

Shaping Society

Economic and Social Research Council
Annual Report and Accounts

2011/12



Economic and Social Research Council
Annual Report and Accounts 2011/12

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Foreword by Chair



The ESRC continues to innovate in the way it works
and in promoting the impact of the research it funds.
As Chair I am pleased with how the ESRC has worked
with the academic community to find ways to become
more efficient and reduce costs while delivering the
strategic priorities set out in its Delivery Plan 2011-15.

First, I would like to congratulate Professor Paul Boyle for his leadership and skills in guiding the ESRC through challenging times. Professor Boyle has been tireless in meeting members of the academic community, government and business to communicate the ESRC's strategy and to find ways to work together. His academic background and approach to problem-solving have proved effective in a time of uncertainty and change.

We welcomed Professor Glynis Breakwell, Professor Simon Collinson, Professor Stuart Croft and Dr Justin Davis Smith as new members of the ESRC Council. My thanks go to retiring members Professor Charlie Jeffery, Professor Malcolm Grant and Professor Michael Lamb for their invaluable contributions to the governance and strategy of the ESRC over the years.

Once again, this has been a challenging year. In a climate of continuing economic uncertainty the ESRC has introduced new initiatives and schemes to ensure it meets the strategic challenges set out in its Delivery Plan. Not all of the changes have been popular – changes rarely are – but they have been necessary for the ESRC to continue to reduce its administrative costs and increase efficiency. However, when the ESRC has responded to economic pressures it has done so in a careful, measured and thoughtful way, always aware that the research it funds should be of the highest quality with the maximum impact.

Social science plays a vital role in providing research evidence across many sectors of our society and it is in times of rapid change that the value of this research becomes even more evident. Across the centres, investments and individual researchers that are funded by the ESRC there is a wealth of experience and skills, and a huge body of research that can contribute to policy debates around economics, public services, the environment, growth, energy and innovation, helping to inform the decisions of politicians and policymakers.

The ESRC has also become more responsive in communicating the impact of its research around specific issues. ESRC-funded research has contributed much to the debates about how to stimulate the economy and encourage growth and innovation. It has also played a role in examining ways to increase social mobility through health, education, employment and welfare policies.

I welcome the partnerships the ESRC has recently developed with financial services and retailing. These two sectors are based on consumer behaviour – the very essence of social science research – and have much to gain from working with the ESRC and exploiting the real value of the research it funds.

This report provides a review of the ESRC's activities over the past year and the progress it is making to meet the strategic priorities outlined in its Delivery Plan. It explains how the ESRC is changing the way it works to make it more efficient and responsive to the needs of its stakeholders and, most important, how its research is finding new ways to help society.

Dr Alan R Gillespie

Chair, ESRC

Statement by Chief Executive



This has been another year of change for the ESRC as we focused our activities to deliver the research priorities announced in our Delivery Plan 2011-15. Working with the academic community the organisation has achieved a great deal, maximising the impact of social science research on society.

We have continued to increase the operational efficiencies and cost savings instigated to meet the spending targets of the Comprehensive Spending Review, reducing the proportion of our budget spent on administration, freezing recruitment and looking for more-cost-effective, innovative ways to communicate the impact of the research we fund.

Initiatives announced in 2010 have also started to bear fruit in 2011/12. The first cohort of students started their training at our new national network of Doctoral Training Centres (DTCs). In 2011 we also launched our Advanced Training Network which offers advanced training for all social science postgraduate researchers registered at a UK Higher Education Institution across the ESRC DTCs, the National Centre for Research Methods (NCRM) and the Researcher Development Initiative (RDI).

We integrated our Centres and Large Grant competitions to provide greater flexibility for applicants with the competition for 2011/12 inviting applications ranging from £2 million to £5 million. There is an emphasis on maximising impact, working more with existing investments and international dimensions, which encourage best-with-best collaborations worldwide.

Our Future Research Leaders scheme replaced the Post-Doctoral Fellowship and First Grants schemes to provide enhanced opportunities for successful applicants. At a time of financial austerity, we have maintained our previous levels of funding for post-doctoral awards which will enable outstanding early career social scientists – in partnership with their host institution – to develop the skills to become future world leaders in their field.

Over the last few years we have experienced a considerable rise in applications submitted to the ESRC and this corresponds with a period when we are forced to make staff savings. Consequently, in June 2011 we introduced changes to our submission policies, as well as working with the academic community through HEIs to self-regulate the number of funding applications submitted. This combination of

self-regulation and changes to ESRC policies and processes will reduce demand and cost for both academic institutions and the ESRC.

There has been a positive response from institutions to the call for greater self-regulation, and we are confident that this approach will lead to a reduction in uncompetitive proposals. However, it is essential that we make progress on this issue and throughout the spring and summer of 2011 we consulted academic institutions to collect views on what further steps might be taken to manage demand if more formal procedures were required. The vast majority of respondents judged that the fairest method would be to limit for a certain length of time the applications from researchers who consistently fail to meet required standards.

We continued to maintain and develop our breadth of cross-sectional and longitudinal studies. Our ongoing commitment to such research infrastructure, and in particular the key longitudinal studies, has been central to our strategy and will continue in the years to come. The first large wave of data from *Understanding Society* – the world-leading study of the socioeconomic circumstances and attitudes of 100,000 individuals in 40,000 British households – was deposited with the UK Data Archive for analysis by researchers.

A team of researchers with early access to the data has already examined the material across a range of areas, looking at young people's health and wellbeing, the links between parents' income and children's achievements, and the role of social support networks in coping with stressful events, through to the division of housework and a range of specially-commissioned research using the survey's 'ethnicity boost sample'.

Building strategic partnerships with users continues to be a priority for the ESRC and we have maintained our existing strong strategic relationships with central and local government, the devolved administrations and the third sector while extending and deepening our engagement with the business sector. In the financial services area we have continued to work closely with the Financial Services

Statement by Chief Executive

Knowledge Transfer Network, co-funded by the ESRC and Technology Strategy Board, to bring relevant academic expertise to bear on issues faced by financial service practitioners.

And in the retail area, also an ESRC priority, we have initiated a number of knowledge exchange and collaborative research projects on key sector issues such as the future of the high street, consumer behaviour and sustainable supply chains, co-funded with both large retailers and smaller industry players. We have also recently appointed two 'Knowledge Navigator' teams for the retail sector to examine the opportunities for improving access and exploitation of public and private sector datasets related to the retail sector.

Once again, effective and targeted communication of our research findings and their impacts has been key to all our activities. Our website, relaunched in 2011, offers a growing and more comprehensive research catalogue, making our funded research available for further analysis or use by the academic community, business, government, the third sector or the public at large. Improvements are constantly made to the site based on user feedback.

We continue to invest in our publications such as *Society Now* – our free magazine – and *Britain in* magazine which is available on the high street, broadening their coverage and introducing new content based on reader feedback. We also launched a new series of evidence briefings that highlight the value of our research to inform government policy.

The ESRC Festival of Social Science 2011 celebrated the breadth of social science research in the UK with 131 events offering insights into the effect this research has on our daily lives. The festival closed with a flagship event, 'Celebrating the social sciences', that launched a new series of videos highlighting the value and impact of ESRC-funded research. Over 17,000 academics and members of the public attended Festival events, providing an excellent mechanism for demonstrating the value of social science research to society at large.

The ESRC has achieved a great deal to meet the objectives of our Delivery Plan. I would like to thank the ESRC staff, Council and committee members for their enthusiasm and support. I am proud of what we have achieved and am confident that we can continue the good work over the next few years.

Professor Paul Boyle

Chief Executive, ESRC



Management Commentary

Highlighting Social Sciences – Key Highlights of the Year

Maximising Impact

Impact Through World-Class Social Science Research

Impact Through Skilled People

Impact Through World-Class Infrastructure

Impact Through International Leadership

Impact Through Partnerships

Progress Against Targets and Milestones

Highlighting Social Sciences

Key highlights of the year



National Ecosystem Assessment

A groundbreaking study – The UK National Ecosystem Assessment (UK NEA) – brought together more than 500 experts in ecology, economics and social sciences under the chairmanship of Professor Bob Watson and Professor Steve Albon. The UK NEA was funded by Defra, the Scottish Government, the Welsh Assembly Government, the Northern Ireland Executive, the Natural Environment Research Council and the ESRC with funding co-ordinated through the RCUK Living With Environmental Change partnership.

The UK NEA differs from previous studies of the environment through the new approaches it uses to estimate the value of the natural world by taking account of the economic, health and social benefits we get from nature. Traditionally, the common view has been that caring for the environment means extra financial burdens. However the UK NEA shows that there are real economic reasons for looking after nature.

The assessment provides values for a range of ecosystem services to help us fully understand the value of the natural environment and how the benefits to individuals and society as a whole can be better protected and preserved for future generations.

Mapping the energy research environment made easier

The UK energy research scene is now easier to navigate thanks to the UK Energy Research Centre's online Research Atlas launched in May 2011.

Energy research covers many areas, from fuel cells, wind energy and bioenergy to carbon capture, smart grids and nuclear. With so many agencies involved in research and funding, linking these areas to find out where research is being carried out is complex but essential. The Research Atlas is now fully searchable, providing a definitive information resource for researchers and policymakers from industry, NGOs, universities and government, both in the UK and internationally.

The UK Energy Research Centre is funded by the RCUK Energy Programme.



Discovering Copperopolis

The ESRC-funded Swansea University Copper Project investigated the importance of copper – arguably the first truly global industry – to the economy and people of South Wales, and the world. The project embraced academia, the heritage sector and local and global communities to examine how the heritage of the South Wales copper industry lives on in its landscape, buildings and people.

Through high quality research from a range of scholars, the Copper Project explored the development of Welsh copper and examined its role in technological innovations, international trade and Atlantic slavery, cultural and social consequences, and its aftermath in reclamation and regeneration. The project also contributed to the Channel 4 Time Team programme 'A Copper Bottomed Dig'.



Queen's Birthday Honours

The following people were recognised in the Queen's Birthday Honours:

- Professor Peter Elias, ESRC Strategic Advisor for Data Resources, and Professor Christopher Hood, former Director of the ESRC Public Services Programme, were awarded CBEs for services to social science.
- ESRC Council member Dr Justin Davis Smith was awarded a CBE for services to the voluntary sector.
- Professor Ron Johnston at the ESRC Centre for Market and Public Organisation and John Loughhead, Executive Director of the UK Energy Research Centre, were awarded OBEs for services to scholarship and technology, respectively.

Working mothers and the effects on children

A new ESRC-funded study on maternal employment and child socio-emotional behaviour in the UK shows that there are no significant detrimental effects on a child's social or emotional development if their mothers work during their early years.

Using data from the UK Millennium Cohort Study, researchers discovered that the relationship between behavioural difficulties and employment of the mother was stronger for girls than for boys and that this was not explained by household income, level of mother's education or depression in the mother.

The study was carried out by Dr Anne McMunn and researchers from the International Centre for Lifecourse Studies in Society and Health, UCL.

For more information see www.ucl.ac.uk/icls



Professor Alan Walker

Professor Alan Walker, Director of the RCUK New Dynamics of Ageing research programme and Professor of Social Policy and Social Gerontology at the University of Sheffield, has been given one of the first awards by the European Region of the International Association of Gerontology and Geriatrics.

The award was for Advances in Gerontology and Geriatrics in the Social and Behavioural Sciences. Professor Walker was given the award 'for excellence and achievements in the science of ageing and in recognition of the outstanding contribution to the development of gerontology in Europe'.

Professor Chris Huxham

Advanced Institute of Management Research (AIM) Senior Fellow Professor Chris Huxham has been awarded the 2011 Routledge Award for outstanding contribution to the field of public management, as voted by the board of the International Research Society for Public Management.

Highlighting Social Sciences

Key highlights of the year



Festival focus

The ESRC Festival of Social Science 2011 – a week-long series of events celebrating the breadth of social science research in the UK – ran between 29 October and 5 November. Events the length and breadth of Britain offered insights into how social science research helps to mould social, economic and political policies, as well as the effect it has on our daily lives.

The ESRC also ran a flagship Festival event, 'Celebrating the social sciences', that showcased the impacts of social science research to an audience of over 100, including policymakers. Guest speakers David Willetts MP, Minister for Universities and Science, and Mark Easton, BBC News Home Editor, highlighted the impacts and the contribution of social sciences both at home and internationally.

Commenting on the Festival event in his blog, David Willetts said: "We should recognise and celebrate the social sciences and the enormous contribution the UK makes to a global body of knowledge. The social sciences vastly improve our understanding of the world around us – our society, our economy, our quality of life and public health – and most importantly they help us improve the outcomes of people from all backgrounds and areas of society."

ESRC Chief Executive elected president of Science Europe

Professor Paul Boyle, ESRC Chief Executive, has been elected the first President of Science Europe – a newly formed organisation that brings together 50 research-performing and funding organisations from across Europe.

Science Europe will promote the collective interests of its member organisations, and streamline the co-ordination of policies and activities.

Speaking about his new role, Professor Boyle said: "I am honoured to be elected as the first President of Science Europe. International collaboration is critical to finding solutions to the major challenges facing the world today. Science Europe will allow us to work together to address these challenges by providing a strong, single voice for research funding and performing organisations in Europe."

International PhD Initiative

The ESRC launched an international PhD initiative in November to support up to 150 'twinning' arrangements between PhD students at ESRC Doctoral Training Centres and institutions in emerging countries including China. The initiative aims to build social science research networking to tackle global issues and concerns.

For more information see www.esrc.ac.uk/funding-and-guidance/funding-opportunities

Professors John Van Reenen and Carol Propper



Professor John Van Reenen with co-author Professor Carol Propper have been awarded the Arrow Award for the best paper in Health Economics published in 2010 for their paper *Can Pay Regulation Kill?* The prize is awarded by the International Health Economics Association.

Carol is Professor of Economics of Public Policy at the University of Bristol where she helped found the ESRC Centre for Market and Public Organisation. John is the Director of the ESRC Centre for Economic Performance at the London School of Economics.

Green budget

The financial crisis and recession have revealed 'a £114-billion hole in the public finances', according to researchers at the Institute for Fiscal Studies at the launch of the Green Budget – their annual analysis of the UK economy – in February 2012. The IFS Green Budget was produced in collaboration with Oxford Economics with additional funding from the ESRC-funded Centre for the Microeconomic Analysis of Public Policy.

The report also predicts that the Government will borrow less than predicted in 2011/12 (£2.9 billion), with departments underspending by more than £3 billion this year.

For the full report see www.ifs.org.uk/publications/6003



A world of waste

The Waste of the World five-year research programme, funded through the ESRC's Large Grant Scheme, ended in 2011. The programme brought together researchers in geography, anthropology and materials science from the University of Sheffield, Durham University, University College London and Goldsmiths College London, connecting the UK with South Asia (particularly India and Bangladesh), as well as the US, Europe and Kazakhstan. The programme aimed to:

- Rethink how waste is thought about in the social sciences
- Provide a global analysis of waste
- Examine how rethinking waste impinges on some of the core concerns of contemporary social science, notably: economies, researching globalisation, hazards and risk, and materiality.

A public event – Everything Must Go – was staged on 20-22 January 2012 at the

Bargehouse on London's Southbank, bringing together social scientists, artists, designers and social entrepreneurs to create a visually stimulating environment to examine issues arising out of research into the global flow of waste. The event marked the culmination of the Waste of the World project.

For more information see www.thewasteoftheworld.org



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Highlighting Social Sciences

Key highlights of the year



Social mobility

The ESRC has published a series of evidence briefings on social mobility that investigate how health, parenting, education, skills and poverty influence the opportunities for individuals and provide policy recommendations on what might be done to improve social mobility.

The briefings draw from a range of research produced by the centres and studies funded by the ESRC and analyse possible policy interventions that could give people the chance to break the cycle of social immobility.

For more information see www.esrc.ac.uk/publications/evidence-briefings

The British Sign Language Corpus project

The ESRC-funded Deafness, Cognition and Language (DCAL) research centre has announced that data from the British Sign Language Corpus Project (BSLCP) are now publicly available.

The collection of video recordings shows 249 deaf men and women of different ages and backgrounds conversing in BSL with each other in pairs. They answer questions, tell stories, and show their signs for 102 key concepts. DCAL hopes the video data will lead directly to improved sign language teaching and improvements in training BSL teachers, sign language interpreters and teachers of deaf children.

For more information see the data section of www.bslcorpusproject.org



Making history

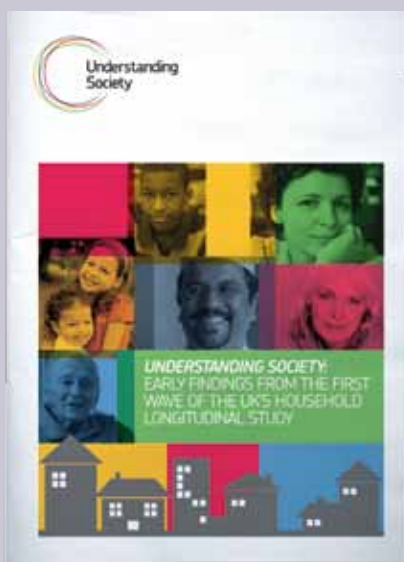
A book by Jane Humphries, a Professor of economic history and ESRC Professorial Fellow, shows the terrible price the labourers of the Industrial Revolution paid. A BBC 4 documentary based on her research, 'The children who built Victorian Britain', won Best History Production at the 2012 History Makers International festival in New York in January 2012. The awards recognise the very best in history, current affairs, and non-fiction programming from around the world, across digital and TV platforms.



New team to navigate the retail sector

Building relationships, raising the profile of social science research and identifying opportunities for collaboration will be the main focus of a new ESRC Retail Knowledge Navigator Team announced in January 2012. Given the broad range of stakeholders and research agendas, the ESRC has identified the need to supplement its existing resource with a team of expert knowledge brokers who will be able to forge stronger links between the social science community and the retail sector. The new team includes Professor Kim Cassidy, Dr Sheilagh Resnick and Professor Paul Whysall, all from Nottingham Business School, part of Nottingham Trent University.

Data release offers great research opportunity



The first large wave of data from *Understanding Society* – a world-leading study of the socioeconomic circumstances and attitudes of 100,000 individuals in 40,000 British households – has been deposited with the UK Data Archive and is available for analysis by researchers.

A team of researchers with early access to the data has already examined the material across a range of areas. These range from young people's health and wellbeing, links between parents' income and children's achievements, and the role of social support networks in coping with stressful events, through to the division of housework and a range of specially-commissioned research using the survey's 'ethnicity boost sample'.

For more information see www.understandingsociety.org.uk/default.aspx



Award-winning drilling in virtual teeth

An innovative multidisciplinary project that developed a 3D virtual dentist's chair has scooped a prestigious award. The hapTEL project – whose name derives from haptics, the science of touch – picked up the BETT award for Innovation in ICT resources for education at a ceremony in London in

January 2012. BETT is the UK's leading trade show for educational technology and described as 'The Oscars of Educational Software'. The project had already won a Medical Futures award in June 2011.

For more information see: www.tlrp.org/tel/haptel

Highlighting Social Sciences

Key highlights of the year

New Year Honours 2012

A number of prominent social scientists and ESRC grant holders have been honoured in the New Year Honours list.

Commanders of the Order of the British Empire

Professor Karin Barber

Professor of African Cultural Anthropology, University of Birmingham and ESRC grant holder; for services to African Studies

Professor Eileen Munro

Professor of Social Policy, London School of Economics, ESRC seminar participant, for services to Children and Families

Professor Judith Petts

Dean of the Faculty of Social and Human Sciences, University of Southampton, ESRC grant holder; for services to Scientific Research

Officers of the Order of the British Empire

Professor Dianne Berry

Dean of the Faculty of Social Sciences at the University of Reading, former member of the ESRC Research and Evaluation Committee and ESRC grant holder; for services to Scientific Research

Professor Ella Ritchie

Deputy Vice-Chancellor at Newcastle University, former member of the ESRC Training Board and ESRC grant holder for services to Higher Education

Professor Peter Jennings Buckley

Professor of International Business, University of Leeds, ESRC grant holder; for services to Higher Education, International Business and Research

Professor Jean Golding

Emeritus Professor of Paediatric and Perinatal Epidemiology, University of Bristol, founder of the Avon Longitudinal Study of Parents and Children (ALSPAC), for services to Medical Science

Dames Commander of the Order of the British Empire

Professor Glynis Marie Breakwell, DL

Vice-Chancellor, University of Bath, Chair of the ESRC Research Committee and Council member; for services to Higher Education

Members of the Order of the British Empire

Professor Rhona Susan Johnston

Professor of Psychology, University of Hull, ESRC grant holder; for services to Education

Professor Robert Walker

Professor of Social Policy, University of Oxford, ESRC grant holder; for services to Social Policy Research

Dr Helen Simpson

Dr Simpson from the Centre for Market and Public Organisation has been awarded a £70,000 Philip Leverhulme Prize



Prizes are awarded annually to 'outstanding scholars who have made a substantial and recognised contribution to their particular field of study'. Dr Simpson has been awarded a prize for her research using new data on firms, which examines the reasons behind firms' location decisions and the impact of these decisions on firm performance. The Leverhulme Trust was established in 1925 under the Will of the first Viscount Leverhulme. It is one of the largest all-subject providers of research funding in the UK.

Longitudinal studies ministerial seminar

Introduced by the Rt Hon. David Willetts MP, the ESRC/ONS Longitudinal Studies Seminar on 19 July gave press and policymakers a better understanding of longitudinal studies and administrative datasets, and their use in a wide range of policy areas, such as wellbeing, social mobility and employment.

In his presentation, ESRC Chief Executive Professor Paul Boyle commented: "Longitudinal studies are the jewels in the crown for ESRC. They provide the bedrock of research evidence, making it possible to map how society evolves and identify areas where policy intervention can improve our lives."

Social science research supporting dementia

The Prime Minister announced plans to tackle what he calls a 'national crisis' posed by dementia, including a doubling of research funding into dementia to £66m per annum by 2015. As part of the funding being made available, the ESRC and National Institute for Health Research will be working together to support an initiative with up to £13m funding available for social science research on dementia.

"Dementia is a major challenge for our society, and it is imperative to develop an understanding of the needs of those with dementia, their families and the communities they live in," said ESRC Chief Executive Paul Boyle. "Funding social science research in this area could provide much-needed evidence for changes in future health and social care policy, as well as practical guidance for charities and third sector organisations working with sufferers of dementia."

