



Annual Report and Accounts  
2011-2012

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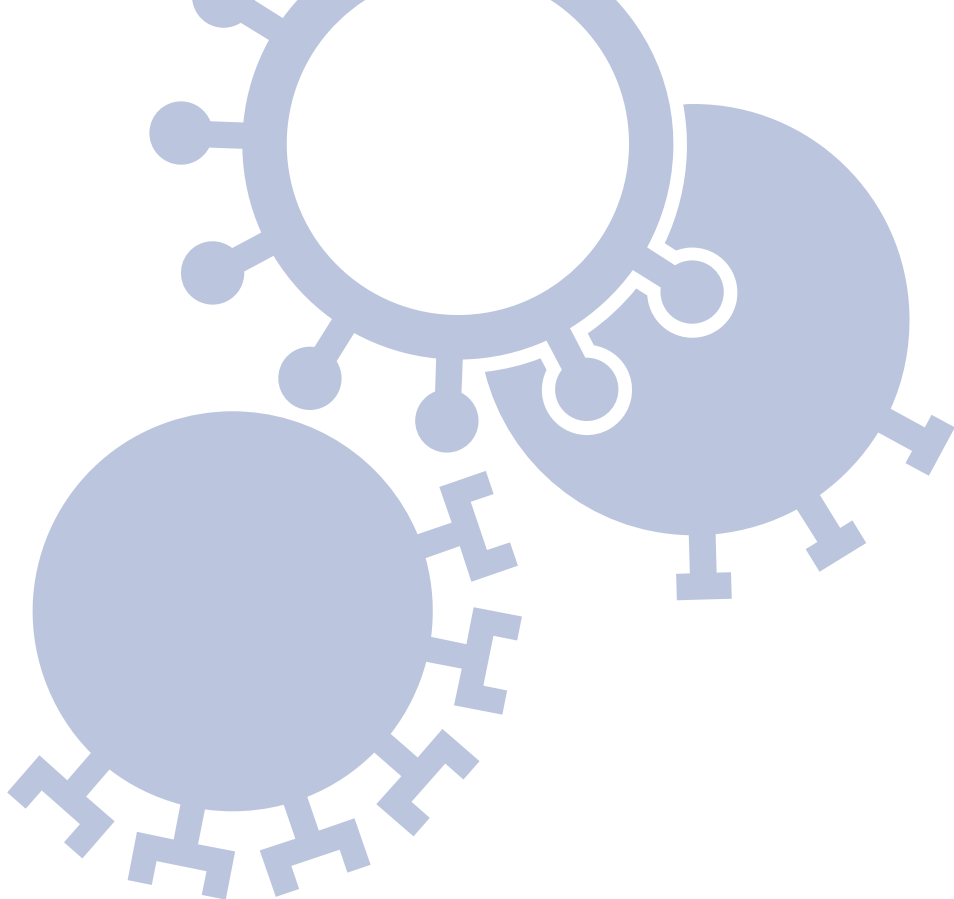
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Biotechnology and Biological Sciences Research Council (BBSRC)  
**Annual Report and Accounts 2011 - 2012**

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This Report provides an overview of BBSRC's major activities during the period 1 April 2011 to 31 March 2012.

This Report is accessible at [www.bbsrc.ac.uk/annualreport](http://www.bbsrc.ac.uk/annualreport). Readers may wish to refer to previous Annual Reports also found on this page; the BBSRC Strategic Plan 2010-2015 at [www.bbsrc.ac.uk/publications/policy/strategy/strategic-plan/index.aspx](http://www.bbsrc.ac.uk/publications/policy/strategy/strategic-plan/index.aspx); and the BBSRC Deliver Plan 2011-2015 at [www.bbsrc.ac.uk/web/FILES/Publications/delivery\\_plan\\_2011\\_2015.pdf](http://www.bbsrc.ac.uk/web/FILES/Publications/delivery_plan_2011_2015.pdf)

## BBSRC

The Biotechnology and Biological Sciences Research Council (BBSRC), established by Royal Charter in 1994, is the UK's principal funder of basic and strategic research across the biosciences, in universities and research centres throughout the UK. BBSRC is funded primarily by the Science Budget through the Department for Business, Innovation and Skills (BIS).



BBSRC works collaboratively with its sister Research Councils through Research Councils UK (RCUK) in areas that include: cross-Council programmes of research; research training and careers development; knowledge exchange and economic impact; communications, public engagement and administrative harmonisation.  
[www.rcuk.ac.uk](http://www.rcuk.ac.uk)

Updated information on BBSRC's policies, activities and impact is accessible at: [www.bbsrc.ac.uk](http://www.bbsrc.ac.uk)

## Chairman's statement



**Modern bioscience offers great promise in providing sustainable solutions to the global challenges we face: providing food, fuels and medicines to a growing and ageing population.**

Continuing to expand and develop a strong bioscience and innovation sector is essential for ensuring economic growth. The European Commission estimates that the bioeconomy is currently worth €2 trillion annually in Europe and supports around 22 million jobs. The term 'bioeconomy' is no longer a buzzword, but rather represents real economic and societal opportunities.

In recognition of the impact the bioeconomy is having, and will have, on our lives, the European Commission recently published its strategy and action plan for a sustainable bioeconomy in Europe, entitled '*Innovating for Sustainable Growth: a Bioeconomy for Europe*'. The strategy has three main 'pillars': investing in research, innovation and skills; market development and enhanced competitiveness of bioeconomy sectors; and stronger policy coordination and engagement with stakeholders.

BBSRC has long believed that investment in excellent research is the best way to long-term economic growth. The basic cellular and molecular research funded by BBSRC lays the foundations for progress in many different fields, from food security through to sustainable bioenergy and healthier ageing. Indeed the BBSRC's own enabling themes, spelt out in our Strategic Plan, '*The Age of Bioscience*', published in 2010, complements this European Commission report. Knowledge exchange, innovation and skills, exploiting new ways of working and partnerships are BBSRC's own 'pillars', identified as critical to BBSRC's vision for UK bioscience and essential for the successful delivery of economic and social benefits from our investment of public money.

Although the emphasis is different, innovation is a key word in both the new EU report and BBSRC's Strategic Plan. In these testing financial times, BBSRC and other UK science funding bodies try to ensure that every pound spent on scientific research generates the greatest impact. We are investing in leading areas of basic and strategic research that will underpin future economic and social developments as well as supporting and facilitating our community to generate new companies, new jobs, innovative products and insightful policy advice.

The success of the UK research system for the biosciences is highlighted by the latest international comparative performance data of the UK research base. This shows that while the UK spends far less than countries such as the US, China, Japan and Germany, it is becoming more efficient in terms of output per unit spent.\*

After nearly three years as Chair of BBSRC, I am well aware that excellent people and excellent research are, and always will be, the cornerstone of BBSRC's strategy and success.

I am delighted by the appointment of three new members to BBSRC Council in April 2011; Professor Russell Foster FRS, Dr Michael Goosey and Dr Will West.

I thank Council, Committee and Panel members, as well as the staff of BBSRC, for their continuing efforts to ensure that the best bioscience is funded by the BBSRC and that its impact on our health and wealth is maximised for the future.

**Professor Sir Tom Blundell FRS**  
BBSRC Chairman  
June 2012

\*International Comparative Performance of the UK Research Base - 2011. Department of Business, Innovation and Skills, Elsevier, 2011

## Chief Executive's report



**To maintain our standing as the premier nation in biology, BBSRC's activities for 2011-2012 have built around three 'I's' of Investment, Infrastructure and Impact. By this we mean *Investment* in science, people and facilities to ensure that the national *Infrastructure* is fit for purpose and set up to generate a positive *Impact* on economic growth, job creation, wellbeing and, ultimately, quality of life in the UK and beyond. With this approach we are maximising the potential of fundamental bioscience to provide answers to the great global challenges that we face and for which research in biology could provide much of the solution.**

During the last 12 months we invested over £470M in world-class bioscience, which included £284M for research grants, £124M in the form of capital funding

to UK-science infrastructure, and a further £64M in people, skills and training. This report captures just a few of the milestones and achievements from 2011-2012 including a few of the many exciting scientific breakthroughs, which have each helped to contribute to the UK's continuing status as a world leader in bioscience, and a slew of announcements of large capital sums awarded for important bioscience-related projects.

BBSRC is at the forefront of ensuring that the UK is equipped with the skills and facilities needed to respond to emerging national and international challenges in areas such as food, fuel and health. The Schmallenberg virus, a livestock disease recently detected on UK farms, is a prime example of the need to ensure preparedness in the face of such emergencies. Scientists at the Institute for Animal Health (IAH) responded immediately to the new threat, offering the same multidisciplinary expertise in animal health that enabled the UK to remain free of bluetongue in 2008, saving an estimated £485M and 10,000 jobs. IAH scientists are currently working on samples of the Schmallenberg virus to confirm whether it is midge-borne, as well as working towards the development of new diagnostic tests.

Last year, BBSRC invested £78M in IAH, through strategic funding, training and capital funding for new facilities. BBSRC is also the corporate trustee for the Institute.

Last May, researchers from The Genome Analysis Centre (TGAC), which receives strategic funding from BBSRC, were involved in the international 'crowd-sourcing' analysis of public genome sequence data relating to a deadly outbreak of enterohaemorrhagic *E.coli* in Germany. TGAC's ability to respond so quickly was in part due to the public release of genome sequence data.

■ Professor George Lomonosoff (left), of the John Innes Centre in Norwich, which receives strategic funding from BBSRC, and Dr Frank Sainsbury (far left), of Laval University in Canada, were awarded the 'BBSRC Innovator of the Year 2012' trophy by Business Secretary, Vince Cable (Centre). They also won the prize for the 'Most Promising Innovator'. Two other category prizes – 'Commercial Innovator' and 'Social Innovator' - were won by Professor Jim Murray of Cardiff University and his co-applicant Dr Laurence Tisi of Lumora Ltd, and Professor Russell Foster of the University of Oxford respectively.



## Investing in science and skills

In challenging economic circumstances, BBSRC has continued the evolution of its funding mechanisms to ensure that we support the best research carried out by the most highly skilled researchers.

Responsive mode funding enables us to be agile in responding to emerging ideas. In 2011-2012 we made 274 such awards.

Other funding initiatives launched in 2011-2012, independently or in partnership with other funders, include:

- £14.5M for 50 studies aimed at developing healthier, safer and more nutritious food, led by the Technology Strategy Board (TSB), with support from BBSRC, the Engineering and Physical Sciences Research Council (EPSRC), the Medical Research Council (MRC), the Department for Environment, Food and Rural Affairs (Defra), and Scottish Enterprise, as well as participating companies.
- £2.4M for a joint Synthetic Biology Initiative from BBSRC, the Defence Science and Technology Laboratory (Dstl), EPSRC and MRC, to fund a cohort of preliminary, innovative, proof-of-concept scientific investigations that seek to explore the potential applicability of synthetic biology to the UK's current and future national security and defence needs.

Through our strategic longer larger awards (sLoLa) we continue to support multidisciplinary, world-leading research teams addressing major global challenges.

Five such grants were awarded in 2011-2012:

- £7M to two projects that will contribute to global efforts to breed improved cereal crops. The teams include researchers from the John Innes Centre (JIC), TGAC and Rothamsted Research (RRes), all of which receive strategic funding from BBSRC, and the EMBL-European Bioinformatics Institute (EMBL-EBI).
- £4M for researchers from the Universities of Oxford and Southampton using a synthetic biology approach that could lead to cheaper and more efficient biotechnology research.
- £3.6M for researchers from the Babraham Institute, University of Cambridge and the MRC Laboratory of Molecular Biology, to understand the effect of ageing on the immune system.
- £4.7M for research on the scent signals of mice and rats, by a team at the University of Liverpool and RRes, to help inform future rodent-control strategies aimed at reducing the damage they cause to food resources around the world.

These projects also highlight the importance of partnership working as a vital component in tackling major challenges while leveraging BBSRC funding for the greatest impact.

BBSRC has introduced new training schemes and fine-tuned existing ones, collaborating with other research organisations and industry partners to provide the best opportunities to ensure the UK has the highly skilled researchers needed to maintain our global eminence in biology, including:

- £67M for postgraduate training and development in the biosciences, which includes support for 14 Doctoral Training Partnerships (DTPs) across the UK as well as a number of industrial CASE (iCASE) studentship awards. Over the next three years, the DTPs will support 660 four-year PhD studentships while iCASE awards will support 70 postgraduate students.
- £12M to fund four major programmes delivering Advanced Training Partnerships for industry specialists working in vital niche areas within the agri-food sector. Around 100 individuals will undertake Professional Doctorates under these schemes and several thousand Masters Level CPD modules will be undertaken, with many students building up to a full Masters qualification.

2011-2012 has seen significant achievements in all of our strategic research priority areas; food security, bioenergy and industrial biotechnology, and basic bioscience underpinning health.



- *Dr Celia Caulcott, BBSRC Director of Innovation and Skills, talking with guests about the potential of the bioeconomy to generate jobs, economic growth and wellbeing at a meeting in the Houses of Parliament in March. The event was hosted by George Freeman MP, Chairman, All Party Group on Science and Technology in Agriculture, and supported by BBSRC. Parliamentarians and invited guests from industry, policy and academia heard how world-class bioscience research is being translated into ideas, products and processes that will drive the UK's bioeconomy forward.*

## Food security

In September we were pleased to appoint a Global Food Security Champion, on behalf of the Global Food Security (GFS) programme, which brings together the UK's main public funders of food security-related research to coordinate efforts and deliver added-value from their collective activities in this area. As GFS champion, Professor Tim Benton from the University of Leeds will drive forward co-ordination of research activities, facilitate networking across disciplines as well as contributing leadership to the programme.

In November, the 10 projects funded under the £11M CEDFAS (Combating Endemic Diseases of Farmed Animals for Sustainability) Initiative, announced results. Outcomes of the projects included the possibility of breeding cows that are more resistant to bovine TB and new advice on the management of footrot in sheep. The initiative was launched in 2007 to use scientific research to improve our ability to manage some of the most costly diseases of UK livestock including Bovine TB, Bovine mastitis, Infectious bronchitis, parasitic gastroenteritis and Ileitis. CEDFAS was also funded by the Scottish Government and some individual projects have additional funding from Defra and industrial partners.

BBSRC is supporting the coordination activity of the G20's international research initiative for wheat improvement for the next four years. The Wheat Initiative will add value to existing wheat research capabilities and activities through building and strengthening collaboration, coordination of research and support in accessing research outcomes.

BBSRC is leading one of five work packages in a €1M Defra-led, EU-funded network, linking thousands of scientists across the globe to protect countries better against animal diseases such as avian influenza and foot-and-mouth disease.

Valuable insights were contained in a BBSRC- and Defra-commissioned report published in September. *'Translational research and knowledge in agriculture and food production'* examines knowledge exchange and the translation of research, and the practical benefits arising from these activities across the agriculture and food sectors, using the wheat supply chain as a model.

## Bioenergy and industrial biotechnology

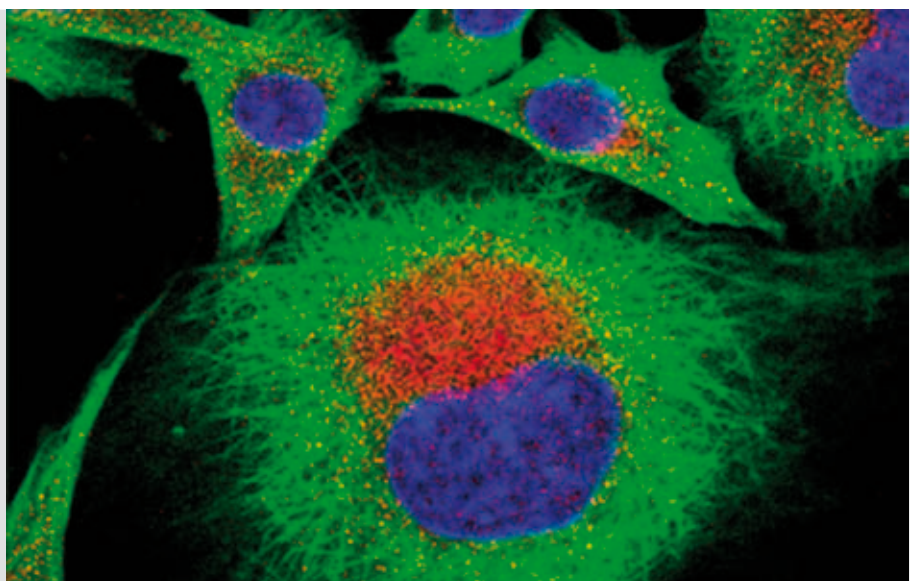
A state-of-the-art biorefinery centre, part funded by BBSRC, opened at the Institute of Food Research (IFR) in October. It will allow researchers to explore ways to make use of residual plant material from food processing and agriculture, in applications such as biofuels, high value chemicals, and in the production of natural and composite fibres.

A multi-million pound research facility for biofuels, brewing science and food and drink processing opened its doors in October at the University of Nottingham, where it will be home to one of the six BBSRC Sustainable Bioenergy Centre (BSBEC) science programmes.

We had a good response to the first of three highlight notices, calling for proposals for research that works towards developing new or improved biological processes for using living organisms and biological feedstocks to produce hydrocarbons.

Minister of State for Universities and Science, David Willetts, announced plans for a £10M joint call for sustainable bioenergy research between the UK and India. The call will support collaborative science that aims to solve shared problems in the production and processing of plants and algae for bioenergy, research that could help both nations develop sustainable alternatives to fossil fuels.

■ *BBSRC-funded researchers showed for the first time that the period in which cattle are infectious before they show clinical signs of foot-and-mouth disease (FMD) is much shorter than previously thought. The research, published in Science and carried out by IAH and the University of Edinburgh, demonstrates that diagnosis of FMD infection is possible approximately 24 hours before the animal becomes infectious. Researchers at IAH along with their Defra colleagues are now assessing if this window of opportunity can be exploited to reduce the number of animals that are culled during an outbreak.*



Cell infected with foot-and-mouth disease virus (red), showing the cell nucleus (blue) and other cell structures (green)



## Basic bioscience underpinning health

A new roadmap for UK regenerative medicine research was unveiled by BBSRC alongside EPSRC, MRC, the Economic and Social Research Council (ESRC) and the Technology Strategy Board (TSB), including £75M of investment into translational science. 'A Strategy for UK Regenerative Medicine' sets out clear objectives and a delivery plan focused on translating our increased biological understanding into clinical impacts to benefit patients and the UK economy.

The Bioprocessing Research Industry Club (BRIC), a public-private partnership led by BBSRC, announced a £4M package of investment in June to develop research to underpin the production and processing of new types of medicines based on biological molecules.

A new variety of broccoli with higher levels of a key phytonutrient is now available in UK shops thanks to experts working on both the biology of plants and the link between human nutrition and health. The new broccoli, which is known as Beneforte, was developed from publicly-funded research at two of the UK's world-leading biological research institutes: the IFR and the JIC, which both receive strategic funding from BBSRC.

## Partnerships

BBSRC is part of a number of cross-Council partnerships, coordinated through RCUK, that continue to support investment in major multidisciplinary, multiagency research programmes aimed at addressing major global challenges.

As part of the Living with Environmental Change programme (LWEC), BBSRC is leading the development of a strategic framework needed to address the resources challenge – to promote human well-being, alleviate poverty and minimise waste through the

sustainable provision of water, food and material resources in ways that mitigate or adapt to environmental change.

Under the auspices of LWEC, we announced a joint initiative with the Scottish Government at the interface of food security and environmental change. In addition, three research projects aimed at controlling the transmission of diseases amongst people, animals and the environment were awarded a combined total of more than £3.5M as part of the Ecology of Infectious Diseases Initiative - a transatlantic collaboration between BBSRC, ESRC, the US National Science Foundation and the US National Institutes of Health.

Phase 3 of the cross-Council Lifelong Health and Wellbeing programme (LLHW) has invested £12M in a further seven multi-disciplinary five-year grants and ten pilot scheme awards aimed at tackling major ageing-related issues faced by the UK in the 21st century. BBSRC's overall investment in this £30M programme is £3.5M.

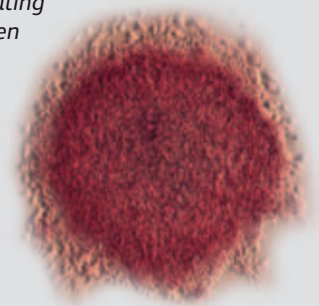
Institutes continue to be a major component in delivering BBSRC's strategic priorities. We continue to provide strategic funding to eight research institutes based at six separate and distinctive campuses across the UK; Institute for Animal Health (Pirbright Research Campus), Babraham Institute (Babraham Research Campus), Institute of Food Research, John Innes Centre and The Genome Analysis Centre (Norwich Research Park), Institute of Biological, Environmental and Rural Sciences at Aberystwyth University, The Roslin Institute at the University of Edinburgh and Rothamsted Research. A programme of governance review was completed during the year and new arrangements introduced with the agreement of institute governing bodies, the Charity Commission and the Department for Business, Innovation and Skills (BIS).

■ *Using bacteria to generate energy came a step closer following a breakthrough discovery by BBSRC-funded scientists at the University of East Anglia (UEA) and researchers funded by the US Department of Energy. The research demonstrated for the first time the exact molecular structure of the proteins which enable bacterial cells to transfer electrical charge into their environment. The discovery, published in Proceedings of the National Academy of Sciences (PNAS) in May, means scientists can start developing ways to 'tether' bacteria directly to electrodes - creating efficient microbial fuel cells or 'bio-batteries'.*



Crystals of the iron-containing protein that conducts electricity from bacteria into the environment

■ *Scientists, partly funded by BBSRC, found a way to generate and maintain stem cells much more efficiently by amplifying the effect of an essential protein. Researchers from Denmark, Scotland and the USA have created synthetic versions of a protein, which manipulates adult cells - such as skin cells - so that they can subsequently revert efficiently to an earlier, embryonic like state. These reverted cells have the potential to become any cell in the body. As well as reverting adult cells to this state - known as induced pluripotent stem cells, the modified protein also maintains embryonic stem cells in a very pure form, indicating that the protein - Oct4, supports stem cells by dictating a 'stem cell program'. When Oct4 is not present and the program is off, the embryonic stem cells will start to differentiate into specific cells. The research was also funded by Novo Nordisk Foundation, Denmark, and the MRC.*



© Professor Josh Brickman and Fella Hammachi at the MRC Centre for Regenerative Medicine, The University of Edinburgh

2011-2012 was a big year for the development of these 'innovation hotspots' in which the institutes are embedded. As well as building cutting edge national research facilities to support the UK bioeconomy, BBSRC's capital investment has provided an immediate boost to local economies, providing 500 jobs in construction during the year, and has stimulated long-term growth by encouraging investment opportunities. Major milestones reached include:

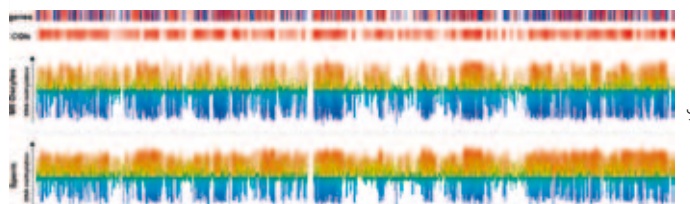
- £30M of BBSRC investment in new research infrastructure came to fruition at the end of last June as The Roslin Institute took up residence in its new purpose-built centre seven miles from Edinburgh.
- In October, Minister of State for Universities and Science David Willetts led a 'topping out' ceremony to mark a milestone in the construction of the new high containment facility at IAH: a ground breaking project which is raising the technical capability of the UK construction industry to a new world class level. At the end of November, the Chancellor of the Exchequer announced an additional £80M capital investment enabling, with additional support from BBSRC's own capital budget, the construction of the £100M+ second phase of the development of the IAH campus at Pirbright.

