

THE NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH

England & Wales · Charity number 306083

Details

Other names NIESR

Status Registered

Legal form Charitable company

Company number [00341010](#)

Registered 1962-08-27

Register [View on the Charity Commission register](#)

Contact

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Activities

Objects: THE ADVANCEMENT OF EDUCATION IN THE SOCIAL SCIENCES

Activities: The charity is an independent economic and social research institute which carries out high quality academic research of relevance to business and policy makers.

Classification

- **How:** Sponsors Or Undertakes Research
- **What:** Education/training, Economic/community Development/employment
- **Who:** Other Defined Groups, The General Public/mankind

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£4,016,050	£4,146,584	£1,867,521	48
2024-03-31	£3,053,332	£2,711,423	£1,985,467	49
2023-03-31	£4,990,246	£4,203,641	£1,520,568	51
2022-03-31	£4,616,336	£6,162,451	£920,305	49
2021-03-31	£5,262,338	£5,457,499	£2,357,870	48

Trustees

Name	Role	Appointed
Alexander Jesse Baker		2017-11-23
Alison Mary Straszewski		2023-09-21
Amanda Rowlatt		2023-06-29
Gordon Adrian McFarland		2025-11-13
Jenny Bates		2019-12-12
Jill Rubery		2019-12-12
Keith Martin Wade		2023-06-29
Kofi Adjepong-Boateng		2022-12-15
Norman Keith Skeoch		2025-04-21
Peter Oppenheimer		2022-12-15
Ricardo Augusto Marcos Rocha Reis		2025-01-15
Romesh Vaitilingam		2019-12-12
Sir Paul Michael William Tucker		2018-11-22
Sir Philip McDougall Rutnam		2024-07-08

Accounts

Charity Commission Annual Return 2025

THE NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH
Charity registration number: 306083

Most of the information you give in this form will become publicly available on the Register of Charities. Any field that the Charity Commission will not display will be clearly marked.

This document is a record of the information provided in the Annual Return 2025.

PART A - Charity information

Financial period

Financial period start date

01/04/2024

Financial period end date

31/03/2025

Income and spending

Income £

£ 4,016,050

Spending £

£ 4,146,584

Number of contracts from government

How many contracts (other than grant agreements) did your charity receive from central government or a local authority during the financial period for this return?

3

Value of contracts from government

What was the total value of the contracts received from central government or a local authority during the financial period for this return?

£ 178,834

Number of grants from government

How many grants did your charity receive from central government or a local authority during the financial period for this return?

3

Value of grants from government

What was the total value of the grants received from central government or a local authority during the financial period for this return?

£ 178,834

Corporate donations

What was the value of your charity’s single highest value donation received from a corporate donor during the financial period of this return?

£ 20,000

Donations from individuals

What was the value of your charity’s single highest value donation received from an individual during the financial period of this return?

£ 400

Donations from related parties

What was the value of your charity’s single highest value donation received from a related party during the financial period of this return?

£ 0

Grantmaking

Is grant making the main way your charity carries out its purposes?

No

Recipients of grants

Please round all figures to the nearest pound (do not enter decimal points or commas).

Individuals

£ 0

Other charities

£ 0

Other organisations that are not charities

£ 0

Trustee payments

Excluding out of pocket expenses, for what were any of the trustees paid during the financial period for this return?

☒ e. None of the trustees have been paid

Did any of the trustees resign and take up employment with your charity in the financial period of this return?

No

Income from outside the UK

Did your charity receive income from outside of the United Kingdom in the financial period of this return?

unknown

Delivering activities outside the United Kingdom

Did your charity deliver charitable activities outside of the United Kingdom in the financial period of this return?

Unknown

Spending outside of the United Kingdom

Did your charity spend funds outside of the United Kingdom in the financial period of this return?

No

Total Spending outside of the United Kingdom

£

Trading subsidiaries

Does the charity have any trading subsidiaries?

Yes

Have any of your charity's trading subsidiaries dissolved during the financial period of this return?

No

How many trustees of the charity are also directors of the trading subsidiary or subsidiaries at the date of this return?

1

Employment contract types

People were permanently employed by your charity

39

People were on fixed-terms contracts with your charity

9

Self-employed people were working for your charity

0

Total overseas employees

How many of the people above work on behalf of your charity outside of the United Kingdom?

0

Total employee payroll

What was the total amount spent on employee payroll during the financial period relating to this return?

£ 2,725,692

Employees' salaries

Did any of your charity's employees receive total employment benefits of £60,000 or more in the financial period of this annual return?

Yes

£60,000 to £70,000

1

£70,001 to £80,000

1

£80,001 to £90,000

1

£90,001 to £100,000

1

£100,001 to £110,000

1

£110,001 to £120,000

0

£120,001 to £130,000

0

£130,001 to £140,000

1

£140,001 to £150,000

0

£150,001 to £200,000

1

What was the value of the total employee benefits (including salary) provided by the charity to its highest paid employee in the financial period of this return?
Please round all figures to the nearest pound (do not enter decimal points or commas)

£ 173,961

Governance policies

Internal charity financial controls policy and procedures

Yes

Safeguarding policy and procedures

Yes

Financial reserves policy and procedures

Yes

Complaints policy and procedures

Yes

Serious incident reporting policy and procedures

Yes

Internal risk management policy and procedures

Yes

Trustee expenses policy and procedures

Yes

Trustee conflicts of interest policy and procedures

Yes

Investing charity funds policy and procedures

Yes

Campaigns and political activity policy and procedures

Yes

Bullying and harassment policy and procedures

Yes

Social media policy and procedures

Yes

Engaging external speakers at charity events policy and procedures

Yes

Safeguarding

Has your charity provided services to children and/or adults at risk in the financial period of the return?

No

Serious Incidents

Has your charity reported all Serious Incidents (including any historical incidents) that the charity became aware of during the financial period of this return?

There were no incidents to report

External risk and impact

Donations

Unknown

Other income - grants

Unknown

Other income - contracts

Unknown

Other income - investment

Unknown

Expenditure on charitable activities

Unknown

Expenditure on overheads

Unknown

Number of volunteers

Unknown

Number of employees

Unknown

Number of trustees

Unknown

Fundraising activities

Unknown

Capacity to deliver services

Unknown

Total service demand

Unknown

Volunteers

Excluding trustees, provide an estimate of the number of volunteers who carried out charitable activities on behalf of your charity in the United Kingdom during the financial period of this return?

0

PART B - Financial information

Account type

Does your charity prepare:

Charity only accounts

Assets

Total fixed assets

£ 1,937,861

Of the total fixed assets what value is Fixed asset investments

£ 1,669,299

Total current assets

£ 1,141,885

Of the total current assets what value is Current asset investments

£ 0

**Of the total current assets
what value is Cash at bank and in hand**

£ 251,513

Liabilities

Creditors due within 1 year

£ 1,212,225

**Defined benefit pension scheme
asset/(liability)**

This figure should be prefixed with a minus symbol if
it is a negative value

£ 0

**Creditors falling due after one year and
provisions**

£ 0

Total net assets/(liabilities)

£ 1,867,521

Funds

Endowment funds

£ 0

Unrestricted funds

£ 1,858,526

Restricted funds

£ 8,995

Total Funds

£ 1,867,521

Additional information

Support costs

£ 750,622

Level of reserves

£ 1,867,521

Depreciation charge for the year

£ 42,159

Average number of employees

48

Income and endowments

Donations & legacies

£ 35,904

**Of the total donations & legacies
what amount is Endowments received**

£ 0

**Of the total donations & legacies
what amount is Legacies**

£ 0

Other trading activities

£ 263,885

Investment income

£ 26,230

Other income

£ 967,002

Income from charitable activities

£ 2,723,029

Total Income and endowments

£ 4,016,050

Expenditure**Expenditure on raising funds**

£ 0

Other expenditure

£ 1,146,025

**Of the total expenditure on charitable activities
what value is Grants to institutions**

£ 2,001,951

**Of the total expenditure on raising funds
what value is Investment management costs**

£ 0

Expenditure on charitable activities

£ 3,000,559

**Of the total expenditure on charitable activities
what value is Governance costs**

£ 23,361

Total Expenditure

£ 4,146,584

Gains/(losses)**Gains/(losses) on revaluation of fixed assets**

This figure should be prefixed with the minus symbol if it is a negative value.

£ 0

Net gains/(losses) on investments

This figure should be prefixed with the minus symbol if it is a negative value.

£ 12,588

Actuarial gains/(losses) on defined benefit pension schemes

This figure should be prefixed with the minus symbol if it is a negative value.

£ 0

Other gains/(losses)

This figure should be prefixed with the minus symbol if it is a negative value.

£ 0

Privacy statement

Any information you give us will be held securely and processed only in accordance with the rule on data protection. We will not disclose your personal details to anyone unconnected to the Charity Commission unless:

- **you have consented to their release; or**
- **we are legally obliged to disclose them; or**
- **we regard disclosure as either (a) necessary so that we can properly carry out our statutory functions or (b) necessary in the public interest.**

We may share and disclose information about you with relevant public authorities, regulatory bodies and agencies, outside the Charity Commission but only if:

- we can lawfully do so; and
- we decide that disclosure is necessary for national security, crime detection, prevention, and law enforcement, or other issues in the public interest

Information we collect about you

We will use this information:

To enable us to carry out our statutory functions and duties;

This will include the following actions:

- (a) update, consolidate, and improve the accuracy of our records;**
- (b) undertake crime detection and prevention and law enforcement and assist the third parties specified above to investigate or prevent crime and carry out law enforcement;**
- (c) data analysis, testing, research, statistical and survey purposes**

Information we receive from other sources.

Information we receive from other sources

We may combine this information with information you give to us and information we collect about you.

We may use this information and the combined information for the purposes set out above (depending on the types of information we receive).

We will ensure that any such disclosure and use is proportionate; considers your right to respect for your private life; and is done fairly and lawfully in accordance with the data protection principles of the Data Protection Act.

The Data Protection Act 1998 regulates the use of 'personal data', which is essentially any information, however stored, about identifiable living individuals.

As a 'data controller' under the Act, the Charity Commission must comply with it. Any changes we may make to our privacy statement in the future will be set out in the replacement version of this form.

Please check back frequently to see any updates or changes to our privacy policy.

Declaration

This annual return has not been submitted and no Declaration has been made

Accounts

THE NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH (Incorporated)
(A company limited by guarantee)

Report and Financial Statements
Registered number: 341010
Charity number: 306083
31 March 2024

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REFERENCE AND ADMINISTRATIVE INFORMATION

Trustees (Members of the Council of Management)

Sir Philip Rutnam (Chair – Appointed 8th July 2024)
Professor Nicholas Crafts (Died October 2023)
Sir Paul Tucker (President)
Jenny Bates
Alexander Baker
Professor Phillip Brown
Neville Manuel (Resigned 21 September 2023)
Neil Gaskell
Stephen Daryl King
Professor Jill Rubery
Romesh Vaitilingam
Kofi Adjepong-Boateng
Peter Oppenheimer
Alison Straszewski (Appointed 21 September 2023)
Amanda Rowlatt (Appointed 29 June 2023)
Keith Wade (Appointed 29 June 2023)

Key Management Personnel

Professor Jagjit Chadha (Director)
Stephen Millard (Deputy Director Macroeconomic Modelling & Forecasting)
Adrian Pabst (Deputy Director, Social and Political Economy)
Yetunde Aroloye (Chief Financial Officer)
Neil Lakeland (Head of External Affairs)

Registered Office & Principal Place of Business

2 Dean Trench Street, Smith Square, London, SW1P 3HE

Company Number: 341010 – incorporated in the United Kingdom

Charity Number: 306083 – registered in England and Wales

Auditor

Sayer Vincent LLP, 110 Golden Lane, London, EC1Y 0TG

Bankers

Bank of Scotland, 600 Gorgie Road, Edinburgh, EH11 3XP

Solicitors

Pannone & Partners, 123 Deansgate, Manchester, M3 2BU

TRUSTEES' REPORT

The Trustees, who are also directors of the Charity, are pleased to present their annual Trustees' report together with the financial statements of the charity for the year ended 31 March 2024 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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).

OBJECT AND ACTIVITIES

The principal object contained within the National Institute of Economic and Social Research's ("the Institute") Memorandum and Articles of Association is:

'The advancement of education in the social sciences particularly by the propagation of knowledge of the social and economic conditions of contemporary human society'.

We carry out high quality economic and social research of relevance to policymakers and business, meeting this object via four main activities:

- The pursuit and delivery of a wide variety of research projects on topics of contemporary interest to policymakers, business and third sector leaders, and academic audiences.
- The development and distribution of the National Institute's Global Econometric Model ("NiGEM") which contributes to the wider understanding of the working of the domestic and global economy and thus to the economic and social infrastructure. User licences are sold to a variety of organisations including central banks, private sector financial organisations, HM Treasury and the Bank of England, providing revenue to support our charitable objectives.
- The dissemination of research findings, through a variety of events and networks, and publication of the *National Institute Economic Outlooks*, *Occasional Papers* and the *National Institute Economic Review*.
- Engagement in relevant social and economic policy debates from a position of intellectually robust, independent expertise.

The Institute carries out these activities by:

- Maintaining access to a variety of high calibre research staff with suitable experience and expertise.
- Understanding the economic environment and the policy agenda, identifying the key stakeholders and being aware of other influential factors.
- Delivering high quality services and products and committing to the continual improvement of our work.

- Developing and maintaining relationships with our research funders, model subscribers, corporate sponsors, collaborators and the owners and commissioners of relevant data sets.
- Generating sufficient income from research funding and other sources to finance the Institute's operations and long-term development, with the support of the Council of Management, to continue to deliver our charitable mission.
- Disseminating our research findings to our stakeholders in government, the media and the public.
 - This will be done via a range of media channels, including traditional publications and broadcast media, as well as via the internet and social media to reach as wide an audience as possible, nationally and internationally.
 - Encouraging staff involvement in academic activities such as journal publication, serving public bodies nationally and internationally, supporting the research of others in the University sector and more broadly, as well as contributing to the activities of Government and the political process in an expert capacity.

CORE VALUES

We have integrity.

We are independent and our work is impartial. We challenge accepted paradigms and produce impactful and meaningful research to help people understand the issues which affect them. We want our work to shape policy and practice in ways that improve people's lives.

This means that we:

- Ensure our work is informed and accurate; striving for exceptional standards in everything we do.
- Are courageous, constructively challenging ideas, behaviours or actions and proposing better policy.
- Are honest and authentic in our work and in our behaviour.
- Take responsibility for our work and for our actions.
- Ensure that our research, organisation, and financial practices are ethical and sustainable.

We are transparent.

We contribute to the national and international conversation and strive to make our work and ideas open to all. We are open to new questions, ideas, and approaches, and we seek out opportunities to explore and understand. We prioritise ensuring that our research is accessible and impactful across sectors and communities. We promote and welcome comments and constructive challenge as a way of improving and growing.

This means we:

- Are intellectually curious, listening to understand first and then respond.

- Ask for and take on board constructive comments from colleagues, partners, and stakeholders so that we can improve and develop.
- Promote a culture of openness and continuous learning.
- Speak and write plainly and concisely.
- Seek out and share new ideas and approaches and look for ways to collaborate.

We are respectful.

We treat all with dignity. We recognise and value different skills, knowledge, and experience, and we draw on this diversity to improve the quality of our work and its impact with our stakeholders. We recognise and acknowledge the challenges faced by others and accordingly provide support. We know that behind the analysis and numbers there are people who deserve respect.

This means that we:

- Treat colleagues and stakeholders with respect and dignity and trust them to perform to the best of their ability.
- Recognise and value the different experience, skills, and knowledge that everyone has, and are always open to learning from others.
- Give people credit and encouragement for their contributions.
- Are empathetic and understanding, providing support to our colleagues to identify, and overcome personal or professional challenges.

PUBLIC BENEFIT

The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing the Institute's aims and objectives and when planning future activities.

The activities described above enable the Institute to improve the wider knowledge and understanding of issues which are of importance to the UK and internationally, with the aim of improving social and economic welfare. This was the purpose of the Institute's foundation over eighty years ago and remains central to its ethos today.

To serve the public benefit we maintain a high reputation for the independence and quality of our research, and invest in several outreach activities, including working with other organisations in the charitable and educational sectors. We have sought to bring our work to new, non-academic audience, including the establishment of a new Business Conditions Forum and the development of a new, extensive *Economic Outlook* publication for the UK.

FUNDRAISING

NIESR has not hitherto engaged in public fundraising and does not use professional fundraisers or commercial participators. During the year there were no complaints relating to fundraising practice.

ACHIEVEMENTS & PERFORMANCE

Overview

Our research

Over the year we carried out research projects in areas consistent with the Institute's vision and strategy, publishing our results in both academic and policy outlets and ensuring that the results are disseminated in such a way as to maximise our impact on policy. Highlights include the paper by Stephen Millard, Margarita Rubio (University of Nottingham) and Alex Varadi (Bank of England) on 'The macroprudential toolkit: Effectiveness and interactions' published in the Oxford Bulletin of Economics and Statistics and the paper by Arnab Bhattacharjee, Geoffrey Hewings (University of Illinois), Adrian Pabst and Tibor Szendrei on 'NiReMS: A regional model at household level combining spatial econometrics with dynamic microsimulation' published in Spatial Economic Analysis. We convened Special Sessions at the 2023 and 2024 Royal Economic Society conferences on 'Coordinating monetary, fiscal and financial interventions' and 'Understanding distributional shocks and household-level inequalities across the UK: Evidence and policy options', respectively.

We continue to carry out research projects in the areas of 'Regional and Household Analysis', 'Migration and integration', 'Education and skills' and 'Macroeconomics of Climate Change'. As a founding member of the ESRC-funded Productivity Institute we have focused on investment and regional disparities and contributed to their annual conferences and a special session on regional monetary policy. NIESR researchers presented this work at a variety of conferences, including the EUROFRAME Annual Conference in Paris, the Money, Macro and Finance Society Annual Conference in Portsmouth, which we co-organised and conferences at Harvard University and the University of Southern California, among others.

The Productivity Commission

The UK Productivity Commission, established and hosted by NIESR together with the Productivity Institute, was set up to examine the United Kingdom's productivity performance and provide policy solutions to address the shortfall. Over the past year, the Commission has held three evidence sessions with leading experts and policymakers and taken evidence on the role of public investment in growth and the role of international investment. In addition, the Commission published a paper, written by Paul Fisher, on 'Productivity and investment: Time to manage the project of renewal', which generated media traction, including citations in the Sunday Times. Our work on the need for public investment has had considerable policy traction.

UK and Global Economic Analysis

We remain committed to producing our flagship quarterly forecasts for both the UK and the Global Economy, together with commentary exploring our views on their

current state, how we see them evolving, the implications for monetary and fiscal policy, and an assessment of counterfactual policy options including at regional and household levels. Each quarter, our UK and Global Economic Outlooks are disseminated to the media, economists and the wider public. We also produce monthly 'Trackers' for GDP, wage inflation and CPI inflation and a quarterly term premium Tracker. These Trackers involve nowcasting the relevant variables and, in the case of GDP and wage inflation, providing short-term forecasts. We have been asked on a few occasions to comment on data releases in media interviews, and our Trackers have provided us with the ability to respond to such requests in a knowledgeable manner and to bolster our reputation for the ability to deploy frontier modelling techniques.

Modelling

The National Institute's Global Econometric Model (NiGEM) remains one of the world's leading tools for economic modelling. The model allows us to understand and build scenarios on issues such as the effects of Brexit and the EU Recovery and Resilience Facility. We have been particularly successful in winning projects based on our climate change modelling work using NiGEM. Key to this success is the integral part it plays in the development of alternative climate scenarios by the Network for Greening the Financial System (NGFS), with many financial institutions within the NGFS making use of NiGEM for their own climate modelling. This year we published joint research with the Bank of England, the Green Finance Institute, University of Oxford, University of Reading, and the UN Environmental Programme World Conservation Monitoring Centre, which explored the nature-related financial risks to the UK financial sector through a prudential-regulatory lens. This research also provided information on potentially material drivers, risk transmission channels and timescales, offering a view on 'how' and 'where' nature-climate risks pose different challenges versus 'standard' shocks considered by central banks.

We have also continued to develop and deploy two other frontier models: the National Institute Regional Economic Modelling System (NiReMS) and the Lifetime Income Distributional Analysis (LINDA) model. The former allows us better to understand regional dynamics while the latter enables us to analyse distributional implications. This year we have successfully used both models to assess regional inequalities and the impact of the cost-of-living crisis on households across the income distribution in the second chapter of our UK Economic Outlook, as well as in a large Nuffield-funded grant on tracking any progress in relation to Levelling Up. Besides publishing a paper on NiReMS in the leading journal *Spatial Economic Analysis*, we are using both NiReMS and LINDA to provide bespoke analysis for two government departments and have proposed a separate project to another.

Policy Engagement

Central to our wider mission is a commitment to improve economic and social policy

through the provision of high-quality, academically rigorous research. In achieving this we have a number of diverse audiences, including policymakers, universities, the business community, the media and parliamentarians.

Social media is one of our principal methods of reaching these different constituencies. This year, despite the ongoing evolution of the algorithms that underpin the platforms, we have remained focused on delivering engaging content through a variety of different formats, reflecting the fragmentation of many of the usual channels, that inform public debate. As a result, our engagement rate has continued to increase.

Our research efforts are widely cited and referenced by politicians in their speeches, within government documents and during parliamentary debates. We have provided oral evidence to the Treasury Select Committee, the House of Lords Economic Affairs committee and the All-Party Parliamentary Group (APPG) on Gambling-Related Harm, as well as held private meetings with key officials, ministers and shadow-ministers to discuss the economic challenges and suggest policy interventions, for example at the Low Pay Commission and at the Bank of England.

Internationally, our work has been referenced by organisations such as the European Central Bank, the Finnish Finance Ministry, the New Zealand Treasury, the European Commission, the OECD, the Federal Reserve Bank of Cleveland and the Federal Reserve Bank of Minneapolis.

Through our Business Conditions Forum, member roundtables and focused workshops, we gather the informed opinion of the corporate sector with the considerable help of UK Finance. This engagement, alongside regular discussions with our corporate members and event attendees, is distilled into our research publications and quarterly economic forecasts.

Press and Media Engagement

Building on the engagement we have achieved, coverage of our quarterly forecast for the UK and world economies continued to dominate our media monitoring. These outlooks consistently highlighted the anaemic growth rate of the UK economy, the persistent underlying inflation and widening disparities of living standards between the regions and nations of the United Kingdom. Our central message, which called for the government to focus on greater levels of public investment, a revision to the fiscal rules and a sustained focus on regional regeneration, was a consistent theme throughout and received strong coverage within the main print media, as well as on broadcast news programmes. This work has been a long running thread at NIESR and has been regularly supported by the Nuffield Foundation.

Alongside this main body of work, our commentary on the main monetary and fiscal

events, examination of quantitative easing (QE) / quantitative tightening (QT) and the broader challenges facing UK economic policy, were frequently cited.

Our strategic approach to the release of major research report findings also yielded results. The publication of our insights into the fiscal costs and benefits of problem gambling was picked up by both the industry press and mainstream media, and our analysis of the economic costs of Brexit was extensively covered at the time, and continues to be cited by policymakers, parliamentarians and the media alike. In June we released a study into the economic and social benefits of granting asylum seekers the right to work. This was exclusively covered by the i newspaper and gained traction on social media. As a result, separate meetings took place with policymakers.

We remain focused on providing long-format commentary pieces and this year we have successfully published these in Central Banking, The Critic, The New Statesman, The Times, The Financial Times and Comment Central. The Director regularly publishes letters in the FT and provides considerable background briefing to economic journalists.

Events

Throughout this year we delivered a broad range of events that informed our stakeholders and helped us to achieve our charitable objective. Alongside our quarterly summaries of the UK and global economies, which are reaching an increasingly varied audience in terms of both sector and geographic location, we provided topical briefings around the major fiscal events and specialist workshops on quantitative easing, investment and short-termism, geopolitics and central banking. Some highlights from our calendar include:

- A presentation from Deputy Governor Ben Broadbent on the relationship between QE, the current rate of inflation and whether interest rates, or the quantity of money in the economy, is best in terms of monetary policy.
- Our 85th anniversary celebration in June, at which we welcomed Ed Balls, former Shadow Chancellor the Exchequer, Nicholas MacPherson, former Permanent Secretary to the Treasury, Kate Barker, former external member of the Bank of England's Monetary Policy Committee, and ITV's Economics Editor Joel Hills, to discuss the failures of British economic policy
- Also in June, Jonathan Hall – an external member of the Bank of England's FPC, delivered a talk on the tension between deleveraging activity and financial stability
- Presentations from Paul Fisher and Catherine Mann on how to address the investment challenge and raise productivity
- A workshop in November, led by the Director, to examine some of the themes of the Bernanke Review into inflation forecasting failures and policymaking during times of stress
- A series of presentations, held in partnership with the University of Glasgow

to mark the 300th anniversary of Adam Smith. These presentations explored the relevance of Adam Smith's teachings to modern policymaking

- An event, in partnership with Cardiff University, to explore the outlook for the Welsh economy.

Our public lectures, which cover key economic and social policy issues, were delivered by Nobel laureate Professor Sir Christopher Pissarides, Professor M. Hashem Pesaran and Rt. Hon. Jesse Norman MP. All of these took place in person and were recorded for posterity available on our website.

Memberships and Sponsorships

Income from our corporate membership programme provides us with a valuable source of unrestricted funds, so we can focus on the questions that matter and support our wider mission of improving policy through the provision of accurate, authoritative analysis.

During this financial year we have deepened the relationships we have with our existing members, through the provision of dedicated events and communications, as well as attracting new members and unlocking additional opportunities to generate income. Our university partnership programme continues to be highly valued, with dedicated events on the Scottish and Welsh economies being delivered at Glasgow and Cardiff universities, respectively. This ability to model the impact of policy interventions on each devolved nation provides a richer picture to policymakers and the wider public and represents a key area of strategic differentiation for us. We are committed to developing future partnerships with more universities so that they can benefit from our convening power and ability to deliver research impact.

RISK MANAGEMENT

The Institute Risk Register is kept under regular review by management and the Trustees, through internal monitoring, and the oversight provided by the Audit, Risk and Ethics Committee (AREC). These processes have covered both short- and long-term risks. During the past year AREC has undertaken deep-dive discussions of the risks involved in income generation (with special reference to NiGEM), fund raising and due diligence and recruitment and retention of staff. The Trustees are also aware that overall responsibility for risk issues rests with the full Council. The AREC review of the risk register is ongoing looking at the risks/mitigation and measures.

Whilst it was not considered necessary to add new specific risk in response to the risks involved, it was agreed that more emphasis should be placed on business continuity issues. Mitigations to risks in the category of academic reputation, financial sustainability and IT provisions have been strengthened in this regard.

The principal risks facing the institute continue to relate to financial stability. We are seeking to address this by placing renewed emphasis on income diversification – both within the category of research income and in encouraging non-research income are intended to provide additional mitigation in this area. Management systems also

continue to strengthen in the area of project management and human resources, whilst our continued accreditation under ISO standards provides valuable independent assurance that our systems remain robust.

FINANCIAL REVIEW

The full year result is a deficit of (£758,013) reflects the costs of Phase II of the building works as well as the reduction in research income for the financial year (2023: £286,948 surplus) excluding revaluations of investments and changes in the USS deficit provision. After adjustments relating to the revaluations of investments and changes in the USS deficit provision which includes the reduction in the USS deficit recovery (£1,099,922) we have a surplus of £464,899 during the year.

Research income was approximately £1,971,631 less than the previous year due to the loss of cross institute funding (ESCoE - ONS and ESRC - IAA) at the end of last financial year as well as staff turnover in the research team.

The value of investments is approximately £1,665,123 at the end of the financial year after drawdowns of £600,000 of which £450,000 was to fund the Phase II building costs (repairs to windows, change of water pipes and general improvement to the building) and £150,000 to replenish cashflow.

Statement of Financial Activities

The Statement of Financial Activities (SoFA) for the year shows a surplus, before investment portfolio revaluations, of £341,909 (2023: £786,605) arising from gross unrestricted income of £1,664,687 (2023: £1,787,499) and £1,388,645 of restricted income (2023: £3,202,747).

This year's financial statements have a reduction in the provision to nil for the Universities Superannuation Scheme reflecting the results of the valuation of the scheme which was undertaken from 2023. The change in the provision this year has been a reduction of £1,099,922 (2022: reduction of £499,657). Excluding the movement in the USS deficit provision and unrealised gains/losses on investments, the Institute recorded a deficit of £758,013 (2023: surplus £286,948.) Including the movement in the USS deficit provision and unrealised gains/losses on investments, the Institute recorded a net surplus for the year of £464,899 (2023: £600,263) as set out in the following table.