Maximising Impact

The social sciences are vital to increasing health and wellbeing, to improving education and skills, and to understanding economic activity and how economic performance can be strengthened worldwide. The research that the ESRC funds guides the creation of new social knowledge, informs executive decisions in government, business and the third sector, and shapes society. Our continuing commitment is to find and fund the very best research through the varied opportunities we offer and to maximise the impact that the research makes.



Delivering Impact

Maximising the benefits of our investment in social science is central to our *Strategic Plan 2009-14*. Our strategic aim is to stimulate and steer the creation of knowledge that will have a tangible economic and social benefit. We measure success through the five objectives: impact through excellent social science research; impact through enhanced national capability; impact through better national data infrastructure; impact through partnerships; and impact through international leadership.

With our *Delivery Plan 2011-15* we sharpened our focus around three priorities: Economic Performance and Sustainable Growth; Influencing Behaviour and Informing

Interventions; and A Vibrant and Fair Society. These priorities encapsulate the big issues for Britain, the wider world and for social science. They are related to the Research Councils UK (RCUK) cross-Council programmes and, as they are interdisciplinary in nature, much of the work is funded jointly with other research councils or other partner organisations. We will revisit the priorities each year and update them as necessary.

Creating, assessing and communicating impact remains central to all our activities. The following pages demonstrate the breadth and impact of the research we fund through our five impact objectives.

Impact Through World-Class Social Science Research

The ESRC remains committed to supporting the very best research. All our funding opportunities are highly competitive and only those proposals judged by experts in the field to be of the highest scientific quality – the primary criterion for funding – are supported.

During 2011/12 we have continued to invest in the best research while also aiming to enhance the impact of our funded research on society. We continue to encourage and support research applications which demonstrate one or more of innovation, interdisciplinarity and impact. The ESRC also endorses the RCUK statement on our expectations of researchers for both academic and economic and societal impact.

The 2010 Comprehensive Spending Review had an impact on our research funding during the year in two principal ways:

First, planning our future budget led us to delay or cancel the operation of some of our funding schemes in order to reduce our potential liabilities. For example, there were no new awards made for centres and large grants this year.

Second, the need for greater administrative efficiencies has prompted us to look closely at the configuration of our various schemes and funding opportunities and we decided to end or amalgamate a number of our previous mechanisms. This means that we have now terminated the small grants scheme and moved from separate first grants and post-doctoral fellowship competitions to a single new early career scheme for future research leaders.

The other major change in the administration of our research funding has been that from February 2011 the responsibility for the administration of our grants processing transferred to the RCUK Shared Service Centre. While this led to some delays during the initial transition period, we expect this change to deliver further efficiencies in the coming years.

Research Support Mechanisms

We support research through a number of mechanisms. In very broad terms these can be categorised as either:

- Responsive funding. This allows individuals and research teams to put forward research proposals in any area within the ESRC's remit without needing to fit within a particular set of priorities.
- Directive funding. This enables us to support new work within our strategic priorities by inviting proposals against a specific research brief and topic area. In practice, this is not an absolute distinction and many of our funding schemes will contain both responsive and directive elements.

During 2011/12 the ESRC spent approximately £134 million of its gross budget on supporting research. Below we identify some of this year's highlights in terms of addressing our priorities, funding work of the highest quality and ensuring that it creates new knowledge with clear benefits for society.



Responsive research

We are committed to providing a range of funding opportunities at all stages of the research career from the post-doctoral level through to large-scale funding and professorial fellowships for more senior, established researchers. All of these allow for single and multi-disciplinary projects, including work that goes beyond the social sciences and addresses important issues at the interfaces between the social sciences and the physical and environmental sciences; health and medicine; and the arts and humanities. Much of this work is innovative in terms of its theory or methodology. Much of our responsive work also has significant policy and practical impacts – such impacts are not confined to our directive research.

Researchers with excellent ideas for research projects can seek funding through the ESRC's Research Grants Scheme that now ranges from £200,000 to £2 million (as of February 2011). The overall success rate through the Research Grants Scheme in 2011/12 was 17 per cent, meaning that a large number of highly rated proposals were not supported. We have recognised this as a particular problem for a number of years and are committed to a close dialogue with the universities and the social science community to explore ways in which this high level of demand and the consequent low success rates can be addressed to reduce the amount of wasted effort within the current system. We hope this problem can be tackled through the voluntary efforts of the community rather than by having to impose limits or penalties.

Directed research

The ESRC *Strategic Plan 2009-14* outlines the major research challenges ahead. This was supplemented and updated by the *Delivery Plan 2011-15*, published following the announcement of the 2010 spending review settlement, that identified three strategic priority areas within which the ESRC would focus its activities and new strategic funding. This will enable us to address some of the most pressing and difficult scientific and policy questions facing both the UK and the wider international community. The priorities also map closely onto the RCUK cross-Council programmes, all of which have a significant social science component, and the wider public policy agenda.

The three priority areas are:

- **Economic Performance and Sustainable Growth**
- **Influencing Behaviour and Informing Interventions**
- **A Vibrant and Fair Society**

We address these priorities by investing in large-scale activities such as centres and programmes; developing new capacity and infrastructure; and supporting the co-production and exchange of research knowledge to maximise impact. Most of these challenges are interdisciplinary in nature and much of the work is funded jointly with other research councils or other partner organisations that share our values of quality, impact and independence.

The majority of new work agreed in 2011/12 to address these challenges was through collaborations with other research councils and research users, using the ESRC's Ventures fund. Twelve new ventures were agreed in 2011/12, including:

Community Engagement and Mobilisation

Connected Communities is a cross-Research Council research programme. It aims to mobilise the potential for increasingly interconnected, culturally diverse communities to enhance participation, prosperity, sustainability, health and wellbeing by better connecting research, stakeholders and communities. The Community Engagement and Mobilisation element of the Programme, funded in partnership with the Arts and Humanities Research Council (AHRC), will award two large research grants in the area of community engagement and mobilisation, one on the making of engagement and the other on the regulation of engagement.

E-Health Research Centres

It is vital that the UK research community is in a strong position to maximise the health research potential offered by linking electronic health records with other forms of routinely collected data and research datasets. This initiative will establish centres of excellence in research using e-health records as part of a shared vision to promote linkage of electronic data for research. The Centres will pursue cutting-edge research, deliver innovative linkage and analysis of health-related



datasets, build research capacity and expertise, and act as an interface with industry, practice and policy to build and sustain a vibrant health informatics research capability in the UK.

Funding Partners:

- Medical Research Council (MRC)
- Wellcome Trust
- Engineering and Physical Sciences Research Council (EPSRC)
- Cancer Research UK
- National Institute for Health Research

End User Energy Demand Reduction (EUED) Research Centres

This initiative is in partnership with the EPSRC. End Use Energy Demand (EUED) is defined as energy efficiency measures, reduction in demand for energy and reduction in demand for energy services. All these measures will contribute towards reducing carbon emissions from energy use and help to satisfy the UK's 2050 greenhouse gas emissions target. The initiative includes research extending from the built environment to industrial processes and products, from materials to design, and from markets and regulation to organisational and individual behaviour.

DFID/ESRC Growth Programme

This programme will fund world-class scientific research on issues relating to inclusive economic growth in Low Income Countries (LICs), with high potential for impact on policy and practice.

There are three themes under the call:

Theme 1: Agriculture and Growth

This theme focuses on developing understanding of the relationship between agricultural development and broader economic growth, and on the impact of policies on agricultural productivity.

Theme 2: Financial Sector Development and Growth

This theme focuses on macro issues in finance in LICs, including regulation and supervision of financial markets, the structure of the sector, and management of capital inflows.

Theme 3: Innovation, Diffusion and Economic Growth: Raising Productivity in Low Income Countries

This theme investigates issues around innovation, the spread of know-how, and the process of adapting know-how to meet local conditions in LICs.

As well as collaborative venture funding, we work with our fellow Research Councils where novel, multidisciplinary approaches are needed to solve the big research challenges over the next ten to 20 years. To achieve this, RCUK co-ordinates the delivery of multidisciplinary research in several priority areas. The ESRC participates in the following programmes, providing social science expertise:

- **Digital Economy**
- **Energy**
- **Food Security**
- **Global Uncertainties**
- **Lifelong Health and Wellbeing**
- **Living With Environmental Change**

The ESRC leads on the RCUK Global Uncertainties (GU) programme. The programme examines issues such as transnational crime, terrorism, ideologies and beliefs, proliferation of chemical, biological and nuclear weapons, and cybersecurity – all research areas where the social, physical and natural sciences are working together on solutions across traditional disciplinary boundaries. Highlights for the year include:

Publication of the Programme's Strategic Plan

The commissioning of new work in the following areas:

- GU Leadership Fellows (ESRC with AHRC). We expect to fund up to ten Fellows to conduct personal research and carry out a leadership role
- Academic Centres of Excellence in cyber security research (EPSRC and GCHQ)
- Joint EPSRC-GCHQ Research Institute in the Science of Cyber Security
- Data Intensive Systems (EPSRC and Dstl – the Defence Science and Technology Laboratory within the MoD)
- Joint Synthetic Biology Initiative (BBSRC, MRC, EPSRC and Dstl)
- Increasing Resilience to Natural Hazards (ESRC with Natural Environment Research Council - NERC) – Two major multidisciplinary grants on increasing resilience to volcanic and seismic events.

The Programme supported knowledge exchange with a 'showcase' on research in cyber security, and public engagement activities in the Cambridge 2011 Festival of Ideas, with events focused on the Arab Spring and resilience to violent natural events.

During last year, an All Party Parliamentary Group on Global Uncertainties was established, and has held two meetings featuring research from the programme.

Evaluation – demonstrating academic impact

The ESRC places a high value on the role of evaluation in ensuring accountability for our funding and as a means to assess the quality and impact of the research that we support. The findings and recommendations from our evaluation work also play a significant part in informing our future activity, such as the design of funding mechanisms and our research priorities.

During 2011, we commissioned and completed 11 independent evaluations of major investments and schemes, and further extended our understanding of the economic and societal impact of social science through a new study assessing the value of research data infrastructure and further development of our work on the impact of our investment in training skilled social scientists.

Evaluations have provided assessments of the academic quality and wider impact of a range of our research, including major initiatives on public services, risk and regulation, identities, energy, and radicalisation, as well as key reviews of some of the ESRC's funding schemes, including our long-standing investment in Research Seminars.

The evaluations underline the very high quality of ESRC research, with a wide range of important contributions to social science theory and methods, as well as valuable advances in empirical understanding. We also completed the evaluation of 150 individual projects. The results show high quality academic impact, with 93 per cent of all research projects being graded 'Good' or higher – indicating work of international quality and substantial impact – through an independent peer review process.

Impact Through Skilled People

The development of the social science skills base within the UK continues to be a priority for the ESRC and we take a strategic lead to improve the quality of postgraduate training right across the social sciences. We continue to be the single largest funder of social science postgraduate training within the UK, with an investment of over £60 million per year supporting almost 3,000 students.

Delivering excellence in doctoral training

The past year has seen the first cohort of students start their training at our new national network of 21 institutional or consortia-level Doctoral Training Centres. The DTCs were commissioned in 2010/11 as part of our new Postgraduate Training Framework and are major centres of excellence in postgraduate training which cover the full disciplinary range of the social sciences, and interdisciplinary research, providing innovative approaches to both the delivery and content of postgraduate training. For the first time transferable skills training is embedded in the core training provision, with the DTCs offering both innovative methods of ensuring researcher development and novel opportunities for postgraduate researchers to gain experience of working with user groups through a series of people-exchange initiatives.

In 2011 we also launched our new Advanced Training Network incorporating advanced training delivered across ESRC, the DTCs, the National Centre for Research Methods (NCRM) and the Researcher Development Initiative (RDI). Training provided through the network is available for all social science postgraduate researchers registered at a UK HEI for a maximum fee of £30 per day. In total 400 courses are being opened up for the academic year 2011/12. These training courses offer social science postgraduates the opportunity to access high quality advanced training both within and outside their home institution, whether in their own discipline, a particular research method, or in a different area of research, in order to develop new skills or knowledge. We are investing over £1 million for the next five years to ensure that students from all UK Higher Education Institutions can access training through the network.

New opportunities for engagement and exchange – collaborative training

Collaborative training enables researchers to develop the relevant skills to undertake excellent research, work effectively with and in user organisations and exploit the outcomes of their research. As part of our commitment to deliver impact through people, in 2011 the ESRC has supported a number of opportunities, including internships for ESRC-funded students and Knowledge Transfer Partnerships.

In previous years we have operated a Collaborative Awards in Science and Engineering (CASE) scheme through which we jointly sponsored studentships with private, public or third/voluntary sector organisations. In establishing the DTCs we have sought to strengthen the opportunities for students to undertake collaborative training. Instead of running a separate CASE studentship competition we have given DTCs the flexibility to forge and deepen their own partnerships by utilising their quota allocation to fund collaborative awards as well as create opportunities for students to develop their transferable skills through placements or internships. We have set the target that 20 per cent of studentships per cohort should be collaborative.

Knowledge Transfer Partnerships

The Knowledge Transfer Partnership (KTP) programme enables organisations across the private, public and third sectors to improve their competitiveness and productivity through accessing the knowledge, skills and technology that reside within UK universities. During the year the ESRC co-funded nine new projects in 2011/12 and 165 ongoing projects, all involving academic social scientists. During the past year we have refocused our funding of KTPs to prioritise engagement with the business sector, particular the retail and financial services sectors.

Knowledge Transfer Partnership Sector Trends: New Partnerships by Year

SECTOR	2005/ 06	2006/ 07	2007/ 08	2008/ 09	2009/ 10	2010/ 11	2011/ 12
Public	10	12	12	23	21	11	3
Private	7	9	11	15	32	21	5
Voluntary*	4	5	7	19	36	23	1
Totals	21	26	30	57	89	55	9

* The voluntary sector includes social enterprise organisations

Engagement and exchange through placements

People and ideas exchange

Individuals and ideas are at the heart of knowledge exchange. Often, the exchange of ideas can be the spark that initiates a longer collaboration, whether through people exchange or more substantive collaborative training or research. Creating opportunities to initiate and sustain a conversation that may lead to bigger and better things is important and the ESRC has a number of opportunities to make this happen. The ESRC supports people exchange, enabling academic social scientists to work within Government, the third sector and business organisations on specific projects where their academic expertise can add value to the development of policy or strategy in the public or private sector. Similarly, opportunities for research users to become embedded in academic organisations are also supported. For instance in a project funded by the ESRC in January 2012 the founder and Director of charity Community Resolve undertook a placement at the centre for Psycho-Social studies at the University of the West of England.

ESRC PhD students have the opportunity to extend their award with a placement in a non-academic host organisation within the public, private or third sector. Students work on specific projects involved with public or organisational policy. Following consultation with hosts and students in summer 2011 we made the scheme more flexible enabling placements to be up to six months, rather than for a fixed three-month period, and moved from an annual scheme to having three batches a year. In the first batch of 2011, 48 student internship awards were made and while applications from students to the second batch are currently being processed, 42 different internship opportunities are available. In 2010, 36 Internship awards were made – under half the total number in 2011/12.

Developing the skills of UK social scientists

In 2011 we launched our new Future Research Leaders Scheme, which is designed to enable outstanding early researchers, in partnership with their host organisation, to acquire the skills to become the future world leaders in their field and fund an excellent research project.

The scheme is open to high quality candidates from anywhere in the world who have a maximum of four years' post-doctoral experience and the support of an eligible UK research organisation. It provides up to three years' funding for a package of activities including a high quality research project, research skills development and a programme of activities to develop skills in knowledge exchange. Commissioning will finish in summer 2012 and we expect to make around 70 awards.

In 2010 the Comprehensive Spending Review settlement and the need for greater administrative efficiency prompted us to look closely at the configuration of our various schemes and the Future Research Leaders scheme integrates the Post-doctoral Fellowship and First Grants Scheme to provide a single flexible scheme designed to develop our Future Research Leaders.

Maintaining the health of social science

Maintaining the health of the social science base is a persistent challenge that is central to our strategy to build future capacity.

The ESRC takes a strategic lead in this area by supporting growth and development across all areas of social science, while making strategic interventions in those areas where there are particular skills shortages or the need to develop future high quality research capacity.

The new DTC network is our key vehicle for supporting the health of social science at the doctoral level, supplemented by targeted initiatives to address other areas of skills shortage. In allocating studentships to our Doctoral Training Centre we have balanced the need to allow institutions as much flexibility as possible to allocate studentships to the best students on the strongest pathways with the need to ensure that capacity is built across all social sciences and particularly in priority areas. To this end we have set a series of benchmarks which offer



a guide as to the proportion of students that we aim to fund in each discipline. Alongside this, for the ESRC priority disciplines set out in our Delivery Plan, we have set specific targets for the number of students DTCs with strong provision in these areas must support.

Alongside our investment in Doctoral Training over the past year we have undertaken further targeted activity to build capacity in our priority areas.

Quantitative Methods

We have made excellent progress in our initiative to develop capacity in quantitative research methods (QM) throughout the academic lifecourse – from undergraduate level through to more established research at the mid-career stage – with partnership funding from the Higher Education Funding Council for England and the British Academy.

Informed by the work of Professor John Maclnnes at the University of Edinburgh, who was appointed in 2009 as the ESRC's strategic advisor for this area, we have developed a coherent programme of activity aimed at enhancing undergraduate teaching across the social sciences.

A £1.7-million joint call funded 20 awards to facilitate QM curriculum development and the embedding of teaching of QM into the undergraduate timetable, and to expand the number and quality of QM teachers. Professor Maclnnes is working with award-holders to identify synergies between the projects, and to share plans as to how the new resources will be made available across the institutions involved and potentially across a wider institutional network.

Professor Maclnnes has established a high-level strategy group to make the case to government and employers for the capacity of the social sciences to better deliver graduate numerical and statistical literacy, and has been working with a number of interested stakeholders to investigate a post-GCSE maths qualification and accreditation in use of quantitative evidence.

We have also continued to work to strengthen capacity in economics, where we have maintained enhanced stipends for doctoral students. We have continued to work in partnership with HMT to build capacity in macroeconomics following the economic crisis and the findings of the *International Benchmarking Review of Economics*, published in December 2008. In 2011 we jointly funded two post-doctoral fellowships with the aim of retaining excellent scholars to pursue research careers. This builds on earlier funding of 14 studentships. We are currently exploring further opportunities to address capacity-building in the medium term.

In the area of management and business, in partnership with the Society for the Advancement of Management (SAMS) and the UK Commission for Employment and Skills UKCES, the ESRC has commissioned a second cohort of six fellowships aimed at attracting new recruits in the area, including those trained in other social science disciplines and those with strong professional experience in the field. The response rate for the call was rather low therefore the ESRC, SAMS and UKCES have committed to a further call in the summer of 2012.

Volume of new studentships by discipline

DISCIPLINE	2008	2009	2010	2011*
Area Studies and Development Studies	72	44	22	33
Demography	9	13	12	10
Economic and Social History	14	19	23	18
Economics	73	85	85	93
Education	55	50	47	38
Environmental Planning	14	18	13	17
Human Geography	53	59	57	47
Linguistics	13	15	16	15
Management and Business Studies	68	69	72	44
Political Science and International Studies	43	52	47	51
Psychology	59	46	74	55
Science and Technology Studies	17	23	13	7
Social Anthropology	20	27	28	26
Social Policy	23	27	32	22
Social Work	15	15	17	14
Socio-Legal Studies	21	20	28	23
Sociology	57	67	68	42
Statistics, Methods and Computing	21	24	32	11
Environmental Sciences**	20	20	20	
Medical Sciences***	12	21	16	
Interdisciplinary/Multidisciplinary	7	5	8	64
Unknown				15
Totals	686	719	730	645

* 2011 represents the first allocation under the Doctoral Training Centres

** Studentships funded under the ESRC/NERC studentship scheme

*** Studentships funded under the ESRC/MRC studentship scheme



Impact Through World-Class Infrastructure

ESRC-funded longitudinal studies coupled with the wealth of world-class social science research infrastructure and pioneering research methods are at the heart of ESRC strategy. The evidence they produce is addressing many of the most pressing questions facing our economy and society.

A world-class data infrastructure

ESRC investments in longitudinal datasets such as *Understanding Society* and the Birth Cohorts are critical to the delivery of top-quality social science research and policy analysis. The ESRC's flagship study *Understanding Society* continues to be a beacon for the transformative social science research, studying the socioeconomic circumstances and attitudes of individuals in around 40,000 British households. Now in its fourth Wave of data collection, 2011 saw the release of the first longitudinal data from the Study. Early analysis using the data reveals a complex and fascinating portrait of a society suffering the effects of a deep recession and in which young people appear to have been hardest hit. The research also shows that efforts to get more students from poorer backgrounds to go to university have not been successful and that more needs to be done to get teenagers to live a healthier life in order to assure their future happiness. These insights have featured on the BBC Radio 4 Today programme and appeared in the *Times*, *Daily Telegraph* and *Daily Mail*.

The ESRC continues to support three internationally renowned birth cohort studies – the 1958 National Child Development Study, the 1970 British Cohort Study, and Millennium Cohort Study – which are planning and collecting new waves of data collection throughout 2011 and into 2012. These studies, based at the Centre for Longitudinal Studies at the Institute of Education, follow lives from birth and through the adult years, with researchers within and beyond academia undertaking a range of policy-relevant research drawing on this data. Fieldwork for Wave five of the Millennium Cohort Study began in January 2012 as the participants reach their eleventh birthdays. In addition to providing extensive longitudinal data from all three studies, data from the Millennium Cohort Study has also been linked with the Department for Education National Pupil Database. Research from the Millennium Cohort Study has been used to inform the All Party Parliamentary Group on Social Mobility that was established in 2011.

To further extend our knowledge of babies and young children today, the new Birth Cohort Study will break new ground for social and biomedical researchers, and is an example of close collaboration with the Medical Research Council. The new Birth Cohort Study will track the growth, development, health, wellbeing and social circumstances of over 100,000 UK babies and their families, collecting both socioeconomic and biomedical data allowing the critical interplay between 'gene-environment' interactions and their impact on child development to be explored on an unprecedented scale in the UK. The Study is the largest of its kind in Europe and is aiming to launch its initial data collection phase in 2013, led by the Institute of Child Health at University College London.

