WORLD-CLASS RESEARCH
WORLD-CLASS SKILLS
WORLD-CLASS INNOVATION

STFC Annual Report and Accounts **2013-2014**

Science & Technology Facilities Council

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Science and Technology Facilities Council Annual Report and Accounts 2013-14

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ANNUAL REPORT FOREWORD

The continued investments that we are making in science and technology mean that, even in challenging times, we can deliver vital economic and societal benefits for the UK and its people. Our world-class facilities are used by around 3,500 users each year to carry out over 2000 experiments across a wide range of the physical and life sciences, providing cutting edge and cost-effective research techniques using neutrons, muons, lasers and X-rays, high performance computing and complex analysis of large data sets. Each year, our unique combination of pioneering facilities, researchers, engineers and industrial partners, generates a myriad of innovative scientific outcomes. The impact of our work can be felt in areas ranging from medicine and healthcare through to space technology and supercomputing: finding solutions to the challenges of everyday life.

STFC's strategic partnerships with key international science organisations like CERN, the Institut Laue-Langevin, the Square Kilometre Array and the European Synchrotron Radiation Facility help to ensure that the UK remains competitive and effective in a global knowledge economy, and that we continue to contribute to and invest in science with worldwide significance and real results. We believe that the UK is one of the best places in the world to work in science and technology, and we are working hard to make sure this continues to be true.

We want the UK to continue leading in science and technology well into the future, and we believe that demonstrating the inspirational aspects of science, how it can impact lives for the better and how it makes a difference in the world all serve to attract young people into STEM careers. Through a comprehensive programme of high-impact public outreach activities, ranging from our Borrow the Moon scheme for schools through to providing funding support for academics, we are inspiring the next generation of scientists, showing why science, engineering and mathematical disciplines are rewarding and exciting subjects in which to study and work.

It gives me pleasure to introduce STFC's Annual Report – a document that highlights some of the exciting, life-changing achievements we have made in the last financial year, both in the UK and internationally. It also describes how we have responded to the financial constraints we continue to face in our continuing difficult economic climate. Having just conducted a thorough programmatic review, we are confident that we have defined a portfolio of scientifically excellent activities that is well balanced and gets the utmost impact from the public funding that we are entrusted to spend.

STFC is therefore moving forward into the new financial year with a positive outlook, confident that we will continue to deliver new technological and scientific advances to further our understanding of the world and to benefit our society.

Professor Sir Michael Sterling

INTRODUCTION AND WELCOME

THE DISCOVERY OF THE HIGGS BOSON AT CERN PAVED THE WAY FOR PROFESSOR PETER HIGGS TO WIN THE 2013 NOBEL PRIZE FOR PHYSICS, DEMONSTRATING – ONCE AGAIN – THAT UK SCIENCE AND ENGINEERING IS WORLD-CLASS.

The scientific and technical expertise of STFC's programme, our people and our facilities continues to be recognised on an international level, bringing significant, measurable benefits to the UK economy.

Our status as a trusted partner in the development of major international science facilities for the UK has been underlined by the Government with the announcement of £265m of new capital investment to allow STFC to contribute to the construction of the Square Kilometre Array (SKA) and the European Spallation Source (ESS) projects. Visionary projects such as these will expand our understanding of the Universe, drive the development of ground-breaking technologies, help to attract and develop the skilled and technically-educated workforce the UK needs, and ensure UK scientists have access to international research facilities.

Dr Stephen Myers was awarded an OBE in Her Majesty the Queen's Birthday Honours List 2013. With over 40 years' experience at CERN, the Belfast-born physicist has led a team of over 2000 researchers and engineers working at the LHC. The latest news from CERN is that scientists have observed (for the first time) a subtle difference between matter and antimatter, and confirmed the existence of a new class of subatomic particles – exotic hadrons. We can be proud of our contribution to this ongoing search for answers to fundamental questions about the Universe.

These are exciting times for nuclear physics, and STFC has become an associate member of FAIR, the Facility for Antiproton and Ion Research) which is under construction at Darmstadt in Germany and aims to be the most advanced nuclear physics research facility in the world. The UK is contributing to the construction of one of FAIR's main experiments. NUSTAR, which will study extremely rare nuclear processes such as might be created inside exploding stars, adding to our understanding of the origin of the chemical elements.