	2023-2024 £	2022-2023 £	2021-2022 £	2020-2021 £
Income				
Fees for research work	1,814,287	3,785,918	3,463,591	4,180,112
Economic model fees	777,366	728,618	681,196	632,762
Publications	176,947	185,477	184,371	134,099
Corporate membership	178,863	122,897	164,198	153,437
Donations and contributions	2,479	52,650	2,155	33,055
Investment income	54,899	55,027	51,846	53,016
Other income	48,491	59,659	64,979	75,857
	3,053,332	4,990,246	4,616,336	5,262,338
Expenditure				
Staff costs*	2,547,717	2,691,373	2,795,863	2,746,446
Other expenditure	1,263,628	2,011,925	2,415,025	2,717,160
	3,811,345	4,703,298	5,210,888	5,463,606
Net (deficit)/surplus excluding gain/(loss) on investments and USS deficit provision	(758,013)	286,948	(594,552)	(201,268)
Net gains/(losses) on investments	122,990	(186,342)	108,550	622,822
Movement in USS deficit provision	1,099,922	499,657	(951,563)	6,107
Net movement in funds as per the statement of financial activities	464,899	600,263	(1,437,565)	427,661

* For the purposes of comparability, staff costs above are shown exclusive of the movement in the USS deficit reduction as this does not relate to the operational activities of the Institute during the year (see note 7 to the financial statements).

Total income for the year to 31 March 2024 has decreased by 39% compared to prior year this was driven by a 52% decrease in income from research work. It should be noted that a proportion of this revenue is passed on to organisations external to the Institute and matched by a corresponding increase in costs. The costs attributable to grants held and awarded by our host institutions is reflected within “other expenditure” above and set out in note 5 to the financial statements within “fees and other direct costs”. Income from publications has also decreased from previous years. Analysis of the attributable costs is set out in note 5 to the financial statements.

Balance Sheet

Cash at bank and in hand decreased by 60% (£774,490) during the year to £519,219 due to reduced research work; there was a disposal of investment during the year valued at £600,000 for Phase II works and cashflow purposes and there was a reduction in deferred income (6%) which can be seen in note 15 to the accounts.

Debtors have decreased by 29%, mainly due to reduction in trade debtors. Most of trade debtors at the end of the year have been received by the time of the report’s approval.

Within deferred income of £863,514, £252,112 represents research projects & £477,127 represents Macro modelling.

The level of unrestricted reserves on the balance sheet has increased to £1,985,467 at the end of the year compared to £1,520,568 at 31 March 2023.

The balance sheet has no provision for liabilities (31 March 2023: £1,099,922); as there is no longer a contractual obligation in relation to the USS deficit recovery plan.

INVESTMENT POLICY

The Investment Committee is responsible for managing all the invested assets held by the Institute with a view to achieving a return to help further the Institute’s objectives. Paying due regard to investment risks, the Committee’s overall objectives are to create sufficient income and capital growth to support the Institute in carrying out its purposes consistently year by year with due and proper consideration for future needs and the maintenance of and, if possible, enhancement of the value of the invested funds while they are retained.

These objectives are to be achieved by investing prudently in a broad range of fixed interest securities and equities which are quoted on a Recognised Investment Exchange and unit trusts and OEICs (open ended investment companies) which are authorised under the Financial Services and Markets Act 2000. There will be no investment in unquoted securities.

The Committee operates under delegated investment powers from the Council of Management, set out in its terms of reference. The Trustees have agreed to aim for a medium risk portfolio and expect the Investment Managers to balance the risk given broad market conditions. There is currently one discretionary Investment Manager, whose performance is subject to regular review by the Investment Committee, and

whose appointment is formally reviewed at least every three years. At the time of writing, no change to the overall investment policy or objectives has been requested.

During the year to 31 March 2024 there was a net increase in the fair value of listed investments of £122,990 (2023: net decrease of £186,342).

Reserves policy and going concern

The Trustees aim to maintain free reserves in unrestricted funds at a level which provides for the ongoing running and development of the Institute and should be sufficient to cover:

- Legal obligations;
- Risks relating to the historic variability of research and trading income;
- Risks relating to the historic variability of investment income;
- Unforeseen day-to-day operational costs; and
- Emergency costs

The Trustees reviewed these risks and agreed that the Institute will aim to hold free reserves of between £2,000,000 - £3,000,000 in an unrestricted general fund. These reserves are subject to annual review by the Trustees it has been agreed that the target level of free reserves remains broadly appropriate.

The balance held as unrestricted reserves at 31 March 2024 was £1,985,467 (below the minimum threshold) during the year. No USS deficit recovery plan was required resulting from the 2023 valuation, because the scheme was in surplus. This meant the deficit recovery contributions required after the 2020 valuation were no longer needed

To facilitate the management of short-term cash flow fluctuations, a small amount of the reserves has been invested in easily accessible bank accounts. In view of the above, the Trustees have considered the risks faced by the Institute and conclude that no material uncertainties related to events or conditions that may cast significant doubt over the ability of the Institute to continue as a going concern have been identified

Designated funds

The Institute holds a small proportion of its reserves as a 'designated' Work Experience support fund. This was established in 2011 from a legacy of £10,000 (current balance of £8,995) from a former Institute Secretary, Mrs Kit Jones, and the money is to be used to provide an annual paid work placement for a sixth form student based in the London Borough of Barking and Dagenham, which is in line with the Institute's charitable aims.

The levels of any designated funds are subject to annual review by the Trustees.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Institute is both a company limited by guarantee and a registered UK Charity. It is governed by a Council of Management who are collectively responsible for the governance and strategic direction of the Institute together with its organisational and

financial health and its external reputation and delivery of public benefit, in the context of its principal object as defined in the Memorandum and Articles of Association.

The Council of Management consists of senior representatives from the worlds of policymaking, business and academia. Trustee positions are usually advertised publicly with the aim of appointing a diverse board with an appropriate mix of skills. Trustees are appointed at the Institute's Annual General Meeting in December and co-opted at other times subject to election at the next AGM. Prior to election, Trustees are made aware of their obligations in relation to the Charity in line with the Memorandum and Articles of Association. New Trustees receive an induction into their role which includes understanding and fulfilling any training needs. All Trustees give of their time freely and no Trustee remuneration was paid in the year (except as detailed in note 7). Details of Trustee expenses and related party transactions are disclosed in notes 7 and 9 to the accounts.

The Council of Management has four committees, consisting of the following Trustees and executive staff:

- Audit, Risk and Ethics Committee
 - Alison Straszewski (Chair, Appointed 21 September 2023)
 - Keith Wade
 - Amanda Rowlatt
 - Professor Jagjit Chadha (Director) in attendance
 - Yetunde Aroloye (Chief Financial Officer) in attendance
- Investment Committee
 - Stephen Daryl King
 - Keith Wade (Chair, Appointed 24 November 2023)
 - Giles Keating (co-opted)
 - Professor Jagjit Chadha (Director) in attendance
 - Yetunde Aroloye (Chief Financial Officer) in attendance
 - Professor Adrian Pabst (Deputy Director) in attendance
- Nominations and Remuneration Committee
 - Professor Phillip Brown
 - Alex Baker (Chair)
 - Professor Jill Ruberry
 - Professor Jagjit Chadha (Director) in attendance
 - Yetunde Aroloye (Chief Financial Officer) in attendance
- Development Committee
 - Kofi Adjepong-Boateng
 - Professor Jagjit Chadha (Director) in attendance
 - Neil Lakeland (Head of External Affairs) in attendance
 - Peter Oppenheimer
 - Romesh Vaitilingam

Each committee reports to Council, making recommendations for Council review and decision.

Council delegates responsibility for the day to day running of the Institute to the Director, who reports to Council quarterly. The Director works to an agreed set of objectives and key performance indicators reviewed annually, manages the research portfolio and acts as the primary representative of the organisation externally.

STAFFING

At the end of the period the Institute had a headcount of 49 staff, equivalent to 43 full time employees. The year has seen 9 starters and 11 departures. Of the current staff, 28 were female and 21 male.

Staff turnover remain under review by the trustees to ensure that measures put in place continue to have an impact.

The management recognise the Unite union as having collective bargaining rights in relation to pay, hours and holiday for all employees except for the Director and his direct reports. A Staff Consultative Committee provides a forum for discussion on non-contractual issues, which the Director reports progress to all staff at regular meetings. The Nominations and Remuneration Committee has the responsibility for setting the Director's remuneration and reviewing performance, and the Director has the responsibility for setting the remuneration of all other staff.

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES

The Trustees (who are also directors of The National Institute of Economic and Social Research for the purposes of company law) 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).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies

Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The Trustees have taken all steps that 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The trustees' annual report has been approved by the trustees and signed on their behalf by

Sir Philip Rutnam, Chair

18th November 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH

Opinion

We have audited the financial statements of The National Institute of Economic and Social Research (the 'charitable company') for the year ended 31 March 2024 which comprise the statement of financial activities, balance sheet, statement of cash flows 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 March 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
- 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 Institute'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 trustees' 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 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.

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 trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small

companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the audit, risk and ethics committee, which included obtaining and reviewing supporting documentation, concerning the Institute's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance.

Report and Financial Statements 31 March 2024

- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the Institute operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the Institute from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors/audit-assurance-ethics/auditors-responsibilities-for-the-audit> . 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.

Judith Miller (Senior statutory auditor)

Date 22 November 2024

for and on behalf of Sayer Vincent LLP, Statutory Auditor

110 Golden Lane, LONDON, EC1Y 0TG

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2024

	Note	2024 Unrestricted £	2024 Restricted £	2024 Total £	2023 Unrestricted £	2023 Restricted £	2023 Total £
Income from:							
Donations and contributions		2,479	-	2,479	2,250	50,400	52,650
Charitable activities	2						
Research work		425,642	1,388,645	1,814,287	633,571	3,152,347	3,785,918
Econometric model		777,366	-	777,366	728,618	-	728,618
Publications		176,947	-	176,947	185,477	-	185,477
Other trading activities	3	227,354	-	227,354	182,556	-	182,556
Investments	4	54,899	-	54,899	55,027	-	55,027
Total income		1,664,687	1,388,645	3,053,332	1,787,499	3,202,747	4,990,246
Expenditure on:							
Charitable activities							
Research work		490,933	1,273,365	1,764,298	960,180	2,451,385	3,411,565
Econometric model		507,166	-	507,166	410,129	-	410,129
Publications		401,296	-	401,296	343,786	-	343,786
Other trading activities		32,013	-	32,013	30,553	-	30,553
Investment management		6,650	-	6,650	7,608	-	7,608
Total expenditure	5	1,438,058	1,273,365	2,711,423	1,752,256	2,451,385	4,203,641
Net income/(expenditure) before net gains/(losses) on investments		226,629	115,280	341,909	35,243	751,362	786,605
Net gains/(losses) on investments	12	122,990	-	122,990	(186,342)	-	(186,342)
Net income/(expenditure) for the year	6	349,619	115,280	464,899	(151,099)	751,362	600,263
Transfers between funds		115,280	(115,280)	-	751,362	(751,362)	-
Net movement in funds		464,899	-	464,899	600,236	-	600,236
Reconciliation of funds:	20a						
Total funds brought forward		1,520,568	-	1,520,568	920,305	-	920,305
Total funds carried forward		1,985,467	-	1,985,467	1,520,568	-	1,520,568

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20a to the financial statements.

Balance sheet

Company no. 0341010

As at 31 March 2024

	Note	2024 £	2023 £
Fixed assets:			
Tangible assets	11	296,134	206,293
Investments	12	1,665,123	2,160,068
		1,961,257	2,366,361
Current assets:			
Debtors	14	667,733	939,611
Cash at bank and in hand		519,219	1,293,709
		1,186,952	2,233,320
Liabilities:			
Creditors: amounts falling due within one year	15	(1,162,742)	(1,979,191)
Net current assets		24,210	254,129
Total assets less current liabilities		1,985,467	2,620,490
Provisions for liabilities	17	-	(1,099,922)
Total net assets	19a	1,985,467	1,520,568
Funds:	20a		
Restricted income funds		-	-
Unrestricted income funds:			
Designated funds		8,995	8,995
General funds		1,976,472	2,611,495
Total unrestricted funds excluding pension provision		1,985,467	2,620,490
Pension provision		-	(1,099,922)
Total unrestricted funds		1,985,467	1,520,568
Total funds		1,985,467	1,520,568

Approved by the Trustees and signed on their behalf by

Sir Philip Rutnam
Trustee

Date: 18 November 2024

Statement of cash flows

For the year ended 31 March 2024

	Note	2024 £	£	2023 £	£
Cash flows from operating activities					
Net (expenditure) /income for the year (as per the statement of financial activities)		464,899		600,263	
Depreciation charges		37,554		25,422	
(Gains) / losses on investments		(122,990)		186,342	
Dividends, interest and rent from investments		(54,899)		(55,027)	
Decrease in debtors		271,878		112,077	
Decrease in creditors		(816,449)		(645,529)	
Decrease in provisions for liabilities		(1,099,922)		(499,657)	
Net cash (used in) operating activities			(1,319,928)		(276,109)
Cash flows from investing activities:					
Dividends, interest and rents from investments		54,899		55,027	
Purchase of fixed assets		(127,395)		(38,614)	
Purchase of investments		(446,585)		-	
Sale of investments		1,056,820		18,764	
Net cash provided by investing activities			537,739		35,177
Change in cash and cash equivalents in the year			(782,189)		(240,932)
Cash and cash equivalents at the beginning of the year			1,294,471		1,535,403
Cash and cash equivalents at the end of the year			512,282		1,294,471
	At 1 April 2023	Cash flows	Other changes	At 31 March 2024	
	£	£	£	£	
Cash at bank and in hand	1,293,709	(774,489)	-	519,219	
Cash held within investments	762	(7,700)	-	(6,938)	
Total cash and cash equivalents	1,294,471	(782,189)	-	512,282	

Notes to the financial statements

For the year ended 31 March 2024

1 Accounting policies

a) Statutory information

The National Institute of Economic and Social Research is a charitable company limited by guarantee and is incorporated in the United Kingdom.

The registered office address is 2 Dean Trench Street, Smith Square, London, SW1P 3HE.

b) 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.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

The operational deficit relates to the planned costs of Phase II of the building works and less research income in the financial year. The Trustees agree that the viability of the Institute as a going concern is supported by the existence of reserves which comprise long term investments and a cash buffer, along with the unencumbered property at 2 Dean Trench Street. Further information is included in the financial review section of the Trustees' report.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) 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 by the charity. This is normally upon notification of the interest paid or payable by the bank or, with dividends, as notified by the investment manager.

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Notes to the financial statements

For the year ended 31 March 2024

1 Accounting policies (continued)

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs of research work, the provision of our econometric model and the provision of our quarterly review, and their associated support costs.
- Other expenditure includes the cost of management of our investment portfolio and other trading activities, including costs associated with corporate membership, rental and other income.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

Support and governance costs, including the salary and overhead costs of the central function, are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity in the year.

	2024	2023
● Research work	61.9%	72.7%
● Econometric model	21.6%	14.8%
● Publications	14.9%	11.0%
● Other trading activities	1.5%	1.4%
● Investment management	0.1%	0.1%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity’s activities.

j) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- | | |
|---------------------------------|----------|
| ● Property improvements | 10 years |
| ● Office and computer equipment | 3 years |
| ● IT upgrade | 4 years |
| ● Website development | 4 years |

Land is not depreciated as it is deemed to have an infinite useful life.

k) Listed investments

Investments are a form of basic financial instrument and 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/(losses) on investments” in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

Notes to the financial statements

For the year ended 31 March 2024

1 Accounting policies (continued)

l) Investments in subsidiaries

Investments in subsidiaries are at cost.

m) Debtors

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

n) Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

o) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p) Creditors and provisions

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

q) Financial instruments

With the exception of the listed investments described above, the charity 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

r) Pensions

The charity participates in Universities Superannuation Scheme. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the profit and loss account.

The charity also operates an Auto-Enrolment Compliant (AE) defined contribution scheme. The assets of these schemes are individually held by its members. Contributions to these schemes in the year were charged to the statement of financial activities as incurred.

s) Critical accounting judgements

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102.

Notes to the financial statements

For the year ended 31 March 2024

2 Income from charitable activities

	Unrestricted £	Restricted £	2024 Total £	Unrestricted £	Restricted £	2023 Total £
Research work						
Government	39,879	184,075	223,954	301,653	1,668,275	1,969,928
Research Councils	-	440,549	440,549	-	736,863	736,863
Trusts & Foundations	-	442,281	442,281	-	233,677	233,677
European Commission institutions	-	22,549	22,549	-	-	-
Other	385,763	299,191	684,954	331,918	513,532	845,450
Sub-total	425,642	1,388,645	1,814,287	633,571	3,152,347	3,785,918
Econometric model fees						
Subscriptions	777,366	-	777,366	728,618	-	728,618
Sub-total	777,366	-	777,366	728,618	-	728,618
Publications						
Sales and other	176,947	-	176,947	185,477	-	185,477
Sub-total	176,947	-	176,947	185,477	-	185,477
Total income from charitable activities	1,379,955	1,388,645	2,768,600	1,547,666	3,152,347	4,700,013

3 Income from other trading activities

	2024 Total £	2023 Total £
Corporate membership	178,863	122,897
Room rental	24,137	30,562
Other income	24,354	29,097
	227,354	182,556

All income from other trading activities is unrestricted.

4 Income from investments

	2024 Total £	2023 Total £
Dividends	54,899	55,027
	54,899	55,027

All income from investments is unrestricted.

Notes to the financial statements

For the year ended 31 March 2024

5a Analysis of expenditure (current year)

	Raising funds		Charitable activities				Governance costs £	Support costs £	2024 Total £	2023 Total £
	Investment management £	Other trading activities £	Publications £	Econometric model £	Research work £					
Staff costs (Note 7)	833	9,320	95,411	138,268	395,764	-	808,199	1,447,795	2,191,716	
Fees and other direct costs	-	-	72,045	4,230	378,883	-	-	455,158	1,507,463	
Travel and subsistence	-	-	180	68	11,827	829	9,079	21,983	23,286	
Books and journals	-	-	1,106	-	-	-	22,901	24,007	28,280	
Research materials	-	-	-	26,014	6,548	-	-	32,562	26,370	
Sundry expenses	-	-	250	1,936	7,683	-	163,794	173,663	120,445	
Premises	-	-	-	-	-	-	390,823	390,823	155,161	
IT	-	-	-	-	-	-	61,777	61,777	71,177	
Professional fees	-	-	-	-	-	20,450	36,012	56,462	43,393	
Depreciation	-	-	-	-	-	-	37,554	37,554	25,422	
Finance costs and bad debts	3,789	-	-	-	-	-	5,850	9,639	10,928	
	4,622	9,320	168,992	170,516	800,705	21,279	1,535,989	2,711,423	4,203,641	
Support costs	2,000	22,383	229,130	332,050	950,426	-	(1,535,989)	-	-	
Governance costs	28	310	3,174	4,600	13,167	(21,279)	-	-	-	
Total expenditure 2024	6,650	32,013	401,296	507,166	1,764,298	-	-	2,711,423		
Total expenditure 2023	7,608	30,553	343,786	410,129	3,411,565	-	-		4,203,641	

Notes to the financial statements

For the year ended 31 March 2024

5b Analysis of expenditure (prior year)

	Raising funds		Charitable activities				Governance costs £	Support costs £	2023 Total £
	Investment management £	Other trading activities £	Publications £	Econometric model £	Research work £				
Staff costs (Note 7)	2,090	20,135	173,796	251,597	1,293,346	-	450,752	2,191,716	
Fees and other direct costs	-	-	77,569	1,988	1,427,906	-	-	1,507,463	
Travel and subsistence	-	-	-	-	12,981	3,523	6,782	23,286	
Books and journals	-	-	2,500	-	-	-	25,780	28,280	
Research materials	-	-	-	26,370	-	-	-	26,370	
Sundry expenses	-	-	-	-	8,163	16,603	95,679	120,445	
Premises	-	-	-	-	-	-	155,161	155,161	
IT	-	-	-	-	-	-	71,177	71,177	
Professional fees	-	-	-	-	-	15,400	27,993	43,393	
Depreciation	-	-	-	-	-	-	25,422	25,422	
Finance costs and bad debts	4,437	-	-	-	-	-	6,491	10,928	
	6,527	20,135	253,865	279,955	2,742,396	35,526	865,237	4,203,641	
Support costs	1,038	10,007	86,375	125,040	642,777	-	(865,237)	-	
Governance costs	43	411	3,546	5,134	26,392	(35,526)	-	-	
Total expenditure 2023	7,608	30,553	343,786	410,129	3,411,565	-	-	4,203,641	

Notes to the financial statements

For the year ended 31 March 2024

6 Net income / (expenditure) for the year

This is stated after charging:

	2024 £	2023 £
Depreciation	37,554	25,422
Auditor's remuneration (excluding VAT):		
Audit	20,450	18,250
Other services	138	913
Foreign exchange losses	3,497	3,878

7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2024 £	2023 £
Salaries and wages	2,041,187	2,095,880
Interim staff costs	-	23,253
Social security costs	216,052	231,340
Employer's contribution to defined contribution pension schemes	27,307	28,708
Employer's contribution to defined benefit pension schemes	263,171	312,192
Total staff before movement in USS pension provision	2,547,717	2,691,373
Movement in provision for USS pension scheme	(1,099,922)	(499,657)
Total staff costs	1,447,795	2,191,716

The following number of employees received employee benefits exceeding £60,000 (excluding employer pension costs and employer's national insurance) during the year between:

	2024 No.	2023 No.
£60,000 - £69,999	2	3
£70,000 - £79,999	1	1
£80,000 - £89,999	1	1
£90,000 - £99,999	2	2
£150,000 - £159,999	1	1

The key management of the charity comprise the trustees, the Director, two Deputy Directors, Chief Financial Officer and Head of External Affairs. The total employee benefits (including employer's pension contributions and employer's national insurance) of the key management personnel were £631,664 (2023: £627,079).

As permitted by the charity's memorandum and articles of association, the Director is also a member of the Council of Management. During the year, the Director received a salary of £156,840 (2023: £156,840) plus pension benefits of £30,893 (2023: £33,878). No other charity trustees were paid nor received any other benefits from employment with the charity in the year (2023: £nil). No charity trustee received payment for professional or other services supplied to the charity (2023: £nil).

Trustees' expenses represent the payment or reimbursement of travel and subsistence costs and totalled £594 (2023: £1,023) incurred by 3 (2023: 5) members relating to attendance at meetings of the trustees.

8 Staff numbers

The average number of employees (head count based on number of staff employed and interim management personnel) during the year was 46 (2023: 51).

Notes to the financial statements

For the year ended 31 March 2024

9 Related party transactions

There are no related party transactions to disclose (2023: none).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

10 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. All profits from the charity's trading subsidiary NIESR Services Limited are paid to the parent charity by way of a distribution under gift aid and a corresponding tax credit is recorded at the point of the distribution, therefore there is no liability to corporation tax in either the current or prior financial year. The charity's trading subsidiary has been dormant in both current and prior accounting periods and hence there is no distribution expected to be made.

11 Tangible fixed assets

	Freehold property £	Property improvements £	IT and office equipment £	Website £	Total £
Cost					
At the start of the year	118,380	148,981	233,715	42,498	543,574
Additions in year	-	116,062	11,333	-	127,395
Disposals in year	-	-	-	-	-
At the end of the year	118,380	265,043	245,048	42,498	670,969
Depreciation					
At the start of the year	-	111,890	182,893	42,498	337,281
Charge for the year	-	6,783	30,771	-	37,554
At the end of the year	-	118,673	213,664	42,498	374,835
Net book value					
At the end of the year	118,380	146,370	31,384	-	296,134
At the start of the year	118,380	37,091	50,822	-	206,293

During 2016 the charity sought independent professional advice in relation to the value of its freehold property. This advice indicated a valuation significantly in excess of the carrying value of the assets in the financial statements. As a result the charity reconfirmed its practice in recent years of not depreciating its freehold property.

All of the above assets are used for charitable purposes.

12 Investments

	2024 £	2023 £
Fair value at the start of the year	2,159,304	2,364,410
Additions at cost	446,585	-
Disposal proceeds	(1,056,820)	(18,764)
Net gain on change in fair value	122,990	(186,342)
Listed investments	1,672,059	2,159,304
Investment in subsidiary companies	2	2
Cash held by investment broker	(6,938)	762
Fair value at the end of the year	1,665,123	2,160,068

Notes to the financial statements

For the year ended 31 March 2024

13 Subsidiary undertaking

The charitable owns the whole of the issued ordinary share capital of NIESR Services Limited, a company registered in England (Company number: 04063185, address: 2 Dean Trench Street, London, SW1P 3HE). The company was dormant in both the current and prior accounting periods and hence has not been consolidated into these financial statements. Available profits are distributed under gift aid to the charitable company. The Director of the charitable company is also director of the subsidiary.

14 Debtors

	2024 £	2023 £
Trade debtors	421,081	718,085
Prepayments and other debtors	41,350	33,525
Amounts owed from subsidiary undertaking	1,033	1,033
Accrued income	204,269	186,968
	667,733	939,611

With the exception of listed investments, all of the charity's financial instruments, both assets and liabilities, are measured at amortised cost.

15 Creditors: amounts falling due within one year

	2024 £	2023 £
Trade creditors	96,926	617,165
Taxation and social security	88,046	176,174
Accruals	114,253	266,015
Deferred income (note 16)	863,517	919,837
	1,162,742	1,979,191

16 Deferred income

Deferred income comprises income received in advance of the provision of a specified service.

	2024 £	2023 £
Econometric model subscriptions	477,127	402,162
Research work	252,112	425,779
Corporate membership	97,854	91,896
Royalty income	36,424	-
Balance at the end of the year	863,517	919,837

Notes to the financial statements

For the year ended 31 March 2024

17 Provisions for liabilities

	2024 £	2023 £
Obligation to fund deficit on USS pension		
At the start of the year	1,099,922	1,599,579
Movement in year	(1,099,922)	(499,657)
At the end of the year	-	1,099,922

A deficit recovery plan was put in place as part of the 2020 valuation, which required payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate would increase to 6.3%. As set out in the note, no deficit recovery plan was required under the 2023 valuation because the scheme was in surplus on a technical provisions basis. The institution was no longer required to make deficit recovery contributions from 1 January 2024 and accordingly released the outstanding provision to the profit and loss account.

Deficit recovery contributions due within one year for the charity are £60,346 (2023: £90,837).

18a Pension schemes - Universities Superannuation Scheme (USS)

The total amount credited to the statement of financial activities for the year relating to USS pensions was £836,751. (2023: £187,465) as shown in note 7.

The latest available complete actuarial valuation of the Retirement Income Builder is as at 31 March 2023 (the valuation date), which was carried out using the projected unit method.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2023 valuation was the seventh valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions (the statutory funding objective). At the valuation date, the value of the assets of the scheme was £73.1 billion and the value of the scheme's technical provisions was £65.7 billion indicating a surplus of £7.4 billion and a funding ratio of 111%.

The key financial assumptions used in the 2023 valuation are described below. More detail is set out in the Statement of Funding Principles.

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.0% p.a. to 2030, reducing linearly by 0.1% p.a. from 2030
Pension increases to a floor of 0.0%)	(all subject Benefits with no cap: CPI assumption +3bps Benefits subject to a "soft cap" of 5% (providing inflationary increases up to 5%, and half of any excess inflation over 5% up to a maximum of 10%): CPI assumption minus 3bps
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.50% p.a. Post-retirement 0.90% p.a.

The main demographic assumptions used relate to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2023 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2023 valuation
Mortality base table	101% of S2PMA 'light' for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2021 with a smoothing parameter of 7.5, and initial addition of 0.40% p.a., 10% w2020 and w2021 parameters, and a long-term improvement rate of 1.80% p.a. for males and 1.60% p.a. for females

Notes to the financial statements

For the year ended 31 March 2024

18a Pension schemes - Universities Superannuation Scheme (USS) (continued)

The current life expectancies on retirement at age 65 are:

	2024	2023
Males currently aged 65 (years)	23.7	24.0
Females currently aged 65 (years)	25.6	25.6
Males currently aged 45 (years)	25.4	26.0
Females currently aged 45 (years)	27.2	27.4
	2024	2023
Discount rate (pensioners/ non pensioners)	1.4% / 0.7%	1.4% / 0.7%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	0.00%	2.20%

18b Pension schemes - defined contribution

The charity operates an Auto-Enrolment Compliant (AE) defined contribution scheme with Legal and General for non-research staff members who do not qualify for the Universities Superannuation Scheme.

The total cost charged to the statement of financial activities for the year relating to non-USS pension contributions was £27,307 (2023: £28,708) as shown in note 7.

19a Analysis of net assets between funds (current year)

	General unrestricted £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	296,134	-	-	296,134
Investments	1,665,123	-	-	1,665,123
Net current assets	15,215	8,995	-	24,210
Net assets at 31 March 2024	1,976,472	8,995	-	1,985,467

19b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	206,293	-	-	206,293
Investments	2,160,068	-	-	2,160,068
Net current assets	245,134	8,995	-	254,129
Provisions for liabilities	(1,099,922)	-	-	(1,099,922)
Net assets at 31 March 2023	1,511,573	8,995	-	1,520,568

Notes to the financial statements

For the year ended 31 March 2024

20a Movements in funds (current year)

	At 1 April 2023	Income & gains	Expenditure & losses	Transfers	At 31 March 2024
	£	£	£	£	£
Restricted funds:	-	1,388,645	(1,273,365)	(115,280)	-
Total restricted funds	-	1,388,645	(1,273,365)	(115,280)	-
Unrestricted funds:					
Designated funds:					
Work experience support fund	8,995	-	-	-	8,995
Total designated funds	8,995	-	-	-	8,995
General funds	2,611,495	1,787,677	(2,537,980)	115,280	1,976,472
Pension provision	(1,099,922)	-	1,099,922	-	-
Total unrestricted funds	1,520,568	1,787,677	(1,438,058)	115,280	1,985,467
Total funds	1,520,568	3,176,322	(2,711,423)	-	1,985,467

The narrative to explain the purpose of each fund is given at the foot of the note below.

