



# **IDS Annual Report and Financial Statements 2019–20**

**The Institute of Development Studies**  
**Annual Report and Financial Statements**  
**31 March 2020**

Company Limited by Guarantee Registration Number 877338  
(England and Wales)

Charity Registration Number 306371

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**Trustees\***

A Ablo  
M Anderson~^  
Dr A Cheema=+  
N Clayton+~  
K Frost +~  
Dr A Joshi^=  
Professor J Kydd+~^=(Chairman)  
Professor M Leach^=  
T Manuh=  
E McIntosh=~  
M Roberts=  
Professor F Stewart^=  
Professor A Tickell  
N Toyo=

\*Trustees as at 31 March 2020. For details of other Trustees during the year see page 6  
+Member of the Resources, Audit and Risk Committee  
~Member of the Remuneration Committee  
^Member of the Nominations and Governance Committee  
=Member of the Programme Review and Advisory Committee

**Company Secretary**

T Catherall

<b>Strategic Leadership Group</b>	Professor M Leach (Director)  T Catherall J Georgalakis P Karalus I Pearce P Taylor Dr P Waldman  SLG as at 31 <sup>st</sup> March 2020
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<b>Charity registration number</b>	306371
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## **CHAIR'S INTRODUCTION**

I will be stepping down as IDS Chair after six years on 31st July 2020 and I am very pleased that IDS has secured a very distinguished successor, Professor Deepak Nayyar, for the post.

The global effects of the Covid-19 pandemic present new challenges and exacerbate existing challenges which will shape IDS' research, learning and teaching work for years to come. The Institute is helping to influence immediate responses to the virus. IDS is well placed to help transform long-term development approaches in the wake of an outbreak which has highlighted entrenched inequalities and injustices. Tackling these effectively will be critical to our ability to build more equitable and sustainable futures.

The vision of more equal and sustainable societies remains at the heart of IDS' work as we embark on a new strategy in 2020. To build this strategy, over the course of the last year we have worked with partners across disciplines, countries and sectors to generate and share evidence, analysis and learning that has made a tangible impact on real world challenges.

For example, IDS has been working with the Wellcome Trust and the World Health Organization on integrating social sciences into the Covid-19 response. Through the Social Science in Humanitarian Action Platform and the Knowledge, Evidence and Learning for Development programmes, IDS researchers have been collaborating with global partners to bring real-time evidence and analysis on the social dynamics of pandemics, drawing on key learning from previous outbreaks. These include providing advice to staff in governments, international organisations and donor institutions on Ebola in West Africa (2014-16) and Covid-19. Other examples include research to help shape policy and practice on job creation through foreign investment in Africa and a continuing commitment to the very long-term IDS focus on pastoral development across the world.

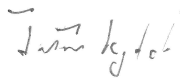
Once again, the high quality of our teaching and research work has been reflected in our QS World University Rankings. Together with the University of Sussex, IDS has been ranked as first in the world for development studies for the fourth consecutive year, and our ongoing ambition to nurture future development champions and leaders remains at the heart of our new strategy. Inevitably, Covid-19 has required innovative responses in IDS teaching. Early in the Covid-19 crisis IDS decided to take teaching online. Learning from this will contribute to ensuring that new students at IDS have a learning experience of highest quality.

Creating a sustainable, resilient and equitable organisation is key. For this year, the figures show an excellent result reporting an operating surplus of £2,755k. We are continuing to increase our unrestricted funds and build our reserves.

**THE CHAIR'S INTRODUCTION (CONTINUED....)**

On institutional sustainability, we have committed to reduce our carbon footprint and other environmental impacts. Our Climate Action Taskforce, established in 2019, continues to develop and implement policies and procedures that minimise waste and conserve energy, and promote sustainable modes of transport. In response to the Covid-19 pandemic, we have also rapidly upgraded our use of digital technologies to convene and interact with global partners. This has helped to reduce our environmental impacts and we are actively seeking to embed these ways of working long-term as part of our future sustainability plans.

I am confident that IDS' Board has established a solid foundation in governance in which all Trustees are clear about their roles and legal responsibilities, are committed to supporting the Charity to deliver its objects most effectively for its beneficiaries and contribute to the Charity's continued improvement.



**Professor Jonathan Kydd**

**Chair**

## **THE TRUSTEES' REPORT**

The Trustees, who are also the Directors for the purposes of company law, present their Annual Report together with the financial statements of the Institute of Development Studies (IDS) for the year ended 31 March 2020, prepared under the Charities Act 2011 and the Companies Act 2006 (the report comprises the Directors' Report and Strategic Report under the 2006 Act).

The financial statements have been prepared in accordance with the accounting policies on pages 43 to 47 of the attached financial statements and comply with the charitable company's memorandum and articles of association, applicable laws, and the requirements of the Charities SORP FRS102.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

IDS is a registered charity and company limited by guarantee and does not have share capital. The Trustees have no financial interest in the Institute's income funds or assets and receive no remuneration for acting as Trustees. Trustees who are employees only receive remuneration for their service as employees.

The Board of Trustees is constituted as follows:

The Vice-Chancellor of the University of Sussex (*ex-officio*).

The Director (*ex-officio*).

Not more than two Fellows of the Institute.

Not more than one employee of the Institute (who is not a Fellow, an Honorary Fellow or Visiting Fellow).

Not more than 16 persons in total.

IDS is governed by its Articles of Association as approved by its board in October 2019.

### **Trustees' liability**

In the event of the charity being wound up, Trustees and those within one year of ceasing to be a Trustee are required to contribute an amount not exceeding £1.



## THE TRUSTEES' REPORT (CONTINUED....)

### Trustees

The Trustees at 31 March 2020 were as listed under the reference and administrative information on page 1. The following changes occurred during the year.

#### Resignation or end of term of office

G Davies	30 May 2019
Professor M Moore	31 July 2019
E Wilson	31 July 2019
Appointed	
Dr A Joshi	1 August 2019
M Roberts	1 August 2019
N Clayton	1 November 2019
A Ablo	4 December 2019

New Trustees are appointed by the members based on nominations received from employees and current Trustees as well as responses to public advertisements. The Nominations Committee is responsible for screening candidates and making recommendations to the Board of Trustees. The Board has agreed that the Trustees should reflect the diversity of the Institute's objectives and geographical remit and have relevant skills and knowledge and aims to make appointments on that basis.

New Trustees undergo an induction process to familiarise themselves with the Institute's work and their legal responsibilities and duties. Appropriate training is provided to Trustees on an ongoing basis.

Professor Jonathan Kydd will step down as a Trustee and Chair on the 31st July 2020 and will be succeeded by Professor Deepak Nayyar.

### Statement of Trustees' responsibilities

The Trustees are also directors of IDS for the purposes of company law. They are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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 the income and expenditure, of the charity for that period.

## THE TRUSTEES' REPORT (CONTINUED....)

In preparing these financial statements, the Trustees are required to:

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

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

Each of the Trustees confirms that:

- So far as the Trustee is aware, there is no relevant audit information of which the charity's auditor is unaware.
- The Trustee has taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.
- This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

### Organisation

The IDS Board of Trustees meets three times a year. The Board has established the following sub-committees:

- **Resources, Audit and Risk Committee** meets three times a year or more often if required and has responsibility for oversight of finance, administrative matters, and strategic HR issues, reviewing the results from internal audit work and maintaining an overview of the risk and control environment. The Constitution of the Resources, Audit and Risk Committee allows for three non-trustee members who bring additional expertise and experience. Carrie Hutchison was appointed as a non-trustee member in September 2019.
- **Nominations Committee** meets as necessary and is responsible for identifying potential Trustee candidates and making recommendations to the Board of Trustees on potential appointments.

## THE TRUSTEES' REPORT (CONTINUED....)

- **Remuneration Committee** meets as necessary and is responsible for maintaining an overview of senior staff remuneration; determining the remuneration of the Director and senior staff.
- **Programme Advisory and Review Committee** meets twice a year and is responsible for maintaining an overview of the academic health and performance of the Institute; providing assurance to the Board that mechanisms and systems are in place for effective management and delivery of research, teaching and knowledge activity; and for scrutinising and advising the Board on progress towards the relevant strategic goals and key themes.

The day-to-day running of the Institute is delegated to the Director who leads the Strategic Leadership Group (SLG). During 2019/2020 it has met monthly and membership comprises the Director, the Director of Finance and Operations/Company Secretary, the Director of Research, the Director of Teaching and Learning, the Director of Communications and Impact and the Joint Directors of Human Resources.

### Employees

The charity strives to be an equal opportunities employer and aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation. The Board currently includes two Staff Trustees and there is provision for three. They are appointed by the Board following a staff election to nominate them for consideration for appointment.

### Remuneration

The IDS Remuneration Committee described above meets as necessary. The Committee takes account of data on national pay trends. It benefits from the contribution of a senior independent member with significant relevant experience in Higher Education reward.

IDS operates a 10 grade salary scale, with a mixture of automatic incremental progression for the lower grades and performance-related pay. Department and Team Heads, Cluster Leaders and the Director are responsible for agreeing performance-related incremental progression within the scale for each grade. IDS is currently reviewing its reward framework to ensure it is fit for purpose. It also commissions regular salary surveys to benchmark itself against other organisations and markets, and an equal pay review.

The salaries of the key management personnel of IDS are disclosed in note 5 to the accounts. The members of the Strategic Leadership Group (SLG) are considered to be the key management personnel of the Institute.

**THE TRUSTEES' REPORT (CONTINUED....)**

**Relationship with the University of Sussex**

IDS is based in a building on the University of Sussex site. We have a partnership arrangement with the University and there are a number of shared services.

The Vice-Chancellor is an ex-officio member of the Board of Trustees.

Other related party transactions are disclosed in note 16 to the financial statements.

## **STRATEGIC REPORT**

IDS has come to the end of its five-year strategy published in 2015, <http://www.ids.ac.uk/about-us/our-vision-and-strategy>, and at the time of preparing this report is about to launch its new strategy Transforming Knowledge, Transforming Lives (2020-25).

### **Strategic Goals**

The new strategy sets out five priorities. These will help us respond to the unprecedented disruptions and shocks of our era, whether in the form of epidemics or those that are environmental, economic, political, social and technological in nature. They are:

- Collaborating across sciences, sectors and communities to do research that brings about progressive change.
- Building future leadership for development.
- Championing the use of evidence for social and environmental justice.
- Working with partners to expand international research and mutual learning networks for development.
- Creating a sustainable, resilient and equitable institution.

### **Our Vision**

We want a more equitable and sustainable world, where people everywhere can live their lives free from poverty and injustice.

We want to see a world where:

- Climate and environmental justice are upheld.
- Extreme inequities are reduced.
- Healthy and fulfilling lives are fostered.
- Inclusive, democratic and accountable societies are nurtured.

### **Our mission**

We believe that we can transform the knowledge, action and leadership needed for better lives through our world-class research, learning and teaching globally.

For more about who we are and what we do, see: [www.ids.ac.uk/about](http://www.ids.ac.uk/about)

## **PROGRESS AGAINST STRATEGIC PRIORITIES**

Below, we set out a selection of our key achievements from the last year in relation to our new strategic priorities.

### **1. Collaborating across sciences, sectors and communities to do research that brings about progressive change.**

The way in which research is undertaken matters. We collaborate innovatively across social, natural, medical and other sciences, as well as with governments, non-governmental organisations, civil society and communities. Through these collaborations we are generating and applying evidence in ways that ultimately make a difference to people's lives. For example, in the past year we have contributed insights that have informed emergency responses to disease outbreaks such as Ebola, cholera, and Covid-19. Our research has supported the German development agency GIZ to improve job creation and youth employment in Africa. And, extending our legacy on participatory methods, we have collaborated with India's most marginalised tribes to help ensure their voices are heard and shape the policy solutions intended to ensure they are not left behind.

#### **Strengthening responses to health epidemics**

Integrating social science perspectives into epidemic responses is now an established area of IDS expertise. Our work has helped to shape the Global Task Force on Cholera Control, the World Health Organization's (WHO) risk communications strategy for the Ebola response in the DRC, and the WHO and UK government responses to the Covid-19 pandemic.

From the early weeks of the Covid-19 outbreak, IDS researchers were at the forefront of collaboration to strengthen the global response as the novel disease spread from China, across the global North and beyond.