In parallel, a new Cohort Resources Facility, to be launched in autumn 2012, will provide strategic co-ordination for the UK's existing and future portfolio of longitudinal studies. This co-operation between

long-standing socioeconomic and biomedical studies, driven by collaboration with the Medical Research Council, will pave the way for new and exciting opportunities to more fully exploit these studies for scientific study and policy analysis.

This year saw the release of the fifth round of the award-winning European Social Survey (ESS). This Survey provides critical comparative data on changing social, economic and political attitudes, beliefs and behaviour patterns of Europe's diverse populations. The ESS findings often challenge common perceptions: For example, despite the widely-held view that public trust in politicians is in long-term (possibly irreversible) decline, ESS data show that such a decline has either greatly reduced or ceased altogether.

The number of ESS users across the world continues to grow and exceeds 40,000, and data from all five rounds are freely available to anyone from the ESS Data Archive. In recent years the ESS has been selected as one of only three European social science projects that is eligible to be funded over the long term as a European Research Infrastructure Consortium (ERIC). The ESRC-funded co-ordination team expects to secure ERIC status for the ESS in 2013.

Maximising data access and analysis

Maximising access to social and economic data has always been a priority for the ESRC. Our Research Data Policy supports the Government's open data initiative, a major step in providing a platform for free re-use of national and local data to facilitate the advancement of public services across the country. We continue to work closely with a wide range of partners in the UK Data Forum to advance the UK data infrastructure and make sure that more data become available for high quality impactful research.

Through our data services we provide a high quality platform for data access available for both academic and non-academic research, and 2011 saw an increase in data use of our major data service provider, the Economic and Social Data Service (ESDS) that we fund with the Joint Information Systems Committee. The ESDS provides access to over 5,000 datasets and has 26,000 active registered users, representing a ten per cent increase in comparison with the previous year. This year saw about 20,000 new registrations and more than 55,000 datasets delivered to users. The ESDS had over 200 new releases of data and over 150 new editions to some of the most important longitudinal, government and international studies.

In November 2011 the full Wave 1 *Understanding Society* data and in February 2012 the first data from Wave 2 became available through the ESDS. Extensive interview transcripts from the 1958 National Child Development Study were also released in 2011 along with additional quantitative variables to enable data linkage. The ESDS has been actively involved in discussions with the Office of National Statistics (ONS) in preparation for the introduction of the Open



Government Licence which will make access to data even smoother and more straightforward for users.

The ESDS remit is not limited to providing access to data. The service provides support to its users through training and capacity-building activities. It has continued to promote the use of data by supporting researchers in data management-related issues and by providing instructions in data analysis and related skills to educators. An extensive number of dataset-specific user workshops were organised by the ESDS every year. These workshops are very popular among the users and potential users and are usually oversubscribed.

While we strongly advocate further re-use of data, we also recognise that some research data are more sensitive than others and require provisions for the secure access. Therefore, providing safe and secure access to sensitive data whilst protecting the disclosure of personal identities remains a top priority of the ESRC. That is why we established the Secure Data Service (SDS). SDS was fully operational in 2011 after its launch in early spring and within a short period of time demonstrated its vital role in increasing the efficiency of the research process and enabling quality research. The SDS and the ESRC have been working closely with the ONS to ensure the transfer of sensitive data into the service and users now have a remote access to the breadth of business microdata and social surveys previously available only in safe settings. Expansion of the SDS data collection is a priority for the service in 2012 and it will continue discussions with government departments and other data providers.

The ESRC has continued to work in partnership with ONS to develop access for the 2011 Census data. Our existing Census Programme already provides access to data from the UK censuses from 1971 to the present day, as well as to the three Census Longitudinal Studies. This activity will be a priority in the coming years when new Census outputs will become available, and our collaborative work on the Beyond 2011 programme, being led by the ONS, places social scientists at the centre of discussions on future census approaches.

Recent consultations and reviews of ESRC investment in data access have endorsed their value and quality, but also supported our commitment to rationalise and integrate our data services. Therefore, we have decided to establish a new ESRC data service for the future, building on the successes of our current investments. This new service represents a major development and will be at the forefront of ESRC data strategy into the next five years and beyond. The new service will unify and extend the existing functionality offered by the ESRC-funded data services and, by providing simpler and seamless access to data resources, will help maximise their academic and non-academic use and impact. Working in partnerships will enable the new service to rapidly form a critical part of the UK data infrastructure in providing a world-leading service to academic and non-academic users, playing a central role in delivering the National Data Strategy which has brought together key stakeholders from across government and beyond to identify national data needs. The new service will become operational in autumn 2012.

Our commitment to widen the use of the UK data infrastructure has been further demonstrated in 2011 by the launch of a new Secondary Data Analysis Initiative. Funding over the next five years will create opportunities for researchers to exploit existing national datasets so realising the analytical potential of these resources and maximising impact.

Small data analysis projects funded through the Collaborative Analysis of Micro-Data Resources (Pathfinder) scheme are already underway exploiting international research data resources. These build upon successful collaborative projects between research teams based in the UK, India and Brazil; the ESRC commissioned projects between teams based in the UK, China and South Africa that started this year.

Exciting new opportunities to contribute to the growth and data transparency agendas, as well as providing key insights into social processes, have the potential to be achieved through increased access and use of administrative data. The ESRC, in collaboration with the Medical Research Council and the Wellcome Trust, organised a stakeholder meeting in May 2011 to discuss new scientific possibilities relating to linkages both within and between various types of administrative datasets including health records, census and survey records.

This meeting paved the way for ministerial support for the establishment of an Administrative Data Task Force, which is chaired by Sir Alan Langlands and supported by the ESRC. The Task-force is expected to deliver a series of recommendations in autumn 2012 which will propose new mechanisms and collaborative agreements to enable and promote the wider use of administrative data for research and policy purposes.

Leading edge research methods

It remains critical for researchers to link and integrate data, and to develop new statistical analysis techniques for exploiting data resources. Continued investment in the National Centre for Research Methods (NCRM) is at the forefront of support for advancing methodological understanding and practice across UK social science. The six NCRM 'node' awards commenced their three-year research programmes ranging from multi-level and geographical data analysis and simulation, to narratives of everyday life. The Southampton based 'hub' continues to provide a strategic focal point for ESRC investment in research methods, co-ordinating not only their research agenda but a capacity building programme that offers training bursaries and specialist seminars, as well as planning for the 2012 ESRC Research Methods Festival.

Embedding innovative use of digital tools has been a particular focus of our Digital Social Research Programme. Eight small-scale high-impact projects have been funded in the past year, which demonstrates the transformative potential of digital tools in research both to the academic community and beyond.

Methodological innovation is also being driven through our investment in our longitudinal studies. The *Understanding Society* Innovation Panel continues to be central to the ESRC's ambitions to innovate in survey methodology. This year, contributions have been made on the effects of incentives on participation, measures of change, and the measurement of cognitive functioning. Methodological developments in surveying children and young people are also being informed by the experience and development work undertaken by the Centre for Longitudinal Studies, which is also trialling the use of mixed methods of data collection for the next wave of the 1970 British Cohort Study.

Impact Through International Leadership

In a rapidly changing global research landscape, the ESRC stands out as an international leader in the social sciences. We strengthen UK social science by building partnerships with both established and emerging areas of excellence throughout the world, and embed international opportunities throughout our core funding schemes.

This strategy is particularly appropriate in times of economic uncertainty; by embedding international dimensions into the ESRC's core schemes we are able to increase our administrative efficiency and avoid duplication of effort, and by partnering with research funders in other countries able to leverage overseas funding and expertise, to achieve our strategic research objectives.

International collaboration in responsive mode grants

Since 2007, the ESRC has adopted an international co-investigators policy for all responsive mode grants. Up to 30 per cent of the total costs of any grant can be used to fund the direct costs of research by co-investigators from anywhere in the world that collaborate with UK researchers. The policy provides a flexible mechanism to fund excellent collaborative research. In one example, Julia Quan, University of Greenwich, held a grant with international co-investigator Dr Alicia Ruiz Olaldem, Universidade Federal do Recôncavo Bahiano (UFRB), Brazil. The project, linked to a Latin American research programme on Rural Territorial Dynamics, sought to explain improvements in prosperity and social equality in an agricultural area of Northeast Brazil, the Jiquiriçá valley in Bahia, and assess the implications for policy.

The project made a strong contribution to the wider Latin America programme and generated lessons for Brazil's Territorial Development policies for more inclusive and sustainable rural development. The research is highly relevant to planning and governance in the Jiquiriçá valley and the project engaged directly with the local rural unions, the collegiate territorial planning body, municipal governments, environmental NGOs and Higher Education colleges in the area, and an emergent consortium of municipal mayors.

International dimensions of researcher training

In the future, UK researchers will need to be even more interconnected with the global research system to remain at the leading edge of international social science research. To prepare the next generation of researchers for this rapidly changing landscape, we have developed an International PhD Partnering Initiative. We will provide 'pump prime' funding to develop reciprocal institutional links between ESRC Doctoral Training Centres and centres of social science excellence overseas. This initiative will focus on developing and emerging science nations, to ensure the UK social science base remains at the forefront of the emerging multi-polar research landscape. We will support DTCs to develop international links to partner their cohorts of doctoral researchers with those in overseas institutions working on similar topics. In the long term we expect such partnerships to become embedded in the DTC's training pathways, but recognise that modest dedicated funding is required to get them off the ground.

The ESRC's Future Research Leaders Scheme also particularly encourages the inclusion of significant periods of international mobility in proposals. It aims to ensure that the next generation of the UK's leading social scientists develop international networks and broaden their perspective at an early stage of their career. Final decisions will be made in June 2012 with grants commencing in October 2012.

The ESRC's new International Partnership and Networking Scheme (IPNS) provides funding for a variety of activities that develop sustainable international research collaborations. The scheme replaced several previous scholar exchange and visiting fellowship schemes to provide a more coherent and flexible mechanism of funding. As well as fellowships and scholar exchanges, the scheme will fund summer schools, a series of workshops or other innovative activities that foster long-term relationships between UK social scientists and their overseas counterparts.

Leadership in international data resources and their use

The ESRC leads the preparation of a bid for the European Social Survey to receive European Research Infrastructure Consortium (ERIC) status. The European Social Survey (ESS) is an academically driven social survey that charts and explains the interaction between Europe's changing institutions and the attitudes, beliefs and behaviour patterns of its diverse populations. The establishment of an ESS ERIC will give the survey a more secure financial footing, allowing greater effort to be devoted to methodological development, promotion and user support activities. The survey is in its fifth round and preparing for a sixth, covers more than 30 nations and employs the most rigorous methods. It includes both 'core' and 'rotating' modules, which allows the survey to enable longitudinal analysis and to adapt to changing research needs. The current European economic crisis means the ESS has never been more important for understanding the impact of these events on European society. Its core modules enable research into the interplay between variables such as financial circumstances, national and ethnic identity, political engagement and trust in institutions. The 2012 round will include a module on Personal and Social Wellbeing, designed by a team led by Cambridge University. First implemented in 2006, the repeat of this module will allow research into the impact of different political and social policies on the levels of wellbeing across Europe.

Under the Digging into Data initiative, in 2011 the ESRC joined seven other international research funders from Canada, the Netherlands, the US and the UK to fund 14 projects seeking to address how 'big data' changes the research landscape for the humanities and social sciences. The projects will receive over £3 million to investigate ways of accessing and using a range of social science and humanities data, to inform the data infrastructure of 21st-century scholarship. Eleven of the 14 projects involve UK researchers and each team is a collaboration between academics, archivists and librarians from leading international institutions. The projects will develop a wide range of innovative approaches to

the use of large datasets. For example, *Mining Microdata: Economic Opportunity and Spatial Mobility in Britain, Canada and the United States, 1850-1911*, will make use of novel data-mining technology to exploit one of the largest population databases in the world – a vast collection of harmonised 19th and early 20th-century census microdata from Britain, Canada, and the US originally digitised for genealogical research. The project aims to shed light on the impact of economic opportunity and spatial mobility on social structure in Europe and North America.

Strategic research: Rising Powers

In 2011/12, the ESRC invested £4.3 million in research focused on 'Rising Powers' such as Brazil, China and India. Proposals were invited under three themes of:

- **Causes, sustainability and competitiveness**
- **Global and regional governance and the balance of power**
- **Wellbeing and equity**

This research will contribute to understanding the economic, political and social implications of the changing global balance of power; and enable policymakers and other stakeholders, for example, to secure responsible economic advantage for the UK from trade with emerging markets, and attraction of investment.

Priority Partnerships

Europe

The second round of ESRC's flagship Open Research Area in Europe for the Social Sciences launched in 2011. The Open Research Area is a partnership between the ESRC and its counterparts in France, Agence Nationale de la Recherche (ANR), the Netherlands, Nederlands Organisatie voor Wetenschappelijk Onderzoek (NWO) and Germany, Deutsche Forschungsgemeinschaft (DFG), and provides over 20 million Euros in research funding for collaborative projects among researchers in any combination of the four countries. The ORA is managed collaboratively by the four participating agencies and is becoming widely viewed as a model for how national funders can work together to realise the European Research Area. The ESRC is discussing with its partners the potential to expand the scheme to include other countries in future rounds.

The ESRC hosts the UK National Contact Points (NCPs) for both the Socio-Economic Sciences and Humanities (SSH) and Science in Society (SiS) programmes of Framework Programme 7. During June the NCPs held a series of regional information events to publicise the 2012 Work Programmes for the SSH and SiS programmes. UK social scientists continue to be successful in securing funding from Europe: there are now more UK participants on European social science and humanities research projects than any other nationality and the UK commands the highest share of the overall budget for these projects. Twenty-five per cent of European Research Council (ERC) Advanced and Starting Grants had UK co-ordinators.

The ESRC has been liaising closely with the European Commission on the development of societal challenges under Horizon 2020, the successor to FP7, to ensure that the interests of the UK social science community are represented and that the challenges address issues important to the UK. Efforts have already resulted in the addition of a sixth challenge dedicated to social science, and the ESRC will continue to engage to ensure that social science plays a key role in addressing the other five challenges.

Japan

The ESRC continued its collaboration with the Japanese Society for the Promotion of Science funding two research seminars. One of these, organised by Professor Thomas Fischer at the University of Liverpool and Professor Sachihiko Harashina from the Tokyo Institute of Technology, will investigate the relationship between environmental degradation and disaster events, and the role of environmental assessment to reduce the risk of disasters. The seminar will bring together academics and practitioners from both countries to share experiences and insights and develop a sustainable platform for future collaboration.

India

The Indian-European Research Networking Scheme, which ran in 2011, built on the experience of the Open Research Area. With the Indian Council of Social Science Research (ICSSR), the ANR, DFG, ESRC and NWO launched a joint call for social-science networking proposals between research centres in France, Germany, the UK, the Netherlands and India. The scheme provides additional funding to support existing centres of excellence to pursue joint research activities. The networks aim to enable well-established groups, which may already have some connections, to achieve a world leadership position in their area over the next three years. A total of six networks will be funded, with five including UK partners. Among them, a team from the University of Edinburgh, led by Professor Roger Jeffrey, will work with teams in Germany and India to analyse the common and divergent challenges facing healthcare systems in Europe and India, including communicable and non-communicable diseases, as well as innovations in biomedical technology and healthcare delivery.

Developing World

The ESRC continued its partnership with the Department For International Development (DFID), which has funded 120 projects addressing poverty alleviation since 2005. The 2011 call highlighted three areas:

- Resource Scarcity, Growth and Poverty Reduction
- Information and Communication Technology and Development
- Measuring Development

Fifteen of the 18 funded proposals focused on these areas. In 2010 the funders appointed a Strategic Advisory Team (SAT) to identify

and establish effective mechanisms for securing and maximising impact on policy and practice of research funded, and to bring greater integration between the different projects. The SAT has been working to systematically secure all scheme awards research outputs, has convened an award-holder workshop on impact and developed an impact strategy for the scheme.



Major International Investments 2011/12

INVESTMENTS	Number of awards	Total Amount £
ESRC-DFID Joint Scheme for Research on International Development (Growth)*	18	6,969,561
ESRC-DFID Joint Scheme for Research on International Development (Poverty Alleviation)*	18	6,776,145
Digging into Data Challenge**	11	307,993
ESRC- JSPS Collaborative Seminars 2011	2	29,040
Inclusion of International Co-Investigators (April 2011 - March 2012)***	7	3,564,092

*ESRC Contribution. **Digging into Data undertaken with the AHRC and JISC (UK); NWO (Netherlands); NEH, IMLS and NSF (USA); and SSHRC (Canada). Amount shown is ESRC contribution only. Total awards (including those without UK partners) = 14; Total UK contribution (including ESRC) = £1,265,484. ***The total value of awards which include international co-investigators

Impact Through Partnerships

Building strategic partnerships with users continues to be an ESRC priority. During 2011/12 we maintained our existing strong strategic relationships with central and local government, the devolved administrations and the third sector whilst taking steps to extend and deepen our engagement with the business sector.

In the case of local government, 2011/12 saw the completion of the five projects delivered through the Engaging Scottish Local Authorities initiative, funded by the ESRC together with the Scottish Funding Council and the Local Authorities and Research Council Initiative (LARCI). The project topics covered: dementia care in rural areas; reducing carbon emissions; making communities safer; alleviating child poverty; and improving service user-involvement in social work. Following the end of LARCI, the ESRC research and knowledge exchange schemes were opened to Local Authorities as project partners to encourage broader engagement with this sector.

The ESRC has also taken steps to deepen ESRC engagement with the business sector, focusing in particular (though not exclusively) on our priority areas of financial services and retail. We have continued to work closely with the Financial Services Knowledge Transfer Network, co-funded by the ESRC and Technology Strategy Board, to bring relevant academic expertise to bear on issues faced by financial service practitioners. In 2011/12 the Network facilitated a variety of knowledge transfer activities on issues ranging from gender diversity in financial services, to risk management, catastrophe modelling and financial systems architecture. The Network was also key to developing a number of user/academic collaborative research and knowledge exchange projects co-funded by the ESRC and financial services industry practitioners. These covered issues such as risk perception and behaviour in the insurance sector; high frequency trading and risk simulation, and risk culture in financial organisations.

We have also continued to develop our partnership with the Association of Chartered Certified Accountants (ACCA) in linking academic research with business, staging three 'Expert Panels' in London, Shanghai and Delhi on the subject of diversity and how it can be harnessed to support business growth and innovation. The Panels are being used as a platform to take forward further knowledge exchange and research in the areas identified as priorities.

In the retail area, also an ESRC priority, we have initiated a number of knowledge exchange and small collaborative research projects – co-funded with both large retailers and smaller industry players – on key sector issues such as the future of the high street, consumer behaviour and sustainable supply chains. We have also recently appointed two 'Knowledge Navigator' teams for the retail sector. One team, based at Nottingham Business School, aims to raise the profile of social science research relevant to the sector and to identify opportunities for collaboration with retail organisations. The other team, from UCL, has been appointed to a similar role focused on opportunities for improving access and exploitation of public and private sector datasets, with a particular emphasis on the retail sector.

The ESRC's portfolio of knowledge exchange mechanisms empowers and enables partnership in all its forms. It includes collaborative training

and research, people and ideas exchange and, increasingly, the commercialisation and development of social science outputs. During 2011/12, the ESRC's knowledge exchange opportunities were further rationalised, with the result that a more flexible, integrated scheme is now in operation. This offers funding for activity throughout the research lifecycle to maximise potential impact.

People and ideas exchange

Individuals and ideas are at the heart of knowledge exchange. Often, the exchange of ideas can be the spark that initiates a longer collaboration, whether through people exchange or more substantive collaborative training or research. It is important to create opportunities to initiate and sustain a conversation that may lead to bigger and better things and the ESRC has a number of initiatives to make this happen. The ESRC supports people exchange, enabling academic social scientists to work within Government, the third sector and business organisations on specific projects where their academic expertise can add value to the development of policy or strategy in the public or private sector. Similarly, opportunities for research users to become embedded in academic organisations are also supported. As well as providing co-funding for such people exchange, the ESRC helps identify potential synergies between sources of social science research expertise and user requirement. It is able to provide a brokering service to help match suitable academics to potential placement opportunities so as to meet the requirements of the host organisations.

The Knowledge Transfer Partnership (KTP) programme enables organisations across the private, public and third sectors to improve their competitiveness and productivity by accessing the knowledge, skills and technology that reside within UK universities. During the year the ESRC co-funded 9 new projects in 2011/12 and 165 ongoing projects, all involving academic social scientists. During the past year we have refocused our funding of KTPs to prioritise engagement with the business sector, particular the retail and financial services sectors. The latter industry was the focus of the KTP judged by the ESRC to have most effectively demonstrated the application of economic and social research to a KTP during 2011. The partnership, between academics at the University of Leeds and Clydesdale Bank, developed and implemented Customer Lifetime Value (CLV) measures. These measures could help the bank improve its relationship with customers by identifying which products were most appropriate to their needs and ensuring that they were aware of the product at the right time. It was judged 'a shining example of the way in which fundamental academic disciplines... can be applied to solve a complex business problem'. Clydesdale bank anticipates a multi-million pound increase in profits as a result of applying knowledge gained in the project.

ESRC policy seminars present state-of-the-art research and evidence to ensure maximum impact on policy and practice. During 2011/12 we supported seven policy seminars, three of which were in



collaboration with partners in the voluntary sector, including a seminar organised in partnership with the Third sector Research Centre and National Council of Voluntary Organisations on the concept of the 'Big Society'. This attracted over 100 registrations. We also partnered with Northumbria University and the Institute for Volunteering Research to focus on issues relating to volunteering, particularly as it relates to local authorities and councils in the North East. Further workshops on this subject are scheduled during the forthcoming year.

Three policy workshops were also organised in partnership with the Department for Communities and Local Government. These focused on the Connected Communities programme, dealing with issues such as community action, neighbourhood delivery of public services and extremism. Finally the ESRC worked in collaboration with our fellow research councils and partners at Defra, The Scottish Government and the Food Standards Agency to organise a seminar – as part of the RCUK cross-council Global Food Security Programme – focusing on the resilience, safety and security of UK Food Imports.

Collaborative research

Collaborative research is academic research undertaken in partnership with other universities or user organisations. It can take a number of forms – from a simple project between two partners through to a complex, multi-partner research programme.