20b Movements in funds (prior year)

	At 1 April 2022	Income & gains	Expenditure & losses	Transfers	At 31 March 2023
	£	£	£	£	£
Restricted funds:	-	3,202,747	(2,451,385)	(751,362)	-
Total restricted funds	-	3,202,747	(2,451,385)	(751,362)	-
Unrestricted funds:					
Designated funds:					
Work experience support fund	8,995	-	-	-	8,995
Total designated funds	8,995	-	-	-	8,995
General funds	2,510,889	1,787,499	(2,438,255)	751,362	2,611,495
Pension provision	(1,599,579)	-	499,657	-	(1,099,922)
Total unrestricted funds	920,305	1,787,499	(1,938,598)	751,362	1,520,568
Total funds	920,305	4,990,246	(4,389,983)	-	1,520,568

Notes to the financial statements

For the year ended 31 March 2024

20c Movement in funds (purposes of funds)

Purposes of restricted funds

Restricted funds represent amounts received from funders which have to be used for the specific purpose for which they were given. Restricted income is set out by source below for all funders, unless they do not wish to be named, contributing in excess of £30,000 of restricted income during this or last year.

	2024	Total £	2023	Total £
Economic and Social Research Council	440,549		736,863	
Nuffield Foundation	314,765		152,122	
Education Endowment Foundation	110,270		16,859	
Office for National Statistics	86,382		1,433,074	
Gambling Commission	74,530		91,326	
Green Finance Initiative	72,440		-	
Department for Culture, Media and Sport	71,680		-	
Department for Business and Technology	70,610		-	
National Academy for Education Leadership Wales	37,633		7,131	
Low Pay Commission	34,035		3,100	
What Works Centre for Children & Families	29,353		387,430	
Department for Science, Innovation & Technology	-		232,100	
Financial Fairness Trust	-		60,803	
Other	46,398		81,939	
	1,388,645		3,202,747	

Purposes of designated funds

Work experience support fund: Funded from a legacy of £10,000 received in 2011 from a former Secretary, Mrs Kit Jones, this designated fund is to enable paid work placements for sixth form students from the London Borough of Barking and Dagenham.

21 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

Accounts

THE NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH (Incorporated)
(A company limited by guarantee)

Report and Financial Statements
Registered number: 341010
Charity number: 306083
31 March 2023

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REFERENCE AND ADMINISTRATIVE INFORMATION

Trustees (Members of the Council of Management)

Professor Nicholas Crafts (Chair)
Sir Paul Tucker (President)
Jenny Bates
Alexander Baker
Professor Phillip Brown
Professor Jagjit Chadha (Director)
Neil Gaskell
Sir David Greenaway (Resigned 25 August 2022)
Stephen Daryl King
Keith Mackrell (Resigned 29 June 2023)
Neville Manuel
Professor Jill Rubery
Romesh Vaitilingam
Kofi Adjepong-Boateng (Appointed 15 December 2022)
Peter Oppenheimer (Appointed 15 December 2022)
Amanda Rowlatt (Appointed 29 June 2023)
Keith Wade (Appointed 29 June 2023)

Chief Executive/ Director

Professor Jagjit Chadha

Registered Office & Principal Place of Business

2 Dean Trench Street, Smith Square, London, SW1P 3HE

Company Number: 341010 – incorporated in the United Kingdom

Charity Number: 306083 – registered in England and Wales

Auditor

Sayer Vincent LLP, Invicta House, 108-114 Golden Lane, London, EC1Y 0TL

Bankers

Bank of Scotland, 600 Gorgie Road, Edinburgh, EH11 3XP

Solicitors

Pannone & Partners, 123 Deansgate, Manchester, M3 2BU

TRUSTEES' REPORT

The Trustees, who are also directors of the Charity, are pleased to present their annual Trustees' report together with the financial statements of the charity for the year ended 31 March 2023, which are also prepared to meet the requirements for a Directors' report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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).

OBJECT AND ACTIVITIES

The principal object contained within the National Institute of Economic and Social Research's ("the Institute") Memorandum and Articles of Association is:

'The advancement of education in the social sciences particularly by the propagation of knowledge of the social and economic conditions of contemporary human society'.

We carry out high quality economic and social research of relevance to policymakers and business, meeting this object via four main activities:

- The pursuit and delivery of a wide variety of research projects on topics of contemporary interest to policymakers, business and third sector leaders, and academic audiences.
- The development and distribution of the National Institute's Global Econometric Model ("NiGEM") which contributes to the wider understanding of the working of the domestic and global economy and thus to the economic and social infrastructure. User licences are sold to a variety of organisations including central banks, private sector financial organisations, HM Treasury and the Bank of England, providing revenue to support our charitable objectives.
- The dissemination of research findings, through a variety of events and networks, and publication of the *National Institute Economic Outlooks*, *Occasional Papers* and the *National Institute Economic Review*.
- Engagement in relevant social and economic policy debates from a position of intellectually robust, independent expertise.

The Institute carries out these activities by:

- Maintaining access to a variety of high calibre research staff with suitable experience and expertise.
- Understanding the economic environment and the policy agenda, identifying the key stakeholders and being aware of other influential factors.
- Delivering high quality services and products and committing to the continual improvement our work.

- Developing and maintaining relationships with our research funders, model subscribers, corporate sponsors, collaborators and the owners and commissioners of relevant data sets.
- Generating sufficient income from research funding and other sources to finance the Institute's operations and long-term development, with the support of the Council of Management, to continue to deliver our charitable mission.
- Disseminating our research findings to our stakeholders in government, the media and the public.
 - This will be done via a range of media channels, including traditional publications and broadcast media, as well as via the internet and social media to reach as wide an audience as possible, nationally and internationally.
 - Encouraging staff involvement in academic activities such as journal publication, serving public bodies nationally and internationally, supporting the research of others in the University sector and more broadly, as well as contributing to the activities of Government and the political process in an expert capacity.

PUBLIC BENEFIT

The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing the Institute's aims and objectives and when planning future activities.

The activities described above enable the Institute to improve the wider knowledge and understanding of issues which are of importance to the UK and internationally, with the aim of improving social and economic welfare. This was the purpose of the Institute's foundation over eighty years ago and remains central to its ethos today.

To serve the public benefit we maintain a high reputation for the independence and quality of our research, and invest in a several outreach activities, including working with other organisations in the charitable and educational sectors. 2022-23 is the fourth and final year of funding through the Impact Acceleration Account scheme of the Economic and Social Research Council. NIESR is one of only two institutions outside the university sector to receive such recognition. We have sought to bring our work to new, non-academic audience, including the establishment of a new Business Conditions Forum, the development of a new, extensive *Economic Outlook* publication for the UK. Further details of our communication and impact activities can be found in the overview of the year below.

This year we have continued to develop University Partnerships with the Universities of Glasgow and Cardiff focussing on matching our ability to provide impact for research to the resources for world class research embedded within university structures. Our sectoral (dynamic sectoral model) and household level (LINDA) models accompany a suite of trackers examining developments in the UK and global economy. Indeed the Institute has embarked on a project to develop a regional set of models, NiREMs, that will allow us to assess the progress of the country towards the 'levelling up' agenda.

The Institute's global econometric model is used by Finance Ministries, central banks, and corporates on five continents. The model's use within these organisations helps to widen the influence of the Institute's research and enables our expertise to influence policy decisions for

the public benefit not only in the UK but worldwide. We also provide extensive training on forecasting methods, facilitating extensive specialist knowledge transfer. The new Global Economic Outlook is specifically aimed at developing our reputation for global economic analysis.

FUNDRAISING

NIESR has not hitherto engaged in public fundraising and does not use professional fundraisers or commercial participators. During the year there were no complaints relating to fundraising practice.

ACHIEVEMENTS & PERFORMANCE

Overview

The Institute is midway through its strategy which is designed to increase the visible impact of its work, whilst at the same time enhancing its reputation for academic excellence.

In line with this the Deputy Directors are providing the Director with increased capacity to explore new opportunities to expand the work of the Institute in line with our strategy. The Head of External Affairs brought both Communications and Marketing expertise to the Institute and the Chief Financial Officer manages the development of both Finance and Operations in support of the Institute's strategy.

Research successes this year include work on the public understanding of economics, the monetary and fiscal framework, early years interventions, measuring well-being and the development of work on climate change.

The repairs to the building have been split into Phases – Phase I was completed in September 2022; with Phase II planned for August 2023. The Trustees are comfortable that the cost of repairs can be funded from the Institute's reserves.

The Institute continues to focus on efficiency and cost control but also to strengthen its remote working policies and environment to ensure that staff continue to be supported during a difficult period. The Institute has also increased its focus on cyber security.

Stakeholder Engagement

In 2021-22, we invested heavily in new technologies to aid dissemination and engagement, we have thus been able to leverage the opportunities so provided to speak to our growing number of stakeholders and share our research findings, increasingly at our in-person events.

The development of dissemination, and the advances in our communications, have contributed to a significant increase in our impact. Our research outputs continue to be widely cited and referenced, with some main topics including Quantitative Easing and Quantitative Tightening, minimum wages and their effect on productivity, trade and foreign investment, and the impact of Brexit. We received 12 mentions in parliamentary debates, mainly around the cost-of-living crisis and its effect on households, but also around the economic impact of the mini-Budget and the long-term effects of Brexit.

On social media, Twitter remains the most popular channel with both our followers, but more importantly our engagement, continuing to grow. This financial year, our engagement rate

increased from an average of 5.8% to 7.3% (where typical engagement rates are less than 1%), and on LinkedIn from an average of 5.5% to an average of 6.6%. This is a direct result of the type and variety of content we are sharing, with a greater investment in videos and short-format blog articles that explore topical items.

The reach of the National Institute Economic Review (NIEER), published by Cambridge University Press, also continued to grow with issues focused on the political economy of populism and the political economy of devolution and secession. In total, the journal received 50,865 page views, with some of the most popular articles covering the areas of quantitative easing, climate change, Brexit and productivity. Our focus for the coming financial year will be to continue to develop the breadth and quality of the article submissions, and ultimately grow the subscriber base.

Our relations with key policymakers, academia and the business community were enhanced through funding from the ERSC Impact Acceleration Account (IAA) grant, which ended at the end of the 2022-23 financial year. Our focus was thus on maximising the opportunities and ensuring there was a sustainability to the processes we had put in place. The format of our quarterly Members' Roundtable, which took place after the publication of our Economic Outlook, was refreshed and we welcomed a broader set of representatives at the Business Conditions Forum. Additionally, we used IAA funding to present our Outlook analysis in each of the devolved nations, as well as regionally to the Greater Manchester Authority and Greater London Authority.

This higher degree of reach and engagement supported the addition of three new corporate members and growth in the number subscribers to NiGEM, our macroeconomic model. To assist with the latter, a comprehensive research project was undertaken with current subscribers to ascertain future areas for development. Further growth of our membership remains a priority for the next financial year.

Press and Media Relations

In a period, in which the country had four Chancellors of the Exchequer, three Prime Ministers and two monarchs, one thing remained constant: the need for impartial and insightful analysis on the country's main economic challenges.

In May, our UK Economic Outlook highlighted that rising prices were squeezing household budgets. We estimated that 1.5 million households across the UK would face food and energy bills greater than their disposable income. This received significant (over 1,000 broadcast mentions) media interest in its first week of publication, with the findings being put to the Chancellor as part of an ITV interview. Several of our policy proposals were reflected in the support measures announced by the Chancellor on 26 May, 2023. This analysis continued to be a major part of our Outlook for the remainder of the year, with further work highlighting the effects of the energy price cap and the consequences of rising interest rates on mortgage payments.

Our work around Quantitative Easing resulted in front-page coverage on The Financial Times in June, with mentions and interviews on the BBC R4 Today programme, Sky, ITV, as well as in other print media.

Our commentary on the three key fiscal events of this financial year also received much attention. In September, the confusion and turmoil as a consequence of the mini-budget contributed to the extensive coverage across both broadcast (BBC, Sky News, CNN) and print media. This was built upon a few weeks later with the Autumn Statement and, in March 2023, we turned our attention to the Spring Budget.

Strategically we remain focused on providing long-format comment pieces, as well as background briefings to the media on key policy topics. These have been published across both mainstream and specialist media, including *Prospect Magazine*, *Central Banking*, *The Times*, *The Financial Times*, *The New Statesman* and *The Critic*.

Events

The return to in-person events contributed to a 13% increase in the number of events we held this financial year when compared to the previous period. This expansion included topical briefings around major fiscal events, quarterly updates on the UK and global economies and specialist workshops on quantitative easing, the Energy Price Guarantee, a targeted furlough scheme and the economic impacts of climate change. Since these have taken place in-person and online, with recordings shared on our website and social media channels, we have also successfully broadened our reach and are no longer solely London-centric; for our popular quarterly economic forum we receive registrations from all the devolved nations and regions of England.

Some highlights from our calendar include:

- In May we contributed to an event hosted by the UN Environmental Programme (UNEP) on understanding the economic impacts of climate change. This included a presentation of our research findings, conducted with the UNEP, on the importance of short-term scenarios in providing insights on threats to financial stability.
- In November Professor Volker Wieland delivered our Anglo-German Lecture, in which he discussed the impact of the energy crisis on European economies with a particular focus on Germany. That same month, we also welcomed a delegation from the OECD to present their latest forecast for the UK economy.
- In January we hosted a delegation from the Ukrainian Council for Economic Reconstruction at the Institute. We have been working with representatives from the Council since shortly after the Russian invasion, and their visit in January 2023 enabled them to use the convening power of NIESR to meet with policymakers and businesses, as well as present their ideas on the shape of their post-war economy.
- In February, Philip Lane – the Chief Economist of the European Central Bank – delivered our annual Dow Lecture on Macroeconomics to a packed room. Speaking on the impact of the ECB's rate hiking cycle, Philip explored some of the accumulating evidence about the effect the policy tightening cycle has had on the financial system, the economy and inflation.

Macroeconomics

The Macroeconomic Modelling and Forecasting Directorate, led by its Deputy Director, Professor Stephen Millard, undertakes three main research activities:

1. Model Development
2. Forecasting and Nowcasting
3. Topics in Macroeconomics

The Directorate maintains and uses the National Institute's Global Econometric Model, (NiGEM), one of the world's leading tools for economic modelling. The model allows us to understand and build scenarios on emergent issue such as the impact of Russia's invasion of Ukraine, China's economic slowdown, the impacts of Climate change and the stuttering growth prospects in many advanced economies.

Model Development

This year we set up a 'Models Committee' consisting of six NIESR researchers and six external academic researchers with extensive modelling experience. The main purpose of the committee is to provide an audit of all the models used within NIESR, making clear the various strengths and weaknesses of each model and the purposes for which they can and should be used and propose areas for improvement and development based on this audit. In addition, the committee also seeks to assess NIESR's current modelling and forecasting capability and propose areas for development and improvement. The Committee met four times in 2022-23.

We have been particularly successful in winning projects based on our climate change modelling work using NiGEM. Key to this success is the integral part it plays in the development of alternative climate scenarios by the Network for Greening the Financial System (NGFS), with many financial institutions within the NGFS making use of NiGEM for their own climate modelling. This year we published joint research with the United Nations Environment Programme Finance Initiative (UNEP-FI) that used NiGEM to examine the macroeconomic impacts of three new climate-driven macroeconomic shock scenarios: a sudden rise in the carbon price, a spike in oil prices and a trade war.

Forecasting and Nowcasting

We remain committed to producing our flagship quarterly forecasts for both the UK and the Global Economies, together with commentary exploring our views on their current state, how we see them evolving, and the implications for monetary and fiscal policy, and as assessment of counterfactual policy options. Each quarter, these Outlooks are disseminated to the media, economists and wider public. We also produce monthly 'trackers' for GDP, wage inflation and CPI inflation and a quarterly term premium tracker. These trackers involve nowcasting the relevant variables and, in the case of GDP and wage inflation, providing short-term forecasts. We have been asked on a few occasions to comment on data releases in media interviews and our Trackers have provided us with the ability to respond to such requests in a knowledgeable manner and to consider the deployment of frontier modelling techniques.

Research

Over the year we have carried out research projects in various areas, publishing our results in both academic and policy outlets and ensuring that the results are disseminated in such a way as to maximise our impact on policy. Highlights include the paper by Huw Dixon, Jeremy Franklin (Bank of England) and Stephen Millard on ‘Sectoral shocks and monetary policy in the UK’ published in the Oxford Bulletin of Economics and Statistics and the paper by Kemar Whyte and Yifei Cao (Nottingham University) on ‘Corporate tax shield and capital structure’ published in the European Journal of Finance. We provided a Special Session at the 2022 Royal Economic Society conference on the ‘Economic Costs of the Russia-Ukraine Conflict’, which resulted in a Special Issue of The World Economy. We have published a paper in the Economic History Review on the UK Business Cycle. And in all this have continued to act as the main public commentator on monetary and fiscal interactions with substantive comments on the mini-Budget fiasco and the costs of quantitative easing: our plans for next year will include more work on the central bank and public sector balance sheet. In addition, we have carried out research over the year under the auspices of The Productivity Institute (TPI) as well as contributing to the Productivity Commission via Stephen Millard’s role as one of the Commissioners.

Policy outreach

A large element of our work involves communicating with policy makers and inviting them to our events, as well as attending and contributing towards their events. Ahead of the November 2022 and March 2023 Economic and Fiscal Outlooks, we participated in Office for Budget

Responsibility (OBR) Roundtable Discussions. We also met with the International Monetary Fund’s (IMF) Article IV team during their visit to the UK. Core to our wider mission is the production of timely responses to UK fiscal events. Following both the 17 November 2022 Autumn Statement and the 15 March 2023 Spring Budget, we published carefully considered and comprehensive review of the major announcements, including an opinion on how they would impact households and sectors. But the highlight was our response to the ill-fated Mini Budget of 23 September 2022, where we were able to provide an impartial analysis of the effects of the announcements at a time when the OBR had asked not to.

Priorities for 2023-24

In line with NIESR’s overall strategy, our priorities for the coming year continue to be:

- Improve policymaker, expert and public understanding of the main factors driving the UK and world economies.
- Become a centre of modelling excellence by developing our suite of models, together with our forecasting and nowcasting capabilities, to assess and shape policymaking.
- Develop the capability of our staff to inform public debate and awareness of underlying macroeconomic forces
- Actively engage with all our stakeholders and raise awareness of our research work through the dissemination of the findings with the objective of influencing policy.

Public Policy

The Public Policy Directorate, led by its Deputy Director, Professor Adrian Pabst, undertakes four main research activities:

- (1) Regional and household-level analysis
 - (2) Education, skills and wages
 - (3) Productivity
 - (4) Inclusion and strategies for well-being.
- Drawing on NiGEM, the team is developing NIESR's household model LINDA (Lifetime Income Distributional Analysis) and the regional model NiREMS (National Institute Regional Economic Modelling System) to analyse the fundamental drivers of the cost-of-living crisis and the persistent disparities between and within the UK's regions.
 - Chapter 2 of the quarterly UK Economic Outlook has had significant traction in the national and international media and shaped the policy debate on targeted assistance for the poorest and for household that struggle to get by – including on issues such as policy intervention to help those facing difficulties in meeting their food and energy bills, mortgages repayments and rents.
 - Our researchers have a proven track record of winning research grants, foundation bids and tenders. They publish articles in top-ranked economics and other social science journals as well as research monographs – including a monograph on The Constitution of Political Economy by Adrian Pabst together with Roberto Scazzieri which was published in August 2023 by Cambridge University Press.
 - The team have also organised been engaged in policy outreach with Greater London Authority and others, such as the Greater Manchester Combined Authority.

Regional and household-level analysis

- Using LINDA and NiReMS, we have examined how the aggregate macro-shocks of inflation have translated at the household and regional level in order to clarify where policy should intervene to reduce inequalities.
- Our work has found that the areas hardest hit by deindustrialisation in the 1980s and the recession following the 2008 financial crash have struggled the most in the face of shocks such as Covid-19 and now the cost-of-living crisis, which has been greatly exacerbated by Russia's invasion of Ukraine.
- The North-East, parts of Wales and Scotland as well as Northern Ireland are not catching up with the prosperous parts of the UK, notably the metropolitan areas of

the South-East and strong-performing cities such as Manchester, Glasgow or Edinburgh.

- Our analysis of households shows that the poorest only received more adequate help in November 2022 with the £900 Cost-of-Living payments, while those in income deciles 2-5 lost disproportionately the most: in 2023, they would need on average £4,000 more to have similar living standards to the ones they had in 2021.
- Our models have also helped us explore alternative source of household wealth statistics and the fiscal costs of social problems such as problem gambling.

Education, skills and wages

- We have continued to evaluate school programmes, notably specific support measures for working parents and Designated Safeguarding Leads (DSLs) in schools, which have involved conducting a very wider range of interviews with teachers in schools and with social workers. This evaluation work is shaping policy debates at level of central government, local authorities and individual educational establishments.
- Our research has also focused on the evolution of wages in both the public and the private sector, as well as the question of what the level of the National Minimum Wage and the National Living Wage should be – with submissions to the Low Pay Commission.

Productivity

- As part of The Productivity Institute (TPI) of which NIESR is a key partner organisation, the research on productivity has focused on two areas: one is governance and the institutions and the other is geography and place. The former analyses the nature of the Whitehall model for the politics of productivity and policy-making, as well as the role of Higher Education and Further Education in boosting productivity. The latter explores firm-level aspects, including investment decisions in particular places and the implications for labour productivity in different parts of the UK.
- NIESR also hosts the UK Productivity Commission which examines the causes of the poor productivity performance and proposes policy ideas to improve productivity growth both across the UK and in the regions worst affected by deindustrialisation in the 1980s and the 2008 financial crash. This past year we have focused on the question of underinvestment. From the Public Policy team, Adrian Pabst is one of the Commissioner and Max Harvey is the Commission's Coordinator.

Inclusion and strategies for well-being

- We have conducted work on poverty in relation to energy and food prices, as well as on destitution, including the escalating use of foodbanks and the choices of parents to forgo meals, so that their children can eat three times a day and have heating at home.
- Our research also includes work on the lived experiences of displaced children and young people and a paper on the economic impact of lifting restrictions on the right to work of asylum seekers.

Priorities for 2023-24

- Improve policymaker, expert and public understanding of the main factors driving the UK economy as well as its regions and households. We will continue to contribute in important ways to the UK Economic Outlook, with chapter 2 on household and regional analysis getting significant coverage in the media and traction among policymakers at local, regional, devolved nation and central levels.
- Become a centre of regional and household modelling excellence by developing our models, together with our forecasting capabilities, to assess and shape policy-making. The team will continue to develop three models (LINDA, NiREMS and NiSEM) and work through their integration to be able to do more modelling on inter-regional and inter-sectoral spill-overs, but also how household finances will affect consumption and growth in different parts of the country.
- Actively engage with all our university partners stakeholders and raise the profile of our research work, at home and overseas, through the dissemination of the findings with the aim of influencing policy.

We will achieve this by continuing to contribute to UK Economic Outlook, curating more special issues of the NIER and contributions to our Occasional Paper series and raising our profile in the print, broadcast and online media with incisive interventions on salient and emerging policy questions.

RISK MANAGEMENT

The Institute Risk Register is kept under regular review by management and the Trustees, through internal monitoring, and the oversight provided by the Audit, Risk and Ethics Committee (AREC). These processes have covered both short- and long-term risks. During the past year AREC has undertaken deep dive discussions of the risks involved in commercialising NIESR products (with special reference to NiGEM), fund raising and due diligence and recruitment and retention of staff. The Trustees are also aware that overall responsibility for risk issues rests with the full Council. The AREC review of the risk register

in March 2023 produced recommendations to Council for updating the register which were approved at its meeting in June 2023.

Whilst it was not considered necessary to add new specific risk in response to the risks involved, it was agreed that more emphasis should be placed on business continuity issues. Mitigations to risks in the category of academic reputation, financial sustainability and IT provisions have been strengthened in this regard.

The principal risks facing the institute continue to relate to financial stability and the retention of our reputation for academic excellence, independence and integrity. We are seeking to address this by placing renewed emphasis on income diversification – both within the category of research income and in encouraging non-research income are intended to provide additional mitigation in this area. Management systems also continue to strengthen in the area of project management and human resources, whilst our continued accreditation under ISO standards provides valuable independent assurance that our systems remain robust.

FINANCIAL REVIEW

The full year result, excluding revaluations of investments and future changes in the USS deficit provision, was a surplus of just over £495k, including the reduction in the USS deficit recovery (£209K) during the year. Research income was approximately £322k more than the previous year. The value of investments is approximately £2,160k at the end of the financial year after draw down of 250K to fund some of the premises phase I building costs.

Statement of Financial Activities

The Statement of Financial Activities (SoFA) for the year shows a surplus, before investment portfolio revaluations, of £786,605 (2022: loss £1,546,115) arising from gross unrestricted income of £1,787,499 (2022: £1,812,690) and £3,202,747 of restricted income (2022: £2,803,646).

This year's financial statements included a reduction in the value of the provision to the fund the deficit on the Universities Superannuation Scheme pension fund as shown in note 17. Primarily due to rising interest rates, the discount rate applied has increased resulting in the provision falling by £499,657 (2022: increased by £951,563). Excluding the movement in the USS deficit provision and unrealised gains/losses on investments, the Institute recorded a net surplus for the year of £600,263 (2022: deficit of £594,552 – largely due to Phase I building works) as set out in the following table:

	2022-2023 £	2021-2022 £	2020-2021 £	2019-2020 £
Income				
Fees for research work	3,785,918	3,463,591	4,180,112	4,938,095
Economic model fees	728,618	681,196	632,762	590,109
Publications	185,477	184,371	134,099	232,451
Corporate membership	122,897	164,198	153,437	104,605
Donations and contributions	52,650	2,155	33,055	76,836
Investment income	55,027	51,846	53,016	71,466
Other income	59,659	64,979	75,857	71,337
	4,990,246	4,616,336	5,262,338	6,084,899
Expenditure				
Staff costs*	2,691,373	2,795,863	2,746,446	2,752,768
Other expenditure	2,011,925	2,415,025	2,717,160	3,261,355
	4,703,298	5,210,888	5,463,606	6,014,123
Net surplus/(deficit) excluding gain/(loss) on investments and USS deficit provision	286,948	(594,552)	(201,268)	70,776
Net gains/(losses) on investments	(186,342)	108,550	622,822	(267,456)
Movement USS deficit provision	499,657	(951,563)	6,107	483,462
Net movement in funds as per the statement of financial activities	600,263	(1,437,565)	427,661	286,782

* For the purposes of comparability, staff costs above are shown exclusive of the movement in the USS deficit reduction provision as this does not relate to the operational activities of the Institute during the year (see note 7 to the financial statements).

Total income for the year to 31 March 2023 has increased by 8% compared to prior year this was driven by a 9% increase in income from research work. It should be noted that a proportion of this revenue is passed on to organisations external to the Institute and matched by a corresponding increase in costs. The costs attributable to grants held and awarded by our host institutions is reflected within “other expenditure” above and set out in note 5 to the financial statements within “fees and other direct costs”. Income from publications has increased from previous years. Analysis of the attributable costs is set out in note 5 to the financial statements.

Balance Sheet

Cash at bank and in hand increased by 3% (£33k) during the year to £1,294k due to timely invoicing of contract/project work; there was a disposal of investment during the year valued at £250K for Phase I works. There was a reduction in deferred income due to end of the ESCoE grant and work generally paid for in arrears which can be seen in note 15 to the accounts.

Debtors have decreased by 11%, mainly due to reduction in accrued income. Most of trade debtors at the end of the year have been received by the time of the report's approval.

Within deferred income of £920k, £426k represented research projects & £402k represent Macro modelling.

The level of unrestricted reserves on the balance sheet has increased to £1,521k at the end of the year compared to £920k at 31 March 2022.

Included in the balance sheet is a provision for liabilities of £1.1m (31 March 2022: £1.6m). This represents the contractual obligation in relation to the USS deficit recovery plan, representing deficit contributions of between 6.2% and 6.3% of employers USS contributions until March 2038.

INVESTMENT POLICY

The Investment Committee is responsible for managing all the invested assets held by the Institute with a view to achieving a return to help further the Institute's objectives. Paying due regard to investment risks, the Committee's overall objectives are to create sufficient income and capital growth to support the Institute in carrying out its purposes consistently year by year with due and proper consideration for future needs and the maintenance of and, if possible, enhancement of the value of the invested funds while they are retained.

These objectives are to be achieved by investing prudently in a broad range of fixed interest securities and equities which are quoted on a Recognised Investment Exchange and unit trusts and OEICs (open ended investment companies) which are authorised under the Financial Services and Markets Act 2000. There will be no investment in unquoted securities.

The Committee operates under delegated investment powers from the Council of Management, set out in its terms of reference. The Trustees have agreed to aim for a medium risk portfolio and expect the Investment Managers to balance the risk given broad market conditions. There is currently one discretionary Investment Manager, whose performance is subject to regular review by the Investment Committee, and whose appointment is formally reviewed at least every three years. At the time of writing, no change to the overall investment policy or objectives has been requested.