- Development of a fifth bioincubator building at the Babraham Research Campus is now complete, with the first companies taking up residence. This is the first building to be delivered – and it was on time and under budget – of the £44M awarded to BBSRC from the Government to invest in innovation infrastructure and support at the Cambridge-based campus.

- The Secretary of State for Business, Innovation and Skills, Dr Vince Cable, opened the Norwich Research Park Innovation Centre (NRPIC) last July. This will play an important role in helping to attract science-based businesses to the Norwich Research Park and maintain a thriving centre for research and innovation. During the year significant progress has also been made at the NRP to implement a vision to grow the park to generate economic growth and new jobs. This is the aim of a further £26M that BBSRC received from the Government in March 2011 for investment at the NRP.

■ *Researchers from The Roslin Institute at the University of Edinburgh, which receives strategic funding from BBSRC, announced findings into new approaches to managing Bovine TB - a disease which cost the UK economy an estimated £90M in 2010. The team, which included researchers from Queen's University Belfast and the Agri Food and Biosciences Institute in Northern Ireland, found that some degree of resistance to Bovine TB is inherited and they also identified genetic markers associated with resistance. They are now working with DairyCo, to explore the possibility of implementing selection for increased resistance in commercial dairy cattle.*

■ *Scientists at the Babraham Institute, which receives strategic funding from BBSRC, made a breakthrough in understanding how mammalian genomes are modified in the egg and sperm and are reprogrammed after fertilisation, paving the way for a better understanding of fertility. Around 15 per cent of couples worldwide have difficulty conceiving a child and in around five per cent of cases the reasons for infertility remain elusive. The research, reported in Nature Genetics, and part-funded by the MRC, details for the first time a genome-wide methylation map of mammalian oocytes (eggs), which will provide scientists with a greater understanding of how we develop into healthy individuals and maintain wellbeing during ageing.*



High resolution mapping to identify differences in DNA methylation between eggs (MII) and sperm; the methylation profiles of the whole of chromosome 1 is displayed.

© Gavin Kelsey, Babraham Institute

In 2011-2012 we completed our five-yearly Institute Assessment Exercise (IAE) where we assess the institutes on the excellence of the science and how each is meeting its strategic objectives. It includes assessments across all institute activities, including knowledge exchange and commercialisation, public engagement and strategic human resources capabilities. The findings of the IAE are due to be announced in May 2012.

International collaborations provide funders and researchers with opportunities to move further and faster. In 2011-2012 we extended our international reach, including:

- Joining forces with 14 partners from across Europe to announce two new funding calls, one focusing on bioenergy, the other on industrial biotechnology. This marks the third ERA-IB call and the sixth ERA-NET Bioenergy call, part of European Commission-funded work aimed at encouraging organisations and scientists from different countries to network and to share resources. BBSRC is contributing a total of £6M.
- Launching our third round of funding for research to enhance the livelihoods of poor people in Sub-Saharan Africa and South Asia by generating underpinning knowledge that will contribute to improving the sustainability of food crop

production, particularly by smallholder farmers. The £20M 'Sustainable Crop Production Research for International Development' (SCPRID) scheme is in partnership with the Department for International Development (DFID), the Bill and Melinda Gates Foundation, the Department of Biotechnology of India's Ministry of Science and Technology, and the Indian Council of Agricultural Research.

- Continuing to nurture our Brazilian relationship, we announced our new 'Brazil Partnering Awards' last June, as part of an agreement between BBSRC and the Brazilian National Council for Scientific and Technological Development, to facilitate long-term collaborations between top BBSRC-funded scientists and their counterparts in Brazil.
- A joint BBSRC and National Science Foundation (NSF) 'Ideas Lab' is in development in a bid to provide radically new approaches to producing crops with minimal input of artificial nitrogen fertilizers. It follows the success of a similar partnership project generating a step-change in our thinking and our knowledge of improving photosynthesis.

■ A team of scientists from Rothamsted Research and the Kenya-based International Centre of Insect Physiology and Ecology (ICIPE) have made a discovery that will help develop novel and ecologically sound approaches to controlling destructive insect pests in maize crops, specifically the spotted stem borer (*Chilo partellus*), which destroys the plant by tunnelling into the stalk and disrupting the flow of nutrients. The team discovered that certain maize landraces from South America (where maize originated) have sophisticated defence strategies against insect pests, producing chemicals that attract parasitic wasps as soon as the stem borer moths lay their eggs. These wasps kill the stem borer eggs and caterpillars, preventing the crops being damaged. These findings will help to increase maize yields and improve food security.



*Chilo partellus* larvae inside a maize stem

© ICIPE



■ Researchers from the Institute of Biological, Environmental and Rural Sciences (IBERS) strategically funded by BBSRC, collaborated with researchers in the United States to complete the first high-resolution, comprehensive genetic map of a the promising energy crop miscanthus. The results published in PLoS One – provide a significant breakthrough towards advancing the production of bioenergy. The IBERS researchers created the collection of genetically related plants and colleagues from Ceres US energy crop company Ceres Inc., based in California, then sequenced and analyzed the DNA. In other crops, this type of comprehensive genetic mapping has significantly shortened product development timelines. The research was generated from one of BBSRC's Sustainable Bioenergy Centre programmes.

## Challenges

This report highlights the boundless opportunities offered by modern bioscience, but there are countless challenges too. Many of the research challenges society faces, and that BBSRC is trying to address, can only be met by the effective manipulation of biological data. This raises two big issues: firstly, ensuring the systems, technology and skills are in place to store and process the data and, secondly, that scientists from all disciplines across the globe have access to the data. Both are issues that BBSRC is working hard to resolve.

Open access to rich data sets and scientific methodologies is an area that BBSRC is committed to improving. We are working with the other Research Councils and the Higher Education Funding Council for England (HEFCE), on the transition to greater open access to published research and also contribute around £60K per year to UKPubMedCentral.

In May 2011, TGAC established the largest RedHat Linux supercomputer system in the world with six terabytes of RAM. This processing and storage capacity will enable scientists to assemble large genomes, such as those of wheat.

We joined the European Molecular Biology Laboratory's European Bioinformatics Institute (EMBL-EBI) in welcoming the announcement from the Government of a £75M commitment from the Department for Business, Innovation and Skills' Large Facilities Capital Fund (LFCF) for the ELIXIR research infrastructure.

Being transparent about our role and the research we fund remains a constant priority. We continue to work hard to communicate effectively and engage with the research community, with other policy makers, and with business, industry and the general public.

BBSRC's website has been refreshed to ensure that we are providing the best possible 'user experience' while clearly presenting examples of the impact of the research we fund. Since the launch of our revamped impact section ([www.bbsrc.ac.uk/impact](http://www.bbsrc.ac.uk/impact)) there has been a 25 per cent increase in the number of visitors reading about the impact of our funded research.

Attendance at events such as Cereals, the Oxford Farming Conference and Innovate has provided opportunities to talk with people who ultimately make use of the knowledge our research generates. BBSRC has worked with researchers to engage public audiences at events such as the Royal Society Summer Science Exhibition with Rothamsted Research, and Jimmy's Science Fair with the Institute for Animal Health.

In the last 12 months, the BBSRC media team disseminated more than 280 items about our funded research and activities, through press releases, media briefings and online news and features. These stories were picked up and widely distributed across a range of national media outlets, including broadcast, print and audio, as well as specialist publications and channels. Fourteen School Regional Champions (SRCs) have been appointed to support BBSRC-funded researchers in the

UK with public engagement activities for secondary schools and young people aged between 11 and 19.

## BBSRC Community

The impact created by investment and infrastructure would not be possible without a fourth 'I' – Individuals. We were sad to say 'goodbye' to Professor Janet Allen, following her resignation in October. During her three years with BBSRC, she made a significant impact as Director of Research. We are currently in the process of recruiting her successor.

Last May, 12 members of the BBSRC community were elected Fellows of the Royal Society and BBSRC's Chairman, Professor Sir Tom Blundell was elected as President of the Science Council.

2011-2012 saw the arrival of Professor John Fazakerley as Director of IAH. He takes over from Professor David Paton, who did excellent work as Acting Director following the retirement of Professor Martin Shirley CBE in 2010.

Finally, our commitment to ensuring that research outcomes are translated into commercialisation activities was encapsulated in March by Professor George Lomonosoff from JIC and Dr Frank Sainsbury, whose system for producing vaccines and pharmaceutical proteins rapidly in plants led to their joint award as BBSRC's Innovator of the Year.

### Professor Douglas Kell

BBSRC Chief Executive  
June 2012

■ *Salmonella remains a serious cause of food poisoning in the UK and throughout the EU, in part due to its ability to thrive and quickly adapt to the different environments in which it can grow, including within the host. New research involving a team of researchers from the Institute of Food Research (IFR), strategically funded by BBSRC, has taken the first detailed look at which genes Salmonella uses and how it adapts its metabolism to enable it to thrive in the host and in food. This research provides clues to finding new ways of reducing transmission through the food chain and preventing human illness. The studies have been published in BMC Genomics, Infection and Immunity and the Journal of Bacteriology. The work was also supported by two BBSRC-CASE studentships, which were partially funded by Campden BRI.*



© IFR

# Key funding data

Summary of grant applications and success rates				
	2007-08	2008-09	2009-10	2010-11
Number of applications (excluding Fellowships)	1,983	2,033	1,865	1,832
Success rate by number (%)	29	21	22	28
Equivalent success rate by value (%)	28	23	23	26

Applications and success rates by gender						
	2008-09		2009-10		2010-11	
	Male	Female	Male	Female	Male	Female
Responsive Mode Grants	18.3	12.9	19.6	18.9	23.0	21.0
Initiatives	44.4	43.9	37.9	39.7	46.7	40.8
New investigators	24.8	14.8	33.0	41.3	23.6	17.5
Fellowships	14.4	6.7	18.2	6.9	7.8*	N/A**

Percentage of female applicants from total applications and from successful applications for peer reviewed funding						
	2008-09		2009-10		2010-11	
	Total	Successful	Total	Successful	Total	Successful
Responsive Mode Grants	22.8	17.3	23.6	23.0	21.3	19.8
Initiatives	21.6	21.4	19.5	20.2	18.6	16.7
New investigators	28.9	19.5	32.9	38.0	31.0	25.0
Fellowships*	23.6	12.5	27.4	12.5	29.4	N/A**

Dates indicate session of application

Due to the timing of data production, figures for 2011-12 are not available at the time of going to press

\* In 2010-11 a total of six awards was available, compared to 16 awards in the previous session

\*\* Fellowships were offered to three female applicants, all of whom declined

BBSRC Funding to Funded Institutes* in 2011 12 (£M)				
Institute	BBSRC Strategic Grants	BBSRC Other Funding	BBSRC Capital Funding	Total BBSRC Funding
Babraham Institute (BI)	12.9	1.7	21.6	36.2
Institute for Animal Health (IAH)	11.2	4.5	61.2	76.9
Institute of Food Research (IFR)	9.8	1.2	3.4	14.4
John Innes Centre (JIC)	14.1	6.4	7.0	27.5
Rothamsted Research (RRES)	13.3	5.6	3.5	22.4
The Genome Analysis Centre (TGAC)	5.0	0.1	16.3	21.4
Roslin Institute at the University of Edinburgh (RI)**	8.5	N/A	1.0	9.5
Institute of Biological, Environmental and Rural Sciences at Aberystwyth University (IBERS)**	4.5	N/A	3.0	7.5
<b>2011-12 Totals</b>	<b>79.3</b>	<b>19.5</b>	<b>117.0</b>	<b>215.8</b>
<b>2010-11 Totals</b>	<b>79.3</b>	<b>21.6</b>	<b>91.0</b>	<b>191.9</b>

\*This table previously included details of non-BBSRC income streams to the BBSRC Funded Institutes. However following the implementation of new governance arrangements, BBSRC no longer collects this information.

\*\* Two BBSRC funded institutes, the Institute of Biological, Environmental and Rural Science (IBERS) and the Roslin Institute (RI), are now embedded respectively in Aberystwyth University and the University of Edinburgh. Any 'Other Funding' is therefore provided to the Universities.

Top 25 Universities by Grant Funding						
2011-12			2010-11			
University	£M	Trend	University	£M		
1	The University of Manchester	16.69	↔	1	The University of Manchester	18.71
2	University of Cambridge	13.81	↑	2	The University of Edinburgh*	14.89
3	The University of Edinburgh*	13.75	↓	3	University of Cambridge	14.72
4	University of Nottingham	12.44	↑	4	Imperial College London	13.66
5	Imperial College London	11.69	↓	5	University of Nottingham	13.59
6	University of Oxford	10.99	↔	6	University of Oxford	12.67
7	University College London	10.65	↔	7	University College London	10.19
8	University of Bristol	7.60	↔	8	University of Bristol	8.29
9	University of Leeds	7.03	↑	9	University of Glasgow	8.28
10	University of Warwick	6.70	↑	10	Newcastle University	6.95
11	University of Glasgow	6.58	↓	11	University of Warwick	6.92
12	Newcastle University	5.33	↓	12	University of Leeds	6.77
13	University of Sheffield	5.30	↔	13	University of Sheffield	5.48
14	University of Birmingham	4.92	↑	14	University of Dundee	4.93
15	University of Liverpool	4.70	↑	15	University of Birmingham	4.91
16	University of Dundee	4.36	↓	16	King's College London	4.88
17	King's College London	4.33	↓	17	University of Liverpool	4.85
18	University of East Anglia	3.98	↑	18	University of York	4.74
19	University of York	3.87	↓	19	University of East Anglia	4.37
20	University of Aberdeen	3.77	↔	20	University of Aberdeen	4.33
21	Royal Veterinary College	3.67	↑	21	Cardiff University	3.49
22	University of Exeter	3.07	↑	22	University of Leicester	2.85
23	Cardiff University	2.98	↓	23	University of Sussex	2.85
24	University of Reading	2.74	↑	24	University of Southampton	2.68
25	University of Sussex	2.46	↓	25	Royal Veterinary College	2.58

\*Two BBSRC funded institutes, the Institute of Biological, Environmental and Rural Science (IBERS) and the Roslin Institute (RI), are now embedded respectively in Aberystwyth University and the University of Edinburgh (see the table above 'BBSRC Funding to Funded Institutes'). Core Strategic Grants of £4.5M (2010-11:£4.5M) to IBERS and £8.5M (2010-11: £8.5M) to RI are excluded from the 'Top 25 Universities by Grant Funding'.

An analysis of research funding can be found in note 2 of the Accounts.

The tables titled 'Publications from BBSRC Funded Institutes' and 'Transferring Knowledge – BBSRC Funded Institutes' were included in previous years, but the data is not available prior to publication in 2011-12. This data will, instead, be made available via BBSRC's website.

# Corporate Information

## Governance

BBSRC is an independent non-departmental public body of the Department for Business, Innovation and Skills (BIS), established by Royal Charter. BBSRC's working relationship and lines of accountability with its sponsor department BIS are defined through a Management Statement and Financial Memorandum, which are subject to periodic review.

BBSRC's Chief Executive, in his role as Accounting Officer, is accountable to the public via Parliament. Parliament monitors and influences BBSRC's work through its Select Committees and the Parliamentary Ombudsman.

## Council

The Governance Statement in the Accounts (page 25) describes the role of Council within BBSRC's governance framework and provides information about Council's membership, performance and attendance. Information about Council's Boards is also contained within the Governance Statement.

Note 25 in the Accounts contains details of related party transactions. Registers of interest for Council can be found at: [http://www.bbsrc.ac.uk/web/FILES/Conflicts/council\\_conflicts.pdf](http://www.bbsrc.ac.uk/web/FILES/Conflicts/council_conflicts.pdf)

## Panels and Committees

BBSRC has a new advisory structure (discussed in more detail in the Governance Statement in the Accounts) which comprises the panels listed below. Membership can be found on BBSRC's website at: [www.bbsrc.ac.uk/organisation/structures/panels](http://www.bbsrc.ac.uk/organisation/structures/panels)

- Bioscience for Industry Strategy Panel
- Bioscience Skills and Careers Strategy Panel
- Bioscience for Society Strategy Panel
- Food Security Strategy Advisory Panel
- Basic Bioscience Underpinning Health Strategy Advisory Panel
- Industrial Biotechnology and Bioenergy Strategy Advisory Panel
- Exploiting New Ways of Working Strategy Advisory Panel

BBSRC has a number of committees which assess applications for responsive mode grant funding and assess studentship and fellowship applications. BBSRC's committees are listed below and membership can be found on BBSRC's website at: [www.bbsrc.ac.uk/organisation/structures/committees](http://www.bbsrc.ac.uk/organisation/structures/committees). A list of members in BBSRC's peer review and strategy pool of experts is also available at this webpage.

- Committee A – animal disease, health and welfare
- Committee B – plants, microbes, food and sustainability
- Committee C – genes, development and STEM approaches to biology
- Committee D – molecules, cells and industrial biotechnology
- Training Awards Committee – studentships, fellowships and other training awards

## Organisational developments

### Efficiency Programme

As set out as part of the 2010 spending review settlement, the Research Councils have begun implementation of an efficiency programme to drive down the costs and overheads associated with research. The efficiency savings derived from this programme are being re-invested in research.

In the spring of 2011 RCUK published *Efficiency 2011-15: Ensuring Excellence with Impact* describing how the Research Councils would implement the recommendations in Sir William Wakeham's report *Financial Sustainability and Efficiency in Full Economic Costing of Research in UK Higher Education Institution*. The efficiency savings are being applied to both research grants and fellowships awarded via competitive route to Research Organisations and also to Research Council Institutes. The combined savings for the first year (2011-12) are planned to be £30.5M rising over the four year Spending Review period to reach a total of £428M over the full period.

Alongside these measures the Research Councils also introduced changes to the requests for equipment on grants. RCUK is currently working with university partners to develop options to promote and assist equipment sharing, including exploring the issues around asset registers.

In 2011-12, BBSRC successfully delivered £3.3M of savings on competitive grants and fellowships under the Wakeham programme, which were reinvested in bioscience research. Further to this, BBSRC funded Institutes succeeded in delivering £2.3M of savings in 2011-12, against a target of £1.3M. The efficiencies for Institutes comprised pay award savings, and procurement savings delivered via the RCUK Shared Services Centre Ltd.

## Staff report

On 1 April 2012, 1732 staff were employed in Institutes funded by BBSRC and in the BBSRC Office, compared to 1927 on 1 April 2011. Of the 1732 staff, 1447 were in BBSRC funded Institutes and 285 were in BBSRC Office (which includes staff in Joint Service Units which BBSRC hosts on behalf of all of the Research Councils). As at 1 April 2012, 772 staff were in the science category, which represents 44.6% of all staff. Women occupied 26% of senior posts in BBSRC (pay band PC1-F). The comparable figure for 2010-11 was 23%.

Under the new governance arrangements for BBSRC funded institutes, existing staff at institutes will remain BBSRC employees working under a deployment agreement. Such staff will therefore continue to be included in BBSRC data. However, staff employed locally by institutes on different terms and conditions will be excluded from BBSRC statistics.

BBSRC's employment policies, strategies and guidance are set out in the BBSRC Employment Code, which can be found on our website ([www.bbsrc.ac.uk/organisation/policies/employment/code](http://www.bbsrc.ac.uk/organisation/policies/employment/code)).

## Diversity and Equality

BBSRC is committed to creating a culture that values dignity at work, mutual respect and inclusivity, where diversity is embedded in all business activities, unlawful discrimination is eliminated and individuals can achieve their potential. We aim to:

- attract and retain high quality staff; and
- increase the representation of those from minority groups throughout our organisation.

These aims are underpinned by our Diversity Strategy 2010-2013 and our annual Diversity Action Plan.

Our achievements during this year include:-

- *Leadership and championing diversity* – Senior Diversity Champions have been appointed across the organisation. Their role is to champion delivery of the diversity strategy and action plans at a local level and to ensure that it is embedded in local management strategies. This additional tier not only provides further resource for equality and diversity at a strategic level but also importantly enables us to demonstrate our commitment internally and externally, to managers, staff and stakeholders alike.
- *Identifying talent and mentoring* - we have reviewed formal and informal mentoring schemes, including arrangements for new starters and those in under-represented groups. Building on the effectiveness of existing informal arrangements, in future there will be more emphasis on formal mentoring schemes, including a cross Research Council mentoring scheme.

- *Career progression* - a pilot study was carried out at one of the BBSRC-funded institutes, the Institute for Food Research, to identify barriers to career progression that employees from protected groups may face, and to seek ways to remove any identified barriers. Recommendations from the study included further development of performance management and succession planning frameworks in order to develop the potential of all employees.

## Health and Safety

BBSRC aims to establish a culture and working practices where Occupational Health and Safety (OHS) is second nature in everything we do. The Corporate Health, Safety, Biosafety and Security Team promotes and supports the risk management arrangements that underpin the world class science conducted across the organisation.

