

Trustees' Report

Year ended
31 December 2018



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Company information

Company registered office

7 Ridgmount Street

London

WC1E 7AE

Company registered number

0954616 (Incorporated in England and Wales)

Registered charity

258815

Company bankers

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London EC2R 8BP

Auditor

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Solicitors

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Introduction from the Chair of Trustees

I am pleased to present the Trustees' report of the activities of IFS in 2018. Over the year, IFS published research findings on a wide range of topics, including its Green Budget and annual review of trends in living standards, poverty and inequality, as well as a new annual review of education spending. This report highlights just a small selection of the research and activities that took place over the year.



Last year, the Council and Trustees made the decision to propose changes to the governance structure of the organisation, with a view to expanding the support base of IFS, ensuring that we as Trustees would be empowered to take decisions flexibly in a rapidly changing environment, and bringing IFS's governance into line with similar organisations. Members supported these changes at the 2018 AGM. Following this vote, Company Law Members consist of the members of the IFS Council. The amended Articles contain the provision that the IFS Council be expanded to consist of 50 members, five of whom will be elected by our wider group of supporters. The Institute aims to enlist new members during 2019 to reach this goal.

The main role of the Trustees is one of oversight and assessment of how well IFS is achieving its aims. I am pleased to say that in 2018 we judge IFS has been successful. Careful scrutiny of the finances of IFS is an important part of the Trustees' work; as ever, this has been helped by clear and timely presentation of the facts to the committee by IFS officials. Whilst we, in common with other organisations who seek funding for academic research, currently face challenges in raising the finances to cover our ambitious programme of work, I am reassured that our financial position is healthy. In 2020, IFS's ESRC Centre – which has now attained 'Institute status' – will receive a further five years of Research Council funding. This will greatly contribute to future stability. The Institute has also been successful in gaining 'impact acceleration' funding from the ESRC to broaden and deepen the impact of its research, which will be used to invest in digital expansion and public engagement.

I would like to thank my fellow Trustees for giving their time and expertise so generously throughout the year.

A handwritten signature in black ink that reads "David K. Miles". The signature is written in a cursive style and is positioned above a long, thin horizontal line that extends to the left.

David Miles
Chair of Trustees
Institute for Fiscal Studies

Objectives and activities

The objects of the Institute

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

- existing taxes;
- proposed changes in fiscal systems; and
- other aspects of public policy, in each case whether in the United Kingdom (UK) or elsewhere in the world.

So as to advance these objectives, IFS expects to retain the right to publish its reports openly in order to inform public debate and policymaking. The Members of the Executive Committee confirm that they have complied with the duty in Section 17 of the Charities Act 2011 and have taken due regard of the Charity Commission’s general guidance on public benefit. Examples of how the Institute has aimed to meet its public benefit are given in the review of 2018, where the Institute’s achievements are reported.

Strategic framework

IFS operates within a strategic framework agreed by the Executive Committee in 2005. This covers maintaining excellence in research, preserving independence and impartiality in policy analysis, engaging with a wide range of stakeholders, financial viability and good management, good governance, and supporting Institute members.

How has the Institute tried to further these aims?

During the year, the Institute has carried out a wide range of research and has publicised the resulting findings as widely as possible through publications and conference participation, on its own website and in the media.

The Institute does not set out to fulfil specific metrics. Although during the year we have, for example, published a large number of articles in key economic journals and have made numerous appearances in the print and broadcast media, we believe that success lies in the academic quality of our research and the efficacy with which our findings have informed the public debate. The following pages outline how this has been done.



Review of 2018

In 2018, IFS continued to undertake rigorous research to inform public understanding of crucial policy issues. IFS research spans a broad spectrum of topics and is presented to and discussed with audiences from academics at international conferences to UK policymakers to undergraduate students.



Our aim is to carry out the highest-quality research and to inform policymaking and the public debate.

Academic excellence

An indication of the esteem in which the organisation and its staff are held can be seen in some of the honours accorded to Institute staff during 2018. IFS Director, Paul Johnson, was awarded a CBE (Commander of the Order of the British Empire), for services to the social sciences and economics, in the Queen's birthday honours list 2018. IFS Associate Director Helen Miller, director of the tax research programme at IFS, was awarded the prestigious Tax Personality of the Year award for 2018. The Royal Economic Society appointed Professor Rachel Griffith, an IFS Research Director, as its President elect, to become President in 2019/20. She will join the ranks of other prestigious economists who have led the Society in its 128-year history. Orazio Attanasio, the other IFS Research Director, as well as Professor of Economics at University College London, was elected Second Vice-President of the Econometric Society. He will be First Vice-President in 2019 and President in 2020.

Key new research grants

During the year, IFS was notified of the outcome of 62 research proposals, of which 46 were approved for funding (74% success rate). Given that the decision process varies somewhat across funders, the level of applications was

broadly comparable with 2017 (55 research proposals evaluated, 35 approved, success rate of 63%). A total of 102 funded research projects were active in 2018 (109 in 2017).

Major grants started in 2018 include the second phase of the **Centre for Tax Analysis in Developing Countries (TAXDEV)**, funded by the Department for International Development. This research programme will be delivered jointly by IFS and the Overseas Development Institute (ODI), who have a long track record of building the capability of governments to develop, implement and evaluate tax and spending policies.

TAXDEV provides applied research, policy analysis and capacity building in collaborative partnerships with partner governments. In the first two years of the programme, IFS researchers worked closely with government partners in Ethiopia and Ghana to support the use of evidence in formulating and evaluating tax policies. Working together with civil servants in Ethiopia and Ghana, TAXDEV produced new modelling tools, including models to assess the distributional impacts of changes to tax and spending policies. This allowed Ghanaian officials to estimate which type of households would be impacted by changes to income tax thresholds, as well as the overall revenue effect. IFS researchers also provided structured training on specific approaches to tax policy analysis and broader data analysis skills.

Renewed funding for TAXDEV will support continued collaboration with partners in Ethiopia and Ghana and expansion to two new countries, where TAXDEV will use the same collaborative model for policy research and technical capacity building. It will also enable the Centre to develop and expand the range of novel, high-quality and relevant research on tax and social protection policymaking in low- and middle-income countries that it undertakes and supports.

In a new project, with funding from the Rockwool Foundation, we are studying **intergenerational mobility at the regional and the national level**. We analyse how measures of well-being such as education, income, health and crime persist across generations and how this persistence varies within and across countries in order to identify the driving mechanisms of social mobility. The project uses data from Denmark, Finland, Norway and the UK and makes comparisons within and across countries. Intergenerational mobility and inequality both rank high on academic as well as political agendas. Understanding regional variation in inequality, especially within encompassing and universalistic welfare states, could yield new insights about the mechanisms of intergenerational mobility and potentially uncover more efficient ways of addressing the issue politically.

Taxing some forms of income more lightly than others creates many distortions and inequities. The Mirrlees Review describes solutions that would level the playing field between different types of work while protecting investment incentives. That these solutions have not been adopted reflects their unfamiliarity, the daunting scope of change required and difficulties with transition.

Getting to a radically different system is hard. The economics of tax policy design is as relevant for intermediate steps as for the end goal, yet transition has been relatively understudied. A new project, funded by the Nuffield Foundation, will **design reform packages that would move our tax system towards the Mirrlees Review's solutions** and present these alongside discussions of how to tackle specific transition issues. This will be a collaboration between researchers, policymakers and tax practitioners. Our aim is to provide practical

“ On matters of public finance, it is customary in Westminster/media circles to defer to the judgement of the Institute for Fiscal Studies”

Andrew Sparrow, The Guardian

guidance for planning incremental reform over the medium term while building the broad support needed for change. Until economists design and explain policies that bridge the gap between the current and the ideal tax system, we will be left dealing with the problems created by unnecessary distortions and inequities.

Over the past 15 years, IFS has received funding from a group of organisations, representing the pensions industry, government departments and NGOs, for the **IFS Retirement Saving Consortium research programme**. Further funding was secured for 2018 to 2020: a further phase of the consortium, running for two years, is focused specifically on how people are making some of the difficult saving choices they face in a rapidly changing world of increasing personal responsibility. Matched funding has been obtained from the Economic and Social Research Council (ESRC).

Understanding how best to introduce **early childhood development programmes** in underprivileged communities so as to obtain the best possible outcomes is key to developing policy. Previous work at IFS tested a stimulation and a nutritional education intervention in rural Odisha (India) for babies. With funding from Dubai Cares, further work has begun, to test the value of continuing the intervention until school age and, even more importantly, to test whether starting early makes such pre-school programmes more effective. These interventions were designed with scalability in mind: they were delivered by women from the study villages and rely on materials that are locally available.