During the year to 31 March 2023 there was a net decrease in the fair value of listed investments of £186,342 (2022: net increase of £108,550).

Reserves policy and going concern

The Trustees aim to maintain free reserves in unrestricted funds at a level which provides for the ongoing running and development of the Institute and should be sufficient to cover:

- Legal obligations;
- Risks relating to the historic variability of research and trading income;
- Risks relating to the historic variability of investment income;
- Unforeseen day-to-day operational costs; and
- Emergency costs

The Trustees reviewed these risks and agree that the Institute will aim to hold free reserves of between £2,000,000 - £3,000,000 in an unrestricted general fund. These reserves are subject to annual review by the Trustees and have been specifically reviewed in relation to the forecast cost of the remaining major remedial works in the Dean Trench Street building over the period 2023/24 currently estimated as £0.5m it has been agreed that the target level of free reserves remains broadly appropriate.

The balance held as unrestricted reserves at 31 March 2023 was £1,520,568 during the year. The USS deficit provision of £1,099,922, payable over the next 15 years, and is funded from regular ongoing employer pension contributions, meaning there is no requirement for a large one-off cash contribution USS has undertaken a new triannual valuation as at 31st March 2023 which will produce an updated contribution scheme on or before June 2024

The proportion of the current provision which relates to the next five years amounts to £408,669. Adding back the part of the USS deficit provision relating to years 6-15 of £691,223 results in unrestricted free reserves of £2,211,791 at the end of the year. It is likely that the remaining cost of the remedial works will absorb some of these reserves.

To facilitate the management of short-term cash flow fluctuations, a small amount of the reserves has been invested in easily accessible bank accounts. In view of the above, the Trustees have considered the risks faced by the Institute and conclude that no material uncertainties related to events or conditions that may cast significant doubt over the ability of the Institute to continue as a going concern have been identified

Designated funds

The Institute holds a small proportion of its reserves as a 'designated' Work Experience support fund. This was established in 2011 from a legacy of £10,000 from a former Institute Secretary, Mrs Kit Jones, and the money is to be used to provide an annual paid work placement for a sixth form student based in the London Borough of Barking and Dagenham, which is in line with the Institute's charitable aims.

The levels of any designated funds are subject to annual review by the Trustees.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Institute is both a company limited by guarantee and a registered UK Charity. It is governed by a Board of Trustees who are collectively responsible for the governance and strategic direction of the Institute together with its organisational and financial health and its

external reputation and delivery of public benefit, in the context of its principal object as defined in the Memorandum and Articles of Association.

The Board of Trustees consists of senior representatives from the worlds of policymaking, business and academia. All new Trustee positions are advertised publicly with the aim of appointing a diverse board with an appropriate mix of skills. Trustees are appointed at the Institute's Annual General Meeting in December and co-opted at other times subject to election at the next AGM. Prior to election, Trustees are made aware of their obligations in relation to the Charity in line with the Memorandum and Articles of Association. New Trustees receive an induction into their role which includes understanding and fulfilling any training needs. All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are disclosed in notes 7 and 9 to the accounts.

The council has four committees, consisting of the following Trustees and executive staff:

- Audit, Risk and Ethics Committee
 - Neil Gaskell (Chair)
 - Keith Mackrell (Resigned 29 June 2023)
 - Neville Manuel
 - Professor Jagjit Chadha (Director) in attendance
 - Yetunde Aroloye (Chief Financial Officer) in attendance
- Investment Committee
 - Stephen Daryl King
 - Professor David Greenaway (Resigned 25 August 2022)
 - Giles Keating (co-opted)
 - Professor Jagjit Chadha (Director) in attendance
 - Yetunde Aroloye (Chief Financial Officer) in attendance
 - Professor Adrian Pabst (Deputy Director) in attendance
- Nominations and Remuneration Committee
 - Professor Phillip Brown
 - Professor Nicholas Crafts
 - Alex Baker (Chair)
 - Professor Jill Ruberry
 - Professor Jagjit Chadha (Director)
 - Yetunde Aroloye (Chief Financial Officer) in attendance
- Development Committee
 - Kofi Adjepong-Boateng
 - Professor Jagjit Chadha (Director) in attendance
 - Peter Oppenheimer
 - Sir Paul Tucker (President)
 - Romesh Vaitilingam (Chair)

The Development Committee relates to Donations Review Committee (DRC) as part of new procedures established to ensure due diligence and financial transparency in donations received by the Institute.

Each committee reports to Council, making recommendations for Council review and decision.

Council delegates responsibility for the day to day running of the Institute to the Director, who reports to Council quarterly. The Director works to an agreed set of objectives and key performance indicators reviewed annually, manages the research portfolio and acts as the primary representative of the organisation externally.

STAFFING

At the end of the period the Institute has a headcount of 51 staff, equivalent to 37 full time employees. The year has seen 15 starters and 19 departures. Of the current staff, 30 were female and 21 male.

Staff turnover figure remain under review by the trustees to ensure that measures put in place continue to have an impact.

The management recognise the Unite union as having collective bargaining rights in relation to pay, hours and holiday for all employees except for the Director and his direct reports. A Staff Consultative Committee provides a forum for discussion on non-contractual issues, which the Director reports progress to all staff at regular meetings. The Nominations and Remuneration Committee has the responsibility for setting the Director's remuneration and reviewing performance, and the Director has the responsibility for setting the remuneration of all other staff.

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES

The Trustees (who are also directors of The National Institute of Economic and Social Research for the purposes of company law) 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).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

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

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The Trustees have taken all steps that 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The trustees' annual report has been approved by the trustees and signed on their behalf by

A handwritten signature in black ink, appearing to read 'R. N. Gaskell'.

R. N. Gaskell, Trustee

21 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH**Opinion**

We have audited the financial statements of The National Institute of Economic and Social Research (the 'charitable company') for the year ended 31 March 2023 which comprise the statement of financial activities, balance sheet, statement of cash flows 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 March 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
- 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 Institute'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 trustees' 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 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.

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 trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the audit, risk and ethics committee, which included obtaining and reviewing supporting documentation, concerning the Institute's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.

Report and Financial Statements 31 March 2023

- We obtained an understanding of the legal and regulatory framework that the Institute operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the Institute from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors/audit-assurance-ethics/auditors-responsibilities-for-the-audit> . 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.



Judith Miller (Senior statutory auditor)

Date: 2 October 2023

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2023

	Note	2023 Unrestricted £	2023 Restricted £	2023 Total £	2022 Unrestricted £	2022 Restricted £	2022 Total £
Income from:							
Donations and contributions		2,250	50,400	52,650	2,155	–	2,155
Charitable activities	2						
Research work		633,571	3,152,347	3,785,918	659,945	2,803,646	3,463,591
Econometric model		728,618	–	728,618	681,196	–	681,196
Publications		185,477	–	185,477	184,371	–	184,371
Other trading activities	3	182,556	–	182,556	233,177	–	233,177
Investments	4	55,027	–	55,027	51,846	–	51,846
Total income		1,787,499	3,202,747	4,990,246	1,812,690	2,803,646	4,616,336
Expenditure on:							
Charitable activities							
Research work		960,180	2,451,385	3,411,565	2,276,850	2,506,440	4,783,290
Econometric model		410,129	–	410,129	714,384	–	714,384
Publications		343,786	–	343,786	596,237	–	596,237
Other trading activities		30,553	–	30,553	63,422	–	63,422
Investment management		7,608	–	7,608	5,118	–	5,118
Total expenditure	5	1,752,256	2,451,385	4,203,641	3,656,011	2,506,440	6,162,451
Net (expenditure)/income before net (losses)/gains on investments		35,243	751,362	786,605	(1,843,321)	297,206	(1,546,115)
Net (losses)/gains on investments	12	(186,342)	–	(186,342)	108,550	–	108,550
Net (expenditure)/income for the year	6	(151,099)	751,362	600,263	(1,734,771)	297,206	(1,437,565)
Transfers between funds		751,362	(751,362)	–	297,206	(297,206)	–
Net movement in funds		600,263	–	600,263	(1,437,565)	–	(1,437,565)
Reconciliation of funds:							
Total funds brought forward	20a	920,305	–	920,305	2,357,870	–	2,357,970
Total funds carried forward		1,520,568	–	1,520,568	920,305	–	920,305

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20a to the financial statements.

Balance sheet

Company no. 0341010

As at 31 March 2023

	Note	2023 £	2022 £
Fixed assets:			
Tangible assets	11	206,293	193,101
Investments	12	2,160,068	2,638,822
		2,366,361	2,831,923
Current assets:			
Debtors	14	939,611	1,051,688
Cash at bank and in hand		1,293,709	1,260,993
		2,233,320	2,312,681
Liabilities:			
Creditors: amounts falling due within one year	15	(1,979,191)	(2,624,720)
Net current assets/(liabilities)		254,129	(312,039)
Total assets less current liabilities		2,620,490	2,519,884
Provisions for liabilities	17	(1,099,922)	(1,599,579)
Total net assets	19a	1,520,568	920,305
Funds:	20a		
Restricted income funds		-	-
Unrestricted income funds:			
Designated funds		8,995.00	8,995
General funds		2,611,495	2,510,889
Total unrestricted funds excluding pension provision		2,620,490	2,519,884
Pension provision		(1,099,922)	(1,599,579)
Total unrestricted funds		1,520,568	920,305
Total funds		1,520,568	920,305

Approved by the Trustees and signed on their behalf by



R. N. Gaskell
Trustee

Date: 21 September 2023

Statement of cash flows

For the year ended 31 March 2023

	Note	2023 £	£	2022 £	£
Cash flows from operating activities					
Net income / (expenditure) for the year (as per the statement of financial activities)		600,263		(1,437,565)	
Depreciation charges		25,422		11,583	
Losses/(gains) on investments		186,342		(108,550)	
Dividends, interest and rent from investments		(55,027)		(51,846)	
Decrease in debtors		112,077		621,889	
Decrease in creditors		(645,529)		(579,259)	
Decrease in provisions for liabilities		(499,657)		951,563	
Net cash provided by/(used in) operating activities			(276,109)		(592,185)
Cash flows from investing activities:					
Dividends, interest and rents from investments		55,027		51,846	
Purchase of fixed assets		(38,614)		(67,039)	
Sale of investments		18,764		526,467	
Net cash provided by investing activities			35,177		511,274
Change in cash and cash equivalents in the year			(240,932)		(80,911)
Cash and cash equivalents at the beginning of the year			1,535,403		1,616,314
Cash and cash equivalents at the end of the year			1,294,471		1,535,403
	At 1 April 2022 £		Cash flows £	Other changes £	At 31 March 2023 £
Cash at bank and in hand	1,260,993		32,716	–	1,293,709
Cash held within investments	274,410		(273,648)	–	762
Total cash and cash equivalents	1,535,403		(240,932)	–	1,294,471

1 Accounting policies

a) Statutory information

The National Institute of Economic and Social Research is a charitable company limited by guarantee and is incorporated in the United Kingdom.

The registered office address is 2 Dean Trench Street, Smith Square, London, SW1P 3HE.

b) 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.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

The unrestricted deficit relates to the negative movement in the USS deficit recovery provision which will crystallise over the next 15 years. The annual cost is forecast to be similar to that incurred in the year 2020/21. The Trustees agree the liquid investments can be drawn upon to support working capital as necessary, therefore see the charity as a going concern.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) 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 by the charity. This is normally upon notification of the interest paid or payable by the bank or, with dividends, as notified by the investment manager.

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

1 Accounting policies (continued)

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs of research work, the provision of our econometric model and the provision of our quarterly review, and their associated support costs.
- Other expenditure includes the cost of management of our investment portfolio and other trading activities, including costs associated with corporate membership, rental and other income.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

Support and governance costs, including the salary and overhead costs of the central function, are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity in the year.

	2023	2022
• Research work	74.2%	72.7%
• Econometric model	14.5%	14.8%
• Publications	10.0%	11.0%
• Other trading activities	1.2%	1.4%
• Investment management	0.1%	0.1%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

j) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

• Property improvements	10 years
• Office and computer equipment	3 years
• IT upgrade	4 years
• Website development	4 years

Land is not depreciated as it is deemed to have an infinite useful life.

k) Listed investments

Investments are a form of basic financial instrument and 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/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

1 Accounting policies (continued)

l) Investments in subsidiaries

Investments in subsidiaries are at cost.

m) Debtors

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

n) Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

o) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p) Creditors and provisions

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

q) Financial instruments

With the exception of the listed investments described above, the charity 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

r) Pensions

The charity participates in Universities Superannuation Scheme. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the profit and loss account.

The charity also operates an Auto-Enrolment Compliant (AE) defined contribution scheme. The assets of these schemes are individually held by its members. Contributions to these schemes in the year were charged to the statement of financial activities as incurred.

s) Critical accounting judgements

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The trustees are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving these financial statements.

Notes to the financial statements

For the year ended 31 March 2023

2 Income from charitable activities

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Research work						
Government	301,653	1,668,275	1,969,928	291,171	1,453,075	1,744,246
Research Councils	–	736,863	736,863	–	828,258	828,258
Trusts & Foundations	–	233,677	233,677	32,086	374,501	406,587
European Commission institutions	–	–	–	13,757	–	13,757
Other	331,918	513,532	845,450	322,931	147,812	470,743
Sub-total	633,571	3,152,347	3,785,918	659,945	2,803,646	3,463,591
Econometric model fees						
Subscriptions	728,618	–	728,618	681,196	–	681,196
Sub-total	728,618	–	728,618	681,196	–	681,196
Publications						
Sales and other	185,477	–	185,477	184,371	–	184,371
Sub-total	185,477	–	185,477	184,371	–	184,371
Total income from charitable activities	1,547,666	3,152,347	4,700,013	1,525,512	2,803,646	4,329,158

3 Income from other trading activities

	2023 Total £	2022 Total £
Corporate membership	122,897	164,198
Room rental	30,562	24,543
Other income	29,097	44,436
	182,556	233,177

All income from other trading activities is unrestricted.

4 Income from investments

	2023 Total £	2022 Total £
Dividends	55,027	51,846
	55,027	51,846

All income from investments is unrestricted.

Notes to the financial statements

For the year ended 31 March 2023

5a Analysis of expenditure (current year)

	Raising funds		Charitable activities					2023	2022
	Investment management £	Other trading activities £	Publications £	Econometric model £	Research work £	Governance costs £	Support costs £	Total £	Total £
Staff costs (Note 7)	2,090	20,135	173,796	251,597	1,293,346	–	450,752	2,191,716	3,747,426
Fees and other direct costs	–	–	77,569	1,988	1,427,906	–	–	1,507,463	1,405,264
Travel and subsistence	–	–	–	–	12,981	3,523	6,782	23,286	17,533
Books and journals	–	–	2,500	–	–	–	25,780	28,280	26,070
Research materials	–	–	–	26,370	–	–	–	26,370	53,239
Sundry expenses	–	–	–	–	8,163	16,603	95,679	120,445	144,277
Premises	–	–	–	–	–	–	155,161	155,161	643,861
IT	–	–	–	–	–	–	71,177	71,177	74,970
Professional fees	–	–	–	–	–	15,400	27,993	43,393	35,194
Depreciation	–	–	–	–	–	–	25,422	25,422	11,583
Finance costs and bad debts	4,437	–	–	–	–	–	6,491	10,928	3,034
	6,527	20,135	253,865	279,955	2,742,396	35,526	865,237	4,203,641	6,162,451
Support costs	1,038	10,007	86,375	125,040	642,777	–	(865,237)	–	–
Governance costs	43	411	3,546	5,134	26,392	(35,526)	–	–	–
Total expenditure 2023	7,608	30,553	343,786	410,129	3,411,565	–	–	4,203,641	
Total expenditure 2022	5,118	63,422	596,237	714,384	4,783,290	–	–		6,162,451

5b Analysis of expenditure (prior year)

	Raising funds		Charitable activities					
	Investment management £	Other trading activities £	Publications £	Econometric model £	Research work £	Governance costs £	Support costs £	2022 Total £
Staff costs (Note 7)	3,467	42,959	347,756	469,493	2,297,356	–	586,395	3,747,426
Fees and other direct costs	–	–	82,708	2,026	1,320,530	–	–	1,405,264
Travel and subsistence	–	–	121	–	16,870	217	325	17,533
Books and journals	–	–	–	–	220	–	25,850	26,070
Research materials	–	–	–	18,307	34,932	–	–	53,239
Sundry expenses	–	–	–	144	16,009	12,888	115,236	144,277
Premises	–	–	–	–	–	–	643,861	643,861
IT	–	–	–	772	3,035	–	71,163	74,970
Professional fees	–	–	–	–	–	16,263	18,931	35,194
Depreciation	–	–	–	–	–	–	11,583	11,583
Finance costs and bad debts	–	–	–	–	–	–	3,034	3,034
	3,467	42,959	430,585	490,742	3,688,952	29,368	1,476,378	6,162,451
Support costs	1,619	20,064	162,421	219,280	1,072,994	–	(1,476,378)	–
Governance costs	32	399	3,231	4,362	21,344	(29,368)	–	–
Total expenditure 2022	5,118	63,422	596,237	714,384	4,783,290	–	–	6,162,451

Notes to the financial statements

For the year ended 31 March 2023

6 Net income / (expenditure) for the year

This is stated after charging:

	2023 £	2022 £
Depreciation	25,422	11,583
Auditor's remuneration (excluding VAT):		
Audit	18,250	15,800
Other services	913	950
Foreign exchange losses	3,878	1,051

7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2023 £	2022 £
Salaries and wages	2,095,879	2,115,696
Interim staff costs	23,253	126,552
Social security costs	231,340	221,513
Employer's contribution to defined contribution pension schemes	28,708	28,414
Employer's contribution to defined benefit pension schemes	312,192	303,688
Total staff before movement in USS pension provision	2,691,373	2,795,863
Movement in provision for USS pension scheme	(499,657)	951,563
Total staff costs	2,191,716	3,747,426

The following number of employees received employee benefits exceeding £60,000 (excluding employer pension costs and employer's national insurance) during the year between:

	2023 No.	2022 No.
£60,000 – £69,999	3	4
£70,000 – £79,999	1	3
£80,000 – £89,999	1	1
£90,000 – £99,999	2	1
£150,000 – £159,999	1	1

The key management of the charity comprise the trustees, the Director, two Deputy Directors, Chief Financial Officer and Head of External Affairs. The total employee benefits (including employer's pension contributions and employer's national insurance) of the key management personnel were £627,079 (2022: £573,243).

As permitted by the charity's memorandum and articles of association, the Director is also a member of the Council of Management. During the year, the Director received a salary of £156,840 (2022: £156,840) plus pension benefits of £33,878 (2022: £33,093). No other charity trustees were paid nor received any other benefits from employment with the charity in the year (2022: £nil). No charity trustee received payment for professional or other services supplied to the charity (2022: £nil).

Trustees' expenses represent the payment or reimbursement of travel and subsistence costs and totalled £1,023 (2022: £217) incurred by 5 (2022: 3) members relating to attendance at meetings of the trustees.

8 Staff numbers

The average number of employees (head count based on number of staff employed and interim management personnel) during the year was 51 (2022: 49).

Notes to the financial statements

For the year ended 31 March 2023

9 Related party transactions

There are no related party transactions to disclose for 2023 (2022: none).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

10 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. All profits from the charity's trading subsidiary NIESR Services Limited are paid to the parent charity by way of a distribution under gift aid and a corresponding tax credit is recorded at the point of the distribution, therefore there is no liability to corporation tax in either the current or prior financial year. The charity's trading subsidiary has been dormant in both current and prior accounting periods and hence there is no distribution expected to be made.

11 Tangible fixed assets

	Freehold property £	Property improvements £	IT and office equipment £	Website £	Total £
Cost					
At the start of the year	118,380	143,521	200,561	42,498	504,960
Additions in year	–	5,460	33,154	–	38,614
Disposals in year	–	–	–	–	–
At the end of the year	118,380	148,981	233,715	42,498	543,574
Depreciation					
At the start of the year	–	107,113	162,248	42,498	311,859
Charge for the year	–	4,777	20,645	–	25,422
At the end of the year	–	111,890	182,893	42,498	337,281
Net book value					
At the end of the year	118,380	37,091	50,822	–	206,293
At the start of the year	118,380	36,408	38,313	–	193,101

During 2016 the charity sought independent professional advice in relation to the value of its freehold property. This advice indicated a valuation significantly in excess of the carrying value of the assets in the financial statements. As a result the charity reconfirmed its practice in recent years of not depreciating its freehold property.

All of the above assets are used for charitable purposes.

12 Investments

	2023 £	2022 £
Fair value at the start of the year	2,364,410	2,782,327
Additions at cost	–	–
Disposal proceeds	(18,764)	(526,467)
Net (loss)/gain on change in fair value	(186,342)	108,550
Listed investments	2,159,304	2,364,410
Investment in subsidiary companies	2	2
Cash held by investment broker	762	274,410
Fair value at the end of the year	2,160,068	2,638,822

Notes to the financial statements

For the year ended 31 March 2023

13 Subsidiary undertaking

The charitable owns the whole of the issued ordinary share capital of NIESR Services Limited, a company registered in England (Company number: 04063185, address: 2 Dean Trench Street, London, SW1P 3HE). The company was dormant in both the current and prior accounting periods and hence has not been consolidated into these financial statements. Available profits are distributed under gift aid to the charitable company. The Director of the charitable company is also director of the subsidiary.

14 Debtors

	2023 £	2022 £
Trade debtors	718,085	617,416
Prepayments and other debtors	33,525	34,860
Amounts owed from subsidiary undertaking	1,033	714
Accrued income	186,968	398,698
	939,611	1,051,688

With the exception of listed investments, all of the charity's financial instruments, both assets and liabilities, are measured at amortised cost.

15 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	617,165	443,411
Taxation and social security	176,174	76,799
Accruals	266,015	428,769
Deferred income (note 16)	919,837	1,675,741
	1,979,191	2,624,720

16 Deferred income

Deferred income comprises income received in advance of the provision of a specified service.

	2023 £	2022 £
Econometric model subscriptions	402,162	326,123
Research work	425,779	1,198,075
Corporate membership	91,896	81,043
Royalty income	–	70,500
Balance at the end of the year	919,837	1,675,741

Notes to the financial statements

For the year ended 31 March 2023

17 Provisions for liabilities

	2023 £	2022 £
Obligation to fund deficit on USS pension		
At the start of the year	1,599,579	648,016
Movement in year	(499,657)	951,563
At the end of the year	1,099,922	1,599,579

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision. The shortfall is expected to be eliminated in 18 years from 31 March 2020 the period over which outflow related to this provision is expected. The changes in salary costs and staff numbers have been assessed using the forecast impact of the Institute's plans on the number of staff employed, and known statutory and other increases to pay. The discount rate used considered to be the equivalent of that of a high quality corporate bond.

Deficit recovery contributions due within one year for the charity are £90,837 (2022: £100,352).

18a Pension schemes – Universities Superannuation Scheme (USS)

The total amount credited to the statement of financial activities for the year relating to USS pensions was £187,465. (2022: £1,255,251 charge) as shown in note 7.

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2020 (the valuation date). The next full valuation is due for completion 30 June 2024.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2020 valuation was carried out under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions under the implementation of JNC recommendations was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%. The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles. For the 2020 valuation, a 'dual discount rate', was used meaning using separate discount rates pre and post-retirement to work out the current cost of future pension obligations for members paying into their pension and for members that have retired. This notionally allows for a lower-risk investment strategy for assets which back pensions that are being paid, and a higher-risk strategy for assets which back pensions prior to members' retirement. Assuming the scheme remains stable, this means that the overall actual investment strategy can remain more consistent over time than was allowed for in previous valuations, while still giving sufficient security to members' benefits.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (all subject to a floor of 0.0%) CPI assumption +0.05%

Discount rate Fixed interest gilt yield curve plus:
Pre-retirement: 2.75% p.a.
Post-retirement 1.00% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

2020 valuation

Mortality base table 101% of S2PMA 'light' for males and 95% of S3PFA for females
Future improvements to mortality CMI 2019 with a smoothing parameter of 7.5, and initial addition of 0.50% p.a. and a long-term improvement rate of 1.80% p.a. for males and 1.60% p.a. for females

Notes to the financial statements

For the year ended 31 March 2023

18a Pension schemes – Universities Superannuation Scheme (USS) (continued)

The current life expectancies on retirement at age 65 are:

	2023	2022
Males currently aged 65 (years)	24.0	23.9
Females currently aged 65 (years)	25.6	25.5
Males currently aged 45 (years)	26.0	25.9
Females currently aged 45 (years)	27.4	27.3

The recovery plan in the 2020 actuarial valuation requires employers to make additional contributions towards repairing the deficit. These contributions are 6.2% of salaries from 1 April 2022 to 31 March 2024, increasing to 6.3% from 1 April 2024. The 2023 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions.

	2023	2022
Discount rate (pensioners/ non pensioners)	1.4% / 0.7%	1.4% / 0.7%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.20%	2.20%

18b Pension schemes – defined contribution

The charity operates an Auto-Enrolment Compliant (AE) defined contribution scheme with Legal and General for non-research staff members who do not qualify for the Universities Superannuation Scheme.

The total cost charged to the statement of financial activities for the year relating to non-USS pension contributions was £28,708 (2022: £28,414) as shown in note 7.

19a Analysis of net assets between funds (current year)

	General unrestricted £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	206,293	–	–	206,293
Investments	2,160,068	–	–	2,160,068
Net current assets	245,134	8,995	–	254,129
Provisions for liabilities	(1,099,922)	–	–	(1,099,922)
Net assets at 31 March 2023	1,511,573	8,995	–	1,520,568

19b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	193,101	–	–	193,101
Investments	2,638,822	–	–	2,638,822
Net current (liabilities)/assets	(321,034)	8,995	–	(312,039)
Provisions for liabilities	(1,599,579)	–	–	(1,599,579)
Net assets at 31 March 2022	911,310	8,995	–	920,305

Notes to the financial statements

For the year ended 31 March 2023

20a Movements in funds (current year)

	At 1 April 2022 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2023 £
Restricted funds:	–	3,202,747	(2,451,385)	(751,362)	–
Total restricted funds	–	3,202,747	(2,451,385)	(751,362)	–
Unrestricted funds:					
Designated funds:					
Work experience support fund	8,995	–	–	–	8,995
Total designated funds	8,995	–	–	–	8,995
General funds	2,510,889	1,787,499	(2,438,255)	751,362	2,611,495
Pension provision	(1,599,579)	–	499,657	–	(1,099,922)
Total unrestricted funds	920,305	1,787,499	(1,938,598)	751,362	1,520,568
Total funds	920,305	4,990,246	(4,389,983)	–	1,520,568

The narrative to explain the purpose of each fund is given at the foot of the note below.

20b Movements in funds (prior year)

	At 1 April 2021 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2022 £
Restricted funds:	–	2,803,646	(2,506,440)	(297,206)	–
Total restricted funds	–	2,803,646	(2,506,440)	(297,206)	–
Unrestricted funds:					
Designated funds:					
Work experience support fund	8,995	–	–	–	8,995
Total designated funds	8,995	–	–	–	8,995
General funds	2,996,891	1,921,240	(3,656,011)	1,248,769	2,510,889
Pension provision	(648,016)	–	–	(951,563)	(1,599,579)
Total unrestricted funds	2,357,870	1,921,240	(3,656,011)	297,206	920,305
Total funds	2,357,870	4,724,886	(6,162,451)	–	920,305

20c Movement in funds (purposes of funds)

Purposes of restricted funds

Restricted funds represent amounts received from funders which have to be used for the specific purpose for which they were given. Restricted income is set out by source below for all funders, unless they do not wish to be named, contributing in excess of £30,000 of restricted income during this or last year.

	2023	Total £	2022 Total £
Office for National Statistics	1,433,074		1,453,075
Economic and Social Research Council	736,863		828,257
What Works Centre for Children & Families	387,430		124,493
Nuffield Foundation	152,122		134,320
Department for Science, Innovation & Technology	232,100		–
Financial Fairness Trust	60,803		33,824
Education Endowment Foundation	16,859		206,238
Gambling Commission	91,326		–
Other	92,170		23,439
	3,202,747		2,803,646

Purposes of designated funds

Work experience support fund: Funded from a legacy of £10,000 received in 2011 from a former Secretary, Mrs Kit Jones, this designated fund is to enable paid work placements for sixth form students from the London Borough of Barking and Dagenham.

21 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

Accounts

THE NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH (Incorporated)
(A company limited by guarantee)

Report and Financial Statements
Registered company number: 341010
Charity number: 306083
31 March 2022

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REFERENCE AND ADMINISTRATIVE INFORMATION

Trustees (Members of the Council of Management)

Professor Nicholas Crafts (Chair)
Sir Paul Tucker (President)
Tera Allas (resigned AGM, 9 December 2021)
Alexander Baker
Jenny Bates
Professor Phillip Brown
Professor Jagjit Chadha (Director)
Neil Gaskell
Sir David Greenaway
Stephen King
Keith Mackrell
Neville Manuel
Professor Jill Rubery
Romesh Vaitilingam

Chief Executive/ Director

Professor Jagjit Chadha (OBE)

Registered Office & Principal Place of Business

2 Dean Trench Street, Smith Square, London, SW1P 3HE

Company Number: 341010 – incorporated in the United Kingdom

Charity Number: 306083 – registered in England and Wales

Auditor

Sayer Vincent LLP, Invicta House, 108-114 Golden Lane, London, EC1Y 0TL

Bankers

Bank of Scotland, 600 Gorgie Road, Edinburgh, EH11 3XP

Solicitors

Pannone & Partners, 123 Deansgate, Manchester, M3 2BU

The Trustees, who are also directors of the Charity, are pleased to present their annual Trustees' report together with the financial statements of the charity for the year ended 31 March 2022, which are also prepared to meet the requirements for a Directors' report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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).