Accelerator scientists at Daresbury Laboratory have been awarded a €5.5 million contract by the EuroGamma S consortium, which is tasked with delivering the most powerful gamma beam facility in the world as part of the international ELI project. STFC will supply 22 accelerator modules that steer, control and measure intense beams of electrons accelerated to more than 700 000 000 000 volts. Our Centre for Advanced Laser Technology and Applications has won a £2.2 million contract to develop a cutting-edge laser amplifier, capable of producing extremely powerful bursts of laser energy, for the same facility.

The ISIS neutron and muon source has been praised as innovative and world-leading by an international panel, who determined that ISIS's operations provide an excellent capability to the user community, and are world-class. The panel was particularly impressed with the continuous improvement and innovation shown in experiments carried out at the facility. We continue to invest in our facilities, keeping them at the forefront of science and technology. ISIS' new Larmor instrument, a neutron super-microscope, will expand our material science research capabilities in fields such as engineering, food, health and the environment. Deputy Prime Minister Nick Clegg visited another of ISIS' new instruments, CHIPIR, which is the first dedicated facility outside of the US to examine how computer chips can be disrupted by cosmic radiation (one aspect of 'space weather'). Larmor and CHIPIR will be fully operational by the end of 2014, the first two of four new instruments for ISIS.

ISIS continues to emphasise collaboration with other science facilities at home and internationally, and has signed Memorandums of Understanding to promote closer links with both the National Physical Laboratory and the new ESS. STFC has also signed a six-year agreement worth €15 million with the Consiglio Nazionale delle Ricerche (the Italian National Research Council). Italy is one of ISIS's oldest international partners; Italian science at ISIS spans a wide range of areas from fundamental studies through to biomaterials, materials for energy and cultural heritage studies.

Our recent programmatic review endorses the technical excellence of the Diamond Light Source, and the quality of the science it has delivered since it became operational seven years ago. Diamond now operates 24 beamlines, with 33 planned by 2018. The VMX beamline for submicron and in situ samples, and the long wavelength beamline I23 will soon be providing unique science capabilities not available anywhere else in the world.

At the Central Laser Facility, a major grant from the Biotechnology and Biological Sciences Research Council has paved the way for a unique laser instrument capable of hitting a sample up to a 100,000 times a second. LIFEtime will be able to characterise biological processes such as photosynthesis in plants, and changes in proteins and DNA. A second grant will pay for a super-resolution microscope that can be used to study the function of almost any organelle (the functional units within plant and animal cells).

Astronomers across the UK celebrated the monumental achievement of the completion of ALMA, the most complex ground-based telescope in existence. ALMA is the result of two decades of work from institutions all over the world. STFC's technology department designed, manufactured and delivered the cryostat cooling units that keep the sensitive instruments in each of the 66 antennae at their operating temperature. RAL Space hosted and operated Europe's Front End Integration Centre, integrating and testing crucial components. UK ATC developed The Observing Tool, essential software, and the University of Manchester is home to the UK ALMA Regional Centre Node, offering support to scientists using the telescope. ALMA will show us never-before seen details about the birth of stars and planets, and of infant galaxies in the early Universe.

To commemorate the valuable contribution Professor Peter Higgs has made to global science, which was recognised with a Nobel Prize in 2013, a new Higgs Centre for Innovation will be built at the UK Astronomy Technology Centre (UK ATC). The centre will focus on two of the eight great technologies – space and big data – that unite UK science and business strengths. It will house up to 12 small businesses with the aim of bridging the gap between research and industry. The centre combines STFC's existing expertise in business incubation and technology access with the technology strengths of UK ATC, and will allow PhD students to gain entrepreneurial experience.

We continue to invest in the scientists and engineers of the future, via our work experience, student placements and graduate training schemes. We know that the ambition and scale of our science is inspirational, and our public engagement programme takes it to as wide an audience as possible. A wide range of activities brings the public on to our sites to see science in action, but we also take our science to the public. Our 'Seeing the Universe in all its Light' exhibition has already travelled 3200 miles to capture the imagination of 26,000 visitors in 14 locations across the UK. Over the last two years the 'Explore Your Universe' national programme of events in Science and Discovery Centres has reached more than 156,000 people, delivering benefits equally to boys and girls, helping to address the under-representation of women in STEM careers.

Scientists and engineers live in the real world, and understand the challenges we face. We strive to deliver outstanding and world-leading science whilst bringing huge benefits to society and to the UK economy. The continuing strong support for STFC's work shows how successful we have been, and will continue to be in the future.