As part of a larger programme on **socio-economic status, mortality and morbidity** in older Americans, IFS

researchers received funding from the National Institute on Aging in the US. The project examines the relationships between changes in the labour market and demographic circumstances of middle-aged men in the UK and trends in their health outcomes, using large-scale and long-running household survey and administrative data. The patterns are compared and contrasted with those in other countries notably the US in order to learn about the drivers of morbidity, mortality and other health outcomes for this group.

It is now widely believed that debt and leverage of households played an important role in the boom-and-bust cycle in consumer spending in the UK over the previous two decades. This has led the UK government to grant the Bank of England new 'macro-prudential' powers, which are aimed at limiting the growth of leverage among both households and financial institutions. The core aims of this research, funded by the (ESRC), are to provide new empirical evidence on **how leverage affects household spending decisions and in particular how it affects household responses to increases and decreases in house prices**. This will contribute to policymakers' knowledge and understanding of whether and how macro-prudential instruments should be used and their likely impact on household spending choices.

Communication and stakeholders

Conferences and lectures

IFS researchers were involved in organising several high-profile conferences and events during the year. Events were aimed at academics, policymakers and practitioners, often brought together to share knowledge.

Academic conferences included, in September, a joint research conference with the London School of Economics and the Paris School of Economics, held at the Institute for Fiscal Studies. The conference focused on **taxes, welfare and social insurance in the 21st century**. A panel session was included bringing together an international field of experts and senior policymakers to discuss the big challenges with respect to in-work poverty, and what we know – and need to know – about policy effectiveness. The following major issues were discussed: the design of tax



and social security policy, including the major experiment taking place in the UK through universal credit; skills and education policy; the role of labour market regulation such as the minimum wage; and how these interact with changes in the world of work caused by factors such as technology and trade.

A few weeks later, the **Banco de España Second Annual Research Conference** was held in Madrid. The conference was organised in conjunction with IFS, and the theme was taxes and transfers. Speakers included leading academics from the UK, Europe and the US, as well as representatives from the IMF and the EU.

A major conference was organised to showcase the work carried out so far by The Centre for Tax Analysis in Developing Countries (TAXDEV) on **tax in low- and middle-income countries** (LMICs). At this event, IFS researchers presented work that has been undertaken since TAXDEV began in Spring 2016, and Michael Keen, Deputy Director of the IMF's Fiscal Affairs Department, gave a keynote address on tax and development in LMICs. Policymakers from Ghana provided insights from collaborative analytical projects that they have conducted with TAXDEV researchers to address some of the key tax policy issues that they face. Presentations covered issues such as the impacts of taxes and transfers on income distributions in LMICs, analysis of how taxpayers respond to

the incentives created by tax systems, and examples of how these responses can be incorporated into analysis.

The 2018 Royal Economic Society annual conference was held at the University of Sussex, and IFS was represented by a number of researchers presenting their work over the course of the conference. Presentations included papers about the welfare effects of taxes on sugary drinks, the scarring effects of entering the labour market in a weak economy, the impact of retirement on cognition and health, and substitution between health and social care.

In addition, IFS researchers presented their work at a range of **national and international conferences** throughout the year, including at the American Economic Association in January and at the European Economic Association in August.

Professor Janet Currie, Chair of the Department of Economics at Princeton University, gave the 2018 **IFS Annual Lecture** on 27 September on the topic of 'Life, death, and mental health: how access to care helps children succeed'. Professor Currie's research focuses on health and well-being, especially of children. Her current research focuses on socio-economic differences in health and access to health care, environmental threats to health, and mental health.

For the fifth year in a row, IFS and the Chartered Institute of Taxation (CIOT) organised three discussions at the main **party conferences** in the autumn. IFS researchers took part in these fringe events at the Conservative, Labour and SNP party conferences. This year's panels discussed the challenges and opportunities that government faces in relation to changing trends in employment practices, the growth of self-employment and the rise of the gig economy.

To promote debate among policymakers, opinion-formers and the wider tax and economics communities on the future of the UK and international tax systems, **a series of lectures and debates** were organised by the CIOT and IFS. Three events in this series took place during 2018 covering business tax reliefs, family taxation and tax devolution.

Every two years, IFS holds a **residential conference**, aiming to facilitate high-level knowledge exchange between



practitioners, policymakers and academics on key areas of policy and practice. The 2018 conference, sponsored by PwC, looked at tax and industrial strategy. The conference was held at Downing College, Cambridge in September, and speakers included Gareth Davies (Director General, Business and Science, BEIS), Jim Harra (Second Permanent Secretary, HMRC), Nicky Morgan MP (Chair, Treasury Committee), Rain Newton Smith (Chief Economist, CBI) and Alistair Collins (VP Corporate Finance, AstraZeneca).

With funding from the ESRC to help broaden the impact of IFS research, we organised a further series of **lectures aimed at students and the public**. In order to extend the geographic reach of our dissemination, the lectures took place in Manchester and Birmingham. The topics covered in 2018 were 'Are the rich paying their fair share of taxes?'; 'What's the price of free trade?' and 'Funding public services: postcode lotteries or local responsibilities?'. Following a successful talk at the University of Manchester in 2017, we held two further public talks: the first to an audience of over 200 people at the University of Manchester, and the second at the University of Birmingham. For the public talks held so far, there were more than 2,000 total views of the lectures online. Further public lectures will take place in 2019.

Research findings and reports

A key strength of IFS is that its analysis of policy and its

contributions to the public debate are grounded in rigorous empirical research. **Significant peer-reviewed journal publications produced by IFS researchers** in 2018 included:

- 'What they say and what they do: comparing physical activity across the USA, England, and the Netherlands' (Arie Kapteyn, James Banks, Mark Hamer, James P Smith, Andrew Steptoe, Arthur van Soest, Annemarie Koster and Saw Htay Wah), *Journal of Epidemiology and Community Health*
- 'The marriage market, labor supply and education choice' (Pierre-André Chiappori, Monica Costa Dias and Costas Meghir), *Journal of Political Economy*
- 'Income inequality and the labour market in Britain and the US' (Richard Blundell, Robert Joyce, Agnes Norris Keiller and James P. Ziliak), *Journal of Public Economics*
- '35 years of reforms: a panel analysis of the incidence of, and employee and employer responses to, social security contributions in the UK' (Stuart Adam, David Phillips and Barra Roantree), *Journal of Public Economics*
- 'The effects of the transition from home-based childcare to childcare centers on children's health and development in Colombia' (Orazio Attanasio, Marcos Vera-Hernandez and Raquel Bernal), *Early Childhood Research Quarterly*

In advance of the Budget announcement, IFS released its **annual 'Green Budget'**, in association with Citi, ICAEW and the Nuffield Foundation. This report examined some of the issues confronting the Chancellor, from ongoing weak economic growth, to the UK's decision to leave the European Union. IFS analysis of the autumn Budget was covered extensively in print and broadcast media. It featured as the top (and most read) story on the BBC News homepage that day and was written up for the top story on the Guardian website. Our research was also referenced by both Conservative Party and Labour Party press teams.

In the 2018 instalment in the series of flagship IFS annual reports on **living standards, poverty and inequality in the UK**, funded by the Joseph Rowntree Foundation, IFS researchers examined changes in the distribution of household income in the UK, and the determinants and consequences of recent trends. The report was launched at an event where the authors presented their findings to around 100 attendees from a range of organisations and government departments.

In September, we released our first annual report on **education spending in England**, providing measures of spending per student in the early years, schools, further education and higher education back to the early 1990s. This analysis allows us to understand how policy decisions have affected the resources available to students in

different stages of education over the long run.

2018 saw the **70th birthday of the NHS**. Through its 70 years, it has faced more than its fair share of reforms, crises and funding ups and downs. Over that period, the amount we spend on the NHS has risen inexorably. Yet, today, concerns about the adequacy of funding are once again hitting the headlines, as the health and social care systems struggle to cope with growing demand.

In May, researchers from IFS and the Health Foundation released a report in association with the NHS Confederation. This publication provided a comprehensive study into the funding needs of the UK's health and care systems for the next 15 years, identifying the challenges faced by health and care services and offering objective evidence of what will be needed in the future. The report was presented at the NHS Confederation's annual conference, Confed18, in Manchester in June. A second report was published towards the end of 2018 examining how well the NHS is performing relative to its principle of 'providing a comprehensive service, which meets the needs of all'. IFS also produced an interactive NHS funding tool, where users try to reach projected funding targets through increasing taxes and/or by cutting government spending in other areas.