IDS Director Professor Melissa Leach and Research Fellow Dr Hayley MacGregor contributed to a WHO forum in February 2020 that gathered stakeholders to discuss using social science expertise in the pandemic response. Their contribution built on wider work by IDS researchers through the Social Science in Humanitarian Action Platform (SSHAP), in which IDS plays a key role, and the Knowledge, Evidence and Learning for Development programme.

This work brought real-time evidence and analysis of the social dynamics of pandemics to help shape responses by, among others, the UK Department for International Development, multilateral institutions and academic organisations.

## **PROGRESS AGAINST STRATEGIC PRIORITIES (CONTINUED....)**

### **Bringing the most marginalised voices into policy debates in India and beyond**

If the Sustainable Development Goals (SDGs) are to be meaningful, the knowledge of people in the world's most marginalised communities must be captured and included. To that end, we have seen encouraging signs in planning and policy circles in India, following an IDS-led research collaboration with some of the country's most marginalised tribes.

Those efforts are being supported by UNDP and spearheaded by one of IDS' participatory research partners, Praxis, as part of an ongoing research collaboration

begun in 2017 to undertake participatory research processes with participants in highly inequitable and extremely unaccountable contexts.

IDS Research Fellows Joanna Howard and Jackie Shaw, and former IDS Researcher Erika Lopez Franco coordinated the collaboration with five local partners in India, Egypt, Ghana, South Africa and Uganda, building on the long-running IDS-led Participate Initiative.

### **Supporting enterprise development and employment in Africa**

This past year has seen IDS expand our wide portfolio of long-term research on the private sector through dedicated research for the German development agency GIZ. We provided evidence to assess and shape its programme on enterprise development in East Africa – and in the process, stimulated debate on wider lessons for job creation across the continent.

Thousands of people in the target countries, particularly women and young people, have benefited from new employment or increased incomes through the GIZ-run Employment and Skills for Eastern Africa (E4D/SOGA) programme. Using foreign investment, E4D/SOGA promotes employment and addresses skills gaps in Kenya, Mozambique, Tanzania, Uganda, South Africa, Ghana and Cameroon.

The programme designs and funds interventions with the private sector to ensure these are demand-driven. It pursues opportunities in natural resource-based industries and adjacent sectors such as construction, maintenance, logistics, manufacturing and food supply.

Our involvement with E4D/SOGA spanned nine months in 2019. IDS Research Fellows Jodie Thorpe, Seife Ayele and Peter O'Flynn, and IDS Honorary Associate, Lizbeth Navas-Aleman focused on the enterprise development aspect of E4D/SOGA, and how to support small and medium-sized enterprises (SMEs), micro-sized enterprises and entrepreneurs.

## **PROGRESS AGAINST STRATEGIC PRIORITIES (CONTINUED....)**

### **2. Building future leadership for development**

To respond to global challenges, we need new generations of informed and knowledgeable leaders and champions - from Presidents and Ambassadors to intellectuals and activists to entrepreneurs and journalists. In the past year we have worked hard to strengthen, expand and extend the opportunities for learning in relation to tackling global challenges through our world-renowned postgraduate degrees, PhD research programme, and professional development courses for development practitioners and decision makers. Notable achievements included the launch, with the University of Sussex, of our first online master's course; prestigious awards for Sosan Aziz, Vibhor Mathurs and Yoko Inagaki in recognition of their social impact work; and an inspiring visit from IDS alum and now Vice President of The Gambia, Isatou Touray, who delivered a fascinating Annual Lecture sharing learning on contemporary politics in Africa and beyond.

#### **Attaining excellence and equity**

We have continued to strive for excellence and equity in our learning and teaching over the past year, whatever the challenges confronting us.

For the fourth consecutive year we were ranked best in the world, together with the University of Sussex, for Development Studies in the QS University World Rankings. We also secured the title of top International Development Policy Think Tank in the Global Go To Think Tank Index.

In 2019/20, our student body counted 354 students, for both Master's degrees and PhDs, and who come from more than 60 countries.

Our Master's graduates this year included five IDS Graduate Scholarship students. We were delighted to be able to offer these scholarships, which further enhance the diversity of our student body and offer the most able students from low- and middle-income countries the opportunity to study at IDS – and to go on to effect global change.

IDS students and alumni have also been excelling in applied activities that demonstrate their commitment to promoting equal and sustainable societies.

Sosan Aziz (Sussex and IDS alumna) won a prestigious [British Council Alumni Award](#) in Pakistan's Social Impact Category. The award recognises the outstanding achievements of alumni with a UK higher education whose work has positively changed their society or community.

Yoko Inagaki (MA Globalisation, Business and Development) was awarded an £8,000 prize in the 2020 Startup Sussex Social Impact competition. Yoko's enterprise aims to reduce one of the most serious health threats to the local population and to empower women by providing the first public washing and drying facility in Madagascar.



## **PROGRESS AGAINST STRATEGIC PRIORITIES (CONTINUED....)**

Surya Darma (MA Poverty and Development) was invited to meet the UK's FCO Minister for Asia and the Pacific Heather Wheeler MP to talk about Southeast Asia cooperation with the UK and overall satisfaction of the education system and quality education in Asia.

In September 2019, IDS and University of Sussex Global Studies PhD researchers hosted the [8th PhD Conference on International Development](#) working with the European Association of Development Institutes. Led by IDS PhD researchers Amy Riley-Powell and Stella Odiase, the event gathered more than 120 doctoral researchers to hear presentations and share ideas about innovative doctoral research during themed sessions on deconstructing inequalities, sustainability and uncertainty, collaborations in development, and inclusivity and reflexivity in research methods, among other areas.

### **Innovations in learning**

Our professional development and learning portfolio evolved steadily this past year, spanning an exciting range of topics, learners, contexts and learning approaches.

We convened training courses at IDS for more than 150 development professionals to help them strengthen and reflect on their practice in areas including participatory methods, digital technology, nutrition, social protection, evidence and policy, and impact evaluation. Inspired by the Engaging Evidence and Policy for Social Change course at IDS, we worked closely with government officials in Tanzania and Jordan, and the ReDSS network of humanitarian NGOs in East Africa to create bespoke

learning programmes for their staff. We worked with participants on real-life policy problems, to help them gain the skills and competencies required to operate effectively at the interface between policy and research.

In these IDS training courses we have continued to develop and apply well-tailored learning approaches, just as we do in the multi-year **Knowledge, Evidence and Learning for Development programme (K4D)** which provides learning support to meet the various professional development and learning needs of DFID and other UK government departments. The Learning Journeys commenced during the year increase the emphasis on innovative learning approaches such as communities of practice and action learning groups to facilitate focused learning on priority themes, and online interactive learning resources. The Education and Conflict Learning Journey paired advisers from different cadres at country level to reflect on and incorporate interdisciplinary approaches. Learning resources such as a summary synopsis paper and 'talking head' videos were shared among participants, across the UK government, and in the public domain.

## **PROGRESS AGAINST STRATEGIC PRIORITIES (CONTINUED....)**

We continued to embrace and invest in **technology** to expand the reach, excellence and equity of our learning and teaching. In 2019 we launched our first online degree (an MSc in Sustainable Development) in collaboration with the University of Sussex. In response to Covid-19, we have rapidly and substantially enhanced and improved our use of digital technologies and methods in teaching both postgraduate students and development professionals. We are using the experience gained to accelerate our expansion into online and blended learning for the longer term. In 2019 we worked in partnership with e-Transform and socialprotection.org to develop the fully online 'Social Protection: A Primer'. This free course, funded by Irish Aid, will launch in June 2020.

As an institution of higher education, IDS has been working with university partners in Africa and South Asia to strengthen their pedagogical approaches and teaching curricula. The Pedagogical Leadership in Africa (PedaL), funded by DFID's Strategic Partnerships for Higher Education Innovation and Reform (SPHEIR) initiative, works with university leadership to deliver participatory, learner-centred pedagogical training to higher education institutes across Africa. The EU's Erasmus+ funded TRANS4M-PH project supports the re-design of curricula using participatory and competency-based principles. In January 2019 in Bangladesh, PedaL members worked with staff of BRAC University, the Asian University for Women and the International Centre for Climate Change and Development with the Independent University of Bangladesh to integrate innovative teaching methods and refresh their approaches to curriculum development.

In an innovative approach to **research-based PhD training**, we welcomed six PhD students with a special focus on pastoralism who are embedded within a long-term IDS-led research project. As part of an Advanced Grant European Research Council award, led by Professor Ian Scoones, the students are working with the PASTRES project in China, Ethiopia, Italy, India, Kenya and Tunisia on the social and political dimensions of uncertainty in pastoral areas, contributing to debates about pastoral development across the world.

### **3. Championing the use of evidence for social and environmental justice**

We have been focusing our efforts to underline the value of evidence in decision-making in this post-truth era, and in bringing evidence to bear on policy and practice in ways that improve people's lives. The past year has seen considerable successes in Zanzibar, Ethiopia and Europe, through collaborative work to cultivate approaches and methods that effectively engage evidence with the realities of how change happens.

## **PROGRESS AGAINST STRATEGIC PRIORITIES (CONTINUED....)**

### **Evidence-handling skills improve policymaking in Zanzibar**

In much of our work, it takes time to discover if we've achieved the impacts hoped for. Just occasionally, that feedback comes more swiftly – as in the case of our capacity-building activities on evidence use in Zanzibar, where the impacts on policymaking appear to be almost immediate.

Through a series of workshops and training events during 2019, IDS staff worked with the Commission for Science and Technology (COSTECH) and Zanzibar's government ministries to help improve the way that evidence is used to develop and implement policy. COSTECH is the country's main advisory body for the government on science and technology, and on their application.

Thanks to the debates and conversations that were stimulated during the activities, several participants were spurred on to develop policy ideas, using evidence in a completely fresh way. For some of the participants, this was the first time in their careers that they had worked on evidence syntheses or policy briefs.

These ideas have the potential to improve development outcomes in pre-primary education and in agriculture in Zanzibar. Near the end of our engagement with the participants, we asked how they intended to apply their skills in future work – to which some replied that they were already putting them into practice.

### **Pushing cash transfers up the EU development agenda**

IDS analysis of evidence on the use of cash transfers has been helping to influence thinking and shape the development agenda of the European Union. Our input builds on IDS' extensive, long-term research and influencing work on social protection, not least several evidence and policy contributions over the past year.

Cash transfers as a means of social protection are now firmly integrated in both development and humanitarian policy. Yet they are rarely mentioned in EU development debates. This gap in the EU agenda presented an opportunity to press the case for more investment in them – an opportunity seized by IDS Research Fellow and Co-Director of the Centre for Social Protection, Keetie Roelen.

At a roundtable discussion on cash transfers at the European Parliament in Brussels, in January 2020, Keetie gave a presentation highlighting the excellent evidence on the effectiveness of cash transfer programmes to tackle inequality. The meeting was hosted by Green Party MEP Ellie Chowns and explored whether the EU could do more to support use of cash transfers as a development tool. It included speakers from the Overseas Development Institute, Save the Children and Tilburg University.

## **PROGRESS AGAINST STRATEGIC PRIORITIES (CONTINUED....)**

Since the roundtable, the European Parliamentary Committee on Development has agreed to commission a report into the use of cash transfers as a policy option for the EU.

### **Strengthening Ethiopia's national youth policy**

A winning research collaboration supported by the IDS-backed Impact Initiative has succeeded not only in getting young people's voices heard by senior decision makers in Ethiopia but has also fed into the design of the country's next national youth policy.

This new channel of influence for young people in Ethiopia was opened up thanks to a special National Youth Seminar on uncertainty, violence, poverty and rights, held in Addis Ababa in March 2019, with support from the Impact Initiative. Around 100 people participated, including 50 young people who shared their experiences of seeking ways out of poverty with government officials and senior decision makers.

Representatives from the Ministry of Women, Children and Youth attending the event affirmed the importance of listening to young people's priorities and said that the research discussed at the seminar would contribute to the re-design of the national youth policy. The day-long event gave young people the chance to describe their struggles with multiple and intersecting barriers, in particular those living with disability.