John Womersley

STATUTORY BASIS OF THE COUNCIL

The Science and Technology Facilities Council (STFC) was established on 1 April 2007 as an independent Research Council under the Science and Technology Act 1965. STFC's Royal Charter was granted by Her Majesty the Queen on 7 February 2007.

STFC's activities during 2013-14 have been in accordance with the objects set out in its Charter which is available on the Council's website (see http://www.stfc.ac.uk/Charter).

STFC ORGANISATION

STFC is one of Europe's largest multidisciplinary research organisations supporting scientists and engineers worldwide. The Council operates world-class, large-scale research facilities and provides strategic advice to the UK Government on their development. It also manages the UK interests in major international collaborations such as CERN and ESO, and research projects, in support of a broad cross-section of the UK research community. STFC also directs, coordinates and funds research, education and training.

As well as operating as a single corporate entity, STFC has operated its own wholly owned trading subsidiary, STFC Innovations Ltd (SIL). This technology exploitation company successfully manages commercial activity through spin-outs, licensing and trading.

STFC continued to be the major shareholder in the Diamond Light Source Limited (DLSL), a joint venture established with the Wellcome Trust Limited for the construction and operation of the Diamond facility: a third generation, medium energy, synchrotron radiation source. STFC is also a partner in a number of other joint venture arrangements: Institut Laue Langevin (ILL); the Harwell Science and Innovation Campus (trading name: Harwell Oxford); and Sci-Tech Daresbury (previously known as the Daresbury Science and Innovation Campus).

MANAGEMENT COMMENTARY

STFC FINANCIAL PERFORMANCE

The Financial Statements have been prepared in accordance with a Direction issued by the Secretary of State for Business, Innovation and Skills (BIS) in pursuance of Section 2(2) of the Science and Technology Act 1965.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 (FReM).

STFC's Financial Statements are the consolidation of the Council and its wholly owned subsidiary, SIL. STFC's Consolidated Financial Statements incorporate the Council's share of the results of its joint ventures. The results of SIL and the joint ventures are consolidated in accordance with IFRS.

As a non-departmental public body (NDPB), the Council is required to remain within its specific budgeted limits agreed with BIS, under the governance of Resource Accounting and Budgeting (RAB); the regime by which HM Treasury, on behalf of Central Government, ensures public sector spending is satisfactorily controlled. A new administration cost regime was introduced in the 2010 Spending Review and separate administration budgets have been issued to NDPBs with effect from 2011-12. In broad terms, administration budgets cover the cost of all NDPB administration other than the cost of direct frontline service provision – the latter being classified as programme expenditure.

In compliance with the budgeting regime, the Council was required throughout the year to advise BIS of its total forecast net expenditure for the year end, split between administration, programme and capital, based on the requirement from HM Treasury to adhere as closely as possible to the forecast.

	Resource		Capital	Total
	Programme	Administration		
	£'000	£'000	£'000	£'000
Allocation	469,404	13,361	133,343	616,108
Outturn	462,409	13,285	135,344	611,038
In year (under)/over spend	**(6,995)**	**(76)**	**2,001**	**(5,070)**

Following the necessary accounting policies the financial statements show net expenditure for the year of £513.4m. This is reconciled to the outturn position as shown below:

	Note to the Financial Statements	£'000
Net expenditure for the year as per Consolidated Statement of Comprehensive Net Expenditure (CSCNE)		513,425
Annually Managed Expenditure not included in allocation		652
Property, plant and equipment (PPE) additions	13	64,169
Intangible additions	12	93
Investment additions	14	32,911
Net PPE disposal	13	(212)
Total Outturn		**611,038**

Consolidated net expenditure for the year increased by £26.7m from £486.7m to £513.4m (page 58).

Significant increases in expenditure include the following:

- £3.3m research grants: £9.3m increased new programme funding within astronomy, particle and nuclear physics, offset by £6.0m decrease in the e-science, neutron and light sources and external innovations, as anticipated by a reduced programme;
- £4.7m in international subscriptions: predominantly relates to CERN increase of £7.6m and ESO increase of £1.2m due a change in the percentage contribution rate; offset by a reduction in the ILL subscription of £4.2m as there was no Fukushima safety payment requirement in 2013-14;
- £6.4m increase in staff costs due to a rise in head count, partly covered by funding from increased commercial activity (£4.5m);
- £12.5m increase in property, plant and equipment impairment due to a write back of £11m impairment in the prior year following a professional revaluation;
- £5.2m increase in joint venture funding for Diamond Light Source Ltd, in line with agreed funding levels; and
- £5.6m increase in operating costs mainly due to prior year credit of £7.2m, in relation to the revaluation of decommissioning costs; offset by a reduction in administration services and staff travel and subsistence of £2.7m.

