

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
	<u>3,053,332</u>	<u>4,990,246</u>	<u>4,616,336</u>	<u>5,262,338</u>
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
	<u>3,811,345</u>	<u>4,703,298</u>	<u>5,210,888</u>	<u>5,463,606</u>
Net (deficit)/surplus excluding gain/(loss) on investments and USS deficit provision	<u>(758,013)</u>	<u>286,948</u>	<u>(594,552)</u>	<u>(201,268)</u>
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	<u>464,899</u>	<u>600,263</u>	<u>(1,437,565)</u>	<u>427,661</u>

* 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

The National Institute of Economic and Social Research

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.

5a Analysis of expenditure (current year)

	Raising funds		Charitable activities					2024 Total £	2023 Total £
	Investment management £	Other trading activities £	Publications £	Econometric model £	Research work £	Governance costs £	Support costs £		
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

The National Institute of Economic and Social Research

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
	<u>37,554</u>	<u>25,422</u>

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
	<u>2,547,717</u>	<u>2,691,373</u>
Total staff before movement in USS pension provision		
Movement in provision for USS pension scheme	(1,099,922)	(499,657)
	<u>1,447,795</u>	<u>2,191,716</u>

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	2023
	No.	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
	<u>2</u>	<u>2</u>

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
	<u>667,733</u>	<u>939,611</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

	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
	<u>1,162,742</u>	<u>1,979,191</u>

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	<u>863,517</u>	<u>919,837</u>

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

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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.