



Economic and Social Research Council  
**Annual Report and Accounts 2013-14**





# Economic and Social Research Council

## **Annual Report and Accounts 2013-14**

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# Contents

Foreword by Chair	4
Statement by Chief Executive	5
Management review	7
Delivering impact	19
Vital statistics	35
Management commentary and accounts	46

# Foreword

## by Chair

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The ESRC continues to operate efficiently and to direct funding to where it matters most. Through a combination of partnerships, new funding mechanisms and involvement with some of the most ambitious research programmes, the ESRC is helping to tackle the biggest challenges society faces and to make a real difference to the lives of those in the UK and beyond.



Once again, I would like to thank Professor Paul Boyle for his leadership of the ESRC. Under his guidance the ESRC has remained focused on its priorities, funding research that has vital real-world impact, and positioned as the leading partner for economic and social science research both at home and throughout the world. We wish Professor Boyle every success as he takes up the role of Vice Chancellor at the University of Leicester. We are very sorry to lose him from the ESRC.

I would also like to thank retiring council members Professor Ann Buchanan, David Ramsden and David Walker for their support and service during their time on the ESRC Council. And I welcome Professor Tara Fenwick, Dr James Richardson and Professor Linda Woodhead as new Council members.

The research the ESRC funds increasingly makes the daily headlines. Although we are seeing signs of growth in the UK economy, the debate is now whether this is the right kind of growth. Is Britain becoming a two-speed nation with the powerhouse of London outstripping the rest of the country? This is just one example of where the directed, focused research funded by the ESRC can tell us where we are now, and where fiscal and planning policies are likely to take us in future.

Social care and the welfare system are another area where ESRC-funded researchers continue to offer a voice of reason in debates over policy, giving evidence and guidance that can influence outcomes for many people throughout the UK.

And in a climate of political uncertainty over the future of the UK and Scotland, ESRC-funded initiatives are providing the facts behind the rhetoric, taking a neutral stance to explore the likely implications of the referendum on Scottish independence.

Elsewhere, the ESRC continues to take an active and influential role in the UK and beyond by fostering relationships with civil society and government, and building on the work it has already done to

extend its influence through alliances with business and industry. For example, the ESRC's involvement in the What Works centres for crime reduction and local economic growth is significant. These new initiatives, involving a range of organisations and skills, have the potential to make use of a wide range of research and to increase its impact by bridging the gap between research and policy.

Communication has been a key part of all the ESRC's activities this year. As well as the day-to-day activities of keeping policymakers, press and public informed of ESRC-funded research and its impact through print and digital channels, special public engagement events and conferences such as those for the Future of the UK and Scotland initiative have engaged with new audiences, particularly young people, who have a real stake in the future of their country.

The ESRC is becoming increasingly adept at sensing what the big issues are today, and, more important, predicting what they will be in future. While it protects and invests in its key longitudinal studies – the ESRC's 'crown jewels' – the council is increasing its reach and influence by engaging with experts throughout many different communities, to find out what issues need exploring and funding relevant research, often at very short notice, that can provide quick and vital answers. This agility, combined with restraint and wisdom born of experience, means that the ESRC continues to meet its remit of funding research that has real impact and influence on UK society.

This report provides a review of the ESRC's activities over the past year and how it is meeting its objectives. It explains the breadth of work the council is undertaking – and with whom – to help us all make sense of society.

Dr Alan R Gillespie  
Chair, ESRC

# Statement

## by Chief Executive

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We continue to deliver the priorities announced in our *Delivery Plan 2011-15*, investing in groundbreaking and innovative research, partnering with organisations at home and abroad, and investigating ways to increase the scope, application and impact of the research we fund.



This has been another active and productive year for the ESRC. Efficiency remains paramount to staff and management and we constantly direct our efforts and funding to where they will generate the most benefit for society.

A prime example of efficiency is getting more out of data that already exists. Following the announcement in April 2013 of £64m additional funding for the ESRC for investment in Big Data, we have developed two phases including the Administrative Data Research Network (ADRN) and Business and Local Government Data Research Centres. This new infrastructure will enable researchers to access, in a secure setting, routinely collected administrative data for research in ways that prevent the identification of individuals. The research that will be supported has immense potential to help tackle a wide range of social, economic, environmental and health issues, and to contribute to policy development.

We have also continued to work with the UK Data Service (UKDS) which supports researchers, teachers and policymakers who depend on high-quality social and economic data. The UKDS promotes data-sharing to encourage the re-use of data, and to develop best practice for research data management. Given the expertise and services already available within the UKDS, it is also now providing support for and co-ordination of the ESRC's Big Data investments.

With funding of a further £29 million, the most recent Centres and Large Grants competition has greatly strengthened research and capacity-building across our strategic priorities. We have built on our existing investments in macro-economic research with the creation of a new centre with a strong theoretical focus on the credit and labour market foundations of the macro-economy. Our new Centre for Language and Communicative Development will bring together an international set of research collaborators who

will transform our understanding of the way that young children learn to communicate with language. Making use of our major longitudinal studies, further funding for the Centre for Micro-social Change will extend our understanding of social mobility and the social distribution of life chances. And funding for a fourth centre, the Welsh Institute for Social and Economic Research and Data, will explore the changing nature of civil society in the context of devolved government.

With a referendum on Scottish Independence due to be held in 2014, we have added further momentum to our initiative on the Future of the UK and Scotland. The research portfolio now consists of the Scottish Centre for Constitutional Change, nine senior Fellowships, ten dedicated work streams at existing ESRC investments, a boosted Scottish panel in the British Election Study and a survey of public opinion on the constitutional debate. In addition to regular briefings for the CEO of the Scottish Parliament and other senior officials, the programme has given evidence to UK and Scottish Parliament Committees and has played a particularly strong role in shaping the approach of the Scottish Parliament's Inquiry on Scotland's Economic Future Post-2014.

Building on our experience of the Future of the UK and Scotland initiative we have launched a new programme of work to look at the UK's relationship with Europe. The relationship between the UK and the EU is controversial and hotly debated within government, by business leaders, the media and the general public. The initiative is intended to follow this debate and to 'fact-check' the arguments put forward in support of contrasting positions. An advisory group of leading academic experts in the field has been set up to provide strategic direction to the initiative. Research will also be carried out both on the UK's relations with the EU and on its partners' views of its role in a changing Europe.

# Statement by Chief Executive

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The ESRC is playing an important role in the government's initiatives to provide better tools and evidence to improve policymaking – specifically as a funding partner in the What Works Network for public sector investments. The What Works Network aims to synthesise robust research evidence to guide decision-making on £200 billion of public spending. This year we announced funding for The What Works Centre for Local Economic Growth and, in partnership with the College of Policing, a three-year programme of work to build more evidence around what really works in reducing crime. Centres in Scotland and Wales will also launch in 2014, building evidence on what works in tackling poverty (Wales) and improving public service delivery and reform (Scotland).

There is an international element to much of the research the ESRC funds with links to other researchers and institutions around the world. We also have strong partnerships with other research funding organisations globally. The first high-level lead agency agreement between the US National Science Foundation (NSF) and RCUK was signed in June 2013 and paves the way for collaboration in the various disciplinary areas addressed by the NSF Directorates and individual Research Councils.

The Trans-Atlantic Platform (T-AP) is a partnership among 15 social sciences and humanities research funding agencies from Europe and the Americas to identify best practices and priorities for future collaboration to enhance the quality, quantity and visibility of future action, including possible joint research agendas. The ESRC is leading on two important work packages of T-AP: a pilot for Digital Scholarship with partners from Brazil (FAPESP) and the Netherlands (NWO) and, together with the Arts and Humanities Research Council (AHRC) and FAPESP, we are a task leader in scoping new thematic challenges.

EqUIP, a three-year initiative funded by the European Union, is a collaboration between 13 partners that brings together research funding agencies from Europe and India to develop the conditions for enhanced co-operation in the Social Sciences and Humanities. The ESRC, supported by the Indian Council for Science Research and RCUK India, has responsibility for the overall scientific co-ordination and technical organisation of the platform.

The ESRC continues to be the largest single funder of social science postgraduate training in the UK. We have invested more than £50 million during the past year to support more than 2,500 PhD students, and to provide a range of career development opportunities for researchers. This year we partnered with the Nuffield Foundation and HEFCE on Q-STEP, a £19.5-million programme designed to promote a step-change in quantitative social science skills for undergraduates. Fifteen Q-Step Centres across the UK will support the development and delivery of specialist undergraduate programmes, including new courses, work placements and pathways to postgraduate study.

Communication and engagement remain at the core of all our activities, making our research more accessible to our stakeholders and the wider public, and highlighting and generating impact to inform policy. As well as building on our traditional communications activities we are reaching a rapidly increasing number of people through social media channels, maximising the impact and reach of our funded research. We also ran an active media campaign generating extensive national and international broadcast, print and online coverage with nearly 21,000 mentions.

Public engagement highlights this year have included a series of public dialogues across the UK to understand better how people view using administrative data for research and our second photographic competition. This year the competition was aimed exclusively at young people and over 1,000 teenagers aged 14 to 18 from 332 schools across the UK entered over 2,000 images. They not only demonstrated enthusiasm and creativity but also – and perhaps most encouraging – understanding of social science.

This year also saw the results of our first annual Celebrating Impact Prize to recognise and celebrate those who have excelled in ensuring the best economic and societal impact from their work. Economic and social science research affects almost every aspect of our lives, yet its value often goes unnoticed. These awards recognised the difference that this important work makes to our economy and society, from public policy to business practice.

The ESRC has achieved a great deal to meet its Delivery Plan objectives. I would like to thank the ESRC staff, Council and committee members for their hard work, enthusiasm and support and their huge contribution to this year's achievements. At the time of writing, I have accepted the position of Vice-Chancellor at the University of Leicester, starting in September 2014, beginning at the end of my four-year term as ESRC Chief Executive. I have thoroughly enjoyed the opportunity to work at the ESRC, which has such a committed and professional group of staff dedicated to supporting scientific endeavour in the social sciences. The research the ESRC funds and the academics it supports have a demonstrable societal impact and make a real contribution to growth in the UK.

Professor Paul Boyle  
Chief Executive, ESRC



# Management review



# Highlighting Social Sciences

## Key highlights of the year

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### Centres and large grants receive £29 million of funding

The Minister for Universities and Science, the Rt Hon David Willetts MP, announced overall funding of £29 million for a series of new centres and investments funded by the ESRC. These new centres and investments have ambitious research agendas that will make a major contribution to our understanding of the society around us. They also add value by promoting interdisciplinary working, engaging in national and international collaboration and addressing key questions of interest to academia and the public more widely.

The centres/large grants are:

**The ESRC International Centre for Language and Communicative Development (LuCiD):** This centre will be based at the Universities of Manchester, Liverpool and Lancaster with Professor E Lieven (Manchester) as Principal Investigator.

**Credit and Labour Market Foundations of the Macroeconomy:**

This large grant will be based at the University of Edinburgh, led by Professor J Moore.

**The ESRC Centre for the Wales Institute of Social and Economic Research, Data & Methods (WISERD)/**

**Civil Society:** This centre will be based at Cardiff University in collaboration with the partner Universities of Aberystwyth, Bangor, Swansea and South Wales with Professor I R Jones as Principal Investigator.

**The ESRC Research Centre for Micro-Social Change (MiSoc):**

This centre will be based at the Institute for Social and Economic Research at the University of Essex and will be directed jointly by Mike Brewer, Professor of Economics and David Voas, Professor of Population Studies.

### ESRC and ACCA joint agreement

A Memorandum of Concordat has been signed by the ESRC and ACCA (the Association of Chartered Certified Accountants).

The strategic agreement seals a relationship where we have worked in partnership over several years on a number of initiatives such as diversity, pensions, social responsible investment and climate change which have generated impact among a range of stakeholders within academia and business.

The concordat runs from 1 April 2013 to 31 March 2016. To support the delivery of the Concordat, we each make a sum of £50,000 available annually to sponsor joint initiatives, provide research grant funding, and internship programmes, as well as other activities.

## Investing in data

Launched in 2013, the ESRC Big Data Network is divided into three phases and will shape our knowledge of society and help us prepare and evaluate better government policies in the future.

The first phase consists of four innovative administrative data research centres and a data service, together forming the Administrative Data Research Network (ADRN). They will enable research based on linked data between government departments and be overseen by a single governance structure that will allow for consistent and robust decision-making. The ADRN Centres are led by the Universities of

Southampton and Edinburgh, Swansea University and Queens University Belfast, with the administrative data service based at the University of Essex. Collectively, they will benefit from a grants package totalling approximately £34 million.

Announced in February 2014, the second phase funding of £14 million supports the establishment of the ESRC Business and Local Government

Data Research Centres at Essex, Glasgow, University College London (UCL) and Leeds Universities. The Data Research Centres will make data, routinely collected by business and local government organisations, accessible for academics in order to undertake outstanding research in the social sciences in ways that safeguard individuals' identities.

These new centres, together with the ADRN, will make a significant contribution to ensuring the future sustainability of UK research competitiveness; supporting the UK in maximising its innovation potential and driving economic growth.

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## ESRC recognised by UK businesses

Members of the Demographics User Group (DUG), which represents major companies including Barclays, Marks & Spencer and Sainsbury's, have given the ESRC a prestigious award for its increasing focus on retail research, and developing training in quantitative skills.

ESRC Council member David Martin collected the award on the ESRC's

behalf at a prize ceremony at the DUG's Annual Conference at the Royal Society on 9 October 2013.

The ESRC continues to invest in retail research, including the £2.5 million Retail Sector Initiative which is supporting collaborative projects to undertake research and knowledge exchange activities.



## Transformative Research

The ESRC announced the 20 successful grants of the first Transformative Research Call which aims to provide a stimulus for genuinely transformative and groundbreaking research ideas at the frontiers of social sciences.

Transformative research involves pioneering theoretical and methodological innovation, the novel application of theory and methods in new contexts, and/or research based on the engagement of unusual disciplinary and interdisciplinary perspectives.

One successful project will explore the relationship between city living and psychiatric disorder. Another project from Bristol investigates how markings added to the DNA sequence that alters how genes are regulated may be linked to future wellbeing. Another research question will address 'how non-violent grassroots networks can transform insecurity?' with researchers exploring ideas in relation to three existing non-violent networks.

## EEF and ESRC announce collaboration on research impact

The Education Endowment Foundation (EEF) and the ESRC announced that they will work together to explore ways to improve the impact of educational research on practice. Two senior appointments were made to work on the collaborative project, which began in September 2013.

James Richardson is the project's Senior Analyst. He is currently Director of Humanities at Queen Elizabeth's Humanities College and has over ten years' experience in school leadership and improvement in challenging schools. Dr Jonathan Sharples is the project's Senior Researcher, on placement from the University of York where he is Manager of Partnerships at the University's Institute for Effective Education.

## UK and Switzerland international research collaboration

The ESRC, AHRC and the Swiss National Science Foundation (SNSF) have entered into a new joint agreement designed to help support international research partnerships between their two countries.

The agreement is the first being implemented by the ESRC and AHRC in partnership with the SNSF. Swiss and UK research collaborators in the social sciences and humanities can now include co-investigators from the other country in research project applications to their national funding agency, with up to 30 per cent of the research grants costs able to be allocated to their overseas collaborators.

# Highlighting Social Sciences

## Key highlights of the year

### The state of Britain

Leading social scientists reflected on some of the country's most pressing issues during an interactive panel discussion to mark the launch of *Britain in 2014*, the ESRC's annual magazine. Each year, *Britain in* showcases how ESRC funded research influences and shapes the issues that matter in modern life. For the first time this event gave guests the opportunity to put questions directly to the panel members who contributed to the magazine.

The panel discussion was chaired by David Walker, contributing editor to

the public leaders network, *The Guardian*. Commenting on the launch event, David Walker said: "From coping with older age to the new contours of religious faith, social science informs and deepens understanding. *Britain in 2014* opens up social science research to policymakers and the public, encouraging challenge and debate and building a two-way flow of questions and knowledge."



### Celebrating five years of India-ESRC collaboration

Research Councils UK India is celebrating five years of UK-India partnership in research and innovation. The RCUK India investment has led to more than 60 high-impact UK-India research projects involving over 90 industry partners, and over £100 million invested in co-funded research programmes together with the Government of India and third parties.

It is a priority for ESRC to build links with selected countries that can provide excellence in social science research, including India and China, and the ESRC has already developed an extensive portfolio of UK-India collaborations.



### Consortium undertaking next British Election Survey

The next British Election Study will be hosted by a consortium comprising the universities of Manchester, Oxford and Nottingham.

The British Election Study has been conducted at every General Election since 1964, and is designed to help our understanding of long-term trends in British voting behaviour. The study looks at why people vote, and why they vote the way they do. Previous studies have received high public and academic recognition and have made a major contribution to the understanding of political attitudes and behaviour over 50 years.

The scientific leadership team for the 2015 Study will be Professor Ed Fieldhouse, Dr Jane Green, Professor Hermann Schmitt (all Manchester), Professor Geoff Evans (Oxford, Nuffield) and Professor Cees van der Eijk (Nottingham).

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## Thousands to shape age-friendly design projects

Over 5,000 people contributed their views, experiences and even their brain wave patterns to help shape the future design of our towns, cities and care homes so they meet the needs of older people.

Seven new research projects that help older people to get around, enjoy and interact with the world more easily through improved design of the built environment, have received an injection of £8-million funding from three of the UK research councils.

The projects are part of the Lifelong Health and Wellbeing (LLHW) programme funded by the Engineering and Physical Sciences Research Council (EPSRC) in collaboration with the AHRC and the ESRC. These projects combine the expertise of engineers, social scientists and designers and will provide valuable insight into how people interact with the built environment throughout their lives.



## Digging into data challenge

Ten international research funders from four countries jointly announced the winners of the third Digging into Data Challenge, a competition to develop new insights, tools and skills in innovative humanities and social science research using large-scale data analysis. A total of 14 projects have been funded of which nine involve UK investigators.

The winning teams representing Canada, the Netherlands, the UK, and the US will receive grants to investigate how computational techniques can

be applied to 'big data', changing the nature of humanities and social sciences research. Each team represents collaborations among scholars, scientists, and information professionals from leading universities and libraries in Europe and North America.

The ten international funders include the AHRC and the ESRC with additional professional programme management support provided to the UK projects by Joint Information Systems Committee (JISC).

## Groundbreaking agreement

Research Councils UK (RCUK) and the National Science Foundation (NSF) in the US have entered into a new agreement designed to help support international research partnerships between the two countries. This new two-way lead agency agreement enables a simplified and flexible process for researchers wishing to apply for UK-US collaborative research funding, using the usual systems and processes of the respective funding agencies.

The new agreement is first being implemented by the Social Behavioral and Economic Sciences Directorate of the NSF (SBE) in partnership with the ESRC, the AHRC and the Biotechnology and Biological Sciences Research Council (BBSRC). The agreement not only strengthens the existing valuable research links between the UK and the US but by avoiding 'double jeopardy' in funding applications, removes some of the barriers facing international research collaboration.

## ESRC launches impact acceleration accounts

Launched in 2013 and starting in summer 2014, the ESRC will be providing funding for knowledge exchange activities through Impact Acceleration Accounts (IAAs). IAAs are block awards made to Research Organisations to accelerate the impact of research.

Tried and tested by the ESRC and other Research Councils, IAAs allow Research Organisations to respond to knowledge exchange opportunities in more flexible, responsive and creative ways than centrally administered schemes, and in ways that best suit their institutional strategies and opportunities.

# Highlighting Social Sciences

## Key highlights of the year

### UK in a changing Europe

Anand Menon – Professor of European Politics and Foreign Affairs at King's College, London – has been appointed as research co-ordinator for the ESRC initiative on 'The UK in a Changing Europe'.

The relationship between the UK and the EU is a controversial one, hotly debated both within government and by business leaders, the media and the general public. The initiative is intended to follow this debate and to 'fact-check' the arguments put forward in support of contrasting positions.

An advisory group of leading academic experts in the field has been set up to provide strategic direction to the initiative. Research will also be carried out both on the UK's relations with the EU and on its partners' views of its role in a changing Europe.

Professor Menon's work has explored many aspects of the UK's relationship with the EU. He is an Associate Fellow at Chatham House, has acted as Special Advisor to the House of Lords EU committee and is a frequent contributor on this subject on radio, TV and newspapers both in the UK and abroad.



### Boost to dementia research

The ESRC with the National Institute for Health Research has awarded £20 million to six research projects which will significantly add to our understanding of dementia. The research will look at how we can better prevent dementia, and improve the quality of life of those with dementia and their carers.

