.

Staff welfare and working practices

The organisation's policy on home working has remained the same since the resumption of office working after the pandemic: staff are based mostly in our offices, but with the opportunity for some home working for many roles.

The organisation has continued to monitor, and implement policies to safeguard, staff mental health. We are also gauging attitudes to equality, diversity and inclusion amongst staff and introducing discussions of key issues around the running of the organisation at all-staff meetings.

Technology review

We carried out a thorough review, with the help of external experts, on our ICT infrastructure and use of technology. Over the coming years, IFS will be updating many of its internal systems, to ensure that cutting-edge technology can be harnessed for our research, in particular for analysis of data; to improve efficiency of everyday working practices; and to increase data security measures across all areas of the operation.

2023 in numbers

IFS impact in 2023

46

top five journal articles
past decade (2014–23)

131

top field journal articles
past decade

144

front pages
(259 in 2022; 165 in 2021)

304

press interviews
(492 in 2022; 249 in 2021)

206

Hansard mentions
(216 in 2022; 149 in 2021)

Academic and policy publications and events	2023	2022	2021	2020	2019
Journal articles	82	81	48	39	34
Top five*	6	3	3	3	3
Top field journals [†]	11	21	13	9	7
Working papers	72	105	67	73	64
IFS reports and briefing notes	70	55	44	63	44
Comments [‡]	95	79	42	43	35

* *American Economic Review (AER)*, *Econometrica (ECMA)*, *Journal of Political Economy (JPE)*, *Quarterly Journal of Economics (QJE)*, *Review of Economic Studies (ReStud)*

[†] *Journal of Health Economics*, *Journal of Labor Economics*, *Journal of Human Resources*, *Review of Economic Dynamics*, *Journal of Public Economics*, *Journal of Econometrics*, *RAND Journal of Economics*, *Review of Economics and Statistics*, *Journal of Economic Literature*, *Economic Journal*, *Journal of the European Economic Association*, *European Economic Review*, *Journal of Monetary Economics*, *Quantitative Economics*

[‡] A new research information platform for tracking publications has made it possible to discover a greater number of publications by staff and associates.

‡ The 2022 and 2023 figures are for Comments, a new format that replaces the former categories Observations, newspaper articles and blogs. Figures for earlier years are for Observations only.

Type	2023	2022	2021	2020	2019
Press releases	107	100	56	62	32
Newspaper articles and comment pieces	41	41	35	35	61
Broadcast mentions	6,694	14,193	6,969	5,952	8,492
Print mentions	2,955	3,663	3,189	3,268	3,272
Front pages	144	259	165	218	129
Online mentions	26,058	30,191	19,771	15,851	20,479
Interviews given	304	492	249	282	180
Website visitors	1,464,381	1,537,145	1,243,755	1,270,998	710,570
Twitter/X impressions (monthly average)	1,210,917	1,310,083	1,361,750	837,500	738,000
IFS events	43	45	49	46	40
Event attendance	6,702	5,955	5,821	6,909	3,900
Views of event videos	28,300	32,300	28,500	53,000	N/A
Hansard mentions	206	216	149	186	165
Evidence given	21	17	12	15	9

Priorities for 2024 and beyond

Academic excellence

As mentioned above, the ESRC Centre for the Microeconomic Analysis of Public Policy (CPP) at IFS has received funding for five years, starting from October 2020. CPP will continue to underpin the full research programme at IFS, as well as supporting postdoctoral researchers and PhD students to work at the Institute and collaborate with researchers.

Key new research grants for 2024

A number of the research programmes mentioned above will be continuing into 2024 and beyond. In addition, the following specific new projects are already funded and due to begin during the year.

Transforming justice: the interplay of social change and policy reforms

A well-functioning justice system underpins an inclusive society and trust in the state. It serves as a cornerstone of the welfare state, ensuring rights underpinning economic security. The justice system in England and Wales has been transformed over the last decade through large-scale reductions in funding and a sequence of major procedural reforms. Despite the scale of change, there has been limited economic and quantitative analysis of impacts on access to justice, pathways through the justice system and wider effects on well-being for those experiencing the justice system. This reflects the underdeveloped state of economic, quantitative and evidence-based approaches to studying the justice system.

With funding from the Nuffield Foundation, this large-scale programme will go a long way to filling that gap, representing and leading a step change in how the justice system is understood. It will do so through an integrated set of research projects that will advance, using quantitative and economic analysis of new administrative datasets, our understanding of the consequences of changing demands for justice, access to justice, the effectiveness of the justice system, and impacts on the well-being and wider life chances of those experiencing the justice system. It will analyse how significant reforms to the procedures and funding of the justice system have affected actors within it, such as the police, prosecutors, legal representatives and courts. It will also investigate how the demands of individuals and families on the justice system have changed due to pressures originating from outside the system itself.

Led by Professor Imran Rasul, the project aims to develop a depth and breadth of expertise on justice within IFS, and with

partner institutions, such that there is a group of independent experts who can support, challenge and communicate about developments in justice policy and spending in the public domain. Just as, over the past two decades, we have developed such capacity in education, childcare and health, we aim to do so in the justice domain.

IFS has a long track record of using economic analysis to shape public debate and economic policy, and this programme will leverage its communication capacity and expertise to ensure our research shapes justice policy debates and priorities in the coming years. We will undertake a coordinated set of impact and engagement activities, working with policymakers and other relevant stakeholders.

The programme will build a cadre of researchers from across disciplines to tackle issues related to the justice system. It will do so by training legal researchers interested in employing economic and quantitative methods, and educating non-lawyers about the opportunities for empirical legal research. The programme will also advocate for further development of the data infrastructure related to the justice system itself. Ultimately, the programme will seek to drive cultural change, ensuring that economic and quantitative methods are better represented within the study of the justice system.

Causes of unhealthy body weight

Through a consortium led by UCL, IFS researchers have been working with the government for the past six years, providing evidence about what it is like to live with an unhealthy body weight (over- and under-weight) and testing strategies that can help.

With funding from the National Institute for Health and Care Research, we will continue working with the government, with a revamped and innovative team of world-class researchers from a wide range of backgrounds. We will use a mixture of methods and will work with individuals, communities and 'big data' to understand the causes of unhealthy weight and find solutions that work.

The aim is to understand how health and community settings, and life circumstances (such as age, income and ethnicity), may lead to people developing and suffering from unhealthy weight. Researchers will respond quickly and work flexibly with government departments to ensure our research meets the needs of policymakers in this area.

NHS workforce

The National Institute for Health and Care Research has launched a new set of Policy Research Units to undertake research to inform decision-making by government and

arm's-length bodies. King's College London is hosting the Policy Research Unit in Health and Social Care Workforce, in partnership with IFS, the London School of Economics and the University of Salford.

Of every 100 people working in England today, 13 of them work in health and social care jobs. Nearly £2 out of every £3 spent on the NHS goes on paying its staff. The Health and Social Care Workforce Policy Research Unit aims to help government by providing the answers to the workforce questions that affect both the quality and cost of health and social care services.

Researchers from the partner institutions will work as a Unit on a set of research questions agreed by government (the Department of Health and Social Care and its partner organisations). In particular, IFS research will focus on analysing recruitment and retention, using workforce administrative records, such as the Electronic Staff Record (ESR), and HR records from individual Acute Trusts.

UK general election

In preparation for the expected general election in 2024, IFS has secured funding from abrdn Financial Fairness Trust and the Nuffield Foundation, for researchers to engage with political parties and respond to policy proposals around living standards, taxes, benefits and public services crucial for those on low and middle incomes.

The aim is to promote good policymaking and informed debate in the run-up to the election. With living standards suffering,

taxes rising and public services under strain, fiscal and economic policies will be central to the upcoming election campaign. The election itself promises to be a highly significant one, coming as it does after the UK's departure from the EU, the dislocation of the pandemic and the fallout from Russia's invasion of Ukraine: the UK is not short of policy challenges in dire need of attention.

On too many occasions, across too many policy areas, the UK has ducked the big challenges and failed to face up to difficult choices and trade-offs. The upcoming election campaign is an opportunity to debate realistic policy options that stack up to the scale of the challenges at hand. There will be a longer run-up to the coming election than in 2017 or 2019, allowing for greater discussion and debate of the issues. During this period, there will be intense demand from the media and others for rigorous, evidence-based and demonstrably independent analysis of key policy issues in areas such as the public finances, living standards, working-age benefits, taxation and public services.

Members of the public will be seeking the tools to challenge and judge politicians and their promises. There will also be demand from the political parties themselves, as they seek to build an evidence base to inform their plans for government. IFS is in a unique position to fulfil this role. Through a wide set of outputs (including a dedicated website, press briefings, podcasts, public events, broadcast interviews, interactive online tools, and policy reports), we will raise the standard of debate. Through private meetings with senior MPs and their advisers, we will improve the quality of the policies put forward.



Communication and stakeholders

As an institute, our overarching aim is to conduct wide-ranging, high-quality microeconomic research to help inform evidence-based policymaking and improve the quality of public scrutiny and debate at local and national levels. Strengthening and extending our knowledge exchange and impact strategies and encouraging learning, development and innovation are therefore key to our success.

We will build on experiences during remote working to increase and improve the digital and online aspects of our communications strategy, even after a general return to office working. This will allow us to reach a wider audience.

Capacity building

As mentioned above, our aim is to train and develop research and support staff at all career stages.

We took on 12 new researchers in 2023 who will be trained and developed over the year. In the autumn of 2024, at least three new graduates will start work at IFS and will be trained in research and communication skills, working alongside more experienced researchers and Research Fellows and Associates, who are leaders in their fields from universities in the UK and overseas.

We plan to take on a further one or two postdoctoral fellows from September 2024 on one- or two-year contracts, as well as an additional one-year placement for a postdoctoral researcher at a UK institution, with funding from the ESRC to increase the skills and policy understanding of early-career researchers.

The Institute will also host a number of graduate students, who will work on PhDs under the supervision of senior staff, working alongside researchers whose research interests they share. The specific expertise of these individuals will feed into related research programmes and will enrich the knowledge of colleagues through frequent seminars and interchange of views. The students themselves will benefit from the stimulating intellectual environment at IFS and they are likely to go on to research or teaching posts in the future, where they will be able to apply what they have learned. We will also be offering annual placements for PhD students of between six months and a year, with the aim of enriching their PhD studies with policy research experience and allowing them to expand their networks.

Over the summer, we will host between six and eight economics students in paid internships. The students will work on projects with IFS researchers to give them a flavour of what policy-relevant research is like. We will also host work experience students in collaboration with the STEM Learning, as part of our commitment to diversity. Throughout our recruitment process, we will continue to look for ways to encourage diverse applicants to apply and to recruit staff from a range of backgrounds. We have developed a new Equality, Diversity and Inclusion policy, which feeds into our recruitment strategy.

Strategic Report

Financial review

The results for the year ended 31 December 2023 are presented in the statement of financial activities on page 29. Before net gains on investment, IFS surplus was £505,431 (2022: £428,782). This was primarily driven by a surplus on membership and donations/raising funds (£254,585) and investment (deposit) income (£124,215). Broadly speaking, research broke even financially for the year, with the overall deficit on restricted research funding (£328,138) being offset by the surplus in unrestricted research funding (£325,394).

The external high-inflation environment saw expenditure increase in total by £914,750 in the year, to £9,661,499 (2022: £8,746,749). This continued to adversely impact recovery on our long-term restricted funding (typically fixed in size), with

loss on restricted research funds in the year discussed above highlighting that.

Unrealised net gains on IFS's investment with CCLA of £208,639 for the year meant net income overall for the year was £714,070. Despite this, because of the rise in the overall cost base, General Fund reserves cover only increased marginally from 6.05 months to 6.26 months – remaining at the six-month target set by the Board of Trustees.

The Institute attempts to raise its research funds from a range of organisations so that it is not dependent upon a single source of funding. Although 46% of the income recognised in 2023 was provided by the Economic and Social Research Council (43% in 2022), this funding covers a wide range of projects and IFS continues to submit applications to new funders to widen the funding base.

	2023	2023	2023	2022	2022	2022
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Cash and cash equivalents	2,409,963	3,051,387	5,461,350	4,201,549	2,410,123	6,611,672
Less net grants received in advance	(202,787)	(2,256,814)	(2,459,601)	(386,638)	(1,923,841)	(2,310,479)
Cash holdings (excluding net project grants received in advance)	2,207,177	794,573	3,001,750	3,814,911	486,282	4,301,193
Other working capital	(436,097)	(794,573)	(1,230,670)	(163,002)	(486,282)	(649,284)
Investments	2,637,421	-	2,637,421	-	-	-
General Fund	4,408,501	-	4,408,501	3,651,909	-	3,651,909
No. of months of forecast expenditure (excluding direct project costs)	6.26	-		6.05	-	
Target level for the General Fund: (6 months' forecast expenditure, excluding direct project costs)	4,226,788	-		3,624,418	-	

General Fund	4,408,501	-	4,408,501	3,651,909	-	3,651,909
Fixed Asset Fund	62,800	-	62,800	58,819	-	58,819
Intangible Asset Fund	81,379	-	81,379	127,882	-	127,882
Total reserves	4,552,680	-	4,552,680	3,838,610	-	3,838,610

Reserves policy

The reserves policy is twofold: one, to hold funds for working capital purposes and as a contingency, should sufficient new funding not emerge or should existing contracts be cancelled; and two, to reflect the net book value of fixed and intangible assets.

In response to the significant impact of inflation on IFS's reserves, in November 2022 the Board of Trustees approved an investment of £2 million into CCLA's COIF Charities Investment Fund and established an Investment Committee to oversee performance. The purpose of the investment was defined as maintaining the real value of reserves as a whole over a 15- to 20-year time frame.

Following this initial investment, the Investment Committee also decided to annually consider to what extent to adjust the amount in the investment fund, particularly in light of the previous year's financial surplus. Assurance around the impact any further investment would have on reserves would be provided by the Audit Committee. In August 2023, it was decided to invest 2022's surplus of £428,782 in full.

As at 31 December 2023, the unrealised net gain on this investment was £208,639.

As at 31 December 2023, the Institute's total reserves were £4,552,680 (2022: £3,838,610), comprising the unrestricted General Fund of £4,408,501 (2022: £3,651,909), the unrestricted Fixed Asset Fund of £62,800 (2022: £58,819) and the unrestricted Intangible Asset Fund of £81,379 (2022: £127,882).

The General Fund reflects the Institute's net current assets and is considered to be the amount of reserves that could be easily converted to cash, should the need arise. The target is for the General Fund to be maintained at a level to cover up to six months' expenditure (excluding direct project costs). The Trustees wish to continue to raise modest surpluses so that the General Fund meets this target.

The Fixed Asset Fund was established in 2010 such that this fund would be equivalent in value to the net book value of the Institute's fixed assets. The value of IFS fixed assets was £4k higher at year-end than at the beginning of the year. The reserves policy is subject to active review in the light of prevailing circumstances.

The Intangible Asset Fund comprises IFS's investment in a new website, launched in 2022, which is being paid for out of the General Fund. Now the site has been launched, the value

of the asset, and this fund, will reduce on a straight-line basis over three years.

Principal risks and uncertainties

The Board of Trustees has overall responsibility for ensuring that the Institute has appropriate systems of control, both financial and operational. These systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The Audit Committee reviews IFS' internal controls in detail and advises the Board where necessary.

During the year, the Board of Trustees continued to review the major financial and operational risks facing the Institute. This is done through regular review of movements in the risk register at Board meetings. The Audit Committee also regularly reviews the IFS risk register and receives detailed analysis of major risks, advising the Board where appropriate. Key organisational risks normally become a standing item at both meetings so that regular updates can be provided.

The key risks that have been considered by the Board of Trustees in 2023 are:

- Access to funding and changes to existing funders' policies – in particular, IFS relies on the ESRC for a large proportion of the Institute's research funds. However, this funding represents a mix of long-term and short-term funding, which reduces the immediate risk. During 2023, the IFS Audit Committee reviewed a paper outlining the risks in this area and were satisfied with mitigating steps IFS is taking. The Institute continues to seek to diversify its funding sources in order to spread the risk;
- Retention of key staff and staff satisfaction – human capital is crucial to IFS' long term success. The Board attach the highest priority to nurturing and retaining talent and receives updates on the results and action points arising from periodic staff surveys;
- Research quality – IFS's reputation for academic and intellectual excellence is of fundamental importance to fulfilling its charitable objectives and securing the support of funders. IFS has numerous quality assurance schemes in place, and as a key risk, the Audit Committee also receive periodic detailed risk assessments;
- Potential office lease expiration in June 2025 – this has the potential to temporarily disrupt research and place a greater long term financial burden on the IFS compared with the recent past. Guided by trusted consultants, IFS is continuing to explore all options;

- Network and data security - IFS is reliant on access to and use of data sources from a wide range of suppliers, a lot of which is confidential. Furthermore, as a high-profile public institution, IFS is, like other similar organisations, a potential target for cyber crime. These complex issues are currently managed by an internal information security forum that reports to IFS senior management and IFS Trustees. IFS is currently ISO 27001 compliant;
- Going concern risk and reserves – like most other organisations, recent wage and price inflation has put pressure on IFS's finances. In response the IFS has and will continue to explore options to increase income where possible whilst carefully managing costs.

Going concern

IFS has modelled and stress-tested its cash flows and this work concluded that it will have sufficient liquid resources (cash and investments that can be converted to cash) to continue to operate for at least 12 months from the date of approval of these financial statements. The Board of Trustees have reviewed this work and are happy with the methodology and conclusions. They thus remain of the view that there are no material uncertainties that call into doubt IFS's ability to continue. The financial statements have therefore been prepared on the basis that IFS is a going concern.

Governance and management

Constitution

The Institute for Fiscal Studies (IFS) was incorporated by guarantee on 21 May 1969. It is a private company limited by guarantee and has no share capital. It is a registered charity. The guarantee of each Company Law member ('Member') is limited to £1. The governing document is the Memorandum and Articles of Association of the Company and the members of the Board of Trustees are the Directors of the Company and the Trustees.

Company Law members consist of the IFS Council members. At the end of November 2023, the number of guarantors was 49 (50 at the end of November 2022), five of whom were elected by the IFS members. The Articles contain the provision that the IFS Council be expanded to no more than 50 persons and that it shall consist of 45 members elected by Council and five members elected by the wider IFS membership.

Members of the Board of Trustees

The Board of Trustees is established by the IFS Council. Trustees are elected by the Council from among themselves, and consist of at least seven and no more than twelve people, one of whom is the President of the Council. Trustees serve three-year terms, and will usually only serve a maximum of three terms. The Board of Trustees met five times during the year. Committee membership during 2023 was:

- Winnie Armah (joined November 2023);
- Jonathan Athow;
- James Bell;
- John F. Chown;
- Swati Dhingra (joined November 2023);
- David Gregson;
- Peter Kane;
- Caroline Mawhood;
- Orna NiChionna;
- Gus O'Donnell (President, IFS Council);
- Michael Ridge (Chair);
- Nicholas Timmins.

As part of the organisation's governance review (see below), the Board of Trustees set up two subcommittees during 2019 to help improve scrutiny of the Institute's operations – a Nominations Committee and an Audit Committee. An

Investment Committee was formed in 2023. The remits and memberships of the committees are as set out below.

Audit Committee

The Audit Committee's overall objective is to give advice to the Board of Trustees on:

- the overall processes for risk, control and governance;
- management assurances and appropriate actions from external audit and internal audit (if appropriate) findings, risk analysis and reporting undertaken;
- the financial control framework and supporting compliance culture;
- accounting policies and material judgements, the accounts and the annual report, and management's letter of representation to the external auditors;
- whistle-blowing arrangements for confidentially raising and investigating concerns over possible improprieties in the conduct of IFS business;
- processes to protect against fraud and corruption;
- the planned activity of internal audit (if appropriate) and external audit.

Membership during 2023: Jonathan Athow*, Peter Kane*, Caroline Mawhood* (Chair)

IFS staff attending: Carl Emmerson (Deputy Director), Slav Sikora-Sikorski (Head of Finance)

* Trustee

Nominations Committee

The Nominations Committee's objectives are:

- to develop and maintain rigorous and transparent procedures for appointments and re-appointments to the Council and the President, Trustees and its committees;
- to propose candidates for appointment to the Council and to the Board of Trustees;
- to formulate plans for succession and ensure that there is a transparent and fair procedure for the appointment of the President, Chair of Trustees, Honorary Officers, and members of the Council and Board of Trustees;
- to review regularly the composition of the Board and its committees (including their diversity, balance of skills, knowledge and experience) and make recommendations to the Board with regard to any adjustments that are

deemed necessary;

- to review the results of the Board performance evaluation process that relate to the composition of the Board.

Membership during 2023: Frances Cairncross§, David Gregson*, Orna NiChionna*, Michael Ridge*¥ (Chair)

IFS staff attending: Carl Emmerson (Deputy Director), Emma Hyman (Head of Operations)

* Trustee; ¥ Chair of Trustees; § Member of Council

Investment Committee

The Investment Committee's objectives are:

- to consider the investment strategy and policies;
- to oversee the execution of the agreed investment strategy;
- to review returns on excess cash and the appropriateness of existing and proposed cash;
- to manage facilities in the context of IFS liquidity requirements;
- to carry out other duties as may be determined from time to time by the Board.

Membership during 2023: David Gregson*, Peter Kane* (Chair), Orna NiChionna*

IFS staff attending: Slav Sikora-Sikorski (Head of Finance)

* Trustee

Induction and training of Trustees

New Trustees receive training and induction following their appointment. Trustees are kept up-to-date with IFS research by a rolling programme of research presentations made at each meeting of the Board of Trustees.

Remuneration policy

The salary of the Director is determined by the Board of Trustees when renewing his contract and is normally increased each year by a cost-of-living adjustment, in line with salaries across the Institute. The pay of all other staff is reviewed annually by the Director and, where appropriate, other members of senior management and is also usually increased by a cost-of-living adjustment. From time to time, IFS salary scales are benchmarked against comparable organisations. In 2023, the services of the Research Directors, Rachel Griffith, Fabien Postel-Vinay and Imran Rasul, were provided by the University of Manchester (Griffith) and UCL (Postel-Vinay and Rasul) under contracts that reimburse the universities for an agreed percentage of the individual's salary, National Insurance and pension costs. Further details on these amounts are included in note 8 to the accounts.

Organisational structure of the Institute and the decision-making process

The overall management of IFS is carried out by the Director, Paul Johnson, who reports to the Trustees on a quarterly basis. The Director is part of the senior management team of the Institute, which also comprises the Deputy Directors, Carl Emmerson, Robert Joyce and Helen Miller, the Deputy Research Directors, Monica Costa Dias and Sonya Krutikova, and the Research Directors, Professors Rachel Griffith, Fabien Postel-Vinay and Imran Rasul.

The Board of Trustees delegates the operational responsibilities of the Institute to the Director of the Institute via a 'Scheme of Delegation', and he in turn delegates various duties to senior staff.

In 2023, the Institute employed directly an average of 80 (2022: 73) full- and part-time staff usually based at its office in Ridgmount Street, London. Research staff are divided into sectors, and administrative staff provide support facilities.

The Institute also employed indirectly 10 (2022: 12) senior academic staff based at UK universities on a part-time basis. In addition, a number of other academics from both UK and overseas institutions work with the staff as Research Fellows and Research Associates on an ad hoc collaborative basis.

Statement of policy on fundraising

Section 162A of the Charities Act 2011 requires us to make a statement regarding fundraising activities. We do not undertake widespread fundraising activities with members of the public, although we do accept donations or offers from partners to contribute to work that we undertake. The legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes'. Such amounts receivable are presented in our accounts as 'donations and legacies'. We do not use professional fundraisers or 'commercial participators' or any other third parties to solicit donations. We are therefore not subject to any regulatory scheme or relevant codes of practice, nor have we received any complaints in relation to fundraising activities.

Charity Governance Code

In July 2017, the new Charity Governance Code was published setting out recommended practice. The Board of Trustees is supportive of the principles set out in the code and is keen to ensure that these are built into the governance of the organisation. To this end, during 2019, Trustees carried out a detailed review of its governance policies and procedures with reference to the code and agreed on a plan to put in place measures to comply where appropriate. The plan is now being implemented.

The Committee noted the updates made to the governance code in 2020, relating to integrity and to diversity. Integrity has always been central to the values of the Institute and a sine qua non for staff, Trustees and collaborators. The Trustees are satisfied that their procedures are in keeping with the revised code and are appropriate to uphold integrity to a high standard.

In the light of updated principles relating to diversity and inclusion, the Nominations Committee has considered these criteria when looking at the make-up of the Board of Trustees and of the Council. In particular, the Trustees are delighted that they have been able to increase both gender and ethnic diversity on the Council, a step that was much needed and a trend that they will strive to continue.

Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including income and expenditure, of the charity for the year. In preparing those financial statements, the Trustees are required:

- to select suitable accounting policies and then apply them consistently;
- to observe the methods and principles in the Charities SORP;
- to make judgements and accounting estimates that are reasonable and prudent; and
- to prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, to disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees at the time the report is approved are aware:

- there is no relevant audit information of which the auditor is unaware; and
- they have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the UK governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Approved and authorised for issue by the Board of Trustees and signed on their behalf by



Michael Ridge

Chair of Trustees

23 May 2024

Company registered number: 00954616

Registered Charity: 258815

Auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE FOR FISCAL STUDIES

Opinion

We have audited the financial statements of Institute for Fiscal Studies ('the company') for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of its incoming resources and application of resources, including its 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 charitable company 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 related to going concern

In auditing the financial statements, we have concluded that the Trustees' 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the 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.

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 course of 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 themselves. 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 strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' annual report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 25, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees 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 trustees 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 and trustees those matters which 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 any party other than the charitable company, the charitable company's members, as a body, and the charity's trustees, as a body for our audit work, for this report, or for the opinion we have formed.



James Saunders (Senior Statutory Auditor)

for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

9 Appold Street

London

EC2A 2AP

Moore Kingston Smith LLP is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.

28 May 2024

Financial reports

Statement of financial activities

Year ended 31 December	2023		2023		2022	
	Unrestricted	Restricted	Total	Total	Total	Total
	£	£	£	£	£	£
Income from:						
Donations and legacies	2	349,819	-	349,819	305,620	305,620
Charitable activities	3	1,421,454	8,142,067	9,563,521	8,653,319	8,653,319
Investment income	4	124,215	-	124,215	22,341	22,341
Other income		129,375	-	129,375	194,251	194,251
Total income		2,024,863	8,142,067	10,166,930	9,175,531	9,175,531
Expenditure on:						
Raising funds	6	95,234	-	95,234	91,923	91,923
Charitable activities	6	1,096,061	8,470,204	9,566,265	8,654,826	8,654,826
Total expenditure		1,191,295	8,470,204	9,661,499	8,746,749	8,746,749
Net income before net gains on investment		833,568	(328,137)	505,431	428,782	428,782
Net gains on investment	11	208,639	-	208,639	-	-
Net income for the year		1,042,207	(328,137)	714,070	428,782	428,782
Transfers between funds	15	(328,137)	328,137	-	-	-
Net movement in funds		714,070	-	714,070	428,782	428,782
Reconciliation of funds:						
Total funds brought forward	16	3,838,610	-	3,838,610	3,409,828	3,409,828
Total funds carried forward	16	4,552,680	-	4,552,680	3,838,610	3,838,610

There were no other recognised gains or losses other than the net income for the year. All amounts relate to continuing operations.

Balance sheet

As at 31 December		2023	2022
		£	£
Fixed assets			
Tangible assets	10	62,800	58,819
Investments	11	2,637,421	-
Total fixed assets		2,700,221	58,819
Intangible assets	12	81,379	127,882
Total intangible assets		81,379	127,882
Current assets			
Debtors	13	1,809,490	1,683,373
Short-term deposits		4,047,049	1,255,269
Cash at bank and in hand		1,414,301	5,356,403
Total current assets		7,270,840	8,295,046
Liabilities:			
Creditors: amounts falling due within one year	14	(5,499,760)	(4,643,137)
Net current assets		1,771,080	3,651,909
Net assets		4,552,680	3,838,610
Total funds:			
Unrestricted funds			
- General Fund	15	4,408,501	3,651,909
- Fixed Asset Fund	15	62,800	58,819
- Intangible Asset Fund	15	81,379	127,882
		4,552,680	3,838,610
Restricted	15	-	-
Total		4,552,680	3,838,610

Approved and authorised for issue by the Trustees and signed on their behalf by

Michael Ridge

Michael Ridge, Chair of Trustees

Company registered number: 00954616

Registered Charity: 258815

23 May 2024

Statement of cash flows

Year ended 31 December	2023	2022
	£	£
Reconciliation of net income to net cash flow from operating activities		
Net income for the reporting period (as per the Statement of Financial Activities)	714,070	428,782
Adjustments for:		
Depreciation charges	38,220	40,903
Amortisation charges	46,503	11,626
Investment income	(124,215)	(22,341)
(Gains) on investments	(208,639)	-
(Increase) in debtors and accrued income	(126,115)	493,428
Increase in creditors and accrued expenses	661,879	82,815
Increase in grants received in advance of expenditure	194,743	51,378
Net cash (expended on)/ generated from operating activities	1,196,446	1,086,590
Interest on investments	124,215	22,341
Purchase of intangible assets	-	(71,327)
Purchase of tangible fixed assets	(42,201)	(37,346)
Purchase of investments	(2,428,782)	
Cash flows from investing activities	(2,346,768)	(86,331)
Change in cash and cash equivalents in the reporting period	(1,150,322)	1,000,259
Cash and cash equivalents at the beginning of the reporting period	6,611,672	5,611,413
Cash and cash equivalents at the end of the reporting period	5,461,350	6,611,672
Analysis of cash and cash equivalents		
	2023	2022
	£	£
Short-term deposits	4,047,049	1,255,269
Cash at bank and in hand	1,414,301	5,356,403
Total cash and cash equivalents	5,461,350	6,611,672

No net debt reconciliation has been presented as the Institute has no borrowings or external debt.

Notes to the accounts

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:

a) Basis of preparation

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

The Institute for Fiscal Studies 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).

Going concern

IFS has modelled and stress-tested its cash flows and this work concluded that it will have sufficient liquid resources (cash and investments that can be converted to cash) to continue to operate for at least 12 months from the date of approval of these financial statements. The Board of Trustees have reviewed this work and are happy with the methodology and conclusions. They thus remain of the view that there are no material uncertainties that call into doubt IFS's ability to continue. The financial statements have therefore been prepared on the basis that IFS is a going concern.

b) Tangible fixed assets and depreciation

All tangible fixed assets costing more than £1,000 (excluding VAT) are capitalised and depreciated. Depreciation of fixed assets is calculated to write off the cost of each asset over the term of its estimated useful life.

The Trustees have determined that all costs relating to the refurbishment of the premises and any furniture be

depreciated over five years and all other assets depreciated over three years. Assets are written off on a straight-line basis commencing from the quarter after the date of purchase. Where the length of any remaining lease is less than five years, then any refurbishment costs are depreciated up to the end of the year in which the lease comes to an end.

c) Listed investments

Investments refers to single investment fund provided by a major fund manager in the charity sector. Purchases are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

d) Intangible assets and amortisation

All intangible assets capitalised are amortised over three years from the point when they are brought into actual use.

e) Income – membership subscriptions and donations

Membership income is deferred to the extent that it relates to services to be provided in future periods. Donations are credited to the statement of financial activities at the date of receipt.

f) Income – publications

Royalty income receivable from the publisher of the IFS-owned journal, *Fiscal Studies*, is recognised on an accruals basis and in accordance with the substance of the publishing agreement.

g) Income – research activities

Income from research activities is recognised when the Institute has entitlement to the funds, when it is probable that the income will be received and the amount can be measured reliably.

The Institute is usually entitled to research income in stages over the course of a project, subject to performance-related conditions requiring a particular level of service or output, often approximating to when related expenditure is incurred. In such cases, research income is credited to the statement of financial activities when it falls due to be received to the extent that it is matched by related expenditure.

Where donations or grants are received without performance-related conditions, entitlement usually arises on receipt and research income is credited to the statement of financial activities when it falls due to be received.

h) Interest and dividends receivable

Interest on funds held on deposit and dividends on investments are included when receivable and the amount can be measured reliably.

i) Allocation of expenses

Direct and indirect expenses are included when incurred. The majority of expenses are directly attributable to specific activities. Indirect overhead costs (e.g. premises and administration) are allocated on a basis consistent with the use of the resource, usually on a per-capita basis. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Pension costs

The pension cost charge represents contributions payable by the Institute to employees' personal pension plans in respect of the year.

k) Operating leases

Leasing charges in respect of operating leases are charged to the statement of financial activities as they are incurred.

l) Current asset investments – short-term deposits

Current asset investments include cash on deposit and cash equivalents held for investment purposes rather than to meet short-term cash commitments as they fall due.

m) Foreign currency

The value of the balances in the Institute's Euro and US Dollar accounts at the end of the year was based on the exchange rate as at 31 December 2023. Transactions in foreign currencies are calculated at the exchange rate ruling at the date of the transaction and Institute-wide foreign exchange gains or losses made during the year are taken into account in arriving at the net income for the year.

n) Financial instruments

IFS 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.

o) Critical accounting estimates and areas of judgement

Preparation of the financial statements requires some judgements and estimates to be made. The items in the financial statements where judgements and estimates are made include:

- judging the progress of multi-year research projects;
- estimating the useful economic life of tangible fixed assets;
- estimating the useful economic life of intangible assets; and
- estimates relating to the allocation of support costs across expenditure categories.

p) Funds

IFS maintains three internal funds, which include restricted and unrestricted funds.

Unrestricted – General Fund: these funds are derived from any unrestricted donations and grants received by IFS as well as from contracts for research that are unrestricted in nature. These are funds that can be used for any purpose within the charitable objects of IFS.

Unrestricted – designated Fixed Asset Fund: this fund represents resources set aside to cover future capital expenditure. The value of this fund at the year-end represents the net book value of tangible fixed assets and intangible assets.

Restricted – research funds: these funds represent grants and donations received to cover project expenditure on research projects. The restrictions are imposed by the funder, usually with respect to the specific research project being undertaken. The nature of the portfolio of research grants and contracts is such that in most cases income and expenditure are closely matched.

2. Membership and donations

	2023	2022
	£	£
Corporate membership	206,983	127,896
Individual membership	50,336	35,225
	257,319	163,120
Other donations	92,500	142,500
	349,819	305,620

Donations in the year totalling £620 were received from Trustees and their spouses.

3. Income from charitable activities

IFS frequently collaborates with universities and other research organisations. The income classification below is based on the ultimate funder of the research.

	2023	2023	2023	2022	2022	2022
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
ESRC	52,869	4,389,217	4,442,086	-	3,860,644	3,860,644
Charitable trusts and foundations	42,670	1,901,910	1,944,580	12,301	1,977,239	1,989,540
Government (or similar)	995,412	1,850,939	2,846,351	865,589	1,553,009	2,418,598
Other organisations	199,710	-	199,710	228,904	57,363	286,268
Event income	84,273	-	84,273	48,311	-	48,311
Publications	46,521	-	46,521	49,958	-	49,958
	1,421,454	8,142,067	9,563,521	1,205,064	7,448,255	8,653,319

IFS receives funds in the form of project grants, directly and indirectly, from the UK and other national governments, other governmental agencies and international governmental bodies. These funds are tied to specific research-related activities in the course of the standard charitable activities of IFS. IFS does not receive any funding in the form of general government grants or assistance. Therefore, it is not felt to be necessary, useful or practical to disclose further analysis within these accounts.

4. Investment income

All investment income arises from money held in interest-bearing deposits. IFS reinvests all dividends and other income earned on its investment fund and so takes no distributions to the Statement of Financial Activities.

5. Analysis of expenditure

Total costs include payments to third parties that work together with IFS on particular projects. Where the Institute is the lead organisation, it receives funding from the grant-giving body for all participating organisations for onward transmission. Gross receipts are reflected in the Institute's revenues and, depending on the types of project undertaken, may vary significantly from year to year.

	Total charitable activities £	Raising funds £	Governance costs £	Support costs £	2023 Total £	2022 Total £
Research collaborations & subcontracts	1,288,098	-	-	-	1,288,098	1,322,836
Data costs & data collection costs	322,039	-	-	-	322,039	282,549
IFS travel, accommodation & subsistence	242,429	-	-	-	242,429	131,173
Visitor travel, accommodation & subsistence	1,085	-	-	-	1,085	(800)
Event, publication & dissemination costs	465,303	-	-	52,529	517,832	328,565
Other direct costs	106,080	-	-	-	106,080	43,955
Premises	-	-	-	834,242	834,242	656,897
IT & office costs	-	-	-	339,527	339,527	274,115
Other staff costs	-	-	-	108,342	108,342	128,317
Insurance & professional fees	-	-	36,771	123,040	159,811	133,120
Other	-	-	-	65,834	65,834	48,228
Total costs (excl. staff costs)	2,425,035	-	36,771	1,523,513	3,985,319	3,348,957
Staff costs (universities)	664,927	-	-	-	664,927	875,028
Research Fellows & Research Associates	72,500	-	-	-	72,500	59,025
	737,427	-	-	-	737,427	934,053
IFS staff costs (research)	3,736,949	28,169	22,859	-	3,787,977	3,461,084
IFS staff costs (events & dissemination)	-	42,312	-	486,422	528,734	411,427
IFS staff costs (research services)	-	9,200	-	174,790	183,990	172,003
IFS staff costs (central)	-	2,703	20,563	414,786	438,051	419,224
	3,736,949	82,384	43,422	1,075,998	4,938,753	4,463,739
Total staff costs (incl. Fellows & Associates)	4,474,376	82,384	43,422	1,075,998	5,676,180	5,397,792
Total expenditure	6,899,411	82,384	80,193	2,599,511	9,661,499	8,746,749
Allocation of support costs (including governance)	2,666,853	12,850	(80,193)	(2,599,511)	-	-
Total expenditure	9,566,265	95,234	-	-	9,661,499	8,746,749

Analysis of expenditure 2022	Total charitable activities £	Raising funds £	Governance costs £	Support costs £	2022 total £
Research collaborations and subcontracts	1,322,836	-	-	-	1,322,836
Data costs and data collection costs	282,549	-	-	-	282,549
IFS travel, accommodation and subsistence	131,173	-	-	-	131,173
Visitor travel, accommodation and subsistence	(800)	-	-	-	(800)
Event, publication and dissemination costs	281,948	-	-	46,617	328,565
Other direct costs	43,955	-	-	-	43,955
Premises	-	-	-	656,897	656,897
IT and office costs	-	-	-	274,115	274,115
Other staff costs	-	-	-	128,317	128,317
Insurance and professional fees	-	-	44,435	88,685	133,120
Other	-	-	-	48,228	48,228
Total costs (excluding staff costs)	2,061,662	-	44,435	1,242,860	3,348,957
Staff costs (universities)	875,028	-	-	-	875,028
Research Fellows and Research Associates	59,025	-	-	-	59,025
	934,053	-	-	-	934,053
IFS staff costs (research)	3,412,051	27,478	21,555	-	3,461,084
IFS staff costs (events and dissemination)	-	31,110	-	380,318	411,427
IFS staff costs (research services)	-	17,200	-	154,803	172,003
IFS staff costs (central)	-	2,488	9,951	406,785	419,224
	3,412,051	78,276	31,506	941,906	4,463,739
Total staff costs (including Fellows and Associates)	4,346,104	78,276	31,506	941,906	5,397,792
Total expenditure	6,407,766	78,276	75,941	2,184,766	8,746,749
Allocation of support costs (including governance)	2,247,060	13,647	(75,941)	(2,184,766)	-
Total expenditure	8,654,826	91,924	-	-	8,746,749

6. Expenditure

2023	Unrestricted £	Restricted £	2023 total £	2022 total £
Cost of raising funds				
Direct costs (membership programme)	-	-	-	-
Staff costs (direct)	82,384	-	82,384	78,276
Support and governance costs (allocation)	12,850	-	12,850	13,647
	95,234	-	95,234	91,923
Charitable activities				
Project costs	119,607	2,305,428	2,425,035	2,061,662
Staff costs (total)	764,865	4,828,931	5,593,796	5,319,516
Support and governance costs (allocation)	211,588	1,335,846	1,547,434	1,273,647
	1,096,061	8,470,204	9,566,265	8,654,826
Total expenditure	1,191,295	8,470,204	9,661,499	8,746,749

2022	Unrestricted £	Restricted £	2022 total £
Cost of raising funds			
Direct costs (membership programme)	-	-	-
Staff costs (direct)	78,276	-	78,276
Support and governance costs (allocation)	13,647	-	13,647
	91,923	-	91,923
Charitable activities			
Project costs	137,736	1,923,927	2,061,662
Staff costs (total)	683,181	4,636,335	5,319,516
Support and governance costs (allocation)	163,573	1,110,074	1,273,647
	984,490	7,670,336	8,654,826
Total expenditure	1,076,413	7,670,336	8,746,749

IFS initially identifies the costs of its support functions. It then identifies the costs that relate to governance. The remaining support costs together with the governance costs are apportioned between charitable activities and the cost of raising funds.