Offset by the following reductions:

- £1.5m restructuring mainly due to STFC staff redundancy costs (£1.0m) no longer being required in relation to STFC withdrawal from the Joint Astronomy Centre (JAC), Hawaii in 2014-15 (see also Note 21) and a reduction in staff leaving on early retirement;
- £1.3m decrease in share of Joint Venture losses relating to DLS Ltd.

From the Consolidated Statement of Financial Position (page 58) net assets as at 31 March increased by £83.6m from £996.9m to £1,080.5m. The main reasons for this are:

- £36.1m increase in property, plant and equipment including £18.6m on ISIS, £17.2m for the construction of an Energy Efficient Computing data centre at Daresbury Laboratory and a further £17.4m on campus infrastructure.
- £60.2m increase in investments: mainly due to the revaluation of ILL and DLS (£57.5m) see note 14 for further detail.

These increases in assets are offset by:

- £4.6m reduction in derivative financial instruments: £2.0m relating to the redemption of forward contracts and £2.6m to revaluation; and
- £12.5m increase in trade creditors; £4.4m relating to a grant accrual for SKA and £7.8m due to a higher volume of invoices processed by the UKSBS Ltd and awaiting payment in line with anticipated year end volumes.

STFC DIRECTORATES

STFC is structured on a directorate basis for management reporting purposes:

- Programmes: STFC's science and technology strategy, science operations and planning (including STFC's processes for peer review), world-class research training programme, management of UK membership of and access to international facilities, STFC's programs in education, training and public engagement;

- National Laboratories: the management and operation of STFC's world-class national laboratories located at the Rutherford Appleton Laboratory, the Daresbury Laboratory, the Chilbolton Observatory and UK ATC, plus the provision of access to world class experimental facilities and technologies;

- Business and Innovation: the delivery and development of the impact potential of STFC's expertise and facilities, through business development, innovation and campus development;

- Corporate Services: STFC's support and operational functions covering Corporate ICT infrastructure at Rutherford Appleton and Daresbury Laboratories, estates management, safety, health and environment and human resources. It also covers the legal and commercial services for the whole organisation;

- Finance: STFC's overall budgeting and associated financial planning, financial management, financial support and financial accounting processes within the Council. It also covers key governance activities across the Council; and

- Strategy, Performance and Communications: the delivery of STFC's national and international strategic agenda, stakeholder management, performance and impact reporting, international relations, internal and external communications.

Note 2 to the Financial Statements (page 74), gives a detailed breakdown of STFC's income and expenditure by directorate.

CREDITOR PAYMENT POLICY

During 2013-14, the Council paid 98.0% (2012-13: 94.5%) of undisputed invoices within agreed terms and conditions.

The Council observes the Confederation of British Industries' Code of Practice regarding prompt payment and, in accordance with the Government direction, is committed to paying its suppliers within five days of the receipt of a valid invoice or earlier if suppliers' terms dictate. During 2013-14, 78.9% (2012-13: 75.2%) of undisputed invoices were paid within five days. There are a number of initiatives in place within UK SBS Ltd to continue to improve performance in this area.

GOING CONCERN

STFC's accumulated income and expenditure reserve, carried forward at 31 March 2014, shows a surplus of £928.7m.

Under the Comprehensive Spending Review 2010, STFC has received financial allocations for resource and capital for the years 2014-15 and 2015-16. The settlement provides for the continuing going concern of STFC.

At the date of issue of this report we remain satisfied that the preparation of the Financial Statements on a going concern basis remains appropriate.

POLITICAL AND CHARITABLE GIFTS

The Council made no political or charitable gifts during the year.

FREEDOM OF INFORMATION

During 2013-14, STFC received 47 formal requests for information under the Freedom of Information Act 2000. Most responses were sent within the initial 20 days allocated; four required extensions of time.

Two of the requests were transferred to other organisations.

Three internal reviews were conducted and one complaint made to the ICO (not upheld).