## **4. Expanding international research and mutual learning networks**

We recognise that improving people's lives requires us to advocate for greater investment by funders, governments, civil society, academic institutions and others in equitable and sustainable partnerships that generate knowledge that is shaped by a greater range of perspectives. To this end, we have been promoting mutual learning, exchange and knowledge generation through the establishment of regional networks that actively shape new development research and learning agendas. Despite the challenges presented by Covid-19 in 2020, we have sought to develop supportive alliances with universities, social movements and others across the world and to convene vital debate to enable mutual learning between the UK and countries globally. We have also made significant progress against our goal of developing a mutual learning hub with our Brazilian partners.

### **Building alliances and convening debate on critical development issues**

Whether we're contributing social sciences perspectives to emergency responses to Covid-19, stimulating discussion on the politics of uncertainty, or enabling exchanges of ideas from the global South, IDS engages actively with broader debates on how knowledge is privileged and prioritised.

## **PROGRESS AGAINST STRATEGIC PRIORITIES (CONTINUED....)**

In the past year, IDS has convened events in the UK that attracted international attendees and prompted various cross-media outputs. IDS researchers also joined wider events that have shaped global thinking on citizen participation, universal health coverage, and sustainable urbanisation.

The Impact Initiative hosted the 'Power of partnerships: maximising the impact of the UK's investment in interdisciplinary research for development' in July 2019, in collaboration with DFID, ESRC and UKRI. The London-based event drew 47 researchers, policymakers and representatives from DFID, University of Addis Ababa, University of Kenya and BRAC, among others. A special issue of the IDS Bulletin, '[Exploring Research–Policy Partnerships in International Development](#)', complemented the event.

Also in July, the STEPS Centre convened a major international academic symposium at IDS exploring the politics of uncertainty across finance, climate, migration, disease and infrastructure. Participants subsequently contributed chapters to an open access book on uncertainty, published in September 2020, as well as blog posts and a podcast series.

More than 80 faith leaders, activists, charity workers and academic experts from across faiths and sectors gathered in June for the 'Forum on Freedom of Religion or Belief and Inclusive Belief'. Hosted in London by the IDS-led [Coalition for Religious Equality and Inclusive Development programme \(CREID\)](#), attendees discussed practical, inclusive approaches to tackling extreme poverty. BBC Radio 4's Sunday programme broadcast interviews with key speakers.

### **Developing a mutual learning hub in Brazil**

IDS made great progress this past year on evolving a mutual learning hub in Brazil, building on longstanding partnerships with Brazilian researchers, civil society, policymakers, and the private sector.

The eighth-largest economy in the world, Brazil has produced both inspiring innovations and severe threats to sustainability in recent times. The new hub will explore and harness such challenges and opportunities, seeking to understand how these affect both Brazilian and global development through co-generated research, teaching and policy engagement activities.

The hub builds on more than 50 years' collaborative working with partners in Brazil on issues like health, sustainability, South–South cooperation and inclusive economies. This vibrant network is already contributing to the hub, in a process we hope to replicate in China, Ghana and Pakistan.

## **PROGRESS AGAINST STRATEGIC PRIORITIES (CONTINUED....)**

### **5. Creating a sustainable, resilient and effective organisation**

We seek to be excellent, inclusive, resourceful and respectful across all of our work, and to contribute to the change we want to see not just through our research, learning and teaching work, but the way in our organisation operates and in which we support and nurture our people. In the past year we have seen particular successes in achieving financial sustainability, fostering equality and inclusion, and reducing our environmental impacts.

#### **Fostering equality, diversity and inclusion in IDS**

At IDS we saw notable achievements this year in supporting excellence, enhancing the wellbeing and development of our people, and embedding our values throughout the organisation. These included becoming a Disability Confident Employer, and rolling out a suite of safeguarding policies, processes and training.

The Equalities Champions Group, convened by the Human Resources team in 2019, with volunteers from across IDS, has spearheaded much of the change. It developed and is implementing an Equality, Diversity and Inclusion Policy, with an action plan and various activities across IDS.

Among these are training workshops on unconscious bias (with more to be rolled out) and Accessible Publishing Guidelines to ensure that IDS publications and internal documents are accessible to people with reading disabilities. A trial to provide free menstrual products in the toilets has begun and six gender-neutral toilets have been created.

The Equalities Champions Group also analysed data on employment, including recruitment, pay increments, support for professional development and IDS governance issues, such as the diversity of the Board of Trustees and IDS sub-committees.

#### **Reducing our environmental impacts**

In early 2020, IDS submitted its first Communication on Engagement (COE) to the UN Global Compact. This voluntary initiative is based on organisations' commitments to implement universal sustainability principles and to take steps to support the UN Sustainable Development Goals.

In our 2020–25 strategy, Transforming Knowledge, Transforming Lives, we have committed to reduce our carbon footprint and our institutional environmental impacts. We are doing this by finding and modelling new and innovative ways to work, and embedding understanding of climate and environmental challenges and opportunities among all our staff and students.

Our Climate Action Taskforce, established in 2019, continues to develop and implement policies and procedures that minimise waste and conserve energy, and that promote sustainable modes of transport.

## **PROGRESS AGAINST STRATEGIC PRIORITIES (CONTINUED....)**

In response to the Covid-19 pandemic, we have also rapidly upgraded our use of digital technologies to convene and interact with global partners. This has helped to reduce our environmental impacts and we are actively seeking to embed these ways of working long-term as part of our future sustainability plans.

### **Enhancing our financial sustainability**

The past year has seen particular success in enhancing our financial sustainability despite a highly competitive funding environment and a challenging operational environment.

We have ended the financial year in a robust position with an operating surplus of £2,755k.

Our total pipeline is currently £109.7 million – £44.5 million more than in March 2019 – the highest level the Institute has recorded to date.

We are pleased to be on track to exceed our budgeted financial contribution to reserves for the second year running.

### *New grants*

Our annual income has been boosted through securing several grants for long-term research programmes. This is important because IDS receives no core funding. Funds, which are secured from various organisations, represent a combination of research grants and fees from advisory work, teaching, publication sales, and some donations and legacies. Nearly all our research grants are competitively won and a significant proportion are transferred to partners, including research organisations, in the global South.

Major new grants in the past year include:

- An IDS-led project to identify and reduce involvement of children in harmful agricultural work in Africa. Awarded £8.3 million through DFID over seven years, the research will initially focus on children and their families working in agriculture in Ghana.
- A five-year research programme to build knowledge, capacity and opportunities to counter backlash against gender equality that is reversing women's rights gains and shrinking civil space. Funded by the ESRC, around 43 per cent of the budget will go to Southern partners.
- The Bill and Melinda Gates Foundation's £3.7 million grant to the International Centre for Tax and Development (ICTD) for a three-year research and capacity-building programme to investigate how digital financial services and ID infrastructure can improve low-income countries' tax collection.
- The [Arts and Humanities Research Council](#)'s £580,000 grant to study community-informed approaches to promote restraint and de-escalation in conflicts. A consortium runs the two-year project in the Democratic Republic of the Congo (DRC).

**PROGRESS AGAINST STRATEGIC PRIORITIES (CONTINUED....)**

- Global Challenges Research Fund's Equitable Resilience grant (£1 million) on Islands of Innovation in Protracted Crises – a new approach to building equitable resilience, studying how localised areas have withstood multiple shocks. A project consortium in Côte d'Ivoire and the DRC.
- Winrock International's £500K grant on Nepal Anti-Trafficking Research

These achievements put IDS in a better position to contribute towards the 2020–25 strategy, *Transforming Knowledge, Transforming Lives*.

*Growing student numbers*

Our growing student numbers has also contributed to financial success. Boosted by the QS number 1 ranking, first achieved in 2015. They have continued to grow to around 350 by academic year 2019/20. Student fees are now around 15 per cent of the Institute's annual income – a valuable source of more flexible, non-project-hypothecated funding. We have thus been able to increase our unrestricted reserves, enabling us to ensure greater financial resilience particularly important in these uncertain times.



## FUTURE PLANS

As highlighted earlier, IDS is now transitioning into a new five year strategy period. Our new strategy Transforming Knowledge, Transforming Lives (2020-25) was launched in June 2020.

### Strategic Goals

The new strategy sets out five priorities. These will help us respond to the unprecedented disruptions and shocks of our era, whether in the form of epidemics or those that are environmental, economic, political, social and technological in nature. They are:

1. ***Collaborating across sciences, sectors and communities to do research that brings about progressive change.***

The way in which research is undertaken matters. We will collaborate innovatively across social, natural, medical and other sciences, as well as with governments, non-governmental organisations, civil society and communities to generate and apply evidence in ways that ultimately make a difference to people's lives.

We are committed to:

- Promoting the value that social science perspectives can bring to tackling global challenges. We will bring insights into the cultural, social, economic and political realities that, for example, enable or prevent people from acting on health advice, benefitting from improved public services, or holding decision makers to account through new mobile technologies.
- Strengthening our engagement with the Arts and Humanities. We will actively seek to bring creative and historical-based perspectives to our efforts to engage research with policy and practice and ensure that they are underpinned by the lessons of what works.
- Extending our legacy around participatory research methods. We will collaborate with the most marginalised to shape the solutions intended to ensure they are not left behind. We will also develop and share tools and guidelines for researchers and practitioners working in fragile and conflict-affected settings to help them navigate complex political and ethical challenges.
- Fostering new knowledge, leadership and action on emergent global challenges. We will launch strategic research initiatives that bridge academia, policy and practice and help define what is required to tackle issues including:
  - Building climate and environmental justice.
  - Upholding gender and social justice in the context of closing civic space.
  - Ensuring decent work and political inclusion for young people.
  - Achieving social justice and sustainable livelihoods in a digital age.
  - Transforming knowledge and action on global food equity
  - Responding to displacement and migration resulting from chronic crises.

## **FUTURE PLANS (CONTINUED...)**

### **2. *Building future leadership for development.***

To respond to global challenges, we need new generations of informed and knowledgeable leaders and champions - from Presidents and Ambassadors to intellectuals and activists to entrepreneurs and journalists. We will strengthen, expand and extend the opportunities for learning through our world-renowned postgraduate degrees, PhD research programme, and professional development courses for development practitioners and decision makers.

We are committed to:

- Strengthening the capabilities of partners, peers, staff and students to critically reflect and act on addressing major global challenges using evidence to influence and shape change. We will actively seek and support PhD researchers with the potential to contribute to equitable and sustainable development globally. We will continue to offer development professionals, including our own staff, alumni, students and partners, the opportunity to strengthen and reflect on their practice through our professional development and learning programme and investment in our staff learning and training.
- *Ensuring excellence and equity in our learning and teaching.* We will seek to continue to provide a world-ranked learning experience. We will further enhance the diversity of our student body and professional learners through scholarships and collaborations with partners to develop training opportunities in international research and mutual learning hubs in Brazil, China, South Asia and West Africa. We will strengthen our teaching methods and practices for shaping change and work to ensure that our course materials include a wide diversity of global perspectives.
- Innovating in teaching delivery. We will embrace and invest in technology to expand the reach, excellence and equity of our learning and teaching. We will also collaborate with the University of Sussex in the provision of new online distance learning.

### **3. *Championing the use of evidence for social and environmental justice.***

We will redouble our efforts to underline the value of evidence in decision-making in this post-truth era, and in bringing evidence to bear on policy and practice in ways that improve people's lives. Across our research, learning and teaching programmes, we will build on our well-established approaches to understanding how power and politics shape the generation and use of evidence.

We are committed to:

## **FUTURE PLANS (CONTINUED...)**

- Engaging evidence more effectively with the politics of policy and practice. We will collaborate globally to cultivate approaches and methods that effectively engage evidence with the realities of how change happens. We seek to establish ourselves as a global centre of excellence in this area through innovative research agendas and an expanded professional development and learning programme.
- Challenging views of how change happens and is measured. Through international collaborations, we will seek to influence donors, academics, governments and civil society to promote social justice and good governance through the equitable co-production of inclusive and interdisciplinary evidence. We will pioneer new approaches that bring together different perspectives on how change happens and counter power relations and inequities in how evidence is generated and used. We will work to shape new impact agendas that recognise the importance of behaviours, attitudes and capacities in the way change happens.
- Pioneering and developing cutting-edge evaluation. We will seek to improve the quality and use of evidence produced by evaluation, in a way that will ultimately help improve lives. We will pioneer rigorous, complexity-aware approaches to building and testing theories of change through contribution analysis, political economy analysis, power analysis, and participatory and reflective methodologies for individual and organisational learning. We will utilise our convening power to share these approaches more widely and challenge ineffective practices.