The cost of raising funds includes costs related to the IFS membership programme and costs related to activities focused on seeking funding. These include some direct costs and direct staff time, as well as an allocation of support costs. Support costs are allocated on the basis of staff time.

Governance costs include the costs of external audit. Other governance costs relate primarily to costs associated with the AGM and Annual Lecture and dinner. No expenses were claimed by the Trustees during the year (2022: £0).

7. Net income

Net income is stated after charging:

	2023	2022
	£	£
Depreciation	38,220	40,903
Amortisation	46,503	11,626
Auditor's remuneration		
- Audit fees	24,750	39,000
Operating lease rentals – property	409,453	375,000

Audit fees are stated net of VAT and disbursements.

8. Analysis of staff costs and key management personnel

	2023	2022
	£	£
Wages and salaries	4,237,900	3,808,654
Social security costs	447,781	416,472
Pension costs	253,072	238,613
	4,938,753	4,463,739
Comprising:		
Researchers	3,787,977	3,461,084
Support staff	1,150,776	1,002,655
IFS payroll staff	4,938,753	4,463,739
Staff costs (universities)	664,927	875,028
Research Fellow and Research Associate payments	72,500	59,025
	5,676,180	5,397,792

IFS has agreements in place with several universities/institutions for the provision of an agreed proportion of the working time (typically 5–50%) of, during 2023, on average 10 (2022:12) named, highly skilled individuals to carry out specific research duties at IFS in their areas of academic excellence. In 2023, £50,000 (2022: £67,500) of the amount for Research Fellows and Research Associates relates to these individuals.

During 2023 the Institute's senior management team included: the Director, Paul Johnson, and the Research Directors, Professors Rachel Griffith, Fabien Postel-Vinay and Imran Rasul. In 2023, the total compensation for these key management personnel, including amounts due to universities under contractual arrangements for the provision of an agreed amount of the Research Directors' time, was £571,186 (1.85 FTE) (2022: £530,936 (1.85 FTE)).

8. Analysis of staff costs and key management personnel (cont.)

The numbers of employees whose emoluments (excluding pension contributions) were in excess of £60,000 are shown in the ranges below. In addition, pension contributions were paid by the Institute on behalf of these employees. The total sum of these contributions was £185,631 (for 31 employees) (2022: £133,566 for 22 employees).

	2023 Number	2022 Number
£60,001-£70,000	12	6
£70,001-£80,000	6	5
£80,001-£90,000	7	7
£90,001-£100,000	3	1
£100,001-£110,000	-	1
£110,001-£120,000	1	-
£120,001-£130,000	-	1
£130,001-£140,000	1	-
£230,001-£240,000	-	1
£250,001-£260,000	1	-
	31	22

9. Staff numbers

	2023 FTE	Average number	2022 FTE	Average number
Research staff				
Permanent contracts	33.9	37.8	34.0	37.8
Fixed-term contracts	12.9	16.3	9.5	11.8
Variable-hours contracts	1.6	4.5	0.3	4.5
	48.4	58.6	43.8	54.1
Central staff				
Events, publications, dissemination	9.2	10.8	7.2	8.2
Finance, HR, IT, central support	7.8	8.3	7.5	8.1
Research services	2.8	2.8	2.5	2.8
	19.8	21.9	17.2	19.0
Total	68	80.4	61	73.1
Full-time		54.3		50.3
Part-time		26.1		22.8

10. Tangible fixed assets

	Fixtures and improvements to short leasehold premises	Office equipment	Total
	£	£	£
Cost			
At 1 January 2023	781,607	372,686	1,154,293
Additions	-	42,201	42,201
Disposals and assets no longer in use	-	(5,399)	(5,399)
At 31 December 2023	781,607	409,487	1,191,094
Depreciation			
At 1 January 2023	774,819	320,654	1,095,473
Charge for the year	5,834	32,386	38,220
Disposals and assets no longer in use	-	(5,399)	(5,399)
At 31 December 2023	780,653	347,641	1,128,294
Net book value			
As at 31 December 2023	954	61,846	62,800
As at 31 December 2022	6,788	52,031	58,819

11. Investments

	2023	2022
	£	£
Fair value at the start of the year	-	-
Additions at cost	2,428,782	-
Disposal proceeds	-	-
Net gain in fair value	208,639	-
Fair value at the end of the year	2,637,421	-

At 31 December 2023 the total investment holding was in CCLA's COIF Charities Investment Fund.

12. Intangible assets

	IFS website £	Total £
Cost		
At 1 January 2023	139,508	139,508
At 31 December 2023	139,508	139,508
Amortisation		
At 1 January 2023	11,626	11,626
Charge for the year	46,503	46,503
At 31 December 2023	58,129	58,129
Net book value		
As at 31 December 2023	81,379	81,379
As at 31 December 2022	127,882	127,882

All contracted costs associated with the build of IFS's new website, in line with FRS 102 requirements.

13. Debtors

	Unrestricted £	Restricted £	2023 £	2022 £
Accrued income	220,023	866,599	1,086,622	1,040,999
Trade debtors	244,776	70,871	315,647	340,825
Other debtors	4,292	-	4,292	7,047
Prepayments	366,648	36,281	402,929	294,501
	835,739	973,751	1,809,490	1,683,373

14. Creditors

	Unrestricted £	Restricted £	2023 £	2022 £
Amounts falling due within one year				
Trade payables	355,473	91,806	447,279	206,955
Taxation and social security	129,598	-	129,598	110,011
VAT	41,942	-	41,942	57,387
Accruals	561,079	773,639	1,334,718	917,305
	1,088,092	865,445	1,953,537	1,291,658
Deferred income				
Balance at 1 January 2023	500,679	2,850,801	3,351,480	3,300,101
Amount released to income	(371,925)	(2,705,917)	(3,077,842)	(3,034,422)
Amount deferred in the year	294,056	2,978,529	3,272,585	3,085,800
Balance at 31 December 2023	422,810	3,123,413	3,546,223	3,351,480
Total creditors: amounts falling due within one year	1,510,902	3,988,858	5,499,760	4,643,137

As at 31 December 2023, total deferred income was £3,546,223 (2022: £3,351,480). This includes amounts received on multi-year projects, where the timing of the related expenditure may be more than 12 months from the balance sheet date. A proportion of this deferred income may therefore not be released to income until 2025.

Included in accruals is a provision for dilapidations of £333,414 (2022: £138,106). The estimated future costs of dilapidations are reviewed annually and adjusted as appropriate.

15. Analysis of movement in funds

2023	At 1 Jan 2023	Income	Expenditure	Net gains on investment	Transfers	At 31 Dec 2023
	£	£	£	£	£	£
Unrestricted funds						
General Fund	3,651,909	2,024,863	(1,191,295)	208,639	(285,616)	4,408,501
Fixed Asset Fund	58,819	-	-	-	3,981	62,800
Intangible Asset Fund	127,882	-	-	-	(46,503)	81,379
	3,838,610	2,024,863	(1,191,295)	208,639	(328,137)	4,552,680
Restricted funds						
Research funds	-	8,142,067	(8,470,204)	-	328,137	-
Total funds	3,838,610	10,166,930	(9,661,499)	208,639	-	4,552,680

2022	At 1 Jan 2022	Income	Expenditure	Transfers	At 31 Dec 2022
	£	£	£	£	£
Unrestricted funds					
General Fund	3,279,270	1,727,276	(1,076,414)	(278,224)	3,651,909
Fixed Asset Fund	62,377	-	-	(3,558)	58,819
Intangible Asset Fund	68,181	-	-	59,701	127,882
	3,409,828	1,727,276	(1,076,414)	(222,081)	3,838,610
Restricted funds					
Research funds	-	7,448,255	(7,670,336)	222,081	-
Total funds	3,409,828	9,175,531	(8,746,750)	-	3,838,610

Amounts have been transferred from the General Fund to restricted research funds to cover the overall deficit arising on the restricted research grants that completed during the year. This deficit was driven primarily by the effects of inflation on projects with multi-year budgets, and the lack of full overhead recovery on many of these projects.

Within restricted research funds are funds relating to projects where the agreement with the funder requests that the project funding is separately disclosed in the financial statements. During 2023, the income and expenditure on these grants was as set out below.

2023

Project name	Funder	Start date	End date	2023 income £	Accrued/(Deferred) income as at 31 Dec 2023 £
The Centre for Tax Analysis in Developing Countries – Phase 2 (TAXDEV II)	Foreign, Commonwealth & Development Office	11/11/18	30/04/23	433,392	-
The Centre for Tax Analysis in Developing Countries – Phase 3 (TAXDEV III)	Foreign, Commonwealth & Development Office	01/05/23	31/03/30	735,278	307,641
Taxation of Pensions	abrDn Financial Fairness Trust	01/07/21	28/02/23	47,218	-
Pensions Commission	abrDn Financial Fairness Trust	01/01/23	30/06/27	149,104	(100,466)
General Election policy proposal analysis	abrDn Financial Fairness Trust	01/01/24	31/12/24	0	(30,000)
Evaluating the Two-Child Limit	Nesta	01/12/22	31/03/24	59,834	(40,166)
UK 2040: Options – Taxation and Public Finance	Nesta	01/06/23	30/04/24	60,511	50,511

2022

Project name	Funder	Start date	End date	2022 income £	Accrued/(Deferred) income as at 31 Dec 2022 £
The Centre for Tax Analysis in Developing Countries – Phase 2 (TAXDEV II)	Foreign, Commonwealth & Development Office	11/11/18	31/10/22	1,033,938	355,746
Changing Patterns of Work in Later Life	Centre for Ageing Better	01/06/20	20/08/22	114,415	-
Taxation of Pensions	abrDn Financial Fairness Trust	01/07/21	28/02/23	99,060	6,782
Vocational Training, On the Job Training, and Resilience to the Covid-19 Shock	Massachusetts Institute of Technology	01/01/21	30/06/22	25,925	820

16. Analysis of net assets between funds

	2023	2023	2023	2022	2022	2022
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Tangible fixed assets	62,800	-	62,800	58,819	-	58,819
Investments	2,637,421	-	2,637,421	-	-	-
Intangible assets	81,379	-	81,379	127,882	-	127,882
Cash at bank and in hand	2,409,963	3,051,387	5,461,350	4,201,549	2,410,123	6,611,672
Net current assets/(liabilities)	(638,884)	(3,051,387)	(3,690,271)	(549,640)	(2,410,123)	(2,959,763)
Net assets at 31 December	4,552,680	-	4,552,680	3,838,610	-	3,838,610

17. Operating lease commitments

The total of future minimum lease payments under non-cancellable operating leases is set out below for each of the following periods.

	2023	2022
	£	£
One year	375,000	375,000
Two to five years	179,795	554,795

18. Pension scheme

The total pension cost to IFS for contributions to employees' pension schemes under IFS's group personal pension plans with Scottish Widows was £238,054 (2022: £223,853). In addition, two members of staff (2022: two) participated in other personal pension schemes, of their own choice, to which the Institute contributed £15,018 (2022: £14,650)

	2023	2022
	£	£
Scottish Widows	238,054	223,853
Other	15,018	14,650
	253,072	238,503

19. Related party transactions

None

20. Comparative information: Statement of financial activities for the year to 31 December 2022

Year ended 31 December	2022	2022	2022	2021
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Income from:				
Donations and legacies	305,620	-	305,620	123,537
Charitable activities	1,205,064	7,448,255	8,653,319	8,647,483
Investment income	22,341	-	22,341	704
Other income	194,251	-	194,251	-
Total income	1,727,277	7,448,255	9,175,531	8,771,724
Expenditure on:				
Raising funds	91,923	-	91,923	57,140
Charitable activities	984,490	7,670,336	8,654,826	8,418,979
Total expenditure	1,076,413	7,670,336	8,746,749	8,476,119
Net income	650,863	(222,081)	428,782	295,605
Transfers between funds	(222,081)	222,081	-	-
Net movement in funds	428,782	-	428,782	295,605
Reconciliation of funds:				
Total funds brought forward	3,409,828	-	3,409,828	3,114,223
Total funds carried forward	3,838,610	-	3,838,610	3,409,828

There were no other recognised gains or losses other than the net income for the year. All amounts relate to continuing operations.



THE INSTITUTE FOR FISCAL STUDIES

England & Wales - Charity number 258815

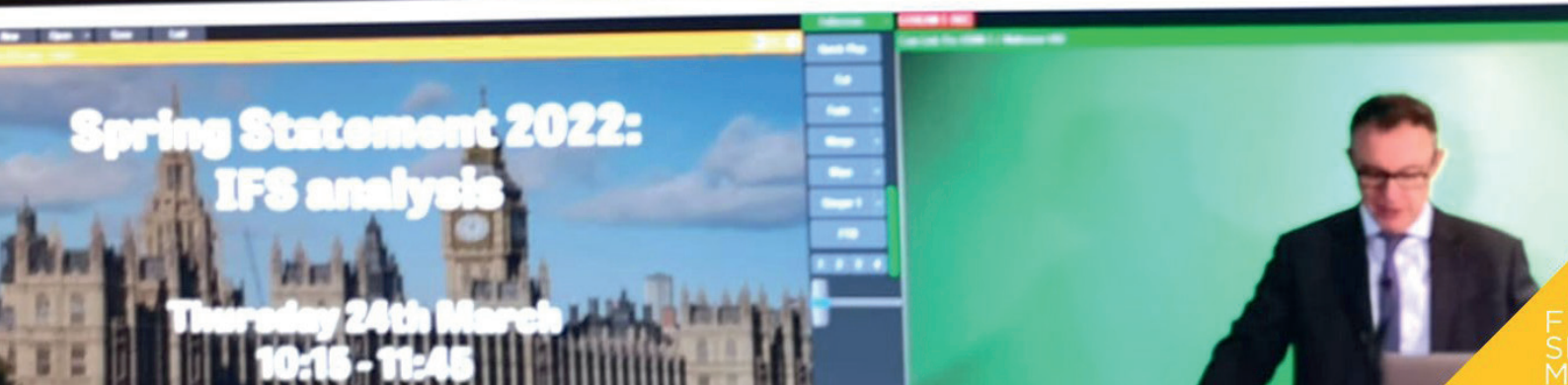
Accounts



Trustees' Report

Year ended 31 December 2022

Institute for Fiscal Studies



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Company information

Company registered office

7 Ridgmount Street
London
WC1E 7AE

Company registered number

00954616 (Incorporated in England and Wales)

Registered charity

258815

Company bankers

National Westminster Bank plc
City of London Office
1 Princes Street
London EC2R 8BP

Auditor

BDO LLP
55 Baker Street
London W1U 7EU

Introduction from the Chair of Trustees

I am pleased to present the Trustees' report of the activities of IFS in 2022. Over the year, IFS researchers tackled problems and opportunities facing society in the context of national and international turmoil, including the lasting economic consequences of the pandemic.



Staff at IFS continue with work across the range of research programmes, organised around the five interconnected themes of inequalities and living standards; tax and benefit reform; education, skills and productivity; the challenges of an ageing population; and demands on public expenditure and public services. At the core of this is our ESRC-funded research institute, now complemented by a large research grant focusing on productivity and work.

The Deaton Review of Inequalities also continues. This is an international, interdisciplinary study which seeks to understand inequality not just of income, but of health, wealth, political participation, and opportunity; and not just between rich and poor but by gender, ethnicity, geography, age and education. The Review is led by Nobel Laureate, Sir Angus Deaton, and funded by the Nuffield Foundation: most of its findings have now been published, and preparation is under way for a more widely accessible volume drawing together key ideas arising from the project. The Review has brought together leading academics both in economics and in other disciplines; researchers involved in the Review have been looking at aspects of inequality caused or exacerbated by the pandemic.

The academic excellence of the Institute's research and researchers has continued to underpin our mission to inform the public debate and support policymakers in understanding the choices they face. With the political and economic turmoil the country experienced in 2022, IFS researchers were frequently called upon by the media, especially around fiscal events. Our improved website allows us to make new materials available to the public, including a series of new explainer videos, using chart animations and graphics to illustrate key research findings, and the podcast series, 'IFS Zooms In'.

This report highlights these achievements along with a small selection of the research and activities that took place over the year.

Careful scrutiny of the finances of IFS is an important part of the Trustees' work; as ever, this has been helped by clear and timely presentation of the facts to the committee by IFS officials. Whilst we, in common with other organisations that seek funding for academic research, face challenges in raising the finances to cover our ambitious programme of work, I am reassured that our financial position is healthy. In 2020, IFS's ESRC Centre – which has now attained 'Institute status' – received a further five years of Research Council funding. This contributes greatly to future stability. The Institute has also been successful in gaining 'impact acceleration' funding from the ESRC to broaden and deepen the impact of its research, which will be used to invest in digital expansion and public engagement. We have continued with this programme during 2022, expanding the digital materials available on our website and our research information system, as well as designing and running a series of online events and podcasts.

On behalf of the Trustees, I thank all the staff at IFS for their tireless work, continuing to produce and disseminate excellent research of the highest standard. I would like to thank my fellow Trustees for giving their time and expertise so generously throughout the year.

A handwritten signature in black ink that reads "Michael Ridge". The signature is written in a cursive, slightly informal style.

Michael Ridge

Chair of Trustees

Institute for Fiscal Studies

Objectives and activities

The objects of the Institute

The objects of IFS are the advancement of education, for the benefit of the public, by promotion on a non-political basis of the study and discussion of, and the exchange and dissemination of information and knowledge concerning, the economic and social effects and influences of:

- existing taxes;
- proposed changes in fiscal systems; and
- other aspects of public policy,

in each case whether in the United Kingdom (UK) or elsewhere in the world.

So as to advance these objectives, it is IFS's policy to retain the right to publish its reports openly in order to inform public debate and policymaking.

Public benefit

The Members of the Board of Trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011 and have taken due regard of the Charity Commission's general guidance on public benefit. Examples of how the Institute has

aimed to meet its public benefit are given in the review of 2022, where the Institute's achievements are reported.

Strategic framework

IFS operates within a strategic framework agreed by the Board of Trustees; the Board meets every year to discuss strategy with IFS staff, discuss issues, opportunities and difficulties, and agree on objectives. These discussions cover maintaining excellence in research, preserving independence and impartiality in policy analysis, engaging with a wide range of stakeholders, financial viability and good management, good governance, and supporting Institute.

How has the Institute tried to further these aims?

During the year, the Institute has carried out a wide range of research and has publicised the resulting findings as widely as possible through publications and conference participation, on its own website and in the media. Success lies in the scientific quality of our research and the efficacy with which our findings have informed the public debate. The following pages outline how this has been done.



Review of 2022

In 2022, IFS continued to undertake rigorous research to inform public understanding of crucial policy issues. IFS research spans a broad spectrum of topics and is presented to, and discussed with, audiences from academics at international conferences to UK policymakers to undergraduate students.

Alongside work on our ambitious programme of academic research, focused on the key themes of our CPP Institute, IFS researchers were called upon during 2022 to analyse and explain a number of policy changes and discussions that accompanied the political and economic upheavals.

Academic excellence

In recognition of the contribution made by IFS research and researchers to the advancement of economic understanding, a number of members of staff and associates received awards and honours for their work.

- IFS Deputy Research Director Sonya Krutikova was awarded a Jacobs Foundation Research Fellowship.
- IFS Research Associate Dr Antonella Bancalari received the Fulbright-Royal Society of Edinburgh Scholar Award.
- IFS Research Associate Sarah Smith was awarded an OBE in the Queen's Birthday Honours for services to economics and education.
- IFS Senior Research Economist Alison Andrew was selected for the Review of Economic Studies American Tour.
- IFS Research Director Rachel Griffith joined the Editorial Board of the Journal of Political Economy.
- The Fiscal Studies paper, 'COVID-19 and inequalities' by Blundell, Costa Dias, Joyce and Xu (published in 2020), had been cited around 390 times by December 2022.

IFS research is funded through research grants, from the UK Research Councils, charitable trusts such as the Nuffield Foundation, and elsewhere (see financial review on page 21 for details). During 2022, IFS was notified of the outcome of 47 research proposals, of which 36 were approved for funding (77% success rate). The length of the decision process varies somewhat across funders, and the number of applications evaluated was somewhat lower than in 2021; but there was an upturn in the success rate (in 2021, 68 were evaluated and 43 approved – 63% success rate). A total of 100 funded research projects were active in 2022, which is very similar to 2021 (102). Selected ongoing and new research projects from 2022 are outlined below.

Centre for the Microeconomic Analysis of Public Policy (CPP)

CPP has been at the heart of IFS research and its dissemination over the past 30 years. In recognition of the role this research has played in the UK social sciences, the Economic and Social Research Council elevated the Centre to Institute status, with a new tranche of funding starting in October 2020.

The core objective of the ESRC Institute at IFS is to inform and improve the quality of public debates around economic policy in the UK and internationally. We do this by conducting world-class research, acting as a national resource by collaborating with a wide range of researchers in the UK and abroad, engaging with policymakers and practitioners, and building capacity through training new generations of researchers. We are strongly committed to bringing the high-quality and rigorous insights from our research, and the research of others, to bear on issues of current public interest through many forms of media and communication.

Our research agenda is ambitious and will yield policy-relevant academic research that makes important scientific advances and is published in the most prestigious peer-reviewed journals. This agenda is driven by our core areas of expertise, covers a broad spectrum of interrelated topics and is designed to address major challenges the UK and other economies face in ensuring the resilience of households, firms and the broader economy. It will continue to evolve in response to the changing policy landscape and wider economic environment.

Our agenda is organised around five interconnected themes:

- inequalities and living standards;
- tax and benefit reform;
- human capital and productivity;
- the challenges of an ageing population;
- demands on public expenditure and public services.

Inequalities in the 21st century

Work has continued on this wide-ranging, international and interdisciplinary programme of research funded by

the Nuffield Foundation. Altogether, 18 chapters, along with commentaries, will be produced. The chapters contain much new work, as well as summarising the current state of thinking in each area. In addition, the country studies will focus on those particular countries and provide comparative data. A raft of communications and engagement work is also under way (see the communication section on page 11 for more detail).

Chapters released during 2022 covered:

- spatial disparities across labour markets;
- firms and inequality;
- labour market inequality;
- top income inequality and tax policy;
- families and inequalities;
- early childhood inequalities;
- education inequalities;
- health inequalities;
- trends in income and wealth inequalities;
- race and ethnicity;
- inequality and immigration;
- political inequality.

The final set of chapters will be gathered in a special collection, to be published by Oxford University Press, as part of its Open Access journal, Oxford Open Economics. Work will be under way during 2023 to produce the second volume of the Review, which will draw on the key findings and themes to produce a book accessible to a much wider audience.

Cross-country studies of inequalities

Alongside the Deaton Review, IFS researchers are taking part in an international project looking at differences and commonalities in inequality in 17 countries.

The impact of the COVID-19 pandemic on earnings, education, skills and jobs raises key challenges for inequality and the design of policy responses. The aim of this project is to examine a broad set of inequalities in employment, human capital, earnings and family income over the last five decades in a coherent framework across North America and Europe. It will provide a major source for comparative research on inequality trends and on how the pandemic has affected them. There are 17 country-based research teams involved, with extensive experience researching economic inequalities. Each team is responsible for their country-specific data, which will draw on household surveys and administrative records, but all analyses are coordinated across countries to provide harmonious treatment of variables and estimation.

The project is composed of four related research strands. The first is to understand changes in a wide range of economic inequalities before and during the COVID-19 pandemic. The second will examine labour market inequalities in detail. The third will highlight the role of education and training for those who do not go to university and focuses on the differences in educational systems and the impact on inequality. The final strand will look at the tax and welfare systems and their effectiveness at addressing family income inequality.

The key outputs of this project will be a set of country-specific papers on the evolution and drivers of income inequalities pre- and post-pandemic, two cross-country synthesis papers, and a policy brief for each country. We will organise an international conference for academics and policymakers to conclude the project. This project will highlight key differences and commonalities across 17 economies, deepen our understanding of the drivers of inequality and the impact of the pandemic, and provide evidence needed to design appropriate policy responses to inequality in the post-pandemic world.

The importance of families' financial resources for child development

Poverty early in life is strongly associated with impaired child development. Poverty may be highly damaging for a number of reasons, including a lack of material resources to provide for essential needs, food and adequate housing, and increased family stress, affecting relationships within the family and parenting practices.

There is an urgent need to understand what can be done to mitigate the impact of increasing childhood poverty on children's outcomes. The aim of this project, funded by Nesta, is to fill the gap in the evidence by evaluating the impact on children's outcomes of two reforms that have significantly reduced the level of financial support available to low-income families with young children born on or after 6 April 2017. With some exceptions, the first reform abolished the 'family element' of child tax credit and universal credit, worth £545 per year for all tax credit recipients with children. The second, more substantial, reform limited the 'child element' of child tax credit and universal credit, worth about £3000 per child per year, to the first two children. The research team is initially looking at the impacts of these reforms on young children's early educational development but plans to examine impacts on health outcomes as well.

An international tax data laboratory (ITD-Lab) for studying taxes, firms and development

Governments' ability to raise tax revenue is fundamental for economic development, financing investment in education, health, infrastructure and poverty alleviation. The growth of formal businesses aids revenue-raising and is key to improvements in

productivity and living standards.

This research, funded by UKRI, uses administrative tax data to understand the interactions between taxation and business growth, with the aim of improving policy. Researchers combine three types of analysis:

- studying how individual taxpayers – mostly firms – are affected by the tax system and how they react to it;
- aggregating these facts at the country level – the level at which policy is designed – to understand the implications of individual firms' behaviours for aggregate tax revenues, growth and production;
- seeking to study how these features of tax systems and firm behaviour change as countries develop with time, and how they vary across countries at different stages of development.

Consumption dynamics and the insurance value of benefits

A core aim of the benefits system is to provide a safety net that insures people when they fall on hard times, cushioning the fall in their living standards. But there are reasons why it can do this poorly for some groups. These include the facts that support does not arrive instantly and that households may, especially in the short term, have living costs such as rent that are difficult to adjust and which the safety net may only partially account for. The difficulties these factors pose will depend on the availability of other means that people have to insure themselves, such as drawing down on their savings. These issues are highly policy relevant – not least given the spotlight on the adequacy of the safety net during the pandemic, and high-profile concerns about the impact of the five-week wait period to receive universal credit – and addressing them requires rigorous empirical evidence.

The overall aim of this project, funded by the ESRC, is to better inform the design of benefits by:

- making substantial contributions to the academic literature on the extent and nature of insurance that the benefit system provides to people who suffer an unanticipated loss in earnings;
- engaging and co-designing the research with policymakers and practitioners throughout the project;
- disseminating the findings to them upon its conclusion.

Productivity, wages and the labour market

IFS was successful with a funding proposal to the ESRC for a new three-year research centre to study productivity and the labour market, starting in 2022. In the years since the 2008 financial crisis, the UK economy has witnessed weak economic growth and stagnant productivity. While employment remained high, many jobs are of low quality, offering little

security and limited opportunities for learning and progression. But successful careers are a central determinant of the well-being of workers and their families and are the foundation of aggregate economic prosperity. They rely on good jobs, which are those offering opportunities for learning and progression, and on the efficient sorting of workers to the jobs that best suit their skills. Yet many workers can face multiple barriers to progressing their careers and developing their skills.

Consequences include flat earnings trajectories for those directly affected, widening economic inequalities over the life course, and aggregate loss in output by a collective failure to use the abilities of all individuals in the most productive way. Recent evidence corroborates this view, demonstrating that improving equity in the labour market can be economically beneficial by better capitalising on the talents of all.

The overarching aim of this project is to further understand the interactions between skills, jobs and career progression, their combined role in driving inequalities in economic outcomes, and their consequences for productivity and the mix of policies that would best support workers' career progression.

Our research programme is under way and is focusing on key aspects of skills, jobs and careers by investigating:

- the role of jobs, and good jobs, in developing the skills, careers and earnings of workers;
- the value of self-employment as a means of insurance against adverse developments in the traditional labour market and as a means of developing careers;
- how local labour markets and the job opportunities they offer shape the careers of workers in the short and long terms;
- the role of labour market institutions such as the minimum wage, taxes and welfare policy in shaping working opportunities and promoting the creation of good jobs.

The research programme complements the work of the ESRC Centre for the Microeconomic Analysis of Public Policy at IFS and the IFS Deaton Review of Inequalities.

Changing patterns of work in later life

This research programme, in partnership with the Centre for Ageing Better, significantly expands the evidence base around paid work among those approaching later life. This is a crucial area of interest given increasing longevity at older ages. Extending working lives is a key government objective, and fulfilling work has proven potential to improve individuals' financial security, health and well-being into and through retirement.

In this research, we address the following important research questions:

- How is the nature of paid work at older ages evolving over



time, in terms of the characteristics of employment and the rate of employment churn, and how does this vary across different types of individuals?

- How prevalent are different pathways into retirement – including via reduced hours, a ‘bridge job’ or a spell in self-employment? How is this changing over time, and how do pathways vary depending on individuals’ characteristics and the nature of their work?
- What is the effect of the increase in the state pension age to 66 on the labour market activity of men and women at older ages?
- What is the effect of the increase in the state pension age to 66 on household incomes and living standards?
- Are emerging changes in patterns of paid work at older ages consistent with projections for future labour market activity produced by official forecasters?

Saving, spending and financial resilience in the wake of the pandemic

The pandemic had very unequal effects on different households. High-income households were likely to emerge from lockdown with higher savings than before; low-income households were much more likely to have accumulated debts. These differences could have profound and long-lasting implications for inequality.

Policymakers urgently need to understand the nature of these inequalities, and their implications for households’ financial resilience and spending going forward. How quickly will

consumers spend any funds they have accumulated over the course of the lockdown? Which households will emerge from the pandemic with precarious finances? How are savings, spending and financial resilience among different groups likely to evolve in the coming months and years?

With funding from the Nuffield Foundation, IFS researchers are drawing on unique, high-quality panel data to provide novel evidence on how consumer finances and behaviour changed over the course of the pandemic, and to interpret what this implies about inequality and the likely future path of spending as we emerged from national lockdown.

Taxation of pensions

The taxation of pensions is a complex and unstable mess. Despite repeated discussion of potential significant reforms, policy action has largely been limited to cutting annual and lifetime allowances. There are three main perceived barriers to fundamental reform. Two are feasibility issues: first, what is politically acceptable; second, what is administratively feasible. The third barrier is a lack of consensus about priorities – either over how much retirement saving should be incentivised overall, or over how this should be targeted.

Given this third barrier, there is no single ‘right answer’. Reasonable people can differ over priorities, which may in turn depend on other circumstances such as the government’s fiscal position. However, there are many wrong answers. The tapered annual allowance, which added complexity and had harmful consequences for the attractiveness of overtime among highly paid NHS employees, is one prime recent example.

Pensions tax reform is on the agenda again following the COVID-19 crisis, not least due to the sums involved: pensions tax relief costs the government over £40 billion annually. It is crucial that clear, high-quality, impartial evidence on the consequences of reform options is available and engaged with, so that avoidable mistakes are not made and that good policies are not ruled out in preference for unsuitable ones. Using funding from the abrdn Financial Fairness Trust, we are producing such evidence. We are broadening the debate by: covering a range of policy options that consider the tax system as a whole; providing detailed analysis of the distributional consequences of reforms both within and between generations; and paying attention to incentives and likely behavioural responses. We are engaging with stakeholders throughout, unpicking the extent to which political and administrative feasibility are genuine barriers, and helping to build consensus around which reforms are sensible options and which should be laid to rest. This will provide the clearest available guide for policymakers and public.

Our aim is to inform and improve the pensions tax debate and policy outcomes. Our strategy is to ensure policymakers and others debating reform are armed with as full an understanding as possible of what the plausible policy options are, what the distributional consequences would be, and what effects on incentives and behaviour need to be considered. Researchers are working towards these outcomes through engagement activities and the published outputs.

The economics of the medical workforce: evidence from English public hospitals

There is mounting evidence of wide variation across regions and providers in healthcare costs, treatments provided and patient

outcomes. These variations cannot be explained by patient type, geography or prices. Variation exists even among clinicians working in the same hospitals and treating similar patients.

This has led to recent efforts to better understand the effect of individual clinicians and different ways of organising care on patient outcomes and medical productivity. But the extent of existing quantitative research is limited because it demands large data sets and information on clinicians linked to patient outcomes. Further, most of what is known is derived from one healthcare setting, the US. The US system is much more complex than many other healthcare systems and is characterised by many, often overlapping, payment and incentive structures, all of which may affect the behaviour of medical labour.

The aim of this research, funded by the ESRC, is to bring about a step change in the understanding of the determinants of variation in patient outcomes arising from the organisation of medical professionals. We will examine this in a setting where the impact of complex contractual and payment systems is switched off in order to isolate the effect of skill and organisation of clinician delivery arrangements. Our test bed is the English National Health Service.

Obesity in children and across the life course

The National Institute for Health Research (NIHR) has launched a new set of 15 NIHR Policy Research Units to undertake research to inform decision-making by government and arm's-length bodies. UCL Great Ormond Street Institute of Child Health hosts the new Children and Families Policy Research Unit (CPRU), which runs for five years from January 2019 under the co-directorship of



Professor Ruth Gilbert and Dr Jenny Woodman. The overall aim of CPRU is to conduct high-quality research to support the development of evidence-based policy to improve the health of children and families and to develop methods and data resources to improve the quality and timeliness of evidence for policy. CPRU is a collaboration between UCL (GOS Institute of Child Health, Institute of Education) and University of Bristol, University of Oxford, Anna Freud Centre, University of Cambridge and Institute for Fiscal Studies).

Determinants of health: review of funding allocations

With funding from the Health Foundation, this project has two key aims:

- To provide a detailed overview of the mechanisms by which central government funding is allocated to different local areas of England for different services, and the extent to which these account for assessments of local spending needs and (in the case of local government) revenue-raising capacity. In doing this, we will explain how allocation methods have evolved over time, and the rationales for these methods (e.g. incentives, simplicity, certainty).
- To map and analyse the subsequent allocations of funding by service area, including the extent to which the allocations align with the assessed spending needs of each area of England. In doing this, we will be careful to recognise the fact that needs assessments are not objective and can sometimes be biased (e.g. if estimated off past relationships between local characteristics and spending levels).

Documenting and analysing how funding is allocated geographically in this way will inform future work on the role of government funding in tackling place-based inequalities in outcomes, particularly related to health, and catalyse wider public and political debate about how funding is allocated between different parts of the country with different needs. These issues are particularly salient and important now given the government's commitment to 'level up' the country (including in relation to health and wider social outcomes) and evidence that geographical inequalities are of particular concern to the wider public.

Better financial modelling – making the IFS local government finance model available to councils

IFS has been progressively building a model of the English local government finance system, which we have been using in our research on the outlook for local government funding and the effects of various options for reform of the local finance system, part-funded by the ESRC.

In this new project, further funding from the ESRC has allowed us to collaborate with CIPFA and the District Councils

Network to develop and roll out a co-branded web-based version of this model. This will allow councils, and particularly smaller less-well-resourced councils, to better understand their medium- to longer-term financial outlook. In particular, using the model, council officers, members and other stakeholders will be able to see how revenues and spending needs are likely to evolve given projected socio-economic changes, local decisions on council tax and central government decisions on grant funding and the design of the finance system.

Evaluation of Skills Bootcamps

This project, funded by the Department for Education, is taking place in collaboration with colleagues at the London School of Economics. The aim of the research is to evaluate the impact of attending Skills Bootcamps on participants' wages and employment, thereby ascertaining whether this policy is achieving its overarching objectives, which include supporting people to access better jobs, increased wages and improved productivity. The research will help to identify the mechanisms by which outcomes are (or fail to be) achieved, which include the quality of provision in the bootcamps and how this is received by employers.

Communication and stakeholders

IFS receives UKRI funding, in the form of a renewed Impact Acceleration Account, specifically to enhance the impact of our research. This has been and will continue to be used to develop our relationships with key stakeholders – business, central government, and local and devolved governments – and to improve the resources available to the public to aid their understanding of economic issues.

With the return of office working and in-person events, our communications team and researchers were able to use a combination of in-person and online events to communicate research findings, using experience gained during the pandemic. We also continued our fortnightly podcast, IFS Zooms In, dealing with a range of topical themes from defence spending and the tax system, to childcare and public sector pay, and involving IFS researchers alongside external experts. In 2022, 18 episodes (2021: 25) were recorded; series 3 received over 43,000 listens (2021: 35,000), with persistently high consumption rates (80%+ completion). An average episode achieved 32% growth in listenership compared with 2021.

Conferences and lectures

Our events in 2022 were a mixture of in-person, online and hybrid events, using the technologies that we had taken on board during the pandemic. Our event videos from 2022 were watched over 32,000 times (2021: 31,000).

Some highlights are listed below.