STFC also responded to three subject access requests made under the Data Protection Act 1998. No Environmental Information Regulations requests were received.

STFC has a policy of proactive publishing of data where possible and now publishes responses to Freedom of Information requests on its website.

STFC's publication scheme and information charter are available at:

http://www.stfc.ac.uk/foi.aspx

AUDITORS

Internal audit was provided by the Research Council's Audit and Assurance Services Group (AASG).

The accounts of the Council were audited by the Comptroller and Auditor General of the National Audit Office (NAO), under the terms of Section 2(2) of the Science and Technology Act 1965. Their fee for 2013-14 was £148,000.

No non-audit work was undertaken by the NAO during 2013-14.

So far as the Accounting Officer is aware, there was no relevant audit information of which the Council's auditors were unaware. The Accounting Officer had taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Council's auditors were aware of that information.

RCUK EFFICIENCY SAVINGS REPORT

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:

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.

PERFORMANCE AND RELATED TRENDS

This report covers the seventh year of operation of the Science and Technology Facilities Council (STFC) during the third year of the 2010 Comprehensive Spending Review (CSR10) period.

PERFORMANCE MANAGEMENT

Performance against the targets, milestones and metrics defined in the delivery plan and scorecard documents is monitored routinely by BIS through the use of quarterly reports and a 'traffic light' based reporting system. The scorecard is submitted to BIS for comment and subsequently reviewed by Council on a bi-annual basis.

In 2013-14, STFC reported against 14 corporate level targets. Of these, 13 were met in full by the target dates. One was marked amber/green, and will be carefully monitored and action will be taken to complete it during 2014-15.

Exemplar achievements throughout this reporting period:

WORLD-CLASS RESEARCH

The quality of our university funded research is, and continues to be, world-class. The UK holds the leading global position measured by citation impact in particle physics. It also holds second place in nuclear physics and third place in astronomy. Citation impact measures the relevance of a research paper to other work in the field and is a generally accepted metric of science impact. Our large facilities continue to uncover new scientific knowledge in subjects as diverse as improving breast cancer diagnosis, helping develop new materials which can help remove unwanted greenhouse gases and helping develop a new foot and mouth disease vaccine.

WORLD-CLASS INNOVATION

Harwell Oxford and Sci-Tech Daresbury are the UK's foremost science and innovation campuses and they are both designated as Enterprise Zones. They are built around STFC research facilities and the cluster of technical expertise which they contain. The proximity of STFC facilities and expertise, together with first rate accommodation and business support services, fosters innovation. The campuses now host over 230 enterprises and over 5000 jobs. STFC remains committed to growing this contribution to the regional and national economy. In 2013-14, notable developments included the appointment of Development Securities PLC and Prorus as new joint venture partners at Harwell Oxford. This will give added impetus to accelerate innovation and the development of the campus. Work has already started on a new Innovation Hub building, a new ESA European Centre for Space Applications and Telecommunications and a new Space Technology building. Sci-Tech Daresbury too is developing fast and developments there include partnering with the TSB to deliver the a new Materials and Manufacturing Launchpad for the North West, a CERN Business Incubation Centre, and the further development of the Hartree Centre for high performance computing - a world-leading centre of expertise in this area.

WORLD-CLASS SKILLS

Our skills training helps sustain a scientific and technically-skilled workforce to underpin the UK's high-tech economy. We have a rolling cohort of around 800 PhDs in universities and every year provide some 16,800 postgraduate training days at our facilities and departments across a range of disciplines. Many of these are in support of researchers funded by other Research Councils. Over 30% of our own PhDs start work in the private sector, either in high-tech companies or in financial services, where their numerical skills are highly prized, and many more move into the private sector after undertaking postdoctoral research. We train the trainers and provide the design infrastructure for all microelectronics graduates in Europe, underpinning the £23bn UK microelectronics sector. Collaborative working is a valuable way to up-skill small and medium sized high-tech companies. During 2013-14, work began on developing STFC's skills strategy and this will be concluded in 2014-15, providing a blueprint for our skills investment for the future.

PERFORMANCE TARGETS ACHIEVED

ISIS delivered over 800 experiments in the year for 1366 individual users, produced 694 mA-hr of beam across the two target stations, and registered a user satisfaction of about 90% over a range of 15 indicators, against a target of 85%.