Through its Ventures fund, the ESRC works in partnership with a diverse range of user organisations in the private, public and third sectors across the portfolio of our funding opportunities, including studentships and resources. Many partnerships focus on collaborative research and the ESRC's extensive and diverse portfolio includes 80 collaborations. The total value of the ESRC contribution to these ventures across all years is £107.7 million, with partners contributing £215.9 million.

The Ventures scheme has enabled us to fund work that would not otherwise have been supported; to engage closely with key stakeholders throughout the research process and increase the likelihood of take-up of research findings; and to increase the amount of external funding brought in to support social science research in the UK and beyond. Twelve new Ventures initiatives were approved during the year, involving 42 different co-funders. The total amount of funding contributed by the ESRC to these ventures was £19.3 million.

Encouraging exploitation of research

Since 2008 the Follow-on Fund has given academic researchers the opportunity to undertake additional knowledge exchange and impact-generation activities that follow on from a specific piece of social science research, whether or not it was originally funded by the ESRC. Co-funding is not mandatory but is encouraged and during the year £328k was secured from partners of successful applications across the private, public and civil society sectors. This demonstrates the willingness of 'users' to be involved in knowledge exchange and indicates the value they attach to it.

Impact may take some time to emerge and many Follow-on Fund projects are just starting to report. However, a number of recently completed awards have demonstrated some impact on policy and practice:

- Professor Cathy Nutbrown, from the University of Sheffield, secured £10k in co-funding from her partner, the National Children's Bureau, to take forward a previous project on family literacy which will enable practitioners to plan and evaluate family literacy work.
- The National Offender Management Service, The Scottish Government, the Probation Board for Northern Ireland, and Ulysses Films NI, contributed a total of £20.7k to Professor Fergus McNeill's project on desistance from crime and how 'offender' supervision in the community can best support it. Professor McNeill is based at the University of Glasgow.

- Professor Todd Landman, from the University of Essex, secured a contribution of £110k from Xpect Software LLC comprising a software package and advice on web interface. The project will develop a Human Rights Atlas that will provide easy access to human rights data for a number of key stakeholders.

Promoting our world-class research

ESRC research makes a vital contribution to the wellbeing of the UK economy, society and the global community. An important aspect of the ESRC's mission is to provide advice on, disseminate knowledge and promote understanding of, the value and its research and the social sciences.

Our activities highlight the impact of ESRC research across all our strategic priorities and increase the reach of our communications to engage existing and new audiences.

During 2011/12 we have continued to run an active media campaign generating extensive national and international broadcast, print and online coverage. We provided media training to ESRC-funded academics and during the year trained over 200 researchers. We hosted a series of briefings for Members of Parliament that looked at social mobility, the Reform of the House of Lords, Security for all in a Changing World, and protecting the UK economy from cyber attack. For the fourteenth year running we also hosted our successful pre-budget briefings for the main political parties with the Institute for Fiscal Studies.

We also continued to publish our successful magazines *Britain in* and *Society Now*, and our newsletter e-news, and expanded our series of 17 concise evidence briefings aimed at local and central government, business and civil society organisations. The briefings, which summarise individual ESRC-funded research projects, highlight key findings and outline the relevance of the research to policy. In 2011/12 we also published a set of five special briefings that examined social mobility, looking at employment, child poverty, parenting, health inequalities and education.

We continue to expand our digital communications with the introduction of new features and videos to our website. We published 76 web features covering subjects as diverse as the Arab Spring, healthcare competition, preventing eating disorders and attitudes to climate change. Over the year the ESRC website had 911,038 visits and 3,517,072 page views and our twitter feed now attracts over 5,000 followers. The ESRC Facebook page was launched in March 2012.

Communication highlights this year include:

- The flagship Festival event 'Celebrating the social sciences' showcased the impacts of social science research to an audience of over 100 senior academics and policymakers. Guest speakers David Willetts MP, Minister for Universities and Science, and Mark Easton, BBC News Home Editor, highlighted the impacts and the

contribution of UK social sciences to the UK and internationally. The event also included the launch of a new ESRC video and booklet celebrating the social sciences.

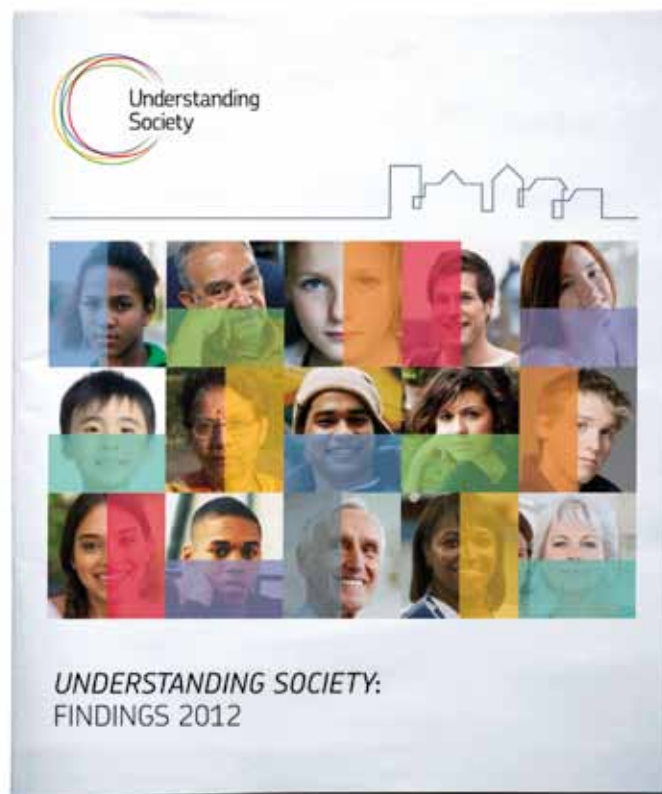
- Introducing 'Paul's Headlines' – a series of videos where ESRC Chief Executive Paul Boyle talks about current developments, achievements and challenges for the ESRC and the research community. We also launched two new videos that explore social science and its impact on society with viewpoints from the academic political and media communities.
- With the Office for National Statistics the ESRC hosted a Longitudinal Studies Seminar with David Willetts MP, Minister for Universities and Science. The seminar provided an understanding of the types of longitudinal studies and administrative datasets which are available and how they can be used in a wide range of policy areas, such as wellbeing, social mobility and employment.
- The publication of the *Understanding Society* second findings generated a high level of media interest with extensive coverage in the UK broadsheet newspapers, tabloids, TV and radio. It was also picked up by news organisations throughout Europe, the US and Australia.

The ESRC also worked in close partnership with the academic community to provide an opportunity to discuss and provide input on the ESRC's strategy and work. In April 2012, alongside the Arts and Humanities Research Council and the British Academy we hosted a meeting to debate the challenges and opportunities for the arts and humanities and social sciences to work together.

In June 2011 the ESRC's annual friends and family event gave academic colleagues who work closely with the ESRC an opportunity to hear at first hand more information on our strategy, priorities, demand management, funding schemes, collaboration and impact. Later in the year, our biennial Open Meeting gave members of the academic community an opportunity to comment on research council policy and performance, and to challenge and question senior staff about how the ESRC operates.

And in March 2012 we hosted an event – Moving to a Low Carbon Economy: linking research with policy – that brought together three ESRC Climate Change Leadership Fellows and the Directors and researchers from two ESRC-funded centres: the Centre for Climate Change Economics and Policy, and the Centre for Business Relationships, Accountability, Sustainability and Society.

The event was chaired by Professor Jeremy Watson, Chief Scientific Advisor to the Department for Communities and Local Government, and attended by policymakers, civil servants, local government representatives, academics and business men and women involved in delivering a low-carbon economy.



Public Engagement

Throughout 2011 the ESRC continued with its key science in society activities including overseeing the ninth annual Festival of Social Science. This week-long, UK-wide festival enables academics to hold an event or activity aimed at a non academic audience including the general public, schools and young people, businesses, small and medium enterprises, third sector organisations and national and local policymakers. The 2011 Festival featured 131 events held across seven different regions and in 41 different UK towns and cities, and attracted a total audience of 17,000-18,000.

We have also continued our work with schools and young people with the re-development of the ESRC website pages aimed at young people and further development of resources and promotion of our Social Science for Schools website. This dedicated site offers social science research summaries for secondary teachers, helping to provoke debate and discussions in their classrooms, as well as useful statistics on life in the UK. New resources include: an understanding of the research around addiction; an exploration of the use and value of social science datasets; and the resources from the Global Uncertainties young people debates. The website has maintained an average of 1,700 views per month over the year.



The ESRC continues to work on embedding public engagement into our processes including the Connected Communities joint ESRC/ AHRC funding call. A public dialogue was embedded in this two-stage call process, where it was mandatory that shortlisted applicants attend a one-day meeting with members of the public. Initial feedback shows that the four shortlisted candidates valued the day greatly and it helped them reflect on their final application to be submitted in April. A full evaluation of the embedding process into this call (from application design through to the final panel decision meeting) is expected to report in September 2012.

The ESRC is the lead organisation for the public engagement strand of the RCUK Living With Environmental Change partnership. Work has continued throughout the year to embed public engagement through the different areas of the partnership. We also lead on the RCUK Global Uncertainties-accredited activities in public engagement and in 2011/12 these included GU speakers at the Violent Nature debate and at the Arab Spring event.

Demonstrating economic and societal impact

The ESRC's Evaluation Committee has, over the past year, continued its innovative work to demonstrate the wider impact of social science on the UK economy and society, and to deepen our understanding of the diverse routes through which the impact of social science occurs.

The ESRC is committed to the ongoing development of new methods for the assessment of impact in all its forms. This work has not only

demonstrated a wide range of case studies arising from ESRC-supported research, but has also identified some of the key factors which can increase the potential for research impact. This has provided examples of best practice which have been used to inform our funding strategy, and to better support new and ongoing investments to enhance their future impact.

In 2011, our portfolio of studies in this area was further extended through an exploratory evaluation that assessed the economic benefits and impact of the ESRC's main research data infrastructure – the Economic and Social Data Service (ESDS). This evaluation developed robust estimates of the value of the Service, which show a significant return on investment. Working in partnership with the Government Economic and Social Research team (GESR) we have also explored impacts from the Council's major investment in 'skilled people'. Across this year's work, we have identified clear benefits from the ESRC's substantial investment and identified further evidence of impact drivers, which will be used to underpin future funding and support.

Looking ahead, in 2012 the ESRC will continue to further develop its programme of impact evaluation, with a particular emphasis on exploring new approaches to assessing the impact of social science on business. This work will be complemented by further efforts to evaluate the impact of our substantial investment in research resources and an in-depth study analysing the policy and practice impact of the major cross-Council programme on Rural Economy and Land Use.

Research Grants

	Proposals	Funded	Success rate
Research (standard) grants	408	70	17%
Small grants	371	38	10%
Total	779	108	14%
Total value of awards	–	–	26,698,121

	Proposals	Funded	Success rate
England	646	89	14%
Wales	25	1	4%
Scotland	91	16	18%
Northern Ireland	17	2	12%
Total	779	108	–

Notes: Data include all research (standard) grant and small grant proposals processed to a funding decision in FY 2011/12. The small grants responsive mode call was closed to new proposals on 1 February 2011.

Progress Against Targets and Milestones

The ESRC Scorecard for 2011/12 included 21 Key Deliverables, divided further into 36 Milestones. Achievements against the milestones can be summarised as follows:

Milestones fully achieved , or to be achieved , but with some delays	Milestones partially achieved	Milestones not fully achieved	Total
34*	2	0	36

*The progress on one milestone is reported annually over the CSR period 2011-15.

11d: Work to reduce our administrative costs by 23 per cent in real terms over the CSR period 2011-15, particularly through: greater streamlining of our processes; greater RCUK harmonisation and integration; and a reduction in Shared Services Centre (SSC) costs. Annual progress report on 31 March 2012 mentioned that: A plan for phased efficiency savings over the rest of the CSR period has been agreed by Directors Group and communicated to all staff. In addition the CEO has established a review of the directorate structure and senior staff roles that will be completed by the end of March 2012.

Progress Against Targets and Milestones *continued*

**The following four milestones have been achieved but with some delay to the original timetable:*

4d: *M1_Q1-With the BA and Nuffield Foundation to develop an overarching strategy to address skills shortages in QM.*

The ESRC continues an ongoing dialogue with the BA and Nuffield Foundation. The BA has agreed to co-fund a series of regional workshops for QM teachers and Researcher Development Initiative award-holders which are due to take place later in 2012. The ESRC is further liaising with the Nuffield Foundation on the development of the forthcoming call for QM Centres of Excellence in undergraduate teaching.

5f: *M1_Q2-Develop a specification for a new integrated national data service.*

Commissioning completed for new integrated National Data Service and awaiting ESRC Council approval in Q1 12/13. Launch of the initiative is planned for summer/autumn 2012.

8a: *M1_Q1-Launch Strategic Plan for the GU Programme.*

The Research Councils UK (RCUK) GU Programme has launched its Strategic Plan 2011-16. An electronic version of the strategy document was published on the website in August 2011.

10c: *M2_Q3-Identify and progress priorities with the TSB for areas such as LWEC, business engagement, entrepreneurship, and energy.*

The ESRC targets for KTPs have been exceeded in 2011/2012 with criteria now focused on supporting KTPs with business and social enterprise organisations. The ESRC received five of the 15 KTP Achievement Awards for 2011. The Financial Services KTN has participated successfully in brokering projects as part of the ESRC co-investment pilot – eight projects funded under the pilot are in the area of financial services.

**The following two milestones have been partially achieved:*

1b: *M3_Q4-Increase capacity in macroeconomics and behavioural economics through our postgraduate training infrastructure and targeted investments.*

Applications to the Centres and Large Grants competition, including a number with a behavioural economics component, are currently under peer review.

8a: *M3_Q4-Fund a further tranche of GU Programme fellows and commission an ESRC-led call.*

In total, 18 full proposals were received for GU Programme Fellows and they are proceeding through peer review.

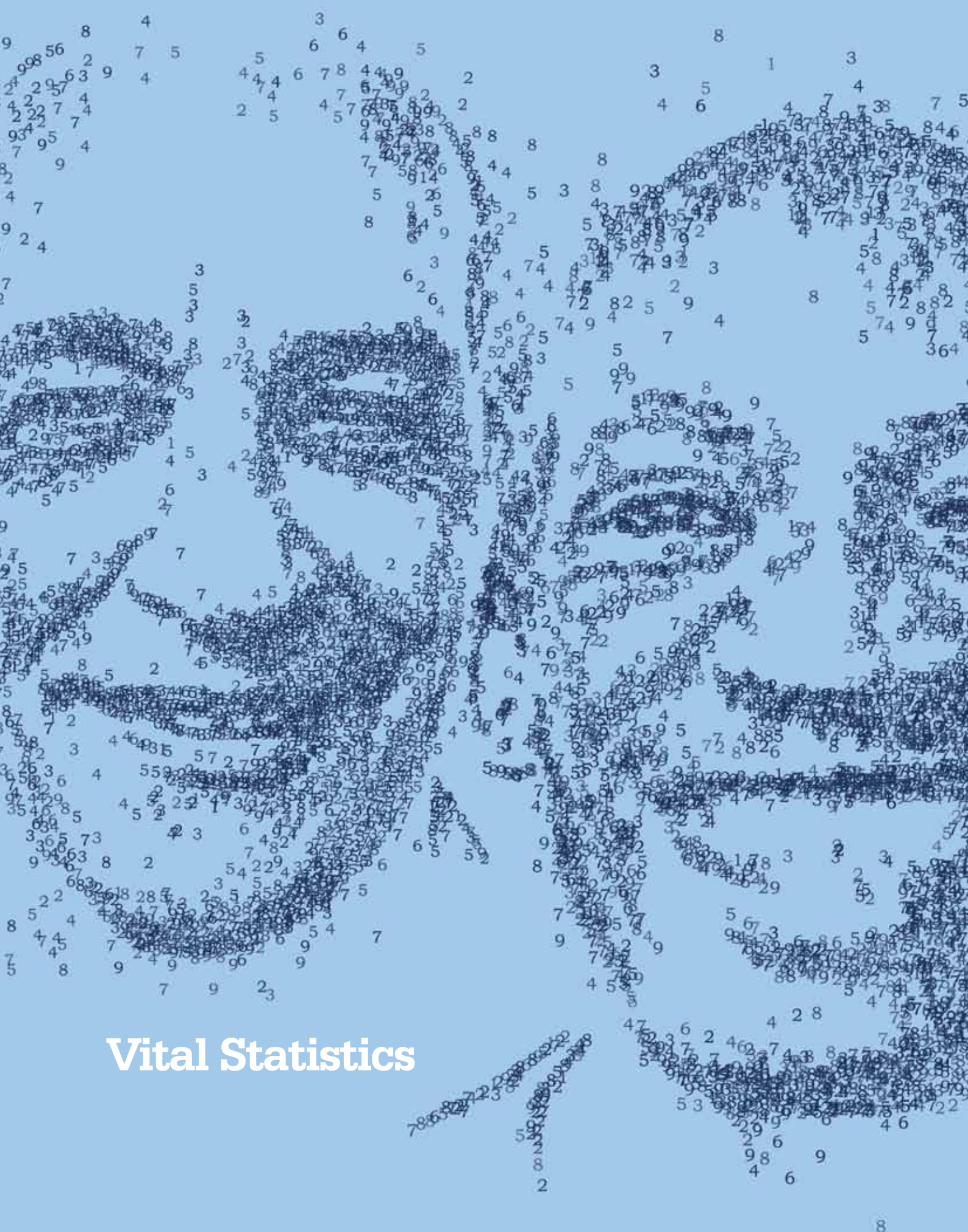
Efficiency Programme

As set out as part of the 2010 Spending Review settlement, the UK 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 £30.5 million rising over the four-year Spending Review period to reach a total of £428 million 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.




Vital Statistics

Vital Statistics: Who's Who at the ESRC


Council, Committees and Senior Office Staff

Members of Council 2011/12


The following Council Members were appointed by the Secretary of State for Business, Innovation and Skills and normally serve for terms of two to six years. The dates given show their term of appointment. Secretary: Julie McLaren, ESRC




Dr Alan R Gillespie
Chair
ESRC
2009-2013




Professor Paul Boyle
Chief Executive
ESRC
2010-2014



Professor John Beath
Emeritus Professor of Economics
University of St Andrews,
Secretary General, Royal Economic Society
2009-2013




Professor Dame Glynis Breakwell
Vice Chancellor
University of Bath
20011-2014




Professor Ann Buchanan MBE
Professor of Social Work and Director of the Centre
for Research into Parenting and Children
University of Oxford
2007-2013



Martin Coleman
Head of Competition Law Group
Norton Rose LLP
2010-2013




Professor Simon Collinson
Professor of International Business and Innovation,
Henley Business School
Reading University
2011-2014




Professor Stuart Croft
Professor of International Security
University of Warwick
2011-2014



Dr Justin Davis Smith CBE
Chief Executive
Volunteering England
2011-2014




Professor Malcolm Grant
Provost and President
University College London
2008-2011




Paul Grice
Clerk and Chief Executive
Scottish Parliament
2009-2015



Professor Charlie Jeffery
Professor of Politics
University of Edinburgh
2005-2011




Professor Michael Lamb
Professor of Psychology and Head of Department
of Social and Developmental Psychology
University of Cambridge
2006-2011



Professor David Martin
Professor of Geography
University of Southampton
2010-2013



Dave Ramsden
Managing Director
Macroeconomic and Fiscal Policy Directorate
HM Treasury
2008-2013



David Walker
Formerly Managing Director Communications and
Public Report – Audit Commission
David Walker Associates
2007-2013



Dr Graeme Reid
Representative of the Secretary of State for Business,
Innovation and Skills
Department for Business, Innovation and Skills

Vital Statistics: Who's Who at the ESRC

Council, Committees and Senior Office Staff

Members of Committees 2011/12

<p>Evaluation Committee</p> <p>Professor Ann Buchanan MBE (Chair) Professor Paul Anand Professor Tara Fenwick Professor Brian Francis Michael Hughes Steven Marwick Jeremy Mayhew Professor Paul Milbourne Dr Paul Nightingale Jeremy Peat Jez Reeve Ian Rowley Professor Ken Starkey Professor Sandra Walklate Professor Paul Whiteley Penny Young Vicki Crossley (Secretary)</p> <p>Methods and Infrastructure Committee</p> <p>David Walker (Chair) Professor Micheline Beaulieu (V/Chair) Professor Rosalind Edwards Jude England Professor Edward Fieldhouse Professor Andy Furlong Mary Hickman Professor Allan G Hill</p>	<p>Professor Clare Holdsworth John Ireland Dr Liz Lyon Professor James Nazroo Neil Serougi Professor Fiona Steele Professor Gert Wagner Michael Whitbread Professor Malcolm Williams Professor Stephen Wood Professor Robert Wright Professor Peter Elias (University of Warwick), ex officio member Professor John Hobcraft (University of York), ex officio member Vanessa Cuthill (Secretary)</p> <p>Research Committee</p> <p>Professor Charlie Jeffery (Chair until August 2011) Professor Dame Glynis Breakwell (Chair from September 2011) Professor Karen Rowlingson (V/Chair) Professor Michael Bradshaw Dr Tim Bradshaw Professor Martin Conway Diane Coyle Professor Jim Love Professor Steve Machin</p>	<p>Dr Floyd Millen Graeme Nicol Professor Susan Owens Kathryn Packer Greg Power Professor Stephen Roper Professor Hazel Smith Professor John Stillwell Professor Andy Stirling Professor Margaret Whitehead Michelle Dodson (Secretary)</p> <p>Training and Skills Committee</p> <p>Professor John Beath (Chair) Professor Louise Ackers Sheryl Burton Professor Timothy Clark Dr Lesley Giles Professor Maia Green Professor John Holmwood Professor Peter Jackson Professor John Micklewright Professor Adam Rutland Professor Judith Squires Dr Sally Stares Dr Chris Taylor Dr Diana Wilkinson Frances Burstow (Secretary)</p>	<p>Impact Network</p> <p>Professor David Martin (Chair) Sheryl Burton Professor Simon Collinson Dr Sarah Cook Diane Coyle Professor Rosalind Edwards Jude England Graeme Nicol Dr Paul Nightingale Ian Rowley Professor Judith Squires Steven Marwick</p> <p>International Network</p> <p>Professor Stuart Croft (Chair) Professor Peter Elias Professor Hazel Smith Professor Jane Falkingham Professor Robert Wright Professor Tara Fenwick Dr Sarah Cook Professor Kate Brown Professor Jaideep Prabhu Dr Lloyd Anderson Professor Simon Collinson</p>
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Audit Committee

Paul Grice (Chair) (Member of Council)	Clerk and Chief Executive	Scottish Parliament	2009-2015
Professor Ann Buchanan MBE (Member of Council)	Professor of Social Work and Director of the Centre for Research into Parenting and Children	University of Oxford	2007-2013
Martin Coleman (Member of Council)	Head of Competition Law Group	Norton Rose LLP	2010-2013
Professor Simon Collinson (Member of Council)	Professor of International Business and Innovation	Reading University	2011-2014
Professor Andrew Goddard	Professor of Accounting	University of Southampton	2008-2012
Allan Spencer	Director of Finance	University of Sussex	2010-2014
Nigel Bird (Secretary)	Director of Finance	ESRC	2011-2013

Vital Statistics: Who's Who at the ESRC

Council, Committees and Senior Office Staff

Senior Staff at the ESRC (in post at 31 March 2012)



Chair
Dr Alan R Gillespie



**Research and International
Strategy Directorate**
Adrian Alsop
Director



Chief Executive
Professor Paul Boyle



**Research and International
Strategy Directorate**
Dr John Wand
Deputy Director



**Partnerships and
Communications Directorate**
Drs Astrid Wissenburg
Director



Policy and Resources Directorate
Phil Sooben
Director



**Partnerships and
Communications Directorate**
Iain Jones
Deputy Director



Policy and Resources Directorate
Jeremy Neathey
Deputy Director



Policy and Resources Directorate
Nigel Bird
Director of Finance

Vital Statistics: Research

Performance Indicators

The chart below shows the ESRC's achievements against the Research Councils UK (PEG) Performance Indicators.