- Our analysis of the Autumn Statement 2022 was our most popular live event of all time, with 585 viewers watching the live-stream and over 5,500 subsequent views on YouTube. Our online events previewing the mini-Budget and analysing the Spring Statement were also popular, with over 300 live viewers and 2,000 subsequent YouTube views.
- Our annual lecture with Baroness Minouche Shafik (London School of Economics) was held in-person only, with a recording made available afterwards, and it was our most successful in-person event since February 2020, with 141 attendees.
- We held eight launch events for IFS Deaton Review chapters, plus an academic conference bringing together authors at the British Academy. In total, these nine events had almost 1,200 live viewers, and the videos have been watched back over 6,750 times on YouTube.
- This year's Green Budget launch was spread out over five events: two online early releases, an online press briefing, a hybrid corporate member briefing and a hybrid main launch event. In total, over 900 people watched at least one of these events live, and the videos have had over 4,750 views on YouTube subsequently.
- We held three joint debates (one online, two hybrid) with CIOT ('Is it time for a windfall tax?' on 1 March; 'Should the government introduce an online sales tax?' on 10 May; and 'How should the tax system treat pension saving?' on 5 July), as well as two hybrid events at the party conferences (on tax and the cost-of-living crisis). Almost 850 people attended at least one of these five events.

Research findings and reports

A key strength of IFS is that its analysis of policy and its contributions to the public debate are grounded in rigorous empirical research. IFS researchers and Fellows published 81 (2021: 48) journal articles during the year, including three (2021: three) in the top five economics journals and 21 (2021: 13) in the leading field journals. They also included 17 journal articles looking at aspects of health and healthcare, including in developing countries; seven of these articles deal with the COVID-19 pandemic and its aftermath. The IFS journal, *Fiscal Studies*, which is published by Wiley, curated a symposium of papers on carbon taxes in September.

Journal paper highlights included the following:

- Adam, S., Delestre, I., Levell, P., and Miller, H. (September 2022), 'Tax policies to reduce carbon emissions', *Fiscal Studies*, doi:10.1111/1475-5890.12308
- Andrew, A., Cattan, S., Costa Dias, M., Farquharson, C., Kraftman, L., Krutikova, S., Phimister, A. and

Sevilla, A. (December 2022), 'The gendered division of paid and domestic work under lockdown', *Fiscal Studies*, doi:10.1111/1475-5890.12312

- Attanasio, O., Baker-Henningham, H., Bernal, R., Meghir, C., Pineda, D., and Rubio-Codina, M. (January 2022), 'Early stimulation and nutrition: the impacts of a scalable intervention', *Journal of the European Economic Association*, doi:10.1093/jeea/jvac005
- Attanasio, O., Cattan, S., and Meghir, C. (June 2022), 'Early childhood development, human capital, and poverty', *Annual Review of Economics*, doi:10.1146/annurev-economics-092821-053234
- Attanasio, O., Larkin, K., Ravn, M. O., and Padula, M. (January 2022), '(S)Cars and the Great Recession', *Econometrica*, doi:10.3982/ecta19037
- Augsburg, B., Attanasio, O., Dreibelbis, R., Nketiah-Amponsah, E., Phimister, A., Wolf, S., and Krutikova, S. (October 2022), 'Lively Minds: improving health and development through play—a randomised controlled trial evaluation of a comprehensive ECCE programme at scale in Ghana', *BMJ Open*, doi:10.1136/bmjopen-2022-061571
- Augsburg, B., Bancalari, A., Durrani, Z., Vaidyanathan, M., and White, Z. (September 2022), 'When nature calls back: sustaining behavioral change in rural Pakistan', *Journal of Development Economics*, doi:10.1016/j.jdeveco.2022.102933
- Bandiera, O., Burgess, R., Deserranno, E., Morel, R., Sulaiman, M., and Rasul, I. (December 2022), 'Social incentives, delivery agents, and the effectiveness of development interventions', *Journal of Political Economy Microeconomics*, doi:10.1086/722898
- Banks, J., and Crawford, R. (April 2022), 'Managing retirement incomes', *Annual Review of Economics*, doi:10.1146/annurev-economics-051420-014808
- Blundell, R., Costa Dias, M., Cribb, J., Joyce, R., Waters, T., Wernham, T., and Xu, X. (May 2022), 'Inequality and the COVID-19 crisis in the United Kingdom', *Annual Review of Economics*, doi:10.1146/annurev-economics-051520-030252
- Blundell, R., Horowitz, J., and Parey, M. (September 2022), 'Estimation of a heterogeneous demand function with Berkson errors', *Review of Economics and Statistics*, doi:10.1162/rest_a_01018
- Bornstein, M. H., Cluver, L., Deater-Deckard, K., Hill, N. E., Jager, J., Krutikova, S., Lerner, R. M., and Yoshikawa, H. (August 2022), 'The future of parenting programs: I design', *Parenting*, doi:10.1080/15295192.2022.2087040
- Brewer, M., Cattan, S., Crawford, C., and Rabe, B. (January 2022), 'Does more free childcare help parents work more?', *Labour Economics*, doi:10.1016/j.labeco.2021.102100
- Britton, J., van der Erve, L., Belfield, C., Vignoles, A., Dickson, M., Zhu, Y., Walker, I., Dearden, L., Sibieta, L., and

- Buscha, F. (December 2022), 'How much does degree choice matter?', *Labour Economics*, doi:10.1016/j.labeco.2022.102268
- Collins, B., Badosz, P., Guzman-Castillo, M., Pearson-Stuttard, J., Stoye, G., McCauley, J., Ahmadi-Abhari, S., Araghi, M., Shipley, M. J., Capewell, S., French, E., Brunner, E. J., and O'Flaherty, M. (June 2022), 'What will the cardiovascular disease slowdown cost? Modelling the impact of CVD trends on dementia, disability, and economic costs in England and Wales from 2020-2029', *PloS One*, doi:10.1371/journal.pone.0268766
 - Costa Dias, M., and Ziliak, J. P. (September 2022), 'Symposium: perspectives on carbon taxes – introduction', *Fiscal Studies*, doi:10.1111/1475-5890.12309
 - Davenport, A., and Levell, P. (January 2022), 'Brexit and labour market inequalities: potential spatial and occupational impacts', *Oxford Review of Economic Policy*, doi:10.1093/oxrep/grab048
 - Dubois, P., Griffith, R., and O'Connell, M. (May 2022), 'The use of scanner data for economics research', *Annual Review of Economics*, doi:10.1146/annurev-economics-051520-024949
 - Griffith, R. (February 2022), 'Obesity, poverty and public policy', *Economic Journal*, doi:10.1093/ej/ueac013
 - Keane, M., Krutikova, S., and Neal, T. (May 2022), 'Child work and cognitive development: results from four low to middle income countries', *Quantitative Economics*, doi:10.3982/qe1745
 - Miller, H., Pope, T., and Smith, K. (January 2022), 'Intertemporal income shifting and the taxation of business owner-managers', *Review of Economics and Statistics*, doi:10.1162/rest_a_01166
 - Warwick, R., Harris, T., Phillips, D., Goldman, M., Jellema, J., Inchauste, G., and Goraus-Tańska, K. (March 2022), 'The redistributive power of cash transfers vs VAT exemptions: a multi-country study', *World Development*, doi:10.1016/j.worlddev.2021.105742
 - Zaranko, B., Sanford, N. J., Kelly, E., Rafferty, A. M., Bird, J., Mercuri, L., Sigsworth, J., Wells, M. and Propper, C. (September 2022), 'Nurse staffing and inpatient mortality in the English National Health Service: a retrospective longitudinal study', *BMJ Quality & Safety*, doi:10.1136/bmjqs-2022-015291

Researchers published reports relating to a broad spectrum of important policy areas. Some of the more significant reports are mentioned below.

The IFS annual report on living standards, poverty and inequality examined how material living standards – most commonly measured by households' incomes – have changed for different groups in the UK, and the consequences that these changes have for income inequality and for measures of deprivation and poverty. This 22nd such annual report by IFS authors focused on two particular issues: first, how the distribution of household income changed during the first year of the COVID-19 pandemic; and second, what the situation facing poor families with children was prior to the pandemic, using pre-pandemic data on child poverty and material deprivation.

A number of reports were produced on the topic of pensions and retirement, looking at: the risks of deferred pension saving; how spending changes through retirement; recent patterns of work around the state retirement age; the impact on household incomes of increasing the state pension age; and the tax treatment of pensions at death.

Researchers launched the fifth IFS annual report on education spending, funded by the Nuffield Foundation, which sought to provide a clear and consistent comparison of the level and changes in spending per student across different stages of education. Following on from cuts to most areas of education spending during the 2010s, the government provided additional funding at successive spending reviews between 2019 and 2021. However, rising levels of inflation and cost pressures have dampened the effects of extra funding, putting severe strain on providers' budgets right across the public sector. The report indicated that high ambitions for the education sector will also be harder to achieve in an era of further constraints on public spending.



Publications were also launched around key political and fiscal events. 2022 was a busier year than usual because of the high number of Chancellors of the Exchequer. Following the Spring Statement and Autumn mini-Budget, IFS researchers helped to explain the implications by answering questions from journalists from all the national papers, as well as conducting interviews on the BBC, ITV and other major broadcasters. In addition, as ever, research was disseminated via local radio and newspapers and through a range of online media outlets. Analysis was presented to journalists and key civil servants on the day after the Chancellor's statements, to explain the implications for the public finances, businesses and households. Similar comment and analysis were carried out later in the year in response to the Chancellor's Autumn Statement.

The IFS Green Budget 2022 was published in October with a detailed analysis of the issues and challenges facing the Chancellor. The areas covered by IFS researchers, and partners at Citi, were: the global economic outlook; the UK economic outlook; the outlook for the public finances; public spending, pay and pensions; reforms, roll-outs and freezes in the tax and benefit system; corporation tax and investment; and quantitative easing, monetary policy implementation, and the public finances.

Other reports covered topics including benefits and the labour market; health, health inequalities, spending on healthcare and staff retention in the NHS; corporation tax; local government and the geographic distribution of spending; and changes in the labour market since the end of the pandemic.

Engagement with stakeholders

IFS staff and Centre directors give evidence to a wide range of committees each year and also meet with senior policymakers to discuss policy developments and ideas, as well as briefing them on IFS research. In 2022, staff gave or submitted evidence 17 times (12 in 2021), as follows:

- Treasury Select Committee (3);
- Work and Pensions Select Committee (4);
- Business, Energy and Industrial Strategy Committee (1);
- Welsh Affairs Committee (1);
- Lords Public Services Committee (2);
- Scottish Finance and Public Accounts Committee (2);
- Scottish Social Justice and Social Security Committee (1);
- Scottish Parliament COVID-19 Recovery Committee (1);
- Senedd Finance Committee (2).

Significant contributions by IFS staff to committees, commissions and policy reviews in 2022 included:

- Carl Emmerson – member of Social Security Advisory Committee (ongoing), member of Advisory Board of the Office for Budget Responsibility (2011–ongoing);
- Paul Johnson – sat on: Northern Ireland Fiscal Commission (ended 2022), Financial Services Culture Board (FSCB – ends 2023), Climate Change Committee (ends 2023), 'Engage Britain' board of trustees, Times Education Commission (2022);
- Robert Joyce – Specialist Advisor to House of Lords Economic Affairs Committee (2022);
- Peter Levell – member of the ONS technical advisory panel on consumer prices (ongoing);
- Helen Miller – chair of the RES communications and engagement committee (2019–22);
- David Phillips – Expert Advisor to Northern Ireland Fiscal Commission (2022);
- George Stoye – member of Expert Advisory Board for the development of the ONS Health Index for England.

Through our website, social media and press activity, we communicate the results of our research directly to the public, to enhance understanding of economics and policymaking. Our primary social media channel is Twitter, where we have over 56,200 followers (2021: 46,000). IFS director Paul Johnson's Twitter account has over 57,300 followers (2021: 38,000). A number of IFS staff also started to use Twitter to disseminate IFS research during the year.

YouTube continues to be central to our digital strategy – it hosts our explainer videos, event videos, podcasts and other video content. This gives us an exceptional opportunity to reach younger audiences. In 2022 around 63% (2021: 83%) of our YouTube audience was aged between 18 and 34. During the year, we had around 174,000 views (2021: 119,700) on YouTube and people watched over 17,400 hours (2021: 13,500) of our content.

The number of website users (individual visitors) rose from over 1.2 million in 2021 to over 1.5 million in 2022, with numbers having climbed steadily over the last few years.

A new version of the IFS website was launched in 2022, with improved ease of navigation and improved accessibility. The communications team is working on curating existing content and producing new materials to showcase our research. In 2022, we produced nine explainer videos, generating over 105,000 views across all platforms (over twice as many views as our explainer videos generated in 2021). We experimented with rapid response explainer videos for major fiscal announcements. Our video released immediately after the mini-Budget gained over 30,000 views across platforms and was our most successful video of 2022. We also produced a set of videos for the IFS Deaton Review of Inequalities. These allow authors to present the findings of their research in an accessible way, using chart animations and graphics.

Producing these videos makes our work more widely

accessible, in particular to younger audiences, and allows us to give early-career researchers exposure to the production process for digital content and a chance to build skills in this area. The videos are hosted in a dedicated explainer section on our website, as well as on YouTube, Twitter and Facebook. These social media platforms allow us to reach new viewers via algorithmic distribution.

Capacity building

IFS contributes to the UK social science environment by training excellent economists – both our own researchers and those working elsewhere. IFS researchers who move on typically take up positions in academia, or in the civil service or the media where they will put into practice the research and communication skills they have learned at the Institute.

During the year, IFS reviewed its staff induction and training programme, using feedback from staff at all levels to identify gaps in skills and experience and to update the training to address these. Particular areas identified for further development included writing skills and management training: additional training was provided in both areas. During 2022, in-house training for research staff included research skills, media training, writing and presentation skills, Stata, coding and other analytical skills, while there was training for support staff in social media, design, membership management and other communication skills. Most of the training can now be carried out in-person again, although we have made a habit of recording a number of core training sessions so that those who cannot attend are able to view them.

Three new graduate economists were taken on in 2022 (2021: two), as well as two postdoctoral researchers (2021: one).

The Institute also runs a summer internship programme. In 2022, four students (2021: six) were taken on for six-week placements, working with research teams on projects that gave them a taste of the type of work undertaken by new research economists.

In order to encourage diversity and openness in our recruitment process, we continued to look at our recruitment materials to ensure that they are accessible, to provide information to demystify the recruitment and interview process, and to advertise our vacancies widely, in line with our Equality, Diversity and Inclusion policy. For the second year in a row, we held our own virtual recruitment event designed to give prospective applicants an introduction to IFS and an opportunity to ask questions directly to researchers. Over 250 students attended the Zoom meeting, representing universities across the country.

IFS researchers and communications staff are involved in the Royal Economic Society initiative, #DiscoverEconomics, which aims to attract more women, minority students and students from state schools and colleges to study the subject at university. IFS has also been working with a range of think tanks and social policy research organisations to run recruitment events aimed at minority and potentially disadvantaged groups. During the summer of 2022, we hosted four sixth-form students, via a programme run

by the Nuffield Foundation to offer experience of quantitative research to young people from under-represented backgrounds.

Each year, IFS holds a day of talks on issues in public economics of interest to undergraduates in economics and related disciplines. The aim is to focus on the policy implications of research carried out at the Institute. The day also includes a session with IFS researchers talking about their careers in order to promote both IFS recruitment opportunities and working as an economist in public policy more generally.

In 2022 we held four courses (2021: seven) under the auspices of the Centre for Microdata Methods and Practice, a joint enterprise with University College London. We also ran two masterclasses (2021: two) and five workshops (2021: two). The courses were held online, but we were pleased that the other events could be held in-person. We had a combined total of around 90 attendees on the courses (2021: 100).

Governance

Strategic oversight

A senior team comprising the director, deputy directors, deputy research directors, and heads of finance and operations (and ICT when needed) meets fortnightly, in-person or remotely, to coordinate and track progress on governance issues, and matters relating to staff, the research programme and finances. A wider management group – comprising the above group and all research team leaders and the heads of communications and research services – meets approximately six times a year in order to ensure that issues relating to individual projects and staffing are picked up.

Staff welfare and working practices

The organisation's policy on home working has remained the same since the resumption of office working after the pandemic: staff are based mostly in our offices, but with the opportunity for some home working for many roles.

The organisation has continued to monitor, and implement policies to safeguard, staff mental health. We are also gauging attitudes to equality, diversity and inclusion amongst staff and introducing discussions of key issues around the running of the organisation at all-staff meetings.

2022 in numbers

IFS impact in 2022

43

top five journal articles
past decade (2013–22)

135

top field journal articles
past decade

258

front pages
(165 in 2021; 218 in 2020)

493

press interviews
(249 in 2021; 282 in 2020)

216

Hansard mentions
(149 in 2021; 186 in 2020)

Academic and policy publications and events	2022	2021	2020	2019
Journal articles	81 [§]	48	39	34
Top five*	3	2	3	3
Top field journals [†]	21	13	9	7
Working papers	105 [§]	67	73	64
IFS reports and briefing notes	55	44	63	44
Comments [°]	79	42	43	35

* *American Economic Review (AER)*, *Econometrica (ECMA)*, *Journal of Political Economy (JPE)*, *Quarterly Journal of Economics (QJE)*, *Review of Economic Studies (ReStud)*

† *Journal of Health Economics*, *Journal of Labor Economics*, *Journal of Human Resources*, *Review of Economic Dynamics*, *Journal of Public Economics*, *Journal of Econometrics*, *RAND Journal of Economics*, *Review of Economics and Statistics*, *Journal of Economic Literature*, *Economic Journal*, *Journal of the European Economic Association*, *European Economic Review*, *Journal of Monetary Economics*, *Quantitative Economics*

§ A new research information platform for tracking publications has made it possible to discover a greater number of publications by staff and associates.

° The 2022 figure is for Comments, a new format that replaces the former categories Observations, newspaper articles and blogs. Figures for earlier years are for Observations only.

Type	2022	2021	2020	2019
Press releases	100	56	62	32
Newspaper articles and comment pieces	41	35	35	61
Broadcast mentions	14,193	6,969	5,952	8,492
Print mentions	3,663	3,189	3,243	3,272
Front pages	258	165	218	129
Online mentions	30,191	19,771	15,875	20,479
Interviews given	493	249	282	180
Website visitors	1,537,145	1,243,754	1,221,630	710,570
Twitter impressions (monthly average)	1,310,083	1,361,750	837,500	738,000
IFS events	45	49	46	40
Event attendance	5,955	5,821	6,909	3,900
Views of event videos	32,300	28,500	53,000	N/A

Hansard mentions	216	149	186	165
Evidence given	17	12	15	9

Priorities for 2023 and beyond

Academic excellence

As mentioned above, the ESRC Centre for the Microeconomic Analysis of Public Policy (CPP) at IFS has received funding for five years, starting from October 2020. CPP will continue to underpin the full research programme at IFS, as well as supporting postdoctoral researchers and PhD students to work at the Institute and collaborate with researchers.

Key new research grants for 2023

IFS researchers continue to embed questions about how to encourage post-pandemic recovery into paid work across our full range of research programmes. A number of the research programmes mentioned above will be continuing into 2023 and beyond. In addition, the following specific new projects are already funded and due to begin during the year.

The long-run impact of the education maintenance allowance

Around 15% of 25- to 34-year-olds in the UK have not completed upper secondary education. Leaving education without a qualification at upper secondary level is associated with poor subsequent labour market outcomes and usually precludes participation in further or higher education at tertiary level. Low upper secondary completion rates are therefore a major policy concern.

In this project, with funding from the Nuffield Foundation, our aim is to investigate the effects of the education maintenance allowance (EMA) – a government programme that raised upper secondary participation rates – on tertiary education and labour market outcomes. Under the EMA, pupils between the ages of 16 and 19 are paid up to £30 per week during term time for continuing their education. The EMA was introduced nationwide in 2004 after a pilot scheme that began in 1999. In England, the programme was replaced by the less generous 16-19 bursary in 2011; the original programme continues in Wales, Scotland and Northern Ireland.

Minimum wages, taxes and transfers, and low-income workers

Tackling high rates of inequality and in-work poverty has become central to public policy agendas in many developed countries. Policymakers have often turned to two particular tools: cash transfers (sometimes called 'tax credits') from the government to low-income workers or to firms that hire them, and minimum wages. But the impacts of these policies, and in

particular their role in reducing poverty and increasing living standards, cannot be adequately understood independently from one another. Understanding how these key tools combine, and how their effects are shaped by the wider economic and policy environment, is crucial for building the mix of policies that is best targeted at boosting living standards for low-income workers.

Studying these questions will help provide a thorough assessment of the value of tax credits, other tax reforms, and minimum wages – and how they depend on other parts of the economic environment. IFS researchers are working with researchers from France, Germany and the UK, studying them in a parallel way across these countries. The different settings that these countries provide will allow us to shed light on the institutional arrangements and background conditions that shape the effects of these policies.

This project, with funding from the ESRC, seeks to enhance our understanding of such policies in several key ways.

First, we will study how providing tax credits to low-income workers can affect their wages. Such transfers incentivise more people to work – but that potentially allows employers to reduce the wages they offer. This is of crucial importance – if wages do fall in response to the introduction or expansion of tax credits, that fundamentally undermines their purpose.

Second, we will examine what the relationship between tax credits and wages depends upon. For example, minimum wages provide a floor which wages cannot fall below – so using minimum wages and tax credits together might prove to be an effective way to boost low-income workers' living standards. The tax-credit-wage relationship might also depend upon the presence of unions, which can strengthen workers' bargaining power; or it might depend upon how many employers there are and thus what kind of bargaining power they have.

Third, we will analyse how tax credits, other tax or transfer policies, and minimum wages work together to affect household incomes. Tax credits have a direct effect on household incomes, but – as discussed already – they might reduce workers' wages. At the same time, they could increase employment, boosting household incomes. Minimum wages can affect not only those actually on the minimum wage, but also those paid a little above as employers raise wages to maintain pay differentials; and minimum wages might reduce employment. We will bring together several tools and data sets to comprehensively study the effect of these policies and how they fit together to affect rich and poor households' incomes.

Pensions Commission

With funding from the abrdn Financial Fairness Trust, the overarching aim of this review is to produce a comprehensive assessment of the consequences of current pension policy, the economic environment and individual behaviour for the future of living standards in retirement. We will make clear recommendations as to policies that would improve individuals' outcomes, particularly for those who are likely to be financially insecure or have falling living standards in retirement. We will communicate our findings widely and effectively across government, the pensions industry and third sector organisations.

Our review will be led by a senior team of IFS researchers, supported by a steering group of three leading external figures with experience of government, public policy, industry and consumer engagement whose views will help shape practical recommendations arising from the evidence generated. The review will include robust, evidence-based analysis of people's ability to achieve financial security in old age and to manage the risks that they (as opposed to employers, the state or insurance companies) are having to bear, and changes to the retirement saving system that could improve outcomes.

IFS is uniquely placed to deliver such a programme. We are independent and have the necessary wide-ranging expertise across the broad spectrum of issues that it is important to

address in a detailed and comprehensive consideration of the retirement saving system. This should include not just private pensions, but also other private assets including housing, the state pension system, the labour market (including the rise of self-employment and the 'gig economy'), the timing and nature of retirement, the wider tax and benefit system and long-run pressures on the public finances. We have excellent networks with all key stakeholders, and will work with a larger advisory group to understand the viewpoints of policymakers, industry, advisors, employers and individuals. Our advisory group includes representatives of wider groups – such as younger people, equalities groups and the self-employed – to establish understanding among these stakeholders of the issues at play, and to build consensus around any recommendations. As well as reaching out separately to policymakers in Whitehall, we will present our findings privately to members of the main political parties.

Communication and stakeholders

As an institute, our overarching aim is to conduct wide-ranging, high-quality microeconomic research to help inform evidence-based policymaking and improve the quality of public scrutiny and debate at local and national levels. Strengthening and extending our knowledge exchange and impact strategies and encouraging learning, development and innovation are therefore key to our success.



We will build on experiences during remote working to increase and improve the digital and online aspects of our communications strategy, even after a general return to office working. This will allow us to reach a wider audience.

We have three overarching aims to widen our impact:

- To develop stronger engagement, relationships and impact with three key stakeholder groups: business, central government, and local and devolved governments. This will lead to improved understanding, engagement and knowledge exchange. In turn, this will inform our own research programmes, build coalitions of funders, and impact on these actors' understanding and policies.
- To improve public understanding of our research, economic principles and public policy. This is a huge task to set ourselves as a small organisation but it is an increasingly vital role for research organisations wanting to have the ultimate effect of improving policy. To provide information directly to the public, we secured funding from Friends Provident to build a website, TaxLab, which holds accessible materials, including videos, graphics and summaries of research, on the subject of tax. We will add to the resources already on the site over the coming years.
- To train and develop research and support staff at all career stages. The ultimate objective is to ensure the sustainability of our impact capacity and to ensure that we build on our past successes in creating new generations of researchers who can go on to influential positions in academia and public policy, where they can have long-term positive impact on policy and public understanding.

Capacity building

As mentioned above, our aim is to train and develop research and support staff at all career stages.

We have taken on five new recruits in 2022 who will be trained and developed over the year. In the autumn of 2023, at least three new graduates will start work at IFS and will be trained in research and communication skills, working alongside more experienced researchers and Research Fellows and Associates, who are leaders in their fields from universities in the UK and overseas.

We plan to take on a further five postdoctoral fellows from September 2023 on one- or two-year contracts, as well as an additional one-year placement for a postdoctoral researcher at a UK institution, with funding from the ESRC to increase the skills and policy understanding of early-career researchers.

The Institute will also host a number of graduate students, who will work on PhDs under the supervision of senior staff, working alongside researchers whose research interests they share. The specific expertise of these individuals will feed into related research programmes and will enrich the knowledge of colleagues through frequent seminars and interchange of views. The students themselves will benefit from the stimulating intellectual environment at IFS and they are likely to go on to research or teaching posts in the future, where they will be able to apply what they have learned. We will also be offering annual placements for PhD students of between six months and a year, with the aim of enriching their PhD studies with policy research experience and allowing them to expand their networks.

Over the summer, we will host between six and eight economics students in paid internships. The students will work on projects with IFS researchers to give them a flavour of what policy-relevant research is like. We will also host work experience students in collaboration with the Higher Education Access Network, as part of our commitment to diversity. Throughout our recruitment process, we will continue to look for ways to encourage diverse applicants to apply and to recruit staff from a range of backgrounds. We have developed a new Equality, Diversity and Inclusion policy, which feeds into our recruitment strategy.

Strategic Report

Financial review

The results for the year ended 31 December 2022 are presented in the statement of financial activities on page 29. The level of activity was approximately 3% higher in 2022 than in 2021, driven by an increase in other income and donations. Total income was £9,175,531 (2021: £8,771,724) and total expenditure was £8,746,749 (2021: £8,476,119).

The statement of financial activities shows an overall surplus for the year ended 31 December 2022 of £428,782 (2021: £295,605), representing a small deficit on charitable activities of £1,507 (2021: £228,504 surplus).

The Institute attempts to raise its research funds from a range of organisations so that it is not dependent upon a single source of funding. Although 43% of the income recognised in 2022 was provided by the Economic and Social Research Council (44% in 2021), this funding covers a wide range of projects.

The investment policy of the Board of Trustees has been to invest cash reserves in interest-bearing accounts and not to risk any of the principal. At the end of the year, £1,255,269 (2021: £1,243,186) was held in a COIF Charities Deposit Fund and £5,356,403 (2021: £4,368,227) was held in cash.

Reserves policy

The reserves policy is twofold: one, to hold funds for working capital purposes and as a contingency, should sufficient new funding not emerge or should existing contracts be cancelled; and two, to reflect the net book value of fixed and intangible assets.

As at 31 December 2022, the Institute's total reserves were £3,838,610 (2021: £3,409,828), comprising the unrestricted General Fund of £3,651,909 (2021: £3,279,270), the unrestricted Fixed Asset Fund of £58,819 (2021: £62,377) and the unrestricted

	2022	2022	2022	2021	2021	2021
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Cash and cash equivalents	4,201,549	2,410,123	6,611,672	3,744,158	1,867,255	5,611,413
Less net grants received in advance	(386,638)	(1,923,841)	(2,310,479)	(283,327)	(1,392,622)	(1,675,949)
Cash holdings (excluding net project grants received in advance)	3,814,911	486,282	4,301,193	3,460,831	474,633	3,935,464
Other working capital	(163,002)	(486,282)	(649,284)	(181,561)	(474,633)	(656,194)
General Fund	3,651,909	-	3,651,909	3,279,270	-	3,279,270
No. of months of forecast expenditure (excluding direct project costs)	6.1			5.5 months		
Target level for the General Fund: (6 months' forecast expenditure, excluding direct project costs)	£3.6m			£3.6m		

General Fund	3,651,909	-	3,651,909	3,279,270	-	3,279,270
Fixed Asset Fund	58,819	-	58,819	62,377	-	62,377
Intangible Asset Fund	127,882	-	127,882	68,181	-	68,181
Total reserves	3,838,610	-	3,838,610	3,409,828	-	3,409,828

Intangible Asset Fund of £127,882 (2021: £68,181).

The General Fund reflects the Institute's net current assets and is considered to be the amount of reserves that could be easily converted to cash, should the need arise. The target is for the General Fund to be maintained at a level to cover up to six months' expenditure (excluding direct project costs). The Trustees wish to continue to raise modest surpluses so that the General Fund meets this target.

The Fixed Asset Fund was established in 2010 such that this fund would be equivalent in value to the net book value of the Institute's fixed assets. The value of IFS fixed assets was lower at year-end than at the beginning of the year and so the fund has been decreased accordingly with a transfer to the IFS General Fund. The reserves policy is subject to active review in the light of prevailing circumstances.

The Intangible Asset Fund comprises IFS's investment in a new website, launched in 2022, which is being paid for out of the General Fund. Now the site has been launched, the value of the asset, and this fund, will reduce on a straight-line basis over three years.

Principal risks and uncertainties

The Board of Trustees has overall responsibility for ensuring that the Institute has appropriate systems of control, both financial and operational. These systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

During the year, the Board of Trustees continued to review the major financial and operational risks facing the Institute. It continues to monitor, on an annual basis, the implementation of any changes necessary to ensure that, as far as is reasonable, controls are in place to protect the Institute, its members, its staff, the general public and other stakeholders.

The primary risks relate to financial issues and in particular to the reliance on the ESRC for a large proportion of the Institute's research funds. However, this funding represents a mix of long-term and short-term funding, which reduces the immediate risk.

Additionally, a significant proportion of our staffing costs relates to staff from UK universities whose funding is explicitly aligned with ESRC funding, meaning that these costs can be reduced or terminated in line with the funding stream. The Institute continues to seek to diversify its funding sources in order to spread the risk.

Another key risk is in relation to our people and the risk of losing key staff. We attach a high priority to supporting our staff in developing their skills, whether through further study or by

giving them opportunities to become involved with all aspects of research and communication throughout their careers. New Research Economists are provided with mentors and are given the opportunity to take on managerial responsibility as and when they are ready. Staff representatives, elected by peers, include in their remit the discussion of staffing issues with senior management. Regular reviews of selection procedures and conditions of service take place, together with periodic monitoring of salaries offered elsewhere. The pay and review process for Research Economists was reviewed and reformed in 2021, with a new system in place for all new hires. Staffing requirements are planned as far in advance as possible, and good relationships are maintained with top universities and institutions, both in the UK and overseas.

IFS is a leading academic institute, and it is imperative to maintain the quality of our research. Quality assurance procedures are in place that require the involvement of senior staff for all projects. Staff adhere to the IFS code of good practice in research and Social Research Association (SRA) ethical guidelines, and rulings of the UCL Research Ethics Committee. Any interactions with research participants are governed by this code and by established ethics principles and obligations. There is regular discussion of ongoing research at senior management meetings and, in addition, the Advisory Boards for the ESRC Centres have oversight of the Centres' research programmes.

IFS's landlord is due to sell its stake in the building by April 2023, which increases the likelihood that IFS will need to find new offices at some point in the medium term. It should be noted that IFS has protected tenant status under the 1954 Landlord and Tenant Act until at least June 2025. There is a risk in the future that IFS will not be able to find suitable offices at an affordable rate in the vicinity of University College London and near to Westminster, both of which are important for collaboration with colleagues and stakeholders. IFS has undertaken a legal review of its lease to understand its rights and financial risks under a new landlord, and has formed a working group to understand future office requirements and the availability of suitable new accommodation should it be required to move.

With price and wage inflation running at unusually high levels, the impact this could potentially have on IFS's cash reserves, and staff retention and welfare, has been discussed by senior management and the IFS Trustees. In consultation with staff representatives, IFS awarded a progressive pay settlement that disproportionately benefited lower earners. Furthermore, it was decided that during 2023, a new Investment Committee would be established with the aim of maintaining the real value of IFS reserves as a whole over a 15 to 20 year timeframe, without risking the principal.

In light of the current conflict in Ukraine, IFS has reviewed all its current funding arrangements and can confirm that none of its income, be it research or otherwise, is clearly identifiable as being from Russian or Belorussian sources. Furthermore, IFS is aware of the severity of breaching current UK sanctions on Russia and is confident in the robustness of its processes, including due diligence and cross-departmental coordination, in avoiding an unintentional breach.

During 2022 the Audit Committee conducted deep dive risk reviews into the following areas:

- Investment policy risk;
- Property risk;
- Data and ICT risk;
- Funding risk;
- Research quality risk;
- Staffing risk.

Going concern

IFS has modelled and stress-tested its cash flows and this work concluded that it will have sufficient liquid resources (cash and investments that can be converted to cash) to continue to operate for at least 12 months from the date of approval of these financial statements.

The Board of Trustees considered the extreme scenario that no projects currently applied for were successful, that no further applications were submitted, that all debtors were delayed by three months whilst all creditors were settled in the current month, and that no cost mitigations were introduced whether on staff costs or capital investments. Even in this case, which is not considered even remotely likely, IFS's cash position was not projected to turn negative in the 12 months from the date of signing of the accounts. Therefore the Board of Trustees remains of the view that there are no material uncertainties that call into doubt IFS's ability to continue. The financial statements have therefore been prepared on the basis that IFS is a going concern.

Governance and management

Constitution

The Institute for Fiscal Studies (IFS) was incorporated by guarantee on 21 May 1969. It is a private company limited by guarantee and has no share capital. It is a registered charity. The guarantee of each Company Law member ('Member') is limited to £1. The governing document is the Memorandum and Articles of Association of the Company and the members of the Board of Trustees (the 'Executive Committee') are the Directors of the Company and the Trustees.

Company Law members consist of the IFS Council members. At the end of November 2022, the number of guarantors was 50 (50 at the end of November 2021), four of whom were elected by the IFS members. The Articles contain the provision that the IFS Council be expanded to no more than 50 persons and that it shall consist of 45 members elected by Council and five members elected by the wider IFS membership.

Members of the Board of Trustees

The Board of Trustees is established by the IFS Council: Trustees are elected by the Council from among themselves, and consist of at least seven and no more than twelve people, one of whom is the President of the Council. Trustees serve three-year terms, and will usually only serve a maximum of three terms. The Board of Trustees met five times during the year. Committee membership during 2022 was:

- Jonathan Athow;
- James Bell;
- John F. Chown;
- David Gregson;
- Peter Kane;
- Caroline Mawhood;
- Orna NiChionna;
- Gus O'Donnell (President, IFS Council);
- Michael Ridge (Chair);
- Nicholas Timmins.

As part of the organisation's governance review (see below), the Board of Trustees set up two subcommittees during 2019 to help improve scrutiny of the Institute's operations – a Nominations Committee and an Audit Committee. The remits and memberships of the committees, which continued to meet during 2022, are as set out below.

Audit Committee

The Audit Committee's overall objective is to give advice to the Board of Trustees on:

- the overall processes for risk, control and governance;
- management assurances and appropriate actions from external audit and internal audit (if appropriate) findings, risk analysis and reporting undertaken;
- the financial control framework and supporting compliance culture;
- accounting policies and material judgements, the accounts and the annual report, and management's letter of representation to the external auditors;
- whistle-blowing arrangements for confidentially, raising and investigating concerns over possible improprieties in the conduct of IFS business;
- processes to protect against fraud and corruption;
- the planned activity of internal audit (if appropriate) and external audit.

Membership during 2022: Jonathan Athow*, Peter Kane*, Caroline Mawhood* (Chair)

IFS staff attending: Carl Emmerson (Deputy Director), Slav Sikora-Sikorski (Head of Finance)

* Trustee

Nominations Committee

The Nominations Committee's objectives are:

- to develop and maintain rigorous and transparent procedures for appointments and re-appointments to the Council and the President, Trustees and its committees;
- to propose candidates for appointment to the Council and to the Board of Trustees;
- to formulate plans for succession and ensure that there is a transparent and fair procedure for the appointment of the President, Chair of Trustees, Honorary Officers, and members of the Council and Board of Trustees;
- to review regularly the composition of the Board and its committees (including their diversity, balance of skills, knowledge and experience) and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- to review the results of the Board performance evaluation process that relate to the composition of the Board.

Membership during 2022: Frances Cairncross[§], David Gregson*, Orna NiChionna*, Michael Ridge** (Chair)

IFS staff attending: Carl Emmerson (Deputy Director), Emma Hyman (Head of Operations)

* Trustee; † Chair of Trustees; § Member of Council

Induction and training of Trustees

New Trustees receive training and induction following their appointment. Trustees are kept up-to-date with IFS research by a rolling programme of research presentations made at each meeting of the Board of Trustees.

Remuneration policy

The salary of the Director is determined by the Board of Trustees when renewing his contract and is normally adjusted each year for a cost-of-living adjustment, in line with salaries across the Institute. The pay of all other staff is reviewed by the Director and, where appropriate, other members of senior management annually and is also usually increased by a cost-of-living adjustment. From time to time, the salary scales of the Institute are benchmarked against comparable organisations. In 2022, the services of the Research Directors, Rachel Griffith, Fabien Postel-Vinay and Imran Rasul, were provided by the University of Manchester (Griffith) and UCL (Postel-Vinay and Rasul) under contracts that reimburse the universities for an agreed percentage of the individual's salary, National Insurance and pension costs. Further details on these amounts are included in note 8 to the accounts.

Organisational structure of the Institute and the decision-making process

The overall management of IFS is carried out by the Director, Paul Johnson, who reports to the Trustees on a quarterly basis. The Director is part of the Senior Management Team of the Institute, which also comprises the Deputy Directors, Carl Emmerson, Robert Joyce and Helen Miller, the Deputy Research Directors, Monica Costa Dias and Sonya Krutikova, and the Research Directors, Professors Rachel Griffith, Fabien Postel-Vinay and Imran Rasul.

The Board of Trustees delegates the operational responsibilities of the Institute to the Director of the Institute via a 'Scheme of Delegation', and he in turn delegates various duties to senior staff.

In 2022, the Institute employed directly an average of 73 (2021: 87) full- and part-time staff usually based at its office in

Ridgmount Street, London. Research staff are divided into sectors, and administrative staff provide support facilities.

