PENSIONS POLICY INSTITUTE
PPI

PPI Nineteenth Annual General Meeting (AGM)

Monday 7th September 2020

Treasurer's Report

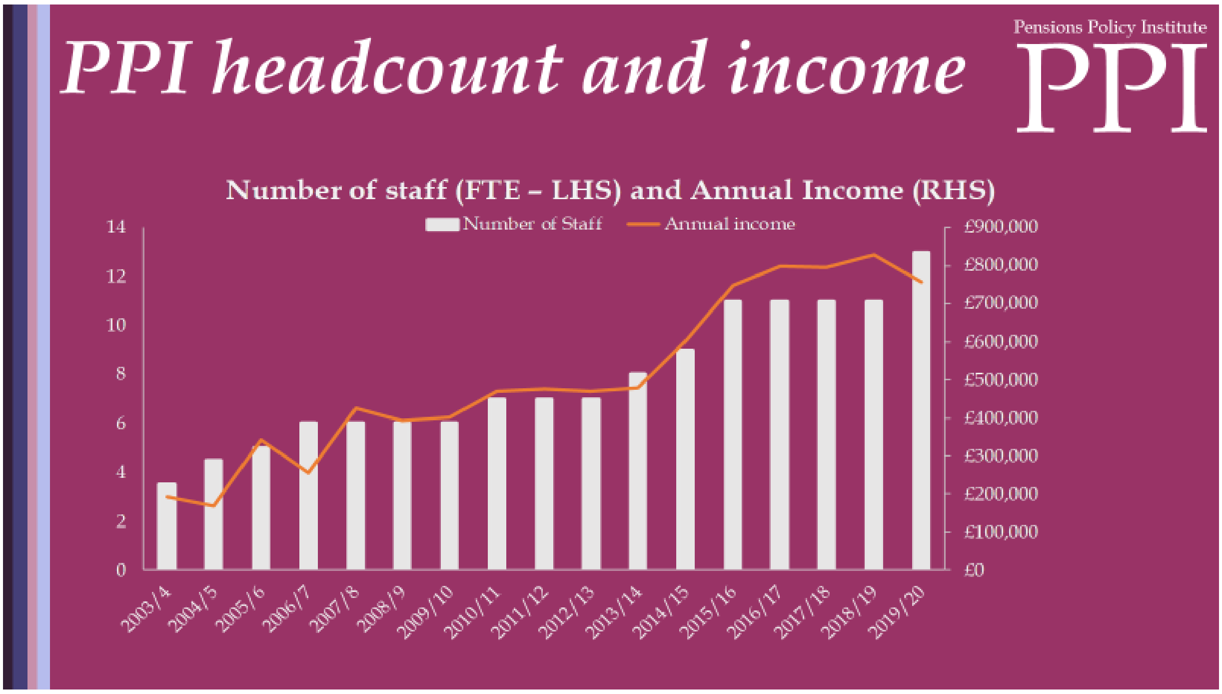
Andrew Evans

Thank you Sally and good morning everyone.

This is my first year as Honorary Treasurer and as you will have seen from the Annual Report, 2019/20 was a challenging year financially for the PPI, probably the most challenging in our history. I will refer to the year as FY20 in the rest of my report.

The year started well and by the time of last year's AGM in June, we were almost half way through FY20 and tracking closely to our stretching budget.

The environment turned more difficult in the second half of the year, with uncertainty over Brexit being one of the factors leading to a cautious approach seemingly being taken by a few of the organisations who have generously supported us previously.



The graph shows the progress of the PPI over many years and you can see the significant dip in our total income in FY20 from £814k to £737k, a reduction of £77k.

As late as mid December 2019, one project in particular was expected to be secured and undertaken before our year end but was unfortunately deferred indefinitely. The failure to secure this project contributed almost half of this £77k shortfall in income.

The drop in income had a direct effect on our result for the year. Our income and expenditure account shows a deficit of £92k. It is perhaps easiest to go through the reasons behind this by looking at our reserves movement, which is a slightly higher decrease at £108k due to the effect of acquiring fixed assets.

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

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

Our reserves last year were £364k, so towards the upper end of the range we deemed appropriate of £195k to £391k.

The main shortfall was in sponsored research as mentioned earlier but our income loss was partially offset by a healthy stream of additional membership income in FY20.

We have continued to invest in a project aimed at shining a light on what is actually happening within the defined contribution universe, manipulating completely anonymised data, for use by Government, Regulators and many other entities which we feel will be of considerable benefit to everyone, not least ultimately to DC members.