### ***4. Working with partners to expand international research and mutual learning networks for development***

We will advocate for greater investment by funders, governments, civil society, academic institutions and others in equitable and sustainable partnerships that generate knowledge that is shaped by a greater range of perspectives. We will promote mutual learning, exchange and knowledge generation through the establishment of regional networks that challenge entrenched behaviours and attitudes about whose knowledge counts and that actively shape new development research and learning agendas.

We are committed to:

- **Ensuring inclusive and diverse research and teaching agendas.** We will engage actively with broader debates around how knowledge is prioritised and what this means for Development Studies. We will develop alliances with universities, social movements and others across the world to enable mutual learning between the UK and countries globally. We will seek to bring theory and policy innovations from outside the UK into our national debates and policy processes.

## FUTURE PLANS (CONTINUED...)

- **Working with partners to establish international development research and mutual learning hubs.** These hubs will co-generate research, teaching and policy engagement activities in locations where we are already involved with a critical mass of projects and partners including Brazil, China, South Asia and West Africa initially. The hubs will facilitate the sharing of knowledge and experience and enhance mutual learning, with the aim of meeting both domestic development priorities and influencing development agendas internationally.
- **Enriching and extending our European engagements.** We will intensify interactions with our European partners and contribute actively to European networks related to Development Studies. In this way we will re-envisage IDS's UK base as part of a European international research and learning hub. We will also seek to shape the UK's future approaches to international research partnerships, promoting the value of maintaining existing European collaborations that can help transform the knowledge needed for development globally.

### **5. *Creating a sustainable, resilient and equitable institution.***

We seek to be excellent, inclusive, resourceful and respectful across all of our work, and to contribute to the change we want to see not just through our research, learning and teaching activities, but in the way our organisation operates and in which we support and nurture our people.

We are committed to:

- Taking climate and environmental action. We will reduce our carbon footprint and institutional environmental impacts through our Climate Action Taskforce and deepen understanding of the challenges and opportunities amongst all our staff and students.
- Fostering equality, diversity and inclusion. We will work to eliminate discrimination by implementing and embedding our equality, diversity and inclusion action plan. We will develop and deliver a reward, pay and benefits system that reflects our values and that enables us to deliver our strategic aims. We will continually develop our infrastructure, buildings and services to ensure they are inclusive and accessible to all.
- Ensuring we are a resilient organisation. We will maintain sustainable financial and operational models, which are adaptable and innovative and ensure we remain a vibrant going concern. We will strive for a diverse, robust and sustainable fundraising pipeline. This includes strengthening our partnership with the University of Sussex through new and existing collaborative initiatives and joint fundraising. We will continue to embrace regulatory, compliance and professional expectations and integrate these into our ways of working. We will do everything possible to maximise the value for money of our projects, so that they maximise the impact on people's lives.

## **FUTURE PLANS (CONTINUED...)**

- This means bringing together quality people, the most appropriate research methodologies, adaptive management systems, and embedded learning throughout all aspects of our work.

Covid-19 has undoubtedly impacted on our future plans, both in relation to research - including fieldwork and international partnerships - and teaching including our postgraduate degrees and professional development learning programme. While the pandemic has disrupted the way we work, presenting certain challenges, it has also opened up new opportunities. We are seeking to make the most of these through strengthening our digital technology capabilities, expanding our online learning offer, innovating in relation to new teaching and learning approaches and building research partnerships that bring together the global and transdisciplinary expertise that is so in demand and vital to building back more equal and sustainable societies in the wake of the pandemic.

## **QUALITY, IMPACT AND PUBLIC BENEFIT**

Our research, as demonstrated elsewhere in this report, developed and undertaken in partnership continues to make a real contribution to tackling some of the world's most pressing global challenges, including the Covid-19 pandemic.

Our research activity is subject to formal peer review and scrutiny to test its quality and to demonstrate its value and impact. This includes scrutiny via the work of the Fellowship Review and Promotion Board (FRPB), which reviews the performance of each researcher on a four-yearly cycle and which includes external senior peers; and also extensive and demanding scrutiny by funders. A significant proportion of the contracts IDS receives are awarded on the basis of open competition. Almost without exception, contracts include appropriately demanding expectations for reporting and engagement and requirements for accountability.

Part of the Monitoring, Evaluation and Learning (MEL) framework built to assess progress against our new strategy attends specifically to measuring the value and impact of our work. This framework sits alongside programme-specific monitoring and evaluation frameworks required by individual funders and an institutional quarterly profile report which measures the reach and engagement with our work from key audiences and beneficiaries. A MEL report is prepared for the Board on a yearly basis.

In March 2020, the University of Sussex with IDS was ranked first for development studies in the world for the fourth consecutive year by the QS World University Rankings. The ranking reflects the academic reputation, quality, impact and range of international development research undertaken and courses delivered by departments and organisations across the Sussex campus including IDS.

In addition to being ranked first in the world for development studies, IDS was also ranked the most influential international Think Tank in the Global Go To Think Tank Index Report 2020, and the fourth most influential University-affiliated Think Tank in the same index.

Other notable achievements from the past financial year include:

### **Our achievements**

- 1 world ranking for Development Studies in the QS World University Rankings
- 1 world ranking in the International Development Policy Think Tank category in the Global Go To Think Tank Report
- 354 students from 60+ countries joined us in 2019/20
- 310 knowledge, research and funding partners
- 35 per cent of our contracted partners located in the global South
- 290 active research and knowledge projects
- 88 per cent of all IDS publications co-authored with external partners

### **QUALITY, IMPACT AND PUBLIC BENEFIT (CONTINUED...)**

- 155 published journal articles authored by IDS staff
- 150 participants completed IDS professional development short courses

IDS continues to be committed to knowledge as a public good. Its flagship publication the *IDS Bulletin* is an open access and peer-reviewed journal exploring emerging international development challenges which works hard to ensure that it has a high proportion of contributors to the journal from the global South. IDS also makes all of its publications, where possible and in line with funder requirements and compliance, available on OpenDocs its open access repository.

IDS has an extensive range of global networks and communications channels, including Facebook, Twitter, LinkedIn, YouTube, Soundcloud and Instagram. It now has over 187,000 Facebook fans and over 69,000 Twitter followers. IDS own podcast *between the lines*, launched in 2019, also continues to go from strength to strength, and reach new audiences.

IDS is committed to collaborating with partners to deliver world-class research, learning and teaching that transforms the knowledge, action and leadership needed for more equitable and sustainable development globally.

The Trustees have had due regard to the Charity Commission's general guidance on public benefit when considering IDS' objectives and planning its activities.

Specifically, IDS carries out its charitable objectives through:

- **Research:** Work with academic institutions, think-tanks, consultancies, non-governmental organisations and others - across disciplines, country borders and sectors – to build global research and learning networks that help understand people's lived experiences and the realities that shape these, in order to tackle global challenges and humanitarian crises.
- **Learning:** Providing world-class, tailored and supportive professional development learning opportunities for those working in non-governmental organisations, governments, multilateral agencies and research institutions to develop and put into practice the individual and organisational skills and expertise critical to realising transformative social change.
- **Teaching:** Building future generations of development champions through world-renowned postgraduate degrees and PhD research programme

By focusing on these areas IDS aims to contribute to realising a world where:

- Climate and environmental justice are upheld.
- Extreme inequities are reduced.
- Healthy and fulfilling lives are fostered.
- Inclusive, democratic and accountable societies are nurtured.

## **QUALITY, IMPACT AND PUBLIC BENEFIT (CONTINUED....)**

To help ensure IDS' work is properly informed by the needs, experiences and views of the target beneficiaries and users of its work, IDS:

- Collaborates with its network of global partners on research and knowledge work, especially those based in the global South.
- Carries out regular assessments of our impact, including through the views of our stakeholders.
- Carries out regular teaching reviews to ensure the continued relevance and quality of the Teaching programmes.
- Draws on its alumni to sustain a global network of development professionals and practitioners who take a lifelong interest in the Institute and share their experience and expertise within the development community and wider world as well as the Institute.
- Ensures that its Board of Trustees reflects IDS' global remit.

Examples of IDS' contribution to public benefit in 2019/20 have been included throughout this report. Some of the key public benefit achievements are:

- Enabling access to its courses by offering five scholarships for MA students.
- Strengthening our alumni network through our online platform and targeted events.
- Recognising and celebrating the achievements of our alumni who are working to improve the lives of communities in countries including Madagascar and Pakistan.
- Working with the European Association of Development Institutes to the [8th PhD Conference on International Development](#) which brought together more than 120 doctoral researchers.
- Continuing to support the publication of the IDS Bulletin as an open access publication and the IDS open access repository IDS OpenDocs, making critical development knowledge more readily accessible and available to all.
- Increasing the use of online technologies such as Facebook live to make our events and training courses on important development issues more easily accessible by audiences irrespective of where they are based.
- Contributing research and knowledge to strengthen evidence-informed decision-making processes in policy fora such as UK parliament's International Development Select Committee and various fora including the World Health Organization in relation to Covid-19
- Offering scholarships to attend our professional development short courses.



## **FINANCIAL REPORT FOR THE YEAR**

IDS has reported a surplus of £2,755k before adjustments for the gains/losses on the pension liability compared to a surplus of £667k in 2018/19. Of this there is a surplus of £1,402k on unrestricted funds (2018/19 - £1,395k), this has again been achieved through effective cost control, budgeting and an increase in student numbers. The restricted funds show a surplus in the year of £1,353k (2018/19 - £728k deficit). This is due to timing differences between recognition of income and actual expenditure.

Total income for the year was £27,560k, an increase of £4,134k from 2018/19. The increase reflects a rise of £3,440k in commissioned studies and research income and an increase of £732k in teaching income. This was offset by a small reduction in trading income partly due to the refurbishment of the restaurant and bar during the year as well as the closure at the end of the year due to the COVID19 lockdown. The increase in income resulted in an increase in expenditure. Research expenditure rose by £1,396k and teaching expenditure by £553k. There were a number of reasons for the rise in expenditure in support costs, there was a refurbishment of the IDS restaurant and bar which resulted in a much-improved facility for the Institute that was proving to be popular on campus. There was investment in the new strategy being implemented with a rebranding exercise and the initialisation of regional hubs. Expenses also increased due to the USS pension contribution rate increasing during the year from 18% to 21.1%. Overall as a percentage of Total costs our support costs have remained at just under 16%.

Under the charity's memorandum and articles of association no part of the income or property of the charity can be distributed to the members.

### **Balance sheet**

Net current assets totalled £13,065k (2018/19- £10,172k) with £9,697k (2018/19 - £7,649k) held as current asset investments. Total reserves were £9,795k (2018/19 - £4,110k) consisting of £5,041k (2018/19 – £570k) unrestricted (£9,430k before the pension liability) and £4,754k (2018/19- £3,540k) restricted.

### **Financial reserves policy**

The Board of Trustees reviews the level of reserves on an annual basis in line with its Reserves Policy.

The aim of IDS' Reserves Policy is to ensure that its ongoing and future activities are reasonably protected from unexpected short-term variances in income and expenditure. Total funds at 31 March 2020 were £9,795k which is made up of:

- Fixed assets £1,197k
- Investments and cash £11,865k
- Working capital £1,172k
- Less the Pension liability £4,395k

The reserves are held under several different categories:

## FINANCIAL REPORT (CONTINUED...)

- Unrestricted funds – General funds (free reserves) £8,274k: These are available to be spent at the discretion of the trustees, to any of the Institute's charitable purposes.
- Unrestricted funds – Designated funds £1,162k: These funds have been designated by the Trustees to meet a specific purpose of the Charity in the future.
- Pension reserve liability £4,395k: The pension liability represent the discounted value of the deficit funding requirements over 8 years for the USS pension and 5 years for USPAS and does not imply a significant constraint over the use of the reserves for the foreseeable future other than to ensure monthly contributions are met which are budgeted for accordingly.
- Restricted funds £4,754k – These funds are used in accordance with the specific restrictions imposed by the funders. These funds are set out in the notes to the financial statements.

The Institute has three designated funds which are held separately from the general funds. Each of these has a specific purpose as designated by the Trustees. An explanation of each reserve and when it would be expected to be spent.