OBJECT AND ACTIVITIES

The principal object contained within the National Institute of Economic and Social Research's ("the Institute") Memorandum and Articles of Association is:

'The advancement of education in the social sciences particularly by the propagation of knowledge of the social and economic conditions of contemporary human society'.

We carry out high quality economic and social research of relevance to policymakers and business, meeting this object via four main activities:

- The pursuit and delivery of a wide variety of research projects on topics of contemporary interest to policymakers, business and third sector leaders, and academic audiences.
- The development and distribution of the National Institute's Global Econometric Model ("NiGEM") which contributes to the wider understanding of the working of the domestic and global economy and thus to the economic and social infrastructure. User licences are sold to a variety of organisations including central banks, private sector financial organisations, HM Treasury and the Bank of England, providing revenue to support our charitable objectives.
- The dissemination of research findings, through a variety of events and networks, and publication of the *National Institute Economic Outlooks*, *Occasional Papers* and the *National Institute Economic Review*.
- Engagement in relevant social and economic policy debates from a position of intellectually robust, independent expertise.

The Institute carries out these activities by:

- Maintaining access to a variety of high calibre research staff with suitable experience and expertise.
- Understanding the economic environment and the policy agenda, identifying the key stakeholders and being aware of other influential factors.
- Delivering high quality services and products and committing to the continual improvement our work.

Report and Financial Statements 31 March 2022

- Developing and maintaining relationships with our research funders, model subscribers, corporate sponsors, collaborators and the owners and commissioners of relevant data sets.
- Generating sufficient income from research funding and other sources to finance the Institute's operations and long-term development, with the support of the Council of Management, to continue to deliver our charitable mission.
- Disseminating our research findings to our stakeholders in government, the media and the public.
 - This will be done via a range of media channels, including traditional publications and broadcast media, as well as via the internet and social media to reach as wide an audience as possible, nationally and internationally.
 - Encouraging staff involvement in academic activities such as journal publication, serving public bodies nationally and internationally, supporting the research of others in the University sector and more broadly, as well as contributing to the activities of Government and the political process in an expert capacity.

PUBLIC BENEFIT

The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing the Institute's aims and objectives and when planning future activities.

The activities described above enable the Institute to improve the wider knowledge and understanding of issues which are of importance to the UK and internationally, with the aim of improving social and economic welfare. This was the purpose of the Institute's foundation over eighty years ago and remains central to its ethos today.

To serve the public benefit, we maintain a high reputation for the independence and quality of our research, and invest in several outreach activities, including working with other organisations in the charitable and educational sectors. 2021-22 was our third full year of funding through the Impact acceleration Account scheme of the Economic and Social Research Council. NIESR is one of only two institutions outside the university sector to receive such recognition. We have sought to bring our work to new, non-academic audience, including the establishment of a new Business Conditions Forum, the development of a new, extensive *Economic Outlook* publication for the UK. Further details of our communication and impact activities can be found in the overview of the year below.

This year we have continued to develop University Partnerships with the Universities of Glasgow and Cardiff focussing on matching our ability to provide impact for research to the resources for world class research embedded within university structures. Our sectoral (dynamic sectoral model) and household level (LINDA) models accompany a suite of trackers examining developments in the UK and global economy. Indeed, the Institute has embarked on a project to develop a regional set of models, 'NiREMs', that will allow us to assess the progress of the country towards the 'levelling up' agenda.

The Institute's global econometric model is licensed annually to many European Central Banks and international organisations. The model's use within these organisations helps to

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widen the influence of the Institute's research and enables our expertise to influence policy decisions for the public benefit not only in the UK but worldwide. We also provide extensive training on forecasting methods, facilitating extensive specialist knowledge transfer. The new Global Economic Outlook is specifically aimed at developing our reputation for global economic analysis.

FUNDRAISING

NIESR has not hitherto engaged in public fundraising and does not use professional fundraisers or commercial participators. During the year there were no complaints relating to fundraising practice.

ACHIEVEMENTS & PERFORMANCE

Overview

In 2021-2022, NIESR continued to operate at the forefront of applied policy research; helping to shape the policy agenda and provide accurate, authoritative analysis of economic and social developments in the UK and abroad. A highlight of the financial year was the awarding of the Officer of the Order of the British Empire (OBE), in recognition of his services to economics and economic policy, to our Director, Jagjit S. Chadha in the Queen's Birthday Honours. In addition, our Deputy Director, Adrian Pabst, was elected as a Fellow of the Academy of Social Sciences (FAcSS).

Stakeholder Engagement

With a growing need, due to the pandemic and changing use of technology, to have a modern, dynamic digital presence, the financial year 2021-22 saw us invest in a new website and integrated CRM system. Both systems have had a transformational effect on the way the institute engages with its key audiences and generates policy impact with its research findings. Core to these projects was the need to integrate the different platforms that are used in the management of NiGEM subscribers, our corporate members, governors, and research fellows to build a 'single source of truth', as well as ensure that the relevant research and publications can be easily located and disseminated. Our CRM platform launched in June 2021 and the new website, after just under six months of development, launched in December 2021.

Our profile across social media continued to grow, with Twitter being by far our most popular channel. Over the financial year we added 1,259 followers on Twitter and 2,000 on LinkedIn (a 9% increase on Twitter and a 27% increase on LinkedIn). Engagement rates continue to be above average across both platforms.

Utilising funding from the Impact Acceleration Account (IAA) grant, we continued to provide a platform for economists from organisations covering a cross-section of the business community to meet and discuss some key issues. Taking place online, the quarterly Business Conditions Forum covered topics ranging from trade through to climate change, the levelling-up agenda, and the post-Covid-19 recovery plan. It is our intention to develop these opportunities in the coming financial year through a separate forum focused on our public policy research.

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We also continued to build links with our academic colleagues by signing one further university partnership agreement with Cardiff University, as well as our sister research organisation – The Economic and Social Research Institute (ESRI) in Ireland. These two agreements complement our existing agreement with the University of Glasgow, which was signed the previous financial year and involve the development of regional models for Wales and Northern Ireland respectively, as well as internships and possible shared research. Work is ongoing on all these projects, with initial findings shared through the publication of our quarterly UK Economic Outlook.

These quarterly economic outlooks, which, rather than being integrated into the National Institute Economic Review (NIER), were launched as standalone publications have provided us with the opportunity to gain significant traction amongst policymakers and senior government officials. During this financial year researchers have presented the key findings of these documents to representatives of the FCDO, BEIS and HM Treasury, as well as the Shadow Chancellor's office, the Scottish government, the OECD, IMF, OBR. They also used the insights gained to inform the three evidence sessions for the Treasury Select Committee.

Press and Media Relations

Our analysis and commentary on current economic and social issues continued to receive high profile coverage across all major print and broadcast outlets. Notable highlights include the publication of our occasional paper into fiscal frameworks, the launch of the Productivity Commission and the release of the Levelling Up white paper.

With the creation of standalone quarterly economic forecasts, considerable work has taken place this year to ensure that their release becomes firmly embedded in the media calendar. We have, with this, enjoyed considerable success with their findings receiving significant attention and high levels of reach across both national and international print and broadcast media.

Strategically, we have had some success by focusing on providing opinion pieces and long-format articles to expand our position on key topics. This has resulted in pieces being published across both mainstream and specialist media, including Prospect Magazine; The Spectator; Central Banking; The Financial Times; The Times; The Guardian; The Independent, Schools Week and Times Educational Supplement (TES).

Events

Our events calendar continued to be mainly online, in part due to the continued uncertainty regarding the pandemic and the ongoing works at 2 Dean Trench Street. Whilst limiting the physical interactions we have been able to have, it has, however, enabled us to reach a broader audience than previously with registrations and attendances at events well above pre-pandemic levels. How we continue to build on this as we transition back to a more office-based environment and hybrid working will be one of the priorities for the next financial year.

Some highlights from this year's events calendar include:

- A workshop on the economics and politics of productivity with Professor Tim Besley as a keynote speaker

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- Our inaugural Parliamentary Lecture in April 2021, with Jon Cruddas MP discussing the dignity of labour
- The hosting of the 17th Euroframe conference on economic policy issues in the EU. The focus of this event was climate change, with contributions by Professor Sir Partha Dasgupta and Professor Rick van der Ploeg
- The relaunch, and renaming, of our public lecture on economic measurement – the Deane-Stone Lecture – in recognition of the work of Phyllis Deane, with Professor Sir Ian Diamond speaking on the use of measurement during the Covid-19 pandemic
- The launch of The UK Productivity Commission in September 2021, and its subsequent evidence sessions to explore issues affecting our poor productivity performance
- Our events programme for the ESRC Festival of Social Science, which we used as an opportunity to engage with other organisations holding similar events. These comprise the Economic Observatory, the University of Glasgow, Cardiff University and ESRI.

We held several joint events this year to disseminate the findings of our research and build our network and reach. In September, together with BIT, Demos, the IES and Centre for Aging Better, we hosted an event to explore older workers' experiences of the recruitment process. In October and November, we ran two events with Grant Thornton on carbon taxation and re-opening the economy after lockdown, and in March – together with the MMF – we hosted an all-day conference to mark the 25th anniversary of operational independence and the formation of the Monetary Policy Committee. This included a keynote speech by Ben Broadbent, as well as several individual contributions by both former, and current MPC members.

Priorities for 2022/2023

We seek to influence the emergent policy agenda and provide independent examination of social and economic policies in the UK and beyond. Our objective is to deepen the public understanding of the economic and social issues that affect their lives, helping to shape the policy agenda with our findings.

In line with this, our principal aims for communication and stakeholder engagement in the next financial year are to:

- Continue to actively engage with our broad range of stakeholders through dedicated member events that align with core research themes. We plan to deepen the strong relationships we already have across the spectrum of media, central government, businesses, and academia to inform our own research and ultimately improve understanding.
- Work with our Governors and embryonic Development Committee to seek new income channels and diversify our funding streams. As a small, independent research charity with no core funding, it is vital that we adopt an entrepreneurial approach to revenue-raising and are therefore able to address the questions that matter. The work of our Development Committee and Governors will be vital to us achieving our aim of securing unrestricted funding from individual or corporate donors.

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- Build on the significant work undertaken during 2021/2022 to develop our digital channels so that our work reaches a wider audience and achieves a greater level of impact. By investing in some new audio-visual equipment for our Library, we intend to host a greater number of hybrid-style events across our core research themes.

Macroeconomics

The Macroeconomic Modelling and Forecasting Directorate is now led by its Deputy Director, Professor Stephen Millard (February 2022), who replaced Paul Mortimer-Lee, who was overseeing the Directorate following the resignation of Hande Küçük (September 2021). The Directorate undertakes three main activities:

1. Model Development
2. Forecasting and Nowcasting
3. Macroeconomic Research

In the National Institute Global Econometric Model (NiGEM) it maintains one of the world's leading tools for economic modelling. NiGEM continues to be widely licenced, and is used by Finance Ministries, central banks, and corporates on five continents. Our Quarterly UK and Global Economic Outlooks – containing our quarterly forecasts – are widely read and cited in the media. And our research is published in NIESR Discussion, Occasional and Policy Papers as well as high-quality economic journals.

NiGEM

NiGEM continues to be the macro model of choice for institutions all over the world and remains of interest to new potential subscribers. We have been particularly successful in winning projects based on our climate change modelling work using NiGEM. Key to this success is the integral part it plays in the development of alternative climate scenarios by the Network for Greening the Financial.

System (NGFS), with many financial institutions within the NGFS making use of NiGEM for their own climate modelling. Our own work using NiGEM to examine the impact of carbon taxes was published in a special issue of the NIER on the 'Macroeconomics of Climate Change'.

Forecasting and Nowcasting

We remain committed to producing our flagship quarterly forecasts for both the UK and the global economies, together with commentary exploring our views on their current state, how we see them evolving, and the implications for monetary and fiscal policy. Each quarter, these Outlooks are disseminated to the media, economists and wider public. We also produce monthly 'trackers' for GDP, wage inflation and CPI inflation, a quarterly term premium tracker and, until February, a Covid-19 tracker. These trackers involve nowcasting the relevant variables and, in the case of GDP and wage inflation, providing short-term forecasts. We see the area of nowcasting as being one we can further develop moving forward with the goal being a 'one-stop-shop' for nowcasts of a broader set of key macroeconomic variables and NIESR analysis of current macroeconomic conditions.

Research

Over the year we have carried out research projects in various areas, publishing our results in both academic and policy outlets and ensuring that the results are disseminated in such a way as to maximise our impact on policy. Highlights were the work on the 'Health and Social Care Levy' announced in September 2021 (published as a NIESR Policy Paper on 'The New Employment Tax') and the work on the 'Economic Costs of the Russia-Ukraine Conflict' (published as a NIESR Policy Paper), which was launched at an event in NIESR in March 2022 and was widely picked up by the media. In addition, we have carried out research over the year under the auspices of the Economic Statistics Centre of Excellence (ESCoE) and The Productivity Institute (TPI) as well as contributing to the Productivity Commission via Stephen Millard's role as one of the Commissioners.

Policy outreach

A large element of our work involves communicating with policy makers and inviting them to our events, as well as attending and contributing towards their events. Ahead of the October 2021 and March 2022 Economic and Fiscal Outlooks, we participated in Office for Budget Responsibility (OBR) Roundtable Discussions and responded to the Organisation for Economic Co-operation and Development's (OECD) questionnaire to inform their UK economic outlook. We also met with the International Monetary Fund's (IMF) Article IV team ahead of their visit to the UK. Core to our wider mission is the production of timely responses to UK fiscal events. Following both the 27 October Budget and the 23 March Spring Statement, we published carefully considered and comprehensive review of the major announcements, including an opinion on how they would impact households and sectors. Relatedly, Stephen Millard gave evidence to the Treasury Select Committee at their examination of the level of the current UK tax burden on 29 February.

Priorities for 2022-23

In line with NIESR's overall strategy, our priorities for the coming year are:

- Improve policymaker, expert and public understanding of the main factors driving the UK and world economies.
- Become a centre of modelling excellence by developing our suite of models, together with our forecasting and nowcasting capabilities, to assess and shape policymaking.
- Actively engage with all our stakeholders and raise awareness of our research work through the dissemination of the findings with the objective of influencing policy.

Public Policy

The Public Policy team led by its Deputy Director, Professor Adrian Pabst, focuses on four research and policy areas:

1. Regional and household-level analysis
2. Education and skills
3. Productivity and trade
4. Public understanding of economics

Drawing on NiGEM, the team is deploying NIESR's household model LINDA (Lifetime Income Distributional Analysis) and the regional model NiREMs to understand the nature of the cost-of-living crisis and of deepening disparities between and within the UK's regions. Our analysis of this area within a dedicated chapter of the quarterly UK Economic Outlook, has had significant traction in the national and international media and shaped the policy debate on support measures for the poorest and for household that struggle to make ends meet.

Our researchers have engaged in policy outreach and possess a proven track record of winning tenders and research bids. They publish articles widely in top-ranked social science journals as well as research monographs – including one published by Routledge in April 2022 and two signed book contracts (with Cambridge University Press (CUP) and with Palgrave Macmillan).

Regional and household-level analysis

Our work has tracked how the devolved nations of Scotland, Wales, and Northern Ireland, as well as the English regions, are evolving in terms of economic output, productivity, employment, and inactivity. Among the key findings are growing gaps not only between regions but also within them (e.g., pockets of deprivation in London and the Southeast) and specific features of the Scottish economy (employment bounce after COP-26), the Welsh economy (high and rising levels of inactivity) and the Northern Irish economy (the benefits of the NI Protocol).

We have analysed the conditions of households across the income distribution, highlighting the increase in poverty and destitution resulting from Covid and then the cost-of-living crisis. What we have found is that the poorest 5 million required targeted assistance such as an uplift of Universal Credit of £20 during the pandemic and the lower income households that struggle to make ends meet and must choose between eating and heating. This work has drawn on, and developed, our household-level model LINDA, which was also used for projects on wealth taxation and progressive consumption taxes, as well as projects on the costs and benefits of gambling.

Education and skills

Our research has examined the continuous impact of Covid-19 on the educational sector from early years provision through primary and secondary schools to university and vocational training. The adverse consequences of lockdowns on early years settings and on schools encompass scarring effects for children and pupils (both in terms of their formal learning outcomes and their socioemotional development) and for the productivity of teachers and parents who had to home-school. One of the key findings was that, in the absence of further catch-up measures, lifetime earning losses would range between £8,000 and £22,000.

The other focus of our work has been on evaluating school programmes, including specific support measures for working parents and Designated Safeguarding Leads in schools, which have involved conducting hundreds of interviews with teachers in schools and social workers. This evaluative work is shaping policy debates at level of central government, local authorities, and individual educational establishments.

Productivity and trade

As a core partner of TPI, our research on productivity has focused on two dimensions: one is on geography and place and the other is on governance and the institutions. Whilst the former has examined FDI and regional aspects, with a paper by two Public Policy researchers quoted in the Levelling Up White Paper which was published on 2 February 2022, the latter has explored institutional and policy churn and alternative arrangements to the UK's centralised system of economic and political governance. We have analysed how the politics and policies of productivity contribute to the poor productivity performance and which policy and institutional changes are required to improve the UK's situation: reducing the gaps in the local/regional markets, the skills base, and the ecology of institutions at national, regional and local levels.

Moreover, we have conducted research collecting and analysing evidence about the causes and consequences of the UK's flatlining productivity growth since the financial crash in 2007 as part of the Productivity Commission and Adrian Pabst's role as one of the Commissioners, for example the stark finding that if productivity had continued to grow at two per cent per year in the last decade, it would have meant an extra £5,000 per worker per year on average.

Public understanding of economics

We have continued to explore how the public engage with economic statistics and how economists can improve the public understanding of economics, including ESCoE-funded work together with colleagues at the Bank of England and others involving qualitative research on data such as GDP growth. Other work has focused on inflation and the cost-of-living crisis, which encompasses videos filmed with Finance Unlocked to reach new audiences, as well as IAA-supported print, broadcast, and online media.

Priorities for 2022-23

Improve policymaker, expert and public understanding of the main factors driving the UK and world economies by producing reports for government departments and on topical issues such as gambling reform, together with our school's evaluation work and projects with the Low Pay Commission. The team also makes a significant contribution to our quarterly UK Economic Outlook, with the dedicated chapter on household analysis getting substantial traction in the media and among policymakers.

Become a centre of modelling excellence by developing our suite of models, together with our forecasting and nowcasting capabilities, to assess and shape policymaking. We will continue to work with colleagues on the development and integration of three models (LINDA, NiREMs and NiSEM) to assist in our modelling of inter-regional and inter-sectoral spill overs, as well as understand how changes in household finances affect consumption and growth in different parts of the country.

Actively engage with all our stakeholders and raise awareness of our research work through the dissemination of the findings with the objective of influencing policy.

The Institute is working towards a revised strategy that will increase the visible impact of its work, whilst at the same time enhancing its reputation for academic excellence.

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To support this the Deputy Directors are providing the Director with increased capacity to explore new opportunities to expand the work of the Institute in line with our strategy. The Head of External Affairs has brought both Communications and Marketing expertise to the Institute and a new Chief Financial Officer was appointed to manage the development of both Finance and Operations to support the Institute's strategy.

The remedial works to the building are continuing next year – Phase I should be completed in September 2022 though some minor works remain. Phase II should be completed by the end of March 2023 at a budget of £450k.

RISK MANAGEMENT

The Institute Risk Register is kept under regular review by management and the Trustees, through internal monitoring, and the oversight provided by the Audit, Risk and Ethics Committee (AREC). These processes have covered both short- and long-term risks

There was a deep dive on commercialisation of NIESR products and reviewed the Risk Register. Whilst it was not considered necessary to add new specific risk in response to the risks involved, it was agreed that more emphasis should be placed on business continuity issues. Mitigations to risks in the category of academic reputation, financial sustainability and IT provisions have been strengthened in this regard.

The principal risks facing the institute continue to relate to financial stability and the retention of our reputation for academic excellence, independence, and integrity. We are seeking to address this by placing renewed emphasis on income diversification – both within the category of research income and in encouraging non-research income are intended to provide additional mitigation in this area. Management systems also continue to strengthen in project management and human resources, whilst our continued accreditation under ISO standards provides valuable independent assurance that our systems remain robust.

FINANCIAL REVIEW

The full year result, excluding gains on investment was a loss of £1,546m; partly due to the increase in the USS deficit recovery provision (£952k) and partly the effect of the pandemic which had not been reflected in the original budget. The value of investments has also continued to improve (currently £2,639K) of which £250k was withdrawn for building remedial works.

Statement of Financial Activities

The Statement of Financial Activities (SoFA) for the year shows a loss, before investment portfolio revaluations, of £1,546,115 (2021: loss £195,161) arising from gross unrestricted income of £1,812,690 (2021: £1,613,589) and £2,803,646 of restricted income (2021: £3,648,749).

This year's financial statement includes an increase of £951,963 in the provision for the Universities Superannuation Scheme Deficit Recovery Plan which has been extended from 6 years to 16 years. Excluding the movement in the USS deficit provision and unrealised gains/losses on investments, the Institute recorded a net deficit for the year of £594,552 of

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which we had an exceptional building remedial cost of £592k (2020: deficit of £201,268) as set out in the following table:

	2021-2022 £	2020-2021 £	2019-2020 £	2018-2019 £
Income				
Fees for research work	3,463,591	4,180,112	4,938,095	3,638,504
Economic model fees	681,196	632,762	590,109	637,609
Publications	184,371	134,099	232,451	225,458
Corporate membership	164,198	153,437	104,605	96,562
Donations and contributions	2,155	33,055	76,836	76,548
Investment income	51,846	53,016	71,466	68,540
Other income	64,979	75,857	71,337	87,917
	4,616,336	5,262,338	6,084,899	4,831,138
Expenditure				
Staff costs*	2,795,863	2,746,446	2,752,768	2,692,312
Other expenditure	2,415,025	2,717,160	3,261,355	2,099,094
	5,210,888	5,463,606	6,014,123	4,791,406
Net surplus/(deficit) excluding gain/(loss) on investments and USS deficit provision movement	(594,552)	(201,268)	70,776	39,732
Net gains/(losses) on investments	108,550	622,822	(267,456)	88,433
Movement on USS deficit provision	(951,563)	6,107	483,462	(724,117)
Net movement in funds as per the statement of financial activities	(1,437,565)	427,661	286,782	(595,952)

* For the purposes of comparability, staff costs above are shown exclusive of the movement in the USS deficit reduction provision as this does not relate to the operational activities of the Institute during the year (see note 7 to the financial statements).

Total income for the year to 31 March 2022 has reduced by 12% compared to prior year this was driven by a 17% decrease in income from research work. It should be noted that a proportion of this revenue is passed on to organisations external to the Institute and matched by a corresponding decrease in costs. The costs attributable to grants held and awarded by our host institutions is reflected within “other expenditure” above and set out in note 5 to the financial statements within “fees and other direct costs”. Income from publications has

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increased from previous years. Analysis of the attributable costs is set out in note 5 to the financial statements.

Expenditure for the year, excluding the movement in the USS pension provision, has decreased by 5%, primarily due to the corresponding decrease in direct research expenses noted above.

Balance Sheet

Cash at bank and in hand decreased by 21% (£336k) during the year to £1,261k this is due to the Rebuilding Macroeconomics centre entering its final year at NIESR with consequent payment of funds to external partners for projects that have completed. There is a related reduction in deferred income which can be seen in note 15 to the accounts.

Debtors have decreased by 37% and this is primarily due to accrued income payments due to external collaborators on ESCoE projects. Over 90% of trade debtors at the end of the year have been received by the time of the report's approval.

Within deferred income of £1,676k, £1,198k represented research projects of which approximately 55% (£921k) related to Rebuilding Macroeconomics (RM) and ESCoE projects.

The level of unrestricted reserves on the balance sheet has decreased to £920k at the end of the year compared to £2,357k at 31 March 2021, with the operational deficit being partly offset by unrealised gains in the investment portfolio.

Included in the balance sheet is a provision for liabilities of £1.6m (31 March 2021: £648k). This represents the contractual obligation in relation to the USS deficit recovery plan, representing the current estimate of deficit contributions of between 2% and 6% of employers USS contributions extended until March 2038.

INVESTMENT POLICY

The Investment Committee is responsible for managing all the invested assets held by the Institute with a view to achieving a return to help further the Institute's objectives. Paying due regard to investment risks, the Committee's overall objectives are to create sufficient income and capital growth to support the Institute in carrying out its purposes consistently year by year with due and proper consideration for future needs and the maintenance of and, if possible, enhancement of the value of the invested funds while they are retained.

These objectives are to be achieved by investing prudently in a broad range of fixed interest securities and equities which are quoted on a Recognised Investment Exchange and unit trusts and OEICs (open ended investment companies) which are authorised under the Financial Services and Markets Act 2000. There will be no investment in unquoted securities.

The Committee operates under delegated investment powers from the Council of Management, set out in its terms of reference. The Trustees have agreed to aim for a medium risk portfolio and expect the Investment Managers to balance the risk given broad market conditions. There is currently one discretionary Investment Manager, whose

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performance is subject to regular review by the Investment Committee, and whose appointment is formally reviewed at least every three years. At the time of writing, no change to the overall investment policy or objectives has been requested.

During the year to 31 March 2022 there was a net increase in the fair value of listed investments of £108,550 (2021: net increase of £622,822).

Reserves policy and going concern

The Trustees aim to maintain free reserves in unrestricted funds at a level which provides for the ongoing running and development of the Institute and should be sufficient to cover:

- Legal obligations;
- Risks relating to the historic variability of research and trading income;
- Risks relating to the historic variability of investment income;
- Unforeseen day-to-day operational costs; and
- Emergency costs.

The Trustees reviewed these risks and agreed that the Institute will aim to hold free reserves of between £2 - £3,000,000 in an unrestricted general fund. These reserves are subject to annual review by the Trustees and have been specifically reviewed in relation to the forecast cost of the major remedial works in the Dean Trench Street building for the period 2022/23 currently estimated as £0.5m. It has been agreed that the target level of free reserves remains broadly appropriate.

The balance held as unrestricted reserves at 31 March 2022 was £920,305k partly reflecting the £592,000 spent on the remedial works project during the year and partly the increased USS deficit recovery contribution. USS has published a revised plan for the deficit recovery contribution as at 31st March 2022 spread over 16 years in place of the previous plan spread over 7 years based on the funds' deficit as at its last valuation in March 2020. This USS deficit provision of £1,599,579 over the next 16 years, is a much longer period than the 5 years reserves policy is intended to cover and does not include estimated future financial surpluses over the 16- year period. The proportion of expected cash contribution which relates to the next five years amounts to £500,000

Adding back the part of the USS deficit provision relating to years 6-16 of £1,099,579 results in reserves of £2,019,884 at the end of the year. It is likely that the remaining cost of the remedial works will absorb some of these reserves, but it is also expected that the USS fund will undertake a further valuation as at the end of the current 3-year period in March 2023 which will affect the value of NIESR's unrestricted free reserves.

To facilitate the management of short-term cash flow fluctuations, a small amount of the reserves has been invested in easily accessible bank accounts. In view of the above, the Trustees have considered the risks faced by the Institute and conclude that no material uncertainties related to events or conditions that may cast significant doubt over the ability of the Institute to continue as a going concern have been identified

Designated funds

The Institute holds a small proportion of its reserves as a 'designated' Work Experience support fund. This was established in 2011 from a legacy of £10,000 from a former Institute Secretary, Mrs Kit Jones, and the money is to be used to provide an annual paid work placement for a sixth form student based in the London Borough of Barking and Dagenham, which is in line with the Institute's charitable aims.

The levels of any designated funds are subject to annual review by the Trustees.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Institute is both a company limited by guarantee and a registered UK Charity. It is governed by a Board of Trustees who are collectively responsible for the governance and strategic direction of the Institute together with its organisational and financial health and its external reputation and delivery of public benefit, in the context of its principal object as defined in the Memorandum and Articles of Association.

The Board of Trustees consists of senior representatives from the worlds of policymaking, business and academia. All new Trustee positions are advertised publicly with the aim of appointing a diverse board with an appropriate mix of skills. Trustees are appointed at the Institute's Annual General Meeting in December and co-opted at other times subject to election at the next AGM. Prior to election, Trustees are made aware of their obligations in relation to the Charity in line with the Memorandum and Articles of Association. New Trustees receive an induction into their role which includes understanding and fulfilling any training needs. All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are disclosed in notes 7 and 9 to the accounts.