Based on our healthy reserves position last year, we also decided to invest in the organisation to future proof our IT with cloud technology, acquiring £18k of assets and incurring £16k of revenue expenditure. This proved to be a hugely beneficial investment as it has enabled us to continue to operate during lockdown and beyond far easier than would otherwise have been the case.

These two investment initiatives account for £46k in revenue terms and, taking the fixed assets into account, over half of the reduction in our reserves from £364k to £256k. We see considerable further benefits from these investments in the future.

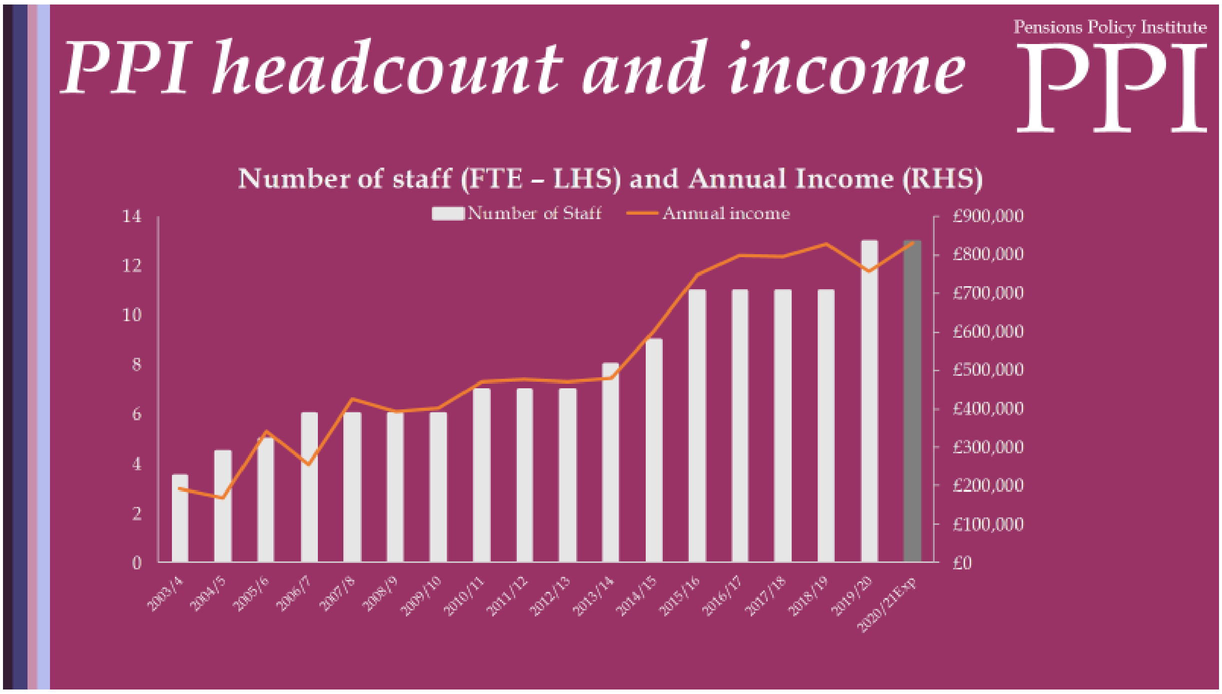
We remain within our target reserves range albeit, at £256k, we are much closer to the lower end of that range (£221k) than we would have liked.

On the expenditure side, our staff costs and our total costs came in under budget.

Our audit report by haysmacintyre was, as expected, unqualified.

So what is FY21 looking like?

With COVID leading to many organisations closing offices, seeing revenues fall and having many other issues on their minds to address to stabilise their businesses, we were, as a charity, and perhaps understandably, nervous that we may get squeezed in terms of revenue.



Most helpfully, our strong team had secured good projects prior to lockdown to keep us busy for the first few months and, whilst we can detect some challenges going forwards in the rest of FY21, work continues to be generated through you, our tremendous contacts and supporters. We are most appreciative of this support.

Our present position shows that we are currently on target to bounce back in FY21 with a healthier financial position than we may otherwise have reasonably expected.

I take this opportunity to thank the PPI finance team led by Maritha Lightbourne. They keep our financial records, maintain good systems of internal control and generally make my life as Honorary Treasurer as smooth as possible. I also thank Anthony Tomei and David Yeandle, fellow members of the Finance Committee, for all their hard work during the year, with special thanks to David for being willing to remain on the Committee after many years as its Chair to ease my induction into the role. I can only admire the foresight he had to know exactly when to relinquish the Chair of Finance Committee role … and he is not even an actuary.

That concludes my report and I invite any questions on the financial statements or other aspects of our Annual Report.

Andrew Evans
7 September 2020