- ◆ Capital fund £1,061k – This fund is used to reflect the purchase and depreciation of tangible fixed assets when they are purchased out of the general income of the Institute. The fund is equal to the net book value of the Institute's fixed assets (less the restricted deferred income reserve).
- ◆ Building development fund £100k– The building development fund exists to enable the Institute to complete any emergency or essential building works or repairs which may be necessary and cannot be funded from that year's capital budget.
- ◆ General donations fund £1k– The general donations fund holds the unrestricted donations that the Institute has received and the spend from the fund will be determined by the Institute.

The general funds of the Institute are held to meet the cash flow of the Institute should there be an unexpected fall in its income or funding.

It is the Board's view that a minimum of £2,500k should be held in reserve to ensure the work of the organisation can continue without disruption in adverse circumstances. This amount has been calculated after reviewing the organisation's risk register and determining the greatest threats to income, expenditure and asset. Total general reserves (excluding the pension liability) at 31 March 2020 were £8,253k. The board notes the current difference between the minimum reserve and the general reserve held is significant. These reserves will be an important factor in the Institutes resilience and future sustainability through the current COVID crisis. The board will be reviewing the minimum reserve requirements over the course of 2020/21 taking into account the impact of the COVID crisis on our finances.

## **FINANCIAL REPORT (CONTINUED...)**

### **Investment policy**

The overriding principle guiding the investment of surplus cash balances is the preservation of the capital value of the Institute's resources. The objective for investments is to achieve the best possible return whilst minimising risk. When returns are so low, this is challenging and means that capital growth is minimal.

Investment performance is regularly reviewed by the Trustees. The Trustees have continued in 2019/20 with the policy agreed in 2007/08 to use only fixed interest instruments for investment purposes.

Using agreed instruments a return of £48k (2018/19 - £36k) was achieved in 2019/20.

### **Fundraising**

All IDS fundraising activity is carried out by IDS staff. IDS does not use professional fundraisers or have any commercial participators. All fundraising activities are managed by the Head of Fundraising and Development with oversight by the board.

No complaints relating to fundraising activities have been received by the Institute during this financial period (2019: 0). IDS does not currently subscribe to any specific fundraising standards or schemes for fundraising regulation but considers that it has set appropriate standards for the operation and management of its fundraising activities. IDS would not approach any person that it had reasonable grounds to believe, in the course of its engagement with the individual, was a vulnerable person.

### **Accounting for pensions**

The charity SORP requires that charities make provision for the value of their pension fund liabilities on their balance sheet. IDS has two pension deficits to account for which have significant effect on the accounts. The USS pension was revalued again in 2018 and the total deficit of the scheme reduced from £7.5bn in 2017 to £3.6bn. The Institute has used the 2018 valuation to calculate its share of the pension deficit and it has resulted in a decrease in the pension provision of £2,675k (from £6,147k to £3,472k). This increases IDS' unrestricted reserve to £5,041k. Whilst this has resulted in a significant increase in the unrestricted reserves of the Institute it is important to note that the USS pension fund is again being revalued in 2020 and that this could result in another big movement in the liability of the fund which would affect IDS' unrestricted reserve in the future. The pension deficit is particularly volatile and is sure to be affected by the COVID crisis and the impact on economic and other factors taken into account when valuing the fund.

The USPAS pension scheme recovery plan has been in place for several years. The scheme has been closed to new members for some time. The liability reduced by £161k (from £1,084k to 923k).

More detail on pensions is provided in note 15 to the accounts.

## **FINANCIAL REPORT (CONTINUED...)**

### **Going concern**

IDS has had a financially successful year in 2019/20. The cash generated from the 2019/20 financial year along with a strong pipeline of projects going forward provides the Institute with reassurance for the future.

The Trustees have assessed the Institute's ability to continue as a going concern. The Trustees have considered a number of factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements. These factors have included the key risks and uncertainties in the context of the Institute's operations (including Covid-19), a review of the budget and forecasts and the contingency plan. The contingency plan also considers the mitigating actions the Institute can deploy and considers both immediate liquidity and longer term solvency, together with the impact on reserves.

The Institute is funded through income from charitable activities in relation to commissioned studies and research, together with teaching income.

Covid-19 has resulted in the delay in delivery of certain projects and student numbers are particularly vulnerable. The overall impact of covid-19 has not been significant at the current time although the Trustees are aware that if the situation becomes prolonged then this may change.

The pipeline of research activity shows that contracted income for 2020/21 has already exceeded the targets set with 120% of target income secured for 2021/22. The immediate impact of Covid-19 has been to delay some research project activities due to the operating environment but this has not been significant at the present time. All material projects (more than £100,000) are being monitored for changes, delays and cancellation. This represents more than 90 projects. Regular communication has been maintained with donors on the implications of Covid-19 and a number of individual research projects are pivoting work towards the impact of Covid-19, building on the strength of the Institute to be well placed to research the impact on communities around the world.

A number of scenarios in relation to research income and expenditure have been modelled based on research income generating staff hitting a certain percentage of their target. Projects are a mix of unrestricted and restricted activity which has been considered in the assessment.

The Institute's student numbers for 2020/21 will be particularly vulnerable to the COVID 19 crisis as restrictions on and reluctance to travel could impact the intake from outside the UK. During the summer term of 2020 the Institute delivered its teaching and learning through online platforms. For the forthcoming academic year the Institute is implementing a blend of face to face social distanced learning, online learning and possible delayed starts for those who are unable to travel to remain attractive to our student cohort.

**FINANCIAL REPORT (CONTINUED...)**

In 2019/20, the Institute increased its General reserve by £1,658k with total free reserves of £8,253k at the year end. This is in excess of the target free reserves level and provides a solid foundation for the Institute and headroom to implement any changes or restructuring required following the COVID 19 crisis.

Having regard to the above, the Trustees believe it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

**Charity Commission Code of Governance**

In 2018 the Trustees reviewed our compliance with the Charity Commission Code of Governance. We are compliant with the seven principles set out in the code, namely Organizational purpose, Leadership, Board Effectiveness, Decision-making, Risk and Control, Integrity and Diversity. We will review our continued compliance regularly.

## PRINCIPAL RISKS

The Trustees are responsible for the effective management of risk including approving the overall risk management policy and ensuring that a sound system of internal financial controls is in place and operating as designed. This will safeguard the charity's assets including its reputation.

IDS has established an ongoing process for identifying, evaluating and managing the charity's key risks and systems that have been established to mitigate those risks. The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

In particular there are clear procedures, roles and responsibilities for:

- Identifying and monitoring key strategic risks.
- Identifying, monitoring and managing key financial risks.
- Detailed appraisal and authorisation of proposals prior to submission for funding.
- Project management and post-completion research outputs.
- Financial accounting and management reporting.
- An annual review of the control environment.

The Resources, Audit and Risk Committee (RARC), on behalf of the Trustees, keeps under constant review the key strategic and operational risks IDS faces, the control environment and the systems and procedures in place to mitigate the risks. The Committee is supported in this work through access to expert advice and internal audit review from Crowe U.K. LLP. Internal audit findings are reported directly to the RARC and Trustees.

Financial risk management covers areas such as price risk, exchange risk, credit control risk, liquidity and interest rate cash flow risk. Each year, the RARC considers a report that details major areas of financial strategy and progress in addressing key financial issues.

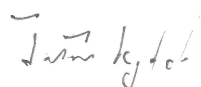
The RARC highlighted a range of risks at the Institute level in its report and discussion in February 2020 and has met virtually since to review the implications of the COVID 19 crisis. The most significant risks are actively managed in the following manner:

We fail to generate sufficient income or diversify that income particularly in light of the COVID 19 crisis and lockdown	We monitor and forecast a five-year income pipeline which is regularly updated along with our annual finance forecast. We are monitoring all projects over £100k on a weekly basis to establish any changes to the projects. All projects are working closely with funders to ensure we pivot towards the impact of COVID on the communities we and that delays and postponement to work are manageable within an acceptable time frame. Student numbers will be known in September and we have a range of
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	measures available to implement if the impact is significant.
Our exposure to the pension deficit increases costs and damages our balance sheet	Forecasts are prepared on a prudent basis and we are building our reserves. The planned increases are included in our budgets and forecasts. Newly recruited professional staff are enrolled in a new defined contribution scheme set up this year which will gradually reduce our exposure. Independent advice is sought and discussed in depth both at Risk, Audit and resources committee and the Board with the experts present. The current valuation has decreased the deficit significantly however there is a valuation due for March 2020 which will be significantly impact by the fallout of the COVID 19 crisis.
Our reputation is damaged especially in a volatile political and media environment often hostile to aid particularly around the issues of safeguarding and conduct	We are compliant with the Charity Commission Code of Governance following an internal review and have reviewed and updated our policy on Safeguarding and put in place a complaints procedure. We are rolling out a program of training on Safeguarding for our Trustees and Employees and have appointed one Safeguarding lead Trustee

These are not for the most part new risks, although they have intensified and have been particularly brought into focus by the COVID 19 crisis. The Risk Subcommittee, the SLG and the RARC keep them under close watch, attempting to combine an appropriate level of risk appetite with proportionate responses that do not restrict our work or academic freedom, and the good communication with staff and partners which we have learned is so critical to maintaining IDS' culture and collegiality.

This Annual Report of the Trustees under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Trustees on 16 July 2020. Including approving in their capacity as company directors the Strategic Report contained therein, and is signed as authorised on its behalf by:



J Kydd

Chair

Approved by the Trustees on: 16 July 2020

## **Independent auditor's report to the members of The Institute of Development Studies**

### **Opinion**

We have audited the financial statements of The Institute of Development Studies for the year ended 31 March 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 March 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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 trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent



### **Independent auditor's report (continued)**

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 our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In 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 directors' report included within the trustees' report.

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

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

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 6, 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.

### **Independent auditor's report (continued)**

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

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.



Nicola May

Senior Statutory Auditor

For and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

**London**

**Date** 28th July 2020

THE INSTITUTE OF DEVELOPMENT STUDIES  
Statement of financial activities Year to 31 March 2020

	Notes	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
<b>Income from:</b>					
. Donations and legacies		-	102	102	102
. Investments	2	48	-	48	36
Charitable activities:					
. Commissioned studies and research	1	8,129	14,665	22,794	19,354
. Tuition fees		4,424	-	4,424	3,692
. Publications, catering and accommodation		192	-	192	242
<b>Total income</b>		<b>12,793</b>	<b>14,767</b>	<b>27,560</b>	<b>23,426</b>
<b>Expenditure on:</b>					
Raising funds		54	-	54	54
Charitable activities					
. Commissioned studies and research		7,373	13,280	20,653	19,258
. Teaching costs		3,417	134	3,551	2,997
. Publications, catering and accommodation		373	-	373	356
. Interest payable –re pension provision	15	174	-	174	94
<b>Total expenditure</b>	3	<b>11,391</b>	<b>13,414</b>	<b>24,805</b>	<b>22,759</b>
<b>Net income</b>		<b>1,402</b>	<b>1,353</b>	<b>2,755</b>	<b>667</b>
Transfers between funds	12	139	(139)	-	-
Actuarial gain/(loss) on defined benefit pension schemes		2,930	-	2,930	(4,004)
<b>Net movement in funds</b>		<b>4,471</b>	<b>1,214</b>	<b>5,685</b>	<b>(3,337)</b>
<b>Fund balances at 1 April 2019</b>		<b>570</b>	<b>3,540</b>	<b>4,110</b>	<b>7,447</b>
<b>Balances carried forward at 31 March 2020</b>		<b>5,041</b>	<b>4,754</b>	<b>9,795</b>	<b>4,110</b>

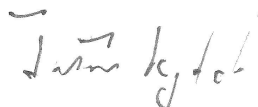
There is no difference between the net income stated above and the historical cost equivalent. All of the charity's activities derived from continuing operations during the above two financial periods.