The council has four committees, consisting of the following Trustees and executive staff:

- Audit, Risk and Ethics Committee
 - Neil Gaskell (Chair)
 - Tera Allas (resigned 9 December 2021)
 - Keith Mackrell
 - Neville Manuel
 - Jagjit Chadha (Director) in attendance
 - Helen Finely (Chief Financial Officer) in attendance
- Investment Committee
 - Stephen King
 - Professor David Greenaway
 - Giles Keating (co-opted)
 - Jagjit Chadha (Director) in attendance
 - Helen Finely (Chief Financial Officer) in attendance

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- Nominations and Remuneration Committee
 - Professor Phillip Brown
 - Professor Nicholas Crafts
 - Alex Baker (Chair)
 - Professor Jill Rubery
 - Jagjit Chadha (Director)
 - Helen Finely (Chief Financial Officer) in attendance
- Development Committee
 - Professor David Greenaway (Chair)
 - Romesh Vaitilingam
 - Professor Jagjit Chadha (in attendance)
 - Neil Lakeland (in attendance)
 - Peter Oppenheimer
 - Doug Thomson

During the year, council established a Development Committee. It pays regard both to the Institute's research independence and its broader reputational and charitable integrity, the Committee will seek to raise funds from donors – individuals, companies and other entities – with the triple objectives of realising the Institute's strategic plan, raising the Institute's impact both academically and with regard to public policy, and bolstering resources for the Institute's future growth and development

Each committee reports to Council, making recommendations for Council review and decision.

Council delegates responsibility for the day to day running of the Institute to the Director, who reports to Council quarterly. The Director works to an agreed set of objectives and key performance indicators reviewed annually, manages the research portfolio and acts as the primary representative of the organisation externally.

STAFFING

The management recognise the Unite union as having collective bargaining rights in relation to pay, hours and holiday for all employees except for the Director and his direct reports. A Staff Consultative Committee provides a forum for discussion on non-contractual issues, which the Director reports progress to all staff at regular meetings. The Nominations and Remuneration Committee has the responsibility for setting the Director's remuneration and reviewing performance, and the Director has the responsibility for setting the remuneration of all other staff.

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES

The Trustees (who are also directors of The National Institute of Economic and Social Research for the purposes of company law) 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).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustees are required to:

Select suitable accounting policies and then apply them consistently

- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

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

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The Trustees have taken all steps that 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The trustees' annual report has been approved by the trustees and signed on their behalf by

Professor Nicholas Crafts, Chair

22 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH**Opinion**

We have audited the financial statements of The National Institute of Economic and Social Research (the 'charitable company') for the year ended 31 March 2022 which comprise the statement of financial activities, balance sheet, statement of cash flows 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 March 2022 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
- 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 Institute'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.

The other information comprises the information included in the trustees' 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 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.

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 trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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

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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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the audit, risk and ethics committee, which included obtaining and reviewing supporting documentation, concerning the Institute's policies and procedures relating to:
- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the Institute operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the Institute from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.

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- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior statutory auditor)

9 November 2022.

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2022

	Note	2022 Unrestricted £	2022 Restricted £	2022 Total £	2021 Unrestricted £	2021 Restricted £	2021 Total £
Income from:							
Donations and contributions		2,155	–	2,155	33,055	–	33,055
Charitable activities	2						
Research work		659,945	2,803,646	3,463,591	531,363	3,648,749	4,180,112
Econometric model		681,196	–	681,196	632,762	–	632,762
Publications		184,371	–	184,371	134,099	–	134,099
Other trading activities	3	233,177	–	233,177	229,294	–	229,294
Investments	4	51,846	–	51,846	53,016	–	53,016
Total income		1,812,690	2,803,646	4,616,336	1,613,589	3,648,749	5,262,338
Expenditure on:							
Charitable activities							
Research work		2,276,850	2,506,440	4,783,290	1,242,490	3,375,484	4,617,974
Econometric model		714,384	–	714,384	495,024	–	495,024
Publications		596,237	–	596,237	273,082	–	273,082
Other trading activities		63,422	–	63,422	65,901	–	65,901
Investment management		5,118	–	5,118	5,518	–	5,518
Total expenditure	5a	3,656,011	2,506,440	6,162,451	2,082,015	3,375,484	5,457,499
Net (expenditure)/income before net gains on investments		(1,843,321)	297,206	(1,546,115)	(468,426)	273,265	(195,161)
Net gains on investments		108,550	–	108,550	622,822	–	622,822
Net (expenditure)/income for the year	6	(1,734,771)	297,206	(1,437,565)	154,396	273,265	427,661
Transfers between funds		297,206	(297,206)	–	273,265	(273,265)	–
Net movement in funds		(1,437,565)	–	(1,437,565)	427,661	–	427,661
Reconciliation of funds:	20a						
Total funds brought forward		2,357,870	–	2,357,870	1,930,209	–	1,930,209
Total funds carried forward		920,305	–	920,305	2,357,870	–	2,357,870

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20a to the financial statements.

Balance sheet

Company no. 0341010

As at 31 March 2022

	Note	2022 £	2021 £
Fixed assets:			
Tangible assets	11	193,101	137,645
Investments	12	2,638,822	2,801,515
		<u>2,831,923</u>	<u>2,939,160</u>
Current assets:			
Debtors	14	1,051,688	1,673,577
Cash at bank and in hand		1,260,993	1,597,128
		<u>2,312,681</u>	<u>3,270,705</u>
Liabilities:			
Creditors: amounts falling due within one year	15	(2,624,720)	(3,203,979)
		<u>(312,039)</u>	<u>66,726</u>
Net current (liabilities)/assets		<u>(312,039)</u>	<u>66,726</u>
Total assets less current liabilities		<u>2,519,884</u>	<u>3,005,886</u>
Provisions for liabilities	17	(1,599,579)	(648,016)
		<u>(1,599,579)</u>	<u>(648,016)</u>
Total net assets	19a	<u>920,305</u>	<u>2,357,870</u>
Funds:	20a		
Restricted income funds		–	–
Unrestricted income funds:			
Designated funds		8,995	8,995
General funds		2,510,889	2,996,891
		<u>2,519,884</u>	<u>3,005,886</u>
Total unrestricted funds excluding pension provision		<u>2,519,884</u>	<u>3,005,886</u>
Pension provision		(1,599,579)	(648,016)
		<u>(1,599,579)</u>	<u>(648,016)</u>
Total unrestricted funds		<u>920,305</u>	<u>2,357,870</u>
Total funds		<u>920,305</u>	<u>2,357,870</u>

Approved by the Trustees and signed on their behalf by

Professor Nicholas Crafts
Chair, Council of Management

Date: 22 September 2022

Statement of cash flows

For the year ended 31 March 2022

	Note	2022 £	£	2021 £	£
Cash flows from operating activities					
Net (expenditure)/income for the year (as per the statement of financial activities)		(1,437,565)		427,661	
Depreciation charges		11,583		9,342	
Losses on disposal of fixed assets		–		11,134	
(Gains) on investments		(108,550)		(622,822)	
Dividends, interest and rent from investments		(51,846)		(53,016)	
Decrease/(increase) in debtors		621,889		(377,372)	
(Decrease)/increase in creditors		(579,259)		19,481	
Increase/(decrease) in provisions for liabilities		951,563		(6,107)	
Net cash used in operating activities			(592,185)		(591,699)
Cash flows from investing activities:					
Dividends, interest and rents from investments		51,846		53,016	
Purchase of fixed assets		(67,039)		–	
Sale of investments		526,467		13,743	
Net cash provided by investing activities			511,274		66,759
Change in cash and cash equivalents in the year			(80,911)		(524,940)
Cash and cash equivalents at the beginning of the year			1,616,314		2,141,254
Cash and cash equivalents at the end of the year			1,535,403		1,616,314

	At 1 April 2021 £	Cash flows £	Other changes £	At 31 March 2022 £
Cash at bank and in hand	1,597,128	(336,135)	–	1,260,993
Cash held within investments	19,186	255,224	–	274,410
Total cash and cash equivalents	1,616,314	(80,911)	–	1,535,403

1 Accounting policies

a) Statutory information

The National Institute of Economic and Social Research is a charitable company limited by guarantee and is incorporated in the United Kingdom.

The registered office address is 2 Dean Trench Street, Smith Square, London, SW1P 3HE.

b) 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.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

The unrestricted deficit relates to the negative movement in the USS deficit recovery provision which will crystallise over the next 16 years. The annual cost is forecast to be similar to that incurred in the year 2020/21. The Trustees agree the liquid investments can be drawn upon to support working capital as necessary, therefore see the charity as a going concern.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) 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 by the charity. This is normally upon notification of the interest paid or payable by the bank or, with dividends, as notified by the investment manager.

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Notes to the financial statements

For the year ended 31 March 2022

1 Accounting policies (continued)

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs of research work, the provision of our econometric model and the provision of our quarterly review, and their associated support costs.
- Other expenditure includes the cost of management of our investment portfolio and other trading activities, including costs associated with corporate membership, rental and other income.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

Support and governance costs, including the salary and overhead costs of the central function, are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity in the year.

	2022	2021
• Research work	72.7%	77.4%
• Econometric model	14.8%	12.7%
• Publications	11.0%	7.6%
• Other trading activities	1.4%	2.1%
• Investment management	0.1%	0.2%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

j) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

• Property improvements	10 years
• Office and computer equipment	3 years
• IT upgrade	4 years
• Website development	4 years

Land is not depreciated as it is deemed to have an infinite useful life.

k) Listed investments

Investments are a form of basic financial instrument and 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/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

1 Accounting policies (continued)

l) Investments in subsidiaries

Investments in subsidiaries are at cost.

m) Debtors

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

n) Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

o) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p) Creditors and provisions

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

q) Financial instruments

With the exception of the listed investments described above, the charity 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

r) Pensions

The charity participates in Universities Superannuation Scheme. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the profit and loss account.

The charity also operates an Auto-Enrolment Compliant (AE) defined contribution scheme. The assets of these schemes are individually held by its members. Contributions to these schemes in the year were charged to the statement of financial activities as incurred.

s) Critical accounting judgements

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The trustees are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving these financial statements.

Notes to the financial statements

For the year ended 31 March 2022

2 Income from charitable activities

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Research work						
Government	291,171	1,453,075	1,744,246	299,065	1,299,500	1,598,565
Research Councils	–	828,258	828,258	–	2,009,651	2,009,651
Trusts & Foundations	32,086	374,501	406,587	70,693	297,009	367,702
European Commission institutions	13,757	–	13,757	25,523	–	25,523
Other	322,931	147,812	470,743	136,082	42,589	178,671
Sub-total	659,945	2,803,646	3,463,591	531,363	3,648,749	4,180,112
Econometric model fees						
Subscriptions	681,196	–	681,196	632,762	–	632,762
Sub-total	681,196	–	681,196	632,762	–	632,762
Publications						
Sales and other	184,371	–	184,371	134,099	–	134,099
Sub-total	184,371	–	184,371	134,099	–	134,099
Total income from charitable activities	1,525,512	2,803,646	4,329,158	1,298,224	3,648,749	4,946,973

3 Income from other trading activities

	2022 Total £	2021 Total £
Corporate membership	164,198	153,437
Room rental	24,543	21,231
Other income	44,436	54,626
	233,177	229,294

All income from other trading activities is unrestricted.

4 Income from investments

	2022 Total £	2021 Total £
Dividends	51,846	53,002
Bank interest	–	14
	51,846	53,016

All income from investments is unrestricted.

Notes to the financial statements

For the year ended 31 March 2022

5a Analysis of expenditure (current year)

	Raising funds		Charitable activities						
	Investment management £	Other trading activities £	Publications £	Econometric model £	Research work £	Governance costs £	Support costs £	2022 Total £	2021 Total £
Staff costs (Note 7)	3,467	42,959	347,756	469,493	2,297,356	–	586,395	3,747,426	2,740,339
Fees and other direct costs	–	–	82,708	2,026	1,320,530	–	–	1,405,264	2,111,049
Travel and subsistence	–	–	121	–	16,870	217	325	17,533	3,910
Books and journals	–	–	–	–	220	–	25,850	26,070	22,278
Research materials	–	–	–	18,307	34,932	–	–	53,239	100,404
Sundry expenses	–	–	–	144	16,009	12,888	115,236	144,277	192,385
Premises	–	–	–	–	–	–	643,861	643,861	116,638
IT	–	–	–	772	3,035	–	71,163	74,970	131,672
Professional fees	–	–	–	–	–	16,263	18,931	35,194	25,997
Depreciation	–	–	–	–	–	–	11,583	11,583	9,342
Finance costs and bad debts	–	–	–	–	–	–	3,034	3,034	3,485
	3,467	42,959	430,585	490,742	3,688,952	29,368	1,476,378	6,162,451	5,457,499
Support costs	1,619	20,064	162,421	219,280	1,072,994	–	(1,476,378)	–	–
Governance costs	32	399	3,231	4,362	21,344	(29,368)	–	–	–
Total expenditure 2022	5,118	63,422	596,237	714,384	4,783,290	–	–	6,162,451	
Total expenditure 2021	5,518	65,901	273,082	495,024	4,617,974	–	–		5,457,499

Notes to the financial statements

For the year ended 31 March 2022

5b Analysis of expenditure (prior year)

	Raising funds		Charitable activities					
	Investment management £	Other trading activities £	Publications £	Econometric model £	Research work £	Governance costs £	Support costs £	2021 Total £
Staff costs (Note 7)	3,875	45,185	168,179	280,111	1,704,805	–	538,184	2,740,339
Fees and other direct costs	–	1,500	33,379	1,882	2,074,288	–	–	2,111,049
Travel and subsistence	–	–	–	–	4,775	61	(926)	3,910
Books and journals	–	–	–	–	–	–	22,278	22,278
Research materials	–	–	–	93,218	7,186	–	–	100,404
Sundry expenses	–	–	–	291	84,205	4,976	102,913	192,385
Premises	–	–	–	–	–	–	116,638	116,638
IT	–	–	–	395	17,683	–	113,594	131,672
Professional fees	–	–	–	–	–	15,500	10,497	25,997
Depreciation	–	–	–	–	–	–	9,342	9,342
Finance costs and bad debts	–	–	–	–	–	–	3,485	3,485
	3,875	46,685	201,558	375,897	3,892,942	20,537	916,005	5,457,499
Support costs	1,607	18,795	69,956	116,515	709,132	–	(916,005)	–
Governance costs	36	421	1,568	2,612	15,900	(20,537)	–	–
Total expenditure 2021	5,518	65,901	273,082	495,024	4,617,974	–	–	5,457,499

Notes to the financial statements

For the year ended 31 March 2022

6 Net income / (expenditure) for the year

This is stated after charging:

	2022 £	2021 £
Depreciation	11,583	9,342
Loss on disposal of fixed assets	–	11,134
Auditor's remuneration (excluding VAT):		
Audit	15,800	15,500
Other services	950	900
Foreign exchange losses	1,051	1,228
	17,384	27,704

7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2022 £	2021 £
Salaries and wages	2,115,696	2,156,187
Interim staff costs	126,552	9,854
Social security costs	221,513	228,120
Employer's contribution to defined contribution pension schemes	28,414	42,614
Employer's contribution to defined benefit pension schemes	303,688	309,671
	2,795,863	2,746,446
Total staff before movement in USS pension provision		
	2,795,863	2,746,446
Movement in provision for USS pension scheme	951,563	(6,107)
	3,747,426	2,740,339

The following number of employees received employee benefits exceeding £60,000 (excluding employer pension costs and employer's national insurance) during the year between:

	2022 No.	2021 No.
£60,000 – £69,999	4	3
£70,000 – £79,999	3	1
£80,000 – £89,999	1	1
£90,000 – £99,999	1	1
£110,000 – £119,999	–	1
£150,000 – £159,999	1	1

The key management of the charity comprise the trustees, the Director, two Deputy Directors, Chief Financial Officer and Head of External Affairs. The total employee benefits (including employer's pension contributions and employer's national insurance) of the key management personnel were £573,243 (2021: £457,027). In 2021, the key management of the charity comprised the trustees, the Director, two Deputy Directors, Head of Finance and Chief Operating Officer.

As permitted by the charity's memorandum and articles of association, the Director is also a member of the Council of Management. During the year, the Director received a salary of £156,840 (2021: £153,000) plus pension benefits of £33,093 (2021: £32,705). No other charity trustees were paid nor received any other benefits from employment with the charity in the year (2021: £nil). No charity trustee received payment for professional or other services supplied to the charity (2021: £nil).

Trustees' expenses represent the payment or reimbursement of travel and subsistence costs and totalled £217 (2021: £60) incurred by 3 (2021: 1) members relating to attendance at meetings of the trustees.

8 Staff numbers

The average number of employees (head count based on number of staff employed and interim management personnel) during the year was 49 (2021: 48).

Notes to the financial statements

For the year ended 31 March 2022

9 Related party transactions

There are no related party transactions to disclose for 2022 (2021: none).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

10 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. All profits from the charity's trading subsidiary NIESR Services Limited are paid to the parent charity by way of a distribution under gift aid and a corresponding tax credit is recorded at the point of the distribution, therefore there is no liability to corporation tax in either the current or prior financial year. The charity's trading subsidiary has been dormant in both current and prior accounting periods and hence there is no distribution expected to be made.

11 Tangible fixed assets

	Freehold property £	Property improvements £	IT and office equipment £	Website £	Total £
Cost					
At the start of the year	118,380	106,785	170,258	42,498	437,921
Additions in year	–	36,736	30,303	–	67,039
Disposals in year	–	–	–	–	–
At the end of the year	118,380	143,521	200,561	42,498	504,960
Depreciation					
At the start of the year	–	106,785	150,993	42,498	300,276
Charge for the year	–	328	11,255	–	11,583
At the end of the year	–	107,113	162,248	42,498	311,859
Net book value					
At the end of the year	118,380	36,408	38,313	–	193,101
At the start of the year	118,380	–	19,265	–	137,645

During 2016 the charity sought independent professional advice in relation to the value of its freehold property. This advice indicated a valuation significantly in excess of the carrying value of the assets in the financial statements. As a result the charity reconfirmed its practice in recent years of not depreciating its freehold property.

All of the above assets are used for charitable purposes.

12 Investments

	2022 £	2021 £
Fair value at the start of the year	2,782,327	2,173,248
Additions at cost	–	–
Disposal proceeds	(526,467)	(13,743)
Net gain/(loss) on change in fair value	108,550	622,822
Listed investments	2,364,410	2,782,327
Investment in subsidiary companies	2	2
Cash held by investment broker	274,410	19,186
Fair value at the end of the year	2,638,822	2,801,515

Notes to the financial statements

For the year ended 31 March 2022

13 Subsidiary undertaking

The charitable owns the whole of the issued ordinary share capital of NIESR Services Limited, a company registered in England (Company number: 04063185, address: 2 Dean Trench Street, London, SW1P 3HE). The company was dormant in both the current and prior accounting periods and hence has not been consolidated into these financial statements. Available profits are distributed under gift aid to the charitable company. The Director of the charitable company is also director of the subsidiary.

14 Debtors

	2022 £	2021 £
Trade debtors	617,416	1,160,427
Prepayments and other debtors	34,860	30,835
Amounts owed from subsidiary undertaking	714	797
Accrued income	398,698	481,518
	1,051,688	1,673,577

With the exception of listed investments, all of the charity's financial instruments, both assets and liabilities, are measured at amortised cost.

15 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	443,411	671,763
Taxation and social security	76,799	175,832
Accruals	428,769	363,178
Deferred income (note 16)	1,675,741	1,993,206
	2,624,720	3,203,979

16 Deferred income

Deferred income comprises income received in advance of the provision of a specified service.

	2022 £	2021 £
Econometric model subscriptions	326,123	326,636
Research work	1,198,075	1,492,383
Corporate membership	81,043	101,229
Royalty income	70,500	72,958
Balance at the end of the year	1,675,741	1,993,206

Notes to the financial statements

For the year ended 31 March 2022

17 Provisions for liabilities

	2022 £	2021 £
Obligation to fund deficit on USS pension		
At the start of the year	648,016	654,123
Movement in year	951,563	(6,107)
At the end of the year	1,599,579	648,016

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision. The shortfall is expected to be eliminated in 18 years from 31 March 2020 the period over which outflow related to this provision is expected. The changes in salary costs and staff numbers have been assessed using the forecast impact of the Institute's plans on the number of staff employed, and known statutory and other increases to pay. The discount rate used considered to be the equivalent of that of a high quality corporate bond.

Deficit recovery contributions due within one year for the charity are £100,352 (2021: £65,149).

18a Pension schemes – Universities Superannuation Scheme (USS)

The total amount charged to the statement of financial activities for the year relating to USS pensions was £1,255,251 (2021: credit of £303,564) as shown in note 7.

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2020 (the valuation date). The next full valuation is due at 31 March 2023.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2020 valuation was carried out under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions under the implementation of JNC recommendations was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%. The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles. For the 2020 valuation, a 'dual discount rate', was used meaning using separate discount rates pre and post-retirement to work out the current cost of future pension obligations for members paying into their pension and for members that have retired. This notionally allows for a lower-risk investment strategy for assets which back pensions that are being paid, and a higher-risk strategy for assets which back pensions prior to members' retirement. Assuming the scheme remains stable, this means that the overall actual investment strategy can remain more consistent over time than was allowed for in previous valuations, while still giving sufficient security to members' benefits.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (all subject to a floor of 0.%)	Current pension increases (for both pre- and post-2011 benefits): CPI assumption + 5bps Increases capped at 2.50%
Discount rate	CPI assumption – 35bps Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post-retirement 1.00% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

2018 valuation

Mortality base table	101% of S2PMA 'light' for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5, and initial addition of 0.50% p.a. and a long-term improvement rate of 1.80% p.a. for males and 1.60% p.a. for females

Notes to the financial statements

For the year ended 31 March 2022

18a Pension schemes – Universities Superannuation Scheme (USS) (continued)

The current life expectancies on retirement at age 65 are:

	2022	2021
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

The recovery plan in the 2020 actuarial valuation requires employers to make additional contributions towards repairing the deficit. These contributions are 6.2% of salaries from 1 April 2022 to 31 March 2024, increasing to 6.3% from 1 April 2024 to 30 April 2038. This recovery plan aims to recover the deficit over a period slightly over 18 years from the 2020 valuation date.

	2022	2021
Discount rate (pensioners/ non pensioners)	1.4% / 0.7%	2.10%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.20%	2.60%

18b Pension schemes – defined contribution

The charity operates an Auto-Enrolment Compliant (AE) defined contribution scheme with Legal and General for non-research staff members who do not qualify for the Universities Superannuation Scheme.

The total cost charged to the statement of financial activities for the year relating to non-USS pension contributions was £28,414 (2021: £42,614) as shown in note 7.

19a Analysis of net assets between funds (current year)

	General unrestricted £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	193,101	–	–	193,101
Investments	2,638,822	–	–	2,638,822
Net current (liabilities)/assets	(321,034)	8,995	–	(312,039)
Provisions for liabilities	(1,599,579)	–	–	(1,599,579)
Net assets at 31 March 2022	911,310	8,995	–	920,305

19b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	137,645	–	–	137,645
Investments	2,801,515	–	–	2,801,515
Net current assets	57,731	8,995	–	66,726
Provisions for liabilities	(648,016)	–	–	(648,016)
Net assets at 31 March 2021	2,348,875	8,995	–	2,357,870

Notes to the financial statements

For the year ended 31 March 2022

20a Movements in funds (current year)

	At 1 April 2021 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2022 £
Restricted funds:	–	2,803,646	(2,506,440)	(297,206)	–
Total restricted funds	–	2,803,646	(2,506,440)	(297,206)	–
Unrestricted funds:					
Designated funds:					
Work experience support fund	8,995	–	–	–	8,995
Total designated funds	8,995	–	–	–	8,995
General funds	2,996,891	1,921,240	(3,656,011)	1,248,769	2,510,889
Pension provision	(648,016)	–	–	(951,563)	(1,599,579)
Total unrestricted funds	2,357,870	1,921,240	(3,656,011)	297,206	920,305
Total funds	2,357,870	4,724,886	(6,162,451)	–	920,305

The narrative to explain the purpose of each fund is given at the foot of the note below.

20b Movements in funds (prior year)

	At 1 April 2020 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2021 £
Restricted funds:	–	3,648,749	(3,375,484)	(273,265)	–
Total restricted funds	–	3,648,749	(3,375,484)	(273,265)	–
Unrestricted funds:					
Designated funds:					
Work experience support fund	8,995	–	–	–	8,995
Total designated funds	8,995	–	–	–	8,995
General funds	2,575,337	2,236,411	(2,082,015)	267,158	2,996,891
Pension provision	(654,123)	–	–	6,107	(648,016)
Total unrestricted funds	1,930,209	2,236,411	(2,082,015)	273,265	2,357,870
Total funds	1,930,209	5,885,160	(5,457,499)	–	2,357,870

Notes to the financial statements

For the year ended 31 March 2022

20c Movement in funds (purposes of funds)

Purposes of restricted funds

Restricted funds represent amounts received from funders which have to be used for the specific purpose for which they were given. Restricted income is set out by source below for all funders contributing in excess of £30,000 of restricted income during the year.

	2022 Total £	2021 Total £
Office for National Statistics	1,453,075	1,299,500
Economic and Social Research Council	828,257	1,959,748
Education Endowment Foundation	206,238	177,124
Nuffield Foundation	134,320	100,374
WWCSC	124,493	–
Financial Fairness Trust	33,824	–
Innovate UK	–	49,902
Leverhulme Trust	–	7,967
Other	23,440	54,134
	2,803,647	3,648,749

Purposes of designated funds

Work experience support fund: Funded from a legacy of £10,000 received in 2011 from a former Secretary, Mrs Kit Jones, this designated fund is to enable paid work placements for sixth form students from the London Borough of Barking and Dagenham.

21 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

Accounts

THE NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH (Incorporated)
(A company limited by guarantee)

Report and Financial Statements
Registered number: 341010
Charity number: 306083
31 March 2021

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REFERENCE AND ADMINISTRATIVE INFORMATION

Trustees (Members of the Council of Management)

Professor Diane Coyle (resigned 10th December 2020)
Professor Nicholas Crafts (appointed 10th December 2020)
Sir Paul Tucker
Tera Allas
Jenny Bates
Alexander Baker
Professor Phillip Brown
Professor Jagjit Chadha (Director)
Neil Gaskell
Sir David Greenaway
Stephen Daryl King
Keith Mackrell
Neville Manuel
Professor Jill Rubery
Professor Lorna Unwin (resigned 10th December 2020)
Romesh Vaitilingam

Chief Executive/ Director

Professor Jagjit Chadha

Registered Office & Principal Place of Business

2 Dean Trench Street, Smith Square, London, SW1P 3HE

Company Number: 341010 – incorporated in the United Kingdom

Charity Number: 306083 – registered in England and Wales

Auditor

Sayer Vincent LLP, Invicta House, 108-114 Golden Lane, London, EC1Y 0TL

Bankers

Bank of Scotland, 600 Gorgie Road, Edinburgh, EH11 3XP

Solicitors

Pannone & Partners, 123 Deansgate, Manchester, M3 2BU

TRUSTEES' REPORT

The Trustees, who are also directors of the Charity, are pleased to present their annual Trustees' report together with the financial statements of the charity for the year ended 31 March 2021, which are also prepared to meet the requirements for a Directors' report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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).

OBJECT AND ACTIVITIES

The principal object contained within the National Institute of Economic and Social Research's ("the Institute") Memorandum and Articles of Association is:

'The advancement of education in the social sciences particularly by the propagation of knowledge of the social and economic conditions of contemporary human society'.

We carry out high quality economic and social research of relevance to policy-makers and business, meeting this object via four main activities:

- The pursuit and delivery of a wide variety of research projects on topics of contemporary interest to policy-makers, business and third sector leaders, and academic audiences.
- The development and distribution of the National Institute's Global Econometric Model ("NiGEM") which contributes to the wider understanding of the working of the domestic and global economy and thus to the economic and social infrastructure. User licences are sold to a variety of organisations including central banks, private sector financial organisations, HM Treasury and the Bank of England, providing revenue to support our charitable objectives.
- The dissemination of research findings, through a variety of events and networks, and publication of the *National Institute Economic Outlooks*, *Occasional Papers* and the *National Institute Economic Review*.
- Engagement in relevant social and economic policy debates from a position of intellectually robust, independent expertise.

The Institute carries out these activities by:

- Maintaining access to a variety of high calibre research staff with suitable experience and expertise.
- Understanding the economic environment and the policy agenda, identifying the key stakeholders and being aware of other influential factors.
- Delivering high quality services and products and committing to the continual improvement our work.

- Developing and maintaining relationships with our research funders, model subscribers, corporate sponsors, collaborators and the owners and commissioners of relevant data sets.
- Generating sufficient income from research funding and other sources to finance the Institute's operations and long-term development, with the support of the Council of Management, to continue to deliver our charitable mission.
- Disseminating our research findings to our stakeholders in government, the media and the public.
 - This will be done via a range of media channels, including traditional publications and broadcast media, as well as via the internet and social media to reach as wide an audience as possible, nationally and internationally.
 - Encouraging staff involvement in academic activities such as journal publication, serving public bodies nationally and internationally, supporting the research of others in the University sector and more broadly, as well as contributing to the activities of Government and the political process in an expert capacity.