In 2011-12 we experienced a small increase in reportable injuries from 15 in 2010-11 to 18 in 2011-12 (as shown in the table overpage). BBSRC's Accident Incident Rate (AIR) is 890, which is comparable to the AIR of other organisations of similar complexity and risk. However, we are seeking to improve this through a number of proactive measures. These include:

- *Business Specific OHS Plans*: to set annual OHS objectives for each part of our organisation;
- *Performance Reporting*: to report regularly on progress against roadmap objectives to the BBSRC Executive Group;
- *Best Practice Groups*: to share knowledge and information in health, safety, biosafety, and radiation.
- *Health and Wellbeing Campaigns*: to encourage staff engagement, commitment and participation, and to help support risk control by encouraging staff ownership of health issues.
- *Peer Group Auditing*: to introduce an agreed bi-annual health and safety auditing plan, whereby one or more Health and Safety advisers audit another, sharing lessons learned.

The Corporate Health, Safety, Biosafety and Security Team seeks to coordinate Health and Safety management systems with BBSRC's assurance, environmental management and risk management processes. The programme of work reflects BBSRC's mission, objectives, and our appetite for risk. It will be closely aligned with similar development plans of the BBSRC funded Institutes. Our strategy is to focus on BBSRC's key risk priorities and ensure that business planning activities take full account of risk management.



Annual Occurrence Reportable Incident Category (defined as in RIDDOR 1995)	2011 12	2010 11	2009 10
Contact with moving machinery or material being machined	0	0	1
Hit by a moving, flying or falling object	0	2	0
Hit by a moving vehicle	0	0	0
Hit by something fixed or stationary	2	1 (visitor)	0
Injured while handling, lifting or carrying	3	3	2
Slipped, tripped or fell on the same level	4 (including 1 visitor)	2 (including 1 contractor)	5
Fell from a height	1	0	1
Trapped by something collapsing	0	0	0
Drowned or asphyxiated	0	0	0
Exposed to, or in contact with, a harmful substance	0	1	0
Exposed to fire	0	0	0
Exposed to an explosion	0	0	0
Contact with electricity or an electrical discharge	0	0	0
Injured by an animal	4	1	2
Physically assaulted by a person	0	0	0
Another kind of accident	3	2	3
<b>Total accidents</b>	<b>17</b> (including 1 visitor)	<b>12</b> (including 1 visitor and 1 contractor)	<b>14</b>
Cases of occupational disease	0	1	0
Dangerous occurrence	1	2	2
<b>Overall total</b>	<b>18</b>	<b>15</b>	<b>16</b>

Sickness absence: BBSRC office (including BITS)	2011 12	2010 11	2009 10
Total days of absence	1778	2609	1954
Frequency of absences lasting longer than 28 days	9	20	2
Total days of long term sickness	594	1297	144
Average days of sick absence per person at BBSRC Swindon Office and BITS	5.93	7.88	6.82

## Protected personal data related incidents

BBSRC recognises and fully supports the need for effective information governance in protecting its information and the information entrusted to it in the course of its business. Compliance with data protection law is taken very seriously and as such, BBSRC provides all employees with annual basic training on their responsibilities.

BBSRC continues to monitor and assess its information risks in order to identify and address any weaknesses, and ensure continuous improvements of its systems and procedures.

There have been no personal data related incidents in 2011-12 requiring reporting to the Information Commissioner's Office.

**TABLE 1: SUMMARY OF PROTECTED PERSONAL DATA RELATED INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONERS OFFICE IN 2011-12**

<b>Statement on Information risk</b>	<ul style="list-style-type: none"> <li>- All staff have completed information assurance training and data protection awareness training.</li> <li>- A full audit of Corporate Information Governance compliance was completed in 2011-12 awarded a status of largely compliant.</li> <li>- A full audit of Information Legal Compliance completed in 2010-11 and given substantial assurance.</li> <li>- Information Asset roles have been fully defined for implementation during 2012-13.</li> <li>- Procedures have been updated and strengthened to ensure the security of personal data where business need requires the sharing of data with another organisation.</li> <li>- Protective marking policy was introduced in 2011-12.</li> </ul>			
<b>Date of incident (month)</b>	<b>Nature of incident</b>	<b>Nature of data involved</b>	<b>Number of people potentially affected</b>	<b>Notification Steps</b>
None	0	0	0	0
<b>Further action on information risk</b>	Revision of the Data Protection Policy is in progress.			

**TABLE 2: SUMMARY OF OTHER PROTECTED PERSONAL DATA RELATED INCIDENTS IN 2011-12**

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's office but recorded centrally within the Department are set out in the table below

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	1
V	Other	0

**TABLE 3: YEAR-ON-YEAR TOTAL NUMBERS OF PROTECTED PERSONAL DATA RELATED INCIDENTS PRIOR TO 2011-12**

Total number of protected personal data related incidents formally reported to the Information Commissioner's Office, by category number.							Total number of other protected personal data related incidents by category number.						
	I	II	III	IV	V	Total		I	II	III	IV	V	Total
2011-12	0	0	0	0	0	0	2011-12	0	0	0	1	0	1
2010-11	0	0	0	0	0	0	2010-11	0	6	0	2	1	9
2009-10	0	0	0	0	0	0	2009-10	0	0	0	0	3	3
2008-09	0	0	0	0	0	0	2008-09	0	0	0	0	0	0

### Public Sector Information Holder

BBSRC does not sell data and therefore is not making a statement with regard to the requirements set out in HM Treasury and Office of Public Sector Information guidance.

# Sustainability

## Environmental Policy

BBSRC has formalised and strengthened its corporate Environmental Policy which confirms its commitment to promote environmental best practice. Energy efficiency is an important element of the policy.

BBSRC funded Institutes occupying BBSRC sites have fully supported the corporate Environmental Policy and have formulated their individual environmental policies, specific to their own activities, to reflect the framework of the BBSRC policy. Specifically BBSRC is committed to: -

- Understanding its environmental impacts, including the direct environmental impacts of the research that it sponsors. It requires recipients of BBSRC funding to monitor and minimise any adverse impacts on the environment and local communities.
- Compliance with relevant environmental legislation, and, where appropriate, adoption of current standards of best practice.
- Continual development of objectives and targets to reduce environmental impacts through the application of realistic, measurable and achievable performance indicators
- The efficient use of energy and natural resources, minimising waste and encouraging effective re-use and recycling.
- Minimising the environmental impacts of new buildings and structures through good specification and design whilst supporting their primary function.
- Working with suppliers and contractors to promote approaches to supply chain management and product sourcing that minimise adverse environmental impacts.
- Raising awareness and training staff in best practice in order to ensure effective resource management
- Raising awareness and maintaining dialogue with external stakeholders, including commercial and domestic tenants, contractors, suppliers, local communities, local authorities and other organisations, to identify key environmental issues and to ensure standards of best practice on site.
- Regularly reviewing its environmental impacts and environmental management practices.

## Energy Policy

BBSRC is committed to reducing energy consumption to the lowest practical level, commensurate with the realistic needs of the research programme. The policy commitments are: -

- To promote best practice in energy and environmental conservation and to implement strategies to reduce energy consumption and cost
- To promote energy and environmental conservation and to encourage all staff to be efficient with their use of energy
- To ensure, as far as possible, that new buildings, plant and equipment are designed to provide for a high but cost effective standard of energy and environmental conservation
- To implement energy efficient capital schemes at institute sites
- To adopt energy purchasing strategies to achieve the best prices from the marketplace and to seek opportunities for purchasing renewable energy
- To measure and reduce carbon emissions

## Environmental management and implementation

RCUK the body that hosts the seven research councils within Polaris House has been awarded and implements an Environmental Management system (EMS) via ISO -14001.

BBSRC is active in promoting and supporting its associated Institutes in attaining accreditation for Environmental Management systems under ISO 14001 and can report that Rothamsted Research at Harpenden has been awarded ISO 14001 accreditation during this reporting year.

The environmental impact, together with the monitoring and usage of resources within Polaris House is managed by the building operations department (JBOS) which has set a target of reducing to zero, waste disposal to landfill by 2014.

During this reporting year JBOS has installed into Polaris House, electrical voltage filters that are and will continue to achieve on average a 5% reduction in the overall annual electrical energy consumption of the building.

JBOS has continued to implement and integrate energy saving and Carbon reducing technologies into the building systems. There are various technologies available for future consideration, such as: -

- Photo Voltaic electrical generation
- Combined heat and power generation
- Free cooling to serve the IT server room
- Installation of low energy lighting
- Bore hole water supply

The above are technologies that require substantial capital investment, together with extended payback periods that in many cases extend beyond the expected efficient operational life of the integrated components. These technologies require careful examination prior to the commitment of funds to these sizable investments.

## Sustainability

BBSRC is fully committed to a programme of review and reduction in the use of energy, finite resources and waste disposal.

The majority of BBSRC's Carbon emissions emanate from the use of mains supplied electricity within its' head office, Polaris House, and it is this resource that when targeted with energy saving technologies will return the highest level of reductions.

## Financial review

### Financial overview

- As part of the first year of the three year Comprehensive Spending Review 2010 allocation, grant-in-aid funding from BIS increased by £33.2M to £481.6M for 2011-12 (£448.4M in 2010-11). This reflects BBSRC's increased working budget for 2011-12.
- In 2011-12 BBSRC had a working budget of £526M (£482.3M in 2010-11), comprising £407M resource and £119M capital. The table below sets out BBSRC's financial outturn against the budget.
- Following discussion with BIS, and to support the Department in meeting its overall budget targets, BBSRC agreed to deliver a £1M underspend on its administration budget and a £5M overspend on its capital budget. BBSRC was able to operate with a reduced administrative budget due to carrying a high number of staff vacancies throughout 2011-12, which in turn drove lower salary and associated staff costs.

£'000	Resource	Capital	Total
Allocation	407,600	119,000	526,600
Outturn	403,745	123,970	527,715
In year under / (over) spend	3,855	(4,970)	(1,115)

BBSRC's budget outturn set out in the table above is based on Government budgeting rules and is aligned to the budget results recorded by BIS for BBSRC. It is therefore slightly different to the financial accounts, the main difference relating to the treatment of provisions.

### Programme budget

- During the year BBSRC spent £408.0M on research and capital grants (compared to £387.1M in 2010-11). The increase in grant expenditure reflects BBSRC's continued commitment to invest in high-quality bioscience research and facilitates. It also incorporates the efficiency savings delivered via the Wakeham programme (described in more detail on page 12). An analysis of research funding is included in note 2 to the accounts.
- In 2011-12 BBSRC provided £63.7M for training and fellowship awards (compared with £57.5M in 2010-11). The increased funding reflects BBSRC's recognition of the importance of highly trained individuals and up-skilled specialists for sustainable science-driven growth in the UK economy.
- BBSRC's capital allocation in 2011-12 was comprised as follows:

Capital Budget 2011 12	£'000
Base capital allocation	38,000
Research facilities at the Institute of Animal Health, Pirbright	30,000
Research campus development at Babraham and Norwich	40,000
e-infrastructure	11,000
<b>TOTAL</b>	<b>119,000</b>

- In the Budget on 23 March 2011, the Chancellor announced £70M funding for BBSRC to develop research campuses at Babraham Institute and Norwich. During 2011-12 BIS and HM Treasury approved BBSRC's business cases for both projects and agreed to provide BBSRC with funding of £40M in 2011-12 and £30M in 2012-13.
- In the Chancellor's Autumn Statement on 29 November 2011, BBSRC was awarded £11M funding for e-infrastructure out of a total £200M capital investment in science.
- The Autumn Statement also included a commitment for a further £80M funding for the next phase of development of the research facilities at the Institute of Animal Health, Pirbright. This £80M funding is subject to approval of a full business case by BIS and HM Treasury during 2012-13.
- On 5 December 2011, the Prime Minister announced £75M funding for BBSRC to deliver the ELIXIR programme as part of the Government's new 'Life Sciences Strategy'. The ELIXIR programme plans to expand facilities for biological data-storage at the European Bioinformatics Institute in Cambridge and deliver a new technical hub in support of life sciences research and its translation. A full business case has been approved by BIS and HM Treasury, and BBSRC will start receiving funds in 2012-13.
- Capital commitment at 31 March 2012 was £214M covering a variety of projects, including: continuing redevelopment of facilities at IAH Pirbright; research campus developments at Norwich and Babraham; ELIXIR; and poultry facilities at the Roslin Institute at the University of Edinburgh.

- The net book value of BBSRC's tangible fixed asset base increased by £40.5M in 2011-12 to £305.5M due to indexation driven increases in asset values, and increased investment in Buildings under construction at IAH, Pirbright.
- During the year, some IT equipment was disposed resulting in a loss of disposal of £160K as a result of the closure of the Biosciences IT service (BITS) which was the common service provider of Information Communication Technology (ICT) services to BBSRC. BITS closed its operations in April 2012. There was a loss on demolished assets of £275K relating to some redundant pig units at a site leased to a BBSRC strategically funded institute.
- Impairments amounted to £14.0M in 2011-12 compared to £14.4M in 2010-11. The large majority of impairments relate to properties on the two sites leased to the Institute of Animal Health at Compton and Pirbright. The Compton site is planned for closure with IAH moving entirely to the Pirbright site, which is currently undergoing major development. As a result, several buildings have been taken out of use at Compton as they become vacant, and a couple of buildings at Pirbright have been taken out of service to facilitate work on the new development.

## Administration budget

- Like all public sector bodies, in 2011-12 BBSRC has faced challenges in relation to the Government's austerity measures. For BBSRC, these challenges have included: a reduction in the administration budget of £1.5M from 2010-11 to 2011-12 (before the £1M underspend was then delivered); continuing restrictions around recruitment practices; public sector pensions reforms; and a freeze on public sector pay.
- In 2011-12 staff costs fell by £0.6M to £12.8M. This reflects the reduced staff numbers in 2011-12, with the total average number of persons employed falling by 9% from 312.7 in 2010-11 to 284.92 in 2011-12. The reduction in staff numbers in BBSRC's head office in Swindon was 15% between 2010-11 and 2011-12.

## Clear Line of Sight

In 2011-12 BBSRC has played a part in HM Treasury's 'Clear Line of Sight' project, which aims to simplify the reporting of public finances, and improve transparency and accountability. As part of this cross-Government project, BBSRC's parent government department BIS has a legal requirement to produce consolidated resource accounts for 2011-12 incorporating the financial results of its partner organisations. BBSRC, along with around 40 other BIS partner organisations, was required to produce draft accounts information and financial outturn figures to BIS in April 2012 to support the consolidation exercise.

## RCUK Shared Services Centre Ltd (SSC)

The SSC provides processing services in human resources, procurement, payroll, finance, grants, and IT to all seven Research Councils. The Governance Statement in the Accounts describes the performance of SSC during 2011-12.

## Developments since 31 March 2012

There have been no significant events between 31 March 2012 and 22 June 2012, the date when the Accounting Officer approved the accounts.

## Creditor payment policy

BBSRC observes HM Treasury Guidance and makes every effort to pay creditors within 5 days of receipt of invoice. Where this is not possible, BBSRC observes the CBI's Prompt Payers' Guide, and adheres to the principles of the Prompt Payers' Code, endeavouring to ensure compliance with the agreed terms of payment of creditors' invoices and to pay them within 30 days of receipt of invoice. During 2011-12, 72.9% of undisputed invoices were paid within 5 working days (45% in 2010-11). The improvement in performance is the result of ongoing development and improvement work to achieve stabilisation of the SSC.

## Auditors

BBSRC's Accounts are audited by the Comptroller and Auditor General in accordance with Section 2(2) of the Science and Technology Act 1965. The audit fee for the year was £90,000 (2010-11: £86,000). No non-audit work was performed by the Auditors during the year. In so far as the Accounting Officer is aware, there is no relevant audit information of which BBSRC's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the BBSRC's auditors are aware of that information.

**Professor Douglas Kell**  
Chief Executive and Accounting Officer

Date: 22 June 2012

# Remuneration report

## Council Chair and Council members except Chief Executive

### Policy (unaudited information)

Remuneration rates are the same across the Research Councils. The rates are reviewed each year by the Department for Business, Innovation and Skills (BIS). In considering the new rates, BIS may take into account the increase given to the senior civil service. BIS consults with the Research Councils and the agreed change is implemented in October.

Appointments are non-pensionable and there is no entitlement to compensation for loss of office. No fee is payable in respect of Civil Servants, employees of Research Councils and other Non-Departmental Public Bodies and Agencies.

### Remuneration (audited information)

Standard Fee Paid to Council Members (£ per annum)	2011 12	2010 11
Council Chair	16,430	16,430
Council Members who also chair Committees	9,110	9,110
Council Members	6,850	6,850

	Appointments		Remuneration £000s	
	From	To	2011-12	2010-11
Chair – Professor Sir Tom Blundell	01/07/2009	30/06/2013	16	16
Deputy Chair and Chief Executive - Professor Douglas Kell	01/10/2008		0	0
Professor Sir David Baulcombe FRS	01/04/2009	31/03/2013	7	7
Professor John Coggins FRSE	01/04/2008	31/03/2014	7	7
Professor Anne Dell CBE FRS	01/04/2007	31/03/2014	7	7
Professor Russell Foster FRS	01/04/2011	31/03/2015	7	0
Professor Peter Fryer FREng	01/05/2006	31/03/2012	9	9
Mr Jim Godfrey OBE	01/04/2009	31/03/2013	7	7
Dr Mike Goosey	01/04/2011	31/03/2015	7	0
Mr David Gregory	01/04/2010	31/03/2014	7	7
Professor Peter Grindrod CBE	01/04/2009	31/03/2013	7	7
Dr David Lawrence	01/04/2008	31/03/2014	7	0
Professor Keith Lindsey	01/04/2010	31/03/2014	7	7
Professor Christopher Pollock	01/04/2008	31/03/2014	7	7
Dr Andrew Richards	01/04/2008	31/03/2014	9	7
Dr John Stageman	01/04/2008	31/03/2014	7	2
Dr Will West	01/04/2011	31/03/2015	7	0

The total emoluments of the Chairman were honoraria of £16,430 (2010-11: £16,430). The Chairman's appointment is non-pensionable and there is no entitlement to compensation for loss of office.

As noted in the policy section above, no fees are payable to Professor Kell. Dr Lawrence elected not to receive remuneration for his role on BBSRC Council.

## Committee Chairs and Members (unaudited information)

The remuneration of Committee Chairs and Members is set by the Financial Management Group of the Research Councils. Committee remuneration rates are reviewed every two years by the Research Councils' Finance Directors Group. It was decided to maintain the remuneration rates at their current level for 2011-12.

Committee Rates (£ per day)	2011 12	2010 11
Committee Chairman	230	230
Committee Members	170	170

## Hutton Review of Fair Pay (audited information)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in BBSRC in the financial year 2011-12 was £165,000-£170,000 (2010-11, £170,000-£175,000). This was 5.50 times (2010-11 5.68) the median remuneration of the workforce, which was £30,432 (2010-11, £30,391).

In 2011-12, 0 (2010-11, 0) employees received remuneration in excess of the highest-paid director. There is a difference between the figure of the highest paid director in the above note and the remuneration report as Professor Douglas Kell is employed for 4 days a week and the Hutton disclosures require all staff salaries to be calculated at the Full Time Equivalent rate.

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

## Chief Executive and BBSRC Directors (audited information)

### Remuneration Committee

The Chief Executive's remuneration is determined by the Permanent Secretary of the Department for Business, Innovation and Skills. The Permanent Secretary is advised by a Remuneration Committee chaired by the Director General of Research Councils. The Chair of BBSRC Council is consulted.

### BBSRC Remuneration Board

The remuneration of BBSRC Directors is reviewed and adjusted annually by the Council Remuneration Board. The Board is chaired by the Chair of Council and other membership comprises the Chief Executive and three Council Members, at least one of whom must have an industry background. Members of the Remuneration Board are listed within the Governance Statement in the Accounts.

### Policy

Subject to successful performance, the Chief Executive's salary rises by a cost of living increase and a pre-determined incremental increase up to a salary ceiling. In addition, non-consolidated, non-pensionable annual performance related pay may be awarded for performance towards objectives agreed by BBSRC and the Chief Executive.

The BBSRC Remuneration Board reviews performance against a series of objectives, categorised between fundamental, value-added or breakthrough, in determining each Director's annual salary level and any Performance Related Pay award. The Board will also take account of public sector pay constraints, relativities, job weight and any special factors. Increases are normally awarded from 1 July annually.

### Contractual Policy

Professor Douglas Kell was appointed BBSRC Chief Executive on 1 October 2008 on a four year fixed term contract, with the option for extension. Professor Kell is employed with BBSRC for four days a week and continues to be employed one day a week with the University of Manchester.

BBSRC Directors are members of the BBSRC Executive Group. The Directors are on indefinite contracts, similar to the majority of BBSRC staff, with notice periods of three months. Directors' remuneration for 2011-12 is detailed in the table below. No Director is in receipt of benefits in kind.

## Remuneration of Senior Employees (audited information)

	Director of Corporate Policy and Strategy	Director of Communications and Information	Deputy Chief Executive	Director of Finance	Director of Human Resources	Director of Human Resources / Director of Operations and Improvement	Chief Executive*	Director of Innovation and Skills	Director of Research
	Mr Paul Burrows	Mr Paul Gemmill	Mr Steve Visscher	Mr David Parfrey	Janet Juillerat	Mr Peter Swinburne	Professor Douglas Kell	Dr Celia Caulcott	Professor Janet Allen
Date of appointment	From 1 July 2009	From 1 Nov 2008	From 1 Oct 2008	From 1 Nov 2008	12 Oct 2009 – 26 April 2010 (acting) and from 1 Mar 2012	Director of Human Resources 1 Oct 2002 – 1 Mar 2012 Director of Operations and Improvement from 1 Mar 2012	From 1 Oct 2008	From 15 Sept 2008	From 1 Oct 2008 – 31 Oct 2011
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salary and allowances in 2011-12	65-70	90-95	145-150	90-95	70-75	90-95	130-135	105-110	100-105
Performance Related Pay in 2011-12	0-5	5-10	10-15	0-5	0	0-5	0	5-10	0
Salary and allowances in 2010-11	65-70	90-95	140-145	80-85	70-75	90-95	130-135	105-110	100-105
Performance Related Pay in 2010-11	0-5	5-10	5-10	0-5	0-5	0-5	0	10-15	0-5
Real increase in pension and lump sum at age 60	-5-0	0-5	5-10	0-5	0-5	-5-0	0-5	0-5	0-5
Total accrued pension and lump sum at age 60 as at 31 March 2012/ leaving date	105-110	10-15	295-300	15-20	20-25	70-75	5-10	10-15	40-45
Cash equivalent transfer value as at 31 March 2012	481	277	1,558	249	313	597	115	120	619
Cash equivalent transfer value as at 31 March 2011	453	204	1,326	205	281	580	91	86	567
Real increase in cash equivalent transfer value 2011-12	-11	53	49	24	7	-4	14	24	2

\* Based on a four-day working week

### Salary and Allowances

Salary and allowances covers both pensionable and non-pensionable amounts and includes: gross salaries; performance related pay; over-time; allowances and any ex-gratia payments. It does not include amounts which are a reimbursement of expenses directly incurred in the performance of an individual's duties.

### Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. There were no benefits in kind for any of the senior management during the year.

### Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The performance related pay awards reported in 2011-12 relate to performance in 2011-12 and the comparative awards reported for 2010-11 relate to the performance in 2010-11.



## Compensation for loss of office

There has been no compensation for loss of office of senior managers in 2011-12 or 2010-11.

## Details of Pension Scheme

The employees of the Council are members of the Research Councils' Pension Scheme (RCPS) which is a defined benefit scheme funded from annual grant-in-aid on a pay-as-you-go basis. The RCPS is in all respects 'by-analogy' with the Principal Civil Service Pension Scheme, except that the employer's contribution is determined separately. The scheme provides retirement and related benefits based on final or average emoluments. Redundancy and injury benefits are administered and funded by the Council. The scheme is administered by the Research Councils' Joint Superannuation Service with the associated grant-in-aid managed by BBSRC.

Employees may be in one of four defined benefit scheme arrangements; either a 'final salary' scheme (classic, classic plus or premium); or a career average scheme (nuvos). Pensions payable are increased annually in line with changes in the Consumer Prices Index (CPI). The employer contribution rate is agreed by the RCPS Board of Management on the recommendation of the Government Actuary's Department (GAD) and is set at 26.0% of pensionable pay. Employee contribution rates have varied between 1.5% and 3.5% depending on scheme. However, from 1 April 2012 employee contribution rates have been increased and the new rates are as follows:

Annual pensionable earnings (full time equivalent basis)	1 April 2012 Classic Scheme contribution %	1 April 2012 Classic Plus, Premium & NUVOS Scheme contribution %
Up to £15,000	1.5	3.5
£15,001 - £21,000	2.1	4.1
£21,001 - £30,000	2.7	4.7
£30,001 - £50,000	3.1	5.1
£50,001 - £60,000	3.5	5.5
Over £60,000	3.9	5.9

As an alternative to the RCPS a Partnership Pension Account was made available to new recruits from 1 October 2002. It is based on the portable Stakeholder Pension introduced by the Government in 2001. This is a defined contribution scheme. The employers pay the RCPS 0.8 percent of pensionable pay to cover death in service and ill health benefits. The employers pay an age related contribution to the employee's private pension provider.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age or immediately on ceasing to be an active member of the scheme if they are already at or over pensionable age. Pensionable age is 60 for members of the classic, classic plus and premium scheme arrangements and 65 for members of Nuvos.

For further details about the Research Councils Pension Scheme pension arrangements can be found at the website <http://jsspensions.nerc.ac.uk/>

## Cash Equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's or partner's pension payable from the scheme. A CETV is a payment made by a pension scheme when the member leaves a scheme and chooses to transfer the benefits accrued in the former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme which the individual has transferred to the Research Councils' pension arrangement and for which the RCPS has received a transfer payment commensurate with the additional pension liabilities being taken on. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years and additional pension at their own cost.

## Real increase in the value of the CETV

The real increase in the value of the CETV reflects the increase effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme) and uses common market valuation factors for the start and end of the period. The actuarial factors used in the calculation of the CETV rate changed during 2011. The new factors mean that the CETV figures shown for 31 March 2011 will not correspond to the figures shown in the remuneration report in the 2010-11 published accounts.

Professor Douglas Kell  
Chief Executive and Accounting Officer

Date: 22 June 2012

# BBSRC Institutes and Centres

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- Babraham Institute
- Institute for Animal health
- Institute of Biological, Environmental and Rural Sciences at the University of Aberystwyth
- Institute of Food Research
- John Innes Centre
- Roslin Institute at the University of Edinburgh
- Rothamsted Research
- North Wyke Research
- The Genome Analysis Centre
- BBSRC Sustainable Bioenergy Centre
- Centre for Integrated Systems Biology of Ageing and Nutrition
- Centre for Integrative Systems Biology at Imperial College
- Manchester Centre for Integrative Systems Biology
- Centre for Systems Biology at Edinburgh
- Centre for Plant Integrative Biology
- Oxford Centre for Integrative Systems Biology
- Imperial College Centre for Structural Biology
- North of England Structural Biology Centre
- York Structural Biology Laboratory
- Bloomsbury Centre for Structural Biology
- Centre for Protein and Membrane Structure and Dynamics
- Cambridge and East Anglia Centre for structural Biology

## Acronyms

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AHRC	Arts and Humanities Research Council	IBTI	Integrated Biorefining Research and Technology Club
BBR	Bioinformatics and Biological Resources	iCASE	Industrial Collaborative Awards in Science and Engineering
BBSRC	Biotechnology and Biological Sciences Research Council	IEA	Institute Assessment Exercise
BI	Babraham Institute	IFR	Institute of Food Research
BIS	Department for Business, Innovation and Skills	JIC	John Innes Centre
BRIC	Bioprocessing Research Industry Club	LFCF	Large Facilities Capital Fund
BSBEC	BBSRC Sustainable Bioenergy Centre	LLHW	Lifelong health and wellbeing
CASE	Collaborative Awards in Science and Engineering	LWEC	Living With Environmental Change
CEDFAS	Combating Endemic Diseases of Farmed Animals for Sustainability	MRC	Medical Research Council
CPD	Continuing Professional Development	NDPB	Non-Departmental Public Body
Defra	Department for Environment, Food and Rural Affairs	NERC	Natural Environment Research Council
DFID	Department for International Development	NGO	Non-Governmental Organisation
Dstl	Defence Science and Technology Laboratory	NFU	National Farmers Union
DTPs	Doctoral Training Partnerships	NRP	Norwich Research Park
EMBL-EBI	European Molecular Biology Laboratory's European Bioinformatics Institute	NRP LLP	Norwich Research Partners Limited Liability Partnership
ESRC	Economic and Social Research Council	PBL	Plant Bioscience Ltd
EPSRC	Engineering and Physical Sciences Research Council	RBL	Roslin BioCentre Ltd
ERA-IB		RCUK	Research Councils UK
FSA	Food Standards Agency	RELU	Rural Economy and Land Use Programme
GDP	Gross Domestic Product	RI	Roslin Institute
GFS	Global Food Security	RRes	Rothamsted Research
HEFCE	Higher Education Funding Council for England	SCPRID	Sustainable Crop Production Research for International Development
HEI	Higher Education Institution	SCRI	Scottish Crop Research Initiative
HSE	Health and Safety Executive	SSC	Shared Services Centre
IAH	Institute for Animal Health	STFC	Science and Technology Facilities Council Development Fund
IBERS	Institute of Biological, Environmental and Rural Sciences	TGAC	The Genome Analysis Centre
		TSB	Technology Strategy Board

# Annual Accounts 2011-2012

## Statement of Responsibility of Council and Chief Executive as Accounting Officer

Under Section 2(2) of the Science and Technology Act 1965, the Secretary of State with the consent of HM Treasury has directed BBSRC to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of BBSRC and its net expenditure, changes in taxpayers' equity, and cash flows for the financial year.

In preparing the Accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual ([www.financial-reporting.gov.uk](http://www.financial-reporting.gov.uk)) and in particular to:

- ▶ observe the Accounts Direction issued by the Secretary of State including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- ▶ make judgments and estimates on a reasonable basis;
- ▶ state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- ▶ prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Council will continue to operate.

The Department for Business, Innovation and Skills has appointed the Chief Executive as Accounting Officer of BBSRC. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding BBSRC's assets, are set out in the NDPB Accounting Officers' Memorandum issued by HM Treasury and published in 'Managing Public Money'.

# Governance Statement by Chief Executive

## 1. Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of BBSRC's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me and disclosed in 'Managing Public Money'.

The BIS Accounting Officer has designated me as the Accounting Officer of BBSRC, responsible for the effective, safe and efficient operation of the Council in accordance with the Management Statement and Financial Memorandum agreed between BBSRC and its sponsoring department, the Department for Business, Innovation and Skills (BIS).

## 2. The Purpose of the Governance Statement

The Governance statement, for which I take personal responsibility, gives a clear understanding of the dynamics of BBSRC and its control structure. It records the stewardship of BBSRC, and provides a sense of BBSRC's performance during the year and how successfully it has coped with the challenge it faces. The statement explains how BBSRC has complied with the principles of Good Governance and reviews the effectiveness of these arrangements.

## 3. Governance Framework

BBSRC is an independent non-departmental public body of BIS, established by Royal Charter. BBSRC's working relationship and lines of accountability with its sponsor department BIS are defined through a Management Statement and Financial Memorandum, which are subject to periodic review.

In my role as BBSRC's Accounting Officer, I am supported by BBSRC's Council, its Boards, and the Executive Group within BBSRC.

### Council

Council is BBSRC's top level decision-making body, and comprises the Chair, me, and between 10-18 other members, at least half of whom are appointed for their qualification in relevant science. Users of research, Government and industry, are also represented. All members are appointed by the Secretary of State for Business Innovation and Skills, and are required to abide by a code of practice that covers conflicts of interests and general conduct.

Council is a body corporate with executive responsibilities set up under the Science and Technology Act of 1965 and by Royal Charter (amended 1993) thus ensuring that it has separate legal status. Council members have corporate responsibility for the actions of Council and BBSRC staff. Council meets at regular intervals throughout the year and exercises full and effective control over the activities of BBSRC and its staff. Council decides all issues of major importance, including: issues of corporate strategy; key strategic objectives and targets; major decisions involving the use of financial and other resources; and substantive personnel issues, including key appointments. Nevertheless, Council delegates responsibility to me, as Chief Executive, and BBSRC staff to the maximum extent possible.

Examples of recent Council meeting agenda items for discussion include:

- ▶ Final report from the Council and Executive sub-group regarding the role of Strategy Advisory Board, Council and the Executive
- ▶ Outcomes from the Institute Assessment Exercise
- ▶ Progress on campus developments
- ▶ Recommendations from the Council-sub Group on Avian Facilities
- ▶ Doctoral Training Partnership Scheme
- ▶ Report on Synthetic Biology mission to Chinese Agencies and Researchers
- ▶ Remit of the Remuneration Board
- ▶ Summary of the Bribery Act 2010

The table below shows Council membership and number of meetings attended during 2011-2012:

Council Member	No. of meetings attended 2011-12 (max 5)
<b>Professor Sir Tom Blundell FRS – Chair</b>	5
Professor Sir David Baulcombe FRS – Academic	5
Professor J Coggins OBE FRSE – Academic	5
Professor A Dell CBE FRS – Academic	4
Professor R Foster FRS – Academic	5
Professor P Fryer - Academic	5
Mr D Gregory - Industry/User	4
Professor P Grindrod CBE - Academic	4
Mr J Godfrey OBE - Industry/User	5
Dr M Goosey - Industry/User	5
Professor D Kell FSB - BBSRC Chief Executive	5
Dr D Lawrence - Industry/User	4
Professor K Lindsey – Academic	5
Professor C Pollock CBE – Academic	4
Dr A Richards - Industry/User	4
Dr J Stageman OBE - Industry/User	5
Dr W West - Industry/User	4
Mr Jeremy Clayton – Observer for the Secretary of State for BIS	2
	(Dr Graeme Reid also attended 3 on his behalf)

In line with good corporate governance practice, each year BBSRC carries out a formal appraisal of the performance of Council. Collective appraisal provides Council with an opportunity to consider its own effectiveness and to comment on issues which are not normally part of its usual business.

Members of Council (excluding the Chair and myself) are required to complete an online questionnaire which provides information for an anonymous and confidential collective report. It is then presented to Council for an open discussion on issues of significant note. There were a number of themes in the responses to this year's appraisal of Council:

- ▶ The amount of information Council receives, its timeliness and the level of detail in relation to financial information. A sub-group of Council was formed to consider this in more detail and actions are in hand to ensure reporting is better tailored to suit Council purposes.
- ▶ The relationship and communication between Council and the Executive. Council recognised various improvements in the year and expressed a wish for these to be maintained and built upon in future. We have introduced a 'buddy' system whereby each member of the Executive has specific responsibilities for two Council members.
- ▶ A desire for Council to have more in depth involvement at an early stage in strategy/policy development. BBSRC reviewed our overall strategic advice system and introduced a number of changes which will give Council members greater involvement in strategy development from the beginning.

BBSRC also has in place annual appraisals of individual Council members. The resulting reports are used in the process for considering Council re-appointments.

An audit of Corporate Governance was conducted by the Research Councils Internal Audit Service (RCIAS) during 2011-12. The focus of the audit was to provide a high level independent assessment of the controls, processes and safeguards in place against the principles and policies set out in the Cabinet Office Principles of Good Governance in Executive NDPBs. The audit concluded that BBSRC was largely compliant with only two provisions not met out of a total of 62. Both of the provisions not met are under consideration by BBSRC.

## Council's Boards

Council approves the membership of the four Boards that report to it; namely the Appointments Board, Audit Board, Remuneration Board and Strategy Advisory Board. The Chair of each Board is required to report regularly on the work of their respective Boards and to take forward specific tasks as directed by Council.

### Audit Board

The Audit Board Chair and at least three non-executive members are appointed by the Council, being members independent of management and free of any relationship that, in the opinion of the Council, would interfere with the exercise of independent judgement as Board members.

Audit Board meets at least three times a year to monitor standards of risk management, corporate governance, internal control reports from the Research Councils' Internal Audit Service, external audit reports and to review the annual statutory accounts of BBSRC and the BBSRC-hosted Research Councils' Pension Schemes. Audit Board approves BBSRC's internal audit programme plan for the year in the light of the key risks identified as part of the risk management framework. In particular, business critical projects are picked out for special assessment by the Audit Board on an ongoing basis.

The table below shows Audit Board membership and number of meetings attended during 2011-2012:

Members	No. of meetings attended 2011-12 (max 3)
Dr A Richards – Chair	3
Dr D Brightman – Independent	2
Dr D Gregory – Council Member	2
Professor A Dell – Council Member	2
Mr M Samuel – Independent	2

Council is provided with the minutes of Audit Board and is given an oral update by the Audit Board Chair. During 2011-12 the following points were highlighted to Council:

- ▶ An update on the progress of the 2010-11 Annual Report and Accounts for BBSRC and the 2010-11 statutory accounts of the Research Councils Pension Schemes which BBSRC hosts
- ▶ The risks involved with the shorter timeframes for producing the 2011-12 Annual Accounts
- ▶ Audit Board's agreement to the process and controls for a new Strategic Opportunities Fund
- ▶ Audit Board monitoring of the savings achieved via BBSRC's usage of the RCUK Shared Services Centre Ltd

Like Council, BBSRC Audit Board undertakes a formal appraisal of its performance annually. Each year Audit Board members are required to complete a questionnaire which will provide information for an anonymous and confidential collective report. It is then presented to the Audit Board for an open discussion on issues of significant note. A summary of the outcomes of the 2011 appraisal is below:

- ▶ Audit Board expressed that they would like to be engaged and informed as soon as possible of any key issues in between the meetings. BBSRC has introduced a process of engaging Audit Board via correspondence and with additional phone or video conference meetings to discuss specific issues.
- ▶ A revised timetable for papers was agreed between Audit Board and the Secretariat
- ▶ The timings of agendas were revised to enable greater discussion time at Audit Board meetings

Audit Board also felt that Council should have greater involvement in some of the key issues. A sub group of Council members (industrial and academic) has been set up with a responsibility to examine financial issues in more detail on behalf of Council as a whole. In addition, Audit Board agreed that in accordance with HM Treasury's Audit Committee Handbook, members should be given the opportunity of undertaking a written self-appraisal. Individual appraisal provides the Chair of Audit Board with an opportunity to consider how members each see their performance contributing to the overall performance of the Board.

## Remuneration Board

The Remuneration Board is responsible for ensuring compliance with Public Sector pay guidance and promoting the aims of the BIS and Government Policy on Senior Remuneration. The Board is responsible for evaluating the performance of the Directors in BBSRC Office and determining their remuneration. Remuneration Board also has a review role as follows:

- ▶ review reports from Institute Chairs (local Remuneration Boards)
- ▶ monitor local procedures to confirm they are in line with good practice
- ▶ monitor outcomes and identify possible inconsistency of standards
- ▶ identify any diversity issues
- ▶ alert Chairs of Governing Boards to cases where apparent inconsistencies or diversity issues may require a reappraisal of standards or procedures.

Remuneration Board meets once per year.

Remuneration Board Members	No. of meetings attended 2011-12 (max 1)
Professor Sir Tom Blundell FRS (Chair) - BBSRC Chairman	1
Professor J Coggins OBE FRSE – BBSRC Council Member	1
Professor P Fryer - BBSRC Council Member	1
Professor D Kell - BBSRC Chief Executive	1
Dr D Lawrence - BBSRC Council Member	0
Professor P Grindrod - BBSRC Council Member	1

## Appointments Board

Appointments Board is responsible for the open and transparent selection processes for the appointment of members to BBSRC Panels and Committees. BBSRC Panels advise on strategy development and Committees assess funding applications. Appointments are made on the basis of quality and suitability to carry out in full the responsibilities of the Panel or Committee to which the appointments are being made, with due regard to; the balance of expertise, appropriate representation of 'user community' on each Panel and Committee, achieving a balance of members in terms of location at both institutional and regional levels on each Panel or Committee, and diversity issues.

Appointments Board meets twice per year, although it also deals with appointments by correspondence throughout the year.

Appointment Board Members	No. of meetings attended 2011-12 (max 2)
Professor P Fryer (Chair) - BBSRC Council Member	1
Professor R Bardgett - Chair BBSRC Committee	1
Professor J Burke - Independent	1
Professor J Coggins OBE FRSE - BBSRC Council Member	2
Professor A Hetherington - Chair of BBSRC Strategy Panel	0
Professor R Hubbard (appointed 1 August 2011) - Independent	1 (max)
Professor J Hurst - Independent	2
Professor C Rawlings - Independent	2

Council is provided with the minutes of Appointments Board and is asked to approve appointments to Panel and Committee Chairs. During 2011-12 the Appointments Board Chair highlighted the following to Council:

- ▶ Currently there is sufficient expertise in the Pool of Experts but there is a need to keep the balance of members across the four committees under review
- ▶ Concern about a reduction in the number of women applying and proposed for appointments.
- ▶ The need for BBSRC to be more proactive in seeking expression of interest for calls to Panels/Committees/Pool of Experts. A number of actions is being taken forwards to address this, both individually by BBSRC and collectively across all Research Councils.

## Strategy Advisory Board

Strategy Advisory Board (SAB) advises Council on strategic issues relevant to BBSRC's science and innovation obligations, including training, skills and science in society. However, during 2011-12 Council agreed to the formation of a time-limited and task-specific subgroup, comprising members of Council and the BBSRC Executive, to consider the process through which Council and the Executive receive their high-level strategic advice and, in particular, the role of SAB.

As a result of the work of this subgroup, at its December 2011 meeting Council formally approved the disbanding of SAB and the setting up of a new advisory structure. The new structure will comprise three 'domain strategy' advisory panels - Bioscience for Industry, Bioscience Skills and Careers, and Bioscience for Society – and four 'sector strategy' advisory panels - Food Security, Basic Bioscience Underpinning Health, Industrial Biotechnology and Bioenergy, and Exploiting New Ways of Working.

The subgroup also recommended that a new Research Panel be established to focus on advice around the integration and balancing of BBSRC's research portfolio and priorities. The new Research Panel is intended to strengthen the link between strategy and peer review by bringing together the Chairs of Committees, Strategy Advisory Panels, and Training Awards Committees and Council members of the Strategic Longer and Larger grant Committee.

SAB did not meet during 2011-12. However, minutes of the final March 2011 meeting were provided to Council and the Chair of SAB reported the following:

- ▶ Drew Council's attention to a vigorous discussion on BBSRC funding of neuroscience
- ▶ The need to make Council aware of any contentious item discussed at any one of the meetings of its' Boards
- ▶ Presented to Council the Strategic Issues Log which contains high-level strategic issues upon which Council or the BBSRC Executive may wish to seek advice and input from SAB

## Executive

BBSRC Executive Group comprises me, the Deputy Chief Executive and Directors. Executive Group meets fortnightly, alternating between operational issues and strategic issues. Executive Group is responsible for taking forward actions on all matters emanating from Council and its Boards. It also ensures that relevant business is laid before Council in a timely manner, and reviews business associated with BIS and RCUK.

It is the role of all Directors to support and advise me regarding my responsibility to ensure the effective, safe and efficient operation of BBSRC. Directors' Stewardship Statements are completed by each BBSRC Group Director and the Deputy Chief Executive on an annual basis, and the results are discussed at an Executive Group meeting. These statements provide assurance to me, in my role as Accounting Officer, that a sound system of internal control has been in place throughout BBSRC for the year.

For 2011-12, the combined view from the Stewardships Statements was that all of BBSRC's business areas were given full or substantial assurance ratings. Directors discussed the areas where weaknesses or improvements were identified, and agreed that adequate mitigating actions were in place. This provided me with a satisfactory level of assurance.

## Institutes

BBSRC's scientific remit requires research that is most appropriately delivered at mission-oriented Institutes with specialist facilities, alongside that conducted in university research departments, and new multi-disciplinary and 'virtual' centres.

In 2011-12, revised governance arrangements were implemented for Institutes previously sponsored by BBSRC, which resulted in independence of these bodies from BBSRC. BBSRC Executive Directors continue to meet regularly with Institutes to discuss high level policy and strategic issues. In terms of BBSRC's assurance regarding Institutes, BBSRC's Audit Board focuses on the following:

- (i) BBSRC's grants funding, where no changes are proposed to the current RCUK Assurance programme which provides an annual report to the BBSRC Audit Board;
- (ii) BBSRC's owned estate, where Audit Board will be presented with an annual review, and associated risks will be managed via BBSRC's Corporate Risk Register which Audit Board reviews regularly;
- (iii) BBSRC's capital developments, which are included within Audit Board's regular reports on business critical projects, as well as in BBSRC's Corporate Risk Register; and
- (iv) reputational risks to BBSRC from Institute activities, which are again managed via the BBSRC Corporate Risk Register as appropriate.