Academic publications from ESRC research investments

	2008/09	2009/10	2010/11	2011/12
Research Papers	1,284	1,957	2,563	1,959
Books and Chapters	669	792	889	850
Total	1,953	2,749	3,452	2,809

Papers published in refereed journals

	2008/09	2009/10	2010/11	2011/12
Number of refereed papers	1,066	1,772	2,144	1,959
Proportion of all papers	83%	83%	84%	86%

Vital Statistics: Data Protection and Information Security

Personal Data-Related Incidents

The ESRC is committed to safeguarding information and personal data.

Incidents, the disclosure of which would in itself create an unacceptable risk of harm, may be excluded in accordance with the exemptions contained in the Freedom of Information Act 2000 or may be subject to the limitations of other UK information legislation.

Summary of protected personal data-related incidents formally reported to the information commissioner's office in 2011/12

Date of Incident	Nature of Incident	Nature of data involved	Number of people potentially affected	Notification steps
N/A	N/A	N/A	N/A	N/A

Actions to ensure compliance include:

- Audit of controls and procedures for handling information and data
- Regular review of the ESRC risk register to ensure it is appropriate in relation to risks to personal data
- A rolling programme of information security monitoring and assurance under the council's risk management and Internal Audit Assurance Strategy
- Data protection training for all new starters
- Freedom of information training for all new starters
- Regular updates and reminders to all staff about information security.

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. Small, localised incidents are not recorded centrally and are not cited in these figures.

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	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper document from outside secured Government premises	0
IV	Unauthorised disclosure	0
V	Other	1

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

	I	II	III	IV	V	Total
2011/12	0	0	0	0	0	0
2010/11	0	0	0	0	0	0
2009/10	0	0	0	0	0	0

Total number of other protected personal data-related incidents, by category number

	I	II	III	IV	V	Total
2011/12	0	0	0	0	1	1
2010/11	0	0	0	0	0	0
2009/10	0	0	0	0	0	0

Vital Statistics: Expenditure

Research and Training Expenditure 2011/12

Regional Expenditure

Region	Research (£000)	Training (£000)	2011/12 Spend (£000)
East Midlands	2,948	2,287	5,235
Eastern	19,143	4,402	23,545
London	28,514	12,584	41,098
North East	3,725	2,661	6,386
North West	12,370	5,830	18,200
Northern Ireland	1,397	270	1,667
Other	2,956	0	2,956
Scotland	10,286	7,101	17,387
South East	17,986	8,639	26,625
South West	15,925	4,666	20,591
Wales	7,591	3,280	10,871
West Midlands	5,458	3,697	9,155
Yorkshire and Humberside	5,758	5,435	11,193
Grand Total	134,057	60,852	194,909

Vital Statistics: Expenditure

Research and Training Expenditure 2011/12

Institute Research and Postgraduate Training Expenditure over £200k

Institute	2011/12 Spend (£000)
University of Essex	14,703
The University of Manchester	12,697
University of Oxford	10,487
University of Bristol	9,015
University of Edinburgh	8,233
Institute of Education	7,903
University College London	7,776
Cardiff University	7,291
London School of Economics and Pol Sci	6,648
University of Cambridge	5,747
University of Southampton	5,317
University of Leeds	4,021
University of Birmingham	4,004
University of Warwick	3,793
University of Glasgow	3,734
King's College London	3,401
University of Sheffield	3,369
University of Exeter	3,230
Newcastle University	3,216
University of Sussex	3,140
Lancaster University	3,109
University of Nottingham	3,013
Durham University	2,947
University of East Anglia	2,706
University of York	2,676
Institute for Fiscal Studies	2,522
Bangor University	2,338
London Sch of Hygiene and Trop Medicine	1,843
Institute of Development Studies	1,721
Queen's University of Belfast	1,578
University of St Andrews	1,556
University of Surrey	1,388
University of Kent	1,387
Open University	1,377
University of Liverpool	1,370
Goldsmiths College	1,335

Institute	2011/12 Spend (£000)
University of Stirling	1,304
Imperial College London	1,219
Royal Holloway, University of London	1,128
Loughborough University	1,106
University of Plymouth	1,041
City University	998
University of Strathclyde	974
Birkbeck College	973
University of Reading	957
School of Oriental and African Studies	910
University of Aberdeen	761
University of Leicester	750
Aston University	668
Brunel University	603
Keele University	581
Oxford Brookes University	578
Technology Strategy Board	573
University of Bath	481
University of Dundee	467
Queen Mary, University of London	457
Swansea University	445
Medical Research Council	443
University of Hull	420
Aberystwyth University	417
London Business School	402
Manchester Metropolitan University	398
Liverpool John Moores University	397
University of Bradford	389
University of Wales, Newport	380
London Metropolitan University	373
Middlesex University	296
Kingston University	276
Nottingham Trent University	234
London South Bank University	218
University of Portsmouth	202

Institute Research Expenditure over £100k

Institute	2011/12 Spend (£000)
University of Essex	13,767
The University of Manchester	9,998
University of Oxford	7,106
Institute of Education	6,875
University of Bristol	6,757
University College London	5,061
Cardiff University	4,621
University of Edinburgh	4,460
London School of Economics and Pol Sci	3,986
University of Southampton	3,850
University of Cambridge	3,290
Institute for Fiscal Studies	2,507
University of Birmingham	2,487
University of Glasgow	2,405
Newcastle University	2,383
University of Leeds	2,332
University of Exeter	2,268
University of Warwick	2,196
Bangor University	2,139
King's College London	2,032
University of East Anglia	1,910
Institute of Development Studies	1,715
University of Sussex	1,699
Lancaster University	1,511
University of York	1,409
University of Sheffield	1,363
University of Nottingham	1,354
Queen's University of Belfast	1,331
London Sch of Hygiene and Trop Medicine	1,319
Durham University	1,187
University of St Andrews	1,044
Open University	1,035
Loughborough University	865
University of Surrey	781
University of Plymouth	772
City University	763
Goldsmiths College	720
University of Kent	704
University of Aberdeen	652

Institute	2011/12 Spend (£000)
Royal Holloway, University of London	645
School of Oriental and African Studies	645
Birkbeck College	644
University of Stirling	635
University of Strathclyde	579
Technology Strategy Board	573
Imperial College London	531
University of Leicester	505
Oxford Brookes University	478
University of Reading	452
Medical Research Council	442
University of Wales, Newport	360
Liverpool John Moores University	347
Keele University	346
Brunel University	337
Aston University	335
University of Bradford	322
University of Hull	321
London Metropolitan University	317
University of Dundee	308
Aberystwyth University	262
Kingston University	247
Swansea University	209
Manchester Metropolitan University	196
University of Liverpool	168
Nottingham Trent University	159
Northumbria University	153
University of Bath	149
National Institute of Economic and Soc Res	146
University of Westminster	141
NERC Centre for Ecology and Hydrology	140
National Institute of Public Health	135
University of the Andes - Colombia	130
Middlesex University	129
University of Greenwich	126
University of Portsmouth	124
Centre for International Forestry Research	109
London South Bank University	102

Vital Statistics: Expenditure

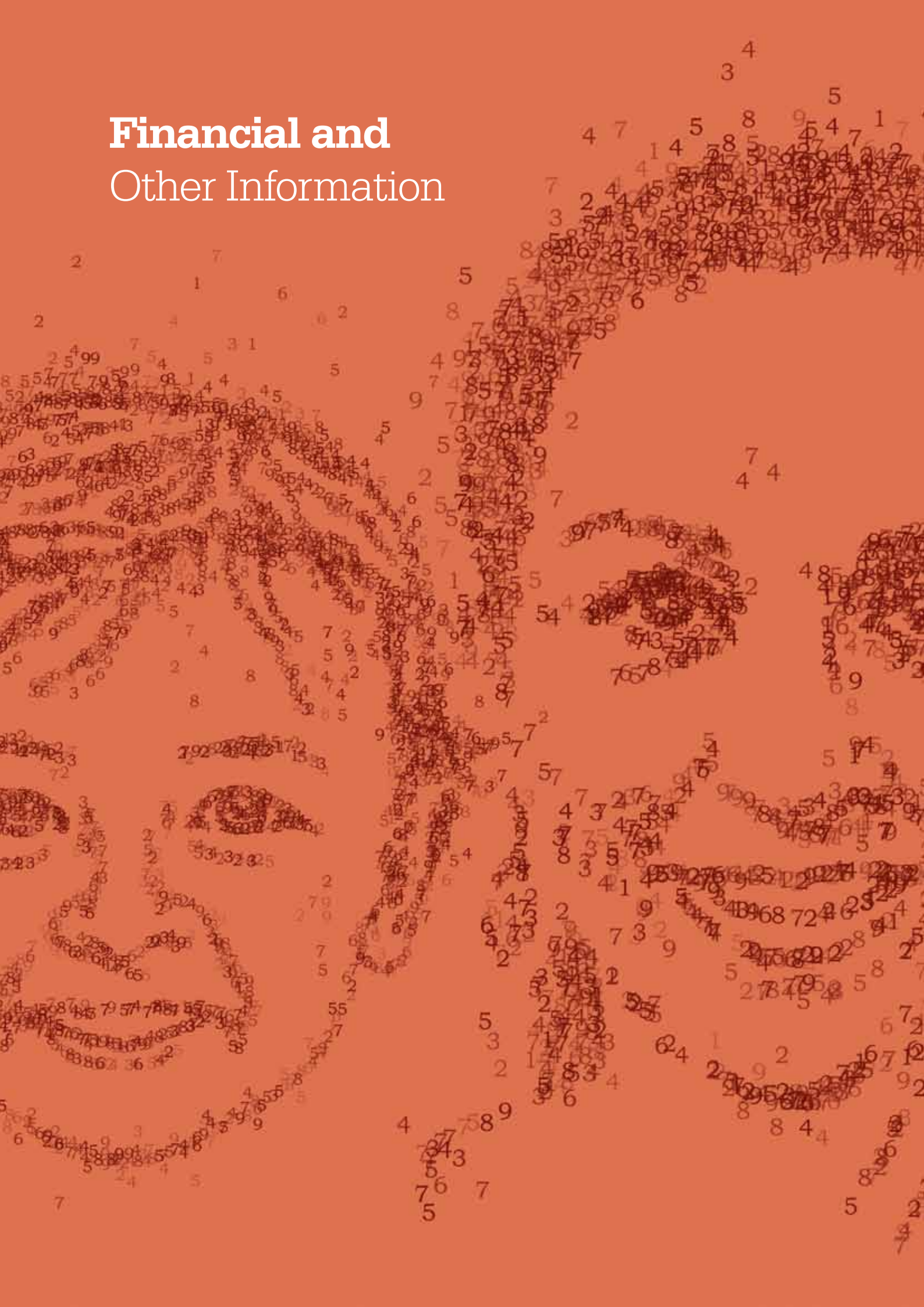
Research and Training Expenditure 2011/12

Institute Postgraduate Training Expenditure over £100k

Institute	2011/12 Spend (£000)
University of Edinburgh	3,773
University of Oxford	3,381
University College London	2,715
The University of Manchester	2,699
Cardiff University	2,670
London School of Economics and Pol Sci	2,662
University of Cambridge	2,457
University of Bristol	2,258
University of Sheffield	2,006
Durham University	1,760
University of Leeds	1,689
University of Nottingham	1,659
Lancaster University	1,598
University of Warwick	1,597
University of Birmingham	1,517
University of Southampton	1,467
University of Sussex	1,441
King's College London	1,369
University of Glasgow	1,329
University of York	1,267
University of Liverpool	1,202
Institute of Education	1,028
University of Exeter	962
University of Essex	936
Newcastle University	833
University of East Anglia	796
Imperial College London	688
University of Kent	683
University of Stirling	669
Goldsmiths College	615
University of Surrey	607
London Sch of Hygiene and Trop Medicine	524

Institute	2011/12 Spend (£000)
University of St Andrews	512
University of Reading	505
Royal Holloway, University of London	483
Queen Mary, University of London	414
University of Strathclyde	395
London Business School	384
Open University	342
Aston University	333
University of Bath	332
Birkbeck College	329
University of Plymouth	269
Brunel University	266
School of Oriental and African Studies	265
Queen's University of Belfast	247
University of Leicester	245
Loughborough University	241
Swansea University	236
City University	235
Keele University	235
Manchester Metropolitan University	202
Bangor University	199
Sheffield Hallam University	177
Middlesex University	167
Cranfield University	160
University of Dundee	159
Aberystwyth University	155
University of the West of England	118
London South Bank University	116
University of Aberdeen	109
Heriot-Watt University	102
Oxford Brookes University	100

Financial and Other Information



Management commentary

Financial and Other Information

- 1 The Economic and Social Research Council (ESRC) is an executive Non-Departmental Public Body established by Royal Charter in 1965 for the promotion of social science research. The Charter was subsequently amended in 1994 in the light of the Science White Paper 'Realising Our Potential'.
- 2 The ESRC is funded primarily through Grant-in-Aid from the Department for Business, Innovation, and Skills (BIS).

Statutory Basis

- 3 ESRC's accounts have been prepared in accordance with the Government Financial Reporting Manual (FREM) http://www.hm-treasury.gov.uk/frem_index.htm and the Accounts Direction, issued by the Secretary of State pursuant to Section 2(2) of the Science and Technology Act 1965. The accounts follow IFRS having due regard to the Council's status as a government body and any requirements established by the Clear Line of Sight agenda, which is to ensure that Government simplifies its financial reporting to Parliament and in a consistent way.

Strategic Priorities

- 4 The Economic and Social Research Council's mission is to:
 - promote and support, by any means, high quality basic, strategic and applied research and related postgraduate training in the social sciences;
 - advance knowledge and provide trained social scientists who meet the needs of users and beneficiaries, thereby contributing to the economic competitiveness of the United Kingdom, the effectiveness of public services and policy, and the quality of life;
 - provide advice on, and disseminate knowledge; and promote public understanding of, the social sciences.
- 5 ESRC's Strategic Priorities are:
 - **Economic Performance and Sustainable Growth** – *enable the development of robust government and private sector strategies to ensure sustainable growth;*
 - **Influencing Behaviour and Informing Interventions** – *creating a better understanding of how and why people and organisations make decisions, and how these can be managed or influenced;*
 - **A Vibrant and Fair Society** – *developing ways to enhance the role and contribution of citizens, voluntary sector organisations and social enterprises to create a vibrant national and global society.*
- 6 ESRC's Strategic Objectives are:
 - **Impact** through world class social science research;
 - **Impact** through skilled people;
 - **Impact** through world class infrastructure;
 - **Impact** through international leadership;
 - **Impact** through partnerships.

Risk

- 7 ESRC has adopted a risk management strategy where controls and risk-bearing relate to all aspects of management, not purely financial matters.
- 8 It is ESRC's view that it should demonstrate leadership in the quest for innovation and in the setting of strategies to achieve it. Innovation, and the social science research which supports it, is by its nature involved with uncertainty and hence risky outcomes. In order to seize opportunities to increase the probability of achieving its purpose ESRC has to embrace risk enterprises. ESRC has a responsibility not just to control risk, but to ensure the proper opportunities are created to allow the achievement of unplanned potential. ESRC therefore has a particular concern to ensure that the framework for managing risk involves appropriate measures to promote and safeguard innovation.
- 9 ESRC's capacity to handle risk and its risk and control framework can be found in ESRC's Governance Statement.
- 10 ESRC's main risks are recorded and monitored on the corporate risk register. The key corporate risks relate to the maintenance of social science capacity, achieving excellence in commissioned research, sustaining ESRC's reputation and influence and effectiveness of delivery.

Financial Review of the Year

- 11 The Accounts for the year ended 31 March 2012 record total expenditure of £212.6m compared with a total expenditure of £213.2m (restated) in 2010/11. The Government Funds as at 31 March 2012 showed a deficit of £22.9m compared to a deficit of £23.3m in 2010/11. Total Grant-in-Aid drawn down was £186m, of which £0.1m was deployed on capital expenditure.

Research expenditure has decreased to £134.1m (£141.5m 2010/11), with Postgraduate Training increasing to £60.9m (£55.6m 2010/11). The movement in these expenditure headings reflects planned and actual expenditure and in particular the creation of the Doctoral Training Centres.

The prior year comparatives have been restated because of the financial effects of recognising co-funding as income and not financing as explained in Note 1.

Income from other bodies has increased to £27.0m (£26.1m 2010/11) reflecting an increase in collaborative funding on research investments.

The Statement of Financial Position records receivables of £16.8m (£15.6m 2010/11). The Statement of Financial position records payables of £44.9m (£54.8m 2010/11). This decrease is reflected by the downward movement in cash and the reduction in the research accrual and pre-funding.

Future Developments and Performance

- 12 The performance of ESRC's business is covered in pages 4 to 46 of the Annual Report.
- 13 There are no identified trends or issues likely to significantly impact on ESRC's business or performance. ESRC's going concern position is covered in paragraph 17.

Financial Instruments

- 14 See the notes to the accounts for discussion of the financial risks associated with financial instruments.

Shared Services Centre

- 15 As agreed by the seven Research Councils, the SSC was set up in 2007/08, following its incorporation as a limited company, (RCUK Shared Services Centre Ltd). The SSC has been developed to provide Finance, Grants, Human Resources, Information Systems, Procurement and Payroll operational services to each of the Councils and their Institutes. The aim of the SSC is to reduce spending on administration through sharing and standardising processes across the councils and to secure procurement savings through the consolidation of demand across the Councils.
- 16 ESRC has utilised the services of SSC across all functions, as listed above, for the whole of 2011/12.

Going Concern

- 17 The Income and Expenditure Reserve at 31 March 2012 shows a deficit of £25.5m (£25.8m 2010/11). This reflects the inclusion of liabilities falling due in future years which will be met by future Grant-in-Aid from ESRC's sponsoring department, BIS. This is because, under the normal conventions applying to Parliamentary control over income and expenditure, such grants may not be paid in advance of need (Note 1 (b) to the Accounts). The settlement from the Comprehensive Spending Review provides for the continuing going concern of ESRC.

Evaluation

- 18 The ESRC places great emphasis on the evaluation of its research. The Evaluation Committee works independently from the Policy Committees to evaluate the impact and quality of ESRC research through a comprehensive review programme. The results inform Council's strategic decision making and guide the Committees' investment decisions.

Project evaluations provide accountability for grant expenditure, and provide an early assessment of academic quality and research impact. The Evaluation Committee's analysis of project evaluation results contributes to Council's strategic planning, provides a track-record of project performance to support further funding decisions and feeds into policy evaluation work.

Evaluations of major investments (including Programmes, Ventures and Centres) assess academic achievements and contributions to fields of study, evidence of economic and societal impact, and the effectiveness of capacity development and research training. The results feed into the design of new phases of research and contribute to the development of research management practice.

Management commentary

Scheme evaluations assess the impact and effectiveness of different modes of ESRC funding. The results inform Council's strategy for supporting particular activities such as interdisciplinary collaborations, building new research capacity and supporting career development in different sections of the research community.

Impact and policy evaluations are a central feature of the evaluation system. This work includes benchmarking the international impact of UK social science, evaluating the economic and societal impact of ESRC research and reviewing aspects of research funding policy. The results help the Council to demonstrate the wider contribution of UK social science and the national and international impact of its own portfolio.

Payment Policy

- 19 ESRC observes the HM Treasury Guidance and makes every effort to pay creditors within 5 days of receipt of invoice. Where this is not possible, ESRC 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 75% (48% 2010/11) of invoices were paid within 5 days and 97% (2010/11 – 90%) within 30 days. The improvement in payment performance was due to SSC Ltd moving to daily payment runs and increased resources being made available to the payment team.

Equal Opportunities

- 20 The ESRC's policy on recruitment and selection is based on the ability of a candidate to perform the job regardless of gender; colour; ethnic or national origin, disability, age, marital status, sexual orientation or religion. Full and fair consideration is given to applications for employment from the disabled where they have the appropriate skills to perform the job. If disability should occur during employment, ESRC would make every effort to maintain employment and to ensure the availability of adequate retraining and career development facilities.

Employee Involvement

- 21 Information is provided to employees through the Oracle Knowledge Base, HR Updates, E-mail and the Intranet. Consultation with employees takes place through meetings of senior staff, with the Trade Unions through the Joint Negotiating and Consultative Committee, through directorate, and team meetings, and through working groups set up to look at specific organisational issues, and where appropriate through all-staff meetings.
- 22 All staff are made aware of the Delivery Plan and are then involved in developing and implementing directorate and personal objectives which flow from the Plan.
- 23 Details of the Research Councils' Pension Scheme (RCPS) are set out in Note 7c to the Accounts and details of the salary and pensions benefits of senior employees are included in the Remuneration Report.