Additionally, to mark the anniversary of the NHS, IFS worked with a group of other leading independent research organisations including the Health Foundation, the King's Fund and the Nuffield Trust on a project with the BBC. The group came together to address some of the important questions facing the NHS as it turns 70, the first time all four organisations have collaborated together in this way. The group produced independent analysis, constituting a major contribution to the national conversation around the NHS at 70, and helped to inform the BBC's coverage of the NHS at a crucial time.

In the early 1990s, average hourly wages were almost 30% lower for women than for men. The **gender wage gap** has come down, but it remains at around 20%. There are many reasons for the scale and persistence of this gap, but IFS work published in February, funded by the Joseph Rowntree Foundation, showed that one important factor is that mothers spend less time in paid work, and more time working part-time, than do fathers. Combined with the evidence that part-time work is associated with lower subsequent earnings growth, this is one important factor in explaining lower wage growth among mothers than fathers.

The briefing note received widespread media coverage in UK newspapers, with articles in the Times, the Guardian, the Daily Mail, the Daily Mirror, the Financial Times and the Metro. Report author Robert Joyce was also interviewed on the Today Programme. Alongside the briefing note, IFS

released a short explainer video, which summarised the main points of the research and has been viewed nearly 3,800 times across YouTube and social media pages. We published further work on the gender 'commuting gap', as well as an online piece about the new reporting requirements.

There has been a lot of recent focus on **individuals' accumulation of wealth for retirement**, driven by the concern that younger generations are not saving enough. Less attention, however, has been paid to **how individuals use their wealth once in retirement**. IFS work published in June summarised the findings of recent and new research addressing this omission. At a launch event, IFS researchers drew together the conclusions of a programme of research carried out over the last two years, which sheds light on individuals' saving for retirement and how different sources of wealth are drawn on through retirement. In particular, they highlighted factors that are crucial for policymakers and providers in the new environment of automatic enrolment into workplace pensions, DC pensions freedoms and Lifetime Individual Savings Accounts.

As part of a programme of work about **local government finances**, funded by a consortium including CIPFA, Capita and PwC, a briefing note published in April found that English councils piloting 100% business rates retention could gain around £870 million in extra funding in 2018-19. This would be equivalent to 3.6% of their core spending power. However, this is revenue that would otherwise have flowed into central government coffers and could have been used for other purposes. The briefing note was covered by a range of publications including the Times, the Public Sector Executive and Public Finance Magazine. The authors also wrote a comment article for the Municipal Journal.

Early in the year, an IFS report, funded by the Health Foundation argued that ongoing reforms to local government finance risk a growing **funding gap for adult social care** and conflict with efforts to provide consistent and high-quality care services across the country. The briefing note was covered in a range of publications including the Financial Times, the Daily Mail, the Local Government Chronicle, the Daily Mirror and the Independent.

In recent years, the **debt holdings of households** in Great Britain have been a subject of particular attention among both policymakers and the general public, with growing concern about unsecured debt such as credit card debt, hire purchase agreements and unsecured loans. New IFS research, funded by the Joseph Rowntree Foundation and the IFS Retirement Saving Consortium, looked at when and why debt has the potential to be a problem for households. The report was launched at an event on 16 January with 75 attendees, including journalists and civil servants.

The authors gave interviews to Sky News, BBC Radio 5 Live, BBC News Channel and RTUK TV. Andrew Hood also did a round of seven interviews for BBC regional radio. Helen Barnard from JRF was interviewed by BBC Radio 4's Today programme, which also covered the publication in its subsequent bulletins. The report received over 400 mentions in print and online media, with coverage in publications including the Guardian, the BBC News website, the Huffington Post, the Sun, the Daily Mirror and PoliticsHome.

IFS worked with a graphic designer to produce an infographic, which was widely shared across Twitter and Facebook. The first tweet carrying the infographic gained over 28,974 impressions on Twitter, with a high engagement rate, and had an organic reach of over 600 on Facebook. IFS also produced an explainer video which was shared across our website and social media and has so far gained over 4,600 views across YouTube, Twitter and



Facebook. Since publication, the report has earned a score of 273 on Altmetric, placing it among the top 5% of all research outputs scored by Altmetric.

It is well known that the average graduate earns more than the average non-graduate, and that studying certain subjects at certain universities can lead to considerably higher earnings. But to what extent are these earnings differences down to the course itself, and to what extent are they due to differences in the students taking the courses? Currently, there is little evidence about the impact different

degrees might have in terms of students' earnings or employment prospects. IFS research published in June by the Department for Education, sought to improve the information available to prospective students and other stakeholders on the **value of different degree courses**. The work made use of the new Longitudinal Education Outcomes (LEO) administrative data set, which tracks English students through school, college and university and into the labour market. The report estimates the labour market return – measured by earnings and employment five years after graduation – to different subjects, institutions and degree courses relative to the average degree.

The report received considerable media interest, with coverage in the Guardian, the Times and the Financial Times, among others. Wonkhe and the BBC also used the findings of the report to build tools that allow for easy exploration of the returns to different courses and institutions.

There is ongoing debate over whether the UK should remain within 'a' or 'the' **customs union with the EU following Brexit**. In January, IFS released a new observation on UK–EU trade, with a focus on the trade of intermediate goods and services. This sort of trade is pertinent for understanding the UK's trade with the EU, and researchers looked at the implications for future trade policies. In March, an IFS briefing note provided an estimate of the scale of the gains consumers might expect if the UK were to leave the Customs Union and reduce its tariffs. This work was part of a larger project, 'The UK in a changing Europe', funded by the ESRC.

In a special issue of the IFS journal, *Fiscal Studies*, published by Wiley in December, we collected five new papers by world experts in issues of **immigration, trade, firm performance, industrial policy and the effects of uncertainty**. There has been much focus on predicting the overall economic effects of Brexit. But, until Brexit occurs, it is hard to know what the future relationship will look like. The articles in this special issue did not attempt to provide overall forecasts about the economic costs and benefits of Brexit. Rather, they focused on new empirical analysis, new data collection and an evaluation of different policy options. The authors examined five important, but by no means exhaustive, topics: the nature and effect of uncertainty on firms, the response of the stock market to Brexit so far and some specific issues regarding immigration, trade and industrial policy post-Brexit.

Capacity building

IFS also contributes to the UK social science environment by **training excellent economists** – both our own employees and those working elsewhere. IFS employees who move on typically take up jobs in the civil service, academia or the media, putting into practice the research and communication skills they have learned at the Institute. During 2018, in-house training for research staff included media training, writing and presentation skills, Stata and other analytical skills, while there was training for support staff in social media, design and other communication skills.

Two new graduate economists were taken on in 2018 (2017: three), as well as three post-doctoral researchers (2017: two). In addition to research staff, the capacity to support research and its dissemination was increased by adding two new posts: a press and social media officer, to help us respond more effectively to current events, and a grants administration officer, to improve our grants administration and increase capacity to broaden our funding portfolio.

The Institute also runs a **summer internship programme**, and in 2018 eight students (2017: eight) were employed for six-week placements, working with research teams on projects that gave them a taste of the type of work undertaken by new research economists.

Each year, IFS holds a day of talks on issues in **public economics** of interest to undergraduates in economics and related disciplines. The aim is to focus on the policy implications of research carried out at the institute. A number of IFS alumni talk about applying economics in their careers. Over 80 students signed up to attend the 2018 lectures in London. Support from the ESRC covered travel expenses for those coming from outside London.

The Centre for Microdata Methods and Practice (Cemmap) at IFS provides **training courses and masterclasses** for policymakers, practitioners, academics and students. During 2018, four training courses were held, as well as three masterclasses and 26 seminars.

During the year, staff served on a number of **boards and committees** contributing to better social science policymaking and understanding of public policy. These included: Paul Johnson on the Committee on Climate Change and the Banking Standards Board; Carl Emmerson on the Social Security Advisory Committee and the advisory panel of the Office for Budget Responsibility; Robert Joyce on the Social Metrics Commission; Helen Miller as chair of the Royal Economic Society's Communications Committee; and Orazio Attanasio as President of the European Economic Association, and on the Council of the Royal Economic Society.