The charity has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

THE INSTITUTE OF DEVELOPMENT STUDIES  
Balance sheet as at 31 March 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
<b>Fixed assets</b>					
Tangible Assets	7		1,197		1,236
<b>Current assets</b>					
Debtors	8	8,800		7,098	
Current asset investments	9	9,697		7,649	
Cash at bank and in hand		2,168		730	
		<u>20,665</u>		<u>15,477</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(7,600)</u>		<u>(5,305)</u>	
<b>Net current assets</b>			13,065		10,172
<b>Creditors: amounts falling due after one year</b>	11		<u>(72)</u>		<u>(67)</u>
<b>Net assets excluding pension liabilities</b>			14,190		11,341
Defined benefit pension liability	15		(4,395)		(7,231)
<b>Total net assets</b>			<u>9,795</u>		<u>4,110</u>
<b>Represented by:</b>					
<b>funds</b>					
<i>Income funds:</i>					
Unrestricted funds					
• Designated funds		1,162		1,185	
• General reserve		8,274			
		<u>9,436</u>		<u>6,616</u>	
• Pension reserve		<u>(4,395)</u>		<u>(7,231)</u>	
			5,041		570
Restricted funds			4,754		3,540
			<u>9,795</u>		<u>4,110</u>

Approved by the Trustees  
and signed on their behalf by:




J Kydd

N Clayton

Trustee

Trustee

Company registration number 877338 (England and Wales)

Approved on: 16 July 2020

THE INSTITUTE OF DEVELOPMENT STUDIES  
Cash flow statement Year to 31 March 2020

	Notes	2020 £'000	2019 £'000
<b>Net cash inflow from operating activities</b>	A	<b>3,831</b>	1,527
<b>Cash flows from investing activities:</b>			
Interest received		48	36
Interest payable		(174)	(94)
Purchase of tangible fixed assets		(219)	(1,738)
Purchase of investments		(3,048)	(3,028)
Proceeds from the sale of investments		1,000	1,600
		<b>(2,393)</b>	(1,659)
<b>Net Increase/(Decrease) in cash</b>	B	<b>1,438</b>	(132)
<b>Cash balances at 1 April 2019</b>	B	<b>730</b>	862
<b>Cash balances at 31 March 2020</b>	B	<b>2,168</b>	730

*Notes to the cash flow statement for the year to 31 March 2020*

A *Reconciliation of net movement in funds to net cash outflow from the Institute's activities*

	2020 £'000	2019 £'000
Net movement in funds	5,685	(3,337)
Investment income	(48)	(36)
Interest payable on pension liability	174	94
Loss on disposal of fixed assets	2	-
Depreciation	256	236
Increase in debtors	(1,702)	(47)
Increase in creditors	2,300	683
(Decrease)/Increase in pension liability provision	(2,836)	3,934
Net cash inflow from the Institute's activities	<b>3,831</b>	1,527

B Analysis of changes in cash

	At 1 April 2019 £'000	Cash flows £'000	At 31 March 2020 £'000
Cash at bank and in hand	730	1,438	<b>2,168</b>

### **Status of the company / charity**

The company / charity was incorporated on 16 April 1966 in England and Wales, as Institute of Development Studies and is limited by the guarantee of its members. The guarantee of each member is restricted to £1 sterling. The address of the registered office is: Andrew Cohen Building, University of Sussex, Brighton BN1 9RE and its registration number is 877338.

### **Basis of preparation**

The financial statement have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of the current asset investments, and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic or Ireland (FRS 102 (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Institute of Development Studies meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in pounds sterling which is also the functional currency of the charity.

### **Going concern**

The financial statements are prepared on a going concern basis. IDS has had a financially successful year in 2019/20. The cash generated from the 2019/20 financial year along with a strong pipeline of projects going forward provides the Institute with reassurance for the future.

The Trustees have assessed the Institute's ability to continue as a going concern. The Trustees have considered a number of factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements. These factors have included the key risks and uncertainties in the context of the Institute's operations (including Covid-19), a review of the budget and forecasts and the contingency plan. The contingency plan also considers the mitigating actions the Institute can deploy and considers both immediate liquidity and longer-term solvency, together with the impact on reserves.

The Institute is funded through income from charitable activities in relation to commissioned studies and research, together with teaching income.

Covid-19 has resulted the delay in delivery of certain projects and student numbers are particularly vulnerable. The overall impact of covid-19 has not been significant at the current time although the Trustees are aware that if the situation becomes prolonged then this may change.

The pipeline of research activity shows that contracted income for 2020/21 has already exceeded the targets set with 120% of target income secured for 2021/22. The immediate impact of Covid-19 has been to delay some research project activities due to the operating environment but this has not been significant at the present time. All material projects (more than £100,000) are being monitored for changes, delays and cancellation. This represents more than 90 projects. Regular communication has been maintained with donors on the implications of Covid-19 and a number of individual research projects are

pivoting work towards the impact of Covid-19, building on the strength of the Institute to be well placed to research the impact on communities around the world.

A number of scenarios in relation to research income and expenditure have been modelled based on research income generating staff hitting a certain percentage of their target. Projects are a mix of unrestricted and restricted activity which has been considered in the assessment.

The Institute's student numbers for 2020/21 will be particularly vulnerable to the COVID 19 crisis as restrictions on and reluctance to travel could impact the intake from outside the UK. During the summer term of 2020 the Institute delivered its teaching and learning through online platforms. For the forthcoming academic year the Institute is implementing a blend of face to face social distanced learning, online learning and possible delayed starts for those who are unable to travel to remain attractive to our student cohort.

In 2019/20, the Institute increased its General reserve by £1,658k with total free reserves of £8,253k at the year end. This is in excess of the target free reserves level and provides a solid foundation for the Institute and headroom to implement any changes or restructuring required following the COVID 19 crisis.

Having regard to the above, the Trustees believe it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

### **Income**

Incoming resources are recognised when the Institute becomes entitled to the income, the amount can be measured reliably and it is probable that the Institute will receive the funds.

Incoming resources receivable under contracts for services provided are recognised to the extent that the relevant work has been performed. Income received in advance of work performed is deferred.

Grant income is recognised in full when the Institute becomes entitled to the income, it is probable that the income will be received and the amount can be measured reliably.

Investment income is recognised when receivable.

### **Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Central overhead costs are allocated to operational functions on the basis of their use of central support services.

- Support costs, which include the central office functions such as governance, general management, payroll administration, budgeting and accounting, information technology, human resources and financing are allocated across the categories of charitable expenditure. The basis of the cost allocation is explained in note 4 to the financial statements.

- Redundancy and settlement payments are recognised once the member of staff has been informed. The cost is measured at the best estimate of expenditure required to settle the obligation at the reporting date.

### **Incentive scheme**

Any payments due to staff under incentive schemes are provided for as research costs in the financial year in which they are earned. The amounts are not disclosed as staff costs until the financial year in which they are paid.

### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction for income received and at the closing rate for the month in which other transactions take place. Exchange differences are taken into account in the net movement in funds.

### **Tangible fixed assets and depreciation**

Tangible fixed assets are included at cost and only furniture and equipment greater than £500 are capitalised.

Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their estimated useful lives.

The periods generally applicable are:

- Leasehold buildings - period to 2029
- Furniture and equipment - 5 years

### **Current asset investments**

Investments are included at closing bid value at the balance sheet date. Any gain or loss on revaluation is included in the statement of financial activities.

### **Basic financial instruments**

IDS 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 amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise bank loans and overdrafts, trade and other creditors.

Investments, including bonds held as part of an investment portfolio are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure.

At the Balance Sheet date the charity held financial assets at amortised cost of £10,481k (2019 – £7,715k). Financial assets at fair value through income or expenditure of £9,698k (2019 - £7,649k) and financial liabilities at amortised cost of £1,357k (2019 - £2,406k).



### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the charity's accounting policies, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

- Pension liabilities – the charity recognises its liability to its defined benefit pension schemes which involve a number of estimations as disclosed in note 15 to the accounts.

### **Contributions to pension funds**

The charity participates in four pension schemes. The IDS' casual workers are auto enrolled into a National Employment Savings Trust Scheme (NEST), this is a defined contribution scheme.

In November 2018 a new pension scheme was implemented for new professional services staff. All new professional service staff are auto enrolled into the IDS Pension and Savings Scheme (SPSS), this is a defined contribution scheme.

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

The other scheme, the University of Sussex Pension and Assurance Scheme, (USPAS) is a multi-employer defined benefit pension scheme providing benefits based on final pensionable pay and career revalued benefits

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control

and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 or FRS 102. The trustees are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

IDS accounted for USS and USPAS by charging all contributions to the SOFA as incurred.

IDS' share of the deficit for USS has been calculated using a specific modeller. The discount rate used in the modeller was selected as it was representative of the return the Institute could expect on a high quality bond over the repayment period of the pension liability. The rate selected was 2.4%. The rate chosen could make a material difference to the liability recognised in the financial statements.

The amounts payable in contributions to fund the deficit have been included as a charge in the statement of financial activities.

IDS' share of the deficit for USPAS is deemed to be the deficit contributions payable by the Institute. This deficit is recorded as a liability on the balance sheet.

### **Fund accounting**

Restricted funds are to be used for specific purposes laid down by the donor. Expenditure for those purposes is charged to the fund, together with a fair allocation of overheads and support costs where permitted by the fund.

Unrestricted funds are incoming resources received or generated for expenditure on the general objectives of the charity.

Designated funds are unrestricted funds, which have been designated for specific purposes by the Trustees.

1. *Commissioned studies and research*

Commissioned studies and research income was received in the following areas of activity:

	<b>2020</b>	2019
	<b>Total</b>	Total
	<b>£'000</b>	£'000
Business & Markets	<b>467</b>	475
Cities	<b>1,008</b>	799
Conflict & Violence	<b>695</b>	931
Digital	<b>1,770</b>	2,023
Gender & Sexuality	<b>171</b>	295
Governance	<b>2,988</b>	1,249
Green Transformation	<b>272</b>	519
Health & Nutrition	<b>3,327</b>	3,819
Knowledge, Impact & Policy	<b>835</b>	802
Participation	<b>2,938</b>	1,557
Power & Popular Politics	<b>3,923</b>	2,661
Resource Politics	<b>1,257</b>	1,114
Rural Futures	<b>3,137</b>	3,110
Other	<b>6</b>	-
<b>Total</b>	<b>22,794</b>	19,354

- a) Commissioned studies and Research income includes the following values for accountable grants awarded by UK Aid – The Department for International Development:

PO 7195	Agricultural Policy Research in Africa (APRA) Commercialisation, Women's Empowerment and Poverty Reduction	£1,277,102.56
PO 7239	Empowerment and Accountability Research Programme	£1,237,332.67
PO 203174	China International Development Research Network (CIDRN)	£70,098.21
PO 300552	Tackling the Drivers of Child Labour and Modern Slavery a Child Centred Approach	£79,992.08
PO 300055-116	Freedom of Religious Belief (FORB) for Inclusive, Interdependent and Diverse Societies	£340,007.00
PO 300211-101	International Centre for Tax and Development	£1,736,800.77

- b) Commissioned studies and research income includes £369,865.37 for Challenges and Opportunities for Rural Youth Employment in Sub-Saharan Africa, awarded by the International Fund for Agricultural Development, £344,827.59 for the Programme Partnership between Irish Aid and IDS, awarded by Irish Aid, £51,759.48 for Graduation Trajectories Research in Bangladesh, awarded by Concern Worldwide, £91,311.69 for Bangladesh Initiative to Enhance Nutrition Security and Governance (BIeNGS), awarded by European Union to World Vision UK and from World Vision UK to IDS and £199,182.14 for Inclusion Works!, awarded by Sightsavers.

2. *Investment income*

	<b>2020 Total £'000</b>	2019 Total £'000
Interest receivable on certificates of deposit	<b>48</b>	36

3. *Analysis of total resources expended*

	Direct costs £'000	Support costs £,000	<b>2020 Total £'000</b>	2019 Total £'000
Expenditure on raising funds				
• Costs of generating voluntary income	54	-	<b>54</b>	54
Expenditure on charitable activities				
• Commissioned studies and research	18,477	2,176	<b>20,653</b>	19,258
• Teaching costs	2,395	1,156	<b>3,551</b>	2,997
• Publications, catering & accommodation	323	50	<b>373</b>	356
• Interest payable	174	-	<b>174</b>	94
	<b>21,423</b>	<b>3,382</b>	<b>24,805</b>	<b>22,759</b>

4. *Support costs*

	<b>2020 Total £'000</b>	2019 Total £'000
Premises	<b>430</b>	384
Communications	<b>328</b>	319
Director's office	<b>437</b>	376
Finance, computer and technical support	<b>869</b>	812
Fundraising and partnerships	<b>201</b>	188
Human resources	<b>470</b>	406
Depreciation	<b>256</b>	236
Governance costs	<b>23</b>	31
Other costs	<b>368</b>	373
	<b>3,382</b>	<b>3,125</b>

Central support costs are all allocated by income generated by each activity.