There are currently 44 million people in the world living with dementia, and by 2050 this number is set to treble to 135 million. The six funded projects will 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.



### New team to navigate local government

The UK funds a huge amount of research that can benefit local authorities and the communities they serve. To help local government access this knowledge, the ESRC, in partnership with the Society of Local Authority Chief Executives and Senior Managers and the Local Government Association is funding a Local Government Navigator Team who will give councils an opportunity to tap into this existing research, exert more influence over future research agendas, and develop their own research and development capacity. They will also help the research community connect with the needs of the sector and the communities it serves to generate greater impact.

## Social Media Enhancements to RCUK Digital Economy Hubs

Total ESRC funding of £1.4 million has been awarded to the RCUK Digital Economy Hubs, dot.rural (University of Aberdeen), SiDE (University of Newcastle) and Horizon (University of Nottingham) to build on work they have been carrying out aligned with the ESRC's social media agenda, and for activities which will contribute to the development of infrastructure for research using social media data.

The Digital Economy programme brings together researchers from diverse disciplines including social science, engineering and computer science to realise the transformational impact of digital technologies on aspects of community life, cultural experiences, future society and the economy.



## Where do I belong? photo competition



Almost 1,000 teenagers aged 14 to 18 from across the UK entered the ESRC's photographic competition, giving their own artistic twist to the question of 'Where Do I Belong?' The competition challenged young people for their take on society and the social sciences by asking them to take a picture of where they belong and feel at home.

Over 2,000 images were entered from 332 schools across the UK, narrowed

down to 500 images for the judging panel in January, where 46 images were shortlisted. An exhibition of winning and shortlisted entries was held in March at the Strand Gallery in London.

The judges included BBC journalist and TV presenter Ellie Crisell, Sophie Batterbury, Head of Pictures at *The Independent* and Ollie Smallwood, a freelance photographer.

## New handbook on managing and sharing research data

A new handbook authored by four experts from the UK Data Archive and UK Data Service consolidates 20 years of expertise in storing, transferring and sharing data. *Managing and Sharing Research Data: A Guide to Good Practice* builds on guidance previously published by the UK Data Archive and UK Data Service, and is based on decades of experience working with UK researchers.



# Highlighting Social Sciences

## Key highlights of the year

### ESRC participating in What Works Network



The ESRC is participating as a funding partner in the What Works Network for public sector investments. The What Works Network aims to provide robust research evidence to guide decision-making on £200 billion of public spending.

Two new What Works centres were funded during the year:

#### What Works Centre for Crime Reduction

A consortium of eight universities is working in partnership with the College of Policing to develop academic capacity within the UK to map the existing evidence base for crime reduction, label it for quality, cost and impact, and make it easily accessible for practitioners and decision-makers. The work will also



look to establish UK universities as global providers of practitioner training in evaluating evidence of what works and how to use evidence to make effective funding decisions.

#### What Works Centre for Local Economic Growth

Based at the London School of Economics (LSE) and directed by Professor Henry Overman, the Centre is being funded by the ESRC, the Department for Business, Innovation

and Skills (BIS), and the Department for Communities and Local Government (DCLG).

The Centre, which will be a collaboration between LSE, the Centre for Cities and Arup, will gather, evaluate and disseminate evidence across a wide spectrum of interventions that promote local economic growth – such as employment, skills, regeneration and transport initiatives.



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## New ESRC professorial fellows

Seven fellowships were announced in summer 2013 under the Professorial Fellowship Scheme 2012-13. The scheme is designed to support leading social scientists working in the UK, by providing them with the freedom to pursue their own innovative and creative research ideas.

The new fellows are Professor Matthew Watson from the University of Warwick, Professor Orazio Attanasio from the Institute for Fiscal Studies, Professor Beverley Skeggs from Goldsmiths, University of London, Professor Joel Felix from the University of Reading, Professor Mark Harvey from the University of Essex, Professor Elizabeth Meins from the University of York and Professor Celia Lury from the University of Warwick.

Each of the seven fellows will make a significant contribution to the development of social science, while also acting as a champion for ESRC and the social sciences, promoting their vital role in addressing current and future issues for modern society and the economy.

## Evaluating social science

The report from a recent ESRC study, *Evaluating the Business Impact of Social Science*, aims to understand how social science influences and improves business, and the mechanisms that researchers use to help create and encourage impact and innovation. The study focused on the contributions of three of the UK's leading business/management schools that have received significant ESRC funding in recent years: Cardiff Business School, Lancaster University Management School, and Warwick Business School.

## Queen's Birthday Honours

A number of prominent social scientists and ESRC grant holders have been honoured in the Queen's Birthday Honours list.

### Knights Bachelor

#### **Andrew William Dilnot, CBE**

Chairman of the UK Statistics Authority and Warden, Nuffield College, University of Oxford; Director of the Institute for Fiscal Studies 1991-2002. For services to Economics and Economic Policy.

#### **Professor Malcolm John Grant, CBE**

President and Provost, University College London; ESRC Council member 2008-2013. For services to Higher Education.

#### **Professor John Robert Hills, CBE**

Professor of Social Policy, London School of Economics; Director of the Centre for Analysis of Social Exclusion at LSE, ESRC Fellow. For services to Social Policy.

#### **Professor David Harry Metcalf, CBE**

Chair, Migration Advisory Committee, London; Professor at the ESRC Centre for Economic Performance. For services to UK Migration Policy.

#### **Professor Christopher Antoniou Pissarides, FBA**

Professor of Economics and Political Science, London School of Economics and Political Science; Professor at the ESRC Centre for Economic Performance. For services to Economics.

#### **Dames Commander of the Order of the British Empire**

#### **Professor Judith Anne Rees, CBE**

lately Director of LSE and Political Science and Director, Grantham Research Institute on Climate Change and Environment; Director of ESRC Centre for Climate Change

Economics and Policy, ESRC Council member 2004-2010. For services to Higher Education.

#### **Commanders of the Order of the British Empire (CBE)**

#### **Professor Anthony Francis Heath, FBA**

Professor of Sociology, University of Manchester and Emeritus Professor of Sociology, University of Oxford; former Director of the British Election Studies and Co-Director of the ESRC Centre for Research into Elections and Social Trends. For services to Social Science.

#### **Professor John Peter Scott, FBA**

Pro Vice-Chancellor for Research and Professor in Sociology, University of Plymouth For services to Social Science.

#### **Professor Albert Weale, FBA**

Professor of Political Theory and Public Policy, University College London; former ESRC Fellow. For services to Political Science.

#### **Professor Rosemary Deem**

Vice-Principal (Education) and lately Dean of History and Social Science, Royal Holloway, University of London; former ESRC grant holder. For services to Higher Education and Social Science.

#### **Professor Judith Eleri Phillips**

Professor of Gerontology, Deputy Pro-Vice Chancellor and Director of the Research Institute for Applied Social Sciences, Swansea University; former ESRC grant holder. For services to Older People.

# Highlighting Social Sciences

## Key highlights of the year

### Impact winners

The ESRC rewarded researchers for their outstanding economic and social impact with its first Celebrating Impact Prize. The winners and runners up were announced at the awards ceremony held in Westminster on 14 May 2013 by BBC broadcaster and former economics editor, Evan Davis.

The winners each received a trophy and £10,000 to promote economic and social impacts of research, with a further £10,000 to the department of the Impact Champion of the Year.

Applications were judged by a panel of experts from business, academia and the public sector. The shortlisted entrants were invited to attend an interview, with a user of their research, to further demonstrate to the panel their role in achieving outstanding research impact.

There were six categories in the prize. The winners were:

**Professor Paula Jarzabkowski**, City University, for Outstanding Impact in Business

**Professor Cathy Nutbrown**, University of Sheffield, for Outstanding Impact in Society

**Professor Kevin Morgan and Dr Roberta Sonnino**, Cardiff University, for Outstanding Impact in Public Policy

**Professor Fulong Wu**, University College London, for Outstanding International Impact

**Dr John Jerrim**, Institute of Education, for Outstanding Early Career Impact

**Professor Alan Walker**, University of Sheffield, for Impact Champion of the Year.

### Centre for Charitable Giving and Philanthropy report



The ESRC Centre for Charitable Giving and Philanthropy (CGAP) five-year programme finished in 2013. CGAP was a consortium of British research institutions with strong links to the charity sector and was the UK's first research centre for charitable giving and philanthropy.

The programme brought together the expertise of NCVO and research teams in five universities – University of Strathclyde, University of Kent, University of Southampton, Cass Business School and University of Edinburgh – and built a better understanding of charitable giving and philanthropy for donors, charities and policymakers, as well as promoting the strategic role of philanthropy in meeting today's social needs.

The findings and messages from the work of the CGAP consortium have been brought together in a summary available from the Centre. For more information or to obtain a free copy of the CGAP Five-Year Review 2008-2013, go to [www.cgap.org.uk](http://www.cgap.org.uk)



## New Year Honours 2014

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

### Knights Bachelor – Knighthoods

Professor Richard Blundell, CBE FBA, Professor of Economics, UCL; Director, ESRC Centre for the Micro-Economic Analysis of Public Policy, IFS. For services to Economics and Social Science.

Professor Paul Collier, CBE Co-Director, ESRC Centre for the Study of African Economies (CSAE). CSAE was an ESRC-funded centre from 1991 to 2001. For services to Promoting Research and Policy Change in Africa.

### Companion of the Order of the Bath

Mr John Pullinger, Librarian and Director General, Information Services, House of Commons; former

ESRC board member. For services to Parliament and voluntary service to the community through Great Culverden Park Ltd.

### Dame Commander of the Order of the British Empire

Professor Celia Hoyles, Lately Director, National Centre for Excellence in Teaching Mathematics; ESRC grant holder. For services to Education.

### Commanders of the Order of the British Empire

Professor Ash Amin, FBA Professor of Geography, University of Cambridge; former ESRC grant holder. For services to Social Science.

Professor John Kay, FBA FRSE, Supernumerary fellow in economics

at St John's College, University of Oxford; former director of the IFS. For services to Economics.

### Officers of the Order of the British Empire

Professor Sonia Livingstone, Professor of Social Psychology, London School of Economics; former ESRC grant holder. For services to Children and Child Internet Safety.

Ms Ceridwen Roberts, Senior Research Fellow, Department of Social Policy and Intervention, University of Oxford; former ESRC grant holder and former ESRC board member. For services to Social Science.

## Future of the UK and Scotland

The ESRC appointed two new fellows and one new centre to undertake research to inform the debate in the run-up to the referendum on Scottish independence.

The fellows – Professor James Mitchell from the University of Edinburgh and Professor Brad Mackay from the University of Edinburgh – and the Centre join seven existing fellows as part of a wider programme of work addressing issues and policy areas affected by the Scottish independence debate. The programme assists in planning across a wide range of areas which will be affected by the outcome of the vote, such as culture and identity, business intelligence and fiscal and monetary policy.

The new Scottish Centre for Constitutional Change is a consortium of Aberdeen, Edinburgh, Stirling and Strathclyde universities as well as the National Institute for Economic and Social Research. The centre will analyse the longer-term evolution of the Scottish economy and investigate its ability to face future economic, social, demographic and political challenges.

[www.futureukandscotland.ac.uk](http://www.futureukandscotland.ac.uk)



# Highlighting Social Sciences

## Key highlights of the year

### New Initiative to support the retail sector

The ESRC announced funding of the flagship Retail Sector Initiative to support a wide range of collaborative projects with businesses such as Marks & Spencer and Waitrose, working alongside social and economic researchers to undertake research and knowledge exchange activities.

Neighbourhoods rely on the retail sector as a provider of employment and skills development, with the local town centre a focal point for community activity. But in recent years the sector has been through many changes caused by the speed and impact of technological innovation, the changing nature of the UK high street and the global economic slowdown.



### DFID and ESRC announce £4.5 million collaboration



The UK Department for International Development and the ESRC announced a collaboration of up to £4.5 million to support research into the economic development impact of China's engagement in sub-Saharan Africa; and how lessons from China's own successful and rapid economic transformation could generate practical measures for low-income Africa.

The programme will fund rigorous, high-quality research from across the social sciences and provide evidence relevant for decision-makers, particularly in Africa and China, but also to other interested development actors in the global North and South.

## New UK strategy for data resources

A new report supported by the ESRC sets out a strategy for developing a UK social-science research community that's engaged with major developments in data resources. *The UK Strategy for Data Resources for Social and Economic Research 2013-2018*, produced through the UK Data Forum, identifies areas where greater co-ordination and

new initiatives will benefit both data producers and users. It also explores how to enable researchers to make fuller use of new and existing data resources by boosting quantitative skills training, access to methodological support, multidisciplinary training, and collaboration between academic, government and private sectors.



# Delivering impact



The social sciences increase understanding of behaviours and how they influence education and skills, health, wellbeing, economics and politics. We are committed to funding the best research across our many schemes and investments, and to maximising the impact of that research so that it informs public policies, and helps make businesses, voluntary bodies and other organisations more effective.



Maximising the benefits of our investment in social science is central to our *Strategic Plan 2009-14*. Our strategy is to fund research that is vigorous, authoritative, independent, high-quality and relevant, and that has economic and social benefits.



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, and guide our work towards maximising the impact from existing research, resources and training investments. 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.

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

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During 2013-14 we have continued to support the very best research and to maximise its impact on our society. Our funding opportunities are competitive and only those proposals judged by experts to be of the highest scientific quality are supported.

We have driven forward our efforts to promote truly innovative research through funding a second round of our Transformative Research Scheme and by major investment in our Research Grants Scheme. We have encouraged novel interdisciplinary research through the use of new funding approaches such as sandpits and by the creation of major new interdisciplinary research networks which will address some of the most complex challenges facing society. These will add to a continued commitment to cross-Council programmes. We have invested nearly £29 million in four major Centres and Large Grants on subjects ranging from early child linguistic development through to the foundations of the macro-economy. These will drive forward world-class research and fuel future impact.

We have also introduced new ways to optimise the value and impact of social science research. For example our new Urgency Grants scheme is enabling researchers to quickly gather critical data and deliver initial analysis in the face of rare and unforeseen events such as natural disasters and political crises.

## Research support mechanisms

We support research through a number of mechanisms. 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 2013-14 the ESRC spent £212 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 PhD through to professor. To help the most promising new researchers gain their first major grant we ran a second round of our Future Research Leaders scheme, aimed at those who had completed their PhD within the last four years. We made 61 awards across the full span of the social science research base.

Our Research Grants scheme continues to be important in capturing and funding the very best ideas arising from the social science community by allowing researchers at any stage of their academic career to put forward ideas for new research projects. In 2012 we increased the funding range of the scheme from £200,000 to £2 million, to encourage researchers to think about longer, larger, more innovative and ambitious applications, including researchers from a range of career stages and from different disciplines. We are encouraged that over the last two years the average size of research grant applications has risen from £310,000 to £464,000 and the average size of awards from £330,000 to £440,000. This last year has witnessed the funding of a record number of Research Grants of over £1 million.

## Transformative research

We have always encouraged innovation across all our schemes both within the social sciences and where they cross over other scientific domains. To give this commitment further impetus we ran a second round of our Transformative Research Scheme in November 2013. The scheme aims to fund pioneering theoretical and methodological innovation, the novel application of theory and methods in new contexts, and/or research based on the engagement of unusual disciplinary and interdisciplinary perspectives. After a novel 'pitch to peers' assessment process, 14 new awards were funded offering a wide array of exciting new approaches drawn from within and beyond social science.

## Urgency grants

There are occasions when rare or unforeseen events require an immediate response from researchers, so this year we have strengthened our funding portfolio with the launch of our new Urgency Grants scheme. The scheme operates through a rapid assessment process which enables researchers to quickly get into the field and collect data

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which would otherwise be lost, whilst also supporting initial data analysis. A wide variety of Urgency Grants have been funded including work on the Philippines typhoon, UK floods and the Syrian crisis

### Directed research

Our *Delivery Plan 2011-15* identifies three strategic priority areas which form the focus of our activities and strategic funding. This enables us to address some of the most pressing and difficult scientific and policy questions facing the UK and the wider international community. The three strategic priorities 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.

### Centres and large grants competition

With funding of a further £29 million, the most recent Centres and Large Grants competition has greatly strengthened research and capacity-building across our strategic priorities.

We have built on our existing investments in macro-economic research with the creation of a new centre with a strong theoretical focus on the credit and labour market foundations of the macro-economy.

Our new Centre for Language and Communicative Development will bring together an international set

of research collaborators who, through an ambitious programme of research, will transform our understanding of the way that young children learn to communicate with language and how that affects their school readiness and subsequent educational achievement.

Making use of our major longitudinal studies, further funding for the Centre for Micro-social Change will extend our understanding of social mobility and the social distribution of life chances, against a backdrop of continued austerity for many households. Funding for a fourth centre, the Welsh Institute for Social and Economic Research and Data, will explore the changing nature of civil society in the context of devolved government.

### The Future of Scotland

With a referendum on Scottish Independence due to be held in 2014, we have added further momentum to our initiative on the Future of Scotland. The research portfolio now consists of the Scottish Centre for Constitutional Change, nine senior Fellowships, ten dedicated work streams at existing ESRC investments, a boosted Scottish panel in the British Election Study and a survey of public opinion on the constitutional debate. A successful international conference was held in Edinburgh in May 2013 and a major international conference on the Economics of Constitutional Change.

In addition to regular briefings for the CEO of the Scottish Parliament and other senior officials, the Co-ordinator and researchers supported under the programme have given evidence to UK and Scottish Parliament Committees on over 15 occasions and have played a particularly strong role in shaping the approach of the Scottish Parliament's Inquiry on Scotland's Economic Future Post-2014. Briefing events have also been held for Westminster MPs and MEPs in Brussels. Early findings have played a major role in key debates such as the Scottish currency question, on inequality and the future of Higher Education.

### Local economic growth centre

The What Works Centre for Local Economic Growth will put evaluations of the policies that matter to growth – skills, regeneration, housing and employment – under the spotlight to give local decision-makers the evidence they need about which policies work. It will improve evaluation standards so that we can learn more about what policies are most effective and where, and it will work with local partners to set up a series of demonstrator projects to show how effective evaluation can work in practice. The Centre is co-funded with the Department of Communities and Local Government and the Department for Business, Innovation and Skills.



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### Centre for crime reduction

The College of Policing hosts the What Works Centre for Crime Reduction. The consortium includes expertise from University College London (UCL), the Institute of Education (IoE), the London School of Hygiene and Tropical Medicine, Birkbeck, Cardiff, Dundee, Surrey and Southampton universities.

The commissioned work will develop academic capacity within the UK to map the existing evidence base for crime reduction, label it for quality, cost and impact, and make it easily accessible for practitioners and decision-makers. The work will also look to establish UK universities as global providers of practitioner training in evaluating evidence of what works and how to use evidence to make effective funding decisions.

### Energy-Environment-Food 'Nexus'

We have established an innovative research network of interdisciplinary projects to explore the deep interdependencies between energy consumption, food production and the environment. The new £1.5-million network will bring together academics, policymakers and practitioners to identify key research questions and develop new interdisciplinary 'Nexus' approaches to tackle complex research challenges.

### Dementia initiative

The ESRC/National Institute for Health Research (NIHR) call for research on dementia highlights the importance of research being relevant to people's lives and stresses the involvement of patients and the public in the development of research ideas, involvement in the research once underway and in assessing and reviewing research proposals. Members of the public with experience or understanding of dementia – including those with a diagnosis of dementia, their carers, family and friends – have acted as assessors and peer reviewers for the research proposals received through the call, along with academics and wider, non-academic users of research. This gives funders a 'first-hand experience' perspective on the research applications.

### European Joint Programme Initiative (JPI) Urban Europe

The European Joint Programme Initiative (JPI) Urban Europe is dedicated to strengthening European research and innovation in the field of urban development. The aim of this initiative is to create attractive, cohesive, sustainable and economically viable urban areas, in which European citizens, communities and their surroundings can thrive.

The ESRC is involved with the second call, which includes funding from ten countries (Austria, Belgium, Cyprus,

Denmark, Italy, Netherlands, Norway, Sweden, Turkey and the UK) and 15 funding agencies. There are two broad topics covering governance of urban complexity and urban vulnerability, adaptability and resilience. Approximately £12.8 million is jointly available and the ESRC has made available £1.7 million.