Priorities for 2019 and beyond

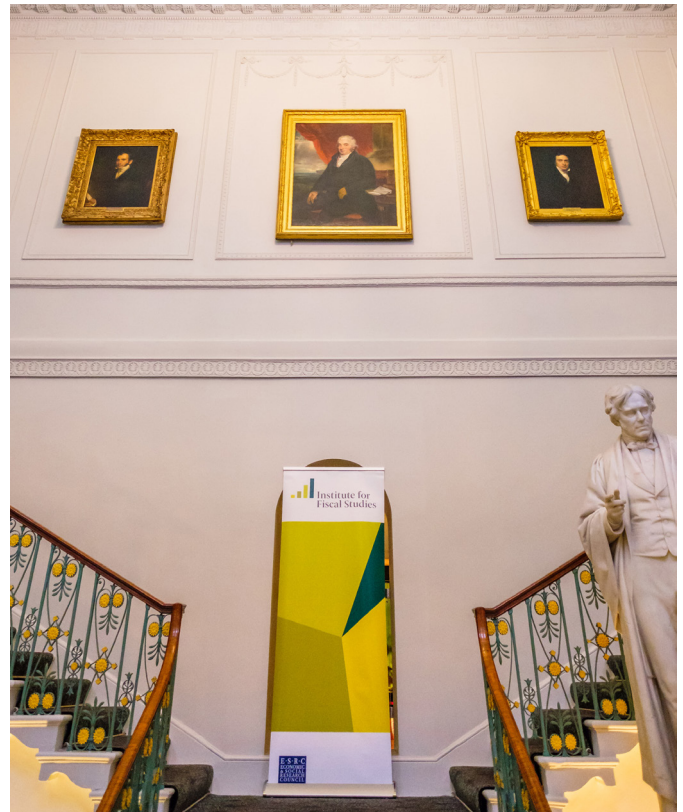
Academic excellence

The **ESRC Centre for the Microeconomic Analysis of Public Policy (CPP)** at IFS receives funding for five-year periods. It covers a broad research and dissemination programme and makes possible a flexible response to both scientific and policy developments. The CPP has been accorded Institute status – one of just two in the country. The ESRC states that this is ‘to recognise its global centres of excellence with official ESRC Research Institute status. The move acknowledges those centres which have demonstrated sustained strategic value to the Council, as well as to the broader social science research landscape, with long-term, five-year funding.’

The current Centre is funded until 2020; after this, the new status should mean that this funding stream will be more reliable and will have the potential to cover a wider research programme. Over the past years of the Centre, research has spanned multiple subject areas, and has been unified by a desire to develop a rigorous empirical foundation for improving public policy in a changing economic and social environment. Our future agenda will continue this focus and also address new challenges. We will exploit new data, including administrative data linkages, in the UK, the US, European countries and developing countries. We will interact with researchers worldwide, exploiting our unique research environment for capacity building in empirical policy research. We will continue to push the frontier in the use of new methods and new data, deriving new insights into public policy.

We will carry out research in the areas of **public finances and public spending, education and skills, health and social care, employment, pay and welfare, firm taxation and productivity, the tax and benefit system, consumer behaviour and indirect taxation, pensions and saving, devolution, the regions and local government, and policies and interventions in developing countries and in the UK.**

Two further projects planned for 2019 and beyond are in the area of the **economics of health**. The National Institute of Health Research (NIHR) has launched a new set of 13



NIHR Policy Research Units (PRUs) to undertake research to inform decision-making by government and arm's-length bodies. King's College London is hosting the PRU on Health and Social Care Workforce, in partnership with IFS and Imperial College London.

Of every 100 people working in England today, 13 of them work in social and health care jobs. Nearly £2 out of every £3 spent on the NHS goes on paying its staff. The Health and Social Workforce PRU aims to help government by providing the answers to the **workforce questions that affect both the quality and cost of health and social care services**. We will work as a unit on a set of research questions agreed by government (the Department for Health and Social Care and its partner organisations). In particular, IFS research will focus on analysing recruitment and retention, using workforce administrative records, such as the Electronic Staff Record (ESR), and HR records from

individual Acute Trusts.

Another project, also with Imperial College, and funded by the ESRC, will look at the **economics of the medical workforce**, using evidence from English public hospitals. The project will cover the determinants of variation in the quality and productivity of the most senior doctors, the impacts of anticipated and unanticipated disruptions to nursing teams on patient care and costs, and the relationship between doctor seniority, productivity and patient outcomes by analysing a series of strikes by junior doctors in 2016 and 2017.

IFS is part of a further consortium led by UCL that has been awarded funding until 2022 for a Policy Research Unit on **obesity in children and across the life course**. The IFS work stream will focus on policy-related research into the impact of fiscal measures to combat obesity. Research will exploit detailed individual-level longitudinal data to learn about the factors that influence behaviours, habits and self-control issues across individuals with different socio-economic and ethnic backgrounds. It will also examine the actions of other market participants, such as producers and retailers, in response to fiscal initiatives, and provide evidence on how their actions might help to bolster or confound the effects of policies.

The earliest years of a child's life can have a profound impact on his or her long-term development. Other studies that IFS researchers will be working on in the area of child development include research into whether and to what extent **large-scale early childhood interventions are a cost-effective means to promote health**. One project focuses on Sure Start, estimating the causal impact of access to, and use of, Sure Start services on children's and their families' health. Although research shows that early childhood interventions that target disadvantaged children can reduce gaps in outcomes, designing and delivering programmes for such young children in a scalable and sustainable fashion remains a challenge, and provision for the under-2s is practically non-existent in England. Through a unique partnership between leading academics and the children's services team at Peterborough City Council, IFS researchers have been laying the groundwork for an evaluation of a home-visiting programme targeting

disadvantaged 1 to 3-year-olds and aimed at strengthening parenting practices. The study assesses current child-rearing practices and identifies shortcomings of existing services in order to adapt a curriculum, which has been shown to improve children's outcomes in several developing countries, to this new context. The aim is to develop the details of how the intervention can be implemented, with sustainability and scalability as core features. Further work is planned and funding has been applied for.

During 2019, we expect to complete a project using **administrative data from tax records to capture how individuals are moving between legal forms** (employment, self-employment and small business incorporation). This will improve our understanding of how these individuals respond to the incentives they face. As part of this work, we will also be considering what can be learned from administrative data relative to survey data.

IFS is **launching a major new £2.5 million study of inequality in the UK**, funded by the Nuffield Foundation and chaired by Nobel Laureate Professor Sir Angus Deaton. Aiming to understand inequality not just of income, but of health, wealth and opportunity too, this five-year study will be one of the most ambitious of its kind. Our aim is to answer some of the most fundamental questions about the nature of inequality in the 21st century, the forces shaping it, and what can, and should, be done about it.

With Sir Angus in the chair, the panel overseeing the project includes world-leading experts in sociology, epidemiology, political science, philosophy and economics. We will commission work from many more leading experts to help us understand inequalities in outcomes by gender, ethnicity, geography, age and education. Our analysis will cover the full breadth of the income and wealth distributions – not just what is happening at the very top and very bottom. Part of our aim for this project will be to communicate widely the existing research and new findings about inequality.

Communication and stakeholders

To promote successful communication across the board, the IFS will be receiving funding from ESRC to **broaden and**

deepen the impact of our research. We will use the funds to invest in digital expansion and public engagement.

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

We have three aims to increase our impact:

- First, to **develop stronger engagement, relationships and impact** with three key stakeholder groups: business, central government, and local and devolved governments. This will lead to improved understanding, engagement and knowledge exchange, which will inform our own research programmes, build coalitions of funders, and impact on these actors' understanding and policies.
- Second, to **improve public understanding of our research, economic principles and public policy.**
- Third, to **train and develop research and support staff at all career stages.** The ultimate objective is to ensure the sustainability of our impact capacity and to ensure that we build on our past successes in creating new generations of researchers who can go on to influential positions in academia and public policy, where they can have long-term positive impact on policy and public understanding.

In one specific area, with funding from Friends Provident, we will **cultivate a much wider understanding that the UK would need to raise taxes if it is to maintain public services over the coming decades** and we will promote policy that makes the UK tax system fairer and more resilient to impending economic, demographic and technological change. Our focus will be to support a broad public debate about the options faced by the UK in two ways. First, we will produce and disseminate accessible analysis on how the UK could raise additional tax revenues in a fair, efficient and acceptable manner. Second, we will set up a 'tax lab' – an engaging online platform to provide

access to a body of resources on how the UK tax system currently works and who would be affected by various reforms.