## 4. System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of BBSRC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in BBSRC for the year ended 31 March 2012 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

## 5. The Risk and Control Framework

Overall responsibility for risk management in BBSRC rests with me as the Chief Executive and Accounting Officer. I sign this annual Governance Statement as part of the audited Annual Accounts. The task of implementing and maintaining the risk management policy and strategy is delegated to the Director of Finance who fulfils the role of the Director responsible for risk. However, all BBSRC Directors share the responsibility to ensure the effective application of BBSRC's risk management strategy and policy. Within this established structure, BBSRC gives leadership to the process by a number of means, including:

- 1) setting out a risk management policy and strategy and defining the BBSRC level risk appetite;
- 2) signing up to risk management assurance statements at the most senior levels within BBSRC;
- 3) updating and reviewing the corporate register of key risks at least quarterly by senior management and at every Audit Board meeting;
- 4) reinforcing risk management at staff level through the development and implementation of group-level risk registers in support of those at corporate level;
- 5) appointing risk "owners" for all risks identified. These will typically be middle/senior managers within BBSRC who will be responsible for the day-to-day management of risk. They will lead the development of appropriate risk management plans and ensuring that risk response actions are carried out as required;
- 6) a formal PRINCE 2 based project management approach with embedded risk management is used for major activities, including the business critical projects listed below;
- 7) hosting the RCUK Internal Audit Service (RCIAS) which is responsible for providing an assessment of internal control to Chief Executives, through a carefully determined and managed internal audit programme. In BBSRC, the RCIA programme forms a key part of an overall Assurance Map, which brings activities, risks and assurance together;
- 8) hosting the RCUK Assurance unit which is responsible for managing and undertaking the Research Councils Assurance Programme;
- 9) considering the interests of key stakeholders and operational partners in the formation and delivery of risk management policy and strategy;
- 10) using the Office of Government Commerce Gateway review process for significant programmes, including the business critical projects below; and
- 11) a formal whistle-blowing procedure set out in BBSRC's Employment Code, with the Chair of BBSRC's Audit Board acting as a confidential, external contact.

BBSRC actively encourages a culture of effective risk management. This recognises that effective risk management is an essential component of successful business operations, rather than simple risk avoidance.

BBSRC adopts HM Treasury best practice on corporate governance and risk management. Risk management and internal control are considered on a regular basis by BBSRC Executive and Audit Board during the year. Both groups regularly review the strategic and operational risk management registers and framework, and receive reports on business critical projects pertaining through the year.

The activities of the Research Councils' Internal Audit Service (RCIAS) in respect of BBSRC are reviewed by Audit Board and the scope of the internal audit plan for the coming year, which is based on the overall assessment of risk, is agreed. With this overarching view of audit activities, Audit Board plays a pivotal role in evaluating and reviewing the evidence supporting the Chief Executive's assurance statement on internal control.

The Council's role, in terms of risk management, is to oversee the work of Audit Board through review of Audit Board minutes and key risks highlighted by the Audit Board Chair.



## Risk Assessment

BBSRC's Corporate Risk Register identifies key risks and the possible threat/opportunity should these risks crystallise. It assesses the probability, impact and proximity, and considers the inherent, current and target exposure levels. Existing controls and mitigation plans are noted alongside an indication of the current trajectory of the risk. If risks materialise, they are transferred to the Corporate Issues Register, which is managed alongside the Corporate Risk Register.

The Corporate Risk Register is formally monitored on a quarterly basis by BBSRC's Executive Group and is circulated to every Audit Board meeting. The Corporate Risk Register is supported by directorate risk registers, which enable the effective escalation of risks for consideration by BBSRC's Executive.

As an indicative benchmark, BBSRC's Audit Board and Executive agreed that around 15 corporate risks fit within our appetite and our ability to manage the risk profile. At 31 March 2012, the Corporate Risk Register had 18 risks which had been agreed and were being monitored. Of the 18 risks, 6 risks are rated with a black/red current risk score. The successful delivery of mitigations plans will reduce this exposure to zero risks with a red score. I believe that this supports the view that active risk management is having a strong influence and impact on BBSRC operations.

During 2011-12, some of the key risks for BBSRC related to: the sustainability of BBSRC-funded institutes and the implementation of governance changes; the ability to invest in and manage UK based data storage capabilities; the efficient use of resources and delivery of savings; the need for proactive change management within the organisation; the delivery of the BIS requirements for the 'Clear Line of Sight' initiative (described in more detail in the Financial Review on page 18); and the inadequacy of management information reporting currently available from our finance and grants systems. For all of these risks, mitigating actions were identified and BBSRC's Executive and Audit Board continue to monitor and manage these actively.

Certain risks materialised into issues during the year and were actively managed via the Corporate Issues Register. At 31 March 2012, these included: the pressures on staffing levels resulting from the Government's austerity measures (including the recruitment and pay freezes); the monitoring of performance of the SSC; and the functionality of the new grants system. I am confident that the risk management framework in place has helped, and will continue to help, support the organisation as it manages and responds to these issues.

During 2011-12, BBSRC had one minor lapse of data security; no damage or distress was caused to any data subjects and therefore the lapse was logged internally and not reported to the Information Commissioner's Office.

## Managing Risk of Financial Loss

During 2011-12, BBSRC implemented HM Treasury's 'Managing Risk of Financial Loss' initiative which aims to improve processes, controls and awareness of the risk of financial loss in public sector organisations. The initiative specifically targets financial transaction processing systems that result in payments or receipts.

The Research Councils opted to take a harmonised approach to implementation, aligned with the use of a common shared services centre, the RCUK Shared Service Centre Ltd (SSC). Shared conclusions from the exercise were fed into the Research Councils' SSC Client Assurance Service Group (described below) and actions were taken forwards as part of this wider SSC assurance work. BBSRC-specific conclusions were fed into BBSRC's risk management system.

## Business Critical Projects

Business Critical Projects are defined as projects that could have a major and pervasive effect across one or more of BBSRC's principal areas of activity. Failure of any of these projects could adversely affect the Council's operation and reputation or financial position.

The business critical projects at 31 March 2012 were as follows:

1. Campus Funding totalling £70M for the development of the Norwich and Babraham research campuses.
2. The ELIXIR programme totalling £75M, which plans to expand facilities for biological data-storage at the European Bioinformatics Institute in Cambridge and deliver a new technical hub, in support of life sciences research and its translation.
3. The Pirbright redevelopment at the Institute of Animal Health totalling £140M for the first phase of development to construct truly world class facilities.

## RCUK Shared Services Centre (SSC)

The SSC provides processing services in human resources, procurement, payroll, finance, grants, and IT to all seven Research Councils. During 2011-12, work was ongoing to develop further the security and controls framework operating between the Research Councils and the SSC.

## Client Assurance Service Group (CSG)

CSG represents all seven Research Councils in their relationship with the SSC as clients. The SSC project ended on 31 March 2011. Since that date, and therefore for the whole of the current 2011-12 financial year, the body responsible for co-ordinating the Councils' collective engagement with the SSC as clients has been the CSG. The CSG has taken responsibility for, inter alia, the negotiation of annual service charges and development funding; the development of business improvement activities in each of the main functional areas covered by SSC service delivery; and oversight of an end to end audit assurance programme. Formal approval of funding is however made by the Efficiency and Reform Group, advised by CSG. It is expected that during the course of 2012-13 other bodies will start to receive a range of services from the SSC at which point the Councils will no longer be the principal clients and the continued role of the CSG and its ability to fulfil an assurance role will require further consideration.

Looking ahead, the expansion of the SSC's client base presents the Councils with both threats and opportunities. It is expected that greater economies of scale will lead to reductions in unit costs and therefore service charges. There is, however, some concern around the potential disruption to the current level of service over the coming year and potentially beyond as a diverse range of new clients come on board. There is also some concern that a lack of immediate interest in taking up grants services on the part of new customers may lead to a downgrading of its relative importance. It will be important, therefore, that appropriate new governance arrangements are put in place to protect the Research Councils during this period of transition.

In respect of 2011-12, CSG has produced an Assurance Statement which identifies the key areas of concern identified by the RCIAS end-to-end audits (see below). From January 2012, a joint SSC/CSG assurance report has been agreed and submitted to the BIS Assurance Board. The current level of assurance is amber in recognition of the large number of end to end process audits with only limited assurance at this stage. A programme of priority development work for the first quarter of 2012-13 has also been agreed and funded so that it is currently expected that it will be possible to achieve the necessary stabilisation in all functional areas by the end of June 2012.

## Research Councils Internal Audit Service (RCIAS)

The Director of Internal Audit is required to provide me with an opinion on the overall adequacy and effectiveness of the BBSRC's framework of governance, risk management and control. This opinion is provided in accordance with Governance Internal Audit Standards and is informed through the work of internal audit completed during the year in line with the internal audit plan agreed by management and the Audit Board. The internal audit plan covers three assurance components:

- ▶ BBSRC core activities;
- ▶ BBSRC/RCUK SSC Shared assurance; and
- ▶ Cross-Council assurance.

Based on the work of internal audit, the Director of Internal Audit was able to provide substantial assurance that the system of internal control in place at the BBSRC for the year ended 31 March 2012 was operating effectively. This assurance can be broken down between the three assurance components as follows:

- ▶ BBSRC core activities and cross-client assurance: substantial assurance reflecting a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weaknesses in design and/or inconsistent application of controls put the achievement of particular objectives at risk; and
- ▶ BBSRC/RCUK SSC shared assurance: limited assurance highlighting weaknesses in the design, and/or inconsistent application of controls, that put the achievement of the organisation's objectives at risk in a number of the areas reviewed.

The RCIAS report highlights critical outstanding actions relating to the processes to mitigate risk in the following areas:

- ▶ duplication of payments;
- ▶ auditing expense claims;
- ▶ cash management reconciliations;
- ▶ IT application security; and
- ▶ master data maintenance.

The weaknesses noted above were identified through the RCIAS work on the SSC end-to-end shared business processes where responsibility for addressing identified weaknesses is shared between the SSC and Research Councils. Over the coming year, BBSRC, collectively with the other Research Councils and the SSC, will pursue resolution of these issues.

From the internal audit programme as a whole, I am able to gain the necessary confidence and assurance on the workings of the audit framework, but note that progress on the resulting actions needs to be accelerated.

## RCUK Assurance

The Research Councils' UK Assurance Unit is hosted by BBSRC and acts on behalf of the Research Councils by reviewing the regularity of expenditure on Research Council grants at all eligible Research Organisations. The programme typically involves around 15-20 visits per annum to the research intensive organisations, supplemented by 15 desk based reviews for the less research intensive bodies.

Assurance activities focus on the control environment and its effectiveness in ensuring compliance with the Research Councils' terms and conditions which accompany grant funding, with a further strand of work focusing on the scrutiny of the costing methodology used in research organisations, which for universities is the Transparent Approach to Costing (TRAC). The programme is an important element of the risk management framework for the BBSRC with an annual report produced for me, as the Accounting Officer, which reports on activities undertaken in the year as well as proposed activities for the following year.

For 2011-12, 17 visits were undertaken along with 15 desk based reviews. Where specific issues were identified with universities an action plan is in place to ensure appropriate improvements are introduced. The work undertaken in 2011-12 and findings provided me with a satisfactory level of assurance.

## 6. Review of Effectiveness and Conclusion

As Accounting Officer, I have responsibility for conducting an annual review of the effectiveness of BBSRC's governance, risk management and internal control. My review is informed by the work of the internal auditors and the Executive Directors within BBSRC, and comments made by the external auditors in their management letter and other reports. The Governance Statement represents the end product of the review of the effectiveness of the governance framework, risk management and internal control.

The principal elements of support for the Accounting Officer's assurance statement are the work of the Audit Board and the BBSRC Executive, including the review of business critical projects, the annual report from the Head of RCIAS, BBSRC Directors' stewardship statements, the risk management frameworks developed by BBSRC, and responses to external management letters which identify where control gaps exist.

As disclosed within the related party transactions note in the annual accounts (note 24), I retain an interest in the Manchester Interdisciplinary Biocentre (MIB), which forms part of the University of Manchester. I continue to work one day a week for MIB, and to avoid any conflict of interest I abstain from any BBSRC discussions with relation to the University of Manchester.

I have been advised on the implications of the result of my review of the effectiveness of the system of governance, internal control and risk management by Council and Audit Board, and a plan to address weaknesses and ensure continuous improvement of the system is in place. I highlight the following significant issues which require close scrutiny going forwards:

- ▶ SSC service delivery – BBSRC continues to work closely with SSC to achieve stabilisation and improve the management information available. In line with Government directives, there is a need for SSC to develop a wider client base to realise the full benefits to be derived from bulk transactional processing. I remain concerned by the risk associated with this growth; that the priorities for the SSC introduced by new clients may divert resources away from service improvement and benefit delivery for the Research Councils at a critical time. BBSRC will continue to work collaboratively with other Research Councils to monitor and engage with SSC to achieve a reliable service.
- ▶ Capital funding – BBSRC has a number of large estates which require considerable capital investment to maintain. In 2011-12, BBSRC was delighted to receive significant capital injections which provided a great deal of opportunity to develop and enhance world-class scientific facilities. BBSRC will continue to maintain capital strategies and plans to enable BBSRC to be well-placed to respond to future cash injections.
- ▶ Efficiencies and savings - like all public sector bodies, in this period of austerity and economic uncertainty BBSRC will continue to face cost challenges. BBSRC will continue to focus on delivering efficiencies and administration cost savings, and will work collaboratively with other Research Councils to explore the opportunity for greater process harmonisation.

I have considered the evidence provided with regards to the production of the Annual Governance Statement. The conclusion of the review is that BBSRC's overall governance and internal control structures result in risk being managed to a reasonable level and I can provide assurance that it supports the achievement of the BBSRC's policies, aims and objectives.

**Professor Douglas Kell**  
Chief Executive and Accounting Officer

Date: 22 June 2012

## The Certificate of The Comptroller and Auditor General to The Houses Of Parliament

I certify that I have audited the financial statements of the Biotechnology and Biological Sciences Research Council for the year ended 31 March 2012 under the Science and Technology Act 1965. These financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### Respective responsibilities of the Biotechnology and Biological Sciences Research Council, Accounting Officer and auditor

As explained more fully in the Statement of Responsibility of Council and Chief Executive as Accounting Officer, the Biotechnology and Biological Sciences Research Council and the Chief Executive as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Science and Technology Act 1965. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Biotechnology and Biological Science Research Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Biotechnology and Biological Sciences Research Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Opinion on Regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Basis for Qualified Opinion on Financial Statements

The Biotechnology and Biological Sciences Research Council has not complied with the financial reporting framework as it has not prepared group financial statements which consolidate the results and disclose the subsequent disposal of two sponsored Institutes.

Up to 2011/12 under International Financial Reporting Standards, these Institutes should have been consolidated because the Biotechnology and Biological Sciences Research Council had control over them according to the criteria contained within *IAS 27 Consolidated and Separate Financial Statements*. Had the institutes been consolidated, group financial statements would have been prepared.

During 2011/12 the governance arrangements for these two Institutes were amended so that the Biotechnology and Biological Sciences Research Council no longer had the right to exercise control. Therefore under IAS 27 the two Institutes should have been disposed of on the dates the governance changes were made (for one Institute this was 1 April 2011 and the other 1 October 2011). The financial statements for 2011/12 should reflect the loss/profit on disposal of each Institute and consolidate the results of the Institutes up to the point of disposal.

I am unable to quantify precisely the impact on the financial statements. However, the Council has omitted a material loss from the Statement of Comprehensive Net expenditure in relation to each Institute. In the corresponding information for 2010/11 there is an omission of assets and liabilities of the Institutes from the Statement of Financial Position as at 31 March 2011 and misstatement of the Statement of Comprehensive Net Expenditure for 2010-11.

Details of the matters leading to my qualified opinion are set out in my report on pages 35 and 36.

## Qualified opinion on Financial Statements

In my opinion, except for the effects of the matter described in the basis for qualified opinion paragraph:

- ▶ the financial statements give a true and fair view of the state of the Biotechnology and Biological Sciences Research Council's affairs as at 31 March 2012 and of its net expenditure after interest for the year then ended; and
- ▶ the financial statements have been properly prepared in accordance with the Science and Technology Act 1965 and Secretary of State directions issued thereunder.

## Opinion on other matters

In my opinion:

- ▶ the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Science and Technology Act 1965; and
- ▶ the information given in the Management Commentary and Sustainability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- ▶ adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- ▶ the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- ▶ I have not received all of the information and explanations I require for my audit; or
- ▶ the Governance Statement does not reflect compliance with HM Treasury's guidance.

Amyas CE Morse  
Comptroller and Auditor General  
Date: 2nd July 2012

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

# Report of the Comptroller and Auditor General to the Houses of Parliament

## Introduction

The Biotechnology and Biological Sciences Research Council (BBSRC) is an Executive non-departmental publicbody established by Royal Charter in 1993, sponsored by the Department for Business, Innovation and Skills. The Council is the UK's principal funder of basic and strategic biological research. To deliver its mission, BBSRC supports research and postgraduate training in higher education institutions and research centres throughout the UK, including BBSRC-sponsored Institutes, and promotes knowledge transfer from research to applications in business, industry and policy, and public engagement in the biosciences.

Under International Financial Reporting Standards (IFRS), two of the sponsored Institutes (the Institute of Food Research and the Babraham Institute) should be viewed as subsidiaries of the BBSRC until BBSRC ceased to have control over them. To comply with IFRS BBSRC should have prepared group financial statements consolidating the results and financial position of these Institutes. I qualified my audit opinion on the 2009-10 and 2010-11 financial statement because BBSRC did not prepare group accounts which included these two subsidiaries.

During 2011-12 the governance arrangements have been amended for both Institutes BBSRC ceased to control IFR from 1 October 2011 and ceased to control BI from 1 April 2011. IFRS requires the changes to be accounted for as a disposal within the group financial statements at the date that control ceased. The disposal of the assets and liabilities of each Institute would have resulted in a loss or profit on disposal reflected in the Group Statement of Net Expenditure (if group accounts had been prepared). In addition the results of the Institute for Food Research should also have been included in the Group Statement of Net Expenditure up to the date BBSRC lost the ability to control that Institute.

## Purpose of Report

The financial statements on the following pages represent the results of the BBSRC for the period from 1 April 2011 to 31 March 2012. The financial statements are not group financial statements and do not reflect the effect of either the financial performance of the Institute for Food Research for the portion of the financial year for which it was under BBSRC's control, or the disposal of both sponsored Institutes which were previously under BBSRC's control. I have therefore qualified my audit opinion on the 2011-12 financial statements, owing to disagreement over the accounting policy for, and accounting treatment of, two of the Council's sponsored Institutes. The purpose of this Report is to explain the background to the qualification of my audit opinion.

## Explanation of qualified audit opinion

During 2009-10 upon first time adoption of International Financial Reporting Standards (IFRS) I considered the governance arrangements for these Institutes in the context of the requirements of International Accounting Standard 27 (IAS 27). This standard states that the circumstances where control exists include when there is power to appoint or remove the majority of the members of the board of directors or equivalent governing body.

Under the governance arrangements that existed in both 2009-10 and 2010-11, the Council had control over the appointment and/or removal of the Board of Trustees for the Institute of Food Research and the Babraham Institute. The Council accepts in principle that these bodies should have been consolidated under IFRS accounting requirements, but that it did not consider it cost-effective to make the necessary accounting adjustments to consolidate the bodies into its 2010-11 financial statements, given the planned changes to the governance arrangements.

The governance arrangements for the Institutes have been subject to review in recent years, with the intention of increasing their independence from BBSRC. The governing documents were amended for the Babraham Institute on 1 April 2011 and for the Institute of Food Research on 1 October 2011. In both cases the clauses that have allowed BBSRC to exert control under IAS 27 over the two Institutes have been removed. Under IAS 27, the Institutes should have been disposed of in the group financial statements at the point the changes in the governance arrangements were implemented. The disposal of the assets and liabilities of each Institute would have resulted in a loss or profit on disposal reflected in the Group Statement of Net Expenditure, had group financial statements been prepared. In addition the results of the Institute for Food Research up until 1 October should also have been included on the Statement of Net Expenditure.

For the Babraham Institute the audited accounts at 31 March 2011 disclose net assets of £71.5m and so represent a loss on disposal on 1 April 2011 of £71.5m. Audited financial information is not available for the financial position and results at 30 September 2011 for the Institute of Food Research. If the 2010-11 audited accounts are used as a proxy then the net assets would have been £19.5m resulting in a net loss of £19.5m on disposal. Half year results of approximately £1.7m surplus should also have been recognised in the group financial statements.

The above figures are an indicative estimate of the overall impact on the Council's accounts. In practice, the Council would need to adjust the figures for any changes to make the accounting policies consistent across the Group; eliminate the inter-entity balances, and adjust for transactions in the accounts that were common between the bodies. In particular this would include non current assets owned by BBSRC with related valuations in the Institute accounts which would make up a significant proportion of the asset figures.

As the opening position at 1 April 2011 in the Council's financial statements does not reflect the consolidated position, it is not possible for me to estimate the precise impact on the Council's accounts that the disposal of the two institutes would have in 2011-12. However I consider the impact of the Council not preparing group financial statements which reflect these transactions to be material to the 2011-12 financial statements and the corresponding information for 2010-11. I have therefore qualified my audit opinion.

Amyas CE Morse  
Comptroller and Auditor General  
Date: 2nd July 2012

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

## Statement of Comprehensive Net Expenditure for the period ended 31 March 2012

		2011-12	Restated 2010-11
		£'000	£'000
	NOTE	£'000	£'000
<b>EXPENDITURE</b>			
Research and Capital Grants	2	<b>408,038</b>	387,144
Training Awards and Fellowships	2	<b>63,749</b>	57,463
Staff Costs	3	<b>12,796</b>	13,432
Other Operating Costs	6	<b>17,364</b>	17,337
Research Institute Staff Restructuring	9	<b>14,794</b>	3,938
Depreciation and Amortisation	13,15	<b>9,601</b>	7,931
Loss on Disposals and Demolition of Non-Current Assets	11	<b>435</b>	1,244
Impairment	14	<b>14,011</b>	14,411
Loss on Joint Venture	12	<b>1,736</b>	804
<b>TOTAL EXPENDITURE</b>		<b>542,524</b>	503,704
<b>INCOME</b>			
Other Operating Income	7a	<b>(2,392)</b>	(2,078)
Recovery of IT Service to Institutes		<b>(988)</b>	(2,508)
Other Recoveries	7b	<b>(483)</b>	(579)
VAT Recovered		<b>(41)</b>	(69)
Other Grant Income	7c	<b>(14,846)</b>	(16,805)
<b>TOTAL OPERATING INCOME</b>		<b>(18,750)</b>	(22,039)
<b>NET EXPENDITURE</b>		<b>523,774</b>	481,665
Interest Payable		-	17
<b>Net Expenditure after interest</b>		<b>523,774</b>	481,682
		<b>2011-12</b>	Restated 2010-11
		<b>£000</b>	£000
<b>Other Comprehensive Expenditure</b>			
Net (gain)/loss on Revaluation of Property, Plant and Equipment		<b>(64,926)</b>	(60,465)
Net (gain)/loss on Revaluation of Assets Held for Sale		<b>(182)</b>	-
		<b>(65,108)</b>	(60,465)
<b>Total Comprehensive Expenditure for the period ended 31 March 2012</b>		<b>458,666</b>	421,217

All activities are regarded as continuing.