Council and Management Board Members

- 24 Council and Management Board members are listed in the Remuneration report. The related party interests of members are covered in the notes to the accounts.

Health and Safety

- 25 The ESRC policy is to set and maintain high standards of health and safety performance so as to ensure the health and safety of staff as well as that of others who may work in or visit the premises. To achieve this ESRC has a Health and Safety Policy Statement signed by the Chief Executive, the Trade Union Health and Safety representative and the ESRC's Health and Safety Advisor. The policy covers responsibilities, competencies, risks, controls, the provision of advice, performance measurement and staff consultation. The policy is accessible to all staff through SSC Knowledge Base along with all health and safety guidance and procedures. ESRC also has a Health and Safety committee whose role is to review the adequacy of safety training and the supply of information, consider accident statistics and safety audit reports and to help the ESRC's Health and Safety Advisor carry out his/her duties.

Sickness Absence

- 26 ESRC management monitor staff sick absences on an ongoing basis with all sickness absences followed up by a return to work interview in line with ESRC's Sickness Absence Policy. Persistent short- term and long- term absence is managed on a case-by-case basis with appropriate support from an Occupational Health Physician. ESRC's sickness absence data is as follows with 2010/11 comparatives in brackets:

	2011/12	2010/11
Total number of FTE staff	120	137
Total days lost to sickness	648	923
Average working days lost	5	7
Days lost to long term (28 days or more)	391 / 60%	564 / 61%

The average working days lost is considered to be within the acceptable level for organisation sick absence.

Public Sector Information Holder and Personal Data Incidents

- 27 Information required to be reported by the ESRC in respect of holding public sector information, including reporting on data incidents, is included in the Annual Report section entitled Vital Statistics: Data Protection and Information Security on page 42.

Environmental Policy

- 28 ESRC is committed to following the Joint Research Council Environmental Policy Statement which calls for:

- compliance with all relevant legislation;
- minimise the adverse impacts of new buildings and refurbishments;
- make efficient use of natural resources;
- operate effective arrangements for waste disposal and recycling;
- promote effective environmental supply management;
- work with staff to promote more economic forms of transport;
- provide appropriate information and training to new staff.

ESRC attends the cross Research Council Environmental Group which meets on a quarterly basis to discuss the environmental issues that affect Polaris House. Polaris House has ISO 14001 accreditation for the control of the impact to the environment of all the activities conducted on the Polaris House site. In order to satisfy and maintain the required standards a number of environmental targets and impacts have been agreed for review, assessment and improvement. These are:

- Waste Reduction;
- Green Purchasing;
- Green Transport;
- Landscaping enhancement;
- Reduction of CO₂/energy emissions.

Environmental issues are communicated to all staff through the cross Research Council Environmental Awareness news letter.

ESRC is exempted from disclosing the full sustainability reporting data required by the Government's commitments to the 'Greening Report' as its full-time equivalent staff numbers and floor area are below the reporting thresholds.

Management commentary

Audit Committee

- 29 ESRC's Audit Committee comprises four members of Council plus two external co-opted members who provide additional academic and professional accountancy expertise. The Chairman of the Committee is a member of Council who does not chair any other Council Committee. The Committee meets at least three times a year to review internal and external audit matters, to generally consider Corporate Governance issues including the quality of internal control systems, and to review the ESRC's accounts.

Auditors

- 30 The internal auditors of ESRC are the Audit and Assurance Service Group with an audit plan being agreed and undertaken each year.
- 31 The accounts of the ESRC are audited by the Comptroller and Auditor General under the terms of paragraph 3(3) of Schedule 1 of the Science and Technology Act 1965. The audit fee covering 2011/12 was £64,000. There was no auditor remuneration for non-audit work.
- 32 So far as the Accounting Officer is aware, there is no relevant audit information of which the ESRC's auditors are unaware. 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 ESRC's auditors are aware of that information.



26 June 2012
Paul Boyle
Accounting Officer

Remuneration report 2011/12

Unaudited Information

Remuneration Policy

- The remuneration of the Chief Executive of ESRC and the Directors at Band 1 is decided by a Remuneration Panel chaired by the BIS Director General of Knowledge and Innovation and approved by the BIS Permanent Secretary.
- The performance of ESRC Directors is assessed annually by the Directors Remuneration Committee chaired by the Chair of Council with the ESRC Chief Executive and the Chair of ESRC Audit committee serving as members. Assessments are made using ESRC's Staff Performance Management process taking into the account the following:
 - bench marking against comparators in other Research councils;
 - annual increases agreed for other staff pay grades within ESRC;
 - BIS and Government pay policy guidelines and constraints.
 There is no separate Remuneration Committee that considers the pay of other senior staff.
- All remuneration increases are subject to a satisfactory performance assessment. The amount of any non-consolidated one off bonus payments is determined by the level of performance rating within the year.
- The remuneration of ESRC's Council members and Chairman is reviewed annually by BIS.

Contractual Policy

- The Chief Executive is contracted for the period 1 September 2010 to 31 August 2014 with all Directors being permanent employees of the ESRC*.

The Chief Executive and all Directors are subject to a notice period of 3 months* and any compensation awarded for early termination is subject to the terms and conditions of the Research Council's Joint Superannuation Early Severance Scheme. The Chairman and Council members receive a letter of appointment from BIS and are not employees of the ESRC although remuneration is made through the ESRC payroll. The terms of appointment allow for members to resign from office by notice in writing to the Secretary of State. Members may also be removed from office by the Secretary of State on grounds of incapacity or misbehaviour or a failure to observe the terms and conditions of appointment.

*The Finance Director is on a fixed term contract subject to a notice period of 1 month.

Audited Information

Salary and Pension Entitlements

- The following section provides details of the remuneration and pension interests of the Chief Executive, Directors and ESRC Council members.

Remuneration

		2011/12 Salary (£000)	2011/12 Bonus (£000)	2010/11 Salary (£000)
Prof P Boyle	Chief Executive	120-125	–	70-75*
Mr A Alsop	Director of Research & International Strategy	65-70	–	65-70
Mr N Bird	Director of Finance	25-30**	–	–
Mr B Hooper	Director of Finance	35-40***	–	60-65
Mr P Sooben	Director Policy & Resources	60-65	–	60-65
Drs. A Wissenburg	Director of Partnerships & Communications	65-70	–	65-70

* Part-year: Took up post on 01 September 2010.

** Part-year: Took up post on 01 November 2011. Full year equivalent 60-65.

***Part-year: Retired on 31 October 2011. Full year equivalent 60-65.

Remuneration report 2011/12

- 7 Salary paid in 2011/12 includes gross salary, overtime, recruitment and retention allowances, responsibility allowances and any other allowance to the extent that it is subject to UK taxation. Any bonuses paid are shown separately. There was no average increase of salary for the above senior staff. No benefits in kind were received in 2011/12 (2010/11 zero). The highest paid Director was in the 120-125 band with the median remuneration figure of all staff being £28,384 giving a ratio of 4.3 (2010/11 – £27,201/4.6).

Pension Benefits

Comparative figures for 2010/11 shown in italics

Chief Executive and Directors	Current Chief Executive	Director	Director	Director	Director	Director
Name	Prof P Boyle	Mr A Alsop	Drs. A Wissenburg	Mr P Sooben	Mr B Hooper	Mr N Bird
Real increase in pension at 60 (£)	2,954 935	-535 142	539 1,061	13 2,471	2,988 294	250 –
Related lump sum at 31 March 2012 (£)	– –	81,921 79,398	– –	33,758 33,758	97,347 86,012	31,707 –
Total annual accrued pension at 60 at 31 March 2012 (£)	3,918 935	27,307 26,466	9,510 8,528	21,387 20,318	32,449 28,671	10,569 –
Cash equivalent of transfer values at 31 March 2011 (£)*	6,789 8,894	513,307 467,342	107,430 75,561	285,027 207,034	619,147 604,803	124,537 –
Cash equivalent of Transfer Values at 31 March 2012 (£)	29,565 –	545,458 536,015	123,237 98,868	307,269 268,596	700,738 646,716	130,314 –
Real increase in cash equivalent of Transfer Values (£)	18,090 7,471	-11,696 ** 1,864	4,630 9,908	-3,367 ** 29,172	62,706 5,760	2,192 –
Pension Provider	RCPS	RCPS	RCPS	RCPS	RCPS	RCPS

*The actuarial factors used to calculate CETVs were changed in 2011/12. The CETV at 31/03/11 and 31/03/12 have both been calculated using the new factors, for consistency. The CETV at 31/03/11 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

** Taking account of inflation, the CETV funded by the employer has decreased in real terms.

Pensions

- 8 Details of the Research Councils' Pension Scheme (RCPS) is included in Note 7 to the Accounts.

Research Council Pension Scheme (Unaudited information)

- 9 ESRC employees may be in one of five Research Council Pension Schemes: classic, premium, classic plus, partnership or nuvos. The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year and pensions are increased annually in line with changes in the Consumer Prices Index. Full details about these pension schemes can be found at: <http://jsspensions.nerc.ac.uk/> however outlined below are the key features of the schemes:

Classic

This scheme is a defined benefits scheme, with benefits based on 'final salary'. Members' contribution rates are 1.5% of pensionable earnings. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. From 1 October 2002 classic became a closed scheme and no new members could join.

Premium

Premium is a defined benefit scheme, with benefits based on 'final salary'. Employee contributions are set at the rate of 3.5% of pensionable earnings. Benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). This scheme was closed to new entrants from 30 July 2007.

Classic Plus

Classic Plus is a defined benefits scheme, with benefits based on 'final salary'. It is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in Classic. This scheme was closed to new entrants from 1 October 2002.

Partnership

The Partnership pension account is a defined contribution (money purchase) arrangement. It is a stakeholder pension with employer contributions. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of approved products (Scottish Widows, Standard Life and TUC/Prudential). The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement). When the member comes to retire they use the fund to buy a pension from a pension provider. They can choose to take up to 25% as a lump sum.

Nuvos

Nuvos is a defined benefit scheme, based on a proportion of pay earned in each and every year of service. Members' contribution rates are set at 3.5% of pensionable earnings. The pension is based on a proportion of pay earned in each and every year of service, which builds up at 2.3% of pensionable earnings each scheme year. This scheme was opened to new entrants on 30th July 2007.

The Cash Equivalent Transfer Value (CETV)

- 10 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 pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their 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 or arrangement which the individual has transferred to the Research Councils' pension arrangements and for which the RCPS has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

- 11 This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Council Members Remuneration

- 12 Council members and Chairmen receive an honorarium in recognition of their service to ESRC, together with a refund of their reasonable expenses. The rate of honorarium is set by BIS. Council members are not employees of ESRC and the appointments are not pensionable. Members of Council who are civil servants are not entitled to receive an honorarium.
- 13 The following table details the period of appointment covering each Council member who served on the Council during 2011/12 along with the remuneration received for that period.

Remuneration report 2011/12

Audited Information

2011/12 remuneration for Council Members (comparative 2010/11 figures in brackets)

Name	Period of Appointment	Remuneration £k
Dr Alan Gillespie – Chair of Council	01/06/09 – 31/07/13	15 - 20 (15 - 20)
Professor John Beath – Chair, Training & Skills Committee	01/08/09 – 31/07/14	5 - 10 (5 - 10)
Professor Dame Glynis Breakwell – Chair Research Committee from 01/08/11	01/08/11 – 31/07/14	5 - 10 (0 - 0)
Professor Ann Buchanan MBE – Chair, Evaluation Committee	01/08/07 – 31/07/13	5 - 10 (5 - 10)
Martin Coleman	01/04/10 – 31/07/13	5 - 10 (5 - 10)
Professor Simon Collinson	01/04/11 – 31/03/14	5 - 10 (0 - 0)
Professor Stuart Croft	01/08/11 – 31/07/14	0 - 5 (0 - 0)
Dr Justin Davis Smith CBE	01/04/11 – 31/03/14	5 - 10 (0 - 0)
Professor Malcolm Grant*	08/02/08 – 31/12/11	5 - 10 (5 - 10)
Paul Grice – Chair, Audit Committee	26/10/09 – 31/07/15	5 - 10 (5 - 10)
Professor Charlie Jeffery – Chair, Research Committee until 31/07/11	01/08/05 – 31/07/11	0 - 5 (5 - 10)
Professor Michael Lamb – Chair, International Network	01/08/06 – 31/07/11	0 - 5 (5 - 10)
Professor Dave Martin – Chair, Impact Network	01/08/10 – 31/07/13	5 - 10 (0 - 5)
David Ramsden**	05/02/08 – 31/07/13	- (-)
David Walker – Chair, Methods & Infrastructure Committee	01/02/07 – 31/07/13	5 - 10 (5 - 10)

* Remuneration gifted to charity.

** Remuneration not payable as member works in the Civil Service.



26 June 2012
Paul Boyle
Accounting Officer

Statement of Council's and Chief Executive's Responsibilities

Under paragraph 3 of Schedule 1 to the Science and Technology Act 1965 the Secretary of State for Business, Innovation and Skills (BIS) with the consent of the Treasury has directed the Council to prepare for each financial year a statement of account 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 the Council and of its income and expenditure, changes in tax payers 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* 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 judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclosed and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Accounting Officer for BIS has designated the Chief Executive of the Economic and Social Research Council as the Accounting Officer for the ESRC. 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 the Council's assets, are set out in *Managing Public Money* published by the HM Treasury.

Governance Statement

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of governance and internal control, which supports the achievement of ESRC's policies, aims and objectives, as approved by Council, whilst safeguarding the public funds and ESRC assets for which I am personally responsible and ensuring they are properly accounted for and used economically, efficiently and effectively. This is in accordance with the responsibilities assigned to me in "Managing Public Money" and the requirements set out in the Management Statement and Financial Memorandum agreed between ESRC and its sponsoring department, the Department for Business, Innovation and Skills (BIS).

The purpose of the Governance Statement

The Governance statement, for which I take personal responsibility, gives a clear understanding of the dynamics of ESRC and its control structure. It records the stewardship of ESRC, and provides a sense of ESRC's performance during the year and how successfully it has tackled the challenges it faces. It provides an insight into the business of ESRC and its use of resources to allow me to make informed decisions about progress against business plans. In doing this I am supported by a Governance framework which includes the Council, its Committees and Directors. The statement explains how ESRC has complied with the principles of Good Governance and reviews the effectiveness of these arrangements.

To the extent that it is deemed relevant and practical the ESRC has followed the Governance code requirements.

Governance Structure

The ESRC is governed by its Council which is the senior decision making body which ensures that ESRC pursues the objectives set out in its Royal Charter. The role of Council is to establish and agree the overall strategic direction of ESRC, including its mission, corporate strategy, key strategic objectives and targets, as set out in the Delivery Plan. Responsibility for carrying out key strategy is delegated to the Chief Executive. During 2011/12 Council's activities included:

- a review of the ESRC's priority areas and the scope of schemes;
- measures to increase the efficiency of the grant application process (demand management);
- ESRC Committee appointments;
- Risk management;
- Oversight of our two business critical projects.

The membership of Council includes members of the business, voluntary and public sectors, as well as the academic community. Membership is reviewed annually, appointments are advertised nationally and members are ultimately appointed by the Secretary of State for Business, Innovation and Skills. Council membership is carefully balanced to reflect ESRC's commitment to input from the academic, third sector, business and public sectors, and to ensure a broad regional distribution and gender balance. Details of current Council membership can be found at <http://www.esrc.ac.uk/about-esrc/governance/esrc-council/index.aspx>.

In 2011/12 the attendance of Council members was 82% compared to 89% in 2010/11. Council Members are subject to an appraisal process which includes an element of self assessment and requires input and sign off from both the CEO and the Chair. ESRC is currently reviewing its processes for the assessment of Council effectiveness and it is intended to review the effectiveness of Council in 2012/13. In my view the Council undertook its role in an effective and professional way during 2011/12.

The Council is supported by a structure of advisory committees, networks and panels that work alongside a Peer Review College. Details of these groups can be found at <http://www.esrc.ac.uk/about-esrc/governance/committees-networks/index.aspx>.

ESRC's Audit Committee meets at least three times a year and reports directly to Council providing assurance on the adequacy and effectiveness of the ESRC's framework of governance, risk management and controls. The Committee undertakes its primary role of supporting Council and the Chief Executive by reviewing the comprehensiveness of assurance to meet the Chief Executive's and Council's accountability obligations. The reviews undertaken in 2011/12 include risk, control and governance and associated assurance, together with oversight and approval of internal audit activities and outcomes, and clearance of the ESRC Annual Accounts. In 2011/12 the Audit Committee specifically reviewed a report covering the outcomes of ESRC's Managing the Risk of Financial Loss work agreeing with the recommendations made within the report. ESRC's Audit Committee comprises four members of Council plus two co-opted members who provide additional academic and professional accountancy expertise. The Chair of the Committee is a member of Council who does not chair any other Council Committee. In 2011/12 the attendance of Audit Committee members was 83% compared to 78% in 2010/11. A review of Audit Committee effectiveness took place in 2010 and it is intended to conduct a further review in 2012/13.

The ESRC is structured around three directorates which between them are responsible for implementing all of the Council's main activities. The three Directors, their deputies and the Director of Finance meet weekly with the Chief Executive. The details of the Directorates and the senior team structure can be found at <http://www.esrc.ac.uk/about-esrc/governance/directorates/index.aspx>.

The Directors Group's primary role is to support and advise the CEO to enable him to carry out his responsibilities. As such, the directors review and discuss all major funding, strategic and operational matters affecting the Council's business on a regular basis.

Details of the Chief Executive's and Directors' remuneration can be found in the 2011/12 Annual Report and Accounts Remuneration Report.

2011/12 was the first of four years in the new spending review period in which ESRC is operating under its Delivery Plan 2011-15. The key objectives from the Delivery Plan feed into an annual 'Scorecard' which is monitored quarterly by Directors and is reported to Council and to BIS.

Along with the other Research Councils ESRC is currently undertaking a review of its three key governance documents, the Management Statement, the Financial Memorandum and the Code of Conduct, to ensure their compliance with the new Corporate Governance Code. A triennial review of Research Councils by BIS will take place next year and will include an assessment of whether the governance framework is fit for purpose.

Risk and Internal Control Framework

ESRC operates in a low-risk environment and it is considered that the process described below allows ESRC to monitor its operational business risks in an effective way allowing emerging risks to be captured. However, in 2011/12 prompted by concerns raised by Council, it has been recognised by ESRC that the current risk process has become narrow in its focus and does not capture the bigger picture and provoke sufficient discussion around high-level strategic risks relating to delivery of ESRC business against the ESRC Mission. ESRC will engage Audit Committee and Council in discussions in 2012/13 on the introduction of a revised process that addresses this weakness.

The system of internal control is designed to manage risk to a reasonable level rather than to 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 ESRC'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 ESRC 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.

Under the policy approved by Council, ESRC's framework embeds risk management via:

- Council itself, which approves the risk policy and oversees the framework and high level risks;
- Council's Audit Committee, which assesses risk management processes and reports to Council;
- The Chief Executive and Directors, who are responsible for identifying and managing risks;
- Devolved risk management responsibilities held by staff within the Directorates.

General risk awareness is made available to staff through issued guidance and corporate induction, with further development in risk assessment and management being provided to the Directorate 'risk champions' which has extended the skill base across ESRC. This Group aims to meet at least once a year to share issues and consider ways of continuously developing and enhancing the risk management framework.

ESRC has a Risk Champion at Director level who co-ordinates and leads on risk issues. Risk champions have also been appointed at Directorate level that have a similar devolved responsibility. It is ESRC's policy to assign responsibilities to staff with appropriate skills to manage risk aspects of their work. ESRC's core business involves the commissioning of research and research training. ESRC operates a risk management framework which draws upon the expert advice of leading members of the UK I research community and from relevant user communities, to underpin ESRC's strategic and scientific decision making.

There are also regular weekly Directors and quarterly Senior Management Team meetings that, where appropriate, include discussion of risk aspects of ongoing and new business developments. Quarterly Directorate reports are also supported by updating of Directorate Risk Registers.

A cross Research Council Risk Awareness Network Group has been established by RCUK to meet every six months to support sharing of knowledge and approaches to risk management across the Research Councils. RCUK SSC Ltd is now a member of this group. The focus of the group in 2011/12 has been the Managing the Risk of Financial Loss exercise.

ESRC operates largely within a low risk environment where the bulk of operational expenditure occurs within the Higher Education environment, which largely operates within a control framework subject to its own internal audit and risk process. ESRC has established a register of risks, and these risks have been evaluated, to include consideration of the desired level of risk appetite having regard to ESRC strategies and priorities. Controls have been assessed and responsibilities for management of risks assigned at various levels. The key corporate risks covered by the Strategy relate to the maintenance of social science research capacity, achieving excellence in commissioned research, sustaining ESRC's reputation and influence and effectiveness of delivery.

During the year, taking account of a concern raised by ESRC's Council, discussions have taken place around the need to provide risk oversight for high-level strategic risks relating to delivery of ESRC business against the ESRC Mission. ESRC will engage Audit Committee and Council in discussions in 2012/13.

Principal processes in place for identifying, evaluating and managing risk are:

- maintenance of a Corporate Risk Register;
- regular review of risks by the Directors;
- establishment of Directorate Risk registers;
- development of project proposals incorporate risk evaluations, and implementation plans include risk registers to manage project risks;
- annual stewardship returns and reports from ESRC Directors on their operation systems within the governance and internal control framework;
- peer review of all proposals for new research;
- ESRC Scientific Advisory Committee papers include explicit reference to risk assessments.

Fraud Control

ESRC's fraud guidance was refreshed in 2011/12 and made available to all staff on the Intranet ensuring that there is an awareness of their responsibilities to report fraud and the process by which to do so. There were no instances of fraud reported in 2011/12.

Information Assurance

ESRC is committed to safeguarding information and personal data and carry out the following actions:

- Audit of controls and procedures for handling information and data;
- Regular review of the ESRC's risk register to ensure it is appropriate in relation to risks to personal data;
- A rolling programme of information security monitoring and assurance under the council's risk management and Internal Audit Assurance Strategy;
- Data protection training for all new starters;
- Freedom of information training for all new starters;
- Regular updates and reminders to all staff about information security.