The Institute also employed indirectly 12 (2021: 12) senior academic staff based at UK universities on a part-time basis. In addition, a number of other academics from both UK and overseas institutions work with the staff as Research Fellows and Research Associates on an ad hoc collaborative basis.

Statement of policy on fundraising

Section 162A of the Charities Act 2011 requires us to make a statement regarding fundraising activities. We do not undertake widespread fundraising activities with members of the public, although we do accept donations or offers from partners to contribute to work that we undertake. The legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes'. Such amounts receivable are presented in our accounts as 'donations and legacies'. We do not use professional fundraisers or 'commercial participators' or any other third parties to solicit donations. We are therefore not subject to any regulatory scheme or relevant codes of practice, nor have we received any complaints in relation to fundraising activities.

Charity Governance Code

In July 2017, the new Charity Governance Code was published setting out recommended practice. The Board of Trustees is supportive of the principles set out in the code and is keen to ensure that these are built into the governance of the organisation. To this end, during 2019, Trustees carried out a detailed review of its governance policies and procedures with reference to the code and agreed on a plan to put in place measures to comply where appropriate. The plan is now being implemented.

The Committee noted the updates made to the governance code in 2020, relating to integrity and to diversity. Integrity has always been central to the values of the Institute and a sine qua non for staff, Trustees and collaborators. The Trustees are satisfied that their procedures are in keeping with the revised code and are appropriate to uphold integrity to a high standard.

In the light of updated principles relating to diversity and inclusion, the Nominations Committee has considered these criteria when looking at the make-up of the Board of Trustees and of the Council. In particular, the Trustees are delighted that they have been able to increase both gender and ethnic diversity on the Council, a step that was much needed and a trend that they will strive to continue.

Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including income and expenditure, of the charity for the year. In preparing those financial statements, the Trustees are required:

- to select suitable accounting policies and then apply them consistently;
- to observe the methods and principles in the Charities SORP;
- to make judgements and accounting estimates that are reasonable and prudent; and
- to prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, to disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees at the time the report is approved are aware:

- there is no relevant audit information of which the auditor is unaware; and
- they have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the UK governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Approved and authorised for issue by the Board of Trustees and signed on their behalf by



Michael Ridge, Chair of Trustees

1 June 2023

Company registered number: 00954616

Registered Charity: 258815

Auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE FOR FISCAL STUDIES

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 December 2022 and of its incoming resources and application of resources 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.

We have audited the financial statements of The Institute for Fiscal Studies ("the Charitable Company") for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows, 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Charitable Company in accordance with the ethical requirements 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.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' 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 Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditor's report thereon.

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. 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.

Other Companies Act 2006 reporting

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic 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 Strategic report and the Directors' Report included within the Trustees report have been prepared in accordance with applicable legal requirements.

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 misstatement in the Strategic report or the Trustees' 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees 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 Trustees 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 Trustees 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

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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 sector in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be the Companies Act 2006 and the Charities Act 2011. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items.

In addition, the Charitable Company is subject many other laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for instance through the imposition of fines or litigations. We identified the following areas as those most likely to have such an effect: employment law, data protection and health and safety legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence if any.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate results and management bias in accounting estimates.

The audit procedures to address the risks identified included:

- Discussions with management, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review minutes of meetings of those charged with governance and reviewing correspondence with HMRC to identify any actual or potential

frauds or any potential weakness in the internal control which could result in fraud susceptibility;

- In addressing the risk of fraud, including management override of controls and improper income recognition, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for indication of potential bias and tested the application of cut-off and revenue recognition. Identifying and testing journal entries, in particular review of manual journal entries posted to revenue and cash accounts, journals with unusual account combinations and journals including specific keywords.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://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, and to the Charitable Company's trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charitable Company's members and trustees 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, the Charitable Company's members as a body and the Charitable Company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Fiona Condrón (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London, UK

08 June 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial reports

Statement of financial activities

Year ended 31 December	2022		2021		
	Unrestricted £	Restricted £	Total £	Total £	
Income from:					
Donations and legacies	2	305,620	-	305,620	123,537
Charitable activities	3	1,205,064	7,448,255	8,653,319	8,647,483
Investment income	4	22,341	-	22,341	704
Other income		194,251	-	194,251	-
Total income		1,727,277	7,448,255	9,175,531	8,771,724
Expenditure on:					
Raising funds	6	91,923	-	91,923	57,140
Charitable activities	6	984,490	7,670,336	8,654,826	8,418,979
Total expenditure		1,076,413	7,670,336	8,746,749	8,476,119
Net income		650,863	(222,081)	428,782	295,605
Transfers between funds	14	(222,081)	222,081	-	-
Net movement in funds		428,782	-	428,782	295,605
Reconciliation of funds:					
Total funds brought forward	15	3,409,828	-	3,409,828	3,114,223
Total funds carried forward	15	3,838,610	-	3,838,610	3,409,828

There were no other recognised gains or losses other than the net income for the year. All amounts relate to continuing operations.

Balance sheet

As at 31 December		2022	2021
		£	£
Fixed assets			
Tangible assets	10	58,819	62,377
Total fixed assets		58,819	62,377
Intangible assets	11	127,882	68,181
Total intangible assets		127,882	68,181
Current assets			
Debtors	12	1,683,373	2,176,801
Short-term deposits		1,255,269	1,243,186
Cash at bank and in hand		5,356,403	4,368,227
Total current assets		8,295,046	7,788,214
Liabilities:			
Creditors: amounts falling due within one year	13	(4,643,137)	(4,508,944)
Net current assets		3,651,909	3,279,270
Net assets		3,838,610	3,409,828
Total funds:			
Unrestricted funds			
- General Fund	14	3,651,909	3,279,270
- Fixed Asset Fund	14	58,819	62,377
- Intangible Asset Fund	14	127,882	68,181
		3,838,610	3,409,828
Restricted funds	14	-	-
Total		3,838,610	3,409,828

Approved and authorised for issue by the Board of Trustees and signed on their behalf by

Michael Ridge

Michael Ridge, Chair of Trustees
1 June 2023

Company registered number: 00954616

Registered charity: 258815

Statement of cash flows

Year ended 31 December	2022	2021
	£	£
Reconciliation of net income to net cash flow from operating activities		
Net income for the reporting periods (as per the statement of financial activities)	428,782	295,605
Adjustments for:		
Depreciation charges	40,903	59,594
Amortisation charges	11,626	-
Interest on investments	(22,341)	(704)
Decrease / (increase) in debtors and accrued income	493,428	(56,781)
Increase in creditors and accrued expenses	82,815	30,278
Increase in grants received in advance of expenditure	51,378	889,457
Net cash generated from operating activities	1,086,590	1,217,448
Interest on investments	22,341	704
Purchase of intangible assets	(71,327)	(68,181)
Purchase of tangible fixed assets	(37,346)	(28,252)
Cash flows (expended on) investing activities	(86,331)	(95,729)
Change in cash and cash equivalents in the reporting period	1,000,259	1,121,719
Cash and cash equivalents at the beginning of the reporting period	5,611,413	4,489,694
Cash and cash equivalents at the end of the reporting period	6,611,672	5,611,413
Analysis of cash and cash equivalents		
Short-term deposits	1,255,269	1,243,186
Cash at bank and in hand	5,356,403	4,368,227
Total cash and cash equivalents	6,611,672	5,611,413

No net debt reconciliation has been presented as the Institute has no borrowings or external debt.

Notes to the accounts

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:

a) Basis of preparation

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

The Institute for Fiscal Studies 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).

Going concern

IFS has modelled and stress-tested its cash flows and this work concluded that it will have sufficient liquid resources (cash and investments that can be converted to cash) to continue to operate for at least 12 months from the date of approval of these financial statements.

The Board of Trustees considered the extreme scenario that no projects currently applied for were successful, that no further applications were submitted, that all debtors were delayed by three months whilst all creditors were settled in the current month, and that no cost mitigations were introduced whether on staff costs or capital investments. Even in this case, which is not considered even remotely likely, IFS's cash position was not projected to turn negative in the 12 months from the date of signing of the accounts. Therefore, the Board of Trustees remains of the view that there are no material uncertainties that call into doubt IFS's ability to continue. The financial statements have therefore been prepared on the basis that IFS is a going concern.

b) Tangible fixed assets and depreciation

All tangible fixed assets costing more than £1,000 (excluding VAT) are capitalised and depreciated. Depreciation of fixed assets is calculated to write off the cost of each asset over the term of its estimated useful life.

The Board of Trustees has determined that all costs relating to the refurbishment of the premises and any furniture be depreciated over five years and all other assets depreciated over three years. Assets are written off on a straight-line basis commencing from the quarter after the date of purchase. Where the length of any remaining lease is less than five years, then any refurbishment costs are depreciated up to the end of the year in which the lease comes to an end.

c) Intangible assets and amortisation

All intangible assets capitalised are amortised over three years from the point when they are brought into actual use. The current end of 2022 balance represents the IFS website, which went live in August 2022.

d) Income – membership subscriptions and donations

Membership income is deferred to the extent that it relates to services to be provided in future periods. Donations are credited to the statement of financial activities at the date of receipt.

e) Income – publications

Royalty income receivable from the publisher of the IFS-owned journal, *Fiscal Studies*, is recognised on an accruals basis and in accordance with the substance of the publishing agreement.

f) Income – research activities

Income from research activities is recognised when the Institute has entitlement to the funds, when it is probable that the income will be received and the amount can be measured reliably.

The Institute is usually entitled to research income in stages over the course of a project, subject to

performance-related conditions requiring a particular level of service or output, often approximating to when related expenditure is incurred. In such cases, research income is credited to the statement of financial activities when it falls due to be received to the extent that it is matched by related expenditure.

Where donations or grants are received without performance-related conditions, entitlement usually arises on receipt and research income is credited to the statement of financial activities when it falls due to be received.

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably.

h) Allocation of expenses

Direct and indirect expenses are included when incurred. The majority of expenses are directly attributable to specific activities. Indirect overhead costs (e.g. premises and administration) are allocated on a basis consistent with the use of the resource, usually on a per-capita basis. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Pension costs

The pension cost charge represents contributions payable by the Institute to employees' personal pension plans in respect of the year.

j) Operating leases

Leasing charges in respect of operating leases are charged to the statement of financial activities as they are incurred.

k) Current asset investments – short-term deposits

Current asset investments include cash on deposit and cash equivalents held for investment purposes rather than to meet short-term cash commitments as they fall due.

l) Foreign currency

The value of the balances in the Institute's Euro and US Dollar accounts at the end of the year was based on the exchange rate as at 31 December 2022. Transactions in foreign currencies are calculated at the exchange rate ruling at the date of the transaction and Institute-wide foreign exchange

gains or losses made during the year are taken into account in arriving at the net income for the year.

m) Financial instruments

IFS 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.

n) Critical accounting estimates and areas of judgement

Preparation of the financial statements requires some judgements and estimates to be made. The items in the financial statements where judgements and estimates are made include:

- judging the progress of multi-year research projects;
- estimating the useful economic life of tangible fixed assets;
- estimating the useful economic life of intangible assets; and
- estimates relating to the allocation of support costs across expenditure categories.

o) Funds

IFS maintains three internal funds, which include restricted and unrestricted funds.

Unrestricted – General Fund: these funds are derived from any unrestricted donations and grants received by IFS as well as from contracts for research which are unrestricted in nature. These are funds which can be used for any purpose within the charitable objects of IFS.

Unrestricted – designated Fixed Asset Fund: this fund represents resources set aside to cover future capital expenditure. The value of this fund at the year-end represents the net book value of tangible fixed assets and intangible assets.

Restricted – research funds: these funds represent grants and donations received to cover project expenditure on research projects. The restrictions are imposed by the funder, usually with respect to the specific research project being undertaken. The nature of the portfolio of research grants and contracts is such that in most cases income and expenditure are closely matched.

2. Membership and donations

	2022	2021
	£	£
Corporate membership	127,895	90,021
Individual membership	35,225	33,456
	163,120	123,477
Other donations	142,500	60
	305,620	123,537

3. Income from charitable activities

IFS frequently collaborates with universities and other research organisations. The income classification below is based on the ultimate funder of the research.

	2022	2022	2022	2021	2021	2021
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
ESRC	-	3,860,644	3,860,644	-	3,777,987	3,777,987
Charitable trusts and foundations	12,301	1,977,239	1,989,540	-	1,443,259	1,443,259
Government (or similar)	865,589	1,553,009	2,418,598	734,018	2,393,398	3,127,416
Other organisations	228,904	57,363	286,268	160,930	36,304	197,234
Event income	48,311	-	48,311	43,802	-	43,802
Publications	49,958	-	49,958	57,785	-	57,785
	1,205,064	7,448,255	8,653,319	996,535	7,650,948	8,647,483

IFS receives funds in the form of project grants, directly and indirectly, from the UK and other national governments, other governmental agencies and international governmental bodies. These funds are tied to specific research-related activities in the course of the standard charitable activities of IFS. IFS does not receive any funding in the form of general government grants or assistance. Therefore, it is not felt to be necessary, useful or practical to disclose further analysis within these accounts.

4. Investment income

All investment income arises from money held in interest-bearing deposits.

5. Analysis of expenditure

Total costs include payments to third parties that work together with IFS on particular projects. Where the Institute is the lead organisation, it receives funding from the grant-giving body for all participating organisations for onward transmission. Gross receipts are reflected in the Institute's income and, depending on the types of project undertaken, may vary significantly from year to year.

	Total charitable activities £	Raising funds £	Governance costs £	Support costs £	2022 total £	2021 total £
Research collaborations and subcontracts	1,322,836	-	-	-	1,322,836	1,307,167
Data costs and data collection costs	282,549	-	-	-	282,549	79,803
IFS travel, accommodation and subsistence	131,173	-	-	-	131,173	10,361
Visitor travel, accommodation and subsistence	(800)	-	-	-	(800)	538
Event, publication and dissemination costs	281,948	-	-	46,617	328,565	207,128
Other direct costs	43,955	-	-	-	43,955	96,670
Premises	-	-	-	656,897	656,897	582,136
IT and office costs	-	-	-	274,115	274,115	261,202
Other staff costs	-	-	-	128,317	128,317	52,898
Insurance and professional fees	-	-	44,435	88,685	133,120	109,485
Other	-	-	-	48,228	48,228	62,481
Total costs (excluding staff costs)	2,061,662	-	44,435	1,242,860	3,348,957	2,769,868
Staff costs (universities)	875,028	-	-	-	875,028	570,507
Research Fellows and Research Associates	59,025	-	-	-	59,025	105,850
	934,053	-	-	-	934,053	676,357
IFS staff costs (research)	3,412,051	27,478	21,555	-	3,461,084	3,993,374
IFS staff costs (events and dissemination)	-	31,110	-	380,318	411,427	397,152
IFS staff costs (research services)	-	17,200	-	154,803	172,003	179,836
IFS staff costs (central)	-	2,488	9,951	406,785	419,224	459,532
	3,412,051	78,276	31,506	941,906	4,463,739	5,029,894
Total staff costs (including Fellows and Associates)	4,346,104	78,276	31,506	941,906	5,397,792	5,706,251
Total expenditure (before allocation of support costs)	6,407,766	78,276	75,941	2,184,766	8,746,749	8,476,119
Allocation of support costs (including governance)	2,247,060	13,647	(75,941)	(2,184,766)	-	-
Total expenditure	8,654,826	91,923	-	-	8,746,749	8,476,119

Analysis of expenditure 2021	Total charitable activities £	Raising funds £	Governance costs £	Support costs £	2021 total £
Research collaborations and subcontracts	1,307,167	-	-	-	1,307,167
Data costs and data collection costs	79,803	-	-	-	79,803
IFS travel, accommodation and subsistence	10,361	-	-	-	10,361
Visitor travel, accommodation and subsistence	538	-	-	-	538
Event, publication and dissemination costs	121,747	393	-	84,988	207,128
Other direct costs	96,670	-	-	-	96,670
Premises	-	-	-	582,136	582,136
IT and office costs	-	-	-	261,202	261,202
Other staff costs	-	-	-	52,898	52,898
Insurance and professional fees	-	-	26,567	82,918	109,485
Other	-	-	-	62,481	62,481
Total costs (excluding staff costs)	1,616,286	393	26,567	1,126,622	2,769,868
Staff costs (universities)	570,507	-	-	-	570,507
Research Fellows and Research Associates	105,850	-	-	-	105,850
	676,357	-	-	-	676,357
IFS staff costs (research)	3,961,898	25,140	6,336	-	3,993,374
IFS staff costs (events and dissemination)	-	16,303	-	380,849	397,152
IFS staff costs (research services)	-	3,554	-	176,282	179,836
IFS staff costs (central)	-	-	22,472	437,060	459,532
	3,961,898	44,997	28,807	994,192	5,029,894
Total staff costs (Including Fellows and Associates)	4,638,255	44,997	28,807	994,192	5,706,251
Total expenditure (before allocation of support costs)	6,254,541	45,390	55,374	2,120,814	8,476,119
Allocation of support costs (including governance)	2,164,438	11,750	(55,374)	(2,120,814)	-
Total expenditure	8,418,979	57,140	-	-	8,476,119

6. Expenditure

2022	2022 Unrestricted £	2022 Restricted £	2022 Total £	2021 Total £
Cost of raising funds				
Direct costs (membership programme)	-	-	-	394
Staff costs (direct)	78,276	-	78,276	44,997
Support and governance costs (allocation)	13,647	-	13,647	11,750
	91,923	-	91,923	57,140
Charitable activities				
Project costs	137,736	1,923,927	2,061,662	1,616,286
Staff costs (Total)	683,181	4,636,335	5,319,516	5,661,254
Support and governance costs (allocation)	163,573	1,110,074	1,273,647	1,141,439
	984,490	7,670,336	8,654,826	8,418,979
Total expenditure	1,076,413	7,670,336	8,746,749	8,476,119

2021	2021 Unrestricted £	2021 Restricted £	2021 Total £
Cost of raising funds			
Direct costs (membership programme)	394	-	394
Staff costs (direct)	44,997	-	44,997
Support and governance costs (allocation)	11,750	-	11,750
	57,140	-	57,140
Charitable activities			
Project costs	31,174	1,585,112	1,616,286
Staff costs (total)	594,211	5,067,043	5,661,254
Support and governance costs (allocation)	119,807	1,021,632	1,141,439
	745,192	7,673,787	8,418,979
Total expenditure	802,333	7,673,787	8,476,120

IFS initially identifies the costs of its support functions. It then identifies those costs which relate to governance. The remaining support costs together with the governance costs are apportioned between charitable activities and the cost of raising funds.

The cost of raising funds includes costs related to the IFS membership programme and costs related to activities focused on seeking funding. This includes some direct costs and direct staff time, as well as an allocation of support costs. Support costs are allocated on the basis of staff time.

Governance costs include the costs of external audit. Other governance costs relate primarily to costs associated with the AGM and Annual Lecture and dinner. £49 in expenses in total was claimed by IFS Trustees (1) during the year (2021: £0).

7. Net income

Net income is stated after charging:

	2022	2021
	£	£
Depreciation	40,903	59,594
Amortisation	11,626	-
Auditor's remuneration		
- Audit fees	39,000	25,892
Operating lease rentals – property	375,000	375,000

Audit fees are stated net of VAT and disbursements.

8. Analysis of staff costs and key management personnel

	2022	2021
	£	£
Wages and salaries	3,808,654	4,312,680
Social security costs	416,472	457,916
Pension costs	238,613	259,298
	4,463,739	5,029,894
Comprising:		
Researchers	3,461,084	3,993,373
Support staff	1,002,655	1,036,521
<i>IFS payroll staff</i>	4,463,739	5,029,894
Staff costs (universities)	875,028	570,507
Research Fellow and Research Associate payments	59,025	105,850
	5,397,792	5,706,251

IFS has agreements in place with several universities/institutions for the provision of an agreed proportion of the working time (typically 5–50%) of, during 2022, on average 12 (2021: 12) named, highly skilled individuals to carry out specific research duties at IFS in their areas of academic excellence. In 2022, £67,500 (2021: £85,000) of the amount for Research Fellows and Research Associates relates to these individuals.

During 2022, the Institute's Senior Management Team included the Director, Paul Johnson, and the Research Directors, Professors Rachel Griffith, Fabien Postel-Vinay and Imran Rasul. In 2022, the total compensation for these key management personnel, including amounts due to universities under contractual arrangements for the provision of an agreed amount of the Research Directors' time, was £530,936 (1.85 FTE) (2021: £642,683 (2.1 FTE)).

8. Analysis of staff costs and key management personnel (continued)

The numbers of employees whose emoluments (excluding pension contributions) were in excess of £60,000 are shown in the ranges below. In addition, pension contributions were paid by the Institute on behalf of these employees. The total sum of these contributions was £133,566 (for 22 employees) (2021: £147,858 for 26 employees).

	2022 number	2021 number
£60,001-£70,000	6	9
£70,001-£80,000	5	10
£80,001-£90,000	7	3
£90,001-£100,000	1	2
£100,001-£110,000	1	1
£120,000-£130,000	1	-
£220,000-£230,000	-	1
£230,000-£240,000	1	-
	22	26

9. Staff numbers

	2022 FTE	Average number	2021 FTE	Average number
Research staff				
Permanent contracts	34.0	37.8	40.5	43.4
Fixed-term contracts	9.5	11.8	14.0	18.4
Variable-hours contracts	0.3	4.5	2.6	4.7
	43.8	54.1	57.1	66.5
Central staff				
Events, publications, dissemination	7.2	8.2	7.2	8.0
Finance, HR, IT, central support	7.5	8.1	9.5	9.9
Research services	2.5	2.8	3.0	3.0
	17.2	19.0	19.7	20.9
Total	61.0	73.1	76.8	87.4
Full-time		50.3		60.1
Part-time		22.8		27.3

10. Tangible fixed assets

	Fixtures and improvements to short leasehold premises	Office equipment	Total
	£	£	£
Cost			
At 1 January 2022	787,637	351,153	1,138,790
Additions	-	37,346	37,346
Disposals and assets no longer in use	(6,030)	(15,813)	(21,843)
At 31 December 2022	781,607	372,686	1,154,293
Depreciation			
At 1 January 2022	770,699	305,714	1,076,413
Charge for the year	10,150	30,753	40,903
Disposals and assets no longer in use	(6,030)	(15,813)	(21,843)
At 31 December 2022	774,819	320,654	1,095,473
Net book value			
As at 31 December 2022	6,788	52,031	58,819
As at 31 December 2021	16,938	45,439	62,377

11. Intangible assets

	IFS website £	Total £
Cost		
At 1 January 2022	68,181	68,181
Additions	71,327	71,327
At 31 December 2022	139,508	139,508
Amortisation		
At 1 January 2022	-	-
Charge for the year	11,626	11,626
At 31 December 2022	11,626	11,626
Net book value		
As at 31 December 2022	127,882	127,882
As at 31 December 2021	68,181	68,181

12. Debtors

	2022 Unrestricted £	2022 Restricted £	2022 Total £	2021 Total £
Accrued income	114,041	926,959	1,040,999	1,624,152
Trade debtors	282,174	58,652	340,825	246,574
Other debtors	7,047	-	7,047	6,497
Prepayments	294,501	-	294,501	299,578
	697,763	985,610	1,683,373	2,176,801

13. Creditors

	2022 Unrestricted £	2022 Restricted £	2022 Total £	2021 Total £
Amounts falling due within one year				
Trade payables	94,113	112,842	206,955	189,984
Taxation and social security	110,011	-	110,011	123,990
VAT	57,387	-	57,387	45,009
Accruals	485,213	432,092	917,305	849,860
	746,724	544,934	1,291,658	1,208,843
Deferred income				
Balance at 1 January	465,909	2,834,192	3,300,101	2,410,644
Amount released to income	(419,732)	(2,614,689)	(3,034,422)	(1,772,310)
Amount deferred in the year	454,502	2,631,298	3,085,800	2,661,767
Balance at 31 December	500,678	2,850,800	3,351,480	3,300,101
Total creditors: amounts falling due within one year	1,247,403	3,395,734	4,643,137	4,508,944

As at 31 December 2022, total deferred income was £3,351,480 (2021: £3,300,101). This includes amounts received on multi-year projects, where the timing of the related expenditure may be more than 12 months from the balance sheet date, and where income has been recognised in line with expenditure representing the stage of completion. A proportion of this deferred income will therefore not be released to income until 2023 or 2024.

14. Analysis of movement in funds

2022	At 1 Jan 2022	Income	Expenditure	Transfers	At 31 Dec 2022
	£	£	£	£	£
Unrestricted funds					
General Fund	3,279,270	1,727,276	(1,076,414)	(278,224)	3,651,909
Fixed Asset Fund	62,377	-	-	(3,558)	58,819
Intangible Asset Fund	68,181	-	-	59,701	127,882
	3,409,828	1,727,276	(1,076,414)	(222,081)	3,838,610
Restricted funds					
Research funds	-	7,448,255	(7,670,336)	222,081	-
Total funds	3,409,828	9,175,531	(8,746,750)	-	3,838,610

2021	At 1 Jan 2021	Income	Expenditure	Transfers	At 31 Dec 2021
	£	£	£	£	£
Unrestricted funds					
General Fund	3,020,505	1,120,776	(802,333)	(59,679)	3,279,270
Fixed Asset Fund	93,718	-	-	(31,341)	62,377
Intangible Asset Fund	-	-	-	68,181	68,181
	3,114,223	1,120,776	(802,333)	(22,839)	3,409,828
Restricted funds					
Research funds	-	7,650,948	(7,673,787)	22,839	-
Total funds	3,114,223	8,771,724	(8,476,120)	-	3,409,828

Amounts have been transferred from the Fixed Asset Fund to the General Fund due to the decrease in the Fixed Asset Fund – the amount that represents the net book value of tangible and intangible fixed assets at the year-end.

Amounts have been transferred from the General Fund to restricted research funds to cover the overall deficit arising on the restricted research grants that completed during the year.

Amounts have been transferred from the General Fund to the Intangible Asset Fund to cover the build of the new IFS website.

Within restricted research funds are funds relating to projects where the agreement with the funder requests that the project funding is separately disclosed in the financial statements. During 2022, the income and expenditure on these grants was as set out below.

2022

Project name	Funder	Start date	End date	2022 income £	Accrued/(Deferred) income as at 31 Dec 2022 £
The Centre for Tax Analysis in Developing Countries – Phase 2 (TAXDEV II)	Foreign, Commonwealth & Development Office	11/11/18	31/10/22	1,033,938	355,746
Changing Patterns of Work in Later Life	Centre for Ageing Better	01/06/20	20/08/22	114,415	0
Taxation of Pensions	abrDn Financial Fairness Trust	01/07/21	28/02/23	99,060	6,782
Vocational Training, On the Job Training, and Resilience to the Covid-19 Shock	Massachusetts Institute of Technology	01/01/21	30/06/22	25,925	820

2021

Project name	Funder	Start date	End date	2021 income £	Accrued/(Deferred) income as at 31 Dec 2021 £
The Centre for Tax Analysis in Developing Countries – Phase 2 (TAXDEV II)	DFID	11/11/18	31/10/22	1,187,011	297,016
Changing Patterns of Work in Later Life	Centre for Ageing Better	01/06/20	20/08/22	98,209	(18,225)

15. Analysis of net assets between funds

	2022 Unrestricted £	2022 Restricted £	2022 Total £	2021 Unrestricted £	2021 Restricted £	2021 Total £
Intangible assets	127,882	-	127,882	68,181	-	68,181
Tangible fixed assets	58,819	-	58,819	62,378	-	62,378
Cash and cash equivalents	4,201,549	2,410,123	6,611,672	3,744,158	1,867,255	5,611,413
Net current (liabilities)	(549,640)	(2,410,123)	(2,959,763)	(464,889)	(1,867,255)	(2,332,144)
Net assets at 31 December	3,838,610	-	3,838,610	3,409,828	-	3,409,828

16. Operating lease commitments

The total of future minimum lease payments under non-cancellable operating leases is set out below for each of the following periods:

	2022	2021
	£	£
One year	375,000	375,000
Two to five years	554,795	932,192

17. Pension scheme

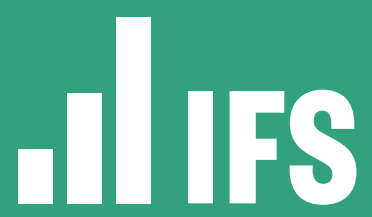
The total pension cost to IFS for contributions to employees' pension schemes under IFS's group personal pension plans with Scottish Widows was £223,853 (2021: £243,842). In addition, two members of staff (2021: two) participated in other personal pension schemes, of their own choice, to which the Institute contributed £14,650 (2021: £15,456).

18. Related party transactions

No transactions between the charity and its Trustees, members of key management personnel and their connected parties have been identified which require disclosure. (2021: None)

19. Comparative information: statement of financial activities for the year to 31 December 2021

2021	2021 Unrestricted £	2021 Restricted £	2021 Total £
Income from:			
Donations and legacies	123,537	-	123,537
Charitable activities	996,535	7,650,948	8,647,483
Investment income	704	-	704
Total income	1,120,776	7,650,948	8,771,724
Expenditure on:			
Raising funds	57,140	-	57,140
Charitable activities	745,192	7,673,787	8,418,979
Total expenditure	802,332	7,673,787	8,476,119
Net income / (expenditure)	318,444	(22,839)	295,605
Transfers between funds	(22,839)	22,839	-
Net movement in funds	295,605	-	295,605
Reconciliation of funds:			
Total funds brought forward	3,114,223	-	3,114,223
Total funds carried forward	3,409,828	-	3,409,828



THE INSTITUTE FOR FISCAL STUDIES

England & Wales - Charity number 258815

Accounts



Trustees' Report

Year ended 31 December 2021

Institute for Fiscal Studies



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Company information

Company registered office

7 Ridgmount Street
London
WC1E 7AE

Company registered number

0954616 (Incorporated in England and Wales)

Registered charity

258815

Company bankers

National Westminster Bank plc

City of London Office

1 Princes Street

London EC2R 8BP

Auditor

BDO LLP

55 Baker Street

London W1U 7EU

Introduction from the Chair of Trustees

I am pleased to present the Trustees' report of the activities of IFS in 2021. Throughout the year, IFS staff and trustees have been working to ensure that activities could continue during the COVID-19 pandemic and to manage a smooth return to the office, coupled with some continued home working. Alongside the welfare of IFS staff, a key priority has been to develop a long-term research programme to help policymakers navigate the economic and social challenges that the country faces as it emerges from the pandemic.



Over the year, IFS published research findings on a wide range of topics, many of them related to the economic consequences of the pandemic. Staff at IFS will continue with work in this area, across the range of research programmes, at the core of which is our ESRC-funded Research Institute (CPP). The Deaton Review of Inequalities also continues, led by Nobel Laureate, Sir Angus Deaton, and funded by the Nuffield Foundation: some of its findings were published towards the end of 2021, and there is more to come over the coming year. The Review has brought together leading academics both in economics and other disciplines; researchers involved in the Review have been looking at aspects of inequality caused or exacerbated by the pandemic.

The academic excellence of the Institute's research and researchers has continued to be recognised. Research Director Rachel Griffith was made a Dame in the New Year Honours List, along with IFS Research Fellow, Carol Propper. IFS Research Fellow Alissa Goodman was awarded a CBE in the Queen's birthday honours. In recognition of the excellence of one of our early-career researchers, Associate Director Anne Brockmeyer was awarded the prestigious UKRI Future Leaders Fellowship.

This report highlights these achievements along with a small selection of the research and activities that took place over the year.

Careful scrutiny of the finances of IFS is an important part of the Trustees' work; as ever, this has been helped by clear and timely presentation of the facts to the committee by IFS officials. Whilst we, in common with other organisations who seek funding for academic research, face challenges in raising the finances to cover our ambitious programme of work, I am reassured that our financial position is healthy. In 2020, IFS's ESRC Centre – which has now attained 'Institute status' – received a further five years of Research Council funding. This contributes greatly to future stability. The Institute has also been successful in gaining 'impact acceleration' funding from the ESRC to broaden and deepen the impact of its research, which will be used to invest in digital expansion and public engagement. We have continued with this programme during 2021 by working on a redesign of our website and research information system, as well as designing and running a series of online events and podcasts.

Heartfelt thanks are due to David Miles, who stepped down as Chair at the end of last year as he took up a role at the Office for Budget Responsibility and whose contribution to the governance of IFS over the past six years has been invaluable. On behalf of the Trustees, I also thank all the staff at IFS for their tireless work under trying circumstances, not only to keep the Institute going through a difficult time, but to produce and disseminate excellent research of the highest standard. I would like to thank my fellow Trustees for giving their time and expertise so generously throughout the year.

Michael Ridge

Michael Ridge

Chair of Trustees

Institute for Fiscal Studies

23 June 2022

Objectives and activities

The objects of the Institute

The objects of IFS are the advancement of education, for the benefit of the public, by promotion on a non-political basis of the study and discussion of, and the exchange and dissemination of information and knowledge concerning, the economic and social effects and influences of:

- existing taxes;
- proposed changes in fiscal systems; and
- other aspects of public policy,

in each case whether in the United Kingdom (UK) or elsewhere in the world.

So as to advance these objectives, it is IFS's policy to retain the right to publish its reports openly in order to inform public debate and policymaking. The Members of the Executive Committee confirm that they have complied with the duty in Section 17 of the Charities Act 2011 and have taken due regard of the Charity Commission's general guidance on public benefit. Examples of how the Institute has aimed to meet its public benefit are given in the review of 2021, where the Institute's achievements are reported.

Strategic framework

IFS operates within a strategic framework agreed by the Executive Committee; the committee meets every year to discuss strategy with IFS staff, discuss issues, opportunities and difficulties, and agree on objectives. These discussions cover maintaining excellence in research, preserving independence and impartiality in policy analysis, engaging with a wide range of stakeholders, financial viability and good management, good governance, and supporting Institute members.

How has the Institute tried to further these aims?

During the year, the Institute has carried out a wide range of research and has publicised the resulting findings as widely as possible through publications and conference participation, on its own website and in the media. Success lies in the scientific quality of our research and the efficacy with which our findings have informed the public debate. The following pages outline how this has been done.



Review of 2021

In 2021, IFS continued to undertake rigorous research to inform public understanding of crucial policy issues. IFS research spans a broad spectrum of topics and is presented to, and discussed with, audiences from academics at international conferences to UK policymakers to undergraduate students.

As the COVID-19 pandemic continued into 2021, much of the Institute's energies were directed towards research that would help policymakers navigate the pandemic and associated economic situation. Researchers used their expertise and any resources at their disposal to advise the government: researchers met frequently with Ministers and senior civil servants, as well as opposition MPs, policymakers in Scotland and Wales, and English regional and local authorities. We also made longer-term plans for research to help inform policies for recovery from the economic impact of the pandemic.

Academic excellence

In recognition of the contribution made by IFS research and researchers to the advancement of economic understanding, a number of members of staff and associates received awards and honours for their work.

- IFS Research Fellow Alissa Goodman was awarded a CBE in Queen's birthday honours.
- IFS Associate Director Anne Brockmeyer was awarded the UKRI Future Leaders Fellowship.
- IFS Research Associate Xavier Jaravel won Le Monde's Best Young Economist 2021.
- Rachel Griffith and Carol Propper were both made Dames in New Year Honours List.

IFS research is funded through research grants, from the UK Research Councils, charitable trusts such as the Nuffield Foundation, and elsewhere (see financial review on page 19 for details). During 2021, IFS was notified of the outcome of 68 research proposals, of which 43 were approved for funding (63% success rate). Given that the length of the decision process varies somewhat across funders, the number of applications evaluated was broadly comparable to 2020, and, if anything, there was a slight upturn in the success rate (in 2020: 65 evaluated, 38 approved, success rate of 58%). A total of 102 funded research projects were active in 2021 which is very similar to 2020 (98). Selected ongoing and new research projects from 2021 are outlined below.

Key new and ongoing research grants

A large number of new projects had been undertaken during 2020 to look swiftly at aspects of policy related to the COVID-19 pandemic. As this work was concluded, researchers started to shift their focus to investigations that would look at the longer-term economic, social and health-related impacts of the pandemic and seek potential policy remedies. New projects in this area started in 2021 included:

- vocational training, on the job training, and resilience to the COVID-19 shock;
- preserving employer-employee links in the COVID-19 era;
- COVID-19 and childcare: local impacts across England;
- COVID-19 and the UK nations' fiscal frameworks: impacts, performance and lessons;
- early retirement ages and employment before and during COVID-19;
- saving, spending and financial resilience in the wake of the pandemic.

Centre for the Microeconomic Analysis of Public Policy (CPP)

CPP has been at the heart of IFS research and its dissemination over the past 30 years. In recognition of the role this research has played in the UK social sciences, the ESRC elevated the Centre to Institute status, with a new tranche of funding starting in October 2020.

The core objective of the ESRC Institute at IFS is to inform and improve the quality of public debates around economic policy in the UK and internationally. We do this by conducting world-class research, acting as a national resource by collaborating with a wide range of researchers in the UK and abroad, engaging with policymakers and practitioners, and building capacity through training new generations of researchers. We are strongly committed to bringing the high-quality and rigorous insights from our research, and the research of others, to bear on issues of current public interest through many forms of media and communication.

Our research agenda is ambitious and will yield policy-relevant academic research that makes important scientific advances and is published in the most prestigious peer-reviewed journals. This agenda is driven by our core areas of expertise, covers a broad spectrum of interrelated topics and is designed to address major challenges the UK and other economies face in ensuring the resilience of households, firms and the broader economy. It will continue to evolve in response to the changing policy landscape and wider economic environment.

Our agenda is organised around five interconnected themes:

- inequalities and living standards;
- tax and benefit reform;
- human capital and productivity;
- the challenges of an ageing population; and
- demands on public expenditure and public services.

Inequalities in the 21st century

Work has continued on this wide-ranging, international and interdisciplinary programme of research funded by the Nuffield Foundation. Altogether, 20 chapters, along with commentaries, were in preparation during the year: all the chapters are likely to have been released by the end of the summer of 2022. The chapters contain much new work, as well as summarising the current state of thinking in each area. In addition, the country studies will focus on those particular countries and provide comparative data. A raft of communications and engagement work is also underway.

Towards the end of 2021, five of the chapters were released online. These covered:

- philosophy of inequality;
- attitudes to inequality;
- trade and inequality;
- technical change, globalisation and the labour market;
- men and women at work.

The final set of chapters will be gathered in a volume to be published by a leading academic publisher.

Intergenerational transfers, insurance and inequality

Children of economically successful parents are more likely to be economically successful themselves, in terms of having relatively high levels of income, education and wealth. By some estimates, the intergenerational association of economic status in the UK is the strongest in the developed world. These gaps are not only large by international

standards, but have also grown in recent decades. Given that equality of opportunity is a common policy goal, disparities in economic outcomes determined by parental background are in urgent need of attention. Tackling such disparities requires an understanding of how they arise and which policies can have an impact. This ambitious programme of research, funded by the ESRC, will further our understanding of the mechanisms whereby parents transmit their economic status to their children, and how this process is influenced by various government policies. We aim to make several advances over the existing literature by employing novel methods, exploiting large linked administrative datasets, and building cutting-edge models of economic decisions.