Research consortia were invited to submit applications in 2013-14. Each consortium included a minimum of three participating countries with funding of up to £1.7 million is available. It is anticipated that between nine and 11 consortia will be funded and six consortia will include UK based partners. The funding decisions will be announced in June 2015. For more information see: [jpi-urbaneurope.eu](http://jpi-urbaneurope.eu)

### Cross-Council programmes

We have also collaborated through the multi-million-pound cross-Council interdisciplinary programmes which have provided a springboard for integrating social science into a wide range of major multidisciplinary research challenges. The six programmes cover an ambitious canvas and are:

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

We have made major contributions to all of these programmes, which for 2013-14 include:

#### *Digital Economy*

The programme has now funded a cohort of 12 awards through two calls for New Economic Models in the Digital Economy. The jointly funded EPSRC and ESRC programme represents an investment of £9.2 million aimed at encouraging collaborative interdisciplinary research and capacity-building in areas such as digital gaming, the use of big data, consent and data-sharing and the use of social media data.

#### *Global Uncertainties and Security*

The ESRC, AHRC and ESRC, along with the Defence Science Technology Laboratory and Centre for the Protection of National Infrastructure (CPNI), have funded a £3.6 million programme of innovative, interdisciplinary and high-risk projects around the theme of 'empathy and trust in online communications' (EMoTICON). Five networked projects have been funded using the novel 'sandpit' approach which brought together scholars with disciplinary expertise, including sociology, criminology, marketing, international relations, bioethics, philosophy, drama, informatics, computer science, neuroscience, social and developmental psychology. The project address issues such as digital loneliness, the building





of digital communities to understand and counter fear and life-threatening situations and the potential of the internet to mediate social injustice.

### ***Lifelong Health and Wellbeing***

The ESRC and the Medical Research Council (MRC) launched a call under the Lifelong Health and Wellbeing programme for proposals in the area of Extending Working Lives where there is an opportunity for the research councils to support interdisciplinary and cross-sector research that will directly benefit employers and employees and inform future practice and policies. Abolition of the default retirement age and the recent linking of state pension age to rising life expectancy means there is a growing proportion of the UK workforce over 50 years of age. Because of these unprecedented demographic changes in the workplace, there are mounting social and economic drivers to understand determinants of a healthy ageing workforce.

The ESRC and MRC hosted a three-day workshop designed to build partnerships between academia and public or private sector employers with the aim of developing and/or evaluating effective interventions that encourage workforce participation, health and wellbeing in older workers. The resulting seven projects involve non-academic partner organisations, including large employers and are also using a wide range of international datasets for secondary data analysis and forging international academic collaborations.

### **Evaluation**

In 2013, we completed nine independent evaluations of major investments and schemes, and continued to develop evidence of the economic and societal impact of social

science, with studies focused on evaluating the impact from some of our major research investments in economics, and some of our successful Knowledge Transfer Partnerships (KTPs). In addition, we supported a small scale project assessing the interrelationship between interdisciplinary research and impact.

Evaluations have provided assessments of academic quality and wider impact across our portfolio, including major initiatives on health econometrics, conflict and management. We have also completed two mid-term assessments of major initiatives funded jointly with other Research Councils and external partners, with the findings used to inform the future direction of this work.

Two hundred and fifty-eight individual projects were evaluated in 2013, providing further evidence of the quality of research supported through ESRC funding with 93 per cent of these being graded 'Good' or higher – indicating work of international quality and substantial impact – through an independent peer review process.

Finally, over the past 12 months, we have been piloting a new approach to evaluating our major schemes and investments, with the aim of introducing greater consistency and comparability of reporting, and enhancing the role of evaluation findings in informing the future policy and strategy of the ESRC. Following the success of this pilot activity, we will be rolling this out across our evaluation portfolio over the next year, allowing us to respond more nimbly to the needs of the Council as these arise.

### **Demand Management**

We have continued with our strategy to manage application volume with the aim of concentrating sector-wide effort on the preparation, peer review and processing of only a small number of high-quality applications with a genuine chance of securing funding. Progress remains positive with an overall reduction in application numbers of 41 per cent, close to our target of 50 per cent. Success rates have also increased to 31 per cent, comparable with our RCUK partners. The overall quality of applications is up, whilst peer review requirements are down.

There are, however, signs that this positive momentum may be under threat as in certain schemes application volume is beginning to rise once again. For example, in the Research Grants scheme the proposal count has recently exceeded pre-demand management levels. It is critical that all HEIs continue to build upon early successes, maintaining the downward pressure on the submission of applications across all schemes.

# Impact through skilled people

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Maintaining and developing the social science skills base for the benefit of the UK's society and economy is a priority for the ESRC. Our aim is to raise the quality of research skills training at postgraduate level and across the career span. We continue to be the largest single funder of social science postgraduate training in the UK, and have invested more than £50 million during the past year to support more than 2,500 PhD students, and to provide a range of career development opportunities for researchers.

## Delivering excellence in doctoral training

This year has seen the third cohort of PhD students start their training across our network of 21 Doctoral Training Centres (DTCs). The DTCs were commissioned in 2010-11 under our new Postgraduate Training Framework. They are major centres of excellence covering the full disciplinary range of the social sciences, and promoting interdisciplinary research. Some of the DTCs are based within single institutions, and some are collaborative, and we work closely with all to develop innovative approaches to the content and delivery of postgraduate training for the benefit of the UK's society and economy.

## Partnerships and People Exchange

Since many of our PhD graduates will take up careers outside of academia, we ensure that they have opportunities to spend some time during their PhD in a non-academic environment. We have set a target that at least 20 per cent of each student cohort should include a collaborative element which involves a non-academic organisation in the public, private or civil society sector, creating partnerships with the users of research to ensure that we build a skilled and adaptable workforce. This can include taking part in our internships scheme, or through initiatives that the DTCs themselves have developed, such as collaborative studentships, where they work in partnership with user organisations to co-develop innovative PhD projects, or their own internships initiatives.

Our own internship scheme remains popular, with 57 students completing placements within a non-academic host organisation in the public, private or third sectors during 2013. Students work on specific projects involved with public or organisational policy, and hosts have included the Scottish Government, the College of Policing and the Sentencing Council.

## Advanced Training

We have continued to develop our Advanced Training Network, which has opened up access to a range of advanced training short courses provided by our Doctoral Training Centres and other investments, via the National Centre for Research Methods (NCRM) Portal. These courses are open to all UK social science postgraduates (whether or not ESRC-funded) at low or no cost. The courses offer participants the opportunity to access high-quality advanced training in their own or another discipline, or specific research methods and techniques. This provision has been reviewed, and we have recently issued an open call to broaden the availability and range of courses on offer. The NCRM, which has recently been recommissioned, will continue to play a pivotal role in advanced training.



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### International partnerships

In 2013 we made 42 awards for Overseas Institutional Visits, to enable individual students to establish international research networks, disseminate early research findings, take part in seminars and other academic activities, and undertake specialist training that is not available in the UK.

Meanwhile, activities taking place under our PhD Partnering scheme are underway, with students and supervisors from our DTCs developing research collaborations with counterparts in overseas universities. For example, a student from the Sussex DTC has visited the Tata Institute of Social Sciences (TISS), Mumbai, to establish links with TISS faculty, and other visits are planned. At the Birmingham DTC, students from their Department for African Studies and Anthropology are linking with five emerging centres of research excellence in Africa. Our aim is to encourage reciprocal, sustainable, strategic linkages between our DTC students and supervisors, and those in developing and emerging centres of social science excellence overseas. This initiative has so far supported 79 partnerships with 30 countries.

### Developing a cohort

Our PhD students are the social science researchers of the future and we are keen that they feel part of a cohort. Our student conferences have been instrumental in developing shared knowledge and experience. The ESRC is providing funding for ten conferences over a five-year period – five of which are aimed at first-year, and five at final-year students – and each will be hosted by one of our DTCs. In the past year, conferences have been hosted by the White Rose DTC (in April 2013) for final year students, and, for first year students, by Nottingham DTC (in November 2013). The conferences were enthusiastically received, with students particularly valuing opportunities for networking outside of own institutions.

### Maintaining the health of the social sciences and developing capacity in crucial areas

Around 818 new ESRC-funded PhD students began their studies in October 2013. The leveraging of co-funding from elsewhere by our DTCs has contributed significantly to this number. In allocating studentships to our DTCs, we have balanced the desire to allow as much flexibility as possible to recruit the best students, with the need to build capacity across the social science. We have identified specific areas as a particular priority, such as Advanced Quantitative Methods (AQM), Economics, Management and Business, Language-

Based Area Studies and Interdisciplinary Studies. To this end, DTCs identified as having particular strengths in these disciplines have been set a target for the number of students they must support in these areas. In all cases this target has been exceeded again this year. To further encourage top-quality applicants to study AQM and Economics to PhD level and beyond, we have opened up eligibility to international students, and offer an enhanced stipend in these disciplines.

### Q-STEP Programme

The ESRC has partnered with the Nuffield Foundation and HEFCE on Q-STEP, a £19.5-million programme designed to promote a step-change in quantitative social science skills for undergraduates. Fifteen Q-Step Centres across the UK will support the development and delivery of specialist undergraduate programmes, including new courses, work placements and pathways to postgraduate study. The Centre awards started in October 2013 and since then have been working to set up new courses, and recruiting to fill 52 new teaching positions generated by the funding of the Centres. The inaugural Q-STEP event was held on Monday 17 March at the Royal Society, London to explore ways to strengthen quantitative social science training through the links between secondary and higher education. It was aimed at teachers, examiners, university lecturers, awarding bodies, learned societies and subject associations, and keynote speakers included the Rt Hon David Willetts MP, Minister for Universities and Science, and Sir Andrew Dilnot CBE, Chair of the UK Statistics Authority.

### Investing in future leaders

Our Future Research Leaders Scheme, which was launched in June 2011, has two aims: to partner with host institutions to enable outstanding early researchers to acquire the skills to become the future world leaders in their field, and to 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, and provides funding for activities including a research project, and skills development for research and knowledge exchange. A total of 61 awards were funded in 2013.

# Impact through world-class infrastructure

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The ESRC has reinforced its position at the heart of the developing data landscape through major investments in 'big data' alongside our world-class longitudinal and cross-sectional studies.

As highlighted in the recently published *UK Strategy for Data Resources for Social and Economic Research*, the data landscape has developed rapidly over the past year with increasing interest in different forms of data and their potential to contribute to economic growth and societal impact. The ESRC has been operating at the heart of this developing landscape, building partnerships, contributing to debates and reports, and making substantial new investments, particularly in the area of 'big data'.

## Big Data – access and application

### Big Data

Following the announcement in April 2013 of £64 million additional funding for the ESRC for investment in big data, the Council has developed two phases including the Administrative Data Research Network (ADRN) and Business and Local Government Data Research Centres. Data that will be accessible through these investments includes that held by government departments, local government, and private-sector organisations. The aim is to enable the use of more data by more researchers to undertake innovative and impactful research.

The ADRN comprises four Administrative Data Research Centres, one in each part of the UK, together with an overarching Administrative Data Service. This new infrastructure will enable bona fide researchers to access, in a secure setting, routinely collected administrative data for research in ways that prevent the identification of individuals. The research that will be supported has the immense potential to improve knowledge and understanding of the action required to tackle a wide range of social, economic, environmental and health issues, and to provide new approaches to the development, implementation and evaluation of policy across government.

Building on the success of the ADRN, the ESRC has also funded three Business and Local Government Data Research Centres (in Urban Big Data, Smart Analytics, and Consumer Data). These which will make data, routinely collected by business and local government organisations, accessible for academics to undertake research in the social sciences of mutual benefit to data owners and in ways that safeguard individuals' identities. The Centres will make a significant contribution towards ensuring the future sustainability of

the UK research competitiveness, supporting the UK in maximising its innovation potential and driving economic growth.

### UK Data Service

The ESRC has also continued support for the UK Data Service (UKDS) which supports researchers, teachers and policymakers who depend on high-quality social and economic data. The UKDS promotes data-sharing to encourage the reuse of data, and to provide expertise in developing best practice for research data management. More than 24,000 users are currently registered with the UK Data Service, and data are being downloaded at a rate of 61,000 datasets a year. Given the expertise and services already available within the UKDS, it is also now providing support for and co-ordination of the ESRC's Big Data investments. The UK Data Service Innovation Fund was launched in 2013 to further enhance the role of the UKDS. Projects will allow the Service to respond rapidly to changes in the technical landscape or seize opportunities to enable new ways of locating, accessing, sharing or linking data, as well as help to develop necessary methods in data exploitation.

## World-leading Data Resources

### Longitudinal Studies

Life Study, the new UK-wide birth cohort study funded by the ESRC, MRC and UCL, will be the UK's largest national birth cohort study and will gather data on more than 80,000 babies born in the UK. The study involves two integrated components: the pregnancy component will create exciting and important new opportunities to understand how babies grow and develop from a very early stage. This part of the study will start in the Summer of 2014, when pregnant mothers will be seen in special Life Study assessment centres, the first of which will open in London. The birth component of the study will start shortly after and will comprise a UK-wide nationally representative sample of 20,000 babies, with data collection starting from age six months.

The Centre for Longitudinal Studies (CLS) continues to provide longitudinal evidence about social processes that informs decision-making through its responsibility for three birth cohorts, two of which have been collecting data in 2013. In the National Child Development Study 9,100 members were surveyed at age 55 for the first time being



given the opportunity to take part online. Also the age 14 survey of the Millennium Cohort Study started collecting samples, as well as socio-economic data, from almost 10,000 teenagers. Planning for the next survey of the British Birth Cohort Study, based on a cohort born in a week of 1970, is also under way. All three cohorts provided evidence to an all-party parliamentary group report outlining seven 'truths' about social mobility and the challenges they pose for policymakers.

#### ***Understanding Society***

The world's largest household panel study, Understanding Society, tracks the socio-economic circumstances and attitudes of individuals in almost 40,000 British households and is being further enhanced by the analysis of biological samples collected through the study. The data from these samples will enable researchers to further expand the high-quality social science and interdisciplinary research. Wave 3 data was released in 2013 and was used by a series of research projects.

The Study's broad research and policy relevance is captured through an ever-increasing library of case studies available from the Understanding Society website.

The University of Essex hosted the second Understanding

Society conference in July 2013. The event showcased research from a range of themes including Health and Health Services; Environment and wellbeing; Unemployment; Marriage; Investment in Children and Wealth Inequalities. It also provided a forum for Understanding Society to share the emerging findings from their groundbreaking methodological work in the Innovation Panel, particularly around the use of mixed modes.

In 2014 the Understanding Society Policy Unit will be launched and a collection of research findings dedicated to longitudinal analysis published. Work has also been underway in 2013 to expand the Ethnic Minority Boost sample, increasing its analytic capability. The enhanced sample will go into the field in 2014.

#### ***CLOSER***

CLOSER (Cohorts and Longitudinal Studies Enhancement Resource), a joint investment between ESRC and MRC, has continued to progress towards improved use, value and impact of the UK's longitudinal studies. It has launched its series of Resource Reports which aim to highlight innovations in longitudinal research and encourage use of multiple sources by researchers. Key development work on the search engine to enable researchers to find out about the potential of the studies is also underway.

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The ESRC also received additional funding to enhance its portfolio of longitudinal studies. We have secured the future of The Longitudinal Study of Young People in England, the only major national longitudinal study focusing on young people's transitions to adulthood. This study will provide a unique opportunity to increase our understanding of transitions out of education and into early adult life. In recognition of the priority placed on understanding ageing and the added-value that social scientists working with biomedical colleagues can achieve, the ESRC has also funded the Northern Ireland Cohort for the Longitudinal Study of Ageing (NICOLA) which will collect socio-economic and biomedical data from 8,500 people aged 50 and over from across Northern Ireland.

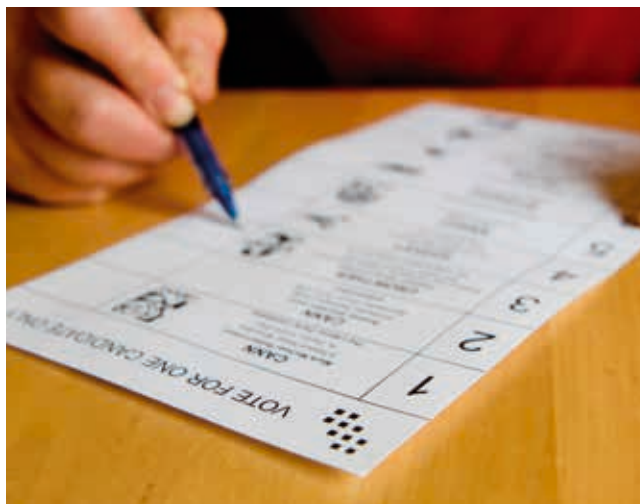
### **Cross-Sectional Surveys**

We have continued support for world-class cross-sectional surveys such as the British Election Study (BES) and European Social Survey (ESS). The scientific leadership team for the 2015 BES began work in October 2013. The study has been conducted at every General Election since 1964, and is designed to help our understanding of long-term trends in British voting behaviour; looking at why people vote, and why they vote the way they do. The ESS is a cross-national survey which provides critical comparative data on changing social, economic and political attitudes, beliefs and behaviours. More than 30 countries across Europe have participated in the ESS and its findings have shed light on a wide range of social issues including health and wellbeing, social exclusion, immigration, and attitudes to age and ageism. This year the ESRC provided funding for a further two rounds of data collection which will add to the substantial resource already available through the ESS Data Archive that is utilised by more than 40,000 users worldwide.

### **Capacity – maximising the use of data**

#### **Exploitation of Data**

The ESRC is committed to making the most of its investments and to widen the use of the UK data infrastructure as a whole. Following the success of the first phase of the Secondary Data Analysis Initiative (SDAI), the ESRC is commissioning a second phase to offer further opportunities for researchers to exploit and extend the impact of a wide variety of data resources created by the ESRC and other agencies. Fifty-eight of the first phase projects have been grouped into five thematic clusters and are already achieving notable coverage and impact. For instance, findings on the comparative economic performance of UK City regions across boom and recession from the UK Cities in a Global Economy featured on the BBC Radio 4 Programme *You and Yours*. Another – Prenatal and family



precursors of bullying involvement in childhood and their consequences into early adulthood – attracted considerable attention on the effects of childhood bullying in later life, receiving widespread media coverage and attention of the All Party Parliamentary Group (APPG) in the House of Lords.

### **Research Methods**

We continue to invest in cutting-edge research methods and training to enable researchers to analyse, link and integrate data, and to develop new statistical analysis techniques for exploiting data resources. The National Centre for Research Methods (NCRM) has provided a focal point for ESRC investment in research methods, co-ordinating both an ambitious research programme and a wide range of capacity-building activities, as well as running the biennial ESRC Research Methods Festival. The ESRC has maintained its commitment to this investment by re-commissioning the NCRM. In 2013, the ESRC also invested in a series of Methodological Innovation Projects, to develop and apply innovative methodological approaches in strategically important areas such as survey methods, administrative and linked data, social media analysis tools and the analysis of biosocial data.

Methodological innovation is also being driven through the ESRC's contribution to the Technology Strategy Board (TSB) Data Exploration Competition. This initiative invited collaborative and innovative business-led projects to address the technological and methodological challenges associated with exploring large and complex data. Funded proposals will develop new modelling, analysis and visualisation techniques which will add to the portfolio of tools and methodologies that will enable researchers to unlock the potential of rich and complex data resources.

# Impact through international leadership

International collaborations are a key dimension in the strategic considerations of governments, research organisations and individual researchers. The ESRC aims to align its funding instruments to select target countries and identify joint areas of interest and over the past year we have continued to embed, influence and facilitate international research collaboration through a range of activities. We also work to ensure that UK researchers are best placed to respond to overseas opportunities, contributing to the global research agenda.

## Continued collaboration within Europe

### *Horizon 2020 and National Contact Points*

ESRC remains strongly committed to providing UK input into Horizon 2020 (the European Union's funding instrument for research and innovation from 2014-2020) and the other European issues through our connections within the Department for Business, Innovation and Skills, participation in European Commission meetings and through the several National Contact Point roles that the ESRC hosts.

The ESRC currently hosts the UK National Contact Points (NCPs) for the following areas of Horizon 2020.

- Social Science and Humanities – Europe in a changing world, inclusive, innovative and reflective societies
- Social Science and Humanities – embedded across all societal challenges
- Science with and for society
- Spreading Excellence and Widening Participation

During the first quarter of 2013, the RCUK NCPs held a series of regional information days for organisations interested in exploring funding opportunities in the key areas of Horizon 2020. Over the course of the events more than 630 people registered their attendance.