Capacity building

In the autumn of 2019, five new graduates will start work at IFS and will be trained in research and communication skills, working alongside more experienced researchers and Research Fellows and Associates, who are leaders in their fields from universities in the UK and overseas.

For the first time, in 2017, we took on two postdoctoral researchers for two-year contracts; two more were taken on in 2018. We plan to take on a further two from September 2019 and to look at expanding the programme as part of our ESRC Institute's activities. The Institute will also aim to host a number of graduate students, who will work on PhDs under the supervision of senior staff, working alongside researchers whose research interests they share. The specific expertise of these individuals will feed into related research programmes and will enrich the knowledge of colleagues through frequent seminars and interchange of views. The researchers themselves will also benefit from the stimulating intellectual environment at IFS and they are likely to go on to research or teaching posts in the future, where they will be able to apply what they have learned.

To support our aims to increase our impact and reach, in 2019 we will create a new post of Head of Digital, to help improve our website and other digital communication channels.

Under the auspices of the Centre for Microdata Methods and Practice, we will continue to run training courses, masterclasses and workshops until the end of the academic year 2020–21.

Over the summer, we will host seven economics students in paid internships. They will work on projects with IFS researchers to give them a flavour of what policy-relevant research is like. We will also host work experience students in collaboration with the Higher Education Access Network.

Strategic report

Financial review

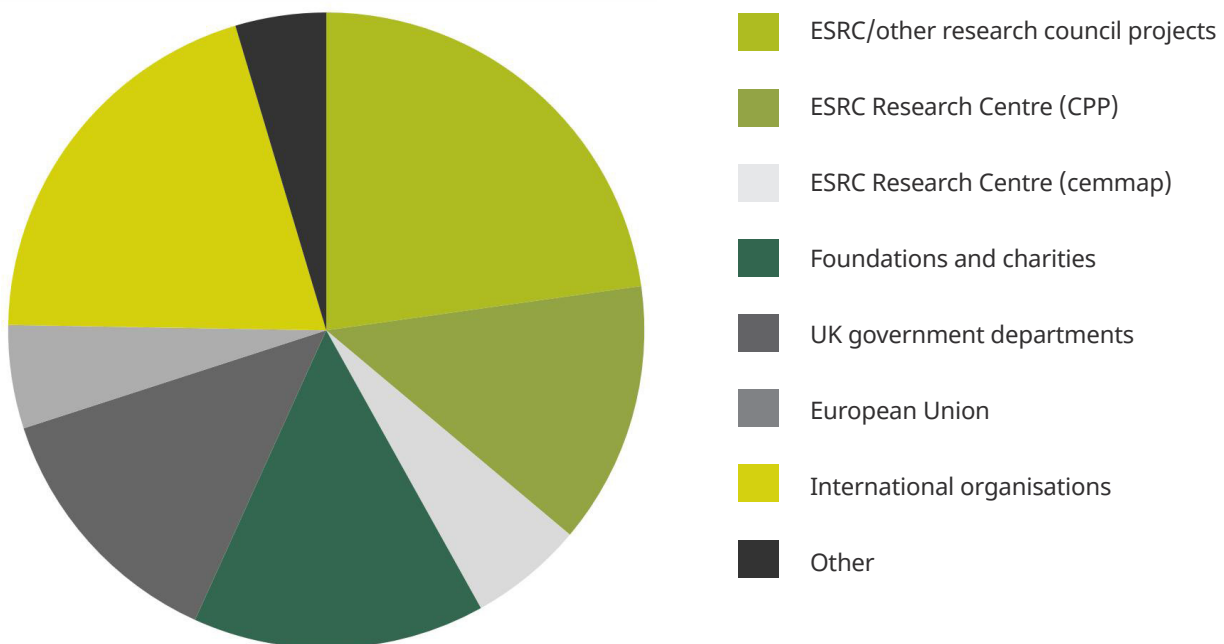
The results for the year ended 31 December 2018 are presented in the Statement of Financial Activities on page 22. The levels of activity were very similar in 2018 compared to 2017. Total income was £8,870,307 (2017: £8,834,706) and total expenditure was £8,630,409 (2017: £8,580,811).

The Statement of Financial Activities shows an overall surplus for the year ended 31 December 2018 of £239,898 (2017: £253,895), representing investment income of £15,835 (2017: £8,892) and a surplus on charitable activities of £224,063 (2017: £245,003).

The Institute attempts to raise its research funds from a range of organisations so that it is not dependent upon a single source of funding. Although 42% was provided by the Economic and Social Research Council (40% in 2017), this funding covers a wide range of projects.

With regard to its conference and publication activities, the Institute aims to keep prices as low as possible to maximise public access to its findings.

The investment policy of the Executive Committee has been to invest cash reserves in interest-bearing accounts and not to risk any of the principal. At the end of the year, £1,232,717 was held in a COIF Charities Deposit Fund (2017: £1,227,143) and £515,151 in a CAF Bond held with Principality Building Society (2017: £510,050).



Reserves Policy

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

As at 31 December 2018, the Institute's total reserves were £2,806,424 (2017: £2,566,526), comprising the unrestricted General Fund of £2,642,079 (2017: £2,432,971) and the Fixed Asset Reserve of £164,345 (2017: £133,555).

The General Fund reflects the Institute's net current assets

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

A Fixed Asset Reserve was established in 2010 such that this Reserve would be equivalent in value to the net book value of the Institute's fixed assets. The Reserves Policy is subject to active review in the light of prevailing circumstances.

As at 31 December, the General Fund comprised:

| | 2018 | 2017 |
|--|------------------|------------------|
| | £ | £ |
| Investments | 1,747,868 | 1,737,193 |
| Bank accounts | 3,197,027 | 2,651,400 |
| Less net grants received in advance | (2,263,264) | (2,249,235) |
| Cash holdings (excluding net project grants received in advance) | 2,681,631 | 2,139,358 |
| Other working capital | (39,552) | 293,613 |
| General Fund | 2,642,079 | 2,432,971 |
| Number of months of forecast expenditure (excluding direct project costs) | 4.8 months | 4.7 months |
| Target level for the General Fund (six months' forecast expenditure, excluding direct project costs) | £3.29m | £3.09m |

Principal risks and uncertainties

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

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

The primary risks relate to financial issues and in particular to the reliance on the ESRC for a large proportion of the Institute's research funds (see the financial review section on page 14). However, this funding represents a mix of long-term and short-term funding, which reduces the immediate risk. Additionally, a significant proportion of our staffing costs relates to staff from UK universities whose funding is explicitly aligned with ESRC funding, meaning that these costs can be reduced or terminated in line with the funding stream. Around 7% of our funding currently comes from European Research Council grants, which represents a risk, in that continued funding from this source may not be forthcoming in the wake of Brexit. The Institute continues to seek to diversify its funding sources in order to spread the risk.

Another key risk is in relation to our people and the risk of losing key staff. We attach a high priority to supporting our staff in developing their skills, whether through further study or by giving them opportunities to become involved with all aspects of research and communication throughout their careers. New Research Economists are provided with mentors and are given the opportunity to take on managerial responsibility as and when they are ready. Staff representatives, elected by peers, include in their remit the discussion of staffing issues with senior management. Regular reviews of selection procedures and conditions of service take place, together with periodic monitoring of salaries offered elsewhere. Staffing requirements are

planned as far in advance as possible, and good relationships are maintained with top universities and institutions, both in the UK and overseas.

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

Safeguarding is an issue that has been widely discussed over the last year. For IFS, we are concerned with safeguarding both our own staff and those with whom we come into contact, in particular vulnerable people who may be the subject of research. The organisational culture of IFS prioritises safeguarding, so that it is safe for those affected to come forward and to report incidents and concerns, with the assurance that they will be handled sensitively and properly.

IFS is a research institution and we do not deliver development or aid programmes directly to beneficiaries. However, in recent years, we have increased the number of research projects that we undertake in low- and middle-income countries. We now work with a number of institutional collaborators and individual sub-contractors that implement international development programmes and collect research data from potentially vulnerable beneficiaries on our behalf. Our staff members travel regularly to monitor these implementation and research activities. Also, we are putting in place more stringent policies to govern how we work with our partners to ensure that they meet the standards we expect, as laid out in our policies.