PUBLIC BENEFIT

The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing the Institute's aims and objectives and when planning future activities. The Audit, Risk and Ethics Committee of Council undertook a specific review in 2019/2020 to confirm that our portfolio of activities continued to conform with our charitable objectives and a further review of activities will take place in the financial year 2021/22.

The activities described above enable the Institute to improve the wider knowledge and understanding of issues which are of importance to the UK and internationally, with the ultimate aim of improving social and economic welfare. This was the purpose of the Institute's foundation over eighty years ago and remains central to its ethos today.

In order to serve the public benefit we maintain a high reputation for the independence and quality of our research, and invest in a number of outreach activities, including working with other organisations in the charitable and educational sectors. Our emphasis on dissemination and impact has strengthened further during the past two years, with the establishment of the NIESR *Festival of Social Science*, and an intensive contribution to the public debate during the Covid-19 pandemic. 2020-21 was our second full year of funding through the Impact acceleration Account scheme of the Economic and Social Research Council. NIESR is one of only two institutions outside the university sector to receive such recognition. We have sought to bring our work to new, non-academic audience, including the establishment of a new Business Conditions Forum, the development of a new, extensive *Economic Outlook* publication for the UK. Further details of our communication and impact activities can be found in the overview of the year below.

This year we have continued to develop University Partnerships with the Universities of Glasgow and Cardiff focussing on matching our ability to provide impact for research to the resources for world class research embedded within university structures. Our sectoral (dynamic sectoral model) and household level (LINDA) models accompany a suite of

trackers examining developments in the UK and global economy. Indeed the Institute has embarked on a project to develop a regional set of models, NiREMs, that will allow us to assess the progress of the country towards the 'levelling up' agenda.

The Institute's global econometric model is licensed annually to many European Central Banks and international organisations. The model's use within these organisations helps to widen the influence of the Institute's research and enables our expertise to influence policy decisions for the public benefit not only in the UK but worldwide. We also provide extensive training on forecasting methods, facilitating extensive specialist knowledge transfer. The new Global Economic Outlook is specifically aimed at developing our reputation for global economic analysis.

FUNDRAISING

NIESR has not hitherto engaged in public fundraising and does not use professional fundraisers or commercial participators. During the year there were no complaints relating to fundraising practice.

ACHIEVEMENTS & PERFORMANCE

Overview

The Institute has weathered much of the impact of the pandemic and is working towards a revised strategy that will increase the visible impact of its work, whilst at the same time enhancing its reputation for academic excellence.

To support this two Deputy Directors are now in place providing the Director with increased capacity to explore new opportunities to expand the work of the Institute in line with our strategy. A new Head of External Affairs has been appointed bringing both Communications and Marketing expertise to the Institute and a Chief Financial Officer has been appointed to manage the development of both Finance and Operations to support the Institute's strategy.

Research successes this year include work on the public understanding of economics, the monetary and fiscal framework, early years interventions, measuring well-being and the development of work on climate change.

The pandemic has provided an opportunity for us to reassess our workplace and working practices. A survey has identified remedial repairs are required to the building. The Trustees are comfortable that the cost of repairs can be funded from the Institute's reserves.

The Institute continues to focus on efficiency and cost control but also to strengthen its remote working policies and environment to ensure that staff continue to be supported during a difficult period. The Institute has also increased its focus on cyber security.

Research Highlights

NIESR research work during the year, 2020/21 has been focussed in four directorates – Macroeconomic Modelling and Forecasting, Employment and Social Policy, Education and Labour and, Trade Policy and Investment. These interact with two major national centres which the Institute hosts – the *Economic Statistics Centre of Excellence*, which is funded by the Office of National Statistics, and the *Rebuilding Macroeconomics* programme of the Economic and Social Research Council. Most of our work is however focussed on specific problems, rather than disciplines, and collaboration between directorates is strongly encouraged. The appointment of Professor Adrian Pabst at Deputy Director level at the end of 2020 has provided an opportunity to recognise this, so that from January 2021 the work on employment and social policy, education and labour and trade, productivity and investment has been combined into a single group, under his leadership. The Macroeconomic policy division was led by Dr Hande Kucuk until October 2021. Paul Mortimer-Lee is the interim Head of Macroeconomic policy and is leading the process by which the NiGEM model will be further enhanced and made available to new subscribers. He is also working on developing our capacity to contribute to the global agenda with work on climate change and the increasing importance of emerging economies in the world economy.

Highlights for each area during 2020-21 were as follows:

Macroeconomic Policy

The Macroeconomics team is currently led by Paul Mortimer-Lee. It undertakes three main activities, i.e. macroeconomic modelling, forecasting (quarterly forecasts and nowcasts) and research. In the National Institute Global Econometric Model (NiGEM) it maintains one of the world's leading tools for economic modelling. NiGEM continues to be widely licenced, and is used by Finance Ministries, central banks and corporates on five continents. There has been a particular focus on our forecasting work this year as the impact of Covid-19 dominated the macroeconomic outlook and the team's work on both the UK and the global economy.

Regarding our UK forecasts, we received substantial publicity for our analysis of the impact of lockdown measures in May, for our early call for an extension of the furlough scheme in August and for our analysis of the impact of Covid-19 and Brexit on the recovery path in November as the uncertainty around a free trade agreement with the EU continued into the last quarter of 2020. We have successfully launched the new UK and Global Economic Outlooks on 8th February 2021. Sectoral and regional forecasts started to be published alongside macro forecasts for the UK, laying out the details of the disparities caused by Covid-19 and Brexit at sectoral, regional, and household level and drawing macroeconomic policy implications to address those disparities.

We extended the coverage of the new global economic outlooks to include not only the details of the global forecast but also topical features, which are short articles that examine a particular economic issue and explain how we have modelled this in our NiGEM model. In the Winter and Spring issues of Global Economic Outlook, the team published four topical features analysing the global effects of the unequal race to the Covid-19 vaccine through services trade, implications of the change in US monetary policy framework, the impact of the American rescue plan and its financial spill-overs on emerging markets, which were very

well-received by model subscribers and policy makers such as the FCDO and HMT. Since the start of 2021, National Institute Global Economic Outlook is directly available only to NiGEM subscribers and our corporate sponsors as a part of our plan to differentiate services we provide to our clients with a view to expand our subscriber/sponsor base. Different pricing options and different subscription models are currently under consideration with the support of the External Affairs team.

As well as the quarterly forecasts, we have continued to promote our work on nowcasting and forecasting with the publication of monthly GDP, wage and inflation trackers. Since the start of the lockdown in April 2020, we have complemented our inflation trackers by publishing monthly updates on lockdown weighted inflation thanks to the contributions of our fellow Professor Huw Dixon. Thanks to our collaboration with Professor Andrew Harvey and Professor Paul Kattuman of Cambridge University we launched a weekly Covid-19 tracker on the 18th of February, which included alternative estimates of R-rates for the UK and its major regions as well as forecasts of daily infection, hospitalisation and death rates. This work has got considerable media attention and traffic to our website and was also applied to Indian context which shaped Indian policymakers' response to the surge in the Delta-variant. Finally, on 4th of June 2021 we launched a quarterly Government Bond Term Premium Tracker that decomposes long-term treasury yields into two components: expectations of the future path of short-term Treasury yields and a term premium, which is particularly relevant in the current conjuncture with extremely accommodative monetary policies and increased exposure of public debt to changes in interest rates.

We have continued to convene a quarterly Business Conditions Forum, established with support from the ESRC Impact Acceleration Account in May 2019. The Forum brings together economists and other experts from business organisations and the official sector to have an informed discussion of current data and understand better the state of the UK economy. The discussions are held under Chatham House rules to encourage free and open discussion and the summary minutes are published on our website.

NiGEM continues to have an expanding international audience. In the 2020-21 financial year, we had 8 new NiGEM subscribers, bringing the current number of NiGEM subscriptions to 49, with a strong pipeline of potential subscribers for the 2021/22 financial year. This is particularly supported by the NiGEM's increasing reputation in modelling macroeconomic effects of climate change especially following our collaboration with the Network for Greening the Financial System (NGFS) and the UN Environmental Programme – Finance Initiative (UNEP-FI).

The climate change module of NiGEM includes climate change policy instruments such as carbon prices and border carbon adjustment. A new 'climate' version of the model was launched for clients in March 2020 and has been under continuous development, especially after NIESR was invited to join the NGFS modelling consortium in late 2020. On June 7, 2021 the Network for the Greening of the Financial System (NGFS) published Phase II climate scenarios developed using NiGEM, which received a lot of media coverage and interest in NiGEM by new potential users. On 17-18 June, 2021 NIESR hosted EUROFRAME conference on climate change: economic implications, tools and challenges for policy-makers in Europe, which included an interview by Professor Jagjit Chadha with Professor Partha Dasgupta and a keynote lecture by Professor Rick van der Ploeg. The macroeconomics team's research based on NiGEM named "An investigation of carbon taxes and terms-of-trade in a large macroeconometric model" was presented at the

EUROFRAME conference and is submitted to the NIER special issue on “Macroeconomics of Climate Change” forthcoming in November 2021. Given the interest in the topic, and our increased outreach through NGFS and UNEP-FI, research on the macroeconomic effects of climate change will continue to be an important and fruitful area of research for the team in the future.

Other research projects undertaken include outlier detection methodologies for alternative data sources; sovereign debt sustainability in Greece during the economic adjustment programmes; modelling the sectoral and regional impact of Covid-19 in the UK economy; forecasting and nowcasting Covid-19 in the UK; industry level origins of fluctuations in growth rates and economic welfare; the effect of multiple interventions to balance healthcare demand for controlling Covid-19 outbreaks; the dynamics of core and periphery in the European Monetary Union. The team also undertakes NiGEM development projects to update and review various blocks of the model according to a plan; provides significant amounts of training for NiGEM users, and welcome short term consultancy projects that utilise NiGEM’s capacity. Team members have been involved in providing NiGEM training and answering user queries. The team also maintain close links with several of our Corporate Members.

Public Policy

The Public Policy team led by Prof Adrian Pabst has produced research and policy ideas in four areas: Education (incl. Migration and Integration and the public understanding of economics); Labour; Productivity & Trade; Political Economy (incl. regional economic analysis).

The Education team welcomed Dr Claudine Bowyer-Crane who joined NIESR from the University of York at the end of March 2020 as Associate Research Director. She brings strong expertise in educational research, including early years intervention, language development and English as additional language. She joins a team focused on different areas: migration and integration; education interventions; public understanding and perceptions and employers’ policies and practices.

The team continued its research on migration and integration, recently spearheaded by Dr Chiara Manzoni. Highlights of this work included disseminating the findings of their research on integration of migrant pupils in schools funded by the Paul Hamlyn Foundation through workshops for EU teachers. Research findings were also disseminated to journalists and third sector practitioners attending the major training exercise on Rethinking Migration in Spain. The team also completed research on EU immigration policies for third country nationals, funded by the Department for Business, Energy and Industrial Strategy (BEIS). The work has been presented in Parliament, and in invited opinion pieces in outlets such as the Spectator, Prospect and Integration Hub.

The team has also developed a strand of research on public understanding and perceptions, led by Johnny Runge, focused on immigration attitudes and recently on public understanding of economics and economic issues. Work has included recent reports on the communication of data uncertainty and the value of economic statistics, which got significant media traction and was headlined in the Financial Times. Research continued on employers’ policies and practices. As part of the Low Pay Commission’s (LPC) review of the National Minimum Wage youth rates (which led to a restructure of the youth rates), the team explored employers’

employment of young people and their use of the youth rates. An evidence review was also conducted for the Equality and Human Rights Commission (EHRC) on recruitment in low-paid sectors, and work was conducted on a project for the Centre for Ageing Better, exploring older workers' experiences of the recruitment process, including experiences of age bias and discrimination.

In collaboration with the Labour team led by Lucy Stokes, research continued on the effectiveness of educational interventions at both primary and secondary level, and across subject areas. Research funded by the Education Endowment Foundation has encompassed evaluations of interventions across early years, primary and secondary education. In the past year this has included publication of results from a trial of a growth mindset intervention, a trial of an intervention training teachers in the use of research tools to improve language. We were also pleased to be appointed as one of the first independent evaluators of a trial funded by the What Works Centre for Children's Social Care, exploring the effects of providing formal supervision to Designated Safeguarding Leads in primary schools in Bolton.

Research on vocational education has continued to be another key focus. This has included our work as part of the Centre for Vocational Education Research (CVER), funded by the Department for Education and led by the London School of Economics, as well as research for the Social Mobility Commission and Sutton Trust. Topics covered have included the impact of apprenticeships on firm productivity and individual wages, combinations of higher vocational and academic education, the role of education providers in social mobility, and the role of non-cognitive skills for education and labour market outcomes. We have also begun research on digital skills in apprenticeships, funded by the Nuffield Foundation. Within our broader programme of work on Labour and Education, as part of the Institute's election briefings, we produced a briefing note on education policy priorities, including exploration of the election manifestos of the three main parties.

Another strand of research within the Labour team focuses on issues relating to employment, labour markets and employment relations. This has included work on the 2019 Employers' Pension Provision Survey for the Department for Work and Pensions, providing further insights into the impacts of the workplace pension reforms, as well as research exploring inequalities associated with longer working lives, as part of the Fairer Active Ageing in Europe project. This year has also seen the start of the Wage and Employment Dynamics project, in which NIESR is a partner. Funded by ADR UK (Administrative Data Research UK), this study aims to provide new insights into the dynamics of earnings and employment through linking data from various official surveys and administrative data.

In the area of Trade & Productivity led by Ana Rincon-Aznar, our researchers have contributed actively to the economic and policy debate in the UK, discussing implications of key phenomena such as Brexit, and more recently to understanding the economic and social impact of COVID-19. The team has produced a number of blogs and articles as part of its contribution to broader communication and dissemination.

Our researchers also continued to build a strong profile in areas related to productivity, digitalization innovation, as well as trade, labour market and consumption and wellbeing analyses. New projects during the year have included work on statistical modelling of bilateral trade flows (in collaboration with the NIESR Macroeconomics and Forecasting team and the UK Trade Policy Observatory at the University of Sussex), work commissioned by

the Scottish government to investigate drivers of Scottish productivity from an international perspective, an investigation of the impact of the National Living Wage on business investment, and a project investigating food and drink demand elasticities for the Department of Food and Rural Affairs (DEFRA). This work has been supplemented by close involvement with the research agenda of ESCoE, described below.

The above successes ensured that the team concluded the year with a full order book. It is keen to consolidate this position by developing longer term research ideas and collaborations. Links with government will be further enhanced through the part-time secondment of Ana Rincon-Aznar to the Department for Business Energy and Industrial Strategy for most of the year. Other partners during the past year have included staff at the Universities of Cambridge, Kent, Loughborough, Sheffield, Sussex, Glasgow, Birkbeck, UCL, and Kings' College London amongst others. We have also established a new collaboration agreement with the University of Cagliari in Italy to host Erasmus Students from their Masters of Public Policy course, and one student started their internship in Spring 2021.

In the area of Political Economy, Adrian Pabst developed work on states, markets and civic institutions in his role as theme lead for Governance & Institutions as part of the ESRC-funded Productivity Institute. He also worked closely with members of the Macro team on a Nuffield-funded project on Managing Uncertainty, which culminated in the publication of a major piece of research – Designing New Fiscal Frameworks – which was launched at a NIESR event featuring Clare Lombardelli of HM Treasury and Richard Hughes, the chair of the OBR. Adrian also completed a book on postliberal politics with a detailed analysis of the political landscape in the wake of the Covid-19 pandemic and a series of policy ideas, to be published in June 2021. The other key element of the Political Work is the new regional economic analysis developed by Prof Arnab Bhattacharjee and Dr Elena Lisauskaite. This work is now an integral part of the quarterly UK economic outlook and covers vitally important issues such as soaring levels of destitution and growing regional disparities. Our research is already getting significant traction with the media and also policy-makers, and it will continue to contribute to debate around the 'levelling-up' agenda.

Economic Statistics Centre of Excellence

NIESR is delighted to host the UK Economic Statistics Centre of Excellence (ESCoE). This is a hub of world-leading expertise built around the analysis of emerging and future issues in measuring the economy. ESCoE was established in 2017 with the support of the Office for National Statistics, following the Independent Review of UK Economic Statistics by Professor Sir Charles Bean. Established as an independent research centre, the aims of ESCoE are to develop collaboration between national statisticians and academia to bring a research-led approach to addressing challenges and opportunities in measuring the economy.

The centre focuses on four core areas of investigation: National Accounts and Beyond GDP; Productivity and the Modern Economy; Regional and Labour Market Statistics; Communicating and Valuing Economic Statistics. The ESCoE consortium and funding base have grown significantly since its inception, with researchers throughout the UK and also worldwide contributing to its research agenda. The Centre's final year was due to be 2021/22, however this has been extended for one further year to allow projects to be completed.

Rebuilding Macroeconomics Programme

Rebuilding Macroeconomics (RM) is an Economic and Social Research Council (ESRC) funded four-year research network, led by Dr Angus Armstrong, and hosted at NIESR since its inception. The long-term aim of the network is to transform macroeconomics back into a policy relevant social science. The RM grant has completed its final year, and finished its term at NIESR on 31st May 2021.

All projects have finished and the final report, making recommendations to ESRC as to future directions and priorities for research funding in Macroeconomics is now being compiled.

Communication and Dissemination

The Institute seeks to ensure the widest possible dissemination of its work, in line with our charitable objectives.

Our quarterly academic journal, the National Institute Economic Review, was relaunched at the end of this financial year under Cambridge University Press (CUP) and the UK and Global Economic Outlooks separated out. This has resulted in greater visibility for the Economic Outlooks, and it is the intention of the Institute that these will be treated as distinct products with their own subscribers and following. The development of these Outlooks has ensured a continued interest in their contents from the media with major national outlets regularly covering their contents.

The ongoing Covid-19 pandemic has naturally affected on our events programme in both a positive and negative way. In total, the Institute arranged 27 events, with three unfortunately postponed at the start of the Covid crisis whilst we moved into a virtual environment. However, our total number of event bookings significantly increased to 3,302 which ensured we reached a broader array of people and achieved more impact for the research we produced. The 2021 Dow Lecture had 308 bookings, a workshop on productivity received 181 bookings, the Prais Lecture had 243 bookings and an event exploring what was next for the UK and world economies had 479 bookings. The reach of our Outlooks, through dedicated briefings for economists, embassies and the press, also significantly increased.

During this period, our website remained a principal method of dissemination, with 163,176 visitors accessing the site for an average of one-and-a-half minutes. 40,267 downloads of our research documents took place and 51,010 views of our blog section. The majority of people found our site through organic search. However, it has become apparent that the website would benefit from being updated and this will be a priority for the current financial year.

Through the ESRC Impact Acceleration Account we continued to broaden our engagement and fund new initiatives. In November 2020, as part of the Festival of Social Science, we delivered four events – including the Prais Lecture on Productivity – that explored topics such as language and communication skills in Early Years children; diversity and how Covid-19 has impacted on public finances.

We continued to collaborate nationally and internationally to broaden the understanding of economics and its impact on everyday life. In late 2020, NIESR was selected to join the

modelling consortium working with the Network of Central Banks and Supervisors for Greening the Financial System on scenario design relating to the impact of climate change. Since then, the NiGEM team have been working closely with others in the consortium to provide a clear assessment of the impact of climate change on a wide range of macroeconomic variables.

IMPACT OF THE COVID-19 VIRUS

The Trustees have actively supported management in monitoring and mitigating the impact of COVID-19 planning on the activities of the Institute. In reporting on these activities, we continue to take account of the advice offered by the Charities SORP Committee in their document '*Implications of COVID-19 control measures and Charity Financial Reporting*' issued on 23 March 2020.

The Institute staff have been working from home since 16 March 2020. The approach is kept under continuous review by Trustee Committees and, a group of Trustees was established in March 2020 to provide support and advice to senior staff as required.

The Institute is fortunate in that much of its work can be undertaken by staff working remotely. Restrictions on data access, and the need to conduct interviews externally to the Institute represent two example of activities that needed be delayed. Disruption in some areas has meant that work scheduled for the early periods of the pandemic had to be delayed, contributing to somewhat weaker research income. We are optimistic that most of our work can increasingly be undertaken in these difficult circumstances, although of course the time lost cannot be recovered.

Regarding new business, the biggest single area of Institute income is derived from research commissioned by government agencies, charities and the corporate sector. In the short term, we have noticed little net impact on the amount of work available. In fact, in the early part of 2020-21 the Institute has been successful in accessing grants specifically concerned with the impact of COVID-19. However long-term prospects are more uncertain, depending on how research budgets are maintained towards the end of the new financial year, and the impact of the economic recession and the pattern of the recovery. Likewise, we cannot yet be certain how economic conditions will affect sales of the National Institute Global Econometric Model and Corporate Membership, both of which are determined an annual basis. Some smaller scale activities, such as an international course which the Institute had expected to stage in 2020/21 was cancelled due to travel restrictions, and additional costs have been incurred, for example due to the need to support staff working from home. These factors have led us to take a cautious approach to budgeting for the 2021-22 financial year.

PLANS FOR THE FUTURE

The Trustees' approach remains cautious due to the continued uncertainties created by COVID-19. In addition, a requirement for a significant programme of maintenance for the building has been identified. The budget for the Institute in the current year reflects a financial loss but this is due to investments to support the Institute's strategy.

Our approach, reflected in our strategy, envisages NIESR performing a unique role at the interface between research of the highest academic quality, and dissemination through the mechanisms of a 'think tank'. We have taken steps to realise this in the current year with investment in redesigning our website reflecting the grouping of research themes in the areas of Macroeconomic and Public Policy, with an emphasis on Monetary, Financial and Fiscal Policies, Macroeconomic Forecasting, Productivity, Trade and Regional Economics, Labour Markets, Wages and Living Standards, Human Capital Formation, and Migration and the Experiences of Minority Groups. These will be enhanced by cross-cutting themes, which reflect our emphasis on problem-orientated, interdisciplinary work. These are the Macroeconomics of Climate Change, Money, Populism and Power, and Britain After the Financial Crisis, Brexit and Covid-19.

Dissemination and engagement remain critical to our strategy. NIESR's established reputation and networks, together with our physical location (and growing number of virtual events), make us an ideal bridge between the worlds of academia, policy and practical application. We have taken some important steps in growing this engagement in the coming year with recruitment of the new Head of Policy to the Productivity Commission and a new NIESR Head of External Affairs.

Our strategy also places greater emphasis on medium- and long-term funding mechanisms, which allow for greater stability in our work programmes and thus a greater freedom to address cutting edge issues. It recognises, however, that funding of this nature tends to be highly competitive, has a significant lead time between proposal and acceptance and does not always meet the full economic cost of the work once approved. These points have a particular significance for NIESR as an independent research institute, without access to the core funding available to universities and other publicly funded bodies. Reflecting these factors, the strategy recognises a need to generate more income from the dissemination of our research and expertise, with the active support of our Trustees and Governors. Research income will remain our largest source of income in future years.

Funding from the Impact Acceleration Account of the ESRC continues to play an important role in building up our programme of engagement, which will also be enhanced by changes in our management structure.

Finally, our approach will continue to emphasise quality in non-research, as well as research activities, though continued accreditation under ISO standards relevant to our work.

RISK MANAGEMENT

The Institute Risk Register is kept under regular review by management and the Trustees, through internal monitoring, and the oversight provided by the Audit, Risk and Ethics Committee (AREC). These processes have covered both short- and long-term risks.

During the past year AREC has undertaken deep dive discussions of the risks involved in commercialising NIESR products (with special reference to NIGEM), fund raising and due diligence and recruitment and retention of staff. The Trustees are also aware that overall responsibility for risk issues rests with the full Council. Recognising this, the Council undertook a 'deep dive' discussion of reputational risks at its December meeting.

The Trustees have also considered the Risk Register in view of the COVID-19 crisis. Whilst it was not considered necessary to add a specific risk in response to the risks involved, it was agreed that more emphasis should be placed on business continuity issues. Mitigations to risks in the category of academic reputation, financial sustainability and IT provisions have been strengthened in this regard.

The principal risks facing the institute continue to relate to financial stability and the retention of our reputation for academic excellence, independence and integrity. We are seeking to address this by placing renewed emphasis on income diversification – both within the category of research income and in encouraging non-research income are intended to provide additional mitigation in this area. Management systems also continue to strengthen in the area of project management and human resources, whilst our continued accreditation under ISO standards provides valuable independent assurance that our systems remain robust.

FINANCIAL REVIEW

The full year result, excluding gain on investments and USS deficit provision, was a loss of just under £200k, which was about £60k less than budget. Research income was approximately £750k less than the previous year, however corresponding pass-through fees and direct costs were also reduced resulting in a net reduction of approximately £250k from the previous year. This was partially offset by improved NIGEM and corporate membership income. The Institute considers that this is a good result given the effect of the pandemic which had not been reflected in the original budget. The value of investments has also continued to improve to approximately £2,800k at the year end from a low of £2,200k at the end of the previous financial year.

Statement of Financial Activities

The Statement of Financial Activities (SoFA) for the year shows a loss, before investment portfolio revaluations, of £195,161 (2020: gain £554,238) arising from gross unrestricted income of £1,613,589 (2020: £2,014,574) and £3,648,749 of restricted income (2020: £4,070,325).

This year the result largely reflects the impact of the Pandemic. Last year's financial statements included a material release of the provision for the Universities Superannuation Scheme reflecting the results of the valuation of the scheme which was undertaken at 31 March 2019 however the change in the provision this year has been a very small further reduction of £6,107 (2020: reduced by £483,462). Excluding the movement in the USS deficit provision and unrealised gains/losses on investments, the Institute recorded a net deficit for the year of £210,268 (2020: surplus of £70,776) as set out in the following table:

	2020-2021 £	2019-2020 £	2018-2019 £	2017-2018 £
Income				
Fees for research work	4,180,112	4,938,095	3,638,504	2,855,117
Economic model fees	632,762	590,109	637,609	596,043
Publications	134,099	232,451	225,458	226,384
Corporate membership	153,437	104,605	96,562	92,449
Donations and contributions	33,055	76,836	76,548	31,623
Investment income	53,016	71,466	68,540	65,512
Other income	75,857	71,337	87,917	90,915
	5,262,338	6,084,899	4,831,138	3,958,053
Expenditure				
Staff costs*	2,746,446	2,752,768	2,692,312	2,376,385
Other expenditure	2,717,160	3,261,355	2,099,094	1,741,551
	5,463,606	6,014,123	4,791,406	4,117,936
Net surplus/(deficit) excluding gain/loss on investments and USS deficit provision	(201,268)	70,776	39,732	(159,883)
Net gains/(losses) on investments	622,822	(267,456)	88,433	(41,178)
Movement USS deficit provision	6,107	483,462	(724,117)	20,538
Net movement in funds as per the statement of financial activities	427,661	286,782	(595,952)	(180,523)

* For the purposes of comparability, staff costs above are shown exclusive of the movement in the USS deficit reduction provision as this does not relate to the operational activities of the Institute during the year (see note 7 to the financial statements).

Total income for the year to 31 March 2021 has reduced by 13% compared to prior year this was driven by a 15% decrease in income from research work. Research income was particularly negatively impacted by the Pandemic in the first quarter of the year and saw a recovery in subsequent quarters. It should be noted that a proportion of this revenue is passed on to organisations external to the Institute and matched by a corresponding decrease in costs. The costs attributable to grants held and awarded by our host institutions is reflected within “other expenditure” above and set out in note 5 to the financial statements within “fees and other direct costs”. Income from publications has reduced but this has been matched by a reduction in associated costs so that net income is only slightly reduced (by approximately £30k) from previous years. Analysis of the attributable costs is set out in note 5 to the financial statements.

Expenditure for the year, excluding the movement in the USS pension provision, has decreased by 9%, primarily due to the corresponding decrease in direct research expenses noted above.

Balance Sheet

Cash at bank and in hand decreased by 25% (£519k) during the year to £1,597k this is due to the Rebuilding Macroeconomics centre entering its final year with consequent payment of funds to external partners for projects that have completed. There is a related reduction in accruals which can be seen in note 15 to the accounts.

Debtors have increased by 29% and this is primarily due to accrued income payments due to external collaborators on ESCoE projects. Over 90% of trade debtors at the end of the year have been received by the time of the report's approval.

The reduction in accruals noted above is offset by an increase in trade creditors of £582k principally payments due to external collaborators in the ESCoE centre.

Within deferred income of £1,993k, £1,492k represented research projects of which approximately 55% (£830k) related to Rebuilding Macroeconomics (RM) and ESCoE projects.

The level of unrestricted reserves on the balance sheet has increased to £2,358k at the end of the year compared to £1,930k at 31 March 2020, with the operational deficit being partly offset by significant unrealised gains in the investment portfolio.

Included in the balance sheet is a provision for liabilities of £648k (31 March 2020: £654k). This represents the contractual obligation in relation to the USS deficit recovery plan, representing deficit contributions of between 2% and 6% of employers USS contributions until March 2028, over which period an annual outflow of up to £114k related to this provision is expected, and is discounted to present value accordingly.

The 2020 valuation was finalised on 4th October 2021. This confirmed that employer contributions are going to be lower than anticipated in the 2018 valuation however further details have not been released at the time of completion of this report.