UK Social Scientists have enjoyed continued success in their efforts to gain European funding through the Framework Programme, the predecessor to Horizon 2020. The most recent available results reporting projects funded under the 2013 Work Programmes indicate that the UK continues to command the highest share of participants and overall budgets than any other country in the areas that we support through the NCPs.

### **ORA+**

The ESRC continues its commitments to helping achieve the aims of the Europe 2020 strategy, in particular the implementation of the European Research Area through its involvement in the Open Research Area. This scheme is managed collectively by five participating agencies and is



viewed as the leading model for how national funders can work together to realise the European Research Area. The ORA Plus scheme provides a straightforward mechanism for leading social scientists to obtain national funding to collaborate with partners elsewhere in Europe and the US, avoiding many of the bureaucratic obstacles and restrictions associated with other types of European funding.

Five national research funding agencies – the Agence Nationale de la Recherche (ANR), Deutsche Forschungsgemeinschaft (DFG), ESRC, the National Science Foundation (NSF) and the Netherlands Organisation for Scientific Research (NWO) – have recently announced the outcomes of the third round of the Open Research Area Scheme (ORA Plus), which will provide around Euro €20 million to fund 15 collaborative research projects over the next three years. The ESRC is pleased to be able to contribute nearly £5 million to the total funding available and is involved in 12 of the 15 funded projects.

### **NORFACE**

ESRC is a full member of the New Opportunities for Research Funding Agency Cooperation in Europe (NORFACE) network which proposes a major 15-nation research programme over the next four years on the topic of 'Welfare State Futures'. The UK submitted a number

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of strong applications to the call and is hopeful of being awarded funds from the €22 million available when decisions are announced in July 2014.

### **Broadening European collaboration with North America and China**

The ESRC works with European partners to broaden our collaborations further afield to partners outside Europe. Recent successes have been through expanding our collaborative schemes with partners both in North America and China.

### **RCUK-US National Science Foundation (NSF) (Two-Way) Lead Agency Agreement**

The first high-level Memorandum of Understanding (MOU) between NSF and RCUK was signed on 18 June 2013 by Professor Paul Boyle and Professor Myron Gutmann (Head of the National Science Foundation Social, Behavioural and Economic Sciences Directorate) and paves the way for collaboration in the various disciplinary areas addressed by the NSF Directorates and individual Research Councils.

In recognising the opportunity to expand on and strengthen existing links with the NSF, the ESRC, together with the AHRC, BBSRC and RCUK Washington, successfully negotiated the first of these Management Plans with the NSF Social, Behavioural and Economic Sciences (SBE) Directorate. This innovative two-way Lead Agency Agreement between NSF SBE and RCUK enables the submission of US-UK collaborative proposals in areas of mutual interest and remit to either the NSF's unsolicited stream or to the responsive mode scheme(s) of any of the participating UK Research Councils.

This year the ESRC is a partner in two three-year initiatives funded by the European Union, that bring together funding agencies from around the world in order to develop stronger strategic partnerships.

### **Trans-Atlantic Platform (T-AP) to strengthen international research collaboration**

T-AP is a global first amongst national humanities and social science research agencies. It is a partnership among 15 social sciences and humanities research funding agencies from Europe and the Americas to identify best practices and priorities for future collaboration to enhance the quality, quantity and visibility of future action, including possible joint research agendas. The ESRC is leading on two important work packages of T-AP: a pilot for Digital Scholarship with partners from Brazil (FAPESP) and the Netherlands (NWO) and, together with the AHRC and FAPESP, we are a task leader in scoping new thematic challenges.

### **Europe-China call for collaborative research on the Green Economy and Understanding Population Change**

Building on the successful workshops in the areas of Green Economy and Understanding Population Change in 2012, the ESRC, ANR, NWO and DFG along with the National Natural Science Foundation of China (NSFC) launched a call in September 2013 for collaborative projects between European and Chinese researchers in the two disciplinary areas. Forty-six eligible applications will be reviewed by the panel with UK researchers being involved in all but nine. Funding recommendations will be made in June at a panel meeting in Beijing with successful awards starting in September 2014.





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## Ripening collaborations with the Emerging Economies

### *The EU India Platform (EqUIP)*

EqUIP, a three-year initiative funded by the European Union, is a collaboration between 13 partners that brings together research funding agencies from Europe and India. EqUIP aims to develop the conditions for enhanced collaboration at both research-funder and researcher level between Europe and India in the Social Sciences and Humanities, and explores advanced opportunities for EU-India co-operation. The ESRC, supported by the Indian Council for Science Research and RCUK India, has responsibility for the overall scientific co-ordination and technical organisation of the platform. The ESRC will be responsible for preparing all necessary tools for management of the platform and will prepare the documents necessary for the decision-making meetings of the Steering Committee.

### Bilateral agreements

ESRC is committed to helping UK researchers to overcome barriers to international collaborative research. We are pleased to announce agreements with research funding agencies in several countries, which will facilitate bilateral collaborations between UK social scientists and researchers in one of these countries.

Agreements have been reached with the following funding agencies.

- Austria: Fonds zur Forderung der wissenschaftlichen Forschung (FWF)  
One bilateral has been received and is currently being processed.
- Brazil: Sao Paulo Research Foundation (FAPESP)  
Three bilateral have been received in 2013-14 and one was funded in 2012-13.

### World Impact

#### *Data Wars: New Spaces of Governing in the European War on Terror*

The Data Wars project provided the first sustained analysis of the reconfigured spaces of governing that are emerging in the use of data in European security initiatives. In the period following the terrorist attacks of September 11 2001, the collection and analysis of data for security purposes became significantly transformed, with security authorities seeking data that could be analysed for the purposes of inferring possible terrorist risk. Data derived from existing commercial databases – such as everyday financial transactions and airline passenger manifests – have thus become strategically important. The Data Wars project provided new empirical evidence and conceptual tools for the European Parliament's Civil Liberties, Justice and Home Affairs Committee (LIBE).

Consequently, the LIBE rapporteur, Sophie In't Veld (MEP), significantly shaped the outcome of the EU-US negotiations on the transfer of commercial Passenger Name Record (PNR) and financial (SWIFT) data to the US. Additionally, the Data Wars project has become a resource for organisations and groups who are concerned with the privacy and civil liberties aspects of data-led security techniques.

#### *Multidimensional Poverty: Enriching Methodologies of Measurement and Policy Analysis*

This project aims to develop new methodologies related to multidimensional poverty measurements and analysis across three themes: weights, trade-offs and policy incentives in multidimensional poverty measurements; multidimensional poverty dynamics; and multidimensional poverty and welfare economics.

A two-day symposium in 2013, launched by President Juan Manuel Santos of Colombia, saw the creation of a network involving representatives from 22 governments and five institutions. Additionally the Alkire Foster (AF) method developed through the project has been adopted by a number of governments and organisations round the world, in order to improve the effectiveness of poverty-reduction programmes. The Oxford Poverty and Human Development Initiative (OPHI) also played a key part in staging a special Network side-event at the UN General Assembly in September 2013 which was attended by over 100 leading development figures.

### PhD Partnering

Launched last year, PhD Partnering – international partnerships for our PhD students at our DTCs – was based around the philosophy that sustainable partnerships early in the research career need more than a single visit between individual students and emerging centres of social science overseas.

The Centre for Language and Communication Research at Cardiff University, in collaboration with the Department of Linguistics at the University of Delhi and the ESRC Doctoral Training Centre Wales, hosted a conference on intercultural communication in September 2013. This conference is a development from a symposium on the Social Lives of Languages that was held in Delhi in August 2013. A selected group of PhD and MPhil University of Delhi students and Cardiff Linguistics PhD student, Jaspal Singh, presented aspects of their ongoing research. The event identified many routes that could be pursued in further collaboration and the conference is one of these.

# Impact through partnerships

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ESRC partnerships with non-academic organisations enable the flow of research findings into policy and practice, and allow us to leverage additional investment. They also help our academic community shape research activity in new ways and access new research materials, like data. Public engagement and communications are key to demonstrating the impact of their research findings.

## Partnership with Research Organisations

This year we successfully piloted Impact Acceleration Accounts (IAAs) at the Universities of Oxford, Cambridge and Manchester. This system devolves decision-making and relationship-building to institutions and therefore enables more agile support for knowledge exchange and impact. In 2014-15 we will close our KE Opps scheme, instead providing IAAs to the Research Organisations in receipt of most research funding. In moving to this system we will strengthen our focus on supporting knowledge exchange as part of our broader activities, through Pathways to Impact.

## Partnership with policymakers

Developing innovative approaches to public sector engagement were a particular priority in 2013-2014. We made a significant commitment to supporting the delivery of the What Works initiative, ensuring that partners from across the UK were engaged with the development of projects to promote access to high quality research evidence about the effectiveness of social policy interventions. New ESRC funded What Works centres for Local Economic Growth and Crime Reduction began in 2013 and commissioning for further centres in Scotland, Wales and in the field of early intervention was undertaken. We have complemented these national initiatives with support for the London focused Project Oracle which seeks to support the commissioners of public services to engage with evidence more systematically by collecting data on their own interventions as well as learning from others.

Our impact evaluations demonstrate the importance of close working relationships between social scientists and potential users of research. We have trialled two new approaches to promoting closer linkages between the two communities by supporting the University of Manchester to hold 12 UK-wide Chatham House-style Knowledge Exchange Trial workshops for researchers and policymakers to share their experiences of policy making processes. During 2013-2014, the events attracted academic researchers and policymakers, many of them in senior positions in Whitehall and the devolved administrations.

In autumn 2013 we launched the Social Science Section of the Parliamentary Office of Science and Technology (POST). Our half a million pound investment in POST will enable integration of world leading social science into its activities thereby raising the profile and influence of the social sciences amongst parliamentarians. Our support includes funding for 15 fellowship opportunities for ESRC supported PhD students who will form part of a cadre of social scientists who will be well equipped to advise parliamentarians effectively in their later careers.

## Partnership with Civil Society

This year we extended and increased our funding for the Centre for Charitable Giving and Philanthropy (CGAP) and the Third Sector Research Centre (TSRC) to support their progression through our Centres and Large Grants commissioning process. CGAP held a major international conference that engaged researchers, philanthropists and policymakers around philanthropic responses to the rapidly-changing social landscape, and TSRC brought together representatives from across the UK's voluntary and community sector to discuss how research can address the third sector's current and future challenges. In addition, our second series of policy seminars jointly sponsored with the Institute for Volunteering Research drew to a close and we were pleased to agree to co-fund a third series in 2014.

The 2013 Festival of Social Science included events across the country that foregrounded partnerships with civil society organisations, including collaborations with theatre and performing arts companies (Edinburgh, Poole, Newcastle upon Tyne), workshops with social housing tenants and community trainers (London) the Protest Camps Research Collective (London), and events organised in partnership with the Runnymede Trust (Wolverhampton) and the Peak District National Park (Glossop). Event topics ranged from engaging communities in health and wellbeing research (Leeds, Nottingham) and railway station 'adoptions' (Inverclyde) to volunteering (Brighton, Gateshead, Leeds, Sheffield) philanthropy (Bristol, London), community and third sector resilience (Edinburgh, Birmingham) and the voluntary sector and social policy (Liverpool).

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We have also taken a number of steps to broaden partnerships with civil society organisations: we have expanded and enhanced the representation of civil society organisations in our governance and decision-making mechanisms; all of the successful projects funded under our first ever sandpit (Empathy and Trust in Online Communications (EMoTICON), co-funded with Dstl, CPNI, EPSRC and AHRC) involve engagement with local communities and/or voluntary organisations; and we commissioned the TSRC, who worked in partnership with NCVO, to investigate UK third sector organisations' data needs, skills and capacities. As 2013-14 draws to a close we are preparing to look across our modes of partnership to shape our civil society engagement for the future.

#### Partnership with Business:

In December, the Rt Hon Eric Pickles announced funding for our Retail Sector Initiative within a £1 billion package



of measures broadly focused at supporting local shops. Our initiative provided funding for 18 collaborative projects leveraging £3.2 million private sector co-funding for our £1.5 million investment.

With Google we co-funded six projects worth almost £1.2 million to demonstrate the potential for publicly accessible online data, analytical and presentational tools, such as those provided by Google, to be used to address social and economic research topics, showcasing how academics can use online data analytical tools in creative, intellectual and innovative ways.

Within the year we co-funded 31 Knowledge Transfer Partnerships (KTPs), totalling £2.6 million, and representing a significant investment to support wealth creation and economic growth in the UK through the exchange of knowledge, skills and technology from the social sciences to businesses ranging from micros to large multinationals. The KTP we funded between InterContinental Hotels Group and Oxford Brookes University has set new standards for risk management and won the Institute of Risk Management's 2013 Global Risk Award.

During the year the ESRC, working with the Financial Services Knowledge Transfer Network delivered a series of events and research initiatives in collaboration with academics, financial services firms and trade bodies covering areas such as risk culture, behavioural biases, pensions, women in finance and financial structure and regulation. Work on the annuities market [with the Institute for Fiscal Studies and National Association of Pension Funds] gained a particularly high public profile and the *Rethinking the Economics of Pensions* event at the beginning of the year brought industry leaders together to focus on issues such as costs and performance which have subsequently remained issues for public policy. The development and funding of work on agent based modelling, as applied to banking networks, was a good example of how new academic research can be brought to bear on current problems faced by both industry regulators and firms.

#### Communications and Engagement

An important aspect of the ESRC's mission is to provide advice on and disseminate knowledge and promote understanding of the value of our research and the social sciences. Our communication and engagement activities make our research more accessible to our stakeholders and the wider public and highlight and generate impact to inform policy.

We help the public understand our work and research through our publications and providing up to date and easily

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acceptable information via or digital communications. Our successful annual magazine *Britain* is available at major high street newsagents and our regular magazine *Society Now* continues to reach over 16,000 readers. During 2013-14 we also ran an active media campaign generating extensive national and international broadcast, print and online coverage with nearly 21,000 mentions. ESRC Scoop.it! – a social media platform for curating content – was launched earlier in the year and since November 2013 has featured 760 ESRC-related articles with 2,000 visitors.

In the last year there were 1.2 million visits to the ESRC website with 3.7 million page views, our videos have been watched almost 56,000 times and our twitter feed now attracts 21,000 followers.

We further enhance our engagement with the public through The ESRC Festival of Social Science. The 2013 Festival featured 181 free events held in 40 UK towns and cities, and remains popular attracting a total audience of over 20,500. We also engaged with the public through a series of public dialogues across the UK to understand better how people view using administrative data for research.

Our work with schools and young people also continues with our Social Science for Schools website and resources. This year we also ran a photographic competition for young people and 1,000 teenagers aged 14 to 18 from across the UK entered giving their own artistic answer to the question of 'Where Do I Belong'. Over 2,000 images were entered in the competition from 332 schools across the UK.

The ESRC continues to manage an active and effective public affairs campaign providing timely information and research to help inform decision making and policy. This includes publishing more of our highly successful series of evidence briefings and working with the All Party Group for Social Science and Policy and the Global Uncertainties All Party Group. For the 17th year running we hosted the ESRC and IFS pre-budget briefings. These three meetings for Conservatives, Labour, and Liberal Democrats and Other Parties provide an excellent platform to demonstrate the importance of sound economic research to policymakers.

We also help our academic community to reach new audiences and to achieve the maximum impact for their research. In 2013-14 we rewarded researchers for their outstanding economic and social impact in the first Celebrating Impact Prize. Minister for Universities and

Science the Rt Hon David Willetts said of the awards: "Economic and social science research affects almost every aspect of our lives, yet its value often goes unnoticed. These awards recognise the difference that this important work makes to our economy and society, from public policy to business practice."

### Evaluation of impact

We continue to develop our work to assess economic and societal impact in all its forms. Not only does this work provide us with a steady stream of compelling case studies providing clear evidence of the value of social science research in the wider world, but has also enabled us to pinpoint some key behaviours and practices which can enhance the potential for research impact. This evidence of best practice has been drawn upon in the development of tools and techniques to better support new and ongoing investments to enhance their future impact.

In 2013, we focused attention on some of our major and longstanding investments in economics research, identifying rich and diverse evidence of impact on policy and practice. In addition, we have undertaken two smaller studies, one looking at the impact of some of our successful Knowledge Transfer Partnerships (KTPs), and a second project assessing the interrelationship between interdisciplinary research and impact. Finally, building on the successful impact evaluation of the cross-Council Rural Economy and Land Use Programme (RELU) programme reported last year, we are currently assessing the impact of the long-standing New Dynamics of Ageing programme, co-funded with four other Research Councils. This evaluation will report later this year.

We are committed to continue exploring and developing our impact evaluation portfolio, particularly in the area of economic impact. In November 2013 we held an expert workshop to identify potentially fruitful avenues for future work in this area. There was a clear recognition from the workshop participants that assessing the economic impact of the social science presents a number of challenges. However, it was acknowledged that it was essential that the ESRC continues to explore innovative approaches, with the overwhelming consensus being for a suite of activity that provides both a macro-economic assessment, as well as focused and specific case studies that are more nuanced and grounded, and which allow the complexities of the pathways to impact within the social sciences to be clearly understood. We intend to take forward some of this work further in 2014.

# Vital statistics



# Who's who at the ESRC

## Council members and senior staff

### Members of Council 2013-14

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:** Vicki Crossley, ESRC



**Dr Alan Gillespie CBE**  
Chair, ESRC  
2009-2017



**Professor Tara Fenwick**  
Professor of Education at  
the University of Stirling  
2013-2016



**Jeremy Clayton**  
Representative of the Secretary  
of State for Business, Innovation  
and Skills



**Professor Paul Boyle**  
Chief Executive, ESRC  
2010-2014



**Paul Grice**  
Clerk and Chief Executive of the  
Scottish Parliament  
2009-2015



**Professor John Beath**  
Emeritus Professor of Economics,  
University of St Andrews, Secretary  
General, Royal Economics Society  
2009-2014



**Professor David Martin**  
Professor of Geography, University  
of Southampton  
2010-2016

### Senior Staff at the ESRC (in post at 31 March 2014)



**Professor Ann Buchanan**  
Professor of Social Work and  
Director of the Centre for Research  
into Parenting and Children,  
University of Oxford  
2007-2013 (left 2013)



**Dave Ramsden**  
Managing Director, Macroeconomic  
and Fiscal Policy Directorate,  
HM Treasury  
2008-2013 (left 2013)



**Chair**  
Dr Alan Gillespie CBE



**Professor-Dame Glynis  
Breakwell**  
Vice Chancellor,  
University of Bath  
2011-2017



**Dr James Richardson**  
Director, Fiscal and Deputy Chief  
Economic Adviser  
2013-2017



**Chief Executive**  
Professor Paul Boyle



**Martin Coleman**  
Head of Competition Law Group,  
Norton Rose LLP  
2010-2016



**Martin Rosenbaum**  
BBC Executive Producer  
2012-2015



**Director of Policy, Resources  
and Communications**  
Phil Sooben



**Professor Simon Collinson**  
Dean, Birmingham Business School,  
Professor of International Business  
and Innovation  
2011-2018



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



**Deputy Director of  
Policy, Resources and  
Communications**  
Dr Fiona Armstrong



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



**Professor Linda Woodhead**  
Professor of Sociology of Religion,  
Lancaster University  
2013-2016



**Director of Research,  
Partnerships and International**  
Adrian Alsop



**Dr Justin Davis Smith**  
Executive director of volunteering  
at NCVO  
2011-2014



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



**Deputy Director of Research,  
Partnerships and International**  
Jeremy Neathey

# Who's who at the ESRC

## Members of Committees 2013-14

### Methods and Infrastructure Committee

Paul Grice (Chair)  
Professor Edward Fieldhouse  
Professor Svenja Adolphs  
Professor Andy Furlong  
Mary Hickman  
Professor Allan Hill  
Professor Malcolm Williams  
Professor Robert Wright  
Neil Serougj  
Professor Andrew Henley  
Dr David Marshall  
Dr Paul Williamson  
Professor Ros Edwards  
Professor Micheline Beaulieu  
(left August 2013)  
Professor Dave De Roure  
(left December 2013)  
David Walker (left August 2013)  
Dr Paul Meller, ESRC (Secretary)

### Evaluation Committee

Professor Simon Collinson (Chair),  
Professor Tara Fenwick  
Professor Brian Francis

Dr Suzanne King  
Steven Marwick  
Jeremy Mayhew  
Professor Sandra Nutley  
Professor Paul Milbourne  
Dr Paul Nightingale  
Professor Martin Smith  
Professor Ken Starkey  
Penny Young  
Professor Anna Vignoles  
Professor Nyovani Madise  
Professor Paul Anand, (left August 2013)  
Dr Andrew Stafford, ESRC (Secretary)

### Training and Skills Committee

Professor John Beath (Chair)  
Sheryl Burton  
Professor Timothy Clark (Vice Chair)  
Professor Judi Ellis  
Dr Stuart Fancey  
Professor Maia Green  
Professor Simon Handley  
Professor Irene Hardill  
Professor John Holmwood  
Professor Peter Jackson  
Professor Susan McVie

Professor Peter Smith  
Professor Judith Squires  
(left January 2014)  
Dr Sally Stares  
Professor Chris Taylor  
Dawn Woodgate, ESRC (Secretary)

### Research Committee

Professor Dame Glynis Breakwell (Chair)  
Professor Jennifer Mason (Vice Chair)  
Professor Michael Bradshaw  
Martin Cooke  
Daniel Corry  
Diane Coyle  
Professor Hilary Graham  
Professor James Love  
Professor Steve Machin  
Professor Claire O'Malley  
Mark Robinson  
Professor Hazel Smith  
Professor John Stillwell  
Professor Andy Stirling  
Professor Claire Wallace  
Rosalie Ward  
Jeremy Neathey, ESRC (Secretary)

### Audit Committee

Martin Coleman (Chair)  
(Member of Council)

Professor Ann Buchanan (left July 2013)  
(Member of Council)

Dr Justin Davis-Smith  
(Member of Council)

Meryl Hayward

Allan Spencer

Andrew Lewis (Secretary)

# Progress against targets and milestones

The ESRC Scorecard for 2013-14 included 16 Key Deliverables, divided further into 40 Milestones. Achievements against the milestones can be summarised as follows:

Milestones fully achieved	Milestones achieved but with some delays	Milestones partly achieved	Milestones that have been delayed	Milestones that have been cancelled	TOTAL
33*	1	4	1	1	40

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

## Milestones

■ **24a in Q4:** Administration costs within 2013-14 are on target.