Resources expended include:

	<b>2020 Total £'000</b>	2019 Total £'000
Auditor's remuneration		
• audit services		
- financial statements audit	<b>21</b>	21
- other audit services	<b>19</b>	7
• non audit services	<b>5</b>	-

## 5. Staff and Trustees

	<b>2020</b>	2019
	<b>Total</b>	Total
	<b>£'000</b>	£'000
Staff costs during the year:		
Wages and salaries	<b>9,000</b>	8,548
Social security	<b>870</b>	860
Apprenticeship Levy	<b>42</b>	41
Other pension costs	<b>1,768</b>	1,603
Redundancy costs	<b>52</b>	-
	<b>11,732</b>	11,052

Redundancy costs for the year are £52k of these amounts an amount of £28k was unpaid at 31<sup>st</sup> March 2020. There were no redundancy costs for the year ended 31 March 2019. All redundancy costs are accounted for in the year in which the individual is notified of their redundancy.

The average number of employees of the charity, including the Trustees who are also paid employees, during the year was 251 (2019 – 244). The emoluments of higher paid employees (including those Trustees who are employees of IDS) fell within the following ranges:

	<b>2020</b>	2019
	<b>Number</b>	Number
£60,000 to £70,000	<b>13</b>	10
£70,001 to £80,000	<b>4</b>	6
£80,001 to £90,000	<b>2</b>	2
£90,001 to £100,000	<b>2</b>	1
£100,001 to £110,000	<b>-</b>	1
£110,001 to £120,000	<b>1</b>	1
£120,001 to £130,000	<b>-</b>	-
£130,001 to £140,000	<b>1</b>	1
	<b>23</b>	22

The pension contributions of the higher paid employees, who were all members of a pension scheme to which the charity contributes, amounted to £337,000 (2019 - £285,000).

The emoluments of the higher paid employees also includes any one-off sums on top of basic pay as part of the settlement of the Accumulated Individual Surplus (AIS).

Seven members of staff are included in the table or appear in a higher band than their basic pay because of the AIS payments.

The Trustees received no remuneration for their services as Trustees. In accordance with Clause 4 of the Memorandum of Association, Trustees who are also employees received remuneration for their services as employees.

The aggregate emoluments of those Trustees who are also employees of the Institute were £264,000 (2019 - £263,000) whilst they were Trustees. The Institute paid £43,000 (2019 - £33,000) pension contributions on their behalf to one of the charity's defined benefit pension schemes.

The details of the emoluments and pension contributions for Trustees who are also employees of the Institute are shown below:

Employee	Emoluments	Pension
M Leach	£135,000 - £140,000	£25,000 - £30,000
M Moore	£95,000 - £100,000	£15,000 - £20,000
A Joshi	£65,000 - £70,000	£10,000 - £15,000
M Roberts	£45,000 - £50,000	£0 - £5,000
E Wilson	£35,000 - £40,000	£5,000 - £10,000

The emoluments of the highest paid Trustee were £140,000 (2019 - £132,000), and the accrued annual pension at 31 March 2020 was £41,000 (2019 - £39,000); the maximum accrued lump sum was £124,000 (2019 - £117,000).

The key management personnel of the Institute comprise the members of the Strategic Leadership Group: the Director, Director of Finance & Strategic Operations, Director of Teaching and Learning, Director of Research, Director of Communications and Directors of Human Resources. The total employee benefits of the key management personnel of the Institute were £731,000 (2019: £697,000)

During the year ended 31 March 2020, 7 Trustees (2019 – 6 Trustees) were reimbursed expenses amounting to a total of £3,000 (2019 - £4,000) for travelling to attend Trustees' meetings.

#### 6. Taxation

The charity is a registered charity and therefore not liable for income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

#### 7. Tangible fixed assets

	Leasehold building £'000	Furniture and equipment £,000	Total £'000
<b>Cost</b>			
At 1 April 2019	2,615	2,114	4,729
Additions	106	113	219
Disposals	-	(295)	(295)
At 31 March 2020	2,721	1,932	4,653
<b>Depreciation</b>			
At 1 April 2019	1,626	1,867	3,493
Charge for the year	132	124	256
Eliminated on disposal	-	(293)	(293)
At 31 March 2020	1,758	1,698	3,456
<b>Net book values</b>			
At 31 March 2020	963	234	1,197
At 31 March 2019	989	247	1,236

The charity has an agreement with the University of Sussex for the occupation of the buildings until 2068. The charity is depreciating the buildings over the period until 2029 as this corresponds to the period covered by an agreement with the University of Sussex as regards certain occupancy rights.

8. Debtors

	2020 £'000	2019 £'000
<i>Amounts falling due within one year:</i>		
Sales ledger balances	5,405	3,379
Amount due from University of Sussex	759	609
Prepayments and other debtors	2,636	3,110
	<b>8,800</b>	<b>7,098</b>

9. Current asset investments

	2020 £'000	2019 £'000
Balance at 1 April 2019		7,649
Additions		3,048
Disposals at book value		(1,000)
Gain during the year		-
Balance at 31 March 2020		<b>9,697</b>
		Total £'000
Investments at market value comprised		7,649
UK deposit fund	9,697	7,649
	<b>9,697</b>	<b>7,649</b>

10. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Commissioned studies – deferred income	4,474	2,539
Accruals and other creditors	2,742	2,339
Social security and other taxes	384	427
	<b>7,600</b>	<b>5,305</b>

*Reconciliation of movement deferred income*

	Total £'000
Balance at 1 April 2019	2,539
Released during the year	(415)
Additional deferral	2,350
Balance at 31 March 2020	<b>4,474</b>

*11. Creditors: amounts falling due after one year*

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Accruals and other creditors	<b>72</b>	67
	<b>72</b>	67



## 12. Funds

	At 1 April 2019 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 March 2020 £'000
<b>Unrestricted funds</b>						
<i>Designated</i>						
Capital fund (represented by tangible fixed assets)	1,084	-	-	(23)	-	<b>1,061</b>
Building development fund	100	-	-	-	-	<b>100</b>
General donations fund	1	-	-	-	-	<b>1</b>
	<u>1,185</u>	<u>-</u>	<u>-</u>	<u>(23)</u>	<u>-</u>	<u><b>1,162</b></u>
General funds						
Income and expenditure account	6,616	12,793	(11,297)	162	-	<b>8,274</b>
Pension reserve	(7,231)	-	(94)	-	2,930	<b>(4,395)</b>
Total unrestricted funds	<u>570</u>	<u>12,793</u>	<u>(11,391)</u>	<u>139</u>	<u>2,930</u>	<u><b>5,041</b></u>
<b>Restricted funds</b>						
Other research projects	3,257	14,665	(13,280)	(123)	-	<b>4,519</b>
Deferred income (represented by tangible fixed assets)	152	-	-	(16)	-	<b>136</b>
Albertina Scholarship fund	59	52	(53)	-	-	<b>58</b>
Dudley Seers fund	41	-	-	-	-	<b>41</b>
Ferguson Scholarship	2	50	(52)	-	-	-
Hans Singer fund	19	-	(19)	-	-	-
Scholarship Donation fund	10	-	(10)	-	-	-
Total restricted funds	<u>3,540</u>	<u>14,767</u>	<u>(13,414)</u>	<u>(139)</u>	<u>-</u>	<u><b>4,754</b></u>
<b>Total funds</b>	<u><b>4,110</b></u>	<u><b>27,560</b></u>	<u><b>(24,805)</b></u>	<u><b>-</b></u>	<u><b>2,930</b></u>	<u><b>9,795</b></u>

*Analysis of net assets between funds*

	Unrestricted funds £'000	Restricted funds £'000	<b>2020 Total Funds £'000</b>
Tangible fixed assets	1,061	136	<b>1,197</b>
Net current assets	8,447	4,618	<b>13,065</b>
Creditors due in more than 1 year	(72)	-	<b>(72)</b>
Pension liability provision	(4,395)	-	<b>(4,395)</b>
<b>Total net assets</b>	<b>5,041</b>	<b>4,754</b>	<b>9,795</b>

**Designated funds**

The designated funds represent monies that have been set aside by the Trustees for specific purposes, as follows:

**Capital fund**

This is used to account for the purchase and depreciation of tangible fixed assets when they are purchased out of general income of the Institute. Amounts are transferred to or from capital fund so that the balance of the capital fund plus the deferred income reserve is equal to the net book value of tangible fixed assets. During the year ended 31 March 2020 £23k was transferred to the capital account from the income and expenditure account from the capital account in respect of the decrease in net book value of the fixed assets during the year (2019 - £15k decrease).

**Building development fund**

This reserve has been set up to cover any repairs which may be required in 2020/21 which are unable to be covered from the budget that has been set. The reserve has been set at £100,000 (2019 - £100,000).

**General donations fund**

The amount held in the general donations fund represents unrestricted donations to the Institute.

**Restricted funds**

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the relevant fund.

**Other research projects**

All other restricted grants have for the purposes of these accounts been grouped under one heading. These balances represent restricted grants where all income is recognised in the year in which IDS is entitled to the grant even though the activity extends to future years.

#### Deferred income fund

A government grant received to fund capital expenditure was credited to a restricted fund and was recognised in the SOFA in the year of entitlement . An amount equivalent to the depreciation on the assets acquired is released to the income and expenditure account for each period. During the year depreciation of £16k (2019 - £16k) was charged against assets which had been purchased using restricted grant funding. A corresponding amount was therefore transferred out of the deferred income reserve and into the income and expenditure account.

#### Albertina Scholarship fund

This fund has been established by a donor who wishes to remain anonymous. It is to be used to provide scholarships to students from the south who wish to address poverty and social inequality in the south. The donation is £52k per year for five years. During the year the fourth receipt of £52k was received and the second year of scholarships was awarded. The payments to the end of 2019/20 are reflected in the fund.

#### Dudley Seers memorial fund

This fund has been established by a generous bequest from the Seers family. The funds will be used for educational purposes.

#### Ferguson scholarship fund

The Allan and Nesta Ferguson Charitable Trust is donating £50k per year for three years to support four students per year. All awards for the academic year are paid as at 31<sup>st</sup> March 2020.

#### Hans Singer memorial fund

This fund has been established by donations in memory of Sir Hans Singer, a former fellow of the Institute. The funds contributed £19k towards an IDS scholarship in 2019/20.

#### Scholarship donation fund

This fund was established by donations made by attendees at specific alumni events. These events were held to launch the fundraising for a new scholarship fund and any donations from attendees of these events are held to be used for future scholarships.

## 13. Prior Year Funds

	At 1 April 2018 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 March 2019 £'000
<b>Unrestricted funds</b>						
<i>Designated</i>						
Capital fund (represented by tangible fixed assets)	1,131	-	-	(47)	-	<b>1,084</b>
Building development fund	100	-	-	-	-	<b>100</b>
General donations fund	1	-	-	-	-	<b>1</b>
	1,232	-	-	(47)	-	<b>1,185</b>
General funds						
Income and expenditure account	5,228	14,503	(13,178)	63	-	<b>6,616</b>
Pension reserve	(3,297)	-	70	-	(4,004)	<b>(7,231)</b>
Total unrestricted funds	3,163	14,503	(13,108)	16	(4,004)	<b>570</b>
<b>Restricted funds</b>						
Other research projects	3,980	8,820	(9,543)	-	-	<b>3,257</b>
Deferred income (represented by tangible fixed assets)	168	-	-	(16)	-	<b>152</b>
Albertina Scholarship	56	52	(49)	-	-	<b>59</b>
Dudley Seers fund	41	-	-	-	-	<b>41</b>
Ferguson Scholarship	3	50	(51)	-	-	<b>2</b>
Gordon White fund	1	-	(1)	-	-	<b>-</b>
Hans Singer fund	25	1	(7)	-	-	<b>19</b>
Alumni fund	10	-	-	-	-	<b>10</b>
Total restricted funds	4,284	8,923	(9,651)	(16)	-	<b>3,540</b>
<b>Total funds</b>	<b>7,447</b>	<b>23,426</b>	<b>(22,759)</b>	<b>-</b>	<b>(4,004)</b>	<b>4,110</b>

*Analysis of net assets between funds at 31 March 2019*

	Unrestricted funds £'000	Restricted funds £'000	2019 Total Funds £'000
Tangible fixed assets	1,084	152	1,236
Net current assets	6,784	3,388	10,172
Creditors due in more than 1 year	(67)	-	(67)
Pension liability provision	(7,231)	-	(7,231)
<b>Total net assets</b>	<b>570</b>	<b>3,540</b>	<b>4,110</b>

*14. Liability of members*

Each of the 13 members (2019 – 13 members) has undertaken to contribute £1 in the event of the charity being wound up.