Public policy in food markets: understanding advertising and choice inter-dependencies

Understanding which policies are effective at improving diets is a key challenge facing policymakers. To do this, it is necessary to know how policy affects the decisions people make over what food and drinks to consume and those that firms make over pricing and advertising. A central determinant of these decisions is how past choices and experiences (e.g. exposure to advertising, or decisions over healthy versus unhealthy diet) affect current ones. We aim to develop tools to model the interaction between consumers and firms. With funding from the Department of Health's Policy Research Unit, we will study two specific applications:

- how advertising affects people's food and drink choices, and how firms choose how to advertise; and
- how choices made for 'out-of-home' consumption (e.g. fast foods) interact with those made for 'at home' consumption.

Welfare integration, labour supply and take-up

The UK, like most developed countries, has had multiple separate but overlapping welfare benefits. It is now implementing Universal Credit, a major reform to integrate many of them, and other countries are considering similar ideas. Yet we have almost no empirical evidence on the impacts of having multiple parallel strands of support, or conversely on the potential impacts of integration, on key outcomes such as labour supply, benefit take-up, and inequality. With funding from the ESRC, we will fill that gap by building a cutting-edge model of labour supply and benefit take-up designed to answer those questions.

Equality and well-being across generations

The main research objective of this project, funded by the ESRC, is to document how inequalities in ageing – such as those between the rich and the poor and those between men and

women – have changed across successive birth cohorts, and how public policies aiming to strengthen the fiscal sustainability of welfare systems have counteracted or accentuated these trends. This project will rely on data and reforms carried out in five countries encompassing North America, Western Europe and Scandinavia and carefully chosen to ensure a wide span of institutional arrangements in areas such as labour markets, social security and private pensions: Canada, France, Germany, Sweden and the United Kingdom.

Spending across stages of education

Education spending is the second largest area of public service spending. Academic evidence also shows that the level and distribution of spending across stages can have profound effects on students' outcomes. Significant funding reforms to all stages of education were already expected from this government, and the pressures of the COVID-19 pandemic will add to the challenges facing each stage of education. Understanding the effects of these changes and the damages done during the lockdowns requires rigorous analysis of spending to set reforms in historical and policy context. The Nuffield Foundation previously funded an IFS research team to produce three annual reports on education spending between 2018 and 2020. These reports have been tremendously successful; they have driven significant media coverage, framed public debate, and directly shaped public policy (e.g. on schools funding). Further funding from the Nuffield Foundation will sustain these annual reports for a further three years between 2021 and 2023.

Machine learning methods for studying the trajectories of young offenders in administrative data

Administrative data have the potential to open new and invaluable research opportunities to understand better societal phenomena and support evidence-based policymaking. One research area administrative data can significantly enhance is the analysis of life-course trajectories across key domains of interest to social scientists, including education, economic activity, health, and crime. Administrative data are a rich source of longitudinal information on key socio-economic outcomes and public services use that can be particularly useful for policy-relevant analysis. Yet, in the UK, these data have been relatively untapped so far. As administrative data and administrative-linked data become increasingly available, it is essential that research teams, both in academia and in government, are equipped with the appropriate methodological tool kit to take full advantage of the research possibilities these data offer. With funding from the ESRC, IFS researchers are collaborating with the Ministry of Justice (MoJ) to address this challenge: we are working on a package of activities to advance the use of machine learning techniques to exploit the richness of MoJ's administrative and administrative-linked datasets as sources of

information on individuals' offending, educational and economic trajectories and their journeys through the justice system.

Taxation of pensions

With funding from the abrdrn Financial Fairness Trust, the aim of this project is to inform and improve the pensions tax debate and policy outcomes. Our strategy is to ensure policymakers and others debating reform are armed with as full an understanding as possible of what the plausible policy options are, what the distributional consequences would be, and what effects on incentives and behaviour need to be considered.

Workers in health and social care

The National Institute of Health Research (NIHR) launched a new set of Research Units to undertake research to inform decision-making by government and arms-length bodies. King's College London is hosting the Policy Research Unit on Health and Social Care Workforce (HSCWRU), in partnership with IFS and Imperial College London. Of every 100 people working in England today, 13 of them work in jobs that are in health and social care. Nearly £2 out of every £3 spent on the NHS goes on paying its staff. The HSCWRU aims to help government by providing the answers to the workforce questions that affect both the quality and cost of health and social care services. The HSCWRU is tackling a set of research questions agreed with government, with IFS research particularly focusing on analysing employee recruitment and retention.

Obesity in children and in later life

IFS is part of a consortium led by University College London (UCL) that has been awarded funding from the Department of Health and Social Care for another Policy Research Unit on obesity in children and across the life course. The IFS work stream focuses on policy-related research into the impact of fiscal measures to combat obesity. Work exploits detailed individual-level longitudinal data to learn about the factors that influence behaviours, habits and self-control issues across individuals with different socio-economic and ethnic backgrounds. It also examines the actions of other market participants, such as producers and retailers, in response to fiscal initiatives, and provides evidence on how their actions might help to bolster or confound the effects of policies. The project is set to continue until mid-2022, and work in this area has already been influential in shaping policy. Researchers have given evidence to the Health Select Committee on obesity, presented to groups of civil servants in Westminster and the regions, and met one-to-one with Ministers and other senior policymakers to explain the implications of the research for policies to tackle childhood obesity. They have also engaged widely with industry leaders.



Pension saving over the life course

There is concern that many individuals are not making adequate financial preparations for retirement. Automatic enrolment has been successful at increasing pension membership, but a lifetime of default contributions will not be enough for many, and not everyone is covered by automatic enrolment. Discussion among policymakers and industry is now turning to whether, and how best, to try and further influence individual saving behaviour to improve outcomes. This is an important debate, but there is a risk of policy being formed in a vacuum, based on little evidence of how individuals should – and currently do – change their pension saving behaviour over their lifetimes. This project, funded by the Nuffield Foundation, will fill that void, establishing a robust and rigorous set of theory and evidence on how pension contributions evolve over the life cycle. A vital part of this project will be to disseminate the findings widely and to ensure the evidence researchers produce is learned from.

Changing patterns of work in later life

IFS researchers are involved in a programme of work with the Centre for Ageing Better, which will significantly expand the evidence base around paid work among those approaching later life. This is a crucial area of interest given increasing longevity at older ages. Extending working lives is a key

government objective, and fulfilling work has proven potential to improve individuals' financial security, health and well-being into and through retirement. Through this research, we addressed the following important research questions during 2021.

- How is the nature of paid work at older ages evolving over time, in terms of the characteristics of employment and the rate of employment churn, and how does this vary across different types of individuals?
- How prevalent are different pathways into retirement – including via reduced hours, a 'bridge job' or a spell in self-employment? How is this changing over time, and how do pathways vary depending on individuals' characteristics and the nature of their work?

In 2022, researchers will continue the project, considering the following questions.

- What is the effect of the increase in the state pension age to 66 on the labour market activity of men and women at older ages?
- What is the effect of the increase in the state pension age to 66 on household incomes and living standards?
- Are emerging changes in patterns of paid work at older ages consistent with projections for future labour market activity produced by official forecasters?

The effects of getting into good schools

School effectiveness is most commonly assessed through 'value-added' scores, which measure school outcomes relative to predicted outcomes based on school inputs, such as pupil prior attainment. A major concern with these measures is that they might not give an accurate result. The aim of this project, with funding from the Nuffield Foundation, is to estimate school effectiveness accurately and to use these estimates to assess the extent of the bias in commonly used value-added measures. The work will enable researchers to assess overall bias in value-added measures, how that bias varies by school and pupil characteristics, and how it could be mitigated. This is highly important for policymakers, because schools are ranked in publicly available league tables based on these scores, and they increasingly influence teacher pay and promotion, and school policy.

Communication and stakeholders

IFS receives UKRI funding specifically to enhance the impact of our research in the form of a renewed Impact Acceleration Account. This has been, and will continue to be, used to develop our relationships with key stakeholders – business, central government, and local and devolved governments – and to improve the resources available to the public to aid their understanding of economic issues.

Our communications team and researchers continued to direct their efforts during the year into communicating research findings remotely, although it was also possible to have some in-person events again. Along with a series of online events and videos, we also continued our fortnightly podcast, *IFS Zooms In*,

often dealing with topics related to the pandemic and policy responses to it. 25 episodes were recorded, featuring 40 different guests; series 2 received over 35,000 listens, with high consumption rates (80%+ completion). An average episode achieved a 35% growth in listenership compared with 2020.

Conferences and lectures

In 2021, almost all of our events continued to take place online rather than in-person. As everything opened up after the summer, we experimented with different event formats. In September, we held the Annual Lecture, with Nobel Laureate Jean Tirole, in a hybrid format, with half of the audience in the lecture theatre and the other half watching online. We also held our usual post-Budget press briefing in a hybrid format, inviting the press and other VIPs to attend in person and live-streaming for free online. Despite some technical issues, this model seemed to work well and will likely continue to be a feature of our events programme from 2022 onwards.

Some highlights are listed below.

- Our event videos from 2021 have been watched on YouTube a combined total of over 31,370 times so far (2020: 42,000 so far).
- The briefings presenting our analysis of the two fiscal events in 2021 were among the most popular events of the year, with over 450 people watching the Spring Budget live and over 500 people watching the Autumn Budget live. Both have had over 3,000 views each on YouTube.



- This year's Green Budget launch was spread out over six online events: three public briefings, one press briefing, a corporate member briefing, and an event as part of the Festival of Social Science. In total, over 400 people watched at least one of these events live, and the videos have had almost 2,500 views on YouTube subsequently.
- We held nine events as part of this year's ESRC Festival of Social Science, mainly using it as an opportunity to give more junior researchers experience presenting and chairing events, and to engage with younger audiences. The event videos have been watched over 2,000 times, and our event on carbon taxes was selected as one of only a few events to be highlighted by the ESRC in their press release for the festival.
- We held three joint (online) debates with Chartered Institute of Taxation ('How high should the corporate tax rate be?' on 22 April; 'How should platforms and gig economy workers be taxed?' on 23 June; and 'What is the role of tax in getting to net zero?' on 21 October), as well as two hybrid events at the party conferences ('A wealth tax to help pay for Covid'). These events continued to be popular, attracting live audiences of over 180 each.
- Richard Blundell, David A. Green and Wenchao (Michelle) Jin (2022), 'The UK as a technological follower: higher education expansion and the college wage premium', *Review of Economic Studies*, Vol. 89, pp. 142–80
- Pedro Carneiro, Lucy Kraftman, Giacomo Mason, Lucie Moore, Imran Rasul and Molly Scott, 'The impacts of a multifaceted pre-natal intervention on human capital accumulation in early life', *American Economic Review*, Vol. 111, No. 8, pp. 2506–49
- Gregory Crawford, Rachel Griffith and Alessandro Iaria (2021), 'A survey of preference estimation with unobserved choice set heterogeneity', *Journal of Econometrics*, Vol. 222, Issue 1, pp. 4–43
- Rowena Crawford, George Stoye and Ben Zaranko (2021), 'Long-term care spending and hospital use among the older population in England', *Journal of Health Economics*, Vol. 78, pp. 102477
- Jonathan Cribb and Carl Emmerson (2021), 'What can we learn about automatic enrollment into pensions from small employers?', *National Tax Journal*, Vol. 2, No. 74, pp. 377–404
- Thomas Crossley, Paul Fisher, Peter Levell and Hamish Low (2021), 'MPCs in an economic crisis: Spending, saving and private transfers', *Journal of Public Economics Plus*, Vol. 2, 100005
- Brendon McConnell and Imran Rasul (2021), 'Contagious animosity in the field: evidence from the federal criminal justice system', *Journal of Labor Economics*, Vol. 39, No. 3, pp. 739–85
- Martin O'Connell, Áureo de Paula and Kate Smith (2021), 'Preparing for a pandemic: spending dynamics and panic buying during the COVID-19 first wave', *Fiscal Studies*, Volume 42, No. 2, pp. 249–64
- Sean Sylvia, Nele Warrinnier, Renfu Luo, Ai Yue, Orazio Attanasio, Alexis Medina and Scott Rozelle (2021), 'From quantity to quality: delivering a home-based parenting intervention through China's family planning cadres', *Economic Journal*, Vol. 131, No. 635, pp. 1365–1400
- Nicola Shelton, Oliver Duke-Williams, Laura van der Erve, Jack Britton and Wei Xun (2021), 'Is studying medicine good for your health? Long-term health outcomes of a cohort of clinical medicine graduates in England and Wales in the ONS Longitudinal Study', *BMJ Open*, 11:e041224

Research findings and reports

A key strength of IFS is that its analysis of policy and its contributions to the public debate are grounded in rigorous empirical research. IFS researchers and Fellows published 48 journal articles during the year, including two in the top five economics journals and 13 in the leading field journals.

- 13 journal articles looking at aspects of health and health care, including in developing countries.
- Six articles, published quickly this year, looked particularly at topics around the COVID-19 pandemic.
- The IFS journal, *Fiscal Studies*, which is published by Wiley, curated two special issues during 2021. These dealt with aspects of inequality and with the taxation of wealth. Articles in the journal are selected for their policy relevance, in particular to the current UK policy discourse, while maintaining an exacting standard of academic rigour.

A range of the highlights were as follows.

- James Banks, Iris Kesternich and James P Smith (2021), 'International differences in interspousal health correlations', *Health Economics*, Vol. 30, pp. 1152–1177
- Richard Blundell, Monica Costa Dias, David Goll and Costas Meghir (2021), 'Wages, experience and training of women over the lifecycle', *Journal of Labor Economics*, Vol. 39, No. S1, pp. S275–S315

Researchers published a range of reports relating to a broad spectrum of important policy areas. Some of the more significant reports are mentioned below.

The IFS annual report on living standards and poverty examines how living standards – most commonly measured by households' incomes – have changed for different groups in the UK, and the consequences that these changes have for income inequality and for measures of deprivation and poverty. In the 2021 report, we focused in particular on changes wrought

on society by the COVID-19 pandemic and associated restrictions. We looked at how different groups fared, with a focus on low-income households, both before and during the pandemic. Other research on inequality has looked at: differences in the returns to undergraduate degrees by socio-economic background and ethnicity; inheritances and inequality for younger generations; why wealthy parents tend to have children who accumulate wealth more than children of less wealthy parents; and the impact of living costs on returns to higher education.

A number of reports were produced using Longitudinal Education Outcomes (LEO) data, which looked at the interplay between intergenerational mobility and university degrees. This research was able to investigate the outcomes for students at different types of university and studying different subjects. Researchers also studied the link between higher education, geographical mobility and outcomes for individuals and regions.

Researchers launched the fourth IFS annual report on education spending, funded by the Nuffield Foundation, bringing together data on education spending per student across the life cycle and providing analysis about the major issues facing different sectors. In order to inform the debate as effectively as possible, in addition to the final report, we published a range of smaller outputs throughout the year on different topics to provide more timely and rapid analysis of the resource challenges facing different phases of education. Other work looked at the effect on children's education of home learning during the pandemic, finding evidence that disruption during the pandemic has undermined children's education and increased inequalities between those from disadvantaged backgrounds and their better-off peers. This work will be an important step in assessing the extent of learning loss, and what can be done to help pupils to catch up.

Publications were also launched around key political and fiscal events. Following the Spring Budget statement, IFS researchers helped to explain the implications by answering questions from journalists from all the national papers, as well as conducting interviews on the BBC, ITV and other major broadcasters. In addition, as ever, research was disseminated via local radio and newspapers and through a range of online media outlets. Analysis was presented on the day following the Budget to journalists and key civil servants, to explain the implications for the public finances, businesses and for households. Similar comment and analysis were carried out later in the year in response to the Chancellor's Autumn Budget and the Spending Review. Researchers also published a report looking at the lessons from the pandemic for the funding arrangements of the devolved governments of Scotland, Wales and Northern Ireland.

The IFS Green Budget 2021 was published in October with a detailed analysis of the issues and challenges facing the

Chancellor. The areas covered by IFS researchers, and partners at Citi and the Institute for Government, were: the global outlook; UK economic outlook; outlook for the public finances; fiscal rules; Spending Review plans; pressures on the NHS; local government finances in the wake of COVID-19; tax policies to achieve zero-carbon emissions; and employment and the end of the furlough scheme.

In the context of the Scottish Parliamentary Elections, with funding from the Scottish Policy Foundation, we analysed recent trends in public spending, tax revenues and policy, and the new Scottish social security system. We also analysed tax, benefit and public spending proposals made by the main political parties, assessing their impacts on revenues and across the income distribution, as well as their consistency with stated policy objectives and good design principles. Findings were published in two reports and disseminated widely via a virtual event, and social, print and broadcast media.

The Tax Law Review Committee is a body made up of experts in taxation and tax law, who this year produced a report on the future for tax tribunals. This paper addressed problems and strengths of the current tribunal system, identifying the underlying causes of problems and suggesting how improvements could be made.

Engagement with stakeholders

IFS staff and centre directors give evidence to a wide range of committees each year and also meet with senior policymakers to discuss policy developments and ideas, as well as briefing them on IFS research. In 2021, staff gave or submitted evidence over 12 times (15 in 2020).

In 2021 staff have given evidence to:

- Treasury Select Committee (1)
- Health Select Committee (1)
- Scottish Parliament Finance Committee (2)
- Senedd Finance committee (2)
- House of Lords Public Service Committee (2)
- London Assembly Economy Committee (1)
- Work and Pensions Select Committee (1)
- NI Assembly Finance Committee (1)
- Public Accounts Committee (1)

Significant contributions by IFS staff to committees, commissions and policy reviews included:

- Carl Emmerson, member of Social Security Advisory Committee.
- Paul Johnson, sitting on: Northern Ireland Fiscal Commission, Banking Standards Board, Climate Change Committee.

'Engage Britain' board of trustees, HM Treasury Net Zero advisory group.

- Peter Levell: member of the ONS technical advisory panel on consumer prices.
- Helen Miller, Chair of the RES communications and engagement committee (2019-present).
- David Phillips, sitting on the Welsh Government's Tax Advisory Group, and part of the Scottish Parliament's external expert panel, and also sits on the Finance & Constitution Committee in the Scottish Parliament.
- George Stoye, Expert Advisory Board for the development of the ONS Health Index for England.

Through our website, social media and press activity, we communicate the results of our research directly to the public, to enhance understanding of economics and policymaking. Our primary social media channel is Twitter, where we have over 46,000 followers. We have seen year-on-year growth in followers of 11.4% in 2021 and a 63% rise in the number of impressions. IFS director Paul Johnson's Twitter account has over 38,000 followers (2020: 32,000), and reached over 17 million impressions in 2021 (2020: 11 million).

Over the past year, YouTube has continued to be key to our digital strategy as a platform to host livestream events, post videos and share our podcast. It is also used to embed videos on our website. YouTube continues to be central to our digital strategy – it hosts our explainer videos, event videos, podcasts and other video content. This gives us an exceptional opportunity to reach younger

audiences. In 2021, around 83% of our YouTube audience was aged between 18 and 34. During the year, we had 119,787 views (2020: 123,000) on YouTube and people watched over 13,500 hours (2020: 12,400) of content.

The number of website users (individual visitors) remained roughly consistent between 2020 and 2021, with numbers having climbed steadily over the last few years.

During the year, we launched a new website, TaxLab, in addition to the main IFS site. IFS TaxLab was created as a 'one-stop shop' for impartial information on the UK tax system, providing better access to impartial information about how the UK tax system works, the effects it has on different people and businesses, and the options for reform. Everything on the site is either a verifiable fact or a conclusion drawing on the best possible evidence. Our research, academic papers and policy commentaries – from which TaxLab articles will often draw – continue to be published on the main IFS website. 26,000 visitors came to the site during 2021, since its launch in June.

Capacity building

IFS contributes to the UK social science environment by training excellent economists – both our own researchers and those working elsewhere. IFS researchers who move on typically take up positions in academia, or in the civil service or the media, where they will put into practice the research and communication skills they have learned at the Institute. During 2021, in-house training for research staff included research skills, media training, writing and presentation skills, Stata and other analytical skills, while there was training for support staff in social media, design, membership management and



other communication skills. Some of the training was carried out remotely, but we were able to arrange some sessions in-house when government rules allowed, enabling new recruits to meet their colleagues in person before resuming home working when required.

Two new graduate economists were taken on in 2021 (2020: six), as well as one post-doctoral researcher (2020: five).

The Institute also runs a summer internship programme. In 2021, six students (2020: one – when we largely suspended the scheme due to the pandemic) were taken on for six-week placements, working with research teams on projects that gave them a taste of the type of work undertaken by new research economists.

In order to encourage diversity and openness in our recruitment process, we continued to look at our recruitment materials to ensure that they were accessible, to provide information to demystify the recruitment and interview process, and to advertise our vacancies widely, in line with our Equality, Diversity and Inclusion policy. IFS researchers and communications staff are involved in the Royal Economic Society initiative, #DiscoverEconomics, which aims to attract more women, minority students and students from state schools and colleges to study the subject at university. IFS has also been working with a range of think-tanks and social policy research organisations to run recruitment events aimed at minority and potentially disadvantaged groups. Because of the pandemic, we were unable to run a previously successful work experience scheme for young people from under-represented backgrounds, but we aim to resume this in future.

Each year, IFS holds a day of talks on issues in public economics of interest to undergraduates in economics and related disciplines. The aim is to focus on the policy implications of research carried out at the Institute, and also includes a session with IFS researchers talking about their careers in order to promote both IFS recruitment opportunities and working as an economist in public policy more generally.

In 2021, as well as the usual report launches and other public briefings, we held a series of events during the expanded ESRC Festival of Social Science (taking place across a full month, instead of a week as in previous years) designed to engage with students and members of the general public. This included a series of five weekly early-evening lectures covering a range of topics in public economics, delivered by early-career researchers. As well as reaching an average audience of 350 young people each, these lectures were an opportunity to give more junior researchers experience of chairing events to large groups (albeit online).

During the Festival of Social Science month, we also held an interactive workshop for A-level students, encouraging them to apply the tools of economics to solving environmental

issues. This was attended by 45 young people, who gave very positive feedback afterwards, with all attendees reporting that they were keen to learn more about economics as a result of the event.

Overall, the nine events we held during the Festival of Social Science were watched a total of 2,800 times.

In 2021, we held seven courses under the auspices of the Centre for Microdata Methods and Practice, a joint enterprise with UCL. This was the highest number of courses held in a single year since 2017. We also ran two masterclasses. All these events were held online. We had a combined total of over 100 attendees on the courses, 85% of whom were academics, and 13% of attendees were from a government body or charity. Of our masterclass attendees, 61% were academics and 38% were from a government body or charity.

Governance

Strategic oversight

A senior team – comprising the director, deputy directors, deputy research directors, and heads of finance and operations (and ICT when needed) – meets fortnightly, in person or remotely to coordinate and track progress on governance issues, and matters relating to staff, research programmes and finances. A wider management group – comprising the above group and all research team leaders and the heads of communications and research services – meets approximately six times a year in order to ensure that issues relating to individual projects and staffing are picked up.

Staff welfare and working practices

Since the relaxing of pandemic restrictions, staff have returned to working the majority of their time in the office, but with the provision to work from home when this is advised or mandated by the government. To accommodate new ways of working introduced during the pandemic, the organisation is operating a policy that allows some home working where wanted and feasible. The policy will be reviewed on an ongoing basis.

During the year, in order to ensure that staff were coping with home working and possible isolation, managers kept in frequent contact with their teams. We introduced ways for staff to keep in touch remotely and have offered support to anyone struggling with mental health issues. A number of members of staff attended a Mental Health First Aid course. We surveyed staff through the year to try to measure the extent to which difficulties were being experienced and to elicit ideas for what else IFS could do to help. The organisation has continued to monitor, and implement policies to safeguard, staff mental health.

2021 in numbers

IFS impact in 2021

45

top five journal articles
past decade (2012–21)

129

top field journal articles
past decade

165

front pages
(218 in 2020)

249

press interviews
(282 in 2020)

149

Hansard mentions
(186 in 2020)

Academic and policy publications and events	2021	2020	2019
Journal articles	48	39	34
Top five*	2	3	3
Top field journals [◇]	13	9	7
Working papers	67	73	64
IFS reports and briefing notes	44	63	44
Observations	42	43	35

* *American Economic Review (AER)*, *Econometrica (ECMA)*, *Journal of Political Economy (JPE)*, *Quarterly Journal of Economics (QJE)*, *Review of Economic Studies (ReStud)*

[◇] *Journal of Health Economics*, *Journal of Labor Economics*, *Journal of Human Resources*, *Review of Economic Dynamics*, *Journal of Public Economics*, *Journal of Econometrics*, *RAND Journal of Economics*, *The Review of Economics and Statistics*, *Journal of Economic Literature*, *Economic Journal*, *Journal of European Economic Association*, *European Economic Review*, *Journal of Monetary Economics*, *Quantitative Economics*

Type	2021	2020	2019
Press releases	56	62	32
Newspaper articles and comment pieces	35	35	61
Broadcast mentions	6,969	5,952	8,492
Print mentions	3,189	3,243	3,272
Front pages	165	218	129
Online mentions	19,771	15,875	20,479
Interviews given	249	282	180
Website visitors	1,243,754	1,221,630	710,570
Twitter impressions (monthly average)	1,361,750	837,500	738,000
IFS events	49	46	40
Event attendance	5,821	6,909	3,900
Views of event videos	28,500	53,000	N/A

Hansard mentions	149	186	165
Evidence given	12	15	9

Priorities for 2022 and beyond

Academic excellence

As mentioned above, CPP at IFS has received funding for five years, starting from October 2020. CPP will continue to underpin the full research programme at IFS, as well as supporting post-doctoral researchers and PhD students to work at the Institute and collaborate with researchers.

Key new research grants for 2022

As the country emerges from the COVID-19 pandemic, IFS researchers are embedding questions about how to encourage recovery into paid work across our full range of research programmes. A number of the research programmes mentioned above will be continuing into 2022 and beyond. In addition, the following specific new projects are already funded and due to begin during the year.

Productivity, wages and the labour market

IFS has been successful in a funding proposal for a new three-year research centre to study productivity and the labour market. In the years since the great recession, the UK economy has witnessed weak economic growth and stagnant productivity. While employment remained high, many jobs are of low quality, offering little security and limited opportunities for learning and progression. But successful careers are a central determinant of the well-being of workers and their families, and the foundation of aggregate economic prosperity. They rely on good jobs, which are those offering opportunities for learning and progression, and on the efficient sorting of workers to the jobs that best suit their skills. Yet many workers can face multiple barriers to progressing their careers and developing their skills.

Consequences include flat earnings trajectories for those directly affected, widening economic inequalities over the life course, and aggregate loss in output by a collective failure to use the abilities of all individuals in the most productive way. Recent evidence corroborates this view, demonstrating that improving equity in the labour market can be economically beneficial by better capitalising on the talents of all.

The overarching aim of this project is to further understand the interactions between skills, jobs and career progression, their combined role in driving inequalities in economic outcomes, as well as their consequences for productivity and the mix of policies that would best support workers' career progression.

Our research programme will focus on key aspects of skills, jobs and careers by investigating:

- the role of jobs, and good jobs, in developing the skills, careers and earnings of workers;
- the value of self-employment as a means of insurance against adverse developments in the traditional labour market and as a means of developing careers;
- how local labour markets and the job opportunities they offer shape the careers of workers in the short- and long-term;
- the role of labour market institutions such as the minimum wage, taxes and welfare policy in shaping working opportunities and promoting the creation of good jobs.

The research programme will complement the work of CPP and the IFS Deaton Review of Inequalities.

Determinants of health: review of funding allocations

With funding from the Health Foundation, this project will set out to:

- provide a detailed overview of the mechanisms by which central government funding is allocated to different local areas of England for different services, and the extent to which these account for assessments of local spending needs and (in the case of local government) revenue-raising capacity – in doing this, researchers will explain how allocation methods have evolved over time, and the rationales for these methods (e.g. incentives, simplicity, certainty, etc.);
- map and analyse the subsequent allocations of funding by service area, including the extent to which the allocations align with the assessed spending needs of each area of England – in doing this, we will be careful to recognise the fact that needs assessments are not objective and can sometimes be biased (e.g. if estimated off past relationships between local characteristics and spending levels).

Documenting and analysing how funding is allocated geographically in this way will inform future Health Foundation work on the role of government funding in tackling place-based inequalities in outcomes, particularly related to health, and catalyse wider public and political debate about how funding is allocated between different parts of the country with different needs. These issues are particularly salient and important now given the government's commitment to 'level up' the country (including in relation to health and wider social outcomes) and evidence that geographical inequalities are of particular concern to the wider public.

Better financial modelling – making the IFS local government finance model available to councils

IFS has been progressively building a model of the English local government finance system, which we have been using in our research on the outlook for local government funding and the effects of various options for reform of the local finance system, part-funded by the ESRC. In this new project, further funding from the ESRC will allow us to collaborate with the Chartered Institute of Public Finance and Accountancy and the District Councils Network to develop and roll out a co-branded web-based version of this model. This will allow councils, and particularly smaller less-well-resourced councils, to better understand their financial outlook in the medium and longer terms. In particular, using the model, council officers, members and other stakeholders will be able to see how revenues and spending needs are likely to evolve given projected socio-economic changes, local decisions on council tax and central government decisions on grant funding and the design of the finance system.

Unfree time: women's labour, leisure, and the persistence of seclusion

Researchers will be look into women's seclusion in India, with funding from the Leverhulme Trust. Seclusion is a defining feature of women's lives in India. On a randomly chosen day in 2019, 45% of married women in India reported that they did not leave their own home at any point; by contrast, only 4% of married men reported not leaving home. In India, as across much of South Asia, informal rules dictating that it is undesirable for women to mix or socialise widely or to occupy spaces outside of their own dwelling are common. Such social norms may be enforced by a shared understanding of what is natural, social sanctions, or threats of harassment or violence.

Because leaving home is typically necessary for activities as diverse as participating in paid work, seeking medical care, participating in politics and maintaining friendships, it is clear that norms of female seclusion have the potential to inflict severe harm on women. The project involves a programme of work that explores the impacts of seclusion norms and why they persist. In doing so, we particularly focus on how seclusion norms shape women's participation in paid work and the division of resources within the family.

An international tax data laboratory (ITD-Lab) for studying taxes, firms and development

Governments' ability to raise tax revenue is fundamental for economic development, financing investment in education, health and infrastructure, and poverty alleviation. The growth of formal businesses aids revenue-raising and is key to improvements in productivity and living standards.

Our research, funded by UKRI, will use administrative tax data to understand the interactions between taxation and business growth, with the aim of improving policy. Researchers will combine three types of analysis:

- studying how individual taxpayers – mostly firms – are affected by the tax system and how they react to it;
- aggregating these facts at the country level – the level at which policy is designed – to understand the implications of individual firms' behaviours for aggregate tax revenues, growth and production;
- finally, seeking to study how these features of tax systems and firm behaviour change as countries develop with time, and how they vary across countries at different stages of development.

Consumption dynamics and the insurance value of benefits

A core aim of the benefits system is to provide a safety net that insures people when they fall on hard times, cushioning the fall in their living standards. But there are reasons why it can do this poorly for some groups. These include the fact that support does not arrive instantly and that households may, especially in the short term, have living costs such as rent that are difficult to adjust and which the safety net may only partially account for. The difficulties these factors pose will depend on the availability of other means that people have to insure themselves, such as drawing down on their savings. These issues are highly policy relevant – not least given the spotlight on the adequacy of the safety net during the pandemic, and high-profile concerns about the impact of the five-week wait period to receive Universal Credit, the UK's new means-tested benefit – and require rigorous empirical evidence to address.

The overall aim of this project, funded by the ESRC, is better to inform the design of benefits by:

- making substantial contributions to the academic literature on the extent and nature of insurance that the benefit system provides to people who suffer an unanticipated loss in earnings;
- engaging and co-designing the research with policymakers and practitioners throughout the project; and
- disseminating the findings to them upon its conclusion.

Mental health and peer effects in primary schools: implications for future educational achievement and labour market success

This project, funded by the Rockwool Foundation, examines peer effects among Danish students in public primary schools

on short-term and long-term measures of mental health, as well as its implications on future educational achievement and labour market success.

Evaluation of Skills Bootcamps

This project, funded by the Department for Education, will take place in collaboration with colleagues at the London School of Economics. The aim of the research is to evaluate the impact of attending Skills Bootcamps on participants' wages and employment, thereby ascertaining whether this policy is achieving its overarching objectives, which include supporting people to access better jobs, increased wages and improved productivity. It will help to identify the mechanisms by which outcomes are (or fail to be) achieved, which include the quality of provision in the bootcamps and how this is received by employers.

Communication and stakeholders

As an institute our overarching aim is to conduct wide-ranging, high-quality microeconomic research to help inform evidence-based policymaking and improve the quality of public scrutiny and debate at local and national levels. Strengthening and extending our Knowledge Exchange and impact strategies and encouraging learning, development and innovation is therefore key to our success.

We will build on experiences during remote working to increase and improve the digital and online aspects of our communications strategy, even after a general return to office working. This will allow us to reach a wider audience.

We have three overarching aims to widen our impact, as follows.

- Develop stronger engagement, relationships and impact with three key stakeholder groups: business, central government, and local and devolved governments. This will lead to improved understanding, engagement and knowledge exchange. This will inform our own research programmes, build coalitions of funders, and impact on these actors' understanding and policies;
- Improve public understanding of our research, economic principles and public policy. This is a huge task to set ourselves as a small organisation but it is an increasingly vital role for research organisations wanting to have the ultimate effect of improving policy. As mentioned above, to provide information directly to the public, we secured funding from Friends Provident to build a website, TaxLab, which holds accessible materials, including videos, graphics and summaries of research, on the subject of tax. We will add to the resources already on the site over the coming years;
- We will also train and develop research and support staff at all career stages. The ultimate objective is to ensure the

sustainability of our impact capacity and to ensure that we build on our past successes in creating new generations of researchers who can go on to influential positions in academia and public policy, where they can have long-term positive impact on policy and public understanding.

Capacity building

As mentioned above, our aim is to train and develop research and support staff at all career stages.

IFS is currently reviewing its staff induction and training programme, using feedback from staff at all levels to identify gaps in skills and experience and to update the training to address these.

As mentioned above, we have taken on a number of new recruits in 2021 who will be trained and developed over the year. In the autumn of 2022, at least three new graduates will start work at IFS and will be trained in research and communication skills, working alongside more experienced researchers and Research Fellows and Associates, who are leaders in their fields from universities in the UK and overseas.

We plan to take on a further two postdoctoral Fellows from September 2022 on two-year contracts, as well as an additional one-year placement for a post-doctoral researcher at a UK institution, with funding from the ESRC to increase the skills and policy understanding of early-career researchers.

The Institute will also host a number of graduate students, who will work on PhDs under the supervision of senior staff, working alongside researchers whose research interests they share. The specific expertise of these individuals will feed into related research programmes and will enrich the knowledge of colleagues through frequent seminars and interchange of views. The researchers themselves will also benefit from the stimulating intellectual environment at IFS and they are likely to go on to research or teaching posts in the future, where they will be able to apply what they have learned. We will also be offering annual placements for PhD students of between six months and one year, with the aim of enriching their PhD studies with policy research experience and allowing them to expand their networks.

Over the summer, we will host between six and eight economics students in paid internships; we anticipate that lockdown restrictions will not be in place by this time, but if necessary, we will endeavour to run the placements remotely. The students will work on projects with IFS researchers to give them a flavour of what policy-relevant research is like. We will also host work experience students in collaboration with the Higher Education Access Network, as part of our commitment to diversity. Throughout our recruitment process, we will continue to look for ways to encourage diverse applicants to apply and to recruit staff from a range of backgrounds. We have developed a new Equality, Diversity and Inclusion policy, which feeds into our recruitment strategy.

Strategic Report

Financial review

The results for the year ended 31 December 2021 are presented in the Statement of Financial Activities on page 27. The level of activity was approximately 10% lower in 2021 than 2020, driven by £1.2million fewer reimbursable expenses (mainly costs in respect of data purchase, project-specific events and dissemination, and external research collaborations). Total income was £8,771,724 (2020: £9,802,176) and total expenditure was £8,476,119 (2020: £9,672,723).

The Statement of Financial Activities shows an overall surplus for the year ended 31 December 2021 of £295,605 (2020: £129,453), representing a surplus on charitable activities of £228,505 (2020: £25,447).

The Institute attempts to raise its research funds from a range of organisations so that it is not dependent upon a single source of funding. Although 44% of the income recognised in 2021 was provided by the ESRC (41% in 2020), this funding covers a wide range of projects.

The investment policy of the Executive Committee has been to invest cash reserves in interest bearing accounts and not to risk any of the principal. At the end of the year, £1,243,186 (2020: £1,242,992) was held in a COIF Charities Deposit Fund and £4,368,227 (2020: £3,246,702) was held in cash.

Reserves policy

The Reserves policy is twofold: one, to hold funds for working capital purposes and as a contingency, should sufficient new funding not emerge or should existing contracts be cancelled; and two, to reflect the net book value of fixed and intangible assets.

As at 31 December 2021, the Institute's total reserves were £3,409,828 (2020: £3,114,223), comprising the unrestricted General Fund of £3,279,270 (2020: £3,020,505), the unrestricted Fixed Asset Fund of £62,377 (2020: £93,718) and the unrestricted Intangible Asset Fund of £68,181 (2020: £0).

The General Fund reflects the Institute's net current assets and is considered to be amount of reserves that could be easily converted to cash, should the need arise. The target is for the General Fund to be maintained at a level to cover up to six months' expenditure (excluding direct project costs). The Trustees wish to continue to raise modest surpluses so that the General Fund meets this target.

The Fixed Asset Fund was established in 2010 such that this fund would be equivalent in value to the net book value of the Institute's fixed assets. The value of IFS fixed assets was lower at year-end than at the beginning of the year and so the fund has been decreased accordingly with a transfer to the IFS General Fund. The Reserves Policy is subject to active review in the light of prevailing circumstances.

	2021	2021	2021	2020	2020	2020
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Cash and cash equivalents	3,744,158	1,867,255	5,611,413	3,316,094	1,173,600	4,489,694
Less net grants received in advance	(283,327)	(1,392,622)	(1,675,949)	(42,815)	(702,398)	(745,213)
Cash holdings (excluding net project grants received in advance)	3,460,831	474,633	3,935,464	3,273,279	471,202	3,744,481
Other Working Capital	(181,561)	(474,633)	(656,194)	(252,774)	(471,202)	(723,977)
General Fund	3,279,270	-	3,279,270	3,020,505	-	3,020,505
No. of months of forecast expenditure (excluding direct project costs)	5.5 months			4.9 months		
Target level for the General Fund: (six months forecast expenditure, excluding Direct Project Costs)	£3.6m			£3.6m		

The Intangible Asset Fund comprises IFS's investment in a new website, due to launch in 2022, which is being paid for out of the General Fund. Once launched, the value of the asset, and this fund, will reduce on a straight-line basis over three years.