The following milestone has been achieved but with some delay to the original timetable:

■ **14a in Q4:** Announce the outcomes of the NORFACE Welfare State Futures Programme.

International panel considered full proposals on 2013-14 April 2014. Recommendations will be confirmed by NORFACE Board in July 2014.

The following milestone has been delayed to be reported in the future:

■ **24a in Q4:** Appoint a Data Navigator to identify data needs of Civil Society organisations and to maximise impact of existing data resources.

Scoping report concluded that many Third Sector Organisations (TSOs) do not possess the capacity, or sufficiently sophisticated research and/or data handling

skills, to make a third sector data navigator viable or useful to either TSOs or scholars in this area, and recommended against progressing this option. A different approach therefore needs to be developed to ensure this investment reaches its potential impact. We are now scoping out a dedicated Fellow who, with support from PhD interns, will offers opportunities both for a broad range of TSOs to engage with existing social science data and research resources and will also further ESRC's objective of increasing engagement between TSOs and academic researchers.

The following one milestone has been cancelled due to change in corporate focus:

■ **2c in Q4:** Undertake an evaluation of ESRC investment in capacity for quantitative methods, to inform future initiatives in this area.

This milestone has been cancelled for 2013-14 due to new investment in this area which is intended to address many of the key issues which would have been explored in the evaluation. Related work continues as part of the wider evaluation programme, and lessons from this will be fed into future evaluation work in this area.



# Data protection and information security

## Personal data-related incidents

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 2013-14

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 2013-14

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	0
IV	Unauthorised disclosure	4
V	Other	1

### Year-on-year total numbers of protected personal data-related incidents prior to 2013-14

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
2013-14	0	0	0	0	0	0
2012-13	0	0	0	0	0	0
2011-12	0	0	0	0	0	0

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

	I	II	III	IV	V	Total
2013-14	0	0	0	4	1	5
2012-13	0	0	0	0	1	1
2011-12	0	0	0	0	1	1

# Research and training

## Research grants

### Applications and awards by discipline

Primary discipline	Applications	Awards	Success rate %
Demography	1	0	0
Development studies	3	1	33
Economics	28	6	21
Education	27	1	4
Environmental planning	6	1	17
History	6	4	67
Human geography	19	1	5
Law and legal studies	10	2	20
Linguistics	9	5	56
Management and business studies	22	2	9
Medical and health interface	1	0	0
Political science and international studies	22	9	41
Psychology	88	26	30
Science and technology studies	8	2	25
Social anthropology	9	4	44
Social policy	13	3	23
Social work	4	1	25
Sociology	56	13	23
Tools, technologies and methods	2	1	50
<b>Total</b>	<b>334</b>	<b>82</b>	<b>25</b>

### Success rates overall – 2013-2014

	Total proposals	Authorised proposals	Success rate %	Value £
Research grants (open call)	334	82	25	36,326,969

### Success rate – Region 2013-2014

	Authorised	Rejected	Grand total	Success rate %
England	73	209	282	26
Northern Ireland	2	4	6	33
Scotland	5	31	36	14
Wales	2	8	10	20
<b>Total proposals</b>	<b>82</b>	<b>252</b>	<b>334</b>	<b>25</b>

## Responsive applications and awards by institution 2013-14

Data includes all research (standard) grant proposals processed to a funding decision in Financial Year 2013-14.

Research organisation	Total apps	Total awards	Total awards £ (at 80%)	Success rate %
Aston University	3	1	418,886	33
Bangor University	1	0	0	0
Bath Spa University	1	0	0	0
Birkbeck College	4	2	688,063	50
Brunel University	1	0	0	0
Cardiff University	6	2	583,005	33
City University London	5	2	618,116	40
Coventry University	1	0	0	0
De Montfort University	2	0	0	0
Durham University	6	1	639,887	17
Heriot-Watt University	2	0	0	0
Imperial College London	4	0	0	0
Institute of Development Studies	1	0	0	0
Institute of Education	4	1	298,631	25
King's College London	7	3	1,213,686	43
Kingston University	1	0	0	0
Lancaster University	1	1	493,293	100
Leeds Metropolitan University	1	0	0	0
Liverpool John Moores University	1	0	0	0
London School of Hygiene and Tropical Medicine	1	0	0	0
London School of Economics & Political Science	5	3	1,660,779	60
Loughborough University	4	1	332,715	25
Middlesex University	2	1	385,265	50
National Institute of Economic and Social Research	2	0	0	0
Newcastle University	5	0	0	0
Northumbria University	1	0	0	0
Open University	5	0	0	0
Oxford Brookes University	1	0	0	0
Queen Margaret University Edinburgh	1	0	0	0
Queen Mary, University of London	5	0	0	0
Queen's University of Belfast	5	2	661,741	40
Roehampton University	1	0	0	0
Royal Holloway, University of London	4	2	744,254	50
School of Oriental & African Studies	2	1	633,871	50
Sheffield Hallam University	1	0	0	0
St George's University of London	1	0	0	0
Swansea University	3	0	0	0
The University of Manchester	11	3	1,191,874	27
University College London	15	5	2,521,719	33
University of Aberdeen	4	1	516,862	25

# Research and training

## Responsive applications and awards by institution 2013-14

Research organisation	Total apps	Total awards	Total awards £ (at 80%)	Success rate %
University of Bath	5	2	558,783	40
University of Bedfordshire	1	0	0	0
University of Birmingham	10	4	1,313,333	40
University of Bradford	1	1	644,514	100
University of Bristol	12	3	1,203,685	25
University of Cambridge	3	1	1,336,214	33
University of Central Lancashire	3	0	0	0
University of Dundee	3	0	0	0
University of East Anglia	5	1	630,240	20
University of East London	5	0	0	0
University of Edinburgh	8	1	449,901	13
University of Essex	5	0	0	0
University of Exeter	6	1	630,329	17
University of Glasgow	4	1	603,010	25
University of Huddersfield	3	0	0	0
University of Hull	2	1	265,934	50
University of Kent	6	1	280,339	17
University of Leeds	10	0	0	0
University of Leicester	9	4	1,522,949	44
University of Lincoln	4	1	286,945	25
University of Liverpool	5	1	336,479	20
University of Nottingham	3	1	180,139	33
University of Oxford	14	6	3,616,456	43
University of Plymouth	1	1	686,369	100
University of Portsmouth	1	1	395,245	100
University of Reading	2	1	519,430	50
University of Salford	1	0	0	0
University of Sheffield	5	3	860,433	60
University of Southampton	14	2	469,442	14
University of St Andrews	3	0	0	0
University of Stirling	6	2	508,295	33
University of Strathclyde	4	0	0	0
University of Sunderland	1	0	0	0
University of Surrey	4	1	197,985	25
University of Sussex	11	3	1,715,753	27
University of Teesside	1	0	0	0
University of the West of England	1	0	0	0
University of the West of Scotland	1	0	0	0
University of Ulster	1	0	0	0
University of Warwick	11	3	1,346,816	27
University of York	8	3	2,165,302	38
<b>TOTAL</b>	<b>334</b>	<b>82</b>	<b>36,326,969</b>	<b>25</b>

# Research and training

## Regional Spend 2013-14

Region	Research (£000)	Training (£000)	2013-14 Spend (£000)
East Midlands	3,452	1,659	5,111
Eastern	23,720	3,519	27,239
London	39,592	9,360	48,952
North East	3,651	1,942	5,594
North West	7,174	4,291	11,466
Northern Ireland	2,209	111	2,319
Other	2,256	0	2,256
Scotland	16,711	5,044	21,756
South East	21,151	6,957	28,107
South West	7,045	3,156	10,201
Wales	6,978	3,378	10,357
West Midlands	6,484	3,117	9,601
Yorkshire and Humberside	6,424	3,786	10,210
<b>Grand Total</b>	<b>146,848</b>	<b>46,320</b>	<b>193,168</b>
<b>Other UK Distributions</b>	<b>12,385</b>	<b>6,410</b>	<b>18,795</b>
<b>Total Programme Investment</b>	<b>159,233</b>	<b>52,730</b>	<b>211,963</b>

## Top 11 Institutions by Research and Training Expenditure

Research organisation	2013-14 spend (£000)
University of Essex	19,562
University College London	13,299
University of Edinburgh	11,321
University of Oxford	10,065
London School of Economics and Political Science	9,009
Institute of Education	8,879
University of Southampton	8,337
University of Bristol	5,619
Cardiff University	5,477
The University of Manchester	4,922
University of Cambridge	4,734
<b>Grand total</b>	<b>101,225</b>
<b>% of overall total</b>	<b>52.40%</b>

# Research and training

## Top 11 Institutions by Research Expenditure

Research organisation	2013-14 spend (£000)
<b>Research expenditure</b>	
University of Essex	18,497
University College London	11,494
University of Edinburgh	7,496
Institute of Education	7,347
University of Oxford	7,203
University of Southampton	6,941
London School of Economics and Political Science	6,349
University of Glasgow	4,375
The University of Manchester	4,331
University of Leeds	3,545
Institute for Fiscal Studies	3,522
<b>Grand total</b>	<b>81,102</b>
<b>% of overall total</b>	<b>55.23%</b>

## Top 11 Institutions by Training Expenditure

Research organisation	2013-14 spend (£000)
<b>Training expenditure</b>	
University of Edinburgh	3,826
Cardiff University	3,197
University of Liverpool	3,054
University of Oxford	2,861
University of Sheffield	2,681
London School of Economics and Political Science	2,660
University of Bristol	2,660
University of Cambridge	2,025
University College London	1,805
University of Warwick	1,718
Durham University	1,688
<b>Grand total</b>	<b>28,175</b>
<b>% of overall total</b>	<b>60.83%</b>

# Research and training

## Evaluation

All ESRC research grant end-of-award and impact reports are peer-reviewed and graded. A summary of evaluation grades by academic discipline follows.

Discipline	O	VG	G	S	W	U
Area Studies	0	57	43	0	0	0
Demography	33	67	0	0	0	0
Economic and Social History	0	38	38	25	0	0
Economics	24	52	21	3	0	0
Education	10	60	20	10	0	0
Environmental Planning/Sciences	50	0	50	0	0	0
Human Geography	15	38	38	8	0	0
Linguistics	17	50	33	0	0	0
Management and Business Studies	6	44	50	0	0	0
Political Science and International Relations	23	58	19	0	0	0
Psychology	22	44	26	6	2	0
Science and Technology Studies	40	20	20	20	0	0
Social Anthropology	19	56	25	0	0	0
Social Policy	8	46	23	23	0	0
Social Work	0	67	0	0	33	0
Socio-Legal Studies	0	63	13	25	0	0
Sociology	11	46	39	4	0	0
Statistics, Computing and Methodology	0	80	20	0	0	0
<b>Total %</b>	<b>16</b>	<b>49</b>	<b>28</b>	<b>6</b>	<b>1</b>	<b>0</b>

### Grade definitions

*Outstanding (O)* – Research of the highest international quality and impact, with publications submitted to (or published in) leading journals or other academic outlets; and/or high-quality research with evidence of major impact on policy and practice.

*Very Good (VG)* – Research of strong international quality and strong impact within its field, with publications submitted to (or published in) leading journals or other academic outlets; and/or high-quality research with evidence of substantial impact on policy and practice.

*Good (G)* – Research of international quality and good impact within its field, with publications submitted to (or published in) well-regarded journals or other academic outlets; and/or high-quality research with some evidence of impact on policy and practice.

*Satisfactory (S)* – Research of good national standard and some impact within its field, with publications submitted to (or published in) good research outlets; and/or high-quality research with likely future impact on policy and practice.

*Weak (W)* – Research of sub-national standard and no impact within its field, with no publications submitted to (or published in) good research outlets. Or work that has failed to address some of the objectives agreed with the ESRC for reasons within the grant holder's control.

*Unacceptable (U)* – Research of poor standard, with no publications submitted to (or published in) good research outlets. Or work that has failed to address most of the objectives agreed with the ESRC for reasons within the grant holder's control.

# Management commentary and accounts





# Management commentary

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## 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).

## ESRC Strategy

### 3 ESRC'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.

### 4 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.*

### 5 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.

## Financial Review of the Year

- 6 The accounts for the year ended 31 March 2014 record gross expenditure of £223m compared with £204m for 2012-13. The Government Funds as at 31 March 2014 showed a deficit of £7.5m compared to a deficit of £15.0m in 2012-13. Total Grant in Aid drawn down was £211m of which £55.1 related to capital expenditure.

Programme investment has increased to £212m from the 12-13 figure of £193m as a result of increased capital expenditure.

## Efficiency

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

In the spring of 2011 RCUK published *Efficiency 2011-15: Ensuring Excellence with Impact* describing how the Research Councils would implement the recommendations in Sir William Wakeham's report *Financial Sustainability and Efficiency in Full Economic Costing of Research in UK Higher Education Institution*. The efficiency savings are being applied to both research grants and fellowships awarded via competitive route to Research Organisations and also to Research Council institutes. The combined savings for the first two years of the programme (2011-12 and 2012-13) have exceeded the planned £30.5 million and £82.2 million targets with details provided in the programme's annual report at [www.rcuk.ac.uk/RCUK-prod/assets/documents/documents/RCUK\\_Efficiency\\_Savings\\_Report\\_2012-13.pdf](http://www.rcuk.ac.uk/RCUK-prod/assets/documents/documents/RCUK_Efficiency_Savings_Report_2012-13.pdf)

The combined saving for the third year (2013-14) are planned to be £138.5 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, including asking applicants to demonstrate how the usage of the equipment will be maximised. RCUK is currently working with university partners to develop options to promote and assist equipment sharing, including exploring the issues around asset registers. There is good anecdotal evidence of significant progress by universities to promote sharing, and of very efficient usage of large pieces of experimental equipment.

# Management commentary

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## Future Developments and Performance

- 8 The performance of ESRC's business is covered in pages 4 to 45 of the Annual Report.
- 9 There are no identified trends or issues likely to significantly impact on ESRC's business or performance.

## Evaluation

- 10 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 programme investments 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.

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

- 11 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 2013-14 87.2% (2012-13 84%) of invoices were paid within 5 days.

The aggregate amount owed to trade creditors at 31 March 2014 compared with the aggregate amount invoiced by suppliers during the year expressed as a number of days in the same proportion to the total number of days in the financial year is equal to 46 days (2012-13 51.5 days).

## Equal Opportunities

- 12 The Research Council's policy on recruitment and selection is based on the Equality Act 2010 and focuses 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, the RC would make every effort to maintain employment and to ensure the availability of adequate retraining and career development facilities.

## Employee Involvement

- 13 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.
- 14 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

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15 Details of the Research Council's Pension Scheme (RCPS) are set out in Note 3C 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

16 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

17 The harmonised RC 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 Professional Support Unit (PSU) HR supports the harmonised Health & safety policy statement. The policy covers responsibilities, competencies, risks, controls, the provision of advice, performance measurement and staff consultation. The policy is accessible to all staff through UK SBS Knowledge Base along with all health and safety guidance and procedures. PSU HR coordinates a cross RC 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 RC management to carry out their duties.

### Sickness Absence

18 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.

19 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 :

	2013-14	2012-13
Total number of FTE staff as at 31 March 2014	142	133
Total days lost to sickness	795	779
Average working days lost	5.6	6
Days lost to long term (28 days or more)	382.5 (48%)	311/40%

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

### Environmental Policy

20 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.

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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 CO<sub>2</sub>/energy emissions.

Environmental issues are communicated to all staff through the cross Research Council Environmental Awareness newsletter. ESRC is exempted from disclosing the full sustainability reporting data required by the Governments commitments to the "Greening Report" as its full time equivalent staff and floor area are below the reporting thresholds.

### **Audit Committee**

21 ESRC's Audit Committee comprises three members of Council plus three 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**

- 22 The internal auditors of ESRC are the Audit and Assurance Service Group with an audit plan being agreed and undertaken each year.
- 23 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 2013-14 was £57,000. There was no auditor remuneration for non-audit work.
- 24 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 the ESRC's auditors are aware of the information.

27 June 2014  
Paul Boyle  
Accounting Officer

# Remuneration Report 2013-14

## Unaudited Information

### Remuneration Policy

- 1 The remuneration of the Chief Executive of ESRC is decided by a Remuneration Panel chaired by the BIS Director General of Knowledge and Innovation and approved by the BIS Permanent Secretary.
- 2 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.
- 3 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.
- 4 The remuneration of ESRC's Council members and Chairman is reviewed annually by BIS.

### Contractual Policy

- 5 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.

## Audited Information

### Salary and Pension Entitlements

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

#### Remuneration

	2013-14 Salary (£000)	2013-14 Bonus (£000)	2013-14 Pension benefits* (£000)	2013-14 Total (£000)	2012-13 Salary (£000)	2012-13 Bonus (£000)	2012-13 Pension benefits* (£000)	2012-13 Total (£000)
Prof P Boyle Chief Executive	120-125	5-10	60-65	190-195	120-125	5-10	105-110	235-240
Mr A Alsop Director of Research, Partnerships and International	70-75	0-5	40-45	115-120	65-70	0-5	0-5	70-75
Mr N Bird** Director of Finance	10-15	-	0-5	10-15	60-65	0-5	25-30	90-95
Mr P Sooben Director Policy, Resources and Communications	70-75	0-5	45-50	120-125	65-70	0-5	20-25	90-95

\* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

\*\* Part-year - Left 03 June 2013. Full year equivalent 60-65.

# Remuneration Report 2013-14

- 7 Salary paid in 2013-14 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. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. There was an average of 4% increase of salary for the above senior staff (excluding Mr N Bird who left part way through the year). No benefits in kind were received in 2013-14 (2012-13 zero). The highest paid Director was in the 125-130 band (excluding pension benefits) with the median remuneration figure of all staff being £28,678 giving a ratio of 4.45 (2012-13 – £29,271 and 4.36, this has been restated from last year's ratio of 4.2. The restated figure includes Bonus payment).
- 8 Decisions on whether to award non-consolidated performance awards to Directors are made by the CEO in conjunction with the Remuneration Committee. Decisions are strictly performance based and made in accordance with Cabinet Office Guidance 'Senior Civil Service pay 2013-14' document published in March 2013 and Non-Consolidated Performance Related Pay (NCPRP) guidance set out in the Government's announcement in May 2010. Directors were awarded non-consolidated awards based on how well they achieved or exceeded their personal objectives given to them at the beginning of the appraisal period by the CEO and approved by the Remuneration Committee.
- 9 The Professional Support Unit (PSU) was created in the year 2013-14. Mr G Raikes (Head of PSU & Director of Resources AHRC) and Mr A Lewis (Deputy Head of PSU & Director of Resources EPSRC) support the Finance function of ESRC following Mr N Bird's departure in June 2013. Their salary, however, is paid by their employing Council and disclosed in the respective Annual Reports. A proportion of their salaries are recharged to ESRC, as part of the agreed PSU charging process. A PSU recharge is necessary to ensure each of the Council's costs fairly reflect the services received. As staff costs are the largest component of PSU costs, the PSU recharge approach is based on a resource utilisation model.