During 2011/12 there was only one personal data related incident which was reported to BIS but was not within the criteria to report to the Information Commissioner's Office.

Review of Effectiveness

As Accounting Officer, I also have responsibility for conducting an annual review of the effectiveness of the system of ESRC's governance, risk management and internal control. My review is informed by three pillars of assurance.

Management Control

ESRC Directors have responsibility for the development and maintenance of the internal control framework. They have each provided me with an annual report on their stewardship and management within their Directorates. The stewardship reports have highlighted weaknesses in the implementation of some of our new grant processes and the operation of the Shared Service Centre Grants computer system. Compensating control is in operation within ESRC increasing the costs of these processes.

ESRC has two business critical projects:

- Understanding Society. This project is establishing a major new longitudinal study of the UK population across 40,000 households;
- Birth Cohort Facility Project. This Project is establishing a new birth cohort study of 90,000 babies in 2012 and a Cohort Resources Facility to co-ordinate the work of the existing UK Birth Cohorts.

These projects are both overseen by an internal project board and are subject to regular update and control reports to both Council and the Methods and Infrastructure Committee.

During 2011/12 ESRC commenced a review of delegated authorities which will be completed with any revisions implemented in 2012/13.

In addition ESRC successfully completed its first year of implementation of the Management of the Risk of Financial Loss (MRoFL) toolkit recommended across government by Her Majesty's Treasury (HMT). Six core processes were comprehensively reviewed, with two evidenced by internal audit end-to-end reviews. Overall it was recognised that ESRC has a strong control framework in place. Where there are common areas of risk requiring cross-council or SSC action, remedial actions are taken forward and monitored by existing function specific cross-council working groups, known as "Practitioner Groups", and overseen by the cross-council Client Services Group (CSG). Actions which are within ESRC's retained functions, or are unique to ESRC, are taken forward and monitored by the relevant process owners within ESRC.

Internal Assurance

Research Council Internal Audit Service (RCIAS)

In 2011/12 RCIAS were able to provide ESRC with an overall Substantial level of assurance. During 2011/12 a number of audits were undertaken within 3 blocks of activity. The specific audits undertaken in each block were:

ESRC Specific

- Strategic Partnership & Collaborative Research ventures – Limited.
- Peer Review College Implementation – Substantial.

SSC Assurance

- 14 end to end audits – Limited.

Cross Research Council

- Freedom of Information – Substantial.
- Environmental Strategy & Management – Substantial.
- Information Security & Assurance – Substantial.

The SSC audits were undertaken where issues had been highlighted to provide reasonable assurance that an adequate control framework is in place across the end-to-end business processes and that the control framework is operating effectively. Of the 14 areas reviewed 4 received an overall substantial assurance and 10 received an overall limited assurance. The particular areas of concern highlighted by RCIAS were in the areas of Procure to Pay, GPC & I-Expenses, Manage Cash, Application Security and Master Data Maintenance. Plans are in place to address these issues which are being monitored through the Client Services Group at a cross council level. The limited assurances cover areas under the control of the SSC, ESRC's own checking and the low volume of ESRC transactions mitigates the SSC weaknesses. Follow up work by RCIAS in the areas of concern showed that effective progress was being made to resolve the issues.

Client Service Group (CSG)

CSG represents all seven Research Councils in their relationship with the SSC as clients. The RCUK Shared Services Centre (SSC) project ended on 31 March 2011. Since that date, and therefore for the whole of 2011/12, 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 RCUK 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 have produced an Assurance Statement which also identifies the key areas of concern identified by the RCIAS end to end audits. From January 2012, a monthly 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.

Cross Research Council Funding Assurance Programme

A cross council process is in place under the Audit and Assurance Services Group which provides assurance on the regularity of research project expenditure at Universities and other research bodies. Measures are also in place to obtain assurance on the operation of the Transparent Approach to Costing at Universities supporting cost data in Full Economic Costing of funded research proposals.

The programme is undertaken by the Research Councils' UK Assurance Unit which is hosted by BBSRC and acts on behalf of the Research Councils by reviewing the regularity of expenditure on a sample of Research Council grants at a sample of 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 ESRC 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 we have identified specific issues with universities an action plan is in place to ensure appropriate improvements are introduced. In addition to the FAP process ESRC undertook a number of sample voucher checks on individual grants at final claim settlement stage.

I am satisfied with the level of assurance that the programme and ESRC's own work has given me.

Independent Assurance

I have reviewed comments made by our external auditors, the National Audit Office (NAO) in their management letter and other reports.

I have examined the reports of the ESRC Audit Committee's meetings including their scrutiny review of internal controls, governance and risk management processes. I also attend all Audit Committee meetings.

The provision from the Research Council Internal Audit Service (RCIAS) of an annual overall opinion on the adequacy and effectiveness of ESRC's risk management, control and governance processes.

Control Issues

I have been advised on the implications of the review of the effectiveness of the system of Governance including internal control and risk management by ESRC's Council and Audit Committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

I have considered the evidence provided with regards to the production of the Annual Governance Statement. The conclusion of the review is that ESRC's overall governance and internal control structures are managed effectively and I can provide assurance that it supports the achievement of the ESRC's policies, aims and objectives.



26 June 2012
Paul Boyle
Accounting Officer

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Economic and Social Research Council for the year ended 31 March 2012 under the Science and Technology Act 1965. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, 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 Council, Chief Executive and auditor

As explained more fully in the Statement of Council's and Chief Executive's Responsibilities, the Chief Executive is 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 Economic and Social Research Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Economic and Social 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 and report.

I am required to obtain evidence sufficient to give reasonable assurance that 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.

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.

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Economic and Social Research Council's affairs as at 31 March 2012 and of the 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 made under the Science and Technology Act 1965; and
- the information given in the Management Commentary 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
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and 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.

Report

I have no observations to make on these financial statements.

28 June 2012

Amyas C E Morse
Comptroller and Auditor General

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

Accounts

Statement of Comprehensive Net Expenditure for the year ended 31 March 2012

Expenditure	Notes	2011/12 £000	2010/11 £000
			Restated
Research	4	134,057	141,593
Postgraduate Training	5	60,852	55,625
Knowledge Exchange	6	6,471	4,814
Staff and Council Members' Costs	7(a)	5,712	6,258
Other Expenditure	8	5,092	4,348
Loss on Joint Venture	10	145	71
Depreciation	9(a)	81	190
Amortisation	9(b)	188	319
Total Expenditure		212,598	213,218
Income			
Income From other Bodies	2	(27,003)	(26,114)
Net Expenditure		185,595	187,104
Interest receivable		(5)	(6)
Net Expenditure after Interest		185,590	187,098
Other Comprehensive Expenditure			
Net loss/(gain) on Revaluation of Property, Plant and Equipment		-	523
Total Comprehensive Expenditure for the year		185,590	187,621

All activities are continuing.

The notes on pages 68 to 87 form part of these accounts.

Statement of Financial Position for the year ended 31 March 2012

	Notes	31 March 2012 £000	31 March 2011 £000
Non-current assets			
Property, Plant and Equipment	9(a)	2,980	3,060
Intangible Assets	9(b)	739	792
Investment in Joint Venture	10	885	1,030
Total non-current assets		4,604	4,882
Current assets			
Trade and other receivables	11	16,824	15,631
Cash and cash equivalents	12	624	11,018
Total current assets		17,448	26,649
Total assets		22,052	31,531
Current liabilities			
Trade and other payables	13	(44,974)	(54,855)
Net current assets less net current liabilities		(22,922)	(23,324)
Non-current liabilities			
Provisions	14	(16)	(24)
Assets less liabilities		(22,938)	(23,348)
Taxpayers' Equity			
Income & Expenditure Reserve		(25,500)	(25,803)
Restricted Reserve		326	219
Revaluation Reserve		2,236	2,236
		(22,938)	(23,348)



26 June 2012
Paul Boyle
Accounting Officer

The notes on pages 68 to 87 form part of these accounts.

Accounts

Statement of Cash Flows for the year ended 31 March 2012

	Notes	2012 £000	2011 £000
Cash flows from operating activities			Restated
Net expenditure after interest		(185,590)	(187,098)
Interest income		(5)	(6)
Investment impairment		145	71
Depreciation charge	9(a)	80	190
Amortisation charge	9(b)	188	319
Decrease in provisions	14	(8)	(70)
Decrease in receivables	11	(1,193)	4,229
(Decrease)/Increase in payables	13	(9,881)	(4,470)
Net cash outflow from operating activities		(196,264)	(186,835)
Cash flows from investing activities			
Payments to acquire property, plant and equipment	9(a)	–	(117)
Payments to acquire intangible assets	9(b)	(135)	(632)
Payments to acquire investments	10	–	(990)
Proceeds from sale of property, plant and equipment		–	990
Interest received		5	6
Net cash outflow from investing activities		(130)	(743)
Cash flows from financing activities			
Grant-in-aid received		186,000	188,000
Net cash inflow from financial activities		186,000	188,000
Net increase in cash and cash equivalents in the year	12	(10,394)	422
Cash and cash equivalents at the beginning of the year	12	11,018	10,596
Cash and cash equivalents at the end of the year	12	624	11,018

The notes on pages 68 to 87 form part of these accounts.

Statement of Changes to Taxpayers' Equity for the year ended 31 March 2012

	Notes	Restricted Reserve	Revaluation Reserve	Income & Expenditure Reserve	Total Govt Funds
				Restated	Restated
		£000	£000	£000	£000
Balance at 31 March 2010		362	2,787	(26,876)	(23,727)
Changes in Taxpayers' Equity for 2010/11					
Grant-in-aid received		–	–	188,000	188,000
Revaluation in year		–	(523)	–	(523)
Transfer from/to Income & Expenditure Reserve – depreciation		–	(28)	28	–
Transfer of Restricted funds		(143)	–	143	–
Net Expenditure after Interest		–	–	(187,098)	(187,098)
Balance at 31 March 2011		219	2,236	(25,803)	(23,348)
Changes in Taxpayers' Equity for 2011/12					
Grant-in-aid received		–	–	186,000	186,000
Revaluation in year		–	–	–	–
Transfer from/to Income & Expenditure Reserve – depreciation		–	–	–	–
Transfer of Restricted funds		107	–	(107)	–
Net Expenditure after Interest		–	–	(185,590)	(185,590)
Balance at 31 March 2012		326	2,236	(25,500)	(22,938)

The movement in the Restricted Fund reflects funds received from the William and Flora Hewlett Foundation that had not been transferred into the Restricted Reserve.

Prior year figures have been restated to reflect accounting policy change where funding received from other bodies is now classified as income rather than financing as previously. See Note 1.

Notes to the accounts

1 Statement of Accounting Policies

(a) Basis of Accounting

The accounts have been prepared in accordance with a direction given by the Secretary of State, with the approval of HM Treasury, in pursuance of Section 2 (2) of the Science and Technology Act 1965 and with the 2011/12 Government's 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 which is judged to be most appropriate to the particular circumstances of the ESRC for the purpose of giving a true and fair view has been selected.

Accounting Convention

These financial statements have been prepared under the historical cost basis modified to include the revaluation of property, plant and equipment and intangible assets where material.

These financial statements are presented in sterling, ESRC's functional currency, and all amounts have been rounded to the nearest thousand.

The particular policies adopted by ESRC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

All International Financial Reporting Standards, Interpretations and Amendments to published standards, effective at 31 March 2012, have been adopted in these financial statements, taking account the specific interpretations and adaptations included in the FREM. The following new or revised standards have been reviewed and reflected in the preparation of these accounts where appropriate.

Adoption of New or Revised Standards Effective for 2011/12

IFRS 3 – Business Combinations.

Measurement of Non-controlling interests – The choice of measuring non-controlling interests at fair value or the proportionate share of the acquiree's net assets only applies where ownership interest entitles the holder to a proportionate share of net assets. Other non-controlling interests are measured at fair value.

IFRS 7 – Financial Instruments.

Amendments to the disclosure requirements of the nature and extent of risks arising from financial instruments, in particular, linking qualitative and quantitative disclosures and clarifying collateral disclosure.

IAS 24 – Related Party Disclosures.

Clarifies the definition of a related party and simplifies the disclosure requirements that are controlled or significantly influenced by a Government.

IFRIC 19 – Extinguishing Financial Liabilities.

Sets out the accounting treatment where an entity issues equity instruments to settle a financial liability.

Adoption of Major FREM Changes for 2011/12

- 1 Only Grant-in-Aid and any other grants from the parent department are now recognised as financing, so co-funding from other bodies is now recognised as income, and the prior year figures have been restated. This has increased prior year income and reduced the prior year net expenditure after interest by £26,114,000. In the Statement of Cash Flows prior year net cash outflow from operating activities has increased and net cash outflows from financial activities has reduced by £32,266,000, with no net impact on the cash and cash equivalents balance as at 31 March 2011. In the Statement of Changes to Taxpayers Equity in addition to the reduction in net expenditure after interest, the income funding line has been removed. These changes have no net effect on the prior year Statement of Financial Position, which remains as published for 2010/11.
- 2 The option to defer income under IAS 20, unless repayment conditions have been agreed with the funder, has been removed. This change has no material impact on the current or prior year accounts.

An amendment to the FREM implementing the second stage of changes required to align budget, Estimates and accounts.

An amendment to the FREM requiring separate reporting of bonuses and salaries in the Remuneration Report and reporting by way of a note to the accounts exit packages awarded to all staff.

Clear Line of Sight Alignment – all grants and Grant-in-Aid from Departments to NDPBs should be aligned going through financing and not income/deferred income.

Effective for Future Financial Years

The IASB and IFRIC issued certain standards and interpretations with an effective date after these financial statements. ESRC will undertake an assessment of the impact of the revisions listed below once the full requirements are known, although it is not expected that they will have a material impact on ESRC in the period of adoption. They have not been adopted early but will be adopted at the effective date where they are considered relevant to ESRC's circumstances.

IAS 19 – Post employment benefits

The elimination of the option to defer the recognition of gains and losses resulting from defined benefit plans. The improvement of disclosure requirements that will better show the characteristics of defined benefit plans and the risks arising from those plans. ESRC will undertake an assessment of the impact of IFRS 19 once the full requirements are known.

IFRS 7 – Financial Instruments

Increased disclosure requirements for transfers of financial assets.

IFRS 9 – Financial Instruments

Addresses classification and measurement issues, impairments and hedge accounting.

IFRS 10, 11, 12 and IAS 27, 28 – Subsidiaries, Associates and Joint Ventures

New and amended standards that affect the consolidation and reporting of Subsidiaries, Associates and Joint Ventures.

IFRS 13 – Fair Value Measurement

Prepared to provide consistent guidance and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'.

IPSAS 32 – Service Concession Arrangement

Provides a financial reporting standard for the grantor in accounting for service concession arrangements.

(b) Going Concern

The accounts have been prepared on the basis of a Going Concern. Any deficit shown on the Income and Expenditure Reserve would be extinguished over time, having regard to the resource and capital budgets to which ESRC can be expected to have access from the sponsoring department, BIS.

Grant-in-Aid for the coming year, taking into account the amounts required to meet the ESRC's liabilities falling due in that year, has already been included in the Department's Estimates for that year, which have been approved by Parliament. ESRC financial commitments on research and training grants beyond that period can be met well within the minimum reasonably anticipated income for those years. Such grants issued by ESRC are made under statutory powers within the terms of the Science and Technology Act 1965, applied upon the objects set out in Article 2 of the ESRC Royal Charter.

The settlement from the Comprehensive Spending Review provides for the continuing going concern of ESRC.

IAS 10 also states that for non-trading entities the anticipated continuation of the provision for that service is normally sufficient evidence of going concern. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

(c) Property, Plant and Equipment

Capital expenditure includes the purchase of land, buildings, equipment to the value of £10,000 or more.

Property, plant and equipment is included at cost or at valuation. The basis of valuation for land and buildings is open market value for existing use.

Land and buildings are professionally revalued every five years. In the intervening period an annual fair value review based on appropriate indices takes place. Between the professional revaluation and indexed revaluation would be reflected in the accounts only where the cumulative difference is material.

In the opinion of the ESRC there is no material difference between the historic and current cost values of the IT and fixtures and fittings assets. ESRC has therefore, as permitted by the FReM, elected to adopt depreciated historic cost as a proxy for fair value for its non-property tangible and intangible assets.

Provision is made for depreciation/amortisation on property, plant and equipment, except land, at rates calculated to write off the costs or the valuation of each asset to its estimated residual value evenly over its expected useful life, as follows:

Freehold Buildings	60 years
IT and Fixtures and Fittings	3-10 years

The useful economic life of assets is reviewed regularly and where a valuation has provided a more accurate assessment this has been used.

Depreciation is taken from the month of purchase with assets in the course of construction not depreciated until they are available for use.

Notes to the accounts

(d) Intangible Assets

Intangible assets that are acquired by the Council are stated at cost less accumulated amortisation and impairment losses. In the opinion of ESRC there is no difference between the historic and current cost values on intangible assets.

Amortisation is charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each Statement of Financial Position date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software	5 years
Datasets	5-10 years
Website	5 years

(e) Financial Assets

Fixed asset investments are stated at cost less provision for permanent diminution in value.

(f) 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) Investments in Joint Ventures and Associates

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Interests in joint ventures and associates are accounted for under the equity method of accounting in accordance with the principles of IAS 27, IAS 28 and IAS 31.

Under the equity method, the investment in the joint venture or associate is carried in the Statement of Financial Position sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture or associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the joint venture or associate.

The joint ventures' and associates' accounting policies generally conform to those used by the Group for like transactions and events in similar circumstances and in those instances where they do not conform, material adjustments are made to the Financial Statements.

The Group holds a 1.83% shareholding in the joint venture company RCUK SSC Limited. Under the terms of the joint venture agreement control is shared jointly with 7 other shareholders, RCUK SSC Ltd is therefore accounted for as a joint venture.

There are no material differences in accounting policies between ESRC and its Joint Ventures.

(h) Ownership of Equipment or Facilities Purchased with Council Grants

Equipment or facilities purchased by an institution with research grant funds supplied by the ESRC belong to the institution and are not included in ESRC's property, plant and equipment. Through the conditions of the grant applied to funded institutions, the ESRC reserves the right to determine how such equipment or facilities shall be disposed of and how any disposal proceeds are to be utilised.

(i) Grant in Aid and other Grants from the Department

Grant in Aid and other Grants from the Department are credited to the I&E Reserve as financing. From 2011/12, funding from other bodies is shown as income (see Note 1 adoption of major FReM changes for 2011/12 section).

(j) Research and Development

As a research funding organisation, the ESRC's research and development expenditure is charged to the Statement of Comprehensive Net Expenditure when it is incurred.

The ownership of the intellectual property arising from a research project is made clear from the outset. Normally this rests with the university or institution receiving the ESRC award, unless stated to the contrary. Where there are material returns from intellectual property rights from an ESRC supported award, ESRC reserves the right to reclaim up to one third of the total, up to the value of its original award. Recoveries are credited to the Statement of Comprehensive Net Expenditure when received. Future intellectual property rights arising from the ESRC's research and development have not been included in the accounts as their value in terms of future income is not material and unpredictable.

(k) Operating Segments

The primary format used for segmental reporting is by programme expenditure as this reflects ESRC's internal management structure and reporting. ESRC's assets and liabilities are shared across all business units, which reflects the way the ESRC is managed. Disclosure of assets and liabilities by segment is therefore not required.

(l) Insurance

In line with Government policy, ESRC carries its own risks in respect of employment of staff, buildings, equipment etc, except where there exists a statutory requirement to insure or where commercial insurance represents better value for money.

(m) Operating Leases

There were no finance leases. Operating lease rentals are charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the period of the lease. An operating lease exists covering ESRC's rental obligations on a London office (see Note 14).

(n) 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 Statement of Financial Position date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Net Expenditure. 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.

(o) Value Added Tax

ESRC is partially exempt for VAT purposes. All expenditure and fixed asset purchases are shown inclusive of VAT where applicable.

(p) Research Grants

ESRC policy is to accrue for the costs of work undertaken at Higher Education Institutions at Statement of Financial Position date which remain unpaid by ESRC at that date. Future commitments in respect of costs of work yet to be undertaken within approved cash limits at the Statement of Financial Position date are disclosed in Note 15.

(q) Derivatives and Other Financial Instruments

Due to the non-trading nature of its activities and the way in which ESRC is financed, ESRC is not exposed to the degree of financial risk faced by non-public sector entities. Moreover, financial instruments play a much more limited role in creating or changing risk that would be typical of the listed companies to which IAS 32, 39 and IFRS 7, mainly apply. ESRC has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities and are not held to change the risks facing ESRC in undertaking its activities.

Trade receivables are not interest bearing and are carried at original invoice amount less allowance for non collectable amounts. 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 Net Expenditure.

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 ESRC is established or when the corresponding assets or expenses are recognised.

Notes to the accounts

(r) Cash and Cash Equivalents

Cash and cash equivalents consist of cash balances.

(s) Restricted Reserve

The restricted reserve has two components and relates to: (i) funds received by ESRC as beneficiary of a will that can only be used for specified purposes; (ii) deposits received from international bodies for specific future research investment. Any income earned is transferred to the reserve from the Income and Expenditure Reserve. Restricted reserve used in year is transferred into the Income and Expenditure Reserve.

(t) Accounting Estimates

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.

The estimated economic useful lives of property, plant and equipment and intangibles are 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 values.

Key Accounting Judgements

ESRC's significant accounting policies are stated above. Not all of these policies require management to make difficult subjective or complex judgements. Those that follow are intended to provide an understanding of the policies that management consider critical because of the level of complexity and judgement involved in their application and their impact on the financial statements.

Research Accrual

Research grants are accounted for on an accruals basis. Adjustments are made to reflect activity which has commenced in advance of the first quarterly payment and activity which has completed in advance of the final payment.

A further adjustment is made to reflect the expected difference between profiled cash payments and expected final claims. By calculating the actual spend totals on grants that have completed in the previous twelve months an estimate is formed of the average spend variance for grants in progress.

Provisions for Liabilities

Estimates are subject to uncertainty regarding timing or amounts of obligations (legal or constructive) due by the ESRC. Significant judgements are made regarding probability and measurement of obligations.

Impairment of Assets

Property, Plant and Equipment are included at recoverable amounts. Management assess whether assets retain their recoverable amount or whether the asset is impaired, suffering a permanent diminution in value. Judgements are made on obsolescence, damage and loss resulting from normal business operations, and changes in value as part of the annual review of Property Plant and Equipment.