Governance and management

Constitution

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

At the 2018 AGM, Members voted in favour of a proposal by the Trustees to change the rights of existing Members, and to make it possible for the Institute to have members, or supporters, who are not Company Law members of the organisation. Following this vote, Company Law members consist only of the IFS Council members. At the end of November 2018, the number of guarantors was therefore 30 (431 at the end of November 2017). The amended Articles contain the provision that the IFS Council be expanded to no more than 50 persons and that when complete it shall consist of 45 members elected by Council and five members elected by the wider IFS membership. The Institute aims to enlist new Council members during 2019 to reach this goal.

“the Institute for Fiscal Studies, an independent economic research organisation that occupies a unique position in British political life. Though other outfits attempt similar work, the IFS stands apart: when it comes to economic policy, its assessments have, for many, become the closest approximation to revealed truth.”

The Guardian

Members of the Executive Committee

The Executive Committee, which is made up of the Trustees of the Institute, is established by the IFS Council: Trustees are elected by the Council from among themselves, and consists of at least seven and no more than twelve people, one of whom is the President of the Council. Trustees serve three-year terms, and will usually only serve a maximum of three terms. The Executive Committee met five times during the year. Committee membership during 2018 was:

- Jonathan Athow
- James Bell
- John F. Chown
- Margaret Cole
- Chris Davidson (retired 28 November 2018)
- Denise Lievesley (retired 28 November 2018)
- Ian Menzies-Conacher (Honorary Company Secretary)
- David Miles (Chair)
- Gus O'Donnell (President, IFS Council)
- Michael Ridge
- Nicholas Timmins
- David Gregson (appointed 28 November 2018)
- Caroline Mawhood (appointed 28 November 2018)

Induction and training of Trustees

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

Organisational structure of the Institute and the decision-making process

The overall management of IFS is carried out by the Director, Paul Johnson, who reports to the Trustees on a quarterly basis. The Director is part of the Senior Management Team of the Institute, which in 2018 comprised the Director, Paul Johnson, the Deputy Director, Carl Emmerson, and the Research Directors, Professor Orazio Attanasio and Professor Rachel Griffith.

The operational responsibilities of the Institute are delegated via a 'Scheme of Delegation' to the Director of the Institute, who in turn delegates various duties to senior staff.

The Institute employed directly an average of 83 (2017: 87) full- and part-time staff based at its offices in London. Research staff are divided into sectors, and a small core of

administrative and secretarial staff provide support facilities.

The Institute also employed indirectly 16 (2017: 24) senior academic staff based at UK universities on a part-time basis. In addition, a number of other academics from both UK and overseas institutions work with the staff as Research Fellows and Research Associates on an ad hoc collaborative basis.

Remuneration policy

The salary of the Director is determined by the Executive Committee when renewing his contract and is normally adjusted each year for a cost-of-living adjustment, in line with salaries across the Institute. The pay of all other staff, including the Deputy Director, is reviewed by the Director and other members of senior management annually and is also usually increased by a cost-of-living adjustment. From time to time, the salary scales of the Institute are benchmarked against comparable organisations. In 2018, the services of the Research Directors, Orazio Attanasio and Rachel Griffith, were provided by UCL and the University of Manchester respectively under contracts that reimburse the universities for an agreed percentage of the individual's salary, National Insurance and pension costs. Further details on these amounts are included in note 6 to the accounts.

Statement of policy on fundraising

Section 162a of the Charities Act 2011 requires us to make a statement regarding fundraising activities. We do not undertake widespread fundraising activities with members of the public, although we do accept donations or offers from partners to contribute to work that we undertake. The legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes'. Such amounts receivable are presented in our accounts as 'donations and legacies'. We do not use professional fundraisers or 'commercial participators' or indeed any third parties to solicit donations. We are

therefore not subject to any regulatory scheme or relevant codes of practice, nor have we received any complaints in relation to fundraising activities.

Charity Governance Code

In July 2017, the new Charity Governance Code was published setting out recommended practice. The Executive Committee supports the principles set out in the Code and although a detailed review was not carried out in 2018, a review has been scheduled for 2019.

Trustees' responsibilities

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

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

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

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

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

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

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

Approved and authorised for issue by the Executive Committee and signed on their behalf by

David Miles, Chair of the Executive Committee

15 May 2019

Company registered number: 0954616
Registered Charity: 258815

Auditor's report

Independent auditor's report to the Members of the Institute for Fiscal Studies

Opinion

We have audited the financial statements of the Institute for Fiscal Studies for the year ended 31 December 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 December 2018 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going-concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial

statements any identified material uncertainties that may cast significant doubt about the Charitable Company's ability to continue to adopt the going-concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

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 Strategic report or the Trustees report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees intend either to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Fiona Condron (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor, London
17 May 2019

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

Financial reports

Statement of financial activities Year ended 31 December 2018

| | Notes | 2018 | 2017 |
|------------------------------------|-------|--------------------|--------------------|
| | | £ | £ |
| Income | | | |
| Donations and legacies | | 301 | 50,125 |
| Income from charitable activities: | | | |
| Research activities | | 8,584,454 | 8,450,800 |
| Membership subscriptions | 2 | 156,552 | 135,845 |
| Publications | | 49,528 | 47,279 |
| Conference income | | 61,268 | 77,327 |
| Other income | | 2,369 | 64,438 |
| Investment income | | 15,835 | 8,892 |
| Total income | | 8,870,307 | 8,834,706 |
| Expenditure | | | |
| Charitable activities | 5 | (8,630,409) | (8,580,811) |
| Total expenditure | | (8,630,409) | (8,580,811) |
| Net income | | 239,898 | 253,895 |
| Net movement in funds | | 239,898 | 253,895 |
| Reconciliation of funds | | | |
| Total funds brought forward | | 2,566,526 | 2,312,631 |
| Total funds carried forward | | 2,806,424 | 2,566,526 |

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

Balance sheet

As at 31 December 2018

| | Notes | 2018 | 2017 |
|--|-------|-------------------|-------------------|
| | | Unrestricted £ | Unrestricted £ |
| Fixed assets | | | |
| Tangible assets | 8 | 164,345 | 133,555 |
| Total fixed assets | | 164,345 | 133,555 |
| Current assets | | | |
| Debtors | 9 | 1,420,074 | 2,311,567 |
| Short-term deposits | 10 | 1,747,868 | 1,737,193 |
| Cash at bank and in hand | | 3,197,027 | 2,651,400 |
| Total current assets | | 6,364,969 | 6,700,160 |
| Liabilities | | | |
| Creditors: amounts falling due within one year | 11 | (3,722,890) | (4,267,189) |
| Net current assets | | 2,642,079 | 2,432,971 |
| Net assets | | 2,806,424 | 2,566,526 |
| Total funds of the charity: | | | |
| Unrestricted funds | | | |
| General Fund | 12 | 2,642,079 | 2,432,971 |
| Fixed Asset Fund | 12 | 164,345 | 133,555 |
| Total | | 2,806,424 | 2,566,526 |

Approved and authorised for issue by the Executive Committee and signed on their behalf by

David Miles, Chair of the Executive Committee

15 May 2019

Company registered number: 0954616
Registered Charity: 258815

Statement of cash flows

Year ended 31 December 2018

| | Notes | 2018 | 2017 |
|--|-------|------------------|------------------|
| | | £ | £ |
| Reconciliation of net income to net cash flow from operating activities | | | |
| Net income for the reporting period (as per the statement of financial activities) | | 239,898 | 253,895 |
| Adjustments for: | | | |
| Depreciation charges | | 60,304 | 42,987 |
| Interest on investments | | (15,835) | (8,892) |
| Decrease/(Increase) in debtors and accrued income | | 891,493 | (743,733) |
| (Decrease) in creditors, accrued expenses | | (28,727) | (169,206) |
| (Decrease)/Increase in grant income received in advance of expenditure | | (515,572) | 87,479 |
| Net cash generated from/(expended on) operating activities | | 631,561 | (537,470) |
| Interest on investments | 15 | 15,835 | 8,892 |
| Purchase of tangible fixed assets | | (91,094) | (107,398) |
| Cash flows from investing activities | | (75,259) | (98,506) |
| Change in cash and cash equivalents in the reporting period | | 556,302 | (635,976) |
| Cash and cash equivalents at the beginning of the reporting period | | 4,388,593 | 5,024,569 |
| Cash and cash equivalents at the end of the reporting period | | 4,944,895 | 4,388,593 |
| Analysis of cash and cash equivalents | | | |
| | | 2018 | 2017 |
| | | £ | £ |
| Cash in hand | | 3,197,027 | 2,651,400 |
| Short-term deposits | | 1,747,868 | 1,737,193 |
| Total cash and cash equivalents | | 4,944,895 | 4,388,593 |