The Central Laser Facility (CLF) comprises the Octopus, Ultra, Vulcan, Artemis, Astra and Gemini systems. In 2013-14, the CLF scheduled 222 weeks of user time (including 12 weeks commercial access) for 63 experiments. It recorded a user satisfaction of 99%, a reliability of 89.5%, both against a target of 85%, and an availability of 30% over and above the agreed 100% delivery target. The Laser Loan Pool (managed on behalf of the Engineering and Physical Sciences Research Council (EPSRC)) made 16 loans over the year.

For Diamond, in its seventh full year of operation, 5,277 user visits were made by users from academia and industry with an additional 2300 remote users undertaking 1,818 experiments. The overall user satisfaction rate was 90% against a target of 80%.

During 2012-13, STFC ensured access for the UK research community to a significant proportion of Europe's major research facilities: 22.3% of public access to the neutron source at the ILL and 10.3% of public access to the European Synchrotron Radiation Source (ESRF), both in Grenoble, France. Public access to both facilities increased slightly in comparison to 2012-13. Although these figures are related to shareholding, they are dependent on the high scientific quality of beamtime proposals; UK proposals were therefore slightly more successful in competition with other countries proposals during this period.

Following a hugely successful period of operation that saw record luminosities achieved and the discovery of the Higgs boson, the Large hadron Collider (LHC) at CERN began its first long shutdown at the beginning of 2013. This phase, which comes after almost three years of continuous operation, saw the warming of the superconducting magnets in the machine; allowing the engineers and physicists to carry out necessary maintenance and prepare the machine to operate and run at even higher energy and intensity. This work is now well underway and proceeding on schedule, enabling LHC physics to recommence early in 2015. Even without beam, the physicists have continued their work using the Worldwide LHC Computing Grid to analyse the huge quantity of data produced by the LHC and other experiments, allowing CERN to continue to produce ground-breaking discoveries. The significance of the discovery of the Higgs boson was recognised with the award of the Nobel Prize in November 2013 to Peter Higgs of the UK and Francois Englert of Belgium.

STRATEGY DEVELOPMENT

The Executive Board is collectively responsible for the implementation of STFC's strategy and delivery plan. A clear line of sight exists between each director's personal objectives and those of the organisation through including specific links to our corporate strategy 2010-20.

STFC's strategy is underpinned by an annual operating plan. During 2013-14 considerable effort has been made to ensure that the operating plan for the coming year is agreed at the earliest stage and the plan for 2014-15, and the supporting action plan, were agreed by Council in April 2014. This ensures that there is clarity on the activities being undertaken, and the financial commitments which underpin them, throughout the year. It also allows the closer integration of personal objectives with those in the operating plan and the action plan. This change, coupled with the performance management arrangements in place to monitor progress against the delivery plan 2011-15, provides us with a robust planning framework. The announcement of allocations for 2015-16 and the development of the 2015-16 delivery

plan will require us to re-visit the delivery plan scorecard and, with BIS and RCUK, we will be reviewing the Research Councils approach to reporting performance.

Recognising the need to ensure that our strategic planning and evaluation functions are carried out effectively, in 2013-14 STFC strengthened the Strategy, Planning and Communications Directorate to provide additional capacity in the strategy, planning and performance areas. This also extended to strengthening the capacity of our Impact Evaluation team. The effect of this increase in capacity has been noticeable and will continue to be felt in 2014-15 and beyond as further improvements to STFC's performance management framework are implemented.

Throughout 2013-14, STFC has been under scrutiny as part of the Triennial Review of the Research Councils. The aim of the review was twofold: to challenge the need for existing NDPBs and, if it is agreed that they should continue, to review their control and governance arrangements to ensure that they are consistent with good practice. After examining all the evidence the BIS Review Team concluded that retaining seven Research Councils was appropriate. It also concluded that the governance of STFC was conducted in line with best practice and it secured a 'green' rating (the highest score possible) for the way the organisation is governed. Some areas for improvement have been identified and some of these are concerned with making cross-council working more effective. Two Triennial Review recommendations which will require further work in 2014-15 are a review of the existing governance arrangements for Diamond Light Source Ltd and a review of the operation and effectiveness of the Large Facilities Steering Group by BIS.