INVESTMENT POLICY

The Investment Committee is responsible for managing all the invested assets held by the Institute with a view to achieving a return to help further the Institute's objectives. Paying due regard to investment risks, the Committee's overall objectives are to create sufficient income and capital growth to support the Institute in carrying out its purposes consistently year by year with due and proper consideration for future needs and the maintenance of and, if possible, enhancement of the value of the invested funds while they are retained.

These objectives are to be achieved by investing prudently in a broad range of fixed interest securities and equities which are quoted on a Recognised Investment Exchange and unit trusts and OEICs (open ended investment companies) which are authorised under the Financial Services and Markets Act 2000. There will be no investment in unquoted securities.

The Committee operates under delegated investment powers from the Council of Management, set out in its terms of reference. The Trustees have agreed to aim for a medium risk portfolio and expect the Investment Managers to balance the risk given broad market conditions. There is currently one discretionary Investment Manager, whose performance is subject to regular review by the Investment Committee, and whose appointment is formally reviewed at least every three years. The Committee has increased the frequency of contact with the Manager during the exceptionally volatile market conditions arising from the COVID-19 virus and reported to the Trustees at each meeting. At the time of writing, no change to the overall investment policy or objectives has been requested.

During the year to 31 March 2021 there was a net increase in the fair value of listed investments of £622,822 (2020: net decrease of £267,456). This primarily reflected market recovery after the previous period of volatility resulting from the impact of the pandemic. Target performance at the end of March 2021 was 3%. The period between April and July 2021 has seen an increase in value of investments held of 4.8%.

Reserves policy and going concern

The Trustees aim to maintain free reserves in unrestricted funds at a level which provides for the ongoing running and development of the Institute and should be sufficient to cover:

- Legal obligations;
- Risks relating to the historic variability of research and trading income;
- Risks relating to the historic variability of investment income;
- Unforeseen day-to-day operational costs; and
- Emergency costs.

The Trustees have reviewed these risks and agree that the Institute will aim to hold free reserves of between £2-3,000,000 in an unrestricted general fund. These reserves are subject to annual review by the Trustees and have been specifically reviewed in the light of any additional risks created by the COVID-19. It has been agreed that the target level of free reserves remains broadly appropriate.

The balance held as unrestricted reserves at 31 March 2021 was £2,357,870. This reflects the USS deficit provision of £648,016 over the next seven years, which is a longer period than the reserves policy is intended to cover and does not include estimated future financial surpluses over this period. The proportion of this provision which relates to the next five years amounts to £451,375. Adding back the part of the USS deficit provision relating to years 6-7 of £196,641 and deducting fixed assets (£137,645) and the designated funds (£8,995) would result in unrestricted free reserves of £2,407,871 at the end of the year. This figure also reflects the increase in the value of our investments at the end of the year, as described above.

To facilitate the management of short-term cash flow fluctuations, a small amount of the reserves has been invested in easily accessible bank accounts.

Our quarter one management accounts currently forecast a loss of £600,000 for the 2021/22 financial year primarily due to a series of remedial works on our building.

In view of the above, the Trustees have considered the risks faced by the Institute and conclude that no material uncertainties related to events or conditions that may cast

significant doubt over the ability of the Institute to continue as a going concern have been identified.

Designated funds

The Institute holds a small proportion of its reserves as a 'designated' Work Experience support fund. This was established in 2011 from a legacy of £10,000 from a former Institute Secretary, Mrs Kit Jones, and the money is to be used to provide an annual paid work placement for a sixth form student based in the London Borough of Barking and Dagenham, which is in line with the Institute's charitable aims.

The levels of any designated funds are subject to annual review by the Trustees.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Institute is both a company limited by guarantee and a registered UK Charity. It is governed by a Board of Trustees who are collectively responsible for the governance and strategic direction of the Institute together with its organisational and financial health and its external reputation and delivery of public benefit, in the context of its principal object as defined in the Memorandum and Articles of Association.

The Board of Trustees consists of senior representatives from the worlds of policy-making, business and academia. All new Trustee positions are advertised publicly with the aim of appointing a diverse board with an appropriate mix of skills. Trustees are appointed at the Institute's Annual General Meeting in December and co-opted at other times subject to election at the next AGM. Prior to election, Trustees are made aware of their obligations in relation to the Charity in line with the Memorandum and Articles of Association. New Trustees receive an induction into their role which includes understanding and fulfilling any training needs. All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are disclosed in notes 7 and 9 to the accounts.

The council has three committees, consisting of the following Trustees and executive staff:

- Audit, Risk and Ethics Committee
 - Neil Gaskell (Chair)
 - Tera Allas
 - Keith Mackrell
 - Neville Manuel
 - Jagjit Chadha (Director) in attendance
 - John Kirkland (Chief Operating Officer) in attendance until Dec 2020
 - Helen Finely (Chief Financial Officer) in attendance
- Investment Committee
 - Stephen Daryl King
 - Professor David Greenaway
 - Giles Keating (co-opted)
 - Jagjit Chadha (Director) in attendance
 - Helen Finely (Chief Financial Officer) in attendance

- John Kirkland (Chief Operating Officer) in attendance
- Nominations and Remuneration Committee
 - Professor Diane Coyle (Chair until Dec 2020)
 - Professor Phillip Brown
 - Professor Nicholas Crafts from Dec 2020 onwards
 - Alex Baker (Acting Chair from Dec 2020)
 - Professor Jill Ruberry
 - Professor Lorna Unwin
 - Jagjit Chadha (Director)
 - Helen Finely (Chief Financial Officer) in attendance
 - John Kirkland (Chief Operating Officer) in attendance until Dec 2020

We decided in 2019/20 financial year to establish a Development Committee and, related to that, a Donations Review Committee (DRC) as part of new procedures established to ensure due diligence and financial transparency in donations received by the Institute. The DRC will meet as required and its membership comprises Neville Manuel (representing the Audit and Risk Committee), Jenny Bates and Romesh Vaitilingham.

Each committee reports to Council, making recommendations for Council review and decision.

Council delegates responsibility for the day to day running of the Institute to the Director, who reports to Council quarterly. The Director works to an agreed set of objectives and key performance indicators reviewed annually, manages the research portfolio and acts as the primary representative of the organisation externally.

This year the senior management structure of the Institute was revised in order to provide more support for the Director's role. Two Deputy Directors, Dr Hande Kucuk and Professor Adrian Pabst, were appointed to lead Macroeconomic Policy and Public Policy respectively. The role of the Chief Operating Officer and Company Secretary of the Institute was removed and a Chief Financial Officer, Helen Finely and Head of External Affairs initially Dr John Kirkland later replaced by Neil Lakeland, were appointed.

STAFFING

At the end of the period the Institute has a headcount of 49 staff, equivalent to 43.5 full time employees. The year has seen 6 starters and 6 departures. Of the current staff, 24 were female and 25 male.

Staff turnover figures have reduced substantially from the previous year and remain under review by the trustees to ensure that measures put in place continue to have an impact.

The newly created HR department has worked to put a number of measures in place including a holistic staff training programme and strengthening our recruitment processes.

The management recognise the Unite union as having collective bargaining rights in relation to pay, hours and holiday for all employees with the exception of the Director and his direct reports. A Staff Consultative Committee provides a forum for discussion on non-contractual

issues, which the Director reports progress to all staff at regular meetings. The Nominations and Remuneration Committee has the responsibility for setting the Director's remuneration and reviewing performance, and the Director has the responsibility for setting the remuneration of all other staff.

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES

The Trustees (who are also directors of The National Institute of Economic and Social Research for the purposes of company law) 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).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

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

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The Trustees have taken all steps that 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The trustees' annual report has been approved by the trustees and signed on their behalf by

Professor Nicholas Crafts, Chair

6th October 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH

Opinion

We have audited the financial statements of The National Institute of Economic and Social Research (the 'charitable company') for the year ended 31 March 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows 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 March 2021 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
- 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 Institute'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 trustees' 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 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.

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 trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the audit, risk and ethics committee, which included obtaining and reviewing supporting documentation, concerning the Institute's policies and procedures relating to:
- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the Institute operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the Institute from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.

- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior statutory auditor)

Date: 10 November 2021

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2021

	Note	2021 Unrestricted £	2021 Restricted £	2021 Total £	2020 Unrestricted £	2020 Restricted £	2020 Total £
Income from:							
Donations and contributions		33,055	–	33,055	76,836	–	76,836
Charitable activities	2						
Research work		531,363	3,648,749	4,180,112	867,770	4,070,325	4,938,095
Econometric model		632,762	–	632,762	590,109	–	590,109
Publications		134,099	–	134,099	232,451	–	232,451
Other trading activities	3	229,294	–	229,294	175,942	–	175,942
Investments	4	53,016	–	53,016	71,466	–	71,466
Total income		1,613,589	3,648,749	5,262,338	2,014,574	4,070,325	6,084,899
Expenditure on:							
Charitable activities							
Research work		1,242,490	3,375,484	4,617,974	833,303	3,987,420	4,820,723
Econometric model		495,024	–	495,024	280,934	–	280,934
Publications		273,082	–	273,082	352,864	–	352,864
Other trading activities		65,901	–	65,901	70,948	–	70,948
Investment management		5,518	–	5,518	5,192	–	5,192
Total expenditure	5a	2,082,015	3,375,484	5,457,499	1,543,241	3,987,420	5,530,661
Net (expenditure)/income before net gains/(losses) on investments		(468,426)	273,265	(195,161)	471,333	82,905	554,238
Net gains/(losses) on investments		622,822	–	622,822	(267,456)	–	(267,456)
Net income for the year	6	154,396	273,265	427,661	203,877	82,905	286,782
Transfers between funds		273,265	(273,265)	–	82,905	(82,905)	–
Net movement in funds		427,661	–	427,661	286,782	–	286,782
Reconciliation of funds:	20a						
Total funds brought forward		1,930,209	–	1,930,209	1,643,427	–	1,643,427
Total funds carried forward		2,357,870	–	2,357,870	1,930,209	–	1,930,209

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20a to the financial statements.

Balance sheet

Company no. 0341010

As at 31 March 2021

	Note	2021 £	2020 £
Fixed assets:			
Tangible assets	11	137,645	158,121
Investments	12	2,801,515	2,198,661
		<u>2,939,160</u>	<u>2,356,782</u>
Current assets:			
Debtors	14	1,673,577	1,296,205
Cash at bank and in hand		1,597,128	2,115,843
		<u>3,270,705</u>	<u>3,412,048</u>
Liabilities:			
Creditors: amounts falling due within one year	15	(3,203,979)	(3,184,498)
		<u>66,726</u>	<u>227,550</u>
Net current assets		<u>3,005,886</u>	<u>2,584,332</u>
Total assets less current liabilities		<u>(648,016)</u>	<u>(654,123)</u>
Provisions for liabilities	17		
Total net assets	19a	<u>2,357,870</u>	<u>1,930,209</u>
Funds:	20a		
Restricted income funds		–	–
Unrestricted income funds:			
Designated funds		8,995	8,995
General funds		2,996,891	2,575,337
Pension reserve		(648,016)	(654,123)
Total unrestricted funds		<u>2,357,870</u>	<u>1,930,209</u>
Total funds		<u>2,357,870</u>	<u>1,930,209</u>

Approved by the Trustees and signed on their behalf by

Professor Nicholas Crafts
Chair, Council of Management

6 October 2021

Statement of cash flows

For the year ended 31 March 2021

	Note	2021 £	£	2020 £	£
Cash flows from operating activities					
Net income for the year		427,661		286,782	
(as per the statement of financial activities)					
Depreciation charges		9,342		9,123	
Losses on disposal of fixed assets		11,134		–	
(Gains)/losses on investments		(622,822)		267,456	
Dividends, interest and rent from investments		(53,016)		(71,466)	
(Increase)/decrease in debtors		(377,372)		226,641	
Increase in creditors		19,481		245,536	
Decrease in provisions for liabilities		(6,107)		(483,462)	
Net cash provided by operating activities			(591,699)		480,610
Cash flows from investing activities:					
Dividends, interest and rents from investments		53,016		71,466	
Purchase of fixed assets		–		(42,612)	
Sale of investments		13,743		–	
Net cash provided by investing activities			66,759		28,854
Change in cash and cash equivalents in the year			(524,940)		509,464
Cash and cash equivalents at the beginning of the year			2,141,254		1,631,790
Cash and cash equivalents at the end of the year			1,616,314		2,141,254
		At 1 April 2020 £	Cash flows £	Other changes £	At 31 March 2021 £
Cash at bank and in hand		2,115,843	(518,715)	–	1,597,128
Cash held within investments		25,411	(6,225)	–	19,186
Total cash and cash equivalents		2,141,254	(524,940)	–	1,616,314

Notes to the financial statements

For the year ended 31 March 2021

1 Accounting policies

a) Statutory information

The National Institute of Economic and Social Research is a charitable company limited by guarantee and is incorporated in the United Kingdom.

The registered office address is 2 Dean Trench Street, Smith Square, London, SW1P 3HE.

b) 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.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Although Covid 19 has had some initial impact causing delays to project delivery these have mostly been mitigated. In the early part of 20/21 the Institute has been successful in accessing grants specifically concerned with the impact of Covid 19 and the trustees do not consider that Pandemic poses a material risk to the charitable company's ability to continue as a going concern.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) 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 by the charity. This is normally upon notification of the interest paid or payable by the bank or, with dividends, as notified by the investment manager.

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Notes to the financial statements

For the year ended 31 March 2021

1 Accounting policies (continued)

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs of research work, the provision of our econometric model and the provision of our quarterly review, and their associated support costs.
- Other expenditure includes the cost of management of our investment portfolio and other trading activities, including costs associated with corporate membership, rental and other income.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

Support and governance costs, including the salary and overhead costs of the central function, are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity in the year.

	2021	2020
• Research work	77.4%	78.3%
• Econometric model	12.7%	9.3%
• Publications	7.6%	9.5%
• Other trading activities	2.1%	2.7%
• Investment management	0.2%	0.2%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

j) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

• Property improvements	10 years
• Office and computer equipment	3 years
• IT upgrade	4 years
• Website development	4 years

Land is not depreciated as it is deemed to have an infinite useful life.

k) Listed investments

Investments are a form of basic financial instrument and 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/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

Notes to the financial statements

For the year ended 31 March 2021

1 Accounting policies (continued)

l) Investments in subsidiaries

Investments in subsidiaries are at cost.

m) Debtors

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

n) Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

o) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p) Creditors and provisions

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

q) Financial instruments

With the exception of the listed investments described above, the charity 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

r) Pensions

The charity participates in Universities Superannuation Scheme. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the profit and loss account.

The charity also operates an Auto-Enrolment Compliant (AE) defined contribution scheme. The assets of these schemes are individually held by its members. Contributions to these schemes in the year were charged to the statement of financial activities as incurred.

s) Critical accounting judgements

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The trustees are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving these financial statements.

Notes to the financial statements

For the year ended 31 March 2021

2 Income from charitable activities

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Research work						
Government	299,065	1,299,500	1,598,565	578,688	1,558,782	2,137,470
Research Councils	–	2,009,651	2,009,651	–	2,011,766	2,011,766
Trusts & Foundations	70,693	297,009	367,702	55,501	498,993	554,494
European Commission institutions	25,523	–	25,523	32,229	–	32,229
Other	136,082	42,589	178,671	201,352	784	202,136
Sub-total	531,363	3,648,749	4,180,112	867,770	4,070,325	4,938,095
Econometric model fees						
Subscriptions	632,762	–	632,762	590,109	–	590,109
Sub-total	632,762	–	632,762	590,109	–	590,109
Publications						
Sales and other	134,099	–	134,099	232,451	–	232,451
Sub-total	134,099	–	134,099	232,451	–	232,451
Total income from charitable activities	1,298,224	3,648,749	4,946,973	1,690,330	4,070,325	5,760,655

3 Income from other trading activities

	2021 Total £	2020 Total £
Corporate membership	153,437	104,605
Room rental	21,231	20,127
Other income	54,626	51,210
	229,294	175,942

All income from other trading activities is unrestricted.

4 Income from investments

	2021 Total £	2020 Total £
Dividends	53,002	62,720
Bank interest	14	8,746
	53,016	71,466

All income from investments is unrestricted.

Notes to the financial statements

For the year ended 31 March 2021

5a Analysis of expenditure (current year)

	Raising funds		Charitable activities						
	Investment management £	Other trading activities £	Publications £	Econometric model £	Research work £	Governance costs £	Support costs £	2021 Total £	2020 Total £
Staff costs (Note 7)	3,875	45,185	168,179	280,111	1,704,805	–	538,184	2,740,339	2,269,306
Fees and other direct costs	–	1,500	33,379	1,882	2,074,288	–	–	2,111,049	2,712,990
Travel and subsistence	–	–	–	–	4,775	61	(926)	3,910	94,046
Books and journals	–	–	–	–	–	–	22,278	22,278	27,126
Research materials	–	–	–	93,218	7,186	–	–	100,404	37,826
Sundry expenses	–	–	–	291	84,205	4,976	102,913	192,385	143,489
Premises	–	–	–	–	–	–	116,638	116,638	103,903
IT	–	–	–	395	17,683	–	113,594	131,672	101,890
Professional fees	–	–	–	–	–	15,500	10,497	25,997	28,344
Depreciation	–	–	–	–	–	–	9,342	9,342	9,123
Finance costs and bad debts	–	–	–	–	–	–	3,485	3,485	2,618
	3,875	46,685	201,558	375,897	3,892,942	20,537	916,005	5,457,499	5,530,661
Support costs	1,607	18,795	69,956	116,515	709,132	–	(916,005)	–	–
Governance costs	36	421	1,568	2,612	15,900	(20,537)	–	–	–
Total expenditure 2021	5,518	65,901	273,082	495,024	4,617,974	–	–	5,457,499	
Total expenditure 2020	5,192	70,948	352,864	280,934	4,820,723	–	–		5,530,661

Notes to the financial statements

For the year ended 31 March 2021

5b Analysis of expenditure (prior year)

	Raising funds		Charitable activities					
	Investment management £	Other trading activities £	Publications £	Econometric model £	Research work £	Governance costs £	Support costs £	2020 Total £
Staff costs (Note 7)	3,742	47,446	168,696	165,911	1,398,379	–	485,132	2,269,306
Fees and other direct costs	–	–	101,079	1,453	2,610,458	–	–	2,712,990
Travel and subsistence	–	133	–	2,527	81,447	1,130	8,809	94,046
Books and journals	–	–	–	–	2,868	–	24,258	27,126
Research materials	–	–	–	24,926	12,900	–	–	37,826
Sundry expenses	–	–	–	3,321	24,148	2,994	113,026	143,489
Premises	–	–	–	–	–	–	103,903	103,903
IT	–	–	–	1,078	1,763	–	99,049	101,890
Professional fees	–	–	–	–	–	22,341	6,003	28,344
Depreciation	–	–	–	–	–	–	9,123	9,123
Finance costs and bad debts	–	–	–	–	–	–	2,618	2,618
	3,742	47,579	269,775	199,216	4,131,963	26,465	851,921	5,530,661
Support costs	1,406	22,665	80,586	79,256	668,008	–	(851,921)	–
Governance costs	44	704	2,503	2,462	20,752	(26,465)	–	–
Total expenditure 2020	5,192	70,948	352,864	280,934	4,820,723	–	–	5,530,661

Notes to the financial statements

For the year ended 31 March 2021

6 Net income / (expenditure) for the year

This is stated after charging:

	2021 £	2020 £
Depreciation	9,342	9,123
Loss on disposal of fixed assets	11,134	-
Auditor's remuneration (excluding VAT):		
Audit	15,500	15,500
Other services	900	2,325
Foreign exchange losses	1,228	35
	27,104	27,003

7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2021 £	2020 £
Salaries and wages	2,156,187	2,139,920
Interim staff costs	9,854	72,603
Social security costs	228,120	224,878
Employer's contribution to defined contribution pension schemes	42,614	15,453
Employer's contribution to defined benefit pension schemes	309,671	299,914
Movement in provision for USS pension scheme	(6,107)	(483,462)
	2,740,339	2,269,306

The following number of employees received employee benefits exceeding £60,000 (excluding employer pension costs and employer's national insurance) during the year between:

	2021 No.	2020 No.
£60,000 – £69,999	3	2
£70,000 – £79,999	1	-
£80,000 – £89,999	1	2
£90,000 – £99,999	1	1
£110,000 – £119,999	1	1
£150,000 – £159,999	1	1

The key management of the charity comprise the trustees, the Director, two Deputy Directors, Head of Finance and the Chief Operating Officer. The figures in 2020 did not include Deputy Directors. The total employee benefits (including employer's pension contributions and employer's national insurance) of the key management personnel were £457,027 (2020: £290,180). In 2020, the key management of the charity comprised the trustees, the Director, Head of Finance and Chief Operating Officer.

As permitted by the charity's memorandum and articles of association, the Director is also a member of the Council of Management. During the year, the Director received a salary of £153,000 (2020: £150,000) plus pension benefits of £32,705 (2020: £30,450). No other charity trustees were paid nor received any other benefits from employment with the charity in the year (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil).

Trustees' expenses represent the payment or reimbursement of travel and subsistence costs and totalled £60 (2020: £860) incurred by 1 (2020: 3) member relating to attendance at meetings of the trustees.

8 Staff numbers

The average number of employees (head count based on number of staff employed and interim management personnel) during the year was 48 (2020: 48).

Notes to the financial statements

For the year ended 31 March 2021

9 Related party transactions

There are no related party transactions to disclose for 2021 (2020: none).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

10 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. All profits from the charity's trading subsidiary NIESR Services Limited are paid to the parent charity by way of a distribution under gift aid and a corresponding tax credit is recorded at the point of the distribution, therefore there is no liability to corporation tax in either the current or prior financial year. The charity's trading subsidiary has been dormant in both current and prior accounting periods and hence there is no distribution expected to be made.

11 Tangible fixed assets

	Freehold property £	Property improvements £	IT and office equipment £	Website £	Total £
Cost					
At the start of the year	118,380	106,785	181,392	42,498	449,055
Additions in year	–	–	–	–	–
Disposals in year	–	–	(11,134)	–	(11,134)
At the end of the year	118,380	106,785	170,258	42,498	437,921
Depreciation					
At the start of the year	–	106,785	141,651	42,498	290,934
Charge for the year	–	–	9,342	–	9,342
At the end of the year	–	106,785	150,993	42,498	300,276
Net book value					
At the end of the year	118,380	–	19,265	–	137,645
At the start of the year	118,380	–	39,741	–	158,121

During 2016 the charity sought independent professional advice in relation to the value of its freehold property. This advice indicated a valuation significantly in excess of the carrying value of the assets in the financial statements. As a result the charity reconfirmed its practice in recent years of not depreciating its freehold property.

All of the above assets are used for charitable purposes.

12 Investments

	2021 £	2020 £
Fair value at the start of the year	2,173,248	2,440,704
Additions at cost	–	–
Disposal proceeds	(13,743)	–
Net gain/(loss) on change in fair value	622,822	(267,456)
Listed investments	2,782,327	2,173,248
Investment in subsidiary companies	2	2
Cash held by investment broker	19,186	25,411
Fair value at the end of the year	2,801,515	2,198,661

Notes to the financial statements

For the year ended 31 March 2021

13 Subsidiary undertaking

The charitable owns the whole of the issued ordinary share capital of NIESR Services Limited, a company registered in England (Company number: 04063185, address: 2 Dean Trench Street, London, SW1P 3HE). The company was dormant in both the current and prior accounting periods and hence has not been consolidated into these financial statements. Available profits are distributed under gift aid to the charitable company. The Director of the charitable company is also director of the subsidiary.

14 Debtors

	2021 £	2020 £
Trade debtors	1,160,427	1,004,919
Prepayments and other debtors	30,835	46,990
Amounts owed from subsidiary undertaking	797	902
Accrued income	481,518	243,394
	<u>1,673,577</u>	<u>1,296,205</u>

With the exception of listed investments, all of the charity's financial instruments, both assets and liabilities, are measured at amortised cost.

15 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	671,763	89,918
Taxation and social security	175,832	203,932
Accruals	363,178	1,016,094
Deferred income (note 16)	1,993,206	1,874,554
	<u>3,203,979</u>	<u>3,184,498</u>

16 Deferred income

Deferred income comprises income received in advance of the provision of a specified service.

	2021 £	2020 £
Econometric model subscriptions	326,636	291,095
Research work	1,492,383	1,405,925
Corporate membership	101,229	106,458
Royalty income	72,958	67,076
Other	–	4,000
Balance at the end of the year	<u>1,993,206</u>	<u>1,874,554</u>

Notes to the financial statements

For the year ended 31 March 2021

17 Provisions for liabilities

	2021 £	2020 £
Obligation to fund deficit on USS pension		
At the start of the year	654,123	1,137,585
Movement in year	(6,107)	(483,462)
At the end of the year	648,016	654,123

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision. The USS deficit recovery plan extends to 2028, the period over which outflow related to this provision is expected. The changes in salary costs and staff numbers have been assessed using the forecast impact of the Institute's plans on the number of staff employed, and known statutory and other increases to pay. The discount rate used is considered to be the equivalent of that of a high quality corporate bond.

Deficit recovery contributions due within one year for the charity are £65,149 (2020: £32,392).

18a Pension schemes – Universities Superannuation Scheme (USS)

The total amount charged to the statement of financial activities for the year relating to USS pensions was £303,564 (2020: credit of £183,548) as shown in note 7.

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1–10: CPI + 0.14% reducing linearly to CPI – 0.73% Years 11–20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2018 valuation
Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females Post retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females

Notes to the financial statements

For the year ended 31 March 2021

18a Pension schemes – Universities Superannuation Scheme (USS) (continued)

The current life expectancies on retirement at age 65 are:

	2021	2020
Males currently aged 65 (years)	24.6	24.4
Females currently aged 65 (years)	26.1	25.9
Males currently aged 45 (years)	26.6	26.3
Females currently aged 45 (years)	27.9	27.7

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2021	2020
Discount rate	2.10%	2.40%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.60%	2.00%

18b Pension schemes – defined contribution

The charity operates an Auto-Enrolment Compliant (AE) defined contribution scheme with Legal and General for non-research staff members who do not qualify for the Universities Superannuation Scheme.

The total cost charged to the statement of financial activities for the year relating to non-USS pension contributions was £42,614 (2020: £15,453) as shown in note 7.

19a Analysis of net assets between funds (current year)

	General unrestricted £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	137,645	–	–	137,645
Investments	2,801,515	–	–	2,801,515
Net current assets	57,731	8,995	–	66,726
Provisions for liabilities	(648,016)	–	–	(648,016)
Net assets at 31 March 2021	2,348,875	8,995	–	2,357,870

19b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	158,121	–	–	158,121
Investments	2,198,661	–	–	2,198,661
Net current assets	218,555	8,995	–	227,550
Provisions for liabilities	(654,123)	–	–	(654,123)
Net assets at 31 March 2020	1,921,214	8,995	–	1,930,209

Notes to the financial statements

For the year ended 31 March 2021

20a Movements in funds (current year)

	At 1 April 2020 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2021 £
Restricted funds:	–	3,648,749	(3,375,484)	(273,265)	–
Total restricted funds	–	3,648,749	(3,375,484)	(273,265)	–
Unrestricted funds:					
Designated funds:					
Work experience support fund	8,995	–	–	–	8,995
Total designated funds	8,995	–	–	–	8,995
General funds	2,575,337	2,236,411	(2,082,015)	267,158	2,996,891
Pension provision	(654,123)	–	–	6,107	(648,016)
Total unrestricted funds	1,930,209	2,236,411	(2,082,015)	273,265	2,357,870
Total funds	1,930,209	5,885,160	(5,457,499)	–	2,357,870

The narrative to explain the purpose of each fund is given at the foot of the note below.

20b Movements in funds (prior year)

	At 1 April 2019 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2020 £
Restricted funds:	–	4,070,325	(3,987,420)	(82,905)	–
Total restricted funds	–	4,070,325	(3,987,420)	(82,905)	–
Unrestricted funds:					
Designated funds:					
Work experience support fund	8,995	–	–	–	8,995
Total designated funds	8,995	–	–	–	8,995
Fair value reserve	196,734	–	–	(196,734)	–
General funds	2,575,283	2,014,574	(1,810,697)	(203,823)	2,575,337
Pension provision	(1,137,585)	–	–	483,462	(654,123)
Total unrestricted funds	1,643,427	2,014,574	(1,810,697)	82,905	1,930,209
Total funds	1,643,427	6,084,899	(5,798,117)	–	1,930,209

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For the year ended 31 March 2021

20c Movement in funds (purposes of funds)

Purposes of restricted funds

Restricted funds represent amounts received from funders which have to be used for the specific purpose for which they were given. Restricted income is set out by source below for all funders contributing in excess of £30,000 of restricted income during the year.

	2021 Total £	2020 Total £
Economic and Social Research Council	1,959,748	1,976,273
Office for National Statistics	1,299,500	1,558,782
Education Endowment Foundation	177,124	240,122
Nuffield Foundation	100,374	153,810
Innovate UK	49,902	35,493
Leverhulme Trust	7,967	80,483
Other	54,134	25,362
	3,648,749	4,070,325

Purposes of designated funds

Work experience support fund: Funded from a legacy of £10,000 received in 2011 from a former Secretary, Mrs Kit Jones, this designated fund is to enable paid work placements for sixth form students from the London Borough of Barking and Dagenham.

21 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.