Principal risks and uncertainties

The Executive Committee has overall responsibility for ensuring that the Institute has appropriate systems of control, both financial and operational. These systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

During the year, the Executive Committee continued to review the major financial and operational risks facing the Institute. It continues to monitor, on an annual basis, the implementation of any changes necessary to ensure that, as far as is reasonable, controls are in place to protect the Institute, its members, its staff, the general public and other stakeholders.

The primary risks relate to financial issues and in particular to the reliance on the ESRC for a large proportion of the Institute's research funds. However, this funding represents a mix of long-term and short-term funding, which reduces the immediate risk. Additionally, a significant proportion of our staffing costs relates to staff from UK universities whose funding is explicitly aligned with ESRC funding, meaning that these costs can be reduced or terminated in line with the funding stream. The Institute continues to seek to diversify its funding sources in order to spread the risk.

Another key risk is in relation to our people and the risk of losing key staff. We attach a high priority to supporting our staff in developing their skills, whether through further study or by giving them opportunities to become involved with all aspects of research and communication throughout their careers. New Research Economists are provided with mentors and are given the opportunity to take on managerial responsibility as and when they are ready. Staff representatives, elected by peers, include in their remit the discussion of staffing issues with senior management. Regular reviews of selection procedures and conditions of service take place, together with periodic monitoring of salaries offered elsewhere. The pay and review process for Research Economists was reviewed and reformed in 2021, with a new system in place for all new hires. Staffing requirements are planned as far in advance as possible, and good relationships are maintained with top universities and institutions, both in the UK and overseas.

IFS is a leading academic institute, and it is imperative to maintain the quality of our research. Quality assurance procedures are in place that require the involvement of senior staff for all projects. Staff adhere to the IFS code of good

practice in research and Social Research Association (SRA) ethical guidelines, and rulings of the UCL Research Ethics Committee. Any interactions with research participants are governed by this code and by established ethics principles and obligations. There is regular discussion of ongoing research at senior management meetings and, in addition, the Advisory Boards for the ESRC Centres have oversight of the Centres' research programmes.

IFS's landlord is committed to selling its stake in the building during 2022, which increases the likelihood that IFS will need to find new offices at some point in the medium term. It should be noted that IFS has protected tenant status under the 1954 Landlord and Tenant Act until at least June 2025. There is a risk in the future that IFS will not be able to find suitable offices at an affordable rate in the vicinity of UCL and near to Westminster, both of which are important for collaboration with colleagues and stakeholders. IFS has undertaken a legal review of its lease to understand its rights and financial risks under a new landlord, and has formed a working group to understand future office requirements and the availability of suitable new accommodation should it be required to move.

In light of the current conflict in Ukraine, IFS has reviewed all its current funding arrangements and can confirm that none of its income, be it research or otherwise, is clearly identifiable as being from Russian or Belorussian sources. Furthermore, IFS is aware of the severity of breaching current UK sanctions on Russia and is confident in the robustness of its processes, including due diligence and cross-departmental coordination, in avoiding an unintentional breach.

Going concern

The IFS has modelled and stress tested its cash flows and this work concluded that it will have sufficient liquid resources (cash and investments that can be converted to cash) to continue to operate for at least 12 months from the date of approval of these financial statements.

The Executive Committee considered the extreme scenario that no projects currently applied for were successful, that no further applications were submitted, that all debtors were delayed by three months whilst all creditors were settled in the current month and that no cost mitigations were introduced whether on staff costs or capital investments. Even in this case, which is not considered even remotely likely, the IFS's cash position was not projected to turn negative in the 12 months from the date of signing of the accounts. Therefore, the Executive Committee remains of the view that there are no material uncertainties that call into doubt IFS's ability to continue. The financial statements have therefore been prepared on the basis that IFS is a going concern.

Governance and management

Constitution

The Institute for Fiscal Studies (IFS) was incorporated by guarantee on 21 May 1969. It is a private company limited by guarantee and has no share capital. It is a registered charity. The guarantee of each Company Law member ('Member') is limited to £1. The governing document is the Memorandum and Articles of Association of the Company and the members of the Executive Committee are the Directors of the Company and the Trustees.

Company Law members consist of the IFS Council members. At the end of November 2021, the number of guarantors was 50 (46 at the end of November 2020), four of whom were elected by the IFS members. The Articles contain the provision that the IFS Council be expanded to no more than 50 persons and that it shall consist of 45 members elected by Council and five members elected by the wider IFS membership.

Members of the Executive Committee

The Executive Committee, which is made up of the Trustees of the Institute, is established by the IFS Council: Trustees are elected by the Council from among themselves, and the Executive Committee consists of at least seven and no more than 12 people, one of whom is the President of the Council. Trustees serve three-year terms, and will usually only serve a maximum of three terms. The Executive Committee met five times during the year. Committee membership during 2021 was:

- Jonathan Athow
- James Bell
- John F. Chown
- David Gregson
- Peter Kane
- Caroline Mawhood
- David Miles (Chair until retired in December 2021)
- Orna NiChionna
- Gus O'Donnell (President, IFS Council)
- Michael Ridge (Chair from January 2022)
- Nicholas Timmins

As part of the organisation's governance review (see below), the Executive Committee had set up two subcommittees during 2019 to help improve scrutiny of the Institute's operations. These are a Nominations committee and an Audit committee. The remits and memberships of the committees, which continued to meet during 2021, are as follows.

Audit Committee

The Audit Committee's overall objective is to give advice to the Executive Committee on:

- the overall processes for risk, control and governance;
- management assurances and appropriate actions from external audit and internal audit (if appropriate) findings, risk analysis and reporting undertaken;
- the financial control framework and supporting compliance culture;
- accounting policies and material judgements, the accounts and the annual report and managements' letter of representation to the external auditors;
- whistle blowing arrangements for, confidentially, raising and investigating concerns over possible improprieties in the conduct of IFS business;
- processes to protect against fraud and corruption; and
- the planned activity of internal audit (if appropriate) and external audit.

Membership during 2021:

Jonathan Athow*, Peter Kane*, Caroline Mawhood* (Chair)

IFS staff attending:

Carl Emmerson (Deputy Director), Slav Sikora-Sikorski (Head of Finance)

* Trustee

Nominations Committee

The Nominations Committee's objectives are:

- to develop and maintain rigorous and transparent procedures for appointments and re-appointments to the Council and the President, Trustees and its committees;
- to propose candidates for appointment to the Council and to the board of trustees;
- to formulate plans for succession and ensure that there is a transparent and fair procedure for the appointment of the President, Chair of trustees, Honorary Officers members of the Council and board of trustee;
- to review regularly the composition of the Board and its committees (including their diversity, balance of skills, knowledge and experience) and make recommendations to the Board with regard to any adjustments that are deemed necessary; and
- to review the results of the Board performance evaluation process that relate to the composition of the Board.

Membership during 2021:

David Gregson*, Frances Cairncross§, David Miles*¥ (Chair), Michael Ridge*

IFS staff attending:

Carl Emmerson (Deputy Director), Emma Hyman (Head of Operations)

* Trustee; ¥ Chair of Trustees; § Member of Council

Induction and training of Trustees

New Trustees receive training and induction following their appointment. Trustees are kept up-to-date with IFS research by a rolling programme of research presentations made at each meeting of the Executive Committee.

Remuneration policy

The salary of the Director is determined by the Executive Committee when renewing his contract and is normally adjusted each year for a cost-of-living adjustment, in line with salaries across the Institute. The pay of all other staff is reviewed by the Director and, where appropriate, other members of senior management annually and is also usually increased by a cost-of-living adjustment. From time to time, the salary scales of the Institute are benchmarked against comparable organisations. In 2021, the services of the Research Directors, Rachel Griffith, Fabien Postel-Vinay and Imran Rasul, were provided by the University of Manchester (Griffith) and UCL (Postel-Vinay and Rasul) under contracts that reimburse the universities for an agreed percentage of the individual's salary, National Insurance and pension costs. Further details on these amounts are included in note 8 to the accounts.

Organisational structure of the Institute and the decision-making process

The overall management of IFS is carried out by the Director, Paul Johnson, who reports to the Trustees on a quarterly basis. The Director is part of the Senior Management Team of the Institute, which also comprises the Deputy Directors, Carl Emmerson, Robert Joyce and Helen Miller, Deputy Research Directors, Monica Costa Dias and Sonya Krutikova, and the Research Directors, Professors Rachel Griffith, Fabien Postel-Vinay and Imran Rasul.

The Executive Committee delegates the operational responsibilities of the Institute to the Director of the Institute via a 'Scheme of Delegation', who in turn delegates various duties to senior staff.

The Institute employed directly an average of 87 (2020: 89) full- and part-time staff usually based at its office in Ridgmount Street, London. Research staff are divided into sectors, and administrative staff provide support facilities.

The Institute also employed indirectly 12 (2020: 15) senior academic staff based at UK universities on a part-time basis. In addition, a number of other academics from both UK and overseas institutions work with the staff as Research Fellows and Research Associates on an ad hoc collaborative basis.

Statement of policy on fundraising

Section 162a of the Charities Act 2011 requires us to make a statement regarding fundraising activities. We do not undertake widespread fundraising activities with members of the public, although we do accept donations or offers from partners to contribute to work that we undertake. The legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes'. Such amounts receivable are presented in our accounts as 'donations and legacies'. We do not use professional fundraisers or 'commercial participators' or any other third parties to solicit donations. We are therefore not subject to any regulatory scheme or relevant codes of practice, nor have we received any complaints in relation to fundraising activities.

Charity Governance Code

In July 2017, the new Charity Governance Code was published setting out recommended practice. The Executive Committee is supportive of the principles set out in the code and is keen to ensure that these are built into the governance of the organisation. To this end, during 2019, Trustees carried out a detailed review of its governance policies and procedures with reference to the code and agreed on a plan to put in place measures to comply where appropriate. The plan is now being implemented.

The Committee noted the updates made to the governance code in 2020, relating to integrity and to diversity. Integrity has always been central to the values of the Institute and a *sine qua non* for staff, Trustees and collaborators. The Trustees are satisfied that their procedures are in keeping with the revised code and are appropriate to uphold integrity to a high standard.

In the light of updated principles relating to diversity and inclusion, the Nominations Committee has considered these criteria when looking at the make-up of the Board of Trustees and of the Council. In particular, the Trustees are delighted that they have been able to increase both gender and ethnic diversity on the Council, a step that was much needed and a trend that they will strive to continue.

Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including income and expenditure, of the charity for the year. In preparing those financial statements, the Trustees are required:

- to select suitable accounting policies and then apply them consistently;
- to observe the methods and principles in the Charities SORP;
- to make judgements and accounting estimates that are reasonable and prudent; and
- to prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, to disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees at the time the report is approved are aware:

- there is no relevant audit information of which the auditor is unaware; and
- they have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the UK governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Approved and authorised for issue by the Executive Committee and signed on their behalf by

Michael Ridge

Michael Ridge

Chair of the Executive Committee

23 June 2022

Company registered number: 00954616

Registered Charity: 258815

Auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE FOR FISCAL STUDIES

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 December 2021 and of its incoming resources and application of resources 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.

We have audited the financial statements of Institute for Fiscal Studies ("the Charitable Company") for the year ended 31 December 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Charitable Company 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.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' 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 Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditor's report thereon. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic 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 Strategic report and the Directors' Report, which are included in the Trustees' Report, have been prepared in accordance with applicable legal requirements.

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 misstatement in the Strategic report or the Trustees' 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees 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 Trustees 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 Trustees 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

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Enquiries as to whether there have been any serious incident reports or correspondence with the Charity Commission and reviewing and assessing the impact of any reports or correspondence;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the progress of multi-year research projects and the classification of grants and contracts as restricted or unrestricted; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed

and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://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.

DocuSigned by:
Stephen Corrall
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Stephen Corrall (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Guildford, UK

05 July 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial reports

Statement of financial activities

Year ended 31 December	2021		2020		
	Unrestricted	Restricted	Total	Total	
	£	£	£	£	
Income from:					
Donations and legacies	2	123,537	-	123,537	152,790
Charitable activities	3	996,535	7,650,948	8,647,483	9,642,237
Investment income	4	704	-	704	6,468
Other income		-	-	-	681
Total income		1,120,776	7,650,948	8,771,724	9,802,176
Expenditure on:					
Raising funds	6	57,140	-	57,140	55,933
Charitable activities	6	745,192	7,673,787	8,418,979	9,616,790
Total expenditure		802,332	7,673,787	8,476,119	9,672,723
Net income		318,444	(22,839)	295,605	129,453
Transfers between funds	14	(22,839)	22,839	-	-
Net movement in funds		295,605	-	295,605	129,453
Reconciliation of funds:					
Total funds brought forward	15	3,114,223	-	3,114,223	2,984,770
Total funds carried forward	15	3,409,828	-	3,409,828	3,114,223

There were no other recognised gains or losses other than the net income for the year. All amounts relate to continuing operations.

Balance sheet

As at 31 December		2021	2020
		£	£
Fixed assets			
Tangible assets	10	62,377	93,718
Total fixed assets		62,377	93,718
Intangible assets	11	68,181	0
Total intangible assets		68,181	0
Current assets			
Debtors	12	2,176,801	2,120,020
Short-term deposits		1,243,186	1,242,992
Cash at bank and in hand		4,368,227	3,246,702
Total current assets		7,788,214	6,609,714
Liabilities:			
Creditors: amounts falling due within one year	13	(4,508,944)	(3,589,209)
Net current assets		3,279,270	3,020,505
Net assets		3,409,828	3,114,223
Total funds:			
Unrestricted funds			
-General Fund	14	3,279,270	3,020,505
-Fixed Asset Fund	14	62,377	93,718
-Intangible Asset Fund	14	68,181	0
		3,409,828	3,114,223
Restricted	14	-	-
Total		3,409,828	3,114,223

Approved and authorised for issue by the Executive Committee and signed on their behalf by

Michael Ridge

Michael Ridge, Chair of the Executive Committee

23 June 2022

Company registered number: 00954616

Registered Charity: 258815

Statement of cash flows

Year ended 31 December	2021	2020
	£	£
Reconciliation of net income to net cash flow from operating activities		
Net income for the reporting periods (as per the Statement of Financial Activities)	295,605	129,453
Adjustments for:		
Depreciation charges	59,594	76,002
Interest on investments	(704)	(6,468)
(Increase) in debtors and accrued income	(56,781)	(38,564)
Increase in creditors and accrued expenses	30,277	28,224
Increase/(decrease) in grants received in advance of expenditure	889,457	(26,607)
Net cash (expended on)/generated from operating activities	1,217,448	162,040
Interest on investments	704	6,468
Purchase of intangible assets	(68,181)	-
Purchase of tangible fixed assets	(28,252)	(38,928)
Cash flows from investing activities	(95,729)	(32,460)
Change in cash and cash equivalents in the reporting period	1,121,719	129,581
Cash and cash equivalents at the beginning of the reporting period	4,489,694	4,360,113
Cash and cash equivalents at the end of the reporting period	5,611,413	4,489,694
Analysis of cash and cash equivalents		
	2021	2020
	£	£
Short-term deposits	1,243,186	1,242,992
Cash at bank and in hand	4,368,227	3,246,702
Total cash and cash equivalents	5,611,413	4,489,694

No net debt reconciliation has been presented as the Institute has no borrowings or external debt.

Notes to the accounts

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:

a) Basis of preparation

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

The Institute for Fiscal Studies 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).

Going concern

The IFS has modelled and stress tested its cash flows and this work concluded that it will have sufficient liquid resources (cash and investments that can be converted to cash) to continue to operate for at least 12 months from the date of approval of these financial statements.

The Executive Committee considered the extreme scenario that no projects currently applied for were successful, that no further applications were submitted, that all debtors were delayed by three months whilst all creditors were settled in the current month and that no cost mitigations were introduced whether on staff costs or capital investments. Even in this case, which is not considered even remotely likely, the IFS's cash position was not projected to turn negative in the 12 months from the date of signing of the accounts. Therefore the Executive Committee remains of the view that there are no material uncertainties that call into doubt IFS's ability to continue. The financial statements have therefore been prepared on the basis that IFS is a going concern.

b) Tangible fixed assets and depreciation

All tangible fixed assets costing more than £1,000 (excluding VAT) are capitalised and depreciated. Depreciation of fixed assets is calculated to write off the cost of each asset over the term of its estimated useful life.

The Executive Committee has determined that all costs relating to the refurbishment of the premises and any furniture be depreciated over five years and all other assets depreciated over three years. Assets are written off on a straight-line basis commencing from the quarter after the date of purchase. Where the length of any remaining lease is less than five years, then any refurbishment costs are depreciated up to the end of the year in which the lease comes to an end.

c) Intangible assets and amortization

All intangible assets capitalised are amortised over three years from the point when they are brought into actual use.

d) Income – Membership subscriptions and donations

Membership income is deferred to the extent that it relates to services to be provided in future periods. Donations are credited to the statement of financial activities at the date of receipt.

e) Income – Publications

Royalty income receivable from the publisher of the IFS owned journal, *Fiscal Studies*, is recognised on an accruals basis and in accordance with the substance of the publishing agreement.

f) Income – Research Activities

Income from research activities is recognised when the Institute has entitlement to the funds, when it is probable that the income will be received and the amount can be measured reliably.

The Institute is usually entitled to research income in stages over the course of a project, subject to performance-related conditions requiring a particular level of service or output, often

approximating to when related expenditure is incurred. In such cases, research income is credited to the statement of financial activities when it falls due to be received to the extent that it is matched by related expenditure.

Where donations or grants are received without performance-related conditions, entitlement usually arises on receipt and research income is credited to the statement of financial activities when it falls due to be received.

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably.

h) Allocation of expenses

Direct and indirect expenses are included when incurred. The majority of expenses are directly attributable to specific activities. Indirect overhead costs (e.g. premises and administration) are allocated on a basis consistent with the use of the resource, usually on a per capita basis. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Pension costs

The pension cost charge represents contributions payable by the Institute to employees' personal pension plans in respect of the year.

j) Operating leases

Leasing charges in respect of operating leases are charged to the statement of financial activities as they are incurred.

k) Current asset investments – short-term deposits

Current asset investments include cash on deposit and cash equivalents held for investment purposes rather than to meet short-term cash commitments as they fall due.

l) Foreign currency

The value of the balances in the Institute's Euro and US Dollar accounts at the end of the year was based on the exchange rate as at 31 December 2021. Transactions in foreign currencies are calculated at the exchange rate ruling at the date of the transaction and Institute-wide foreign exchange

gains or loss made during the year are taken into account in arriving at the net income for the year.

m) Financial instruments

The IFS 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.

n) Critical accounting estimates and areas of judgement

Preparation of the financial statements requires some judgements and estimates to be made. The items in the financial statements where judgements and estimates are made include:

- judging the progress of multi-year research projects;
- estimating the useful economic life of tangible fixed assets;
- estimating the useful economic life of intangible assets; and
- estimates relating to the allocation of support costs across expenditure categories.

o) Funds

IFS maintains three internal funds, which include restricted and unrestricted funds.

Unrestricted – General Fund: these funds are derived from any unrestricted donations and grants received by IFS as well as from contracts for research which are unrestricted in nature. These are funds which can be used for any purpose within the charitable objects of IFS.

Unrestricted – designated Fixed Asset Fund: this fund represents resources set aside to cover future capital expenditure. The value of this fund at the year-end represents the net book value of tangible fixed assets and intangible assets.

Restricted – research funds: these funds represent grants and donations received to cover project expenditure on research projects. The restrictions are imposed by the funder, usually with respect to the specific research project being undertaken. The nature of the portfolio of research grants and contracts is such that in most cases income and expenditure are closely matched.

2. Membership and donations

	2021	2020
	£	£
Corporate membership	90,021	99,257
Individual membership	33,456	28,533
	123,477	127,790
Other donations	60	25,000
	123,537	152,790

3. Income from charitable activities

IFS frequently collaborates with universities and other research organisations. The income classification below is based on the ultimate funder of the research.

	2021	2021	2021	2020	2020	2020
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
ESRC	-	3,777,987	3,777,987	-	3,979,522	3,979,522
Charitable Trusts and Foundations	-	1,443,259	1,443,259	175,076	1,583,674	1,758,750
Government (or similar)	734,018	2,393,398	3,127,416	779,517	2,595,749	3,375,266
Other organisations	160,930	36,304	197,234	300,086	160,849	460,935
Event income	43,802	-	43,802	26,174	-	26,174
Publications	57,785	-	57,785	41,590	-	41,590
	996,535	7,650,948	8,647,483	1,322,443	8,319,794	9,642,237

IFS receives funds in the form of project grants, directly and indirectly, from the UK and other national governments, other governmental agencies and international governmental bodies. These funds are tied to specific research-related activities in the course of the standard charitable activities of IFS. IFS does not receive any funding in the form of general government grants or assistance. Therefore, it is not felt to be necessary, useful or practical to disclose further analysis within these accounts.

4. Investment income

All investment income arises from money held in interest bearing deposits.

5. Analysis of expenditure

Total costs include payments to third parties that work together with the IFS on particular projects. Where the Institute is the lead organisation, it receives funding from the grant-giving body for all participating organisations for onward transmission. Gross receipts are reflected in the Institute's revenues and, depending on the types of project undertaken, may vary significantly from year to year.

	Total charitable activities	Raising funds	Governance costs	Support costs	2021 Total	2020 Total
Research collaborations and subcontracts	1,307,167	-	-	-	1,307,167	1,555,442
Data costs and data collection costs	79,803	-	-	-	79,803	691,086
IFS travel, accommodation and subsistence	10,361	-	-	-	10,361	32,064
Visitor travel, accommodation and subsistence	538	-	-	-	538	18,013
Event, publication and dissemination costs	121,747	393	-	84,988	207,128	427,776
Other direct costs	96,670	-	-	-	96,670	99,285
Premises	-	-	-	582,136	582,136	581,049
IT and office costs	-	-	-	261,202	261,202	286,723
Other staff costs	-	-	-	52,898	52,898	61,074
Insurance and professional fees	-	-	26,567	82,918	109,485	108,305
Other	-	-	-	62,481	62,481	3,361
Total costs (excluding staff costs)	1,616,286	393	26,567	1,126,622	2,769,868	3,864,179
Staff costs (universities)	570,507	-	-	-	570,507	569,149
Research Fellows and Research Associates	105,850	-	-	-	105,850	214,182
	676,357	-	-	-	676,357	783,331
IFS staff costs (research)	3,961,898	25,140	6,336	-	3,993,373	4,025,278
IFS staff costs (events and dissemination)	-	16,303	-	380,849	397,153	375,064
IFS staff costs (research services)	-	3,554	-	176,282	179,836	172,436
IFS staff costs (central)	-	-	22,472	437,060	459,532	452,436
	3,961,898	44,997	28,807	994,192	5,029,894	5,025,214
Total staff costs (including Fellows and Associates)	4,638,255	44,997	28,807	994,192	5,706,251	5,808,545
Total expenditure	6,254,541	45,390	55,374	2,120,814	8,476,119	9,672,723
Allocation of support costs (including governance)	2,164,438	11,750	(55,374)	(2,120,814)	-	-
Total expenditure	8,418,979	57,140	-	-	8,476,119	9,672,723

Analysis of expenditure 2020	Total charitable activities	Raising funds	Governance costs	Support costs	2020 total
Research collaborations and subcontracts	1,555,442	-	-	-	1,555,442
Data costs and data collection costs	691,086	-	-	-	691,086
IFS travel, accommodation and subsistence	32,064	-	-	-	32,064
Visitor travel, accommodation and subsistence	18,013	-	-	-	18,013
Event, publication and dissemination costs	385,992	497	-	41,287	427,776
Other direct costs	99,285	-	-	-	99,285
Premises	-	-	-	581,049	581,049
IT and office costs	-	-	-	286,723	286,723
Other staff costs	-	-	-	61,074	61,074
Insurance and professional fees	-	-	22,208	86,097	108,305
Other	-	-	-	3,361	3,361
Total costs (excluding staff costs)	2,781,882	497	22,208	1,059,592	3,864,179
Staff costs (universities)	569,149	-	-	-	569,149
Research Fellows and Research Associates	214,182	-	-	-	214,182
	783,331	-	-	-	783,331
IFS staff costs (research)	4,025,278	-	-	-	4,025,278
IFS staff costs (events and dissemination)	-	26,747	-	348,317	375,064
IFS staff costs (research services)	-	17,244	-	155,192	172,436
IFS staff costs (central)	-	-	19,090	433,346	452,436
	4,025,278	43,991	19,090	936,855	5,025,214
Total staff costs (including Fellows and Associates)	4,808,609	43,991	19,090	936,855	5,808,545
Total expenditure	7,590,491	44,488	41,298	1,996,447	9,672,723
Allocation of support costs (including governance)	2,026,299	11,446	(41,298)	(1,996,447)	-
Total expenditure	9,616,790	55,933	-	-	9,672,723

6. Expenditure

2021	Unrestricted	Restricted	2021 Total	2020 Total
Cost of raising funds				
Direct costs (membership programme)	394	-	394	497
Staff costs (direct)	44,996	-	44,996	43,991
Support and governance costs (allocation)	11,750	-	11,750	11,446
	57,140	-	57,140	55,933
Charitable activities				
Project costs	31,174	1,585,112	1,616,286	2,781,882
Staff costs (Total)	594,211	5,067,043	5,661,254	5,764,554
Support and governance costs (allocation)	119,807	1,021,632	1,141,439	1,070,354
	745,192	7,673,787	8,418,979	9,616,790
Total expenditure	802,332	7,673,787	8,476,119	9,672,723

2020	Unrestricted	Restricted	2020 Total
Cost of raising funds			
Direct costs (membership programme)	497	-	497
Staff costs (direct)	43,991	-	43,991
Support and governance costs (allocation)	11,446	-	11,446
	55,933	-	55,933
Charitable activities			
Project costs	130,185	2,651,697	2,781,882
Staff costs (total)	576,455	5,188,099	5,764,554
Support and governance costs (allocation)	107,035	963,319	1,070,354
	813,675	8,803,115	9,616,790
Total expenditure	869,608	8,803,115	9,672,723

IFS initially identifies the costs of its support functions. It then identifies those costs which relate to governance. The remaining support costs together with the governance costs are apportioned between charitable activities and the cost of raising funds.

The cost of raising funds include costs related to the IFS membership programme and costs related to activities focused on seeking funding. This includes some direct costs and direct staff time, as well as an allocation of support costs. Support costs are allocated on the basis of staff time.

Governance costs include the costs of external audit. Other governance costs relate primarily to costs associated with the AGM and Annual lecture and dinner and also include travel and accommodation expenses for one Council member. No expenses were claimed by the Trustees during the year (2020: £0).

7. Net income

Net income is stated after charging:

	2021	2020
	£	£
Depreciation	59,594	76,002
Auditor's remuneration		
-Audit fees	25,892	20,330
Operating lease rentals – property	375,000	384,000

Audit fees are stated net of VAT and disbursements.

8. Analysis of staff costs and key management personnel

	2021	2020
	£	£
Wages and salaries	4,312,680	4,332,636
Social security costs	457,916	435,946
Pension costs	259,298	256,632
	5,029,894	5,025,214
Comprising:		
Researchers	3,993,373	4,025,278
Support staff	1,036,521	999,936
IFS payroll staff	5,029,894	5,025,214
Staff costs (universities)	570,507	569,149
Research Fellow and Research Associate payments	105,850	214,182
	5,706,251	5,808,545

IFS has agreements in place with several universities/institutions for the provision of an agreed proportion of the working time (typically 10–50%), during 2021, of on average 12 (2020: 15) named, highly skilled individuals to carry out specific research duties at IFS in their areas of academic excellence. In 2021, £85,000 (2020: £80,000) of the amount for Research Fellows and Research Associates relates to these individuals.

During 2021, the Institute's senior management team comprised: the Director, Paul Johnson, and the Research Directors, Professors Richard Blundell, Rachel Griffith, Imran Rasul and Fabien Postel-Vinay. In 2021, the total compensation for these key management personnel, including amounts due to universities under contractual arrangement for the provision of an agreed amount of the Research Directors' time was £642,683 (2.1 FTE) (2020: £623,059 (2.3 FTE)).

The numbers of employees whose emoluments (excluding pension contributions) were in excess of £60,000 are shown in the ranges below. In addition, pension contributions were paid by the Institute on behalf of these employees. The total sum of these contributions was £147,858 (for 26 employees) (2020: £117,791 for 19 employees).

	2021	2020
	Number	Number
£60,001–£70,000	9	4
£70,001–£80,000	10	8
£80,001–£90,000	3	2
£90,001–£100,000	2	2
£100,001–£110,000	1	2
£210,001–£220,000	1	1
	26	19

9. Staff numbers

	2021 FTE	Average number	2020 FTE	Average number
Research staff				
Permanent contracts	40.5	43.4	40.9	44.1
Fixed-term contracts	14.0	18.4	15.5	18.8
Variable hour contracts	2.6	4.7	1.9	5.8
	57.1	66.5	58.3	68.7
Central staff				
Events, publications, dissemination	7.2	8.0	6.7	7.4
Finance, HR, IT, central support	9.5	9.9	9.4	10.0
Research services	3.0	3.0	2.9	2.9
	19.7	20.9	19.0	20.3
Total	76.8	87.4	77.3	89.0
Full-time		60.1		65.5
Part-time		27.3		23.5

10. Tangible fixed assets

	Fixtures and improvements to short leasehold premises	Office equipment	Total
	£	£	£
Cost			
At 1 January 2021	787,637	430,040	1,217,677
Additions	-	28,252	28,252
Disposals and assets no longer in use	-	(107,139)	(107,139)
At 31 December 2021	787,637	351,153	1,138,790
Depreciation			
At 1 January 2021	757,251	366,708	1,123,959
Charge for the year ⁽¹⁾	13,448	46,146	59,594
Disposals and assets no longer in use	-	(107,139)	(107,139)
At 31 December 2021	770,699	305,714	1,076,413
Net book value			
As at 31 December 2021	16,938	45,439	62,377
As at 31 December 2020	30,386	63,332	93,718

(1) The depreciation charge for the year included £0 (2020: £24,317) of depreciation on assets used on specific projects and reimbursed under the grant as direct project costs. All fixed assets are held for use on a continuing basis for the purpose of charitable activities.

11. Intangible assets

	IFS website £	Total £
Cost		
At 1 January 2021	-	-
Additions ⁽¹⁾	68,181	68,181
Disposals and assets no longer in use	-	-
At 31 December 2021	68,181	68,181
Amortisation		
At 1 January 2021	-	-
At 31 December 2021	-	-
Net book value		
As at 31 December 2021	68,181	68,181
As at 31 December 2020	-	-

(1) All contracted costs associated with the build of IFS's new website, in line with FRS 102 requirements. This is expected to go live in 2022, at which point it will be amortised over three years

12. Debtors

	Unrestricted	Restricted	2021 £	2020 £
Accrued income	182,582	1,441,570	1,624,152	1,665,431
Trade debtors	133,943	112,631	246,574	248,940
Other debtors	6,497	-	6,497	2,549
Prepayments	299,578	-	299,578	203,100
	622,600	1,554,201	2,176,801	2,120,020

13. Creditors

	Unrestricted	Restricted	2021 £	2020 £
Amounts falling due within one year				
Trade payables	80,045	109,939	189,984	43,414
Taxation and social security	123,990	-	123,990	132,896
VAT	45,009	-	45,009	6,907
Accruals	372,536	477,324	849,860	995,349
	621,580	587,263	1,208,843	1,178,566
Deferred income				
Balance at 1 January 2021	359,966	2,050,678	2,410,644	2,437,251
Amount released to income	(70,398)	(1,701,912)	(1,772,310)	(2,159,243)
Amount deferred in the year	176,341	2,485,426	2,661,767	2,132,636
Balance at 31 December 2021	465,909	2,834,192	3,300,101	2,410,644
Total creditors: amounts falling due within one year	1,087,489	3,421,455	4,508,944	3,589,210

As at 31 December 2021, total deferred income was £3,300,101 (2020: £2,410,644). This includes amounts received on multi-year projects, where the timing of the related expenditure may be more than 12 months from the balance sheet date. A proportion of this deferred income will therefore not be released to income until 2022 or 2023.

14. Analysis of movement in funds

2021	At 1 Jan 2021	Income	Expenditure	Transfers	At 31 Dec 2021
		£	£	£	£
Unrestricted funds					
General Fund	3,020,505	1,120,776	(802,332)	(59,679)	3,279,270
Fixed Asset Fund	93,718	-	-	(31,341)	62,377
Intangible Asset Fund	-	-	-	68,181	68,181
	3,114,223	1,120,776	(802,332)	(22,839)	3,409,828
Restricted funds					
Research funds	-	7,650,948	(7,673,787)	22,839	-
Total funds	3,114,223	8,771,724	(8,476,119)	-	3,409,828
<hr/>					
2020	At 1 Jan 2020	Income	Expenditure	Transfers	At 31 Dec 2020
		£	£	£	£
Unrestricted funds					
General Fund	2,853,977	1,482,382	(869,608)	(446,246)	3,020,505
Fixed Asset Fund	130,793	-	-	(37,075)	93,718
	2,984,770	1,482,382	(869,608)	(483,321)	3,114,223
Restricted funds					
Research funds	-	8,319,794	(8,803,115)	483,321	-
Total funds	2,984,770	9,802,176	(9,672,723)	-	3,114,223

Amounts have been transferred from the Fixed Asset Fund to the General Fund due to the decrease in the Fixed Asset Fund – the amount that represents the net book value of tangible and intangible fixed assets at the year-end.

Amounts have been transferred from the General Fund to restricted research funds to cover the overall deficit arising on the restricted research grants that completed during the year.

Amounts have been transferred from the General Fund to the Intangible Asset Fund to cover the build of the new IFS website.

Within restricted research funds are funds relating to projects where the agreement with the funder requests that the project funding is separately disclosed in the financial statements. During 2021, the income and expenditure on these grants was as set out below.

2021

Project name	Funder	Start date	End date	2021 income £	Accrued/ (Deferred) income as at 31 Dec 2021 £
The Centre for Tax Analysis in Developing Countries – Phase 2 (TAXDEV II)	DFID	11/11/18	31/10/22	1,187,011	297,016
Changing Patterns of Work in Later Life	Centre for Ageing Better	01/06/20	20/08/22	98,209	(18,225)

2020

Project name	Funder	Start date	End date	2020 income £	Accrued/(Deferred) income as at 31 Dec 2020 £
The Centre for Tax Analysis in Developing Countries – Phase 2 (TAXDEV II)	DFID	11/11/18	31/10/22	1,109,685	310,564
Personal Finances	Standard Life Foundation	01/05/20	31/12/20	90,000	-
Trust for London Personal Finances	Trust for London	01/05/20	31/12/20	20,000	-
Changing Patterns of Work in Later Life	Centre for Ageing Better	01/06/20	20/08/22	27,848	(20,246)

15. Analysis of net assets between funds

	2021 Unrestricted	2021 Restricted	2021 Total	2020 Unrestricted	2020 Restricted	2020 Total
Tangible fixed assets	68,181	-	68,181	93,718	-	93,718
Intangible assets	62,378	-	62,378	-	-	-
Cash at bank and in hand	3,744,158	1,867,255	5,611,413	3,316,094	1,173,600	4,489,694
Net current assets/(liabilities)	(464,889)	(1,867,255)	(2,332,144)	(295,589)	(1,173,600)	(1,469,189)
Net assets at 31 December	3,409,828	-	3,409,828	3,114,223	-	3,114,223

16. Operating lease commitments

The total of future minimum lease payments under non-cancellable operating leases is set out below for each of the following periods.

	2021	2020
	£	£
One year	375,000	375,000
Two to five years	932,192	1,307,192

17. Pension scheme

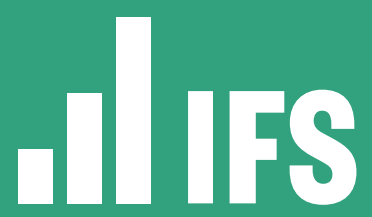
The total pension cost to the IFS for contributions to employees' pension schemes under the IFS's group personal pension plans with Scottish Widows was £243,842 (2020: £230,287). In addition, two members of staff (2020: three) participated in other personal pension schemes, of their own choice, to which the Institute contributed £15,456 (2020: £26,345).

18. Related party transactions

None

19. Comparative information: Statement of financial activities for the year to 31 December 2020

2020	2020	2020	2020
	Unrestricted	Restricted	Total
	£	£	£
Income from:			
Donations and legacies	152,790	-	152,790
Charitable activities	1,322,443	8,319,794	9,642,237
Investment income	6,468	-	6,468
Other income	681	-	681
Total income	1,482,382	8,319,794	9,802,176
Expenditure on:			
Raising funds	55,933	-	55,933
Charitable activities	813,675	8,803,115	9,616,790
Total expenditure	869,608	8,803,115	9,672,723
Net income	612,774	(483,321)	129,453
Transfers between funds	(483,321)	483,321	-
Net movement in funds	129,453	-	129,453
Reconciliation of funds:			
Total funds brought forward	2,984,770	-	2,984,770
Total funds carried forward	3,114,223	-	3,114,223



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THE INSTITUTE FOR FISCAL STUDIES

England & Wales - Charity number 258815

Accounts



Trustees' Report

Year ended 31 December 2020

Institute for Fiscal Studies



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Company information

Company registered office

7 Ridgmount Street
London
WC1E 7AE

Company registered number

00954616 (Incorporated in England and Wales)

Registered charity

258815

Company bankers

National Westminster Bank plc
City of London Office
1 Princes Street
London EC2R 8BP

Auditor

BDO LLP
55 Baker Street
London W1U 7EU

Introduction from the Chair of Trustees

I am pleased to present the Trustees' report of the activities of IFS in 2020. Throughout the year, IFS staff and Trustees have been working to ensure that activities could continue during the COVID-19 pandemic. Alongside the welfare of IFS staff, a key priority has been to divert resources into research that would help policymakers navigate the economic and social challenges that the country has faced.

Over the year, IFS published research findings on a wide range of topics, many of them related to the economic consequences of the pandemic. Staff at IFS will continue with work in this area in the longer term, across the range of research programmes. The Deaton Review of Inequalities continues, led by Nobel Laureate, Sir Angus Deaton, and funded by the Nuffield Foundation; it has brought together leading academics both in economics and other disciplines. The Review will also hear evidence from policymakers and focus groups drawn from the general public. Researchers involved in the Review have been looking at aspects of inequality caused or exacerbated by the pandemic.

The academic excellence of the Institute's research and researchers has continued to be recognised. Research Director Imran Rasul received an OBE for services to social sciences and was appointed Fellow of the Econometric Society. The Director of IFS's Economic and Social Research Council (ESRC) Research Institute, Richard Blundell, received the 2020 Jacob Mincer Award for lifetime contributions to the field of labour economics. Research Director Rachel Griffith was awarded honorary membership of the American Economic Association and was made a Dame in the New Year Honours List, along with IFS Research Fellow, Carol Propper. IFS as a whole won the Office for National Statistics award for research excellence.