STFC has also provided significant input to the BIS Strategic Review during 2013-14 and this will continue into 2014-15. The primary objectives of this review are to improve efficiency and collaboration across the BIS partner organisations. The Strategic Review, together with the Government's development of a new Science and Innovation Strategy and Capital Roadmap, are important influences on STFC's future direction. In 2014-15, consideration will be given to refreshing STFC's corporate strategy and the potential development of an STFC innovation and growth strategy.

OPERATIONAL INITIATIVES

During 2013-14, STFC continued to take forward a number of major projects, including:

HARWELL OXFORD CAMPUS

Due to the outstanding successes of the first phase of Element 6 (a subsidiary of the De Beers Group) the second wing was brought forward by two years and will be ready for occupation in summer 2014.

Full planning permission was granted for the European Space Agency's European Centre for Space Applications and Telecommunications (ECSAT).

Using Autumn Statement Capital funding from November 2013, a new 7,000m2 building to house the RAL (Rutherford Appleton Laboratory) Space Technology Centre has been designed. Planning permission has been granted and enabling works started in the last couple of weeks of the financial year. The new building will be ready for occupation on 1 April 2015

Two new office blocks designed specifically to meet the short-term demand for small office accommodation for high-tech start-up and spin-out companies have been constructed and will be populated early in the new year.

The refurbishment of the largest office block in STFC's portfolio progressed significantly during the year with the roof and the walls being replaced leading to a substantial improvement in comfort for the occupants due to much better thermal efficiency.

SCI-TECH DARESBURY (THE SCIENCE AND INNOVATION CAMPUS AT DARESBURY)

The Campus Technology Hub took a step closer to being realised when Interserve were appointed as prime contractor for this exciting redevelopment project at Daresbury

On-going management and upgrades to the infrastructure of the Daresbury estate continue to ensure it is capable of handling the increased demands for accommodation and utilities as the campus continues to develop at an unprecedented pace.

INFRASTRUCTURE SUSTAINABILITY PROGRAMME

Against a climate of ever-reducing funding, STFC has continued to re-invest in its buildings and property portfolio in an attempt to counter several decades of managed decline.

PERSONAL DATA RELATED INCIDENTS

During 2013-14 there have been no serious or reportable incidents involving personal data. For the purposes of continuity and comparison with previous years, Tables 1, 2 and 3 illustrate this using the structure and format established by the Cabinet Office in 2008-09.

TABLE 1: SUMMARY OF PROTECTED PERSONAL DATA RELATED INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2013-14

Previous years Statement on information risk	During 2012-13, STFC published an updated information security policy. This successfully built on the previous year's work, is suitable for the scientific culture within STFC and is compatible with the SPF. As the primary business of STFC is to support, run and develop large scale scientific facilities for open academic research within the UK and abroad, the majority of information assets do not attract any form of protective marking such as PROTECT or higher and are outside the scope of the SPF. STFC has arrangements in place to monitor and assess its information risks and will continue to identify and address any weaknesses and ensure continuous improvements of its systems.			
Date of incident (month)	**Nature of incident**	**Nature of data involved**	**Number of people potentially affected**	**Notification steps**
Not applicable	None	None	Nil	Not applicable
Further action on information risk	STFC will continue to work with the other Research Councils, BIS and partners to implement and comply with the cross government mandatory minimum standards to protect personal data.			

Incidents deemed by the data controller (STFC) not to fall within the criteria for report to the Information Commissioner's Office or BIS but recorded centrally within STFC are set out in Table 2 below. Small, localised incidents that do not involve STFC personal or sensitive data are not cited in these figures.

TABLE 2: SUMMARY OF OTHER PROTECTED PERSONAL DATA RELATED INCIDENTS IN 2013-14		
Category	**Nature of incident**	**Total**
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	Nil
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	Nil
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	Nil
IV	Unauthorised disclosure	Four
V	Other	Nil

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Table 3: ADDITIONAL INFORMATION ON THE INCIDENTS LISTED IN TABLE 2				
Category IV: Unauthorised disclosure				
Date of incident (month)	**Nature of incident**	**Nature of data involved**	**Number of people potentially affected**	**Notification steps**
May	Unauthorised disclosure of HR records.	Electronic documents	2	0
Further action on information risk	As part of TUPE work undertaken by UKSBS Ltd, on behalf of another Research Council, a scanned document for an STFC employee was sent to the other Research Council in error, and other documents associated with the other Research Council employee were also electronically filed to STFC employee's records. The mistake was discovered quickly, the documents moved to the correct employee and an investigation started. At no time did