The Remuneration of both the Head of PSU and the Deputy Head of PSU is determined by their employing Council's Remuneration Committee.

## Pension Benefits

Chief Executive and Directors	Accrued pension at pension age as at 31.3.14 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31.3.14 £000	CETV at 31.3.13 £000	Real increase in CETV £000
Prof P Boyle	11 no lump sum	3.7 no lump sum	120	74	32
Mr A Alsop	31 plus lump sum of 92	2.0 plus lump sum of 6	656	579	39
Mr P Sooben	26 plus lump sum of 38	2.5 plus lump sum of 2	396	340	31
Mr N Bird*	12 plus lump sum of 37	0.09 plus lump sum of 0.3	154	153	0.3

\* All pension data shown as at 03.06.2013

## Pensions

- 10 Details of the Research Councils' Pension Scheme (RCPS) is included in Note 3 to the Accounts.

### Research Council Pension Scheme (unaudited information)

- 11 The employees of ESRC are offered membership to 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.

All public service pension schemes have been required to deliver savings following a review of public service pensions by Lord Hutton. These savings are equivalent to an average increase of 3.2% in employee contributions paid by most RCPS members. These increases were spread over three years, the first applied in April 2012, the second in April 2013 and the last due in April 2014.

Employee contribution rates are as follows:

Annual pensionable earnings (full-time equivalent basis)	Classic Scheme		Premium, Classic Plus and Nuvo schemes	
	Current scheme contribution %	Contribution from 1 April 2014 %	Current scheme contribution %	Contribution from 1 April 2014 %
Up to £15,000	1.50	1.50	3.50	3.50
£15,001-£21,000	2.70	3.00	4.70	5.00
£21,001-£30,000	3.88	4.48	5.88	6.48
£30,001-£50,000	4.67	5.27	6.67	7.27
£50,001-£60,000	5.46	6.06	7.46	8.06
Over £60,000	6.25	6.85	8.25	8.85

## The Cash Equivalent Transfer Value (CETV)

**12** 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

**13** 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

**14** 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.

**15** The following table details the period of appointment covering each Council member who served on the Council during 2013-14 along with the remuneration received for that period.

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## Audited Information

### 2013-14 remuneration for Council Members

Name	Period of Appointment	Remuneration £k 2013-14	Remuneration £k 2012-13
Dr Alan Gillespie – Chair of Council	01.06.09 – 30.06.17	15 - 20	15 - 20
Professor John Beath – Chair, Training & Skills Committee	01.08.09 – 31.07.14	5 - 10	5 - 10
Professor Ann Buchanan – Chair, Evaluation Committee	01.08.07 – 31.07.13	0 - 5	5 - 10
Professor Dame Glynis Breakwell – Chair Research Committee	01.08.11 – 31.07.17	5 - 10	5 - 10
Mr Martin Coleman	01.04.10 – 31.07.16	5 - 10	5 - 10
Professor Simon Collinson	01.04.11 – 31.03.18	5 - 10	5 - 10
Professor Stuart Croft	01.08.11 – 31.07.14	5 - 10	5 - 10
Dr Justin Davis Smith	01.04.11 – 31.03.14	5 - 10	5 - 10
Professor Tara Fenwick	01.08.13 – 31.07.16	0 - 5	-
Mr Paul Grice – Chair, Audit Committee	26.10.09 – 31.07.15	5 - 10	5 - 10
Professor David Martin	01.08.10 – 31.07.16	5 - 10	5 - 10
Dave Ramsden*	05.02.08 – 31.07.13	-	-
Dr James Richardson*	01.08.13 – 31.07.17	-	-
Mr Martin Rosenbaum	01.08.12 – 31.07.15	5 - 10	0 - 5
Mr David Walker – Chair, Methods & Infrastructure Committee	01.02.07 – 31.07.13	0 - 5	5 - 10
Professor Linda Woodhead	01.08.13 – 31.07.16	0 - 5	-

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

27 June 2014  
Paul Boyle  
Accounting Officer



# Statement of Council's and Chief Executive's Responsibilities

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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 2013-14

This Governance Statement sets out my assessment of ESRC's potential vulnerabilities and capability to deal with the challenges facing us in our operating environment.

## Scope of Responsibility

As Accounting Officer, I have personal responsibility for maintaining a sound system of governance and internal control, which supports the achievement of ESRC's policies, aims and objectives. I also safeguard the public funds and ESRC assets for which I am responsible, ensuring they are properly accounted for and used economically, efficiently and effectively, in accordance with '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). I am supported in my role as Accounting Officer by a governance framework, which includes the Council, its Committees and Senior Management.

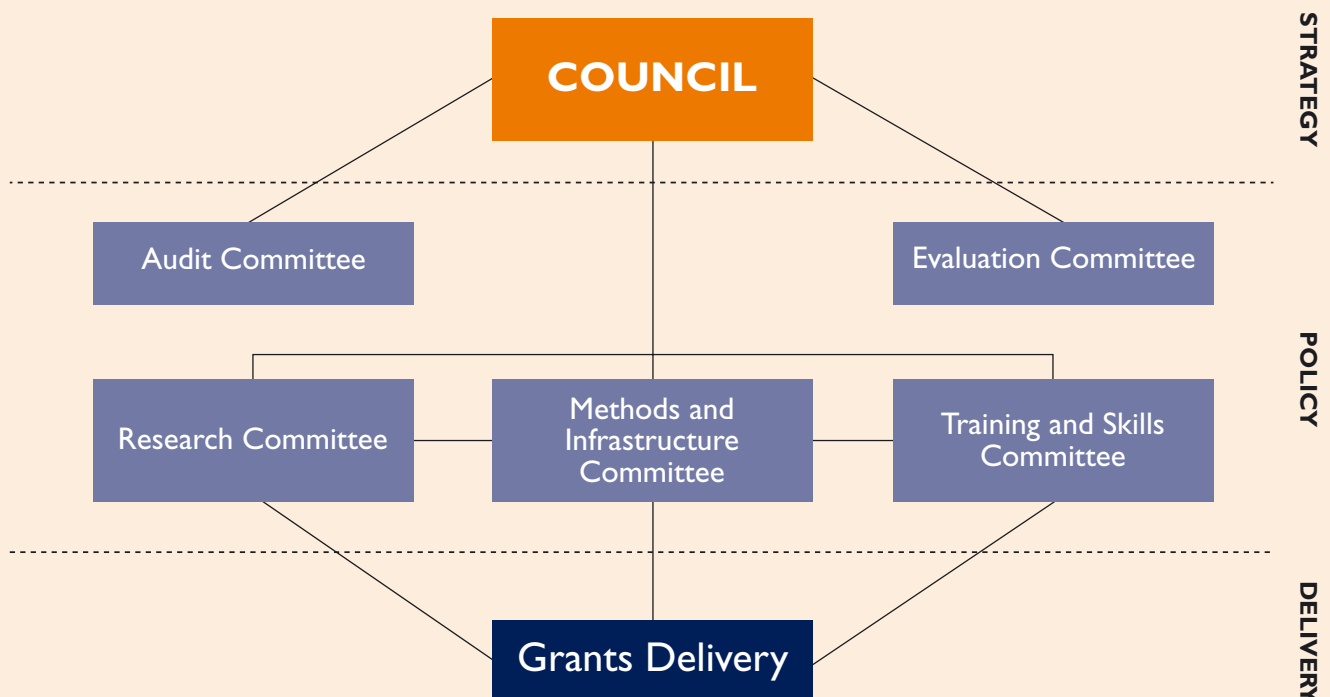
In forming my assessment I have examined the following sources of information:

- All council and committee meeting minutes;
- The work of internal audit, including work undertaken to evaluate funding assurance in UK universities and the operation of UK SBS Ltd;
- The assessments of my individual directors as covered in their stewardship reports.

## Governance Framework

ESRC is governed by its Council, which establishes and agrees the overall strategic direction of ESRC including its mission, aims, objectives and targets, as set out in its Royal Charter, Strategic and Delivery Plans. The Council also reviews regular financial reports on the management and performance of ESRC ensuring that appropriate action is taken to address any concerns identified, thus ensuring the good financial management of the ESRC. The Council also monitors the overall ESRC risk profile as well as individual risks carrying a high degree of threat.

In carrying out this work, the Council is advised by a structure of committees that work alongside a Peer Review College and grant assessment panels, and also by the Audit Committee. Our committees lead key aspects of our corporate strategy and oversee the development of our investments. All of these committees are chaired by Council members.



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The Council sets the vision and strategic direction for ESRC. The responsibility for carrying out key strategy is delegated to me as the Chief Executive. A diagram of ESRC's governance structure is shown on the previous page.

In 2013-14 Council met four times and discussion, amongst other matters, included:

- ESRC Strategic Approach;
- Spending Review;
- The What Works Initiative;
- Big Data;
- Business Engagement;
- Ventures and Cross Council Working;
- The Life Study;
- Transformative Research;
- The Future of the UK and Scotland Programme;
- Demand Management;
- The UK in a Changing Europe Initiative.

Council members are recruited through advertisement in the national press, with oversight provided by the Office of the Commissioner for Public Appointments (OCPA), and final appointments are subject to Ministerial approval. Members of Council and the ESRC's committees are listed on pages 36 and 37.

Members completed a review of Council effectiveness in 2013-14 and concluded that Council performs very well overall and is effective in discharging its role. Members commented that contributions are well-balanced across the membership and the content of meetings is well structured, with a good balance between formal governance and informed policy discussion. The support offered to Council by the ESRC office was considered to be professional and effective.

The Audit Committee, which includes independent members in addition to Council members, met three times during the year. Members are proposed by ESRC and approved by the Chair of Council.

The Committee provides assurance to Council and me, as Accounting Officer, by reviewing the adequacy and effectiveness of ESRC's framework of governance, risk management and controls; reviewing the annual accounts, and accounting policies, on behalf of Council and overseeing the outcomes of work by the internal and external auditors.

The Audit Committee supports discussion at Council through updates and briefings from the Chair of Audit Committee.

In October 2013, NAO facilitated an Audit Committee effectiveness workshop and produced a report and action plan. The outcome of the workshop confirmed that there were many areas where the Audit Committee is already effective and operating in line with current requirements and good practice. Following the review, an action plan has been put in place to address the recommendations arising from the workshop. This will be taken forward in 2014-15.

# Governance Statement 2013-14

The attendance of members at Council and Audit Committee meetings, for which they were eligible to attend, can be found in the following table with 2012-13 comparative figures for the total shown in brackets.

Name	Attendance at Council	Attendance at Audit Committee
Dr Alan Gillespie	4 out of 4	
Professor Paul Boyle	4 out of 4	
Professor John Beath	4 out of 4	
Professor Dame Glynis Breakwell	3 out of 4	
Professor Ann Buchanan	1 out of 1	1 out of 1
Mr Martin Coleman	4 out of 4	3 out of 3
Professor Simon Collinson	4 out of 4	1 out of 1
Professor Stuart Croft	2 out of 4	
Dr Justin Davis Smith	3 out of 4	2 out of 2
Professor Tara Fenwick	2 out of 3	
Mr Paul Grice	4 out of 4	1 out of 1
Professor David Martin	4 out of 4	1 out of 2
Dr James Richardson	2 out of 3	
Mr Dave Ramsden	1 out of 1	
Mr Martin Rosenbaum	3 out of 3	
Professor Linda Woodhead	1 out of 3	2 out of 2
Ms Meryl Hayward		2 out of 3
Mr Allan Spencer		2 out of 3
<b>Total 2013-14</b>	<b>85%</b>	<b>83%</b>
Total 2012-13	(90%)	(74%)

The Directors Group comprises myself as Chief Executive, Directors and Deputy Directors and is the executive body for ESRC. It meets regularly and is responsible for managing ESRC operations and finances in line with ESRC's 2011-15 delivery plan, as well as monitoring associated risks.

The Remuneration Committee is responsible for advising the Council on matters relating to the remuneration of Directors and Deputy Directors and other pay-related matters for senior staff. BIS determine my salary for my role as Chief Executive.

ESRC's Committees lead key aspects of our corporate strategy and oversee the development of our research and training investments. They work together to help in the delivery of corporate objectives with an emphasis on delivering excellent social science, societal and economic impacts.

In 2012-13 the Audit and Assurance Services Group (AASG) undertook a review of ESRC's compliance with the policies set out in the Cabinet Office 'Principles of Good Corporate Governance in Executive Non-Departmental Public Bodies', and received *Substantial Assurance*. ESRC continues to comply with the principles identified by the Cabinet Office with due recognition of the recommendations made within the report.

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## **UK Shared Business Services Ltd (UK SBS Ltd) formerly RCUK SSC Ltd**

UK SBS Ltd provides operational and transactional services to ESRC covering Finance, Human Resources, Information Systems, Procurement and Payroll. A review of UK SBS Ltd service delivery and the associated assurance issues are covered elsewhere within the Governance Statement.

### **Professional Support Unit (PSU)**

The PSU came into being on 2 April 2013 with staff co-locating on 7 October 2013. The PSU is responsible for providing the following professional services to AHRC, EPSRC and ESRC (the three Councils):

- Finance;
- Human Resources;
- Information Technology;
- Project Management;
- Reprographics.

In addition to providing a professional service in the above areas the purpose of the PSU is to deliver economies of scale, reduce costs and harmonise policies and processes on behalf of the three Councils.

Also, with the creation of UK SBS Ltd the small number of retained Council staff in Finance and HR left them vulnerable to single points of failure. The creation of the PSU has led to the establishment of a critical mass of professional support to the three Councils as well as helping to create meaningful professional career paths and opportunities.

The Head of PSU acts as the Director responsible for service provision to each of the three Councils. During 2013-14 reports were presented by the Head of PSU to the Audit Committee, which discussed governance issues and provided the opportunity for Audit Committee to raise issues and ask questions. The Head of PSU also attended Directors meetings where he was able to raise any issues of a governance nature and also address any governance issues raised by the ESRC CEO and Directors. Delegation letters were issued to the PSU Senior Management Team in October 2013.

The professional services provided by PSU in 2013-14 were managed by the PSU Senior Management Team with the level and scope of support covered in the PSU Service Agreement.

In 2014-15 the PSU will be overseen by a Management Board, made up of the Chief Executive Officers of the three Councils who will meet three times a year. A Risk Register has been produced covering the PSU and will be reviewed by the Management Board at each meeting. The Head of PSU will also provide quarterly reports for the Management Board to provide assurance on the level of service being delivered and the risks being managed.

During 2013-14 the PSU has provided a high level of professional support to the three Councils and work will continue in 2014-15 to ensure that the high standard of professional support continues and that the PSU fully engages with the three Councils to develop further the partnership arrangement and to explore and maximise the available benefits.

### **Risk Management**

ESRC's Risk Management Framework, in place for 2013-14, is based on the guiding principles of managing risk within the public sector but takes into account ESRC's structure, processes and culture. ESRC operates in a low risk environment with an internal control framework appropriate for a public sector organisation. ESRC has established a risk register which is reviewed regularly against the level of risk that ESRC is prepared to accept, having regard to its aims and objectives. Risks considered to be at the highest level are escalated to Council for consideration.

Our role is to support independent, high quality research and postgraduate training, as well as the impact that economic and social research can have in the business, public and third sectors. At any one time we support a significant number of researchers and postgraduate students in academic institutions and independent research institutes. Whilst the research we fund can, by its pioneering and innovative nature, have significant risk we have a very low risk appetite in terms of the way we conduct our business. We work only with eligible research institutions in the UK and make our investment decisions using a transparent peer review process, details of which can be found at: [www.rcuk.ac.uk/research](http://www.rcuk.ac.uk/research).

ESRC's risk management process is designed to manage risk and not eliminate it. The quarterly review process allows risk owners to comment on mitigation actions and provide assurance that risks are being managed.

# Governance Statement 2013-14

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Strategic risks are identified through Directors Group and regularly reviewed by Audit Committee and Council who pay particular attention to those highlighted as significant high-level risks. It is through this review process that ESRC is able to manage the key headline risks that impact on the delivery of ESRC's programmes and operations and enables mitigating actions to be agreed and implemented.

Risk reports have been regularly reviewed by Council and Audit Committee, who have been satisfied with the management of ESRC risk during 2013-14. In addition, during 2013-14, both Council and Audit Committee received specific reports covering a number of ESRC business critical projects, enabling strategic discussions about progress and future direction. Operationally, the most significant risks for ESRC are the challenges posed by the shared services environment. In the main these are:

- UK SBS Ltd expansion;
- Oracle Version Upgrade;
- Research Funding Programme;
- Migration of UK SBS Ltd to STERIA.

If these risks crystallise, ESRC, with limited spare capacity and reducing administrative budget, will find it difficult to continue its business of funding world leading research in a timely fashion. Also, the allocation of flat cash to programme budgets creates additional delivery pressures. ESRC closely monitors developments in these areas with strong representation on the appropriate governance groups. Developments are regularly reported to Audit Committee and Council in detail.

Overall, I am satisfied that, with effective input from Audit Committee and Council, risk is being managed effectively within ESRC.

## Other Key Governance Activities

### Pay Remit

Pay setting arrangements throughout the civil service are set out in guidance issued by HM Treasury, however in respect of the 2013-14 pay remit ESRC did not follow all of the requirement. We will review the internal processes to ensure compliance in the future.

### Data Security

ESRC is committed to safeguarding information and personal data. There were five incidents of lapses in the security of personal data in 2013-14 that were reported to BIS but were deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office.

ESRC has in place a system of control for Information Risk with exceptions and areas of concern being noted in our annual return to BIS. ESRC is compliant with the relevant requirements set out in the Security Risk Management Overview that feeds into the HMG Security Policy Framework. The return properly reflects an assessment of specific Information Assurance risk areas that are consistent with ESRC's risk appetite as recorded in the Council's Risk Register. All review processes and outcomes have been validated by the Audit and Assurance Services Group. During 2013-14 eLearning covering Data Protection and Government Security Classifications has been rolled out to all ESRC staff.

### Transparency

ESRC is committed to the Transparency Agenda introduced by the Government to allow visibility of how public funds are used and managed. I can confirm compliance with all the disclosure requirements which are made on our website and which are referenced on the DATA.GOV.UK website. The transparency disclosure made by ESRC covers:

- ESRC organisation structure;
- Staff salaries and senior posts;
- Government Procurement Card transactions;
- All expenditure.

### Ministerial Directions

There were no Ministerial directions given in 2013-14.

### Tax arrangements for public sector appointees

The Alexander Review, published in May 2012, made a number of recommendations to ensure that the highest standards of integrity could be demonstrated in the tax arrangements of senior public appointees. I can confirm that all of ESRC's senior staff are paid through the

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payroll and that arrangements are in place through retained HR to provide assurance that appropriate tax arrangements are in place to cover any other appointees covered by the report.

In 2013-14 ESRC identified six contractors who fell within the Alexander Review criteria. ESRC has sought and gained assurance that the appropriate tax arrangements are in place for the contractors identified.

Council members are 'office holders' as defined within HMRC guidance and their remuneration is subject to Pay As You Earn (PAYE) with income tax and employee National Insurance Contributions (NICs) deducted through the payroll.

As such, ESRC is in compliance with the recommendations in HM Treasury 'Review of the tax findings of public sector appointees', published in May 2012.

### **Macpherson Review**

The review of quality assurance of Government analytical models undertaken by Sir Nicholas Macpherson and published by HM Treasury in March 2013 made a number of recommendations for government departments and their Arm's Length Bodies. Following this review, ESRC reviewed its use of analytical modelling and did not identify any that were considered to be business critical. This was communicated to BIS and I can confirm that ESRC complies with the requirements set out in Howard Orme's letter dated 15 May 2013.

### **Austerity Measures**

ESRC has robust control processes, checks and reporting arrangements in place to review and manage expenditure in keeping with the austerity measures introduced by Government in May 2010.

### **Regularity and Propriety**

ESRC is committed to establishing and applying appropriate regularity and propriety standards, including applying appropriate cultures and behaviours and does not tolerate any form of fraud, bribery and/or corruption. It is important that we are able to withstand both internal and external scrutiny and key components in this regard are the Council's existing policies on:

- Counter Fraud;
- Whistle-Blowing;
- Conflicts of Interest;
- Gifts and Hospitality.