This report highlights these achievements along with a small selection of the research and activities that took place over the year.

Careful scrutiny of the finances of IFS is an important part of the Trustees' work; as ever, this has been helped by clear and timely presentation of the facts to the committee by IFS officials. Whilst we, in common with other organisations who seek funding for academic research, face challenges in raising the finances to cover our ambitious programme of work, I am reassured that our financial position is healthy. In 2020, IFS's ESRC Centre – which has now attained 'Institute status' – received a further five years of Research Council funding. This will greatly contribute to future stability. The Institute has also been successful in gaining 'impact acceleration' funding from the ESRC to broaden and deepen the impact of its research, which will be used to invest in digital expansion and public engagement. We have continued with this programme during 2021 by working on a redesign of our website and research information system, as well as designing and running a series of online events and podcasts.

I would like to thank my fellow Trustees for giving their time and expertise so generously throughout the year. On behalf of the Trustees, I also thank all the staff at IFS for their tireless work under trying circumstances, not only to keep the Institute going through a difficult time, but to produce and disseminate excellent research of the highest standard.



A handwritten signature in black ink that reads "David K. Miles". Below the signature is a long, thin horizontal line that tapers at both ends, serving as a decorative underline.

David Miles

Chair of Trustees

Institute for Fiscal Studies

Objectives and activities

The objects of the Institute

The objects of IFS are the advancement of education, for the benefit of the public, by promotion on a non-political basis of the study and discussion of, and the exchange and dissemination of information and knowledge concerning, the economic and social effects and influences of:

- existing taxes;
- proposed changes in fiscal systems; and
- other aspects of public policy,

in each case whether in the United Kingdom (UK) or elsewhere in the world.

So as to advance these objectives, it is IFS's policy to retain the right to publish its reports openly in order to inform public debate and policymaking. The Members of the Executive Committee confirm that they have complied with the duty in Section 17 of the Charities Act 2011 and have taken due regard of the Charity Commission's general guidance on public benefit. Examples of how the Institute has aimed to meet its public benefit are given in the review of 2020, where the Institute's achievements are reported.

Strategic framework

IFS operates within a strategic framework agreed by the Executive Committee; the committee meets every year to discuss strategy with IFS staff, discuss issues, opportunities and difficulties, and agree on objectives. These discussions cover maintaining excellence in research, preserving independence and impartiality in policy analysis, engaging with a wide range of stakeholders, financial viability and good management, good governance, and supporting Institute members.

How has the Institute tried to further these aims?

During the year, the Institute has carried out a wide range of research and has publicised the resulting findings as widely as possible through publications and conference participation, on its own website and in the media. Success lies in the scientific quality of our research and the efficacy with which our findings have informed the public debate. The following pages outline how this has been done.



Review of 2020

In 2020, IFS continued to undertake rigorous research to inform public understanding of crucial policy issues. IFS research spans a broad spectrum of topics and is presented to, and discussed with, audiences that vary from academics at international conferences to UK policymakers to undergraduate students.

2020 was a challenging year for the country as a whole, and much of the Institute's energies were directed towards research that would help policymakers navigate the pandemic and associated economic situation. As well as looking to fund and carry out medium- and longer-term research projects in this area, from very early in the year, researchers used their expertise and any resources at their disposal to advise the government: researchers met frequently with ministers and senior civil servants, as well as opposition MPs, policymakers in Scotland and Wales, and English regional and local authorities.

Academic excellence

In recognition of the contribution made by IFS research and researchers to the advancement of economic understanding, a number of staff received awards and honours for their work.

- Imran Rasul received an OBE for services to social sciences and was appointed Fellow of the Econometric Society.
- IFS won the Office for National Statistics award for research excellence.
- Richard Blundell received the 2020 Jacob Mincer Award for lifetime contributions to the field of labour economics.
- Rachel Griffith was awarded honorary membership to the American Economic Association.
- Rachel Griffith and Carol Propper were both made Dames in the New Year Honours List.

IFS research is funded through research grants, from the UK Research Councils, charitable trusts such as the Nuffield Foundation, and elsewhere (see the financial review on page 17 for details). During 2020, IFS was notified of the outcome of 65 research proposals, of which 38 were approved for funding (58% success rate). Given that the length of the decision process varies somewhat across funders, the number of applications evaluated was broadly comparable to 2019, and, if anything, there was a slight upturn in the success rate (in 2019: 54 evaluated, 29 approved, success rate of 54%). A total of 98 funded research projects were active in 2020, which is almost the same number as in 2019 (99).

Selected ongoing and new research projects from 2020 are

outlined below.

Key new and ongoing research grants

A large number of new projects were undertaken during 2020 to look swiftly at aspects of policy related to the COVID-19 pandemic. These included:

- the effect of the COVID-19 pandemic on families' time use and child development;
- supporting fiscal policy decisions in the COVID-19 crisis;
- impact of COVID-19 on personal finances;
- the impact of the COVID-19 crisis on nutrition;
- COVID-19 and local government revenues and spending;
- understanding the impacts of COVID-19 on the provision of NHS health care and patient outcomes;
- modelling the effects of pandemic control measures and financial support on businesses, regions, and households.

Centre for the Microeconomic Analysis of Public Policy (CPP)

CPP has been at the heart of IFS research and its dissemination over the past 20 years. In recognition of the role this research has played in the UK social sciences, the ESRC elevated the Centre to Institute status, with a new tranche of funding starting in October 2020.

The core objective of the ESRC Institute at IFS is to inform and improve the quality of public debates around economic policy in the UK and internationally. We do this by conducting world-class research, acting as a national resource by collaborating with a wide range of researchers in the UK and abroad, engaging with policymakers and practitioners, and building capacity through training new generations of researchers. We are strongly committed to bringing the high-quality and rigorous insights from our research, and the research of others, to bear on issues of current public interest through many forms of media and communication.

Our research agenda is ambitious and will yield policy-relevant academic research that makes important scientific advances and is published in the most prestigious peer-reviewed journals. This agenda is driven by our core areas of expertise, covers a broad spectrum of interrelated topics and is designed to

address major challenges the UK and other economies face in ensuring the resilience of households, firms and the broader economy. It will continue to evolve in response to the changing policy landscape and wider economic environment.

Our agenda is organised around five interconnected themes:

- inequalities and living standards;
- tax and benefit reform;
- human capital and productivity;
- the challenges of an ageing population;
- demands on public expenditure and public services.

Workers in health care and social care

The National Institute of Health Research (NIHR) launched a new set of Research Units to undertake research to inform decision-making by government and arms-length bodies. King's College London is hosting the Unit on Health and Social Care Workforce, in partnership with IFS and Imperial College London. Of every 100 people working in England today, 13 of them work in social care and health care jobs. Nearly £2 out of every £3 spent on the NHS goes on paying its staff. The Health and Social Workforce Policy Research Unit aims to help government by providing the answers to the workforce questions that affect both the quality and cost of health and social care services. The Unit is tackling a set of research questions agreed with government, with IFS research particularly focusing on analysing recruitment and retention.

Obesity in children and in later life

IFS is part of a consortium led by University College London (UCL) that has been awarded funding from the Department of Health and Social Care for another Policy Research Unit on obesity in children and across the life course. The IFS work stream focuses on policy-related research into the impact of fiscal measures to combat obesity. Work exploits detailed individual-level longitudinal data to learn about the factors that influence behaviours, habits and self-control issues across individuals with different socio-economic and ethnic backgrounds. It also examines the actions of other market participants, such as producers and retailers, in response to fiscal initiatives, and provides evidence on how their actions might help to bolster or confound the effects of policies.

Growing up unequal?

Over the last decades, economic and social inequalities in Europe have risen sharply along many dimensions. This research programme, funded by the ESRC aims to understand these phenomena by focusing on the origins, dynamics and consequences of early inequalities in human capital accumulation in France, Norway and the UK. Our research will benefit policymakers and households across Europe by informing the design of early-life policies that can reduce

social, economic and health inequalities. The research teams are taking a multi-disciplinary, cross-country comparative perspective, and using state-of-the-art econometric methods and rich administrative, longitudinal survey and experimental data from all three countries.

Inequalities and education: adolescence and working life

In another project looking at inequalities in early life, funding from the ESRC allows IFS researchers to investigate the role of human capital in shaping inequalities over the life course in three quite different country contexts. The research team will be led by Professor Sir Richard Blundell from IFS along with two other leading academics with teams in Norway and France. The researchers aim to shed new light on the process of human capital formation during adolescence and adulthood. They look at different dimensions of inequality (on education opportunities and outcomes, human capital, employment and earnings) and how they relate to individual circumstances (such as socio-economic background, gender and family arrangements), how they develop over the life course and how they are influenced by the education and welfare systems.

Pension saving

There is concern that many individuals are not making adequate financial preparations for retirement. Automatic enrolment has been successful at increasing pension membership, but a lifetime of default contributions will not be enough for many, and not everyone is covered by automatic enrolment. Discussion among policymakers and industry is now turning to whether, and how best, to try and further influence individual saving behaviour to improve outcomes. This is an important debate, but there is a risk of policy being formed in a vacuum, based on little evidence of how individuals should – and currently do – change their pension saving behaviour over their lifetimes. This project, funded by the Nuffield Foundation, will fill that void, establishing a robust and rigorous set of theory and evidence on how pension contributions evolve over the life cycle. A vital part of this project will be to disseminate the findings widely and to ensure the evidence that researchers produce is learned from.

Changing patterns of work in later life

IFS researchers are involved in a programme of work with the Centre for Ageing Better that will significantly expand the evidence base around paid work among those approaching later life. This is a crucial area of interest given increasing longevity at older ages. Extending working lives is a key government objective, and fulfilling work has proven potential to improve individuals' financial security, health and well-being into and through retirement.

Through this research, we address the following important research questions.

- How is the nature of paid work at older ages evolving over

time, in terms of the characteristics of employment and the rate of employment churn, and how does this vary across different types of individuals?

- How prevalent are different pathways into retirement – including via reduced hours, a 'bridge job' or a spell in self-employment? How is this changing over time, and how do pathways vary depending on individuals' characteristics and the nature of their work?
- What is the effect of the increase in the state pension age to 66 on the labour market activity of men and women at older ages?
- What is the effect of the increase in the state pension age to 66 on household incomes and living standards?
- Are emerging changes in patterns of paid work at older ages consistent with projections for future labour market activity produced by official forecasters?

Graduate education

Three projects are underway, building on analysis of Longitudinal Education Outcomes (LEO) data already undertaken in previous years. Funding from the Department for Education (DfE) allows researchers at IFS to use this complex data set to further the understanding of educational outcomes amongst graduates and feed into government policy decisions in this area. Areas covered include: the impact of sorting in higher education; heterogeneity in returns; and social mobility scorecards. Additional work has been agreed to cover analysis of recently provided regional LEO data. Analysis of these data will enable the DfE to understand better the factors that drive returns to higher education, including the role that region plays in the educational choices and subsequent outcomes of students across the country.

The effects of getting into good schools

School effectiveness is most commonly assessed through 'value-added' scores, which measure school outcomes relative to predicted outcomes based on school inputs, such as pupil prior attainment. A major concern with these measures is that they might not give an accurate result. The aim of this project is to estimate school effectiveness accurately and to use these estimates to assess the extent of the bias in commonly used value-added measures. The work will enable researchers to assess overall bias in value-added measures, how that bias varies by school and pupil characteristics, and how it could be mitigated. This is highly important for policymakers, since schools are ranked in publicly available league tables based on these scores, and they increasingly influence teacher pay and promotion, and school policy.

Towards a fair and sustainable tax system

The aim of this project is to promote a much wider understanding that the UK is likely to need to raise taxes if it is to maintain public services in the face of pressures such as those from an ageing population over the coming decades, and then to promote policy that makes the UK tax system fairer and more resilient to impending economic, demographic and technological change. With funding from Friends Provident, our focus will be to support a broad public debate about the options faced by the UK in two ways. First, we will produce and disseminate accessible analysis on how the UK could raise additional tax revenues in a fair, efficient and acceptable manner. Second, we will set up a 'tax lab' – an engaging online platform to provide access to a body of resources on how the UK tax system currently works and who would be affected by various reforms.

Communication and stakeholders

In 2019, IFS received UK Research and Innovation (UKRI) funding for five years specifically to enhance the impact of our research in the form of a renewed Impact Acceleration Account. This has been, and will continue to be, used to develop our relationships with key stakeholders – business, central government, and local and devolved governments – and to improve the resources available to the public to aid their understanding of economic issues.

Our communications team and researchers directed their efforts during the year into communicating research findings remotely. Along with a series of online events and videos, we also instigated a regular podcast, IFS Zooms In, often dealing with topics related to the pandemic and policy responses to it.

Conferences and lectures

2020 was an unusual year for events, in that very few took place in person. Of the 46 events organised by IFS, all but the first seven of the year were exclusively held online. We made the decision to make our online events as accessible as possible, so viewers were not required to give their details to watch.

Some highlights are listed below.

- Our event videos from 2020 were watched a combined total of over 53,000 times.
- This year's Green Budget launch was spread out over six online events: three public briefings, two press briefings, and a corporate member briefing. In total, over 500 people watched at least one of these events live, and the videos have had over 2,000 unique viewers since their launch.
- Our analysis of all three fiscal events in 2020 – the Spring

Budget, the Summer Economic Update, and the Spending Review – were streamed live online for free to the general public for the first time. Each one had over 400 live viewers.

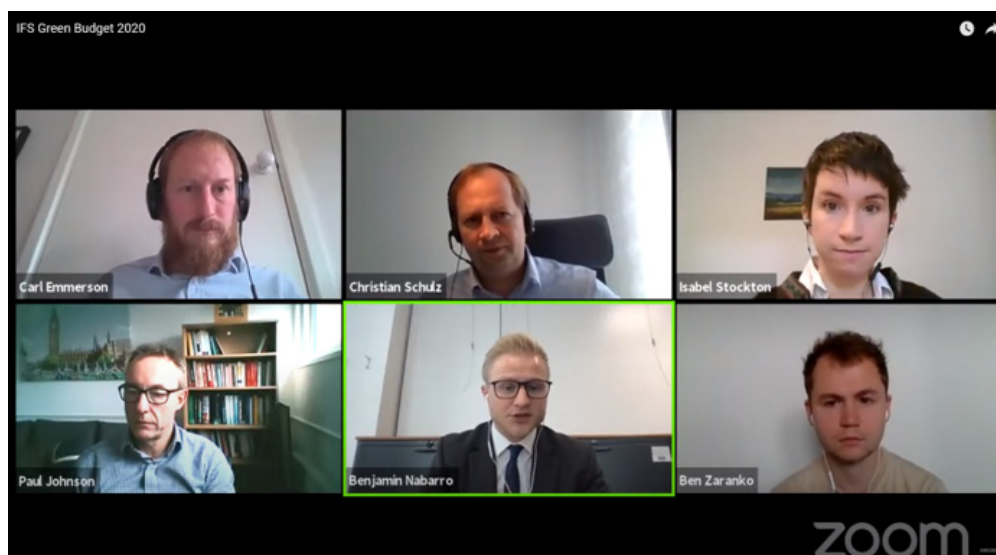
- Our events programme for the ESRC Festival of Social Science was our biggest yet, with 11 events over five days. We used it as an opportunity to engage with other organisations, holding events in partnership with Discover Economics, the Economics Observatory, the Institute for Government, the Local Government Association, National Institute of Economic and Social Research (NIESR), and the UCL Centre for Education Policy and Equalising Opportunities (CEPEO). In total, over 700 people watched one of our events live, with over 2,900 unique viewers (including video playbacks) over the course of the week.

We held three joint (online) debates with the Chartered Institute of Taxation CIOT ('Tax in the 2010s – successes and failures', on 24 June; 'Where next for Capital Gains Tax?', on 17 September; and 'VAT and Customs Duties after Brexit', on 8 December), as well as two events at the virtual Labour and Conservative party conferences ('Tax after the pandemic'). These events were all very popular, with an average live viewership of 365 and over 1,000 total views each.

Research findings and reports

A key strength of IFS is that its analysis of policy and its contributions to the public debate are grounded in rigorous empirical research. IFS researchers published 39 journal articles during the year, including three in the top five economics journals and nine in the leading field journals. These also included:

- thirteen articles, published quickly this year, looking at topics around COVID-19.
- a second special issue of *Fiscal Studies* published at the start of 2020, containing papers reflecting on some of the key research contributions of IFS over the years, following the fiftieth anniversary year in 2019.
- seven journal articles looking at aspects of health and health care, including in developing countries.



A range of the highlights were as follows.

- Livia Alfonsi, Oriana Bandiera, Vittorio Bassi, Robin Burgess, Imran Rasul, Munshi Sulaiman and Anna Vitali, 'Tackling Youth Unemployment: Evidence from a Labor Market Experiment in Uganda', *Econometrica*, November 2020
- Orazio Attanasio, Richard Blundell, Gabriella Conti and Giacomo Mason, 'Inequality in socio-emotional skills: A cross-cohort comparison', *Journal of Public Economics*, November 2020
- Orazio Attanasio, Sonya Krutikova, 'Consumption insurance in networks with asymmetric information', *Journal of the European Economic Association*, July 2020
- Britta Augsborg, Paul Rodríguez-Lesmes, 'Sanitation dynamics: toilet acquisition and its economic and social implications in rural and urban contexts', *Journal of Water, Sanitation and Hygiene for Development*, December 2020
- Oriana Bandiera, Niklas Buehren, Robin Burgess, Markus Goldstein, Selim Gulesci, Imran Rasul and Munshi Sulaiman, 'Women's Empowerment in Action: Evidence from a Randomized Control Trial in Africa', *American Economic Journal: Applied Economics*, January 2020
- James Banks, Agar Brugiavini, Giacomo Pasini, 'The powerful combination of cross-country comparisons and life-history data', *Journal of the Economics of Ageing*, June 2020,
- Le-Yu Chen, Sokbae (Simon) Lee, 'Breaking the curse of dimensionality in conditional moment inequalities for discrete choice models', *Journal of Econometrics*, June 2020
- Laurens Cherchye, Bram De Rock, Rachel Griffith, Martin O'Connell, Kate Smith, Frederic Vermeulen, 'A new year, a new you? Within-individual variation in food purchases', *European Economic Review*, June 2020
- Rowena Crawford, 'Household portfolios and financial preparedness for retirement', *Quantitative Economics*, May 2020

- Pierre Dubois, Rachel Griffith, Martin O'Connell, 'How Well Targeted Are Soda Taxes?', *American Economic Review*, August 2020
- Elaine Kelly, George Stoye, 'The impacts of private hospital entry on the public market for elective care in England', *Journal of Health Economics*, September 2020

Researchers published a range of reports relating to a broad spectrum of important policy areas. Some of the more significant reports are mentioned below.

The IFS annual report on living standards and poverty examines how living standards – most commonly measured by households' incomes – have changed for different groups in the UK, and the consequences that these changes have for income inequality and for measures of deprivation and poverty. In the 2020 report, we focused in particular on the impact of the COVID-19 crisis on different groups in society. Other research on inequality has looked at inheritances and inequality within generations; the impact of school closures on family time use during home learning in the COVID-19 lockdowns; and differences in public attitudes towards trade with other countries.

Researchers launched the third IFS annual report on education spending, funded by the Nuffield Foundation, bringing together data on education spending per student across the life cycle and providing analysis about the major issues facing different sectors. A suite of reports accompanied the annual report on education: these included reports dealing with the impact on lifetime earnings of a degree; and the implications for childcare providers of the COVID-19 crisis.

Researchers also published reports on how attitudes and expectations of retirement have evolved over the last decade,

and the extent to which automatic enrolment into workplace pensions might have brought some employees into pensions who would be better off not saving in a pension at that point. We also produced detailed analysis of the retirement saving of the self-employed and on changes in the generosity of the UK pensions system to the self-employed.

Researchers looking at local government published a number of reports during the year. These examined aspects of local government funding, reform of council tax, consequences for UK regions of the cessation of European Structural and Investment funds, and the effects of the COVID-19 crisis on council funding.

Publications were also launched around key political and fiscal events. Following the Spring Budget statement, IFS researchers helped to explain the implications by answering questions from journalists from all the national papers, as well as conducting interviews on the BBC, ITV and other major broadcasting channels. In addition, as ever, research was disseminated via local radio and newspapers and through a range of online media outlets. Analysis was presented on the day following the Budget to journalists and key civil servants, to explain the implications for the public finances, for businesses and for households. Similar comment and analysis – although entirely done online – were carried out later in the year in response to the Chancellor's Summer Economic Update and the Spending Review.

The IFS Green Budget 2020 was published in October with a detailed analysis of the issues and challenges facing the Chancellor. The areas covered by IFS researchers, and partners at Citi and the Institute for Government, were: the global outlook; UK economic outlook and the road to recovery; emerging challenges for the UK economy; the state of the public finances; managing elevated public debt; Spending Review 2020: COVID-19, Brexit and beyond; Levelling up: where and how?; and temporary benefit increases beyond 2020–21.

The Tax Law Review Committee is a body made up of experts in taxation and tax law, who this year worked with IFS colleagues to produce a report into tax and employment status. This paper addressed some misperceptions that have built up and taken hold of the debate around the current tax structure and its relationship with employment law. The aim was that, once these are understood to be myths, the way forward should be clearer.

Engagement with stakeholders

IFS staff and centre directors give evidence to a wide range of committees each year and also meet with senior policymakers to discuss policy developments and ideas, as well as briefing them on IFS research. In 2020, staff gave or submitted evidence over 15 times (nine times in 2019).

Podcast covers from recent episodes of IFS Zooms In



In 2020, staff have given evidence to:

- Treasury Select Committee (3)
- Health Select Committee (1)
- Welsh Affairs Committee (2)
- Scottish Affairs Committee (2)
- Ministry of Housing, Communities and Local Government Committee (1)
- Education Select committee (1)
- Women and Equalities Select Committee (1)
- Scottish Parliament Social Security Committee (1)
- Finance Committee - Fifth Senedd (2)
- Lords Economic Affairs Committee (1)

Significant contributions by IFS staff to committees, commissions and policy reviews included:

- Carl Emmerson: Member of Social Security Advisory Committee (VC until Sept 20) and sits on the Office for Budget Responsibility advisory board
- Paul Johnson: Sits on Banking Standards Board, Climate Change Committee, 'Engage Britain' board of trustees, HM Treasury Net Zero advisory group.
- Peter Levell: Member of the ONS technical advisory panel on consumer prices.
- Helen Miller: Chair of the Royal Economic Society Communications and Engagement Committee (2019–)
- David Phillips: Sits on the Welsh Government's Tax Advisory Group, and the Finance & Constitution Committee in the Scottish Parliament
- George Stoye: Sits on the Expert Advisory Board for the development of the ONS Health Index for England

Through our website, social media and press activity, we communicate the results of our research directly to the public, to enhance understanding of economics and policymaking. Our primary social media channel is Twitter, where we have over 41,300 followers. We have seen year-on-year growth of 14.4% in 2020. IFS director Paul Johnson's Twitter account has over 32,000 followers, and reached over 11 million impressions in 2020.

Over the past year, YouTube has become more central to our digital strategy as a platform to host livestream events, post videos and share our podcast. It is also used to embed videos on our website. YouTube gives us an exceptional opportunity to reach younger audiences, in 2020 around 80% of our audience on YouTube was aged 18–34. In 2020, people watched 12,400 hours of our content (+220% on 2019) and we had 123,000 views (+122% on 2019). In 2020 our audience of subscribers

almost doubled (from 1,156 to 2,064).

Website traffic to the main IFS website has shown a steady year-on-year increase in page views, users and sessions. Year-on-year page views increased by 75% between 2019 and 2020.

Capacity building

IFS contributes to the UK social science environment by training excellent economists – both our own researchers and those working elsewhere. IFS researchers who move on typically take up positions in academia, in the civil service or in the media where they will put into practice the research and communication skills they have learned at the Institute. During 2020, in-house training for research staff included research skills, media training, writing and presentation skills, Stata and other analytical skills, while there was training for support staff in social media, design, membership management and other communication skills. Much of the training was carried out remotely, but we were able to arrange some sessions in-house when government rules allowed, enabling new recruits to meet their colleagues in person before resuming home-working during the winter lockdown.

Six new graduate economists were taken on in 2020 (2019: six), as well as five post-doctoral researchers (2019: two).

The Institute also runs a summer internship programme. In 2020, we had planned to take on around eight students (2019: eight) for six-week placements, working with research teams on projects that would give them a taste of the type of work undertaken by new research economists. In the event, the restrictions on office working meant that only one student was taken on, working remotely. At the time, it was not possible to supervise the other students remotely and offer them a sufficiently rewarding experience.

In order to encourage diversity and openness in our recruitment process, we continued to look at our recruitment materials to ensure that they were accessible, to provide information to demystify the recruitment and interview process, and to advertise our vacancies widely. We developed a new Equality, Diversity and Inclusion policy: we aim to ensure that the language and imagery used in our recruitment and other materials are a reflection of our policy to embrace diversity. IFS researchers and communications staff are involved in the Royal Economic Society initiative, #DiscoverEconomics, which aims to attract more women, minority students and students from state schools and colleges to study the subject at university. IFS has also been working with a range of think-tanks and social policy research organisations to run recruitment events aimed at minority and potentially disadvantaged groups.

IFS holds a day of talks on issues in public economics of interest to undergraduates in economics and related disciplines. The aim is to focus on the policy implications of research carried out at the Institute also includes a session with IFS researchers talking

about their careers in order to promote both IFS recruitment opportunities and working as an economist in public policy more generally. Over 200 students signed up to attend the 2020 lectures in London. Support from the ESRC allowed us to film the lectures and make them available online.

In 2020, our events programme for the ESRC Festival of Social Science week was our biggest yet, with 11 events over five days aimed at students and members of the general public. This included a day of online lectures given by junior researchers, replacing our usual public economics lecture day. We also used it as an opportunity to engage with other organisations, holding events in partnership with Discover Economics, the Economics Observatory, the Institute for Government, the Local Government Association, NIESR, and UCL CEPEO. In total, over 700 people watched at least one of our events live, with over 2,900 unique viewers (including video playbacks) over the course of the week.

In 2020, the pandemic led us to develop three new online training courses, under the auspices of the Centre for Microdata Methods and Practice (cemmap), attracting government policymakers, charity sector attendees and academics. We also delivered a new online masterclass. The audience for the online masterclass has ranged from 60 to 600 students from all over the globe. Developing our online training courses has improved our ability to run online seminars and conferences. In 2021, the pandemic will make us spend more time and resources working with IFS staff on applied research topics.

During 2020, IFS was instrumental in setting up and launching a website, Economics Observatory, which hosts articles drawing on a range of research that sets out to answer questions about COVID-19 and the UK economy. The site is aimed at a general audience as well as policymakers and others using research to inform their work; it has achieved over 550,000 page views to date.

We also launched a website, Communicating Economics (www.communicatingeconomics.com), containing resources targeted at students, which will help communicate economic ideas to a range of audiences. With support from the ESRC, researchers from IFS and the University Manchester worked with Econ Films to bring together a range of digital resources

for students and teachers to help communicate and engage.

Governance

Strategic oversight

Since mid-March 2020, a senior team comprising the director, deputy directors, deputy research directors, and heads of finance and operations (and ICT when needed), has been meeting frequently via Zoom to coordinate and track progress on issues relating to remote working and the implications for our staff, research programme and finances. A wider management group – comprising the above group and all research team leaders and the heads of communications and research services – has been meeting via Zoom approximately once a month in order to ensure that issues relating to individual projects and staffing are picked up.

Staff welfare and working practices

In order to ensure that staff are coping with the situation, managers are keeping in frequent contact with their teams. We have introduced ways for staff to keep in touch remotely and have offered support to anyone struggling with mental health issues. Two members of staff attended a (virtual) Mental Health First Aid course, something which was already planned before the crisis. We have surveyed staff through the year to try to measure the extent to which difficulties were being experienced and to elicit ideas for what else IFS could do to help. Staff have mostly been working from home, but some staff have been working in the office where needed, in line with government guidance. A risk assessment was carried out and is kept up-to-date to ensure that the office is as safe as possible for staff who need to use it.

The senior management team is drawing up a strategy for handling a return to office working once permitted. This will include consideration of provision for any staff members who have health conditions or other reasons to be more cautious about a return to work, even if the risk of infection is very low. We will also be reviewing our policy on working from home, in preparation for the time when working from home is not enforced. This review will take into account staff preferences, as well as the costs and benefits of more flexible working to the organisation as whole.

2020 in numbers

IFS impact in 2020

49

top five journal articles
past decade (2011–20):

136

top field journal articles
past decade

218

front pages
(129 in 2019)

282

press interviews
(180 in 2019)

186

Hansard mentions
(165 in 2019)

4.7 million +

page views

1.2 million +

website visitors

10 million +

Twitter impressions

Academic and policy publications	2020	2019 [§]	2018
Journal articles	39	34	44
Top five*	3	3	3
Top field journals [◇]	9	7	8
Working papers	73	64	68
IFS reports and briefing notes	63	44 ^{<^}	44
Observations	43	35	29

* *American Economic Review (AER)*, *Econometrica (ECMA)*, *Journal of Political Economy (JPE)*, *Quarterly Journal of Economics (QJE)*, *Review of Economic Studies (ReStud)*

◇ *Journal of Health Economics*, *Journal of Labor Economics*, *Journal of Human Resources*, *Review of Economic Dynamics*, *Journal of Public Economics*, *Journal of Econometrics*, *RAND Journal of Economics*, *The Review of Economics and Statistics*, *Journal of Economic Literature*, *Economic Journal*, *Journal of European Economic Association*, *European Economic Review*, *Journal of Monetary Economics*, *Quantitative Economics*

§ Journal article numbers for 2019 revised downwards since last year's report, as it was decided only to include those attributable to IFS grants.

<^ IFS reports and briefing notes for 2019 and 2018 and Observations for 2019 adjusted to correct errors in last year's report.

Type	2020	2019	2018
Press releases	62	32	30
Newspaper articles and comment pieces	35	61	73
Broadcast mentions	5,952	8,492	8,475
Print mentions	3,243	3,272	3,135
Front pages	218	129	82
Online mentions	15,875	20,479	17,068
Interviews given	282	180	160
Website visitors	1,221,630	710,570	503,057
Twitter impressions (monthly average)	837,500	738,000	663,000
IFS events	46	40	31
Event attendance	6,909	3,900	2,399
Views of event videos	53,000	N/A	N/A

Priorities for 2021 and beyond

Academic excellence

As mentioned above, the ESRC Centre for the Microeconomic Analysis of Public Policy (CPP) at IFS has received funding for five years, starting from October 2020. CPP will continue to underpin the full research programme at IFS, as well as supporting post-doctoral researchers and PhD students to work at the Institute and collaborate with researchers.

Key new research grants

As the country emerges from the COVID-19 pandemic, during 2021 IFS researchers will be embedding questions about how to encourage recovery into paid work across our full range of research programmes. The following specific projects are already funded and due to begin during the year.

Intergenerational transfers, insurance and inequality

Children of economically successful parents are more likely to be economically successful themselves, in terms of having relatively high levels of income, education and wealth. By some estimates, the intergenerational association of economic status in the UK is the strongest in the developed world. These gaps are not only large by international standards, but have also grown in recent decades. Given that equality of opportunity is a common policy goal, disparities in economic outcomes determined by parental background are in urgent need of attention. Tackling such disparities requires an understanding of how they arise and which policies can have an impact. This ambitious programme of research, funded by the ESRC, will further our understanding of the mechanisms whereby parents transmit their economic status to their children, and how this process is influenced by various government policies. We aim to make several advances over the existing literature by employing novel methods, exploiting large linked administrative data sets, and building cutting-edge models of economic decisions.

Public policy in food markets: understanding advertising and choice interdependencies

Understanding which policies are effective at improving diets is a key challenge facing policymakers. To do this, it is necessary to know how policy affects the decisions people make over what food and drinks to consume and those that firms make over pricing and advertising. A central determinant of these decisions is how past choices and experiences (e.g. exposure to advertising, or decisions over healthy vs. unhealthy diet)

affect current ones. We aim to develop tools to model the interaction between consumers and firms. With funding from the Department of Health's Policy Research Unit, we will study two specific applications:

- how advertising affects people's food and drink choices, and how firms choose how to advertise, and
- how choices made for 'out-of-home' consumption (e.g. fast foods) interact with those made for 'at home' consumption.

Welfare integration, labour supply and take-up

The UK, like most developed countries, has had multiple separate but overlapping welfare benefits. It is now implementing Universal Credit, a major reform to integrate many of them, and other countries are considering similar ideas. Yet we have almost no empirical evidence on the impacts of having multiple parallel strands of support, or conversely on the potential impacts of integration, on key outcomes such as labour supply, benefit take-up, and inequality. With funding from the ESRC, we will fill that gap by building a cutting-edge model of labour supply and benefit take-up designed to answer those questions.

Equality and well-being across generations

The main research objective of this project, funded by the Economic and Social Research Council, is to document how inequalities in ageing – such as those between the rich and the poor and those between men and women – have changed across successive birth cohorts, and how public policies aiming to strengthen the fiscal sustainability of welfare systems have counteracted or accentuated these trends. This project will rely on data and reforms carried out in five countries encompassing North America, Western Europe and Scandinavia and carefully chosen to ensure a wide span of institutional arrangements in areas such as labour markets, social security and private pensions: Canada, France, Germany, Sweden and the United Kingdom.

Spending across stages of education

Education spending is the second largest area of public service spending. Academic evidence also shows that the level and distribution of spending across stages can have profound effects on students' outcomes. Significant funding reforms to all stages of education were already expected from this government, and the pressures of the COVID-19 pandemic will add to the challenges facing each stage of education. Understanding the effects of these changes and the damages done during the lockdowns requires rigorous analysis of

spending to set reforms in historical and policy context. The Nuffield Foundation previously funded an IFS research team to produce three annual reports on education spending between 2018 and 2020. These reports have been tremendously successful; they have driven significant media coverage, framed public debate, and directly shaped public policy e.g. on schools funding. Further funding from the Nuffield Foundation will sustain these annual reports for a further three years between 2021 and 2023.

Machine learning methods for studying the trajectories of young offenders in administrative data

Administrative data have the potential to open new and invaluable research opportunities to understand better societal phenomena and support evidence-based policymaking. One research area administrative data can significantly enhance is the analysis of life-course trajectories across key domains of interest to social scientists, including education, economic activity, health, and crime. Administrative data are a rich source of longitudinal information on key socio-economic outcomes and use of public services that can be particularly useful for policy-relevant analysis. Yet, in the UK, these data have been relatively untapped so far. As administrative data and administrative linked data become increasingly available, it is essential that research teams, both in academia and in government, are equipped with the appropriate methodological tool kit to take full advantage of the research possibilities these data offer. With funding from the ESRC, IFS researchers will collaborate with the Ministry of Justice (MoJ) to address this challenge: we will be working on a package of activities to advance the use of machine learning techniques to exploit the richness of MoJ's administrative and linked administrative data sets as sources of information on individuals' offending, educational and economic trajectories and their journeys through the justice system.

Analysing tax, benefit and public spending trends and proposals in the context of the Scottish Parliamentary Elections, 2021

The Scottish parliament and government have responsibility for the majority of public service spending in Scotland, and in recent years have gained powers over key parts of the personal tax and working-age benefit system. How these responsibilities and powers are exercised is of vital importance to the Scottish people, via the services they receive, the income in their pockets, and the performance of the wider economy. It is therefore crucial to assess and scrutinise the current government's record and each party's proposals in the forthcoming Scottish elections. To this end, with funding from the Scottish Policy Foundation, we will analyse recent trends in public spending, tax revenues and policy, and the new Scottish social security system. We will also analyse tax,

benefit and public spending proposals made by the main political parties, assessing their impacts on revenues and across the income distribution, as well as their consistency with stated policy objectives and good design principles. Findings will be published in two reports and disseminated widely via a virtual event, and social, print and broadcast media.

Communication and stakeholders

As an institute, our overarching aim is to conduct wide-ranging, high-quality microeconomic research to help inform evidence-based policymaking and improve the quality of public scrutiny and debate at local and national levels. Strengthening and extending our Knowledge Exchange and impact strategies and encouraging learning, development and innovation are therefore key to our success.

We will build on experiences during remote working to increase and improve the digital and online aspects of our communications strategy, even after a general return to office working. This will allow us to reach a wider audience.

We have three overarching aims to widen our impact.

- We aim to develop stronger engagement and relationships with, and have an increased impact on, three key stakeholder groups: business, central government, and local and devolved governments. This will lead to improved understanding, engagement and knowledge exchange. This will inform our own research programmes, build coalitions of funders, and affect the understanding and policies of these groups.
- We aim to improve public understanding of our research, economic principles and public policy. This is a huge task to set ourselves as a small organisation but it is an increasingly vital role for research organisations wanting to have the ultimate effect of improving policy. To provide information directly to the public, we have secured funding from Friends Provident to build a website, TaxLab, which will hold accessible materials, including videos, graphics and summaries of research, on the subject of tax. The aim is to explain the workings of the tax system and policy choices in a way that is interesting and relevant to members of the public.
- We will also train and develop research and support staff at all career stages. The ultimate objective is to ensure the sustainability of our capacity to carry out excellent research and ensure its impact, and make certain that we build on our past successes in creating new generations of researchers who can go on to influential positions in academia and public policy, where they can have long-term positive effects on policy and public understanding.

Capacity building

As mentioned above, our aim is to train and develop research and support staff at all career stages.

We have taken on a number of new recruits in 2020 who will be trained and developed over the year. In the autumn of 2021, at least one new graduate will start work at IFS and will be trained in research and communication skills, working alongside more experienced researchers and Research Fellows and Associates, who are leaders in their fields from universities in the UK and overseas.

We plan to take on a further two Post-Doctoral Fellows from September 2021 on two-year contracts, as well as an additional one-year placement for a post-doctoral researcher at a UK institution, with funding from the ESRC to increase the skills and policy understanding of early-career researchers.

The Institute will also host a number of graduate students, who will work on PhDs under the supervision of senior staff, working alongside researchers whose research interests they share. The specific expertise of these individuals will feed into related research programmes and will enrich the knowledge of colleagues through frequent seminars and interchange of views. The researchers themselves will also benefit from the

stimulating intellectual environment at IFS and they are likely to go on to research or teaching posts in the future, where they will be able to apply what they have learned. We will also be offering annual placements for PhD students of between 6 months and one year, with the aim of enriching their PhD studies with policy research experience and allowing them to expand their networks.

Over the summer, we will host between six and eight economics students in paid internships: we anticipate that lockdown restrictions will not be in place by this time, but if necessary, we will endeavour to run the placements remotely. The students will work on projects with IFS researchers to give them a flavour of what policy-relevant research is like. We will also host work experience students in collaboration with the Higher Education Access Network, as part of our commitment to diversity. Throughout our recruitment process, we will continue to look for ways to encourage diverse applicants to apply and to recruit staff from a range of backgrounds. We have developed a new Equality, Diversity and Inclusion policy, which feeds into our recruitment strategy.