(u) Pension Scheme

The employees of the Council are members of the Research Councils' Pension Scheme (RCPS) which is a defined benefit scheme but is accounted for as a defined contribution scheme funded from annual Grant-in-Aid on a pay-as-you-go basis. RCPS the entity has no legal or constructive obligation to pay those future benefits: its only obligation is to pay the contributions as they fall due and if the entity ceases to employ members of RCPS, it will have no obligation to pay the benefits earned by its own employees in previous years. For this reason, RCPS is treated as a defined contribution plan as stated in IAS 19. 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 ESRC. As permitted by IAS 19, ESRC has recorded the pension contributions payable for the period and a corresponding charge to the Statement of Comprehensive Net Expenditure.

(v) Income

Income from other bodies arises where public and private sector bodies have agreed to co-fund some of ESRC research expenditure. Such income is recognised when ESRC is entitled to the income. Income is deferred where there are conditions in the co-funding agreement that have not been met by ESRC as at the year end.

2 Income Received from Other Bodies

	2011/12	2010/11
	£000	£000
Non-Departmental Public Bodies	11,744	8,201
Other Government	13,997	16,253
Other	1,262	1,660
	27,003	26,114

3 Statement of Operating Costs by Operating Segment

The primary format used for segmental reporting is by programme expenditure as this reflects ESRC's internal management structure and reporting. ESRC's assets and liabilities are shared across all business units, which reflects the way the ESRC is managed. Disclosure of assets and liabilities by segment is therefore not required. ESRC comprises of the following programme segments:

Research

ESRC funds and promotes high quality basic, strategic and applied research that focuses on pushing back the frontiers of social science on areas of major national importance.

Postgraduate Training

ESRC supports postgraduate training in the social sciences thus providing trained social scientists who meet the needs of users and beneficiaries thus contributing to the economic competitiveness of the UK. The ongoing training needs for researchers is also met throughout their career.

Knowledge Exchange

ESRC has a range of processes and mechanisms to actively engage with stakeholders. These processes are used to generate impacts and create benefits for stakeholders, individuals and communities.

Analysis by Programme Segment – 2011/12

	Research	Postgraduate	Knowledge	Non-Programme	Total
	£000	Training	Exchange	costs	£000
		£000	£000	£000	£000
Programme Costs	134,057	60,852	6,471	–	201,380
Staff Costs	3,136	363	467	1,746	5,712
Other Operating Costs	1,628	22	10	3,432	5,092
Depreciation	–	–	–	81	81
Amortisation	188	–	–	–	188
Loss on Investment	–	–	–	145	145
	139,009	61,237	6,948	5,404	212,598

Notes to the accounts

Analysis by Programme Segment – 2010/11

	Research £000	Postgraduate Training £000	Knowledge Exchange £000	Non- Programme costs £000	Total £000
Programme Costs	141,593	55,625	4,814	–	202,032
Staff Costs	2,393	419	510	2,936	6,258
Other Operating Costs	720	11	32	3,585	4,348
Depreciation	–	–	–	190	190
Amortisation	–	–	–	319	319
Loss on Investment	–	–	–	71	71
	144,706	56,055	5,356	7,101	213,218

4 Research

	2011/12 £000	2010/11 £000
Research Programmes	16,450	16,823
Research Centres	18,467	18,813
Research Resources	679	8,382
Research Grants	44,409	44,873
Fellowships	1,667	1,578
Research Ventures	19,337	17,139
Department for International Development	4,016	2,484
Other Research	881	1,614
International Office	3,562	2,979
International Subscriptions	194	213
Research Equipment and Facilities	24,395	26,695
	134,057	141,593

5 Postgraduate Training

	2011/12 £000	2010/11 £000
Standard Course Studentships	2,309	1,274
Standard Research Studentships	42,147	42,591
Other Studentships	7,199	3,103
Language Based Area Studies	908	4,814
Post Doctoral Fellowships	8,289	3,843
	60,852	55,625

6 Knowledge Exchange

	2011/12 £000	2010/11 £000
Knowledge Exchange Activities	6,169	4,581
Knowledge Exchange Partnerships	302	233
	6,471	4,814

7 (a) Staff Costs

	Permanently Employed Staff	Temporary Staff	Seconded Staff	Council Members	2011/12 £000	2010/11 £000
Wages and Salaries	4,236	53	22	216	4,527	4,965
Social Security Costs	303	–	–	–	303	333
Superannuation (Note 7(c))	971	–	–	–	971	1,063
Sub Total	5,510	53	22	216	5,801	6,361
Less recoveries in respect of outward secondments	(89)	–	–	–	(89)	(103)
	5,421	53	22	216	5,712	6,258

There have been no compensation payments or exit packages in the current or prior year.

7 (b) Staff Numbers

	2011/12 Permanently Employed	2011/12 Temporary Staff	2010/11
Senior Management (Chief Executive and Band H)	4	–	4
Managerial (Bands C to G)	97	3	110
Administrative Support (Band B)	16	–	23
	117	3	137

The temporary agency staff covered complemented vacancies, long term absences and additional resource for the SSC Project.

Notes to the accounts

7 (c) Superannuation

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. During 2011/12 the employee contribution rates ranged between 1.5% and 3.5% depending on scheme. From 1st April 2012 employee contribution rates have been increased and depending on pensionable salary will range between 1.5% to 3.9% for the classic scheme and 3.55 to 5.95 for the other schemes.

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/>

The RCPS is an unfunded multi-employer defined benefit State scheme which is funded on a pay-as-you-go basis. Contributions are set at a level that is expected to be sufficient to pay the required benefits falling due in the same period with future benefits earned during the current period to be paid out of future contributions. In RCPS, ESRC has no legal or constructive obligation to pay those future benefits. Its only obligation is to pay the contributions as they fall due and if the entity ceases to employ members of RCPS, it will have no obligation to pay the benefits earned by its own employees in previous years. For this reason, RCPS is treated as a defined contribution plan as stated in IAS 19.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal actuarial valuations shall be four years, with approximate assessments in intervening years.

The last formal actuarial valuation undertaken for the RCPS as at 31 March 2006 was completed in 2008/09. Consequently, a formal actuarial valuation as at 31 March 2010 was initiated but was not completed at 31 March 2011.

Subsequently however, formal actuarial valuations for unfunded public service pension schemes have been suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions and while future scheme terms are developed as part of the reforms to public service pension provision. The primary purpose of the formal actuarial valuations is to set employer and employee contribution rates, and these are currently being determined under the new scheme design.

For 2011/12, employer's contributions of £971k were payable to the RCPS (2010/11 £974k) at 25.6% of pensionable pay, based on the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

8 Other Expenditure

	2011/12	2010/11
	£000	£000
Maintenance and Office Support	1,134	946
Postage and Telecommunication	16	35
Management Consultancy and Other Professional Fees	4	51
Research Evaluation and Information Contracts	484	506
Auditors' Remuneration	64	67*
Staff Training and Subscriptions	94	95
Publicity and Distribution	969	527
Staff Expenses Travel and Subsistence	343	308
Meetings and Catering	33	30
Conference Costs	22	19
Recruitment	18	26
Legal Services/Internal Audit	59	69
RCUK Office	123	102
SSC Implementation Costs	–	87
SSC Service Costs	1,662	1,418
Miscellaneous	69	63
Provision for Bad and Doubtful Debts	(2)	(1)
	5,092	4,348

*Includes £7k for 2009/10 IFRS transition work

Notes to the accounts

9 (a) Property, Plant and Equipment

The freehold land and buildings net book value relates to the Council's share of Polaris House, Swindon. The land and buildings in totality were professionally valued as at 31 March 2011 by Paul Powis (FRICS) of Powis Hughes Chartered Surveyors in accordance with SAVP and RICS guidance notes on an open market value basis. The figure disclosed represents an agreed apportionment to ESRC of the total valuation.

	Freehold Buildings £000	Freehold Land £000	Assets under Construction £000	IT / Furniture & Fittings £000	Total £000
Cost/Valuation					
At 1 April 2010	2,170	1,457	995	1,605	6,227
Reclassification	–	–	(122)	–	(122)
Additions	–	–	117	–	117
Revaluation	(140)	(449)	–	–	(589)
Disposals	–	–	(990)	(32)	(1,022)
At 31 March 2011	2,030	1,008	–	1,573	4,611
Depreciation					
At 1 April 2010	–	–	–	1,459	1,459
Provided in year	68	–	–	122	190
Revaluation	(68)	–	–	–	(68)
Disposals	–	–	–	(32)	(32)
At 31 March 2011	–	–	–	1,551	1,551
Net Book Value					
1 April 2011	2,030	1,008	–	22	3,060
Cost/Valuation					
At 1 April 2011	2,030	1,008	–	1,573	4,611
Reclassification	–	–	–	–	–
Additions	–	–	–	–	–
Revaluation	–	–	–	–	–
Disposals	–	–	–	(1,521)	(1,521)
At 31 March 2012	2,030	1,008	–	52	3,090
Depreciation					
At 1 April 2011	–	–	–	1,551	1,551
Provided in year	68	–	–	12	80
Revaluation	–	–	–	–	–
Disposals	–	–	–	(1,521)	(1,521)
At 31 March 2012	68	–	–	42	110
Net Book Value					
1 April 2012	1,962	1,008	–	10	2,980

9 (b) Intangible Assets

Data sets relate to the purchase of licenses giving ESRC the rights to access data. Software relates to the internal development of in-house systems used within the business. Website costs relate to the internal development costs of ESRC's website.

Cost	Data Sets £000	Software £000	Website £000	Total £000
At 1 April 2010	1,542	2,788	1,546	5,876
Reclassification	–	122	–	122
Additions	402	56	174	632
At 31 March 2011	1,944	2,966	1,720	6,630
Amortisation				
At 1 April 2010	1,185	2,788	1,546	5,519
Provided in year	302	12	5	319
At 31 March 2011	1,487	2,800	1,551	5,838
Net Book Value				
1 April 2011	457	166	169	792
At 1 April 2011	1,944	2,966	1,720	6,630
Additions	135	–	–	135
Disposals	–	(2,725)	(1,547)	(4,272)
At 31 March 2012	2,079	241	173	2,493
Amortisation				
At 1 April 2011	1,487	2,800	1,551	5,838
Provided in year	176	7	5	188
Disposals	–	(2,725)	(1,547)	(4,272)
At 31 March 2012	1,663	82	9	1,754
Net Book Value				
31 March 2012	416	159	164	739

9 (c) During 2011/12 ESRC undertook an exercise to identify those assets with a NBV of zero that required disposal. This is reflected in the high disposal figures disclosed in the above tables.

Notes to the accounts

10 Investment in Joint Venture

Investment in SSC	2011/12 £000	2010/11 £000
Cost		
1 April 2011	1,135	145
Additions	–	990
31 March 2012	1,135	1,135
Share of Cumulative SSC Losses		
1 April 2011	105	34
Share of SSC Loss for the Year	145	71
31 March 2012	250	105
Net Book Value		
1 April 2011	1,030	111
31 March 2012	885	1,030

RCUK Shared Services Centre Limited (SSC) (registered in England, registration number 6330639). Place of business – North Star House, North Star Avenue, Swindon, SN2 1FF.

ESRC's share ownership in RCUK Shared Services Centre Limited is one 'A' ordinary share of £1 and 1,029,900 'B' shares of £1 each. The 'A' shares carry a voting right per share. Each of the seven Research Councils are joint investors in the project and each Council's individual share is 14%. The 'B' shares convey ownership rights to the holder, including any distributions or proceeds from the sale of the SSC. The 'B' shares are apportioned in accordance with the agreed share of the implementation costs. ESRC's share ownership is therefore 1.83%.

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 of the capital of RCUK SSC Ltd. This supplementary agreement confirmed the covenants of the original shareholders' agreement, signed 8 August 2001, remain extant. On that basis, there are no changes to control arrangements, and Councils retain the same level of investment in RCUK SSC Ltd at 1.83% of the company's 'B' shares.

In accordance with IAS31 the value of the shares has been reduced by the loss incurred by the RCUK SSC. ESRC share of £145k has been charged directly to the Statement of Comprehensive Net Expenditure. The losses relates to depreciation incurred by SSC Ltd but not recharged to its customers, who are the seven Research Councils.

For the period ended 31 March 2012 the financial statements of the SSC shows revenue of £45.1m (2010/11 – £61.2m) and administration costs of £53.0m (2010/11 – £5.9m) resulting in a loss for the year of £7.8m (2010/11 – loss £4.4m). The Statement of Financial Position totals are £7 'A' shares and £62,016,358 'B' shares issued to the Research Councils.

11 Trade Receivables and other Current Assets

	2011/12 £000	2010/11 £000
Current Receivables		
Co-funding receivables (Central Government bodies)	902	4,705
Co-funding receivables (Other bodies)	27	539
Other receivables (Other bodies)	329	128
	1,258	5,372
Less: provision for bad and doubtful debts	(2)	(3)
	1,256	5,369
Prepayments (Central Government bodies)	–	–
Prepayments (Other bodies)	15,568	10,262
	16,824	15,631

12 Cash and Cash Equivalents

12 (a) The following balances at 31 March were held at:

	2011/12 £000	2010/11 £000
Government Banking Service	298	10,369
Restricted Reserve bank account	326	649
Cash at 31 March	624	11,018

12 (b) Reconciliation of movements in cash to movements in net funds

	2011/12 £000	2010/11 £000
Cash at 1 April	11,018	10,596
Net change in cash and cash equivalent balances	(10,394)	422
Cash at 31 March	624	11,018

Notes to the accounts

13 Trade Payables and other Current Liabilities

	2011/12 £000	2010/11 £000
Amounts falling due within one year		
Research Accrual (Other bodies)	29,133	31,043
Studentship Accrual (Other bodies)	3,271	655
Deferred Income (Central Government bodies)	5,838	10,003
Deferred Income (Other bodies)	1,435	5,834
Other Payable and Accruals (Other bodies)	2,132	4,139
Other Payable and Accruals (Central Government bodies)	3,165	3,181
	44,974	54,855

14 Provisions for Liabilities and Charge

	2012 Total £000	2011 Total £000
As at 1 April 2011	24	94
Provided in year	3	–
Provisions utilised in year	(11)	(70)
As at 31 March 2012	16	24

The provision has not been discounted on the basis that the time value of money is not significant.

Provision is being made for outstanding rental obligations on a London office leasehold property held jointly by the Research Councils. Negotiation of a sub-lease to a third party has left a residual lease obligation of £51,000 pa over the next year; ESRC's provision together with other minor residual liabilities totals £16,000.

15 Forward Commitments on Approved Grants and Awards

a) Research Awards

Future commitments on approved research awards to Higher Education Institutions and other approved Research bodies:

	31 March 2012	31 March 2011
	£000	£000
2011/12	–	130,040
2012/13	91,416	81,572
2013/14	52,450	62,492
Later years	30,136	–
	174,002	274,104

(b) Postgraduate Training

Future commitments on approved postgraduate awards:

	31 March 2012	31 March 2011
	£000	£000
2011/12	–	45,759
2012/13	41,894	26,263
2013/14	24,226	15,627
Later years	24,727	–
	90,847	87,649

(c) Knowledge Exchange

Future commitments on approved knowledge exchange activity:

	31 March 2012	31 March 2011
	£000	£000
2011/12	–	2,033
2012/13	2,875	14
2013/14	11	–
Later years	–	–
	2,886	2,047

Notes to the accounts

(d) Capital Commitments

There were no capital commitments at 31 March 2012 not otherwise included in these financial statements (2010/11 nil).

16 Contingent Liabilities

The Council has no material contingent liabilities (2010/11 nil).

17 Related Party Transactions

ESRC is a non-departmental public body sponsored by BIS. For the purposes of *International Accounting Standard 24*, BIS is regarded as a related party. During the year, ESRC has had various material transactions with BIS and other bodies for which BIS is regarded as the parent department; namely the Biotechnology and Biological Sciences Research Council, the Engineering and Physical Sciences Research Council, the Natural Environment Research Council; the Medical Research Council; the Science and Technology Facilities Council; the Arts & Humanities Research Council; the Technology Strategy Board; Higher Education Funding Council for England; the National Endowment for Science Technology and the Arts.

In addition ESRC had the following material transactions with other Government Departments and other Central Government bodies: Department for Environment; Food & Rural Affairs; Department of Health; Department for Transport; Department of Culture Media & Sport; Foreign and Commonwealth Office; Higher Education Funding Council for Wales; Department for International Development; The Cabinet Office; Scottish Government; Welsh Assembly Government; Office of the Third Sector; Department for Works and Pensions; Cabinet Office; Department for Communities and Local Government; Department for Environment Food and Rural Affairs.

Transactions have taken place between ESRC and RCUK Shared Services Centre Ltd in respect of the HR, strategic procurement, payroll, IT, and Financial Services supplied in the year.

These Accounts provide disclosure of all material financial transactions with those who have been defined as 'Directors'. In the ESRC context this has been taken to include senior executive staff, as at Section 6 of the Remuneration Report, and all Council members. In addition disclosure is provided in respect of members of ESRC Scientific Advisory Committees, which are used to make recommendations on research and training awards.

During the year, ESRC did not enter into any transactions with any such Directors. However it did enter into a number of material transactions with Institutions employing Council members who had no direct interest in the award concerned (**Table A**). None of the Council members were involved in the recommendation of awards to the Institution where they are a senior member of staff or member of the Governing body. The amounts disclosed represent actual amounts paid in 2011/12.

Information is disclosed on material transactions with any related party of these senior staff, Council and Committee members (**Table B**). The amounts disclosed represent actual amounts paid in 2011/12.

In addition, ESRC made a number of payments in respect of ESRC funded awards to Institutions where Committee/Council members were the named Principal Investigator. None of the disclosed Committee/Council members were involved in the approval of awards to the Institution where they were named as the Principal Investigator. (**Table C**). Under ESRC regulations all proposed awards to Council and Committee members are subject to prior review by the Chair of Audit Committee and approved by Council. The amounts disclosed represent actual amounts paid in 2011/12.

Table A

Council Member	Institution	No of Awards	Amount £
Professor A Buchanan MBE	University of Oxford	107	10,857,293
Professor D Martin	University of Southampton	56	5,385,958
Professor Dame G Breakwell	University of Bath	10	499,446
Professor J Beath	University of St Andrews	21	1,266,791
Professor S Collinson	University of Reading	26	936,549
Professor S Croft	University of Warwick	64	4,593,568
Professor M Grant	University College London	85	7,743,776
Professor M Lamb	University of Cambridge	51	5,541,692
Professor C Jeffrey	University of Edinburgh	91	7,840,382
Professor P Boyle	University of St Andrews	21	1,266,791

Table B

Council/Committee Members	Related Party	No of Awards held by Related Party	Amount paid to Related Party £
Professor David Martin	Consultant on Beyond 2011 Seminar	1	19,986
Dave Ramsden	Trustee (Pro Bono Economics)	1	27,637
Martin Brookes	Trustee (Pro Bono Economics)	1	27,637
Professor Peter Elias	OECD Global Science Forum consultant	1	82,878
Professor Peter Jackson	Consultancy Report	1	864

Notes to the accounts

Table C

Council/Committee Members	Institution	No of Awards	Aggregate Amount £
Professor D Martin	University of Southampton	4	256,128
Professor C Jeffrey	University of Edinburgh	4	444,172
Professor A Barlow	University of Exeter	1	102,178
Professor B Francis	Lancaster University	2	8,672
Professor C Jarrold	University of Bristol	1	149,163
Dr C Taylor	Cardiff University	1	36,690
Professor D Demeritt	King's College London	3	184,424
Professor E Flouri	Institute of Education	1	15,995
Professor F Steele	University of Bristol	3	475,161
Professor G Rees	Cardiff University	1	126,559
Professor G Bremner	Lancaster University	1	135,340
Professor G Altmann	University of York	2	147,228
Professor J Love	University of Birmingham	1	83,551
Professor J Rees	London School of Economics and Pol Sci	1	1,219,683
Professor J Brannen	Institute of Education	1	32,806
Professor K Rowlingson	University of Birmingham	1	5,019
Professor K Rastle	Royal Holloway, University of London	2	72,157
Professor R Edwards	University of Southampton	1	25,264
Professor L Plowman	University of Stirling	1	38,580
Professor A Sutherland	University of St Andrews	1	68,210
Professor M Michael	Goldsmiths College	1	301,082
Dr P Nightingale	University of Sussex	2	186,306
Professor R Miller	Queen's University of Belfast	1	140,558
Professor S Wheeler	Queen's University of Belfast	1	1,512
Professor S Arber	University of Surrey	1	245,766
Professor S Randall	University College London	1	126,062
Professor S Hackett	Durham University	1	132,106
Professor S Adolphs	University of Nottingham	1	25,321
Professor P Elias	University of Warwick	2	337,791
Professor V Hazan	University College London	2	121,094

18 Financial Instruments

IFRS 7, Financial Instruments: Disclosures, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks ESRC faces in undertaking its activities. Specifically: (a) the significance of financial instruments affecting financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which it is exposed. Because of the largely non-trading nature of its activities and the way it is financed, the ESRC is not exposed to the degree of financial risk faced by businesses. Moreover, financial instruments play a limited role in creating or changing risk on its operational activities.

Liquidity Risk – ESRC's net revenue resource requirements are financed by resources voted annually by Parliament, and administered as Grant-in-Aid through the Department for Business Innovation, and Skills, just as its capital expenditure largely is. ESRC is not therefore exposed to significant liquidity risks. As described in note 1(b) ESRC is dependent on funding from BIS to meet liabilities falling due in future years, but there is no reason to believe that this funding will not be forthcoming.

Interest-Rate Risk – All of ESRC's financial assets and liabilities carry nil or fixed rates of interest. ESRC is not therefore exposed to significant interest-rate risk.

Currency Profile – At the Statement of Financial Position date ESRC held no significant foreign currency assets or liabilities.

Foreign Currency Risk – ESRC's exposure to foreign currency risk is not significant. Foreign currency income is negligible and foreign currency expenditure at less than 1% of total expenditure is not significant.

19 Losses and Special Payments

There were no losses or special payments that need to be reported.

20 Events after the Reporting Period

There were no events between the Statement of Financial Position date and 28 June 2012, the date when the Accounting Officer approved the accounts for issue. The Financial Statements do not reflect events after this date.



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