*15. Pension schemes*

The charity participates in four pension schemes summarised below.  
£000s

Scheme	Type	Cost 2019/20	Deficit 31 March 2019	Movement Increase/(Decrease)	Deficit 31 March 2020
USS	DB	1,537.0	6,147.0	(2,675.0)	3,472.0
USPAS	DB	198.0	1,084.0	(161.0)	923.0
NEST	DC	0.2	N/A	N/A	N/A
SPSS	DC	32.0	N/A	N/A	N/A
Total		1,767.2	7,231.0	(2,836.0)	4,395.0

IDS participates in two defined benefit pension schemes, the Universities Superannuation Scheme (USS) and the University of Sussex Pension and Assurance Scheme (USPAS). Both schemes include contributory multi-employer defined benefit arrangements with assets being held in separate trustee-administered funds and are subject to formal valuations every three years by actuaries using the projected unit method.

Due to insufficient information being available to enable the Institute to use defined benefit accounting for these schemes, in accordance with the provisions of FRS 102 both schemes are accounted for as if they were defined contribution schemes. However, in addition to the current benefit contributions being paid, both schemes have put in place agreements for additional contributions to fund their past service deficits. In accordance with the provisions of FRS 102 the Institute has recognised a liability for the future contributions that it estimates will be payable as a result of these deficit funding agreements.

At the end of the financial year the liabilities under these deficit funding agreements are valued. The valuations are based on the amounts that IDS estimates will be paid discounted to reflect the time value of money. The discount rate selected reflects the opportunity cost of the investment income forgone. The rates selected by the Institute reflect the return that would be available from a high quality (low risk) corporate bond and this is compared to similar organisations to check it is reasonable. The rate for 2019/20 deficit valuation was 2.4% (2019 – 2.4%).

In addition to the pension cost charges, the interest on the pension deficit amounted to £174k (2019 - £94k).

### **The Universities Superannuation Scheme (USS)**

The pension charge for the year in the Statement of Financial Activities includes a credit of £1,138k (2019 – charge of £5,343k) in relation to the USS. This represents normal contributions of £1,537k (2019 - £1,406k) payable to the USS together with the credit from the decrease in the deficit funding liability between the opening and closing balance sheet dates of £2,675k (2019 – increase £3,937k).

Following changes to the USS, this scheme now comprises two parts, USS Retirement Income Builder which is a defined benefit arrangement and USS Investment Builder which is a defined contribution arrangement. The latest formal actuarial valuation of the USS defined benefit liabilities was carried out as at 31 March 2018. The 2018 valuation showed a shortfall of £3.6bn in the USS with the scheme assets being sufficient to cover 95% of its liabilities. This is compared to the 2017 valuation which showed a shortfall of £7.5bn in the USS with the scheme assets being sufficient to cover 89% of its 'technical provisions' liabilities.

Based on the 2018 valuation the actuary has determined that USS funding rates will need to increase to 34.7% compared to the 35.6% required from the 2017 valuation. These contribution rates include:

- provisions for the employer cost of future accruals of DB benefits,
- contributions of 6% towards the correction of the DB past service deficit,
- contributions of 0.4% to cover certain administrative expenses and PPF levies, and
- the employer contributions towards DC benefits.

The past service deficit contributions are expected to correct the deficit by 31 March 2028 if experience is borne out in line with the assumptions made for the recovery plan. To reflect the liability for these contributions the Institute has used a financial modeller to calculate the provision it needs to recognise in the financial statements. The calculated amount is recognised in the balance sheet and any changes in the value of the deficit liability each year are shown on the Statement of Financial Activities. For the year ended 31 March 2020 the Institute provision for the USS liability was £3,472k (2019 – £6,147k).

There is a valuation of the USS scheme due in March 2020 and this is currently underway.

### **The USPAS scheme**

Until 1 April 2009, when the scheme was closed to new members, IDS' staff were eligible to participate in USPAS, a defined benefit scheme operated by the University of Sussex, whose members are predominantly University employees. It is not possible to identify the IDS share of the scheme's underlying assets and liabilities, on a reasonably and consistent basis and so the Institute's contributions are accounted for as defined contribution scheme. The cost recognised in the statement of financial activities is equal to the contribution payable for the year to 31 March 2020.

The latest formal triennial actuarial valuation of this scheme was at 31 March 2018. In preparing the valuation the main assumptions made by the actuary were:

- an investment return of 3.35% per annum pre-retirement for the first three years and 4.20% per annum thereafter and 3.35% per annum post retirement for the first three years and 2.50% thereafter,
- salary scale increases of 2% for 2018 and 1.25% per annum for 2019 and in line with CPI thereafter,
- a pension increase assumption of 2.10% per annum for pension increasing in line with inflation up to a maximum of 6% for service before 6 April 2009 and a pension increase assumption of 1.85% per annum for pension increasing in line with inflation up to a maximum of 3% for service post 6 April 2009.

At the date of the valuation there was a shortfall in the assets when measured against the Scheme's technical provisions of £28.3m. (This is a reduction from the shortfall of the previous valuation which estimated a shortfall of £36.7million).

The next formal triennial actuarial valuation is due as at 31 March 2021.

The contribution rate required for future service benefits alone at the date of the valuation is to increase to 32.5% from the current 28.1%. The employer contribution will increase to 23.5% from 19.1%.

In 2009 a recovery plan was agreed by the Trustees of the pension scheme to fund a £47 million deficit over a 20 year period (with additional contributions of £2,375k per annum increasing at 3.2% per year from 1 August 2013 until 30 May 2030).

As a result of both the 2012 and 2015 valuation, the Trustees agreed to reduce the period of the recovery plan so that the deficit would be recovered earlier. The 2018 valuation reduced the deficit recovery period even further. The valuation deficit (£28.3m) should be eliminated by 28 February 2025.

The additional contributions required from both employers to recover the deficit under the 2012 recovery plan from 1 April 2016 are as set out below:

- £250,281 per month from 1 April 2016 until 31 March 2025 increasing at 3.2% each year from 1 August with the first such increase being applied on 1 August 2016.

It is agreed that IDS would pay a proportion of these deficit contributions based on the active number of members at 31 March 2009.

The IDS proportion of the payments to eliminate the pension liability have been accrued and appear as a liability on the balance sheet. Any gains or losses are recognised in the Statement of Financial Activities. For the year ended 31 March 2020 the USPAS liability was £924k (2019 – £1,084k).

The total pension cost to the charity for the year ended 31 March 2020 was £198k (2019 - £192k); this included the additional contributions but not the amounts relating to the revaluation of the pension liabilities.

The closure of the scheme to new members left open the possibility of S75 of the Pensions Act 1995 being triggered. The enrolment of a new member to the scheme has reduced this risk.

It is not certain what specific amounts will be payable in the future or what the timing of the payments will be, although in the short term it is envisaged that the Institute will continue to adhere to the recovery plan described above.

### **NEST Pension**

The NEST pension has been offered to qualifying casual staff since 2013. It is a defined contribution pension scheme. The qualifying limit to auto-enrol into this pension for 2020 was for casual workers earning over £10,000 per annum or £833 per month. Other casual workers also have the option to join the NEST scheme as well. IDS contributes 2% to the NEST scheme on qualifying earnings (earnings over £490 per month). The costs of the pension are charged to the statement of financial activities in the year in which they are incurred. The assets of the scheme are held separately from the Institute in an independent and separately administered fund. The Institute has no further payment obligations once the contributions have been paid. From April 2019 the minimum employer contribution was 3%.

The total pension cost to the charity for the year ended 31 March 2020 was £0.2k (2019 - £0.5k).



### **Institute of Development Studies Pension & Savings Scheme**

The Institute of Development Studies Pension & Savings Scheme (IDSPSS) was introduced to professional staff joining the Institute from November 2018. The scheme is a defined contribution scheme which is available to professional staff who are aged 22 or over and earning at least £10,000 per annum in 2019/20. IDS will contribute 10% towards the pension for all employees enrolled in the scheme and it will pay 12% for employees who contribute 6% or more of their salary. The minimum employee contribution is 3%. The costs of the pension are charged to the statement of financial activities in the year in which they are incurred. The assets of the scheme are held separately from the Institute in an independent and separately administered fund. The Institute has no further payment obligations once the contributions have been paid.

The total pension cost to the charity for the year ended 31 March 2020 was £32k (2019 - £4k).

### **16. Related party transactions**

#### **University of Sussex**

Professor A Tickell, Vice Chancellor of the University of Sussex is an ex-officio member of the Board. During the year IDS paid £1,171K (2019 - £1,832k) to the University of Sussex for services provided to the Institute, and received £4,357k (2019 - £3,904k) from the University in respect of tuition fees and other income. The balance outstanding is nil (2019 - £0)

Dr A Cheema, senior research fellow at Institute of Development and Economic Alternatives. During the year the Institute paid £113k (2019 – £107k) in respect of two subcontracts which were awarded to IDEAS and related expenses. The balance outstanding is nil (2019 - £0).

Professor T Manuh is Director of the Institute of African Studies at the University of Ghana. During the year the Institute paid £18k (1029 - £12k) in respect of one subcontract which was awarded to the University of Ghana.

All amounts paid and received were in the normal course of the Institute's activities.

*17. Post balance sheet events*

Since the year end the Covid-19 pandemic continues to impact globally. The Institute is funded through income from charitable activities in relation to commissioned studies and research, together with teaching income.

Covid-19 has resulted the delay in delivery of certain projects and student numbers are particularly vulnerable. The overall impact of covid-19 has not been significant at the current time although the Trustees are aware that if the situation becomes prolonged then this may change.

The Trustees and management team are actively managing the impact as detailed in the going concern statement in the accounting policies. Material adjustment to the overall financial statements is not considered necessary.

18. Comparative SOFA for year ended 31 March 2019

The detailed SOFA for the previous financial year is set out below.

	Notes	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
<b>Income and expenditure</b>				
<b>Incoming Resources</b>				
Incoming resources from generated funds				
. Donations and legacies		-	102	<b>102</b>
. Income from investments	2	35	1	<b>36</b>
Income from charitable activities				
. Commissioned studies and research	1	10,534	8,820	<b>19,354</b>
. Tuition fees		3,692	-	<b>3,692</b>
. Publications, catering and accommodation		242	-	<b>242</b>
<b>Total income and endowments</b>		<b>14,503</b>	<b>8,923</b>	<b>23,426</b>
<b>Resources expended</b>				
Expenditure on raising funds				
		54	-	<b>54</b>
Expenditure on charitable activities				
. Commissioned studies and research		9,715	9,543	<b>19,258</b>
. Teaching costs		2,889	108	<b>2,997</b>
. Publications, catering and accommodation		356	-	<b>356</b>
. Interest payable –re pension provision		94	-	<b>94</b>
<b>Total expenditure</b>	3	<b>13,108</b>	<b>9,651</b>	<b>22,759</b>
<b>Net income</b>		<b>1,395</b>	<b>(728)</b>	<b>667</b>
Transfers between funds				
	12	16	(16)	-
Actuarial gain/(loss) on defined benefit pension schemes		(4,004)	-	<b>(4,004)</b>
<b>Net movement in funds</b>		<b>(2,593)</b>	<b>(744)</b>	<b>(3,337)</b>
<b>Fund balances at 1 April 2018</b>		<b>3,163</b>	<b>4,284</b>	<b>7,447</b>
<b>Balances carried forward at 31 March 2019</b>		<b>570</b>	<b>3,540</b>	<b>4,110</b>



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