The notes on pages 41 to 61 form part of these accounts.



## Statement of Financial Position as at 31 March 2012

		31 March 2012 £'000	31 March 2011 £'000
	<b>NOTE</b>		
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	13	305,479	264,987
Intangible Assets	15	57	278
Financial Assets	12	11,184	12,087
Non Current Receivables	17	13,185	14,138
<b>TOTAL NON-CURRENT ASSETS</b>		<b>329,905</b>	291,490
<b>CURRENT ASSETS</b>			
Assets Classified as Held for Sale	16	3,933	3,100
Inventories		-	11
Trade and Other Receivables	17	28,160	39,624
Cash and Cash Equivalents	20	5,784	10,483
<b>TOTAL CURRENT ASSETS</b>		<b>37,877</b>	53,218
<b>TOTAL ASSETS</b>		<b>367,782</b>	344,708
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	18	(61,207)	(57,179)
Provisions	10	(561)	(3,359)
<b>TOTAL CURRENT LIABILITIES</b>		<b>(61,768)</b>	(60,538)
<b>NON CURRENT ASSETS LESS CURRENT LIABILITIES</b>		<b>306,014</b>	284,170
<b>NON CURRENT LIABILITIES</b>			
Provisions	10	(6,656)	(7,723)
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>(6,656)</b>	(7,723)
<b>ASSETS LESS LIABILITIES</b>		<b>299,358</b>	276,447
<b>TAX PAYERS' EQUITY</b>			
Revaluation Reserve		274,520	253,932
General Reserve		23,601	21,280
Gates Reserve		1,237	1,235
<b>TOTAL TAXPAYERS EQUITY</b>		<b>299,358</b>	276,447

Professor Douglas Kell  
Chief Executive and Accounting Officer

Date: 22 June 2012

The notes on pages 41 to 61 form part of these accounts

## Statement of Cash Flows for the period ended 31 March 2012

	NOTE	31 March 2012		Restated 31 March 2011	
		£'000	£'000	£'000	£'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net Expenditure for Year		(523,774)		(481,682)	
Adjustment for Depreciation and Amortisation		9,601		7,931	
Adjustment for Impairment Charge		14,011		14,411	
Adjustment for Loss on Joint Venture		1,736		804	
Adjustment for Loss on Disposal and Demolition of Property, Plant and Equipment		435		1,244	
Decrease in Provision for Liabilities and Charges		(3,865)		(293)	
Decrease in Trade and Other Receivables Excluding those for Property, Plant and Equipment		12,417		9,037	
(Decrease)/Increase in Trade and Other Payables Excluding those for Property, Plant and Equipment		4,026		9,087	
Decrease in Inventory		11		-	
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>			<b>(485,402)</b>		<b>(439,461)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments to Acquire Property, Plant and Equipment	13	(42)		(1,434)	
Purchase of Financial Assets	12	(833)		(11,115)	
Receipts from Sale of Property, Plant and Equipment		-		11,233	
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>			<b>(875)</b>		<b>(1,316)</b>
<b>NET CASH OUTFLOW BEFORE FINANCING</b>			<b>(486,277)</b>		<b>(440,776)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Capital Grants from BIS	19	123,893		111,397	
Revenue Grants from BIS	19	357,685		336,959	
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>			<b>481,578</b>		<b>448,356</b>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS IN YEAR</b>			<b>(4,699)</b>		<b>7,579</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>			<b>10,483</b>		<b>2,904</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>			<b>5,784</b>		<b>10,483</b>

The notes on pages 41 to 61 form part of these accounts

## Statement in Changes in Taxpayers' equity for the period ended 31 March 2012

	Revaluation Reserve £'000	General Reserve £'000	Gates Reserve £'000	Total Reserves £'000
<b>NOTE</b>				
<b>Balance at 1 April 2010</b>	199,383	50,263	-	249,646
Comprehensive Expenditure for the Year	-	(481,682)	-	(481,682)
Grants from BIS	-	448,356	-	448,356
Valuation Additions	26,159	-	-	26,159
Transfers between Reserves	(5,916)	4,681	1,235	-
Gains/Losses Recognised in the Statement of Comprehensive Expenditure	34,306	-	-	34,306
Adjustment to Other Receivables Brought Forward	-	(338)	-	(338)
<b>At 31 March 2011</b>	<b>253,932</b>	<b>21,280</b>	<b>1,235</b>	<b>276,447</b>

	Revaluation Reserve £'000	General Reserve £'000	Gates Reserve £'000	Total Reserves £'000
<b>NOTE</b>				
<b>Balance at 1 April 2011</b>	253,932	21,280	1,235	276,447
Comprehensive Expenditure for the Year	-	(523,774)	-	(523,774)
Grants from BIS	-	481,578	-	481,578
Valuation Additions	51,577	-	-	51,577
Transfers between Reserves	(7,054)	7,052	2	-
Transfers between Reserves-movements on fixed assets	(37,465)	37,465	-	-
Gains/Losses Recognised in the Statement of Comprehensive Expenditure	13,530	-	-	13,530
<b>At 31 March 2012</b>	<b>274,520</b>	<b>23,601</b>	<b>1,237</b>	<b>299,358</b>

The notes on pages 41 to 61 form part of these accounts.

The sum of the valuation additions and the gains/losses recognised in the Statement of Comprehensive Net Expenditure is shown in the Statement of Comprehensive Net Expenditure as the net gain/loss on revaluation of Property, Plant and Equipment.

The figures for 2010-11 have been restated, as described in note 27.

## 1. STATEMENT OF ACCOUNTING POLICIES

### a) Basis of Accounting

- i) These financial statements have been prepared in accordance with the Accounts Direction issued by the Secretary of State for the Department for Business, Innovation, and Skills (BIS), pursuant to Section 2(2) of the Science and Technology Act 1965.

These financial statements have been prepared in accordance with the 2011-12 Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice in accounting policy, the accounting policy judged to be the most appropriate to the particular circumstances of BBSRC for the purpose of giving a true and fair view have been selected. The particular policies adopted by BBSRC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### ii) Going Concern

BBSRC is dependent on funding from BIS to meet liabilities falling due within future years. Funding for 2011-12 was agreed as part of the Comprehensive Spending Review (CSR) in 2010.

Under the CSR 2010, the Research Councils received financial allocations for resource and capital for the years 2011-12 to 2014-15, although allocations for administration and capital were only fixed for 2011-12 and were indicative for the years beyond.

BBSRC has no reason to believe that future funding from BIS will not be forthcoming after this spending review period, therefore the accounts are produced on a going-concern basis.

### iii) Adoption of new or amended standards effective in 2011-12

The following revised standards and interpretations have been applied by the Council from 1 April 2011:

International Financial Reporting Standards (IFRS/IAS)		Effective date
IAS 24	Related Party Disclosures	1 January 2011
IFRS 7	Financial Instruments Disclosures	1 January 2011
Major FReM Changes		Effective date
Chapter 5	Governance Statement	2011-12
Chapter 5	Sustainability	2011-12
Chapter 5	Other administration costs and programme costs	2011-12
Chapter 6	Donated and Heritage Assets	2011-12
Chapter 6	Grants and Grant-in-Aid	2011-12

### b) Measurement Convention

These financial statements have been prepared under the historical cost convention modified to account for the revaluation of land and buildings and other fixed assets. Non-current assets held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

The financial statements are presented in pounds sterling, BBSRC's functional currency, and all amounts have been rounded to the nearest thousand unless otherwise stated.

### c) Non Current Assets

#### i) Intangible Assets

Intangible Assets comprise purchased and developed specialist computer software and the BBSRC website and are carried at fair value. Intangibles are given definite useful lives and are amortised on a straight line basis over the useful life of the asset from the date of use based on nil residual value. The average expected useful life is 5 years for software and 3 years for website costs.

Intangible assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Statement of Changes in Net Expenditure based on the amount by which the carrying amount exceeds the recoverable amount.

## ii) Land and Buildings

Land and buildings are carried at valuation at the reporting date. The basis of valuation for specialised scientific buildings is depreciated replacement cost and at open market value for non- specialised buildings. Valuations are adjusted annually at the reporting date by using the appropriate published indices and statistics. A full revaluation of land and buildings is carried out at least every five years, except for buildings under construction or sites being prepared for sale.

Some buildings with similar remaining lives have been grouped together for valuation and depreciation purposes.

The council owns land and buildings which are leased to a number of funded institutes, all of whom are constituted as companies limited by guarantee and as registered charities and who prepare separate audited accounts. Additions to these assets may be funded wholly or in part from sources other than the BBSRC.

Where funded institutes carry out development funded by sources other than BBSRC that results in a material change in the value of the Council's owned assets, this is disclosed as a fixed asset valuation addition within the Property, Plant and Equipment note, with the contra to Reserves.

Any capital funding provided by the BBSRC to funded institutes in the form of capital grants is included within Research Grants in the Statement of Comprehensive Net Expenditure. Where these contributions result in a change in value of BBSRC's owned assets, this is also disclosed as a fixed asset valuation addition in the Property, Plant and Equipment note based on the construction costs during the year up to the Statement of Financial Position date, with the contra to Reserves.

## iii) Information Technology, Plant and Equipment

Capital expenditure includes purchases valued at £10,000 or more. Assets are included in the statement of financial position at depreciated historical cost which approximates to fair value.

## iv) Revaluation

Increases in valuation are credited to the revaluation reserve.

Losses on revaluation are debited to the revaluation reserve to the extent of the gains previously recorded and then to the Statement of Comprehensive Net Expenditure.

In the opinion of BBSRC, there is no material difference between the historic cost of equipment, fixtures and fittings and their current cost. Accordingly these assets have not been revalued and this position is kept under review.

## v) Depreciation

Provision is made for depreciation on all non-current assets at rates calculated to write off the valuation of each asset (or group of assets) to its estimated residual value evenly over its expected useful life from the date the asset is bought into use. An expected useful life is assessed at each location by the valuer.

Expected useful lives are as follows:

Freehold Land	-	not depreciated
Depreciated replacement cost buildings	-	up to 60 years
Agriculture buildings	-	up to 60 years
Dwellings	-	up to 60 years
Office and computing equipment	-	3 to 5 years
System Software	-	5 years
BBSRC website	-	3 years
Motor vehicles	-	up to 4 years
Assets under construction	-	not depreciated until available for use

Increased depreciation charges arising from revaluation are matched by annual transfers from the revaluation reserve to the general reserve. On disposal of a revalued asset, that element of the revaluation reserve that becomes realised as a result is also transferred to the general reserve.

## d) Financial assets

Investments are financial assets and are carried at cost less provision for any impairment in value.

## e) Joint Ventures

Those investments that are held as Joint Ventures are accounted for under the equity method.

## f) Investment Properties

Properties that BBSRC subleases to other Councils are not deemed to be investment properties. In its capacity as host of the Joint Building and Office Services unit (JBOS), BBSRC leases buildings for administration space on behalf of the Research Councils and recovers the full cost from them.

Assets leased to institutes are deemed not to be investment properties as the assets are provided to fulfil the BBSRC business principle to further science. If the assets were not provided to the institutes, BBSRC would incur additional grant expenditure to fund the institutes' rent of properties commercially. Accordingly the asset is held for the business of sponsoring research rather than for capital appreciation.

## Impairment

The carrying amounts of the Council's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment; an asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Net Expenditure.

## g) Non current assets held for sale

Where a non current asset's carrying amount will be recovered principally through a sales transaction rather than through continuing use, is available for immediate sale in its present condition and its sale is highly probable, then the asset is classified as a held for sale.

A sale is highly probable where there is evidence of management commitment to sell, there is an activity programme to locate a buyer, the asset is actively marketed for sale at a reasonable price, and the sale will be completed within 12 months from the date of classification.

The asset is measured at the lower of carrying amount and fair value less costs to sell unless the asset is outside the measurement provisions of IFRS 5 'Non current Assets Held for Sale and Discontinued Operations'.

Depreciation ceases on assets classified as held for sale from the date the re-classification is made.

## h) Derivatives and Financial Instruments

As the cash requirements of BBSRC are met through Grant in Aid provided by BIS, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with BBSRC's expected purchase and usage requirements and BBSRC is therefore exposed to little credit, liquidity or market risk.

### Trade receivables

Trade receivables are not interest bearing and are carried at original invoice amount less allowance for impairment. Provision for impairment is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivable. The amount of provision is the difference between the carrying amount and recoverable amount and is recognised in the statement of comprehensive income.

### Trade and other payables

Trade and other payables are recognised in the period in which related money, goods or services are received or when a legally enforceable claim against the Council is established or when the corresponding assets or expenses are recognised.

## i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits.

## j) Employee Benefits

Under IAS 19 'Employee Benefits' an entity is required to recognise short term employee benefits when an employee has rendered service in exchange for those benefits. Included in the financial statements under other accruals is an accrual for the outstanding employee holiday and flexitime entitlement at the year end on an undiscounted basis.

## k) Pension Scheme and Retirement Costs

The employees of the Council are members of the Research Councils' Pension Scheme (RCPS) which is a defined benefit scheme funded from annual grant-in-aid on a pay as you go basis. The benefits are by analogy to the Principal Civil Service Pension Scheme, except that while the schemes provide retirement and related benefits based on final emoluments, redundancy and injury benefits are administered and funded by the Council. As permitted by paragraph 31 of IAS 19, the Company has recorded the pension contributions payable for the period as its charge to the Statement of Changes in Net Expenditure.

## l) Provisions

Provisions are recognised when: the Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

When BBSRC has taken a decision to fund a programme of redundancies, then the associated costs are provided for. The provision for the ongoing Annual Compensation Payments is transferred from the Major Institute Restructuring provision and any remaining balance released once the redundancies are complete.

Where the time value of money is material, the amount of the provision will be the present value of the expenditures expected to be required to settle the obligation. The discount rate used will be the real discount rate set by HM Treasury, currently 3.5%.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

## m) Contingent Liabilities

Contingent liabilities, including letters of comfort and financial guarantees, where obligations due cannot be measured reliably are not recognised as liabilities in the financial statements but are disclosed by way of a note in accordance with IAS 37.

## n) Leases

Operating lease rental payments are charged to the operating cost statement on a straight line basis over the term of the lease.

BBSRC holds no finance leases.

## o) Foreign Currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Changes in Net Expenditure, except where a hedging relationship is designated and where it qualifies for hedge accounting under IAS 39 (see note 26).

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

## p) Value Added Tax

As the Council is partially exempt for VAT purposes, all expenditure and fixed asset additions are shown inclusive of VAT where applicable. Residual input tax reclaimable by the application of the partial exemption formula is taken to the operating cost statement as other operating income. Income is shown net of VAT.

## q) Ownership of Equipment Purchased with BBSRC Research Grants

Equipment purchased by an institution with research grant funds supplied by the Council belong to the institution and are not therefore the equipment of the Council.

## r) Grant-in-Aid

Grant-in-aid for revenue purposes is recognised as a financing flow and thus credited to the General Reserve.

## s) Research Grants

Subject to the terms and conditions under which research grants are awarded, BBSRC makes payments for grants on the basis of pre-determined quarterly profiles. Profiles are arranged, in overall terms, to reflect the rate and incidence of expenditure at the grant holding organisation. Payments are normally made in the period to which they relate, although BBSRC retains some latitude in timing. Grant expenditure is charged to the Statement of Comprehensive Net Expenditure on an accruals basis.

## t) Grant Income

The Council receives funding for collaborative projects to support BBSRC's research. The majority of this funding is received from the UK public sector. Some of the funding may involve payment for the collaboration in advance of the accounting period to which it relates.

In 2011-12 there was a change in accounting policy relating to IAS 20 Accounting for Government Grants (2011-12 FReM amendment). The interpretation of IAS 20 has been clarified, so that other than funding from BIS (which is accounted as financing), grants from Government bodies are recognised as income unless there is an agency relationship.

Monies received for co-financing grant projects are recognised as income and charged to the Statement of Comprehensive Net Expenditure. Prior to the financial year 2011-12 this was treated as financing. The Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers Equity have all been restated as a result (see note 27). This change has no effect on the Statement of Financial Position.

### Deferred Grant Income

Prior to the financial year 2011-12, where there was a variance between work done in the accounting period and received funding, income was deferred. Following the FReM amendment to IAS 20, where there is a variance between work done in the accounting period and received funding, the detailed terms and conditions of the funding are reviewed to form an opinion of whether or not the income should be deferred. The review should consider key conditions, such as whether surplus funds are repayable.

## u) Insurance

In line with Government policy, BBSRC carries its own risk in respect of employment of staff, buildings and equipment, except where there is a statutory requirement to insure.

## v) Critical accounting estimates and judgements

The Council makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances at the reporting date.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

### Estimates

The useful life of each of the Council's items of property, plant and equipment and intangibles is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on experiences with similar assets and practices of similar businesses. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence or legal or other limits on the use of an asset. An increase in the estimated useful life of any item of property, plant and equipment and intangibles would decrease the recorded operating expenses and increase non current assets.

### Judgments

Asset impairment – IFRS requires that an impairment review be performed when certain impairment indicators are present. Property, plant and equipment, intangible assets and financial assets are subject to an annual impairment test or whenever there is a strong indication that the asset will be impaired. Management is required to make estimates and assumptions to determine the future cash flows to be generated from the continued use and ultimate disposal of these assets in order to determine the value of the assets. While the council believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the financial statements. Future adverse events may cause the management to conclude that the assets are impaired and may have a material impact on the financial condition and results of operations of the council.

## w) Capital and reserves

The Council has three reserves: the General Reserve, the Revaluation Reserve and the Gates Reserve. The General Reserve is used to account for accumulated surpluses. The Revaluation Reserve is a specific reserve used only to reflect the unrealised balance of cumulative indexation and revaluation adjustments to fixed assets. Increases in valuation are credited to the revaluation reserve. Losses on revaluation are debited to the revaluation reserve to the extent of the gains previously recorded and then to the Statement of Comprehensive Net Expenditure. The Gates Reserve is a restricted reserve created for funds from the Bill & Melinda Gates Foundation. This reserve is ring-fenced for use on specific grant applications from 2012 onwards.

## x) BBSRC sponsored Institutes

BBSRC's scientific remit requires research that is most appropriately delivered at mission-oriented institutes with specialist facilities, alongside that conducted in university research departments, and new multi-disciplinary and 'virtual' centres. BBSRC does not consolidate the sponsored institutes into its' financial accounts.

Since 2009-10 the National Audit Office (NAO) qualified BBSRC's financial accounts due to BBSRC's accounting for two of its sponsored institutes, the Institute of Food Research (IFR) and Babraham Institute (BI). In the NAO's opinion, BBSRC should have consolidated the two Institutes due to BBSRC's control over the appointment and removal of the Board of Trustees of both institutes. While BBSRC accepted in principle that the two bodies should have been consolidated, it was not considered cost-effective due to the changes planned to the governance arrangements for the institutes.

New governance arrangements for the institutes were implemented in 2011-12 which removed BBSRC's ability to exert control over the institutes, and therefore removed the need for BBSRC to consolidate the institutes into its financial accounts in 2011-12. However, there are two remaining implications for the 2011-12 financial accounts:

- i) had the institutes been consolidated previously, the disposal of the two institutes would have been shown in the Statement of Comprehensive Net Expenditure in accordance with IAS 27; and
- ii) had the institutes been consolidated previously, the prior year comparator figures would have included the financial results for the institutes.

## y) Administration costs and programme costs

BBSRC analyses the total of other administration costs and programme costs as shown in the Statement of Comprehensive Net Expenditure in a separate note to the financial statements. This disclosure includes the individual components of non-cash items and an analysis of other significant expenditure items.

## z) Currency risk

BBSRC mitigates the risk of foreign exchange rate movements on its foreign currency transactions through the use of forward contracts. The agreed cost of the contracts is fair valued using the mid-market rate ruling at the period end and the difference is credited to the reserves.



## 2. ANALYSIS OF RESEARCH GRANTS AND TRAINING AWARDS BY BUSINESS SEGMENT

The primary format used for segmental reporting is grant expenditure, where the key funding data is split between research funding, training, administration, and other, which reflects BBSRC's internal management structure and reporting. BBSRC's assets and liabilities are shared across all the operating segments, and therefore it is not possible to separately identify which segment they relate to.

### Research

BBSRC funds, promotes and supports high quality basic, strategic and applied research relating to the understanding and exploitation of biological systems. To advance knowledge and technology (including the promotion and support of the exploitation of research outcomes) which meets the needs users and beneficiaries (including the agriculture, bioprocessing, chemical, food, healthcare, pharmaceutical and other biotechnological related industries), thereby contributing to the economic competitiveness of the United Kingdom and the quality of life.

In March 2011, the Research Councils UK (RCUK) published a report detailing plans to drive efficiency in research funding, in response to the Wakeham Review conducted by Sir William Wakeham and published in June 2010. All savings made in research funding remain within the ring-fence and are reinvested within science and research. The savings achieved to date are therefore included within the Research figures below. These are also reported within the Annual Report at the front of this document. Further details, including the RCUK report, can be found on the Research Councils UK website.

### Training

BBSRC supports post graduate training to help ensure the flow of highly qualified people into research careers and seeks to optimise the quality, volume and style of postgraduate and postdoctoral training to the needs of academia and industry and other user communities.

### Office

The costs for the administration of the BBSRC office, including BBSRC's share of the costs associated with the RCUK Shared Services Centre. Office costs do not equate to BBSRC's administration budget, as there are some office costs which are divided between programme and administration budgets (e.g. staff costs, which are classified on the basis of the role of the team).