Notes to the accounts

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

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

The Institute for Fiscal Studies meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Tangible fixed assets and depreciation

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

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

c) Income – membership subscriptions and donations

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

d) Income – publications

Royalty income receivable from the publisher of the 'IFS

owned' journal, *Fiscal Studies*, is recognised on an accruals basis and in accordance with the substance of the publishing agreement.

e) Income – research activities

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

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

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

f) Interest receivable

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

g) Allocation of expenses

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

h) Pension costs

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

Notes to the accounts

i) Operating leases

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

j) Current asset investments – short-term deposits

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

k) Foreign currency

The value of the balances in the Institute's Euro and US Dollar accounts at the end of the year was based on the exchange rate as at 31 December 2018. Transactions in foreign currencies are calculated at the exchange rate ruling at the date of the transaction and the Institute-wide foreign exchange gains or losses made during the year are taken into account in arriving at the net income for the year.

l) Financial instruments

The IFS only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

m) Critical accounting estimates and areas of judgement

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

- Judging the progress of multi-year research projects;
- Estimating the useful economic life of tangible fixed assets; and
- Estimates relating to the allocation of support costs across expenditure categories.

n) Funds

Unrestricted funds are incoming resources received or generated by IFS for its charitable purposes. Funds held on specific trusts under charity law are classed as restricted funds and can only lawfully be used for a specific charitable purpose.

Designated project funds relate to projects where the IFS's agreement with the funder requests that the project funding is separately disclosed in the financial statements.

Notes to the accounts

2. Membership subscriptions

| | 2018 | 2017 |
|------------|----------------|---------|
| | £ | £ |
| Corporate | 143,235 | 121,228 |
| Individual | 13,317 | 14,617 |
| | 156,552 | 135,845 |

3. Expenditure on research activities

| | 2018 | 2017 |
|---|------------------|-----------|
| | £ | £ |
| Staff costs | 5,000,728 | 4,954,840 |
| Direct project costs | 2,406,330 | 2,466,720 |
| Premises | 564,441 | 506,125 |
| IT and office costs | 168,290 | 138,006 |
| Insurance and professional fees | 80,413 | 87,132 |
| Publications, events and public relations | 34,961 | 28,175 |
| Other | 31,331 | 91,144 |
| | 8,286,494 | 8,272,142 |

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

Notes to the accounts

4. Analysis of governance and support costs

| | Support costs | Governance | Total | Support costs | Governance | Total |
|---------------------------------|------------------|---------------|------------------|---------------|------------|-----------|
| | 2018 | 2018 | 2018 | 2017 | 2017 | 2017 |
| | £ | £ | £ | £ | £ | £ |
| Staff costs | 788,524 | 17,065 | 805,589 | 808,199 | 16,306 | 824,505 |
| Premises costs | 602,633 | - | 602,633 | 523,978 | - | 523,978 |
| IT and office costs | 179,677 | - | 179,677 | 150,258 | - | 150,258 |
| Insurance and professional fees | 60,643 | 25,211 | 85,854 | 75,067 | 19,800 | 94,867 |
| Other | 30,094 | 3,357 | 33,451 | 93,158 | 6,077 | 99,235 |
| | 1,661,571 | 45,633 | 1,707,204 | 1,650,660 | 42,183 | 1,692,843 |

Direct costs attributable to a single activity are allocated directly to that activity. Costs in relation to the Institute's support functions and governance costs are apportioned between the four areas of activity undertaken, on a basis consistent with the use of the resource, based on a per capita allocation. This analysis is not used for management purposes.

Governance costs include the costs of external audit. Other governance costs in 2018 relate primarily to costs associated with the Annual General Meeting and Annual Lecture and dinner, and also include travel expenses for one trustee of £38 (2017: £34) for attendance at meetings of the Executive Committee.

Notes to the accounts

5. Total expenditure

| 2018 | Research activities | Publications | Conferences | Membership | 2018 total |
|---|---------------------|---------------|----------------|----------------|------------------|
| | £ | £ | £ | £ | £ |
| Staff costs | 5,000,728 | 65,710 | 85,410 | 85,053 | 5,236,901 |
| Direct project costs | 2,406,330 | - | - | - | 2,406,330 |
| Premises | 564,441 | 8,549 | 16,058 | 13,585 | 602,633 |
| IT and office costs | 168,290 | 2,549 | 4,788 | 4,050 | 179,677 |
| Insurance and professional fees | 80,413 | 1,218 | 2,288 | 1,935 | 85,854 |
| Publications, events and public relations | 34,961 | 2,141 | 45,252 | 3,210 | 85,564 |
| Miscellaneous | 31,331 | 474 | 891 | 754 | 33,450 |
| | 8,286,494 | 80,641 | 154,687 | 108,587 | 8,630,409 |

| 2017 | Research activities | Publications | Conferences | Membership | 2017 total |
|---|---------------------|---------------|----------------|---------------|------------------|
| | £ | £ | £ | £ | £ |
| Staff costs | 4,954,840 | 54,445 | 77,913 | 71,303 | 5,158,501 |
| Direct project costs | 2,466,720 | - | - | - | 2,466,720 |
| Premises | 506,125 | 9,656 | 4,379 | 3,818 | 523,978 |
| IT and office costs | 138,006 | 6,627 | 3,005 | 2,620 | 150,258 |
| Insurance and professional fees | 87,132 | 4,184 | 1,897 | 1,654 | 94,867 |
| Publications, events and public relations | 28,175 | 5,311 | 50,052 | 3,714 | 87,252 |
| Miscellaneous | 91,144 | 4,376 | 1,985 | 1,730 | 99,235 |
| | 8,272,142 | 84,599 | 139,231 | 84,839 | 8,580,811 |

Notes to the accounts

6. Staff costs

| | 2018 | 2017 |
|--|------------------|------------------|
| | £ | £ |
| Wages and salaries | 3,543,506 | 3,479,598 |
| Social security costs | 354,364 | 327,072 |
| Pension costs | 191,390 | 177,073 |
| | 4,089,260 | 3,983,743 |
| Staff from universities | 753,490 | 857,755 |
| Research Fellows and Research Associates | 242,550 | 230,021 |
| | 5,085,300 | 5,071,519 |
| Other staff costs | 151,601 | 86,982 |
| | 5,236,901 | 5,158,501 |

The IFS has agreements in place with several universities/institutions for the provision of an agreed proportion of the working time (typically 10–50%) of 16 (2017: 24) named, highly skilled individuals to carry out specific research duties at the IFS in their areas of academic excellence. In 2018 £97,500 (2017: £77,093) of the amount for Research Fellows and Research Associates relates to these individuals.

Staff costs have been allocated to expenditure headings where they can be specifically identified as in note 5.

The average number of IFS employees (full-time equivalent) including short-term research assistants, analysed by function, is shown below.

| | 2018 FTE | 2017 FTE |
|---------------------|-------------|-------------|
| Research activities | 65.8 | 65.1 |
| Publications | 1.0 | 0.8 |
| Conferences | 1.9 | 1.9 |
| Membership | 1.6 | 1.4 |
| Total | 70.3 | 69.2 |

Notes to the accounts

The numbers of employees whose emoluments (excluding pension contributions) were in excess of £60,000 are shown in the ranges in the table. In addition, pension contributions were paid by the Institute on behalf of these 18 employees. The total sum of these contributions was £98,822 (2017: £78,102 for 14 employees).

The Trustees received no remuneration for their services during the year (2017: nil).

During 2018, the Institute's senior management team comprised: the Director, Paul Johnson, the Deputy Director, Carl Emmerson, and the Research Directors, Professor Orazio Attanasio and Professor Rachel Griffith.

In 2018, the total compensation for these key management personnel, including amounts due to universities under contractual arrangement for the provision of an agreed amount of the Research Directors' time, was £512,573 (2.9 FTE) (2017: £511,634 (2.9 FTE)).

| | 2018 | 2017 |
|-------------------|--------|--------|
| | Number | Number |
| £60,001–£70,000 | 7 | 8 |
| £70,001–£80,000 | 8 | 4 |
| £80,001–£90,000 | 1 | 1 |
| £90,001–£100,000 | 1 | - |
| £170,001–£180,000 | - | 1 |
| £180,001–£190,000 | 1 | - |

7. Net income for the year

This is stated after charging:

| | 2018 | 2017 |
|-----------------------------------|---------|---------|
| | £ | £ |
| Depreciation | 60,304 | 42,987 |
| Auditor's remuneration | | |
| - audit services | 17,000 | 16,500 |
| Operating lease rentals: property | 375,000 | 375,000 |

Amounts payable to the auditor are stated excluding VAT.