ESRC requires all staff, including Council and groups within the governance structure to act honestly and with integrity and to safeguard the public resources for which they are responsible.

ESRC's counter fraud policy was refreshed in 2013-14 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. Also, e-learning awareness training covering counter fraud and bribery was rolled out to ESRC staff in 2013-14.

The PSU Head of Risk and Assurance also attends the BIS Counter Fraud Working Group where best practice is shared and current fraud issues discussed.

In 2013-14 AASG undertook a cross Council audit on Fraud Management with ESRC receiving *substantial assurance*. A number of recommendations were made which are being implemented. A harmonised fraud policy across the Research Councils is a recommendation that has been accepted and which will be taken forward for 2014-15.

As a consequence of the Cabinet Office Fraud & Error Mandate and in common with the other Research Councils and UK SBS Ltd, ESRC has undertaken reviews for fraud and error which has resulted in:

- Board level Counter-fraud & Error accountability;
- Fraud & Error Capacity assessment;
- Fraud & Error risk assessment;
- Fraud & Error Action Plan;
- A cross Council harmonised Whistleblowing Policy.

# Governance Statement 2013-14

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These reviews represent ESRC's continued approach to Managing Risk of Financial Loss. The outcome of the review was that there were no high risks of fraud and error but the plan identified some areas where improvements should be made.

I can confirm that for 2013-14:

- Neither I nor my staff authorised a course of action, the financial impact of which is that transactions infringe the regulatory requirements as set out in Managing Public Money;
- There were no novel, contentious or repercussive transactions that required BIS or Treasury approval;
- There were no instances of fraud identified within ESRC or within UK SBS Ltd which impacted on ESRC.

## Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of governance, risk management and other internal controls at the ESRC to ensure a sound system of internal control is being maintained. In 2013-14 this review has been informed by the work of the ESRC's Directors, the Audit Committee, the internal audit service provided by AASG, comments from the external auditors and cross-Council assurance programmes.

## ESRC Directors

ESRC Directors have responsibility for the development and maintenance of the internal control framework and provide me with an annual report on their stewardship and management of internal control. Whilst some issues have been raised, which will be addressed during 2014-15, I am content that the 2013-14 reports provide me with reasonable assurance that a sound internal control framework is in place.

## Audit Committee

I have examined the reports of ESRC Audit Committee meetings including their review of internal controls, governance and risk management processes. Other than the UK SBS Ltd issues, which are covered below, no issues have been raised with me by the committee.

## Internal Audit

Internal Audit is provided by AASG. The Director of AASG is required to provide me with an opinion on the overall adequacy and effectiveness of the ESRC's framework of governance, risk management and internal control. This opinion is informed by the internal audit work completed during the year; in line with the internal audit plan agreed by management and the Audit Committee. The work of AASG provides assurance in three areas: core ESRC activities, which account for 50% of the overall assurance opinion; cross-Council activities with an ESRC involvement, which account for 20% of the overall assurance opinion; and processes shared by the ESRC and UK SBS Ltd, which account for 30% of the overall assurance opinion.

In 2013-14 AASG were able to provide ESRC with an overall *Substantial Level of assurance* on the adequacy and effectiveness of ESRC's controls and governance processes.

During the year a number of audits and assurance work were undertaken within the three blocks of activity. The implementation of recommendations that relate specifically to ESRC are monitored by PSU with progress reports presented to each Audit Committee meeting.

## Block 1 – Core ESRC Audits

The Core audits undertaken in 2013-14 were:

- Understanding Society: Information Security ;
- Corporate Governance: Governance Framework and Statement ;
- Strategic Partnerships and Collaborative Research Ventures ;
- Knowledge Transfer Partnership (KTP) Scheme .

All recommendations in relation to the above audits have been accepted with implementation plans in place.

## Block 2 – UK SBS Ltd Shared Audits

In 2013-14 AASG carried out an agreed programme of assignments covering Business Process Audits (BPA) and Controls Security Framework Audits (CSF).

The BPA audits review the end to end processes shared by UK SBS Ltd and the Research Councils, specifically reviewing the 'control design' and 'control effectiveness'. All BPA audits received Substantial Assurance, compared to 86% in 2012-13. AASG have indicated that there



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remain issues with the quality of Master Data which supports the Purchase to Pay and Order to Cash processes which will continue to be monitored in 2014-15.

The CSF audits underpin the end to end processes and a number of key areas relating to 'Change Control', 'Master Data Maintenance' and 'Database Security and Control' within UK SBS Ltd continue to receive Limited Assurance. Action plans and monitoring are now in place at UK SBS to address these issues. However, a significant control weakness remains open at the year-end in respect of UK SBS not having disaster recovery arrangements covering information systems and arrangements that are in place have not been tested.

### **Block 3 – Cross Council Audits**

In 2013-14, AASG carried out eighteen cross Council activities. Whilst five of the audits received Limited Assurance, it is the view of AASG that none of these represented significant control weaknesses requiring disclosure within the Governance Statement. Where recommendations relate specifically to ESRC, their implementation is closely monitored by PSU. The recommendations of a cross Council nature are monitored through the cross Council Risk & Assurance Network or through the appropriate functional governance group within the Councils.

AASG have commented that IT governance, risk management and control operate against a number of challenges facing organisations globally. In 2012-13, based on a risk index profiling model, the risk profile was assessed as High. The Limited Assurance in these areas for 2013-14 within Blocks 2 and 3 will have resulted in a decline in realised assurance. The 2014-15 audit programme will address this by including increased focussed coverage to assist in raising the assurance profile in this area and to follow-up actions taken in relation to previous audit recommendations.

I am concerned that the Limited Assurance provided by internal audit work within Block 2 and over the UK SBS elements of the IT related audits within Block 3 represents an area of risk for ESRC which I am not able to manage directly. I therefore rely on the Accounting Officer of UK SBS to provide me with an appropriate annual assurance in these areas and note that AASG have increased coverage in this respect for 2014-15.

### **Cross Research Council Funding Assurance Programme (FAP)**

Funding assurance activities, which are part of the AASG's remit, focus on the regularity of expenditure for research grants. These activities focus on substantive testing of the control environment within research organisations and its effectiveness in ensuring compliance with the Research Councils' terms and conditions that accompany funding streams. In 2013-14, thirty-six assurance assignments were undertaken, comprising of fifteen visits, three enhanced desk based reviews and eighteen desk based reviews. This programme is an important element in the risk management framework for ESRC and findings for the year indicate that a satisfactory level of assurance can be reported based on the work undertaken.

### **UK SBS Ltd Assurance**

UK SBS Ltd provides processing services in human resources, procurement, payroll, finance, grants and IT to all seven Research Councils. During 2013-14 work was ongoing to develop further the security and controls framework operating between the Research Councils and UK SBS Ltd.

The Annual Governance Statement (AGS) records the level of assurance received in respect of the work carried out by UK SBS Ltd on behalf of the Research Councils. In past years, this assurance has been recorded through the AASG report and commentary from the Research Councils' Client Services Group (CSG), which oversaw the UK SBS Ltd/Research Council relationship and provided a report for the AGS. Reports on AASG activity and CSG's review are still included in this AGS but the CSG role has altered as direct ownership and control of UK SBS Ltd has passed from the Research Councils to BIS.

This year, the Chief Executive Officer of UK SBS Ltd has provided assurance directly to Research Council Accounting Officers. In a letter dated 28 February 2014, the CEO provided a personal assurance that the shared service had operated properly during the year. The letter provides a detailed commentary in ten specific areas listed below.

- Significant challenges faced by the business in 2013-14.
- Progress against audit recommendations.
- UK SBS Ltd's Risk Management and Internal Control and Compliance Arrangements.
- UK SBS Ltd's performance against its Critical Performance Indicators (CPI).
- Counter Fraud.
- Information Security and Data Security.

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- IT Challenges and the effectiveness of the UK SBS Ltd.'s Security Arrangements.
  - The Client Governance Forums.
  - Internal Audit Annual Assurance Statement.
  - Significant challenges the business expects to face in the course of financial year 2014-15.

The letter also states that UK SBS Ltd will be reviewing its current Internal Audit provision during 2014-15. UK SBS Ltd recognise that the challenge here will be to develop an audit plan and audit approach which meets the Company's needs but also satisfies the assurance requirements of its customers.

#### **Overall Assurance**

The letter highlights positive improvements in system controls and acknowledges that significant challenges remain. Whilst much needs to be done, UK SBS Ltd has concluded that risks have generally been managed to an acceptable level.

I note the content of the UK SBS Ltd letter and welcome it as a source of assurance for this and future years. I also note the observations made by AASG in relation to the CSF framework and the potential for interruption during the Oracle upgrade and other potential changes in the UK SBS Ltd business environment.

Nevertheless, I expect the positive improvement to continue and, as a result, the level of assurance to improve.

#### **External Audit**

I have reviewed comments made by our external auditors, the National Audit Office, in their 2012-13 Audit Completion Report and am satisfied that the ESRC has taken the actions required to address the audit findings.

#### **Conclusion**

The conclusion of my review is that ESRC's overall governance risk management and internal control structures are sound and ensure that public money is properly accounted for and used economically, efficiently and effectively. I can provide assurance that the governance and control structures in place support the achievement of the ESRC's policies, aims and objectives and that effective plans for continuous improvement are in place.

27 June 2014  
Paul Boyle  
Accounting Officer

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

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I certify that I have audited the financial statements of The Economic and Social Research Council for the year ended 31 March 2014 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 Board, Accounting Officer and auditor**

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

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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 Economic and Social Research Council's affairs as at 31 March 2014 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.

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**Matters on which I report by exception**

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records 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.

3 July 2014

Sir 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 2014

	Notes	2013-14 £000	2012-13 £000
<b>Expenditure</b>			
Programme Investment	2	211,963	193,010
Staff and Council Members Costs	3a	6,312	5,770
Other Costs	4	3,115	3,431
Notional Service Charges*	4	1,477	1,741
<b>Total Expenditure</b>		<b>222,867</b>	<b>203,952</b>
<b>Income</b>			
Income From Other Bodies	5	(18,096)	(22,893)
<b>Net Expenditure</b>		<b>204,771</b>	<b>181,059</b>
Interest Receivable		-	(1)
<b>Net Expenditure after Interest</b>		<b>204,771</b>	<b>181,058</b>
Other Comprehensive Expenditure		-	-
<b>Total Comprehensive Expenditure for the Year</b>		<b>204,771</b>	<b>181,058</b>

All activities are continuing.

\* The SBS charges ceased to be a monthly charge in 2013-14 and are now deducted from ESRC's allocation from BIS. To enable comparability in the accounts, the prior year costs have been separately disclosed. They were previously reported under other expenditure.

The notes on pages 71 to 86 form part of these accounts

# Accounts

## Statement of financial position for the year ended 31 March 2014

	Notes	As at 31 March 2014 £000	As at 31 March 2013 £000
<b>Non-Current Assets</b>			
Property, Plant & Equipment	7(a)	2,927	2,900
Intangible Assets	7(b)	113	187
<b>Total Non-Current Assets</b>		<b>3,040</b>	<b>3,087</b>
<b>Current Assets</b>			
Trade & Other Receivables	9	11,772	9,403
Cash & Cash Equivalents	10	5,191	1,284
<b>Total Current Assets</b>		<b>16,963</b>	<b>10,687</b>
<b>Total Assets</b>		<b>20,003</b>	<b>13,774</b>
<b>Current Liabilities</b>			
Trade & Other Payables	11	(27,501)	(28,770)
<b>Total Assets Less Current Liabilities</b>		<b>(7,498)</b>	<b>(14,996)</b>
<b>Assets Less Liabilities</b>		<b>(7,498)</b>	<b>(14,996)</b>
<b>Taxpayers Equity</b>			
Income & Expenditure Reserve		(9,828)	(17,534)
Restricted Reserve		-	302
Revaluation Reserve		2,330	2,236
		<b>(7,498)</b>	<b>(14,996)</b>

27 June 2014  
Paul Boyle  
Accounting Officer

## Statement of cash flows for the year ended 31 March 2014

Cash Flows from Operating Activities	Notes	2013-14 £000	2012-13 £000
Net Expenditure after interest		(204,771)	(181,058)
Interest Income		-	(1)
Intangible Asset Impairment		-	215
Investment Impairment		-	185
Depreciation Charge	7(a)	67	80
Amortisation Chg	7(b)	74	337
Release of Bequest Fund		(302)	-
(Decrease)/increase in Provisions	12	-	(16)
Decrease/(Increase) in Receivables	9	(2,369)	7,421
(Decrease)/increase in Payables	11	(1,269)	(16,204)
<b>Net Cash Outflows from Operating Activities</b>		<b>(208,570)</b>	<b>(189,041)</b>
<b>Cash Flow from Investing Activities</b>			
Derecognition of Investments		-	700
Interest received		-	1
<b>Net Cash Flows from Investing Activities</b>		<b>-</b>	<b>701</b>
<b>Cash Flows from Financing Activities</b>			
Grant-in-Aid received from BIS		155,900	189,000
Grant-in-Aid received from BIS (Capital)		55,100	-
Notional Service Charges		1,477	-
<b>Net Cash Flows from Financing Activities</b>		<b>212,477</b>	<b>189,000</b>
<b>Net Increase/(Decrease) in cash and Cash Equivalents in the period</b>		<b>3,907</b>	<b>660</b>
<b>Cash and Cash Equivalents at the beginning of the period</b>		<b>1,284</b>	<b>624</b>
<b>Cash and Cash Equivalents at the end of the period</b>		<b>5,191</b>	<b>1,284</b>

The SBS charges are now a notional cost as they are directly funded through BIS. As such, from 2013-14 they are now disclosed under Financing Activities. In 2012-13 they were paid by ESRC and would have been included in Operating Activities.

## Statement of changes in taxpayers' equity for year ended 31 March 2014

	Restricted Reserve £000	Revaluation Reserve £000	Income & Expenditure Reserve £000	Total Government Funds £000
Balance at 1 April 2012	326	2,236	(25,500)	(22,938)
<b>Changes in Taxpayers' Equity 2012-13</b>				
Grant-in-Aid received from BIS	-	-	189,000	189,000
Transfer of Restricted Funds	(24)	-	24	-
Net Expenditure after Interest	-	-	(181,058)	(181,058)
<b>Balance at 31 March 2013</b>	<b>302</b>	<b>2,236</b>	<b>(17,534)</b>	<b>(14,996)</b>
<b>Changes in Taxpayers' Equity 2013-14</b>				
Grant-in-Aid received from BIS for revenue expenditure	-	-	155,900	155,900
Grant-in-Aid received from BIS for Capital expenditure	-	-	55,100	55,100
Notional Service Charges	-	-	1,477	1,477
Revaluation in year	-	94	-	94
Release of Bequest Fund	(302)	-	-	(302)
Net Expenditure after Interest	-	-	(204,771)	(204,771)
<b>Balance at 31 March 2014</b>	<b>-</b>	<b>2,330</b>	<b>(9,828)</b>	<b>(7,498)</b>

The Bequest Fund was fully utilised in 2013-14 in accordance with the conditions attached.



# Notes to the Accounts

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## I a. Statement of accounting policies

### Basis of Accounting and Accounting Convention

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.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and meet the accounting and disclosure requirements of the Companies Act 1985 and the accounting and financial reporting standards issued or adopted by the International Accounting Standards Board as interpreted for Government use by the Financial Reporting Manual (FRoM) and in so far as these requirements are appropriate. Where the FRoM permits a choice of 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. The particular policies adopted by the Council are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment and intangible assets, where material.

The financial statements are presented in £ sterling and all values are rounded to the nearest thousand, except where indicated otherwise.

### Going Concern

These Financial Statements have been prepared on the basis of a Going Concern. Any deficit shown on the Income and Expenditure Reserve will be extinguished over time, having regard to the resource and capital budgets to which ESRC can be expected to have access.

On 20 December 2010 David Willetts, Minister for Universities and Science, announced the ESRC's financial allocations for 2011-12 through to 2014-15 as part of the Comprehensive Spending Review (CSR). Programmes allocations were fixed for the CSR period but the Administration allocation is confirmed on an annual basis. Confirmation of the 2014-15 Administration allocation was received in April 2014. The Programme allocation has also been confirmed for 2015-16 although future years Administration costs have not been communicated. However ESRC has no reason to believe that future funding from BIS will not be forthcoming.

The Triennial Review of the Research Councils was published by BIS in April 2014. The review, which examined the form, function and governance of the UK's seven Research Councils recognised that the Councils are at the heart of UK science, research and innovation and play a vital role in driving academic success and the associated economic benefit. The review has also confirmed that the current number and structure of the seven Research Councils is right. Many of the recommendations have already been implemented and ESRC are working alongside the other Councils and BIS to implement the remainder as soon as possible. Therefore the accounts are produced on a going-concern basis.

### Adoption of Standards and Changes in Policy

All International Financial Reporting Standards, Interpretations and Amendments to published standards, effective at 31 March 2014, have been adopted in these financial statements, taking into account the specific interpretations and adaptations included in the FRoM.

**IAS 1 Presentation of Financial Statements (effective for periods beginning on or after 1 June 2012)** – The amendments to IAS 1 revises the way other comprehensive income is presented, requiring separate subtotals for those elements which may be 'recycled' (e.g. cash-flow hedging, foreign currency translation), and those elements that will not.

**IAS 19 Post-Employment Benefits (effective for periods beginning on or after 1 January 2013)** – The amendment to IAS 19 introduces a number of changes regarding recognition, presentation and the disclosures. It also modifies accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment.

### Effective for Future Financial Years

The IASB and IFRIC issued certain standards and interpretations with an effective date after the date of these financial statements. Where these changes are relevant to ESRC's circumstances they are listed below and will be adopted at the effective date. They have not been adopted early and their adoption is not expected to have a material impact on ESRC's reported income or net assets in the period of adoption.

IFRS 7 Financial instruments: Disclosures (effective for periods beginning on or after 1 January 2013) Amendment to the offsetting of financial assets and financial liabilities. The ESRC does not expect this change will impact the accounts or require any additional disclosures.

# Notes to the Accounts

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**IFRS 9 Financial Instruments (effective for periods beginning on or after 1 January 2015)** – IFRS 9 is a replacement for IAS 39 and introduced new requirements for the classification and measurement of financial assets. ESRC will undertake an assessment of the impact of IFRS 9 once the full requirements are known.

**IFRS 13 Fair value Measurement (effective for periods on or after 1 January 2013)** – IFRS 13 has been issued to provide a single source of guidance for fair value measurement. The standard does not include requirements on when fair value measurement is required; it prescribes how fair value is to be measured if another standard requires it.

## **b. Financing and Income**

The FReM requires Non-Departmental Public Bodies to account for Grant-in-Aid as financing. In the ESRC's case this includes Grant-in-Aid from the Department for Business, Innovation and Skills.

Monies from other Research Councils for co-financing of various Grant programmes are recognised as income when goods or services are delivered and title has passed, and charged to the Statement of Comprehensive Net Expenditure in the accounting period in which the goods or services are rendered.

The Council receives funding for collaborative projects to support ESRC's research. The majority of this funding is received from the UK Public Sector. Some of the funding may involve payment for the collaboration a number of years in advance of the accounting period to which it relates. Where there is a variance between work done in the accounting period and received funding, income will be deferred where the contract or agreement allows.

## **c. Property, Plant and Equipment and Intangibles**

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

Property, plant and equipment are 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 any 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 fixture 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. 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
Data Sets	5-10 years
Website	5 years

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The estimated useful economic lives of non-current assets 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 other limits on the use of an asset. An increase in the estimated useful life of any item of property, plant and equipment or intangibles would decrease the recorded operating expenses and increase non-current assets values.

#### **d. Impairment of Non-Current Assets**

The ESRC has a relatively small asset base and at any point in time, during the course of normal business, there is unlikely to be a material difference between the historic and current cost values of the Council's non-current assets. This position is however kept under review. The carrying amounts of the ESRC'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 in the Statement of Comprehensive Net Expenditure when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

#### **e. 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 the operating segments, and as segmental information on assets and liabilities is not used internally, disclosure is not needed.

#### **f. 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 13.

#### **g. Research and Development**

As a research organisation, all the ESRC's research and development expenditure is charged to the Statement of Comprehensive Net Expenditure when it is incurred. Intellectual property rights arising from research and development funded by the ESRC are passed to the organisations performing the research.

#### **h. Financial Instruments**

Due to the non-trading nature of its activities and the way in which the ESRC is financed, the 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. The ESRC has very limited powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day to day operational activities and are not held to change the risks facing the ESRC in undertaking its activities.