### At 31 March 2012

	Research £'000	Training £'000	Office £'000	Other £'000	Total £'000
Research Grants	284,145	-	-	-	284,145
Capital Grants	123,893	-	-	-	123,893
Postgraduate Awards	-	54,853	-	-	54,853
Fellowships	-	8,896	-	-	8,896
Staff Costs	-	-	12,796	-	12,796
Other Operating Costs	-	-	17,364	-	17,364
Staff Restructuring	-	-	-	14,794	14,794
Depreciation and Amortisation	-	-	-	9,601	9,601
Impairment and Other	-	-	-	16,182	16,182
<b>Total Operating Expenditure</b>	<b>408,038</b>	<b>63,749</b>	<b>30,160</b>	<b>40,577</b>	<b>542,524</b>

### At 31 March 2011

	Research £'000	Training £'000	Office £'000	Other £'000	Total £'000
Research Grants	275,784	-	-	-	275,784
Capital Grants	111,360	-	-	-	111,360
Postgraduate Awards	-	48,626	-	-	48,626
Fellowships	-	8,837	-	-	8,837
Staff Costs	-	-	13,432	-	13,432
Other Operating Costs	-	-	17,337	-	17,337
Staff Restructuring	-	-	-	3,938	3,938
Depreciation and Amortisation	-	-	-	7,931	7,931
Impairment and Other	-	-	-	16,459	16,459
<b>Total Operating Expenditure</b>	<b>387,144</b>	<b>57,463</b>	<b>30,769</b>	<b>28,328</b>	<b>503,704</b>

### 3. STAFF NUMBERS AND RELATED COSTS

For BBSRC office, Bioscience IT Services (BITS) and Research Councils' Joint Services Units hosted by BBSRC

	2011-12 £'000	2010-11 £'000
Salaries and Wages	10,854	11,528
Social Security Costs	784	837
Other Pension Costs	2,424	2,542
Other Fees and Honoraria	270	363
	<b>14,332</b>	15,270
Less UK paid Joint Service Staff	(2,280)	(2,664)
Less Overseas paid Joint Service Staff	(169)	(195)
Administrative and BITS Staff on Payroll	11,883	12,411
Temporary Administration and BITS Agency Staff	913	1,021
<b>Total</b>	<b>12,796</b>	13,432

### AVERAGE NUMBERS OF PERSONS EMPLOYED

	2011-12	2010-11
Administrative	188.9	222.6
BITS	19	21
Administrative and BITS Staff on Payroll	207.9	243.6
UK Paid Joint Services staff	63.62	54.1
Overseas Paid Staff	3	3
Staff on Payroll	274.52	300.7
Temporary Agency Staff	10	12
	<b>284.52</b>	312.7

BBSRC hosts the Research Council Internal Audit Services, RCUK Assurance, the Joint Business Office Services, the Joint Superannuation Services and the UK Research Office on behalf of all of the Research Councils. The costs of these Joint Services Units (JSUs) are recharged to all of the Research Councils, including BBSRC. Also included in the staff costs figures are the permanent and temporary staff costs for the Biosciences IT service (BITS) which is the common service provider of Information Communication Technology (ICT) services to BBSRC. BITS closed its operations in April 2012.

No staff costs have been capitalised in 2011-12 or 2010-11.

### 4. SUPERANNUATION

The employees of the Council are members of the Research Councils' Pension Schemes (RCPS) which are defined benefit schemes funded from annual grant-in-aid on a pay-as-you-go basis. The benefits are by analogy to the Principal Civil Service Pension Scheme, except that while the schemes provide retirement and related benefits based on final or average emoluments, redundancy and injury benefits are administered and funded by the Council. The scheme is administered by the Research Councils' Joint Superannuation Service with the associated grant-in-aid managed by BBSRC. The schemes' accounts are prepared by BBSRC, on behalf of the BBSRC Chief Executive as the Accounting Officer for the RCPS. Separate accounts are published for the Pension Schemes. Employees' contributions vary between 1.5% and 3.5%. The employer's contribution is agreed by the RCPS Board of Management on the recommendation of the Government Actuary's Department (GAD) and is set at 26% of pensionable pay.

For 2011-12, employers' contributions of £2,424K were payable to the RCPS (2011-12: £2,542K) at 25.6% (2010-11: 25.6%) of pensionable pay, based on the salary bands. Employer contributions are reviewed every four years following a full scheme valuation by GAD. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

## 5. REPORTING OF CIVIL SERVICE AND OTHER COMPENSATION SCHEMES-EXIT PACKAGES

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0 (11)	20 (0)	20 (11)
£10,000 - £25,000	0 (28)	53 (3)	53 (31)
£25,000 - £50,000	0 (26)	48 (4)	48 (30)
£50,000 - £100,000	0 (25)	31 (4)	31 (29)
£100,000-£150,000	0 (6)	5 (2)	5 (8)
£150,000-£200,000	0 (0)	0 (1)	0 (1)
<b>Total number of exit packages by type</b>	<b>0 (96)</b>	<b>157 (14)</b>	<b>157 (110)</b>
<b>Total resource cost £</b>	<b>0 (3,014,180)</b>	<b>5,208,607 (517,718)</b>	<b>5,208,607 (3,531,898)</b>

Comparative figures for 2010-11 are in brackets

Redundancies and other departure costs have been paid in accordance with the provisions of the Research Councils Compensation Scheme which is in analogy to the Civil Service Compensation Scheme. Exit costs are accounted for in full in the year of departure. Where the BBSRC has agreed early retirements, the additional costs are met by BBSRC and not by the Research Councils Compensation Scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

## 6. OTHER EXPENDITURE

	2011-12 £'000	2010-11 £'000
Shared Services Centre operating costs	2,934	4,882
Shared Services Centre stabilisation costs	2,583	3,482
Central Purchasing by BITs	691	2,404
Professional Fees and Management Consultancy	4,231	1,471
Computing Expenses	2,449	1,521
Travel, Subsistence and hospitality	1,039	725
Other	1,183	884
Office Supplies	495	470
Rent, rates and Insurance	59	457
Maintenance, Repairs and Cleaning	1,185	392
Internal Audit	332	353
Staff Training	93	210
External Audit	90	86
Total	17,364	17,337

## 7a. OTHER OPERATING INCOME

	2011-12 £'000	2010-11 £'000
Property rentals	775	532
Contributions to grants	451	934
other	1,166	612
	<b>2,392</b>	<b>2,078</b>

## 7b. OTHER RECOVERIES

	2011-12 £'000	2010-11 £'000
Recovery of hosting Joint Service Units (JSUs)	483	579
	<b>483</b>	<b>579</b>

## 7c. INCOME FROM OTHER BODIES

	2011-12 £'000	Restated 2010-11 £'000
From Other Research Councils	5,411	7,180
From Other Government Departments	7,682	7,670
From Other Bodies	1,640	1,955
From EU	113	0
<b>Net Funding</b>	<b>14,846</b>	<b>16,805</b>

## 8. ANALYSIS OF NET EXPENDITURE BY PROGRAMME AND ADMINISTRATION BUDGET

	2011-12			Restated 2010-11		
	Programme £000	Administration £000	Total £000	Programme £000	Administration £000	Total £000
<b>Expenditure</b>						
Research and Capital Grants	408,038	-	408,038	383,912	3,232	387,144
Training Awards and Fellowships	63,749	-	63,749	57,463	-	57,463
Staff costs*	778	12,018	12,796	750	12,682	13,432
Other Operating Costs**	1,412	15,952	17,364	1,192	16,145	17,337
Research Institute Staff Restructuring***	15,668	(874)	14,794	3,073	865	3,938
Non-cash items****:	-	-	-	-	-	-
Depreciation	9,137	350	9,487	7,339	452	7,791
Amortisation	-	114	114	-	140	140
(Profit) or loss on disposals and demolitions of non-current assets	275	160	435	1,187	57	1,244
Impairment	14,011	-	14,011	14,411	-	14,411
Loss on Joint Venture	-	1,736	1,736	-	804	804
<b>Income</b>						
Other Operating Income	(531)	(1,861)	(2,392)	(121)	(1,957)	(2,078)
Other Grant Income	(13,846)	(1,000)	(14,846)	(16,805)	-	(16,805)
Recovery of IT service to institutes	(4)	(984)	(988)	-	(2,508)	(2,508)
Other Recoveries	-	(483)	(483)	-	(579)	(579)
VAT recovered	(41)	-	(41)	-	(69)	(69)
Interest payable	-	-	-	-	17	17
<b>Net Expenditure after Interest</b>	<b>498,646</b>	<b>25,128</b>	<b>523,774</b>	<b>452,401</b>	<b>29,281</b>	<b>481,682</b>

\*Staff costs are classified as administration or programme on the basis of the core functions of teams.

\*\*Other operating costs are mainly classified as administration as these relate to items such as Shared Service Centre (SSC) costs, computing expenses and office supplies. The programme element relates to costs associated with BBSRC's Knowledge Exchange and Commercialisation activities and BBSRC's usage of JANET, the UK's education and research network.

\*\*\*Research Institute Staff Restructuring is classified as programme since these costs relate to one-off exercises to restructure the BBSRC-funded institutes following the changes to governance arrangements between BBSRC and the institutes. Note 9 provides more detail.

\*\*\*\*For non-cash items, costs associated with IT and SSC assets are classified as administration, costs associated with land and buildings and scientific equipment are classified as programme. Costs associated with Swindon Office are classified as administration.

## 9. RESEARCH INSTITUTE STAFF RESTRUCTURING

	2011-12 £'000	2010-11 £'000
Annual Compensation Payments (ACP)	2,424	1,714
Redundancy Payments**	17,722	3,941
Early Retirement Lump Sums (ERLS)*	-	813
Other Costs	-	-
	<b>20,146</b>	<b>6,468</b>
Recoverable ACP and redundancy payments	(561)	(1,211)
Recoverable ERLS	(926)	(1,026)
Provided for (note 10)	(5,234)	(2,589)
	<b>13,425</b>	<b>1,642</b>
Increase provision for ACP and restructuring cost (note 10)	1,659	2,414
Release from existing restructuring provisions (note 10)	(290)	(118)
<b>Net cost</b>	<b>14,794</b>	<b>3,938</b>

The total number of redundancies during 2011-12 was 157 (2010-11: 78).

\* There are no ERLS in 2011-12 because new pension scheme arrangements came into effect from 1 April 2011, meaning that any benefit buy-in is now funded by employees.

\*\* In 2011-12 the Department for Business Innovation and Skills (BIS) allocated BBSRC a ring-fenced budget of £13.4M to cover restructuring costs. These funds can only be used for the stated purpose of restructuring, and BBSRC is required to demonstrate to BIS that the terms of any redundancy payments arising are consistent with the new Civil Service Compensation Scheme.

Please see note 5 'Reporting of Civil Service and other compensation schemes - exit packages' for details on compensations agreed in 2011-12.

## 10. PROVISIONS FOR LIABILITIES AND CHARGES

### PROVISIONS

	Annual Compensation Payments £'000	Major Institute Restructuring £'000	Shared Services Centre £'000	Total 31 March 2012 £'000	Total 31 March 2011 £'000
At 1 April 2011	6,054	5,028	-	11,082	11,375
Amount provided in year	621	1,038	-	1,659	2,414
Amount released in year	-	(290)	-	(290)	(118)
Amount expended in year	(1,863)	(3,371)	-	(5,234)	(2,589)
<b>Total Provisions At 31 March 2012</b>	<b>4,812</b>	<b>2,405</b>	<b>-</b>	<b>7,217</b>	<b>11,082</b>

### PROVISIONS

	Annual Compensation Payments £'000	Major Institute Restructuring £'000	Shared Services Centre £'000	Total 31 March 2010 £'000	Total 31 March 2009 £'000
At 1 April 2010	5,541	5,249	585	11,375	11,615
Amount provided in year	2,065	150	199	2,414	4,275
Amount released in year	-	-	(118)	(118)	(2,326)
Amount expended in year	(1,552)	(371)	(666)	(2,589)	(2,189)
<b>Total Provisions At 31 March 2011</b>	<b>6,054</b>	<b>5,028</b>	<b>-</b>	<b>11,082</b>	<b>11,375</b>

Annual Compensation Payments (ACP) are payments to early retirees in advance of their pension entitlements under the Research Councils' Pension Schemes.

Major Institute Restructuring comprises provisions for the Roslin Institute at the University of Edinburgh and the Institute of Grassland and Environmental Research at Aberystwyth University.

Following the payment of the final compensation lump sum, provision for on-going annual compensation payments (ACP) associated with the specific institute restructuring programme is transferred from the major restructuring provision to the ACP provision.

## Provision for the rationalisation costs in relation to the development of the Research Councils Shared Services Centre

The Research Councils and the RCUK Shared Services Centre Ltd have developed a Shared Services Centre to carry out the central functions of HR, Finance, Grants processing, Procurement and IT across all the Councils. As a result some Councils incurred redundancy costs, particularly where existing staff lived some distance away from Swindon where the centre is situated.

The Research Councils collectively agreed that they would be jointly liable for all necessary redundancies. The councils calculated their likely redundancy liabilities in order to make a provision in 2008-09 and this was updated subsequently. A funding allocation model was developed and agreed by all the Research Councils and this identified the proportion of SSC project spend and liability each Council would incur. During 2010-11 these provisions were fully utilised as the transfer of services to the SSC Ltd was completed.

### TOTAL PROVISION FOR YEAR

	31 March 2012 £'000	31 March 2011 £'000
Restructuring	7,217	11,082
	<u>7,217</u>	<u>11,082</u>
Split as follows:		
Current Provision	561	3,359
Non current provision	6,656	7,723
	<u>7,217</u>	<u>11,082</u>

### ANALYSIS OF EXPECTED TIMING OF CASH FLOWS

	Annual Compensation Payments £'000	Major Institute Restructuring £'000	Total £'000
Within one year	345	216	561
Between 2013 and 2018	4,467	2,189	6,656
Between 2018 and 2022	-	-	-
	<u>4,812</u>	<u>2,405</u>	<u>7,217</u>

## 11. LOSS ON DISPOSAL/DEMOLITION OF PROPERTY, PLANT AND EQUIPMENT

	2011-12 £'000	2010-11 £'000
Receipts on disposals of property, plant and equipment	-	11,233
Less: Net Book Value of assets sold/demolished	(435)	(12,477)
Loss on disposal/demolition of fixed assets	<u>(435)</u>	<u>(1,244)</u>

In 2011-12, disposal of IT equipment at BITS resulted in a loss on disposal of £160K. The loss on demolished assets was £275K.

In 2010-11, sales of some land at Babraham and a dwelling at Compton resulted in a loss on disposal of £19K. The loss on demolished assets was £1,168K. Disposal of IT equipment at BITS resulted in a loss on disposal of £57K.

## 12. FINANCIAL ASSETS

	PBL £'000	SSC £'000	NRP LLP	Total £'000
Valuation/cost at 1 April 2011	536	11,551	-	12,087
Additions	-	-	833	833
SSC loss at 31 March 2012	-	(1,736)	-	(1,736)
<b>Net Book Value at 31 March 2012</b>	<b>536</b>	<b>9,815</b>	<b>833</b>	<b>11,184</b>

### Plant Bioscience Ltd (PBL)

110 ordinary shares at 10p each, representing one third of the issued share capital of Plant Bioscience Ltd. Plant Bioscience Ltd is incorporated in England and Wales. [www.pbstechnology.com](http://www.pbstechnology.com)

### RCUK Shared Service Centre (SSC Ltd)

SSC Ltd has been operating a shared services centre delivering services to the Research Councils since May 2008. For the year ended 31 March 2012 the draft financial statements for the company show a loss of £7.9M (2010-11: loss £4.4M) against a turnover of £45.1M (2010-11: £61.2M). The Statement of Financial Position totals are £7 'A' shares and £62,016,358 'B' shares issued to the Research Councils and £14.6M cash (2010-11: £3.9M). All Councils have included the investment of SSC as a Joint Venture and accounted for it under equity accounting as permitted by IAS 31 'Interests in joint ventures'. The principal place of business for SSC is North Star House, North Star Avenue, Swindon, Wiltshire, SN2 1FF.

The Research Councils entered into a supplementary shareholders' agreement with the Secretary of State for Business, Innovation and Skills on 4 October 2011 to allot the Secretary of State for Business, Innovation and Skills one 'A' ordinary share in the capital of RCUK SSC Ltd. This supplementary agreement confirmed the covenants of the original shareholders' agreement, signed 8 August 2007, remain extant. On that basis, BBSRC retains the same level of investment in RCUK SSC Ltd at 20.54% of the Company's B shares.

In addition to the above investments, BBSRC also has an interest in Roslin Biocentre Ltd and Rainbow Seed Fund as detailed below.

### Norwich Research Partners Limited Liability Partnership (NRP LLP)

In 2011-12 BBSRC invested £833K in the NRP LLP out of a total capital investment of £2.5M that was shared equally between the three landowners of the Norwich Research Park (NRP) i.e. BBSRC, the John Innes Foundation, and the University of East Anglia. It is anticipated that through the LLP there would be formal collaboration between the NRP partners - which consists of the three landowners, together with the Norfolk & Norwich University Hospital, the John Innes Centre, the Sainsbury Laboratories, and the Genome Analysis Centre - in delivering the stated economic benefits of the government's £26M capital investment in facilities on the Park and:

- transforming the NRP into a world leading centre for research and innovation in life and environmental sciences; creating 5,000 new jobs in the Norwich area over the next ten years; and
- contributing to the Government's growth agenda particularly in the area of bio-economy which is essential to creating economic growth and formulating effective responses to pressing global challenges.

### Roslin BioCentre Ltd (RBL)

49 Ordinary Shares at 100p each representing 49 per cent of the issued share capital of Roslin BioCentre Ltd fully paid. Roslin BioCentre Ltd is incorporated in Scotland. [www.roslinbiocentre.co.uk](http://www.roslinbiocentre.co.uk)

### Rainbow Seed Fund (RSF)

Partner's capital fund investment of £92. The Rainbow Seed Fund is an independently managed evergreen venture capital fund established in 2001 by the Office of Science and Innovation (the predecessor to BIS) to invest in technologies developed from publicly funded research ([www.rainbowseedfund.com](http://www.rainbowseedfund.com)). During 2011-12, BBSRC provided a capital grant to the fund of £1M to support investment in the commercialisation of technology and services from publicly funded research, and ultimately support the Government's agenda for economic growth.

### Colney Innovation Limited (CIL)

CIL is a commercial entity formed jointly by BBSRC, the University of East Anglia, John Innes Centre, and the Institute of Food Research to manage the Norwich Research Park Innovation Centre (NRPIC) bio-tech facilities for start-up and growing businesses that will turn world-class science into products and technologies, attract new innovation, and will boost the local and national economies

## 13. PROPERTY, PLANT AND EQUIPMENT

	Completed Land excluding Dwellings £'000	Completed Buildings excluding Dwellings £'000	Dwellings £'000	Buildings Under Construction £'000	SSC Assets Under Construction £'000	Information Technology £'000	Plant & Equipment £'000	Fixtures & Fittings £'000	TOTAL £'000
<b>Cost or Valuation</b>									
At 1 April 2011	56,033	219,559	28,493	67,945	-	2,130	304	19	374,483
Additions	-	-	-	-	-	23	-	19	42
Valuation additions*	-	-	-	51,577	-	-	-	-	51,577
Impairment	(2,964)	(26,366)	-	-	-	-	-	-	(29,330)
Reclassification	(650)	26,463	-	(26,463)	-	-	-	-	(650)
Disposals	(275)	-	-	-	-	(251)	-	-	(526)
Revaluation	3,610	8,766	1,930	-	-	-	-	-	14,306
<b>At 31 March 2012</b>	<b>55,754</b>	<b>228,422</b>	<b>30,423</b>	<b>93,059</b>	<b>-</b>	<b>1,902</b>	<b>304</b>	<b>38</b>	<b>409,902</b>
<b>Depreciation and Impairment</b>									
At 1 April 2011	1	107,660	-	-	-	1,638	185	12	109,496
Provided during the year	-	8,948	294	-	-	230	10	5	9,487
Impairment	-	(15,319)	-	-	-	-	-	-	(15,319)
Reclassification	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(198)	-	-	(198)
Revaluation	-	957	-	-	-	-	-	-	957
<b>At 31 March 2012</b>	<b>1</b>	<b>102,246</b>	<b>294</b>	<b>-</b>	<b>-</b>	<b>1,670</b>	<b>195</b>	<b>17</b>	<b>104,423</b>
<b>Net Book Value</b>									
<b>At 31 March 2012</b>	<b>55,753</b>	<b>126,176</b>	<b>30,129</b>	<b>93,059</b>	<b>-</b>	<b>232</b>	<b>109</b>	<b>21</b>	<b>305,479</b>
At 1 April 2011	56,032	111,899	28,493	67,945	-	492	119	7	264,987
	Completed Land excluding Dwellings £'000	Completed Buildings excluding Dwellings £'000	Dwellings £'000	Buildings Under Construction £'000	SSC Assets Under Construction £'000	Information Technology £'000	Plant & Equipment £'000	Fixtures & Fittings £'000	TOTAL £'000
<b>Cost or Valuation</b>									
At 1 April 2010	50,428	202,989	28,472	41,836	9,774	2,254	304	19	336,076
Additions	-	-	-	-	1,341	75	-	-	1,416
Valuation additions*	-	-	-	26,159	-	-	-	-	26,159
Impairment	(662)	(32,189)	(1,332)	-	-	-	-	-	(34,183)
Reclassification	(3,100)	-	-	-	-	-	-	-	(3,100)
Disposals	(852)	(3,497)	(139)	(50)	(11,115)	(199)	-	-	(15,852)
Revaluation	10,219	52,256	1,492	-	-	-	-	-	63,967
<b>At 31 March 2011</b>	<b>56,033</b>	<b>219,559</b>	<b>28,493</b>	<b>67,945</b>	<b>-</b>	<b>2,130</b>	<b>304</b>	<b>19</b>	<b>374,483</b>
<b>Depreciation and Impairment</b>									
At 1 April 2010	12	93,544	-	-	-	1,493	144	10	95,203
Provided during the year	-	7,422	26	-	-	300	41	2	7,791
Impairment	-	(19,754)	(18)	-	-	-	-	-	(19,772)
Reclassification	-	-	-	-	-	-	-	-	-
Disposals	-	(3,230)	(2)	-	-	(155)	-	-	(3,387)
Revaluation	(11)	29,678	(6)	-	-	-	-	-	29,661
<b>At 31 March 2011</b>	<b>1</b>	<b>107,660</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,638</b>	<b>185</b>	<b>12</b>	<b>109,496</b>
<b>Net Book Value</b>									
<b>At 31 March 2011</b>	<b>56,032</b>	<b>111,899</b>	<b>28,493</b>	<b>67,945</b>	<b>-</b>	<b>492</b>	<b>119</b>	<b>7</b>	<b>264,987</b>
At 1 April 2010	50,416	109,445	28,472	41,836	9,774	761	160	9	240,873

\*Where Institutes carry out development that results in a material change in value of the Council's owned assets, this is disclosed as a fixed asset valuation addition.

The land and buildings were professionally valued as at 31 March 2011 by external valuers, Powis Hughes Chartered Surveyors, in accordance with SAVP and RICS guidance notes. In between formal professional valuations, management have used appropriate indices to revalue the land and buildings. In addition to this valuation, Polaris House was revalued as at 31 March 2010 by Powis Hughes, as part of a valuation carried out by NERC.

All assets are owned.



The SSC Assets Under Construction represents BBSRC's share (20.54%) of the capital costs to date of the Research Councils on the Shared Service Centre. On the 29 March 2011, each of the seven Research Councils who were joint investors in the RCUK Shared Service Centre, sold their individual assets in the course of construction, which totalled £54M, to the RCUK Shared Service Centre Ltd (RCUK SSC Ltd), in exchange for 'B' shares to the same value in RCUK SSC Ltd. BBSRC's agreed share (20.54%) of the capital costs of the project to the date of sale was £11.15M.

## 14. IMPAIRMENT

During the year there were impairments amounting to £14.0M (£14.4M in 2010-11). The large majority of impairments relate to properties on the two sites leased to the Institute of Animal Health (IAH) at Compton and Pirbright. The Compton site is planned for closure with IAH gradually moving to the Pirbright site which is currently undergoing major development. As a result, several buildings have been taken out of use at Compton as they become vacant, and a couple of buildings at Pirbright have been taken out of service to facilitate work on the new development.

In accordance with the FReM, impairments are taken through the Statement of Comprehensive Net Expenditure.

## 15. INTANGIBLE ASSETS

	Website £'000	Computer Software £'000	Total £'000
<b>Cost or Valuation</b>			
At 1 April 2011	92	1,408	1,500
Additions	-	-	-
Valuation additions	-	-	-
Reclassification	-	-	-
Disposals	-	(987)	(987)
Revaluation	-	-	-
<b>At 31 March 2012</b>	<b>92</b>	<b>421</b>	<b>513</b>
<b>Amortisation</b>			
At 1 April 2011	75	1,147	1,222
Provided during the year	17	97	114
Disposals	-	(880)	(880)
Revaluation	-	-	-
Reclassification	-	-	-
<b>At 31 March 2012</b>	<b>92</b>	<b>364</b>	<b>456</b>
<b>Net Book Value</b>			
<b>At 31 March 2012</b>	<b>0</b>	<b>57</b>	<b>57</b>
At 1 April 2011	17	261	278
	Website £'000	Computer Software £'000	Total £'000
<b>Cost or Valuation</b>			
At 1 April 2010	92	1,423	1,515
Additions	-	18	18
Valuation additions	-	-	-
Reclassification	-	-	-
Disposals	-	(33)	(33)
Revaluation	-	-	-
<b>At 31 March 2011</b>	<b>92</b>	<b>1,408</b>	<b>1,500</b>
<b>Amortisation</b>			
At 1 April 2010	50	1,052	1,102
Provided during the year	25	115	140
Disposals	-	(20)	(20)
Revaluation	-	-	-
Reclassification	-	-	-
<b>At 31 March 2011</b>	<b>75</b>	<b>1,147</b>	<b>1,222</b>
<b>Net Book Value</b>			
<b>At 31 March 2011</b>	<b>17</b>	<b>261</b>	<b>278</b>
At 1 April 2010	42	371	413

All additions to intangible assets arose from external purchases and services that were bought in. No element of intangible assets is internally generated or acquired as part of a business acquisition.

## 16. ASSETS CLASSIFIED AS HELD FOR SALE

	2011-12 £'000	2010-11 £'000
<b>1 April 2011</b>	<b>3,100</b>	-
Additions and capital improvement	651	3,100
Revaluation	182	-
<b>31 March 2011</b>	<b>3,933</b>	3,100

The asset held for sale as at 31 March 2012 is a site that became surplus to requirements, as it was no longer needed for institute research. The site is valued at £3.1M and is due to be sold during 2012-13. During the year there were several additions to assets held for sale. The comprise of several buildings at Skedsbush and one building at Compton that are surplus to requirements and which had a NBV of £651k and were revalued on transfer to assets held for sale by £182k.

## 17. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	31 March 2012 £'000	31 March 2011 £'000
<b>Amounts falling due within one year</b>		
Trade Receivables	3,613	7,444
Other Receivables	7,250	12,803
Repayment of Early Retirement Lump Sums*	1,139	922
	<b>12,002</b>	21,169
<b>Prepayments and Accrued Income</b>		
Research Grants	210	3,762
Training Awards	11,394	11,340
Other	4,554	3,353
	<b>16,158</b>	18,455
	<b>28,160</b>	39,624
<b>Amounts falling due after one year</b>		
Repayment of Early Retirement Lump Sums	2,628	3,581
Other Receivables**	10,557	10,557
	<b>13,185</b>	14,138
<b>Total Receivables</b>	<b>41,345</b>	53,762

\* Cash received from the Research Councils' Pension Schemes (RCPS) in 2011-12 in repayment of Early Retirement Lump Sums (ERLS) was £926K (2010-11: £1.477M)

\*\* Other receivables due after one year include a £10.0M loan to Babraham Bioscience Technologies (BBT) for the development of Babraham BioPark. A loan repayment schedule has been agreed with BBT which will see the loan repaid in full by the end of 2014-15.

### 17a. TRADE RECEIVABLES AND OTHER CURRENT ASSETS BY SOURCE

	2011-12 £'000	2010-11 £'000
i) Amounts falling due within one year:		
Other Central Government Bodies	8,704	16,423
Bodies External to Government	19,456	23,201
Total	<b>28,160</b>	39,624
ii) Amounts falling due after one year:		
Other Central Government Bodies	2,628	3,581
Bodies External to Government	10,557	10,557
Total	<b>13,185</b>	14,138

## 18. TRADE AND OTHER PAYABLES AND OTHER CURRENT LIABILITIES

	31 March 2012 £'000	31 March 2011 £'000
<b>Amounts falling due within one year</b>		
Trade Payables	19,938	2,097
Deferred Income	7,058	7,515
Shared Services Centre Capital Costs	-	7,721
Other Payables	142	456
	<u>27,138</u>	<u>17,789</u>
<b>Accruals:</b>		
Research Grants	14,650	8,791
Other	19,419	30,599
	<u>34,069</u>	<u>39,390</u>
	<u><u>61,207</u></u>	<u><u>57,179</u></u>

### 18a. TRADE AND OTHER PAYABLES BY SOURCE

	31 March 2012 £'000	31 March 2011 £'000
<b>Current:</b>		
Other Central Government Bodies	9,474	23,487
Bodies External to Government	51,733	33,692
	<u>61,207</u>	<u>57,179</u>
<b>Total</b>	<u><u>61,207</u></u>	<u><u>57,179</u></u>

## 19. NET PARLIAMENTARY FUNDING

	2011-12 £'000	2010-11 £'000
Amount provided by BIS - Capital Funding	123,893	111,397
Amount provided by BIS - Revenue Funding	357,560	336,834
Animal Licences Provided by BIS	125	125
	<u>481,578</u>	<u>448,356</u>
<b>Net Parliamentary Funding</b>	<u><u>481,578</u></u>	<u><u>448,356</u></u>

## 20. NOTES TO THE CASH FLOW STATEMENT

<b>Reconciliation of movement in cash to movement in net funds</b>	<b>31 March 2012</b>	31 March 2011
	<b>£'000</b>	£'000
Cash as at 1 April 2011	<b>10,483</b>	2,904
Increase/(Decrease) in cash in the year	<b>(4,699)</b>	7,579
<b>Cash as at 31 March 2012</b>	<b>5,784</b>	10,483
<b>Breakdown of Balances</b>	<b>31 March 2011</b>	31 March 2010
	<b>£'000</b>	£'000
HM Paymaster General	<b>4,314</b>	10,944
Lloyds/Barclays Bank PLC	<b>1,470</b>	75
Less Held for third parties	-	(536)
	<b>5,784</b>	10,483
<b>Third Party Assets: Cash held on behalf of Institutes to cover unforeseen losses</b>	<b>31 March 2011</b>	31 March 2010
	<b>£'000</b>	£'000
At 1 April 2011	<b>536</b>	536
Disposals	<b>(536)</b>	-
<b>At 31 March 2012</b>	<b>-</b>	536

BBSRC follows the public sector policy of not taking out commercial insurance and looks to self-insure through maintaining an appropriate level of general reserves to protect against potential unforeseen losses.

In previous years, BBSRC sponsored institutes contributed to a fund held by BBSRC to assist financially with any unforeseen losses of the institutes (and not BBSRC), which might otherwise have been covered by a commercial insurance policy. The fund was designated to address unforeseen losses with a financial value of less than 2% of the institutes' recurrent income. The fund was held by BBSRC for the sole usage by the institutes for such needs. In light of the revised governance arrangements for BBSRC sponsored institutes, BBSRC closed the fund in 2011-12 and the remaining amounts in the fund were returned to the institutes.

## 21. FORWARD COMMITMENTS ON APPROVED RESEARCH GRANTS

	<b>31 March 2012</b>	<b>31 March 2011</b>	31 March 2010
	<b>£M</b>	<b>£M</b>	£M
2010-11	-	-	238.3
2011-12	-	<b>185.0</b>	169.5
2012-13	<b>239.9</b>	<b>112.2</b>	108
2013-14	<b>162.3</b>	<b>57.7</b>	44.9
2014-15	<b>83.6</b>	<b>12.0</b>	23.1
2015-16	<b>19.5</b>	<b>2.9</b>	-
After 2015-16	<b>4.6</b>	-	-
	<b>509.9</b>	<b>369.8</b>	583.8

Please see accounting policy A - 'Going concern' for details on the reduced level of commitment going forwards

At the end of 2010-11, BBSRC migrated its Grants services to the RCUK Shared Services Centre Ltd. In preparation for the migration, grants processing ceased in the final months of 2010-11, and as a result, forward commitments were lower than usual at 31 March 2011.

## 22. CAPITAL COMMITMENTS

The majority of capital expenditure funded by BBSRC is on contracts let by sponsored institutes. Capital commitments as at 31 March 2012, for which no provision has been made, are as follows:

	<b>2011-12</b>	2010-11
	<b>£'000</b>	£'000
Authorised for contracts to be let, in some cases subject to full business case	<b>194,988</b>	193,881
Funding approved in principle:		
- BBSRC contribution to Pirbright development	-	38,498
- BBSRC works on Houghton Grange	<b>1,050</b>	-
- BBSRC contribution to capital equipment for strategically funded Institutes	<b>15,000</b>	-
- BBSRC contribution to backlog maintenance and dilapidations on BBSRC estate	<b>2,984</b>	-
	<b>214,022</b>	232,379

## 23. OPERATING LEASE COMMITMENTS

BBSRC has annual operating lease commitments under non cancellable agreements in respect of properties where the lease term expires as follows:

	<b>2011-12</b>	2010-11
	<b>£'000</b>	£'000
Within 1 year	-	112
Between 2 and 5 years	-	-
After 5 years	-	-
	-	112

The operating lease commitment for 2010-11 is in respect of office accommodation not occupied by BBSRC. This lease ended on 24 March 2012 so there are nil commitments for 2011-12 and the total of future minimum subleases payments expected to be received at 31 March 2012 is nil (31 March 2011: £66K).

### 23a. OPERATING LEASE RECEIPTS

BBSRC expects annual operating lease receipts under non cancellable agreements in respect of properties where the lease term expires as follows:

	<b>2011-12</b>	2010-11
	<b>£'000</b>	£'000
Within 1 year	<b>244</b>	311
Between 2 and 5 years	<b>964</b>	920
After 5 years	<b>6,210</b>	6,440
	<b>7,418</b>	7,671

## 24. CONTINGENT LIABILITIES

The former BBSRC sponsored IGER institute transferred to the University of Aberystwyth on 31 March 2008. As part of the transfer, BBSRC agreed to contribute toward any redundancy costs should the university experience a fall in programme grant income as a result of the transfer, between 1 April 2008 and 31 March 2014. BBSRC's contribution to any directly attributable redundancy costs is dependent upon both the level and year of income reductions. A provision of £2.3M was made in 2009-10 for several known redundancies which arose as part of this transfer and this was increased by £0.95M during 2011-12. There were £3.25M claims for redundancy costs in 2011-12 so the provision was expended in full as at 31 March 2012.

The former BBSRC sponsored Roslin institute transferred to the University of Edinburgh on 13 May 2008. Should the university experience a fall in programme grant income between the transfer date and May 2015, BBSRC agreed to contribute to the cost of any redundancies that arise as a direct result of the transfer. The level of BBSRC's contribution is dependent upon both the size and year of income reduction. BBSRC also agreed to provide indemnity for any potential costs that arise as a result of past actions of the institute and indemnity for any fall in grant income of the Neuropathogenesis Unit as a result of the transfer. The proportion of settlement BBSRC will fund declines on an annual basis and is limited to claims up to May 2023. A provision of £160K was made in 2009-10, and this was increased by £90K to £250K in 2010-11. In 2011-12 there were claims of £121K against this provision, £75K was released, and the provision was increased by £22K, resulting in a provision of £76K as at 31 March 2012.

As part of the transfer of the former BBSRC sponsored IGER institute to the University of Aberystwyth, certain key staff from IGER moved to Nottingham University. BBSRC agreed to underwrite a sum of £340K over a 5 year period starting in 2011-12, in case the newly formed Research Group fails to win additional grant funding in this time. BBSRC has encouraged this strategic link between Nottingham University and IBERS at the University of Aberystwyth to maximise the potential synergies, particularly between work on wheat, grasses and roots.

BBSRC has provided a financial guarantee to Colney Innovation Limited (CIL) to indemnify it from any unexpected capital overspend on the refurbishment of Norwich Research Park Innovation Centre (NRPIC) and any other losses incurred in relation to the project. This contingent liability, estimated to be no more than £100k, is set to run until July 2014. CIL is a commercial entity - formed jointly by BBSRC, the University of East Anglia, John Innes Centre, and the Institute of Food Research - set up to manage the new NRPIC bio-tech facilities for start-up and growing businesses that will turn world-class science into products and technologies, attract new innovation, and will boost the local and national economies.

## 25. RELATED PARTY TRANSACTIONS

The BBSRC is a Non-Departmental Public Body sponsored by the Department for Business, Innovation and Skills (BIS).

For the purposes of IAS 8, BIS and its partner organisations are regarded as related parties. During the year, the BBSRC has had various material transactions with BIS and entities for which BIS is regarded as the parent department, viz.: Arts and Humanities Research Council, Economic and Social Research Council, Engineering and Physical Sciences Research Council, Medical Research Council, Natural Environment Research Council, Science Technology and Facilities Council, Technology Strategy Board, UK Space Agency, the Higher Education Funding Council of England.

BBSRC also had a number of related transactions with RCUK Shared Services Centre Ltd, as set out in the notes to these accounts.

Professor Douglas Kell was appointed BBSRC Chief Executive and Accounting Officer on 1 October 2008 and attends BBSRC Council as the Deputy Chair. Professor Kell continues to work one day a week with the Manchester Interdisciplinary Biocentre (MIB), which is part of the University of Manchester and abstains from any discussions with relation to the University of Manchester while working for BBSRC. All BBSRC grants where Professor Kell was the principle investigator were transferred from Professor Kell prior to his employment with BBSRC, with the exception of one grant where the final payment of £48K was paid on receipt of the final report, which occurred after 1 October 2008.

The accounts provide disclosure of all material transactions with those who are recognised as key management personnel as per IAS 24 'Related Parties'. This is taken to be those members of staff who are included under directors remuneration in the Remuneration Report and all Council members.

During the year BBSRC did not undertake any material transactions with any Directors, however during the year, the following material payments with Council members' organisations took place in respect of research and training grants funded by the BBSRC:

	Awards	£
Professor Sir Tom Blundell FRS	3	52,174
Professor Sir David Baulcombe FRS	1	70,922
Professor Anne Dell CBE FRS	1	287,143
Professor Peter J Fryer	4	182,712

The following Council members held positions on the Governing Bodies of sponsored research institutes:

Dr David Lawrence	Rothamsted Research
Mr David Gregory	Institute for Food Research

Registers of interest for Council, Boards and Committees can be found at [www.bbsrc.ac.uk](http://www.bbsrc.ac.uk)

The following Council staff held positions on the Governing Bodies of sponsored institutes and centres

Mr Swinburne	Institute for Animal Health
Mr Gemmill	Institute for Animal Health

BBSRC sponsors six research institutes, which conduct long-term, mission-orientated research using specialist facilities that are in line with BBSRC's priorities. BBSRC provides Strategic Programme Grants to the institutes to fund specific research programmes. The sponsored institutes have separate charitable status and an independent governing body oversees the institutes' activities.

Between 2004 and 2006 BBSRC invested £2M for one third of the issued share capital of Plant Biosciences Ltd. Details are shown in Note 11.

Each of the seven Research Councils own a joint share of the RCUK Shared Services Centre Ltd. The investment is classified as 'other investment'. Details are shown in Note 10.

	Grants		Receivables (including loans)		Payables		Major Provision In Year	
	11-12 £M	10-11 £M	11-12 £M	10-11 £M	11-12 £M	10-11 £M	11-12 £M	10-11 £M
<b>Transactions with BBSRC-Sponsored Institutes:</b>								
Babraham Institute*	36.2	22.8	-	-	5.7	-	-	-
Institute for Animal Health*	76.9	62.9	-	0.4	8.4	12.1	-	-
Institute of Food Research*	14.4	13.4	-	-	1.4	0.8	-	-
John Innes Centre	27.5	28.4	1.7	1.7	2.1	-	-	-
Rothamsted Research	22.4	23.8	3.5	3.1	1.4	1.2	-	-
The Genome Analysis Centre	21.4	5.6	-	-	8.0	1.5	-	-
<b>Total</b>	<b>198.8</b>	<b>156.9</b>	<b>5.2</b>	<b>5.2</b>	<b>27.0</b>	<b>15.6</b>	<b>-</b>	<b>-</b>
<b>Transactions with former BBSRC-Sponsored Institutes</b>								
Institute of Grassland and Environmental Research	9.5	13.4	-	-	0.6	0.6	-	2.3
Roslin Institute	7.5	21.6	-	-	-	-	-	0
<b>Total</b>	<b>17.0</b>	<b>35.0</b>	<b>-</b>	<b>-</b>	<b>0.6</b>	<b>0.6</b>	<b>-</b>	<b>2.3</b>
<b>Transactions with other related parties:</b>								
Plant Biosciences Ltd	-	-	-	-	-	-	-	-
RCUK Shared Services Centre Ltd	-	-	0.2	1.5	0.9	2.9	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>0.2</b>	<b>1.5</b>	<b>0.9</b>	<b>2.9</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>215.8</b>	<b>191.9</b>	<b>5.4</b>	<b>6.7</b>	<b>28.5</b>	<b>19.1</b>	<b>-</b>	<b>2.3</b>

\*Institutes occupying BBSRC owned estate at peppercorn rents.

	Receivables		Payables	
	11-12 £M (see Note 16)	10-11 £M	11-12 £M (see Note 17)	10-11 £M
<b>Non-Institute:</b>				
<b>Within the WGA Boundary:</b>				
Other Research Councils	0.8	3.6	0.6	14.3
Other Government Organisations	0.4	1.8	8.2	8.3
Research Councils' Pensions Schemes	6.6	12.8	0.2	-
<b>Non WGA:</b>				
Babraham Bioscience Technologies Ltd	10.0	10.3	-	-
Other Debtors (including Universities)	18.1	18.8	23.7	16.3
	<b>35.9</b>	<b>47.3</b>	<b>32.7</b>	<b>38.9</b>
BBSRC-sponsored institutes & other related parties	5.4	6.4	28.5	18.3
<b>Total</b>	<b>41.3</b>	<b>53.7</b>	<b>61.2</b>	<b>57.2</b>

## 26. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

As the cash requirements of BBSRC are met through Grant in Aid provided by BIS, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with BBSRC's expected purchase and usage requirements and BBSRC is therefore exposed to little credit, liquidity or market risk.

### CURRENCY RISK

The Council's exposure to foreign currency risk was not significant during the year. Through the use of forward contracts, the Council seeks to mitigate its risk of foreign exchange rate movements on its foreign currency transactions.

For 2011-12 three contracts with an agreed cost of £3.81M have been fair valued (using the mid market rate ruling at 31st March 2012) at £3.75M with the difference being credited to the General Reserve.

	Amount	Settlement date	Cost	Fair Value at 31 March 2012	Difference to reserves
	US\$		£	£	£
<b>Contract date</b>					
23rd November 2011	2,000,000	May 24, 2012	1,270,245	1,249,141	21,104
23rd November 2011	2,000,000	May 24, 2013	1,273,480	1,252,270	21,210
23rd November 2011	2,000,000	May 24, 2014	1,275,104	1,255,650	19,454
			<b>3,818,829</b>	<b>3,757,061</b>	<b>61,768</b>

In 2010-11 there were no forward contracts in place.

## 27. IAS 20 ACCOUNTING FOR GOVERNMENT GRANTS (2011-12 FREM AMENDMENT)

For 2011-12 there has been a prior period adjustment in relation to the change in accounting for grants from government and government bodies under IAS 20 - Disclosure of Government Grants. Under IAS 20, grants from government bodies are receipts from a source other than shareholders and therefore should not be recognised directly in equity but should be recognised in profit or loss in appropriate periods.

To comply with the accounting standard, net funding from other bodies is now shown on the face of the Statement of Comprehensive Net Expenditure (SOCNE) rather than in the Statement of Changes in Tax payers Equity (SOCITE). The 2010-11 accounts require adjusting for this change in accounting policy and £16.805M previously shown in SOCITE is now shown in the SOCNE under Income. The result is that the total income for 2010-11 is now £22.039M compared to £5.234M shown in the 2010-11 accounts and the net expenditure after interest has decreased from £498.487M to £481.682M. There is no financial impact on the SOCITE as the removal of funding from other bodies is offset by the reduction in net comprehensive expenditure for the year.

## 28. EVENTS AFTER REPORTING PERIOD

IAS 10 Events after the reporting period, require the disclosure of the date on which the financial statements were "authorised for issue" and who gave that authorisation.

There were no significant events between the Statement of Financial Position date and 22 June 2012, the date when the Accounting Officer approved the accounts. The Financial Statements do not reflect events after this date.





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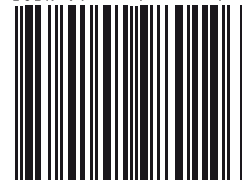
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