Notes to the accounts

8. Tangible fixed assets

| | Fixtures and improvements to short leasehold premises | Office equipment | Total |
|---------------------------------------|--|------------------|------------------|
| | £ | £ | £ |
| Cost | | | |
| At 1 January 2018 | 767,804 | 350,884 | 1,118,688 |
| Additions | 1,581 | 89,513 | 91,094 |
| Disposals and assets no longer in use | - | - | - |
| At 31 December 2018 | 769,385 | 440,397 | 1,209,782 |
| Depreciation | | | |
| At 1 January 2018 | 736,153 | 248,980 | 985,133 |
| Charge for the year ⁽¹⁾ | 9,517 | 50,787 | 60,304 |
| Disposals and assets no longer in use | - | - | - |
| At 31 December 2018 | 745,670 | 299,767 | 1,045,437 |
| Net book value | | | |
| As at 31 December 2018 | 23,715 | 140,630 | 164,345 |
| As at 31 December 2017 | 31,651 | 101,904 | 133,555 |

(1) The depreciation charge for the year includes £10,003 of depreciation on assets used on specific projects and reimbursed under the grant as direct project costs.

All fixed assets are held for use on a continuing basis for the purpose of charitable activities.

9. Debtors

| | 2018 | 2017 |
|----------------|------------------|------------------|
| | £ | £ |
| Accrued income | 751,089 | 1,280,690 |
| Trade debtors | 371,801 | 704,131 |
| Other debtors | 22,557 | 13,085 |
| Prepayments | 274,627 | 313,661 |
| | 1,420,074 | 2,311,567 |

Notes to the accounts

10. Investments

At the end of the year, £1,232,717 was held in a COIF Charities Deposit Fund (2017: £1,227,143) and £515,151 (2017: £510,050) in a CAF Bond held with the Principality Building Society, which matures on 28 July 2019.

11. Creditors

| | 2018 | 2017 |
|--|----------------|----------------|
| | £ | £ |
| Amounts falling due within one year | | |
| Trade payables | 107,003 | 133,965 |
| Taxation and social security | 104,550 | 109,281 |
| VAT | 34,607 | 24,379 |
| Accruals | 462,377 | 469,639 |
| | 708,537 | 737,264 |
| Deferred income | | |
| Balance at 1 January 2018 | 3,529,925 | 3,442,446 |
| Amount released to income | (3,070,580) | (2,245,459) |
| Amount deferred in the year | 2,555,008 | 2,332,938 |
| Balance at 31 December 2018 | 3,014,353 | 3,529,925 |
| Creditors: amounts falling due within one year | 3,722,890 | 4,267,189 |

As at 31 December 2018, deferred income was £3,014,353 (2017: £3,529,925). This includes amounts received on multi-year projects, where the timing of the related expenditure may be more than 12 months from the balance sheet date. A proportion of this deferred income will therefore not be released to income until 2020 or 2021.

Notes to the accounts

12. Funds

| | Designated project funds | Fixed Asset Fund | General Fund | Total unrestricted |
|-------------------------------------|--------------------------|------------------|------------------|--------------------|
| | £ | £ | £ | £ |
| Reserves at 1 January 2018 | - | 133,555 | 2,432,971 | 2,566,526 |
| Income | 732,433 | - | 8,137,874 | 8,870,307 |
| Expenditure | (732,433) | - | (7,897,976) | (8,630,409) |
| Transfers | - | 30,790 | (30,790) | - |
| Reserves at 31 December 2018 | - | 164,345 | 2,642,079 | 2,806,424 |

The General Fund comprises unrestricted funds, available for use at the discretion of the Executive Committee in furtherance of the general objects of the charity and where amounts have not been designated for other purposes. The Fixed Asset Fund represents the net book value of the tangible fixed assets as at the balance sheet date. Designated project funds relate to projects where the agreement with the funder requests that the project funding is separately disclosed in the financial statements. During 2018, the income and expenditure on these grants was £732,433, as set out below. The IFS Reserves Policy is set out on page 15 of the Report of the Executive Committee.

| Project name | Funder | Start date | End date | 2018 income and expenditure | Accrued/ (Deferred) income as at 31 December 2018 |
|--|------------------------|------------|------------|-----------------------------|---|
| Improving tax and benefit policy analysis and development in partner countries with the Institute for Fiscal Studies | DFID | 1/2/2016 | 31/3/2018 | 201,462 | - |
| The Centre for Tax Analysis in Developing Countries - Phase 2 (TAXDEV II) | DFID | 1/11/2018 | 31/10/2022 | 72,198 | 72,198 |
| Evaluation of Lively Minds educational play schemes in Ghana | Global Innovation Fund | 1/1/2017 | 30/4/2019 | 458,773 | (82,887) |

| Project name | Funder | Start date | End date | 2017 income and expenditure | Accrued/ (Deferred) income as at 31 December 2017 |
|--|---|------------|-----------|-----------------------------|---|
| Improving tax and benefit policy analysis and development in partner countries with the Institute for Fiscal Studies | DFID | 1/2/2016 | 31/3/2018 | 502,537 | 68,347 |
| Evaluation of Lively Minds educational play schemes in Ghana | Global Innovation Fund | 1/1/2017 | 30/4/2019 | 322,939 | (8,076) |
| Easing constraints for small firm expansion in Uganda: measuring indirect spillovers through inter-firm networks | Private Enterprise Development in Low-Income Countries ("PEDL") | 1/4/2013 | 30/6/2017 | 56,018 | - |

Notes to the accounts

13. Operating lease commitments

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

| | 2018 | 2017 |
|-------------------|---------|---------|
| | £ | £ |
| One year | 375,000 | 375,000 |
| Two to five years | 178,767 | 553,767 |

14. Pension scheme

The total pension cost to the IFS for contributions to employees' pension schemes under the IFS's group personal pension plans with Scottish Widows was £172,784 (2017: £154,778). In addition, three members of staff (2017: four) participated in other personal pension schemes of their own choice, to which the Institute contributed £18,606 (2017: £21,352).

| | 2018 | 2017 |
|-----------------|---------|---------|
| | £ | £ |
| Scottish Widows | 172,784 | 154,778 |
| Other | 18,606 | 21,352 |
| Total | 191,390 | 176,130 |

15. Notes to the cash flow statement

| | 2018 | 2017 |
|---------------------------|--------|-------|
| | £ | £ |
| Interest from investments | 15,835 | 8,892 |

Notes to the accounts

16. Analysis of net assets between funds

| 2018 | Designated project funds | Fixed Asset Fund | General Fund | Total unrestricted |
|---------------------------------------|--------------------------|------------------|------------------|--------------------|
| | £ | £ | £ | £ |
| Tangible fixed assets | - | 164,345 | - | 164,345 |
| Current assets | 155,085 | - | 6,209,884 | 6,364,969 |
| Current liabilities | (155,085) | - | (3,567,805) | (3,722,890) |
| Net assets at 31 December 2018 | - | 164,345 | 2,642,079 | 2,806,424 |

| 2017 | Designated project funds | Fixed Asset Fund | General Fund | Total unrestricted |
|---------------------------------------|--------------------------|------------------|------------------|--------------------|
| | £ | £ | £ | £ |
| Tangible fixed assets | - | 133,555 | - | 133,555 |
| Current assets | 60,271 | - | 6,689,446 | 6,749,717 |
| Current liabilities | (60,271) | - | (4,256,475) | (4,316,746) |
| Net assets at 31 December 2017 | - | 133,555 | 2,432,971 | 2,566,526 |

17. Related party transactions

Lorraine Dearden, a member of Paul Johnson's close family, is paid as an IFS Research Fellow at the standard rate of £5,000 per annum (2017: £5,000). Her initial appointment pre-dates his term as Director and is reviewed annually by the Research Directors. In addition, the IFS has an agreement with Lorraine Dearden's employer, the Institute of Education, for a buyout of 20% of her full employment costs for the year ended 31 December 2018. The buyout from the Institute of Education pre-dates Paul Johnson's appointment as Director and was agreed by his predecessor.

As disclosed in Note 4, travel expenses of £38 were paid to one of the trustees for attendance at meetings of the Executive Committee.

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