Trade receivables are not interest bearing and are carried at original invoice amount. Provision for impairment is established when there is objective evidence that the ESRC 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 the ESRC is established or when the corresponding assets or expenses are recognised.

#### **i. Key Accounting Judgements**

The preparation of financial statements requires management to make estimates and assumptions. These affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period.

On an ongoing basis, management evaluates its estimates and judgements. These estimates and judgements are based on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different assumptions and conditions.

# Notes to the Accounts

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Provisions are recognised when there is a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the obligation, and where the amount of the obligation can be reliably estimated (see Note 12).

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events (see Note 14).

## **j. Operating Leases**

ESRC currently holds 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.

## **k. Foreign Currencies**

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transactions. Any exchange differences arising in the ordinary course of business are taken to the Statement of Comprehensive Net Expenditure. Assets and liabilities in foreign currencies in existence at the Statement of Financial Position date are translated at the rates ruling at that date.

## **l. Value Added Tax**

The ESRC is a member of a VAT Group along with the other Research Councils. By registering as a group there is a single VAT registration covering all of the members. All supplies made by or to group members are deemed to be made by or to the representative member. Supplies made between group members are disregarded for VAT. There is, therefore, no VAT payable on supplies made between group members, representing a saving in administration costs.

From the 1 February 2013, SBS UK Ltd is acting as a Cost Sharing Group (CSG). This allows SBS UK Ltd to provide services to the VAT group members exempt of VAT. Members of this group comprise the seven Research Councils, BIS, Higher Education Funding Council for England and Technology Strategy Board.

## **m. Pension Costs**

Retirement benefits to employees of the Council are provided by the Research Councils' Pension Scheme (RCPS), the Prudential Partnership Pension, Scottish Widows Partnership Pension and Standard Life Partnership Pension. The expected costs of providing pensions are charged to the Statement of Comprehensive Net Expenditure so as to spread the cost over the service lives of employees in the schemes operated, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll. More details on pensions can be found in Note 3.

## **n. Employee Benefits**

Employees are entitled to 30 days annual leave per year. The annual leave year for the ESRC runs from 1 January to 31 December. The cost of untaken employee leave at 31 March 2014 has been accrued for:

## **o. Early Departure Costs**

The costs of early retirement or severance are charged to the Statement of Comprehensive Net Expenditure when the early departures are agreed. These costs are net of the lump sums recoverable from the pension schemes when the individual reaches normal retirement age.

## **p. Notional SBS Charge**

Ownership of SBS transferred from the Research Councils to BIS on 6 March 2013. From 1 April 2014-15 the cost of SBS's services to ESRC ceased to be a monthly charge and instead was deducted from ESRC's funding from BIS. In order to accurately reflect the cost of using SBS's services in the annual accounts the charge has been shown as a notional cost on the Statement of Comprehensive Expenditure and it has then been written back to the Income and Expenditure Reserve.

## **q. 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. Insurance premiums are charged to the Statement of Comprehensive Net Expenditure.

## **r. Cash and Cash Equivalents**

Cash and cash equivalents comprises of cash at bank.

### 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. ESRC's restricted reserve was fully utilised in 2013-14 and the balance at 31 March 2014 is nil.

## 2 Programme investment

	2013-14 £000	2012-13 £000
Responsive	39,410	41,567
Strategic & Collaborative	52,013	46,400
Methods & Infrastructure	57,039	38,125
International & Other	3,166	3,878
Training & Skills	52,730	54,387
Knowledge Exchange	7,605	8,653
	<b>211,963</b>	<b>193,010</b>

The primary format used for internal reporting is by programme investment as this reflects ESRC's internal management structure.

### 3a Staff costs

	Permanently Employed Staff £000	Temporary Staff £000	Seconded Staff £000	Council and Committee Members £000	2013-14 £000	2012-13 £000
Wages and Salaries	4,501	178	89	195	<b>4,963</b>	4,456
Social Security Costs	299	-	-	-	<b>299</b>	332
Superannuation Note 3C	1,050	-	-	-	<b>1,050</b>	982
<b>Staff and Council Members Costs</b>	<b>5,850</b>	<b>178</b>	<b>89</b>	<b>195</b>	<b>6,312</b>	<b>5,770</b>
PSU Adjustment	(75)	-	-	-	<b>(75)</b>	-
<b>Adjusted Total</b>	<b>5,775</b>	<b>178</b>	<b>89</b>	<b>195</b>	<b>6,237</b>	<b>5,770</b>

No exit packages have been paid in 2013-14.

The PSU recharge is included in the note above to better reflect the true staff costs of ESRC when taking into account the impact of the PSU.

# Notes to the Accounts

## 3b Staff numbers

	2013-14 Permanently Employed	2013-14 Temporary Staff	2012-13 Permanently Employed	2012-13 Temporary Staff
Strategic Management	5	-	4	2
Programme investment Delivery and Management	108	4	84	15
Administration Support	20	1	28	
<b>Total ESRC Staff Employed</b>	<b>133</b>	<b>5</b>	<b>116</b>	<b>17</b>
PSU staff employed by ESRC	(7)	-	-	-
Estimated FTE allocation of PSU to ESRC	14	-	-	-
<b>PSU Adjustment</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjusted ESRC Staff</b>	<b>140</b>	<b>5</b>	<b>116</b>	<b>17</b>

ESRC, Arts and Humanities Research Council (AHRC) and Engineering and Physical Sciences Research Council (EPSRC) created a Professional Support Unit (PSU) in 2013. The PSU provides joint services across the three Councils for the following functions: Human Resources, Finance, Programme Office, Information Services, Joint Information Services Unit (JISU) and Joint Reprographic Service (JRS). The AHRC hosts the PSU and it has been agreed that all new staff appointments will be recruited to AHRC.

The total ESRC headcount includes 7 fte of PSU staff. A cost recharge across the three Councils to redistribute the costs across the functions in relation to the support provided was applied in the year. This PSU recharge created income to the ESRC. In ESRC staff costs will be reported at a gross level (i.e. including PSU staff employed by ESRC) throughout the Annual Report and Accounts, however adjustments have been made in the note above to give a more fair reflection of the fte utilised by ESRC.

ESRC currently supports 13 annual graduate placements; these are included in the permanently employed figure for 2013-14. For 2012-13 they were classified as temporary staff. Graduate placements are employed on a 1 year fixed term contract with a defined notice period, which grants them the same rights as permanent employees, resulting in a re-classification.

## 3c. Pension Schemes

The assets of all schemes are held separately from those of the ESRC in independently administered funds. It is not possible to identify the ESRC's share of the underlying assets and liabilities of any of the pension schemes and therefore contributions to the scheme are accounted for as if they were defined contribution schemes. The pension cost charge represents contributions payable by the ESRC to the funds.

### The Research Councils' Pension Scheme (RCPS)

The employees of ESRC are offered membership to 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. All public service pension schemes have been required to deliver savings following a review of public service pensions by Lord Hutton. These savings are equivalent to an average increase of 3.2% in employee contributions paid by most RCPS members. These increases were spread over three years, the first applied in April 2012, the second in April 2013 and the last due in April 2014. During 2013-14 the employee contribution rates ranged between 1.5% and 8.25% depending on scheme and pensionable earnings.

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 0.08 per cent 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 employer contribution for 2013-14 was £521.59.

The accrued pension 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.

Formal actuarial valuations are used to determine employer and employee contribution rates. The last actuarial evaluation undertaken for the RCPS, as at 31 March 2006, was completed in 2008-09. Subsequently, an actuarial valuation as at 31 March 2010 was initiated but was not completed before valuations for unfunded public service pension schemes were suspended by HM Treasury while future scheme terms were being developed as part of the reforms to public service pension provision. HM Treasury have issued the Government Actuary Department (GAD), the RCPS scheme actuary, with directions for calculating public service pension scheme valuations as at 31 March 2012 with any resulting contribution changes likely to apply from 1 April 2015.

For 2013-14, employer's contributions of £1,050k were payable to RCPS (2012-13 £982k) at 26% of pensionable pay for all 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.

#### 4 Other and notional costs

	2013-14 £000	2012-13 £000
Maintenance and Office Support	812	1,002
Operating Expenses	1,233	898
Corporate Communications	51	23
Staff Travel, Conferences and Training	690	508
Auditors Remuneration	57	63
RCUK Office	131	120
SSC (Now SBS) Service Costs	-	-
Depreciation / Amortisation	141	417
Loss on Joint Venture	-	185
Impairment on Intangible Assets	-	215
Notional Service Charges	1,477	1,741
	<b>4,592</b>	<b>5,172</b>

# Notes to the Accounts

Please note that the SBS service charge is now made through an allocation reduction by BIS. The equivalent charge for 2012-13 was £1.7m, for comparability purposes they are both disclosed as other expenditure in the accounts, despite the differing treatments year on year. Total spend on professional and consultancy fees for the period totalled £609k.

## 5 Income received from other bodies

	2013-14 £000	2012-13 £000
Non Departmental Government Bodies	7,802	11,981
Other Government	9,165	8,533
Other	1,129	2,379
	<b>18,096</b>	<b>22,893</b>

## 6 Statement of operating costs by operating segment

### Analysis by programme segment 2013-14

	Programme Costs £000	Staff Costs £000	Other Costs £000	Notional SBS Costs £000	Loss on investment £000	Depreciation & Amortisation £000	Total £000
Responsive	39,410	715	482				40,607
Strategic & Collaborative	52,013	3,844	561				56,418
Methods & Infrastructure	57,039	59	225				57,323
International & Other	3,166	18	5				3,189
Training & Skills	52,730	22	4				52,756
Knowledge Exchange	7,605	6	10				7,621
Programme Delivery and Administrative	-	1,648	1,686	1,477	-	142	4,953
	<b>211,963</b>	<b>6,312</b>	<b>2,973</b>	<b>1,477</b>	<b>-</b>	<b>142</b>	<b>222,867</b>



### Analysis by programme segment 2012-13

	Programme Costs £000	Staff Costs £000	Other Costs £000	Notional SBS Costs £000	Loss on investment £000	Depreciation & Amortisation £000	Total £000
Responsive	41,567	1,403	1,310	-	-	-	44,280
Strategic & Collaborative	46,400	1,973	219	-	-	-	48,592
Methods & Infrastructure	38,125	361	156	-	-	-	38,642
International & Other	3,878	235	40	-	-	-	4,153
Training & Skills	54,387	337	15	-	-	-	54,739
Knowledge Exchange	8,653	209	14	-	-	-	8,876
Programme Delivery and Administrative	-	1,252	1,075	1,741	185	417	4,670
	<b>193,010</b>	<b>5,770</b>	<b>2,829</b>	<b>1,741</b>	<b>185</b>	<b>417</b>	<b>203,952</b>

The primary format for segmental reporting is by programme investment 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.

# Notes to the Accounts

## 7(a) Property plant and equipment

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

	Freehold buildings £000	Freehold land £000	IT furniture & fittings £000	Total £000
<b>Cost / Valuation</b>				
At 1 April 2013	2,030	1,008	52	3,090
Adjustment	-	-	6	6
Revaluations	-	95	-	95
Disposals	-	-	(36)	(36)
<b>At 31 March 2014</b>	<b>2,030</b>	<b>1,103</b>	<b>22</b>	<b>3,155</b>
<b>Depreciation</b>				
At 1 April 2013	138	-	52	190
Adjustment	1	-	6	7
Provided in Year	67	-	-	67
Disposals	-	-	(36)	(36)
<b>At 31 March 2014</b>	<b>206</b>	<b>-</b>	<b>22</b>	<b>228</b>
<b>Net Book Value</b>				
<b>At 31 March 2014</b>	<b>1,824</b>	<b>1,103</b>	<b>-</b>	<b>2,927</b>
<b>Cost / Valuation</b>				
At 1 April 2012	2,030	1,008	52	3,090
Reclassification	-	-	-	-
Additions	-	-	-	-
Revaluations	-	-	-	-
Disposals	-	-	-	-
<b>At 31 March 2013</b>	<b>2,030</b>	<b>1,008</b>	<b>52</b>	<b>3,090</b>
<b>Depreciation</b>				
At 1 April 2012	68	-	42	110
Provided in Year	70	-	10	80
Revaluations	-	-	-	-
Disposals	-	-	-	-
<b>At 31 March 2013</b>	<b>138</b>	<b>-</b>	<b>52</b>	<b>190</b>
<b>Net Book Value</b>				
<b>At 31 March 2013</b>	<b>1,892</b>	<b>1,008</b>	<b>-</b>	<b>2,900</b>

## 7(b) Intangible assets

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.

	Data Sets £000	Software £000	Website £000	Total £000
<b>Cost / Valuation</b>				
At 1 April 2013	-	241	173	414
Impairment	-	-	-	-
Disposals	-	-	-	-
<b>At 31 March 2014</b>	<b>-</b>	<b>241</b>	<b>173</b>	<b>414</b>
<b>Depreciation</b>				
At 1 April 2013	-	152	75	227
Provided in Year	-	38	36	74
Revaluations	-	-	-	-
Disposals	-	-	-	-
<b>At 31 March 2014</b>	<b>-</b>	<b>190</b>	<b>111</b>	<b>301</b>
<b>Net Book Value</b>				
<b>At 31 March 2014</b>	<b>-</b>	<b>51</b>	<b>62</b>	<b>113</b>
<b>Cost / Valuation</b>				
At 1 April 2012	2,079	241	173	2,493
Impairment	(215)	-	-	(215)
Disposals	(1,864)	-	-	(1,864)
<b>At 31 March 2013</b>	<b>-</b>	<b>241</b>	<b>173</b>	<b>414</b>
<b>Depreciation</b>				
At 1 April 2012	1,601	114	39	1,754
Provided in Year	263	38	36	337
Disposals	(1,864)	-	-	(1,864)
<b>At 31 March 2013</b>	<b>-</b>	<b>152</b>	<b>75</b>	<b>227</b>
<b>Net Book Value</b>				
<b>At 31 March 2013</b>	<b>-</b>	<b>89</b>	<b>98</b>	<b>187</b>

# Notes to the Accounts

## 8 Investment in joint venture

Investment in SSC (Now SBS)	2013-14 £000	2012-13 £000
<b>Cost</b>		
1 April 2012	-	1,135
Additions	-	-
<b>31 March 2013</b>	<b>-</b>	<b>1,135</b>
<b>Impairment</b>		
1 April 2012	-	250
Impairment	-	185
<b>31 March 2013</b>	<b>-</b>	<b>435</b>
Disposal	-	(700)
<b>Net Book Value</b>		
1 April 2012	-	885
<b>31 March 2013</b>	<b>-</b>	<b>-</b>

ESRC holds one Non Government Department (NGD) share (nominal value £1) in UK Shared Business Services Ltd (UK SBS), as do eight other NGD shareholders. These NGD shares together carry 49% of the votes in UK SBS. The Department for Business Innovation and Skills (BIS) holds one Government Department (GD) Share (nominal value £1) carrying 51% of the votes. BIS also owns 100% of the non-voting shares in UK SBS, which entitle to it 100% of the profits of that company.

## 9 Trade receivables and other current assets

	2013-14 £000	2012-13 £000
<b>Current Receivables</b>		
Co Funding Receivables (Central Government Bodies)	1,079	229
Co Funding Receivables (Other Bodies)	2,440	2,009
Other Receivables (Other Bodies)	2	13
	<b>3,521</b>	<b>2,251</b>
Less: Provision for bad and doubtful debts	-	-
	<b>3,521</b>	<b>2,251</b>
Prepayments and accrued income (Central Government Bodies)	1,202	29
Prepayment and accrued income (Other Bodies)	7,049	7,123
	<b>11,772</b>	<b>9,403</b>

## 10 Cash and cash equivalents

### 10a The following Balances at 31 March were held at

	2013-14 £000	2012-13 £000
Government Banking Service	5,191	982
Restricted Reserve Bank Account	-	302
<b>Cash at 31 March</b>	<b>5,191</b>	<b>1,284</b>

### 10b Reconciliation of movements in cash to movements in net funds

Cash at 1 April	1,284	624
Net Change in Cash and Cash Equivalent Balances	3,907	660
	<b>5,191</b>	<b>1,284</b>

## 11 Trade payables and other current liabilities

Amounts falling due within one year	2013-14 £000	2012-13 £000
Research Accrual (Other Bodies)	18,817	24,587
Deferred Income (Central Government Bodies)	656	-
Deferred Income (Other Bodies)	3,499	96
Other Payables and Accruals (Other Bodies)	1,397	2,614
Other Payables and Accruals (Central Government Bodies)	3,132	1,473
	<b>27,501</b>	<b>28,770</b>

## 12 Provision for liabilities and charges

	2013-14 £000	2012-13 £000
As At 1 April 2013	-	16
Provided in Year	-	-
Utilised in Year	-	(16)
<b>As At 31 March 2014</b>	<b>-</b>	<b>-</b>

# Notes to the Accounts

## 13 Forward commitments on approved grants and awards

The payments to which the ESRC is committed during 2013-14, analysed by the fiscal period during which the commitment expires are as follows.

a) Research awards	2013-14	2012-13
2013-14	-	106,556
2014-15	129,331	61,875
2015-16	90,805	48,395
Later Years	105,500	-
	<b>325,636</b>	<b>216,826</b>

b) Postgraduate training	2013-14	2012-13
2013-14	-	44,471
2014-15	39,527	38,414
2015-16	25,697	41,334
Later Years	18,133	-
	<b>83,357</b>	<b>124,219</b>

c) Knowledge exchange	2013-14	2012-13
2013-14	-	3,119
2014-15	3,926	87
2015-16	1,912	-
Later Years	907	-
	<b>6,745</b>	<b>3,206</b>

d) Other	2013-14	2012-13
2013-14	-	7,040
2014-15	10,489	7,771
2015-16	9,499	7,257
Later years	9,165	5,281
	<b>29,153</b>	<b>27,349</b>

d) There were no capital commitments at 31 March 2014. (2012-13 nil)

## 14 Contingent liabilities

The Council has no material contingent liabilities. (2012-13 none)

## 15 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.

In addition ESRC had the following material transactions with other Government Departments and other Central Government bodies: Department of Health; Higher Education Funding Council for Wales; Department for International Development; Department for Works and Pensions and the Defence Science and Technology Laboratory.

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 2013-14.

Information is disclosed on material transactions with any related party of these senior staff and Council members (*Table B*). The amounts disclosed represent actual amounts paid in 2013-14.

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 2013-14.

**Table A**

Council member	Institution	Number of awards	Amount £
Professor John Beath	University of St Andrews	24	2,006,784
Professor Dame G Breakwell	University of Bath	15	1,105,114
Professor A Buchanan MBE	University of Oxford	77	10,064,849
Professor Simon Collinson	University of Birmingham	47	3,900,761
Professor S Croft	University of Warwick	41	4,725,889
Professor T Fenwick	University of Stirling	19	875,453
Professor D Martin	University of Southampton	44	8,336,921
Professor L Woodhead	Lancaster University	31	2,057,705

**Table B**

Council/Committee members	Related Party	No of awards held	Amount
Sheryl Burton	Sister	1	Doctoral Training Centre Allocation
James Hamilton Love	Daughter	1	Doctoral Training Centre Allocation

# Notes to the Accounts

Table C

Council / Committee members	Institution	Number of Awards	Aggregate amount £
Professor A Barlow	University of Exeter	1	152,615
Professor H Graham	University of York	1	63,817
Professor V Hazan	University College London	1	101,016
Professor C Jarrod	University of Bristol	1	129,285
Professor D Martin	University of Southampton	2	71,765
Professor S McVie	University of Edinburgh	2	1,117,032
Dr P Nightingale	University of Sussex	1	99,672
Professor K Rastle	Royal Holloway, Univ of London	2	44,185
Professor J Raymond	University of Birmingham	1	29,709
Dr A Shah	London School of Economics & Political Science	1	67,071
Professor J Stillwell	University of Leeds	1	389,425
Professor A Stirling	University of Sussex	1	92,609
Professor A Sutherland	University of St Andrews	1	117,146
Professor C Taylor	Cardiff University	1	1,888
Professor S Vickerstaff	University of Kent	1	38,100

## 16 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. ESRC is not therefore exposed to significant liquidity risks.

**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.

## 17 Losses and special payments

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

## 18 Events after the reporting period

In accordance with the requirements of IAS 10 'Events after the Reporting Period', post Statement of Financial Position events are considered up to the date on which the Accounts are authorised for issue. This is interpreted as the same date as the date of the Certificate and Report of the Comptroller and Auditor General. There are no post Statement of Financial Position events between the balance sheet date and this date.







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