Strategic report

Financial review

The results for the year ended 31 December 2020 are presented in the Statement of Financial Activities on page 25. The level of activity was similar from 2019 to 2020. Total income was £9,802,176 (2019: £9,272,321) and total expenditure was £9,672,723 (2019: £9,093,975).

The Statement of Financial Activities shows an overall surplus for the year ended 31 December 2020 of £129,453 (2019: £178,346), representing a surplus on charitable activities of £25,447 (2019: £21,051).

The Institute attempts to raise its research funds from a range of organisations so that it is not dependent upon a single source of funding. Although 41% of the income recognised in 2020 was provided by the ESRC (40% in 2019), this funding covers a wide range of projects.

The investment policy of the Executive Committee has been to invest cash reserves in interest-bearing accounts and not to risk any of the principal. At the end of the year, £1,242,992 was held in a COIF Charities Deposit Fund (2019: £1,239,733) and £3,246,702 (2019: £3,120,380) was held in cash.

Reserves policy

The Reserves policy is twofold: one, to hold funds for working capital purposes and as a contingency, should sufficient new funding not emerge or should existing contracts be cancelled; and two, to reflect the net book value of fixed assets.

As at 31 December 2020, the Institute's total reserves were £3,114,223 (2019: £2,984,770), comprising the unrestricted General Fund of £3,020,505 (2019: £2,853,977) and the unrestricted Fixed Asset Fund of £93,718 (2018: £130,793).

The General Fund reflects the Institute's net current assets and is considered to be the amount of reserves that could be easily converted to cash, should the need arise. The target is for the General Fund to be maintained at a level to cover up to six months' expenditure (excluding direct project costs). The Trustees wish to continue to raise modest surpluses so that the General Fund meets this target.

The Fixed Asset Fund was established in 2010 such that this fund would be equivalent in value to the net book value of the Institute's fixed assets. The value of IFS fixed assets was lower at year-end than at the beginning of the year and so the fund has been decreased accordingly with a transfer to the IFS General Fund. The Reserves policy is subject to active review in the light of prevailing circumstances.

	2020	2020	2020	2019	2019	2019
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Cash and cash equivalents	3,316,094	1,173,600	4,489,694	3,022,054	1,338,059	4,360,113
Less net grants received in advance	(42,815)	(702,398)	(745,213)	96,075	(1,208,948)	(1,112,873)
Cash holdings (excluding net project grants received in advance)	3,273,279	471,202	3,744,481	3,118,129	129,111	3,247,240
Other working capital	(252,774)	(471,202)	(723,977)	(264,152)	(129,111)	(393,263)
General Fund	3,020,505	-	3,020,505	2,853,977	-	2,853,977
No. of months of forecast expenditure (excluding direct project costs)	4.9 months			4.8 months		
Target level for the General Fund: (6 months forecast expenditure, excluding direct project costs)	£3.6m			£3.5m		

Principal risks and uncertainties

The Executive Committee has overall responsibility for ensuring that the Institute has appropriate systems of control, both financial and operational. These systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

During the year, the Executive Committee continued to review the major financial and operational risks facing the Institute. It continues to monitor, on an annual basis, the implementation of any changes necessary to ensure that, as far as is reasonable, controls are in place to protect the Institute, its members, its staff, the general public and other stakeholders.

The primary risks relate to financial issues and in particular to the reliance on the ESRC for a large proportion of the Institute's research funds. However, this funding represents a mix of long-term and short-term funding, which reduces the immediate risk. Additionally, a significant proportion of our staffing costs relates to staff from UK universities whose funding is explicitly aligned with ESRC funding, meaning that these costs can be reduced or terminated in line with the funding stream. The Institute continues to seek to diversify its funding sources in order to spread the risk.

Another key risk is in relation to our people and the risk of losing key staff. We attach a high priority to supporting our staff in developing their skills, whether through further study or by giving them opportunities to become involved with all aspects of research and communication throughout their careers. New Research Economists are provided with mentors and are given the opportunity to take on managerial responsibility as and when they are ready. Staff representatives, elected by peers, include in their remit the discussion of staffing issues with senior management. Regular reviews of selection procedures and conditions of service take place, together with periodic monitoring of salaries offered elsewhere. Staffing requirements are planned as far in advance as possible, and good relationships are maintained with top universities and institutions, both in the UK and overseas.

IFS is a leading academic institute, and it is imperative to maintain the quality of our research. Quality assurance procedures are in place that require the involvement of senior

staff for all projects. Staff adhere to the IFS code of good practice in research and Social Research Association (SRA) ethical guidelines, and rulings of the UCL Research Ethics Committee. Any interactions with research participants are governed by this code and by established ethics principles and obligations. There is regular discussion of ongoing research at senior management meetings and, in addition, the Advisory Boards for the ESRC Centres have oversight of the Centres' research programmes.

Like all organisations, IFS has been affected by the COVID-19 pandemic and the resultant economic effects and uncertainty. As an organisation, our primary concern is the safety and well-being of our employees and their families, our research partners and suppliers. The future impact of the pandemic is uncertain and amongst other things will depend on actions taken to contain COVID-19, and the evolution of the coronavirus globally. We have started planning for medium- and longer-term changes to our research programme to reflect new challenges that will face policymakers – and society more generally – in the wake of the COVID-19 pandemic. In the short and medium term, the Trustees believe that IFS is in a good financial position with sufficient liquidity to navigate through this challenging environment.

Going concern

The IFS has modelled and stress tested its cash flows and this work concluded that it will have sufficient liquid resources (cash and investments that can be converted to cash) to continue to operate for at least 12 months from the date of approval of these financial statements.

The Executive Committee considered the extreme scenario that no projects currently applied for were successful, that no further applications were submitted, and that all debtors were delayed by three months whilst all creditors were settled in the current month. Even in this case, which is not considered even remotely likely, the IFS's cash position was only projected to turn negative greater than 12 months from the date of signing these accounts. Therefore, the Executive Committee remains of the view that there are no material uncertainties that call into doubt IFS's ability to continue. The financial statements have therefore been prepared on the basis that IFS is a going concern.

Governance and management

Constitution

The Institute for Fiscal Studies (IFS) was incorporated by guarantee on 21 May 1969. It is a private company limited by guarantee and has no share capital. It is a registered charity. The guarantee of each Company Law member ('Member') is limited to £1. The governing document is the Memorandum and Articles of Association of the Company and the members of the Executive Committee are the Directors of the Company and the Trustees.

Company Law members consist of the IFS Council members. At the end of November 2020, the number of guarantors was 46 (41 at the end of November 2019), four of whom were elected by the IFS members. The Articles contain the provision that the IFS Council be expanded to no more than 50 persons and that when complete it shall consist of 45 members elected by Council and five members elected by the wider IFS membership.

Members of the Executive Committee

The Executive Committee, which is made up of the Trustees of the Institute, is established by the IFS Council: Trustees are elected by the Council from among themselves, and consists of at least seven and no more than twelve people, one of whom is the President of the Council. Trustees serve three-year terms, and will usually only serve a maximum of three terms. The Executive Committee met five times during the year. Committee membership during 2020 was:

- Jonathan Athow
- James Bell
- John F. Chown
- Margaret Cole (retired April 2020)
- David Gregson
- Caroline Mawhood
- David Miles (Chair)
- Orna NiChionna (joined July 2020)
- Gus O'Donnell (President, IFS Council)
- Michael Ridge
- Nicholas Timmins

As part of the organisation's governance review (see below), the Executive Committee had set up two subcommittees during 2019 to help improve scrutiny of the Institute's operations. These are a Nominations committee and an Audit committee. The remits of the committees, which continued to meet during 2020, are as follows.

Audit committee

The Audit Committee's overall objective is to give advice to the Executive Committee on:

- the overall processes for risk, control and governance;
- management assurances and appropriate actions from external audit and internal audit (if appropriate) findings, risk analysis and reporting undertaken;
- the financial control framework and supporting compliance culture;
- accounting policies and material judgements, the accounts and the annual report and managements' letter of representation to the external auditors;
- whistle blowing arrangements for confidentially, raising and investigating concerns over possible improprieties in the conduct of IFS business;
- processes to protect against fraud and corruption;
- the planned activity of internal audit (if appropriate) and external audit.

Nominations committee

- To develop and maintain rigorous and transparent procedures for appointments and re-appointments to the Council and the President, Trustees and its committees.
- To propose candidates for appointment to the Council and to the Board of Trustees.
- To formulate plans for succession and ensure that there is a transparent and fair procedure for the appointment of the President, Chair of trustees, Honorary Officers members of the Council and Board of Trustees.
- To review regularly the composition of the Board and its committees, (including their diversity, balance of skills, knowledge and experience) and make recommendations to the Board with regard to any adjustments that are deemed necessary.
- To review the results of the Board performance evaluation process that relate to the composition of the Board.

Induction and training of Trustees

New Trustees receive training and induction following their appointment. Trustees are kept up-to-date with IFS research by a rolling programme of research presentations made at each meeting of the Executive Committee.

Remuneration policy

The salary of the Director is determined by the Executive Committee when renewing his contract and is normally adjusted each year for a cost-of-living adjustment, in line with salaries across the Institute. The pay of all other staff is reviewed by the Director and, where appropriate, other members of senior management annually and is also usually increased by a cost-of-living adjustment. From time to time, the salary scales of the Institute are benchmarked against comparable organisations. In 2020, the services of the Research Directors, Rachel Griffith, Fabien Postel-Vinay and Imran Rasul, were provided by the University of Manchester (Griffith) and UCL (Postel-Vinay and Rasul) under contracts that reimburse the universities for an agreed percentage of the individual's salary, National Insurance and pension costs. Further details on these amounts are included in note 8 to the accounts.

Organisational structure of the Institute and the decision-making process

The overall management of IFS is carried out by the Director, Paul Johnson, who reports to the Trustees on a quarterly basis. The Director is part of the Senior Management Team of the Institute, which also comprises the Deputy Directors, Carl Emmerson, Robert Joyce and Helen Miller, and the Research Directors, Professors Rachel Griffith, Fabien Postel-Vinay and Imran Rasul.

The Executive Committee delegates the operational responsibilities of the Institute to the Director of the Institute via a 'Scheme of Delegation' to the Director of the Institute, who in turn delegates various duties to senior staff.

The Institute employed directly an average of 89 (2019: 82) full- and part-time staff usually based at its office in Ridgmount Street, London. Research staff are divided into sectors, and administrative staff provide support facilities.

The Institute also employed indirectly 15 (2019: 15) senior academic staff based at UK universities on a part-time basis. In addition, a number of other academics from both UK and overseas institutions work with the staff as Research Fellows and Research Associates on an ad hoc collaborative basis.

Statement of policy on fundraising

Section 162a of the Charities Act 2011 requires us to make a statement regarding fundraising activities. We do not undertake widespread fundraising activities with members of the public, although we do accept donations or offers from partners to contribute to work that we undertake. The legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes'. Such amounts receivable are presented in our accounts as 'donations and legacies'. We do not use professional fundraisers or 'commercial participators' or any other third parties to solicit donations. We are therefore not subject to any regulatory scheme or relevant codes of practice, nor have we received any complaints in relation to fundraising activities.

Charity Governance Code

In July 2017, the new Charity Governance Code was published setting out recommended practice. The Executive Committee is supportive of the principles set out in the code and is keen to ensure that these are built into the governance of the organisation. To this end, during 2019, Trustees carried out a detailed review of its governance policies and procedures with reference to the code and agreed on a plan to put in place measures to comply where appropriate. The plan is now being implemented.

The Committee noted the updates made to the governance code in 2020, relating to integrity and to diversity. Integrity has always been central to the values of the Institute and a *sine qua non* for staff, Trustees and collaborators. The Trustees are satisfied that their procedures are in keeping with the revised code and are appropriate to uphold integrity to a high standard.

In the light of updated principles relating to diversity and inclusion, the Nominations Committee has considered these criteria when looking at the make-up of the Board of Trustees and of the Council. In particular, the Trustees are delighted that they have been able to increase both gender and ethnic diversity on the Council, a step that was much needed and a trend that they will strive to continue.

Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including income and expenditure, of the charity for the year. In preparing those financial statements, the Trustees are required:

- to select suitable accounting policies and then apply them consistently;
- to observe the methods and principles in the Charities SORP;
- to make judgements and accounting estimates that are reasonable and prudent; and
- to prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the charity will continue in business.

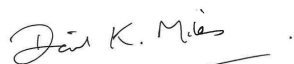
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, to disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees at the time the report is approved are aware:

- there is no relevant audit information of which the auditor is unaware; and
- they have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the UK governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Approved and authorised for issue by the Executive Committee and signed on their behalf by



David Miles, Chair of the Executive Committee

17 June 2021

Company registered number: 00954616

Registered Charity: 258815

Auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE FOR FISCAL STUDIES

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 December 2020 and of its incoming resources and application of resources 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.

We have audited the financial statements of The Institute for Fiscal Studies ("the Charitable Company") for the year ended 31 December 2020 which comprise the Statement of Financial Activities, Balance sheet, Statement of cash flows 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).

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 Charitable Company in accordance with the ethical requirements 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 related to going concern

In auditing the financial statements, we have concluded that the Trustees' 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 Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditor's report thereon. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic 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 Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

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 misstatement in the Strategic report or the Trustee's 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 Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines 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 Trustees 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 Trustees 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

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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 industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be the Charities Act, UK Companies Act and relevant tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

In addition the Charitable Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: Employment Law and Data Protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence if any.

There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

Audit procedures capable of detecting irregularities including fraud 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;
- Reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC to identify any actual or potential

frauds or any potential weaknesses in internal control which could result in fraud susceptibility;

- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Enquiries as to whether there have been any serious incident reports or correspondence with the Charity Commission and reviewing and assessing the impact of any reports or correspondence;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the progress of multi-year research projects and the classification of grants and contracts as restricted or unrestricted; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://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.

DocuSigned by:

Fiona Condron

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Fiona Condron (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Gatwick, UK

Date: 17 June 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial reports

Statement of financial activities

Year ended 31 December		2020 Unrestricted £	2020 Restricted £	2020 Total £	2019 Total £
Income from:					
Donations and legacies	2	152,790	-	152,790	191,944
Charitable activities	3	1,322,443	8,319,794	9,642,237	9,056,411
Investment income	4	6,468	-	6,468	18,196
Other income		681	-	681	5,770
Total income		1,482,382	8,319,794	9,802,176	9,272,321
Expenditure on:					
Raising funds	6	55,933	-	55,933	58,615
Charitable activities	6	813,675	8,803,115	9,616,790	9,035,360
Total Expenditure		869,608	8,803,115	9,672,723	9,093,975
Net income		612,774	(483,321)	129,453	178,346
Transfers between funds	13	(483,321)	483,321	-	-
Net movement in funds		129,453	-	129,453	178,346
Reconciliation of funds:					
Total funds brought forward	13	2,984,770	-	2,984,770	2,806,424
Total funds carried forward	13	3,114,223	-	3,114,223	2,984,770

There were no other recognised gains or losses other than the net income for the year. All amounts relate to continuing operations.

Balance sheet

As at 31 December		2020	2019
		£	£
Fixed assets			
Tangible assets	10	93,718	130,793
Total fixed assets		93,718	130,793
Current assets			
Debtors	11	2,120,020	2,081,457
Short term deposits		1,242,992	1,239,733
Cash at bank and in hand		3,246,702	3,120,380
Total current assets		6,609,714	6,441,570
Liabilities:			
Creditors: Amounts falling due within one year	12	(3,589,210)	(3,587,593)
Net current assets		3,020,505	2,853,977
Net assets		3,114,223	2,984,770
Total funds:			
Unrestricted funds			
- General Fund	13	3,020,505	2,853,977
- Fixed Asset Fund	13	93,718	130,793
		3,114,223	2,984,770
Restricted	13	-	-
Total		3,114,223	2,984,770

Approved and authorised for issue by the Executive Committee and signed on their behalf by



David Miles, Chair of the Executive Committee

17 June 2021

Company registered number: 00954616

Registered Charity: 258815

Statement of cash flows

Year ended 31 December	2020	2019
	£	£
Reconciliation of net income to net cash flow from operating activities		
Net income for the reporting periods (as per the Statement of Financial Activities)	129,453	178,346
Adjustments for:		
Depreciation charges	76,002	83,062
Interest on investments	(6,468)	(18,196)
(Increase) in debtors and accrued income	(38,564)	(661,383)
Increase in creditors and accrued expenses	28,224	441,805
(Decrease) in grants received in advance of expenditure	(26,607)	(577,102)
Net cash (expended on)/generated from operating activities	162,040	(553,468)
Interest on investments	6,468	18,196
Purchase of tangible fixed assets	(38,928)	(49,510)
Cash flows from investing activities	(32,460)	(31,314)
Change in cash and cash equivalents in the reporting period	129,581	(584,782)
Cash and cash equivalents at the beginning of the reporting period	4,360,113	4,944,895
Cash and cash equivalents at the end of the reporting period	4,489,694	4,360,113
Analysis of cash and cash equivalents		
	2020	2019
	£	£
Short term deposits	1,242,992	1,239,733
Cash at bank and in hand	3,246,702	3,120,380
Total cash and cash equivalents	4,489,694	4,360,113

No net debt reconciliation has been presented as the Institute has no borrowings or external debt.

Notes to the accounts

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:

a) Basis of preparation

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

The Institute for Fiscal Studies 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).

Going Concern

The IFS has modelled and stress tested its cash flows and this work concluded that it will have sufficient liquid resources (cash and investments that can be converted to cash) to continue to operate for at least 12 months from the date of approval of these financial statements.

The Executive Committee considered the extreme scenario that no projects currently applied for were successful, that no further applications were submitted, and that all debtors were delayed by three months whilst all creditors were settled in the current month. **Even in this case, which is not considered even remotely likely, the IFS's cash position was only projected to turn negative greater than 12 months from the date of signing these accounts.** Therefore the Executive Committee remains of the view that there are no material uncertainties that call into doubt IFS's ability to continue. The financial statements have therefore been prepared on the basis that IFS is a going concern.

b) Tangible fixed assets and depreciation

All tangible fixed assets costing more than £1,000 (excluding VAT) are capitalised and depreciated. Depreciation of fixed assets is calculated to write off the cost of each asset over the term of its estimated useful life.

The Executive Committee has determined that all costs relating to the refurbishment of the premises and any furniture be depreciated over five years and all other assets depreciated over three years. Assets are written off on a straight-line basis commencing from the quarter after the date of purchase. Where the length of any remaining lease is less than five years then any refurbishment costs are depreciated up to the end of the year in which the lease comes to an end.

c) Income – Membership subscriptions and donations

Membership income is deferred to the extent that it relates to services to be provided in future periods. Donations are credited to the statement of financial activities at the date of receipt.

d) Income - Publications

Royalty income receivable from the publisher of the IFS owned journal, *Fiscal Studies*, is recognised on an accruals basis and in accordance with the substance of the publishing agreement.

e) Income – Research Activities

Income from research activities is recognised when the Institute has entitlement to the funds, when it is probable that the income will be received and the amount can be measured reliably.

The Institute is usually entitled to research income in stages over the course of a project, subject to performance-related conditions requiring a particular level of service or output, often approximating to when related expenditure is incurred. In such cases, research income is credited to the statement of financial activities when it falls due to be received to the extent that it is matched by related expenditure.

Where donations or grants are received without performance-related conditions, entitlement usually arises on receipt and research income is credited to the statement of financial activities when it falls due to be received.

f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably.

g) Allocation of expenses

Direct and indirect expenses are included when incurred. The majority of expenses are directly attributable to specific activities. Indirect overhead costs (e.g. premises and administration) are allocated on a basis consistent with the use of the resource, usually on a per capita basis. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

h) Pension costs

The pension cost charge represents contributions payable by the Institute to employees' personal pension plans in respect of the year.

i) Operating Leases

Leasing charges in respect of operating leases are charged to the statement of financial activities as they are incurred.

j) Current asset investments – short-term deposits

Current asset investments include cash on deposit and cash equivalents held for investment purposes rather than to meet short term cash commitments as they fall due.

k) Foreign currency

The value of the balances in the Institute's Euro and US Dollar accounts at the end of the year was based on the exchange rate as at 31 December 2020. Transactions in foreign currencies are calculated at the exchange rate ruling at the date of the transaction and Institute-wide foreign exchange gains or loss made during the year are taken into account in arriving at the net income for the year.

l) Financial instruments

The IFS 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.

m) Critical accounting estimates and areas of judgement

Preparation of the financial statements requires some judgements and estimates to be made. The items in the financial statements where judgements and estimates are made include:

- judging the progress of multi-year research projects;
- estimating the useful economic life of tangible fixed assets; and
- estimates relating to the allocation of support costs across expenditure categories.

n) Funds

IFS maintains three internal funds, which include restricted and unrestricted funds:

Unrestricted – General Fund: These funds are derived from any unrestricted donations and grants received by IFS as well as from contracts for research which are unrestricted in nature. These are funds which can be used for any purpose within the charitable objects of IFS.

Unrestricted – designated Fixed Asset Fund: This fund represents resources set aside to cover future capital expenditure. The value of this fund at the year-end represents the net book value of tangible and intangible fixed assets.

Restricted – research funds: These funds represent grants and donations received to cover project expenditure on research projects. The restrictions are imposed by the funder, usually with respect to the specific research project being undertaken. The nature of the portfolio of research grants and contracts is such that in most cases income and expenditure are closely matched.

2 Membership and donations

	2020 £	2019 £
Corporate membership	99,257	143,849
Individual membership	28,533	17,944
	127,790	161,793
Other donations	25,000	30,151
	152,790	191,944

3 Income from charitable activities

IFS frequently collaborates with universities and other research organisation. The income classification below is based on the ultimate funder of the research.

	2020	2020	2020	2019	2019	2019
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
ESRC	-	3,979,522	3,979,522	-	3,575,962	3,575,962
Charitable Trusts and Foundations	175,076	1,583,674	1,758,750	15,795	1,882,528	1,898,323
Government (or similar)	779,517	2,595,749	3,375,266	945,602	2,272,373	3,217,975
Other organisations	300,086	160,849	460,935	23,138	258,182	281,320
Event income	26,174	-	26,174	28,406	-	28,406
Publications	41,590	-	41,590	54,425	-	54,425
	1,322,443	8,319,794	9,642,237	1,067,366	7,989,045	9,056,411

IFS receives funds in the form of project grants, directly and indirectly, from the UK and other national governments, other governmental agencies and international governmental bodies. These funds are tied to specific research-related activities in the course of the standard charitable activities of IFS. IFS does not receive any funding in the form of general government grants or assistance. Therefore, it is not felt to be necessary, useful or practical to disclose further analysis within these accounts.

4 Investment income

All investment income arises from money held in interest bearing deposits.

5 Analysis of expenditure

Total costs include payments to third parties that work together with the IFS on particular projects. Where the Institute is the lead organisation, it receives funding from the grant-giving body for all participating organisations for onward transmission. Gross receipts are reflected in the Institute's revenues and, depending on the types of project undertaken, may vary significantly from year to year.

	Total charitable activities	Raising funds	Governance costs	Support costs	2020 Total	2019 Total
Research collaborations and subcontracts	1,555,442	-	-	-	1,555,442	1,401,519
Data costs and data collection costs	691,086	-	-	-	691,086	446,936
IFS travel, accommodation and subsistence	32,064	-	-	-	32,064	130,271
Visitor travel, accommodation and subsistence	18,013	-	-	-	18,013	56,452
Event, publication and dissemination costs	385,992	497	-	41,287	427,776	519,554
Other direct costs	99,285	-	-	-	99,285	142,001
Premises	-	-	-	581,049	581,049	571,126
IT and office costs	-	-	-	286,723	286,723	173,620
Other staff costs	-	-	-	61,074	61,074	132,068
Insurance and professional fees	-	-	22,208	86,097	108,305	93,313
Other	-	-	-	3,361	3,361	70,024
Total costs (excluding staff costs)	2,781,882	497	22,208	1,059,592	3,864,179	3,736,884
Staff costs (universities)	569,149	-	-	-	569,149	714,465
Research Fellows and Research Associates	214,182	-	-	-	214,182	249,213
	783,331	-	-	-	783,331	963,678
IFS staff costs (research)	4,025,278	-	-	-	4,025,278	3,499,844
IFS staff costs (events and dissemination)	-	26,747	-	348,317	375,064	336,674
IFS staff costs (research services)	-	17,244	-	155,192	172,436	168,066
IFS staff costs (central)	-	-	19,090	433,346	452,436	388,829
	4,025,278	43,991	19,090	936,855	5,025,214	4,393,413
Total staff costs (Including Fellows and Associates)	4,808,609	43,991	19,090	936,855	5,808,545	5,357,091
Total expenditure	7,590,491	44,488	41,298	1,996,447	9,672,723	9,093,975
Allocation of support costs (including governance)	2,026,299	11,446	(41,298)	(1,996,447)	-	-
Total expenditure	9,616,790	55,933	-	-	9,672,723	9,093,975

Analysis of expenditure 2019

Analysis of expenditure 2019	Total charitable activities	Raising funds	Governance costs	Support costs	2019 Total
Research collaborations and subcontracts	1,401,519	-	-	-	1,401,519
Data costs and data collection costs	446,936	-	-	-	446,936
IFS travel, accommodation and subsistence	130,271	-	-	-	130,271
Visitor travel, accommodation and subsistence	56,452	-	-	-	56,452
Event, publication and dissemination costs	473,362	4,966	-	41,226	519,554
Other direct costs	142,001	-	-	-	142,001
Premises	-	-	-	571,126	571,126
IT and office costs	-	-	-	173,620	173,620
Other staff costs	-	-	-	132,068	132,068
Insurance and professional fees	-	-	28,048	65,265	93,313
Other	-	-	196	69,828	70,024
Total costs (excluding staff costs)	2,650,541	4,966	28,244	1,053,133	3,736,884
Staff costs (universities)	714,465	-	-	-	714,465
Research Fellows and Research Associates	249,213	-	-	-	249,213
	963,678	-	-	-	963,678
IFS staff costs (research)	3,499,844	-	-	-	3,499,844
IFS staff costs (events and dissemination)	-	25,090	-	311,584	336,674
IFS staff costs (research services)	-	16,807	-	151,259	168,066
IFS staff costs (central)	-	-	17,773	371,056	388,829
	3,499,844	41,897	17,773	833,899	4,393,413
Total staff costs (including Fellows and Associates)	4,463,522	41,897	17,773	833,899	5,357,091
Total expenditure	7,114,063	46,863	46,017	1,887,032	9,093,975
Allocation of support costs (including governance)	1,921,297	11,752	(46,017)	(1,887,032)	-
Total expenditure	9,035,360	58,615	-	-	9,093,975

6 Expenditure

	Unrestricted	Restricted	2020 Total	2019 Total
Cost of raising funds				
Direct costs (membership programme)	497	-	497	4,966
Staff costs (direct)	43,991	-	43,991	41,897
Support and governance costs (allocation)	11,446	-	11,446	11,752
	55,933	-	55,933	58,615
Charitable activities				
Project costs	130,185	2,651,697	2,781,882	2,650,541
Staff costs (Total)	576,455	5,188,099	5,764,554	5,315,194
Support and governance costs (allocation)	107,035	963,319	1,070,354	1,069,625
	813,675	8,803,115	9,616,790	9,035,360
Total Expenditure	869,608	8,803,115	9,672,723	9,093,975

2019	Unrestricted	Restricted	2019 Total
Cost of raising funds			
Direct costs (membership programme)	4,966	-	4,966
Staff costs (direct)	41,897	-	41,897
Support and governance costs (allocation)	11,752	-	11,752
	58,615	-	58,615
Charitable activities			
Project costs	309,856	2,340,685	2,650,541
Staff costs (total)	425,216	4,889,979	5,315,194
Support and governance costs (allocation)	85,570	984,055	1,069,625
	820,642	8,214,718	9,035,360
Total expenditure	879,257	8,214,718	9,093,975

IFS initially identifies the costs of its support functions. It then identifies those costs which relate to governance. The remaining support costs together with the governance costs are apportioned between charitable activities and the cost of raising funds.

The cost of raising funds include costs related to the IFS membership programme and costs related to activities focused on seeking funding. This includes some direct costs and direct staff time, as well as an allocation of support costs. Support costs are allocated on the basis of staff time.

Governance costs include the costs of external audit. Other governance costs relate primarily to costs associated with the AGM and Annual lecture and dinner and also include travel and accommodation expenses for one Council member. No expenses were claimed by the Trustees during the year (2019: £0).

7 Net income

Net income is stated after charging:

	2020	2019
	£	£
Depreciation	76,002	83,062
Auditor's remuneration		
- Audit fees	20,330	17,800
Operating lease rentals - property	384,000	375,000

Audit fees are stated net of VAT and disbursements.

8 Analysis of staff costs and key management personnel

	2020	2019
	£	£
Wages and salaries	4,332,636	3,791,893
Social security costs	435,946	373,556
Pension costs	256,632	227,964
	5,025,214	4,393,413
<i>Comprising:</i>		
Researchers	4,025,278	3,499,844
Support staff	999,936	893,569
IFS payroll staff	5,025,214	4,393,413
Staff costs (universities)	569,149	714,465
Research Fellow and Research Associate payments	214,182	249,213
	5,808,545	5,357,091

IFS has agreements in place with several universities/institutions for the provision of an agreed proportion of the working time (typically 10-50%) of, during 2020, on average 15 (2019:15) named, highly skilled individuals to carry out specific research duties at IFS in their areas of academic excellence. In 2020, £80,000 (2019: £92,500) of the amount for Research Fellows and Research Associates relates to these individuals.

During 2020 the Institute's senior management team comprised: the Director, Paul Johnson, and the Research Directors, Professors Richard Blundell, Rachel Griffith, Imran Rasul and Fabien Postel-Vinay. In 2020, the total compensation for these key management personnel, including amounts due to universities under contractual arrangement for the provision of an agreed amount of the Research Directors' time was £623,059 (2.3 FTE) (2019: £473,982 (2.6 FTE)).

The numbers of employees whose emoluments (excluding pension contributions) were in excess of £60,000 are shown in the ranges below. In addition, pension contributions were paid by the Institute on behalf of these employees. The total sum of these contributions was £117,791 (for 19 employees) (2019: £102,187 for 20 employees).

	2020	2019
	Number	Number
£60,001-£70,000	4	8
£70,001-£80,000	8	5
£80,001-£90,000	2	5
£90,001-£100,000	2	1
£100,001-£110,000	2	-
£210,001-£220,000	1	1
	19	20

9 Staff numbers

	2020 FTE	Average number	2019 FTE	Average number
Research staff				
Permanent contracts	40.9	44.1	36.2	40.4
Fixed-term contracts	15.5	18.8	16.2	20.5
Variable hour contracts	1.9	5.8	1.6	3.7
	58.3	68.7	54	64.6
Central staff				
Events, publications, dissemination	6.7	7.4	6.3	6.8
Finance, HR, IT, central support	9.4	10.0	7.3	7.6
Research services	2.9	2.9	3	3
	19	20.3	16.6	17.4
Total	77	89.0	71	82
Full time		65.5		55
Part time		23.5		27

10 Tangible fixed assets

	Fixtures and improvements to short leasehold premises	Office equipment	Total
	£	£	£
Cost			
At 1 January 2020	775,394	409,571	1,184,965
Additions	12,243	26,685	38,928
Disposals and assets no longer in use		(6,216)	(6,216)
At 31 December 2020	787,637	430,040	1,217,677
Depreciation			
At 1 January 2020	742,500	311,672	1,054,172
Charge for the year ⁽¹⁾	14,751	61,251	76,002
Disposals and assets no longer in use		(6,216)	(6,216)
At 31 December 2020	757,251	366,708	1,123,959
Net book value			
As at 31 December 2020	30,386	63,332	93,718
As at 31 December 2019	32,894	97,899	130,793

- (1) The depreciation charge for the year included £24,317 (2019: £29,760) of depreciation on assets used on specific projects and reimbursed under the grant as direct project costs. All fixed assets are held for use on a continuing basis for the purpose of charitable activities.

11 Debtors

	Unrestricted	Restricted	2020 £	2019 £
Accrued income	317,151	1,348,280	1,665,431	1,324,378
Trade debtors	90,259	158,681	248,940	421,898
Other debtors	2,549	-	2,549	18,982
Prepayments	203,100	-	203,100	316,199
	613,059	1,506,961	2,120,020	2,081,457

12 Creditors

	Unrestricted	Restricted	2020 £	2019 £
Amounts falling due within one year				
Trade payables	8,182	35,232	43,414	406,191
Taxation and social security	132,896	-	132,896	115,270
VAT	6,907	-	6,907	44,679
Accruals	400,698	594,651	995,349	584,202
	548,683	629,883	1,178,566	1,150,342
Deferred Income				
Balance at 1 January 2020 (restated)	403,233	2,034,018	2,437,251	3,014,353
Amount released to income	(313,270)	(1,845,973)	(2,159,243)	(2,613,402)
Amount deferred in the year	270,003	1,862,633	2,132,636	2,036,300
Balance at 31 December 2020	359,966	2,050,678	2,410,644	2,437,251
Total creditors: amounts falling due within one year	908,649	2,680,561	3,589,210	3,587,593

As at 31 December 2020, total deferred income was £2,410,644 (2019: £2,437,251). This includes amounts received on multi-year projects, where the timing of the related expenditure may be more than 12 months from the balance sheet date. A proportion of this deferred income will therefore not be released to income until 2022 or 2023.

Following a detailed review of three contracts during the year, it was agreed to change their classification from restricted to unrestricted. The balances brought forward have been restated accordingly.

13 Analysis of movement in funds

	At 1 Jan 2020	Income	Expenditure	Transfers	At 31 Dec 2020
		£	£	£	£
Unrestricted funds					
General fund	2,853,977	1,482,382	(869,608)	(446,246)	3,020,505
Fixed asset fund	130,793	-	-	(37,075)	93,718
	2,984,770	1,482,382	(869,608)	(483,321)	3,114,223
Restricted funds					
Research funds	-	8,319,794	(8,803,115)	483,321	-
Total funds	2,984,770	9,802,176	(9,672,723)	-	3,114,223

2019	At 1 Jan 2019	Income	Expenditure	Transfers	At 31 Dec 2019
		£	£	£	£
Unrestricted funds					
General fund	2,642,079	1,283,276	(879,257)	(192,121)	2,853,977
Fixed asset fund	164,345	-	-	(33,552)	130,793
	2,806,424	1,283,276	(879,257)	(225,673)	2,984,770
Restricted funds					
Research funds	-	7,989,045	(8,214,718)	225,673	-
Total funds	2,806,424	9,272,321	(9,093,975)	-	2,984,770

Amounts have been transferred from the Fixed Asset Fund to the General Fund due to the decrease in the Fixed Asset Fund - the amount that represents the net book value of tangible and intangible fixed assets at the year-end.

Amounts have been transferred from the General Fund to restricted research funds to cover the overall deficit arising on the restricted research grants that completed during the year.

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Within restricted research funds are funds relating to projects where the agreement with the funder requests that the project funding is separately disclosed in the financial statements. During 2020, the income and expenditure on these grants was as set out below.

2020

Project name	Funder	Start date	End date	2020 Income £	Accrued/ (Deferred) Income as at 31 Dec 2020 £
The Centre for Tax Analysis in Developing Countries – Phase 2 (TAXDEV II)	DFID	11/11/18	31/10/22	1,109,685	310,564
Personal Finances	Standard Life Foundation	01/05/20	31/12/20	90,000	-
Trust for London Personal Finances	Trust for London	01/05/20	31/12/20	20,000	-
Centre for Ageing Better	Centre for Ageing Better	01/06/20	20/08/22	27,848	(20,246)

2019

Project name	Funder	Start date	End date	2019 Income £	Accrued/ (Deferred) Income as at 31 Dec 2019 £
Centre for Tax Analysis in Developing Countries – Phase 2 (TAXDEV II)	DFID	1/11/2018	31/10/2022	982,089	315,520
Evaluation of Lively Minds educational play schemes in Ghana	Global Innovation Fund	2/2/2017	30/4/2019	143,071	-

14 Analysis of net assets between funds

	2020 Unrestricted	2020 Restricted	2020 Total	2019 Unrestricted	2019 Restricted	2019 Total
Tangible fixed assets	93,718	-	93,718	130,793	-	130,793
Cash at bank and in hand	3,316,094	1,173,600	4,489,694	3,022,054	1,338,059	4,360,113
Net current assets/(liabilities)	(295,589)	(1,173,600)	(1,469,189)	(168,077)	(1,338,059)	(1,506,136)
Net assets at 31 December	3,114,223	-	3,114,223	2,984,770	-	2,984,770

15 Operating lease commitments

The total of future minimum lease payments under non-cancellable operating leases is set out below for each of the following periods.

	2020 £	2019 £
One year	375,000	178,767
Two to five years	1,307,192	-

16 Pension scheme

The total pension cost to the IFS for contributions to employees' pension schemes under the IFS's group personal pension plans with Scottish Widows was £230,287 (2019: £206,842). In addition, three members of staff (2019: three) participated in other personal pension schemes, of their own choice, to which the Institute contributed £26,345 (2019: £21,122).

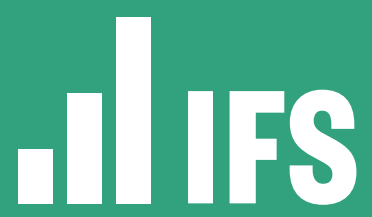
	2020	2019
	£	£
Scottish Widows	230,287	206,842
Other	26,345	21,122
Total	256,632	227,964

17 Related party transactions

Lorraine Dearden, a member of Paul Johnson's close family, was a Research Fellow at IFS and was paid a standard fee of £5,000 per annum (2019: £5,000). Her initial appointment pre-dates his term as Director and is reviewed annually by the Research Directors. In addition, IFS has an agreement with Lorraine Dearden's employer, the Institute of Education, for a buyout of 20% of her full employment costs for the year ended 31 December 2020. The buyout from the Institute of Education pre-dates Paul Johnson's appointment as Director and was agreed by his predecessor.

18 Comparative information: Statement of financial activities for the year to 31 December 2019

2019	2019 Unrestricted £	2019 Restricted £	2019 Total £
Income from:			
Donations and legacies	191,944	-	191,944
Charitable activities	1,067,366	7,989,045	9,056,411
Investment income	18,196	-	18,196
Other income	5,770	-	5,770
Total income	1,283,276	7,989,045	9,272,321
Expenditure on:			
Raising funds	58,615	-	58,615
Charitable activities	820,642	8,214,718	9,035,360
Total expenditure	879,257	8,214,718	9,093,975
Net income charitable activities	246,724	(225,673)	21,051
Net income	404,019	(225,673)	178,346
Transfers between funds	(225,673)	225,673	-
Net movement in funds	178,346	-	178,346
Reconciliation of funds:			
Total funds brought forward	2,806,424	-	2,806,424
Total funds carried forward	2,984,770	-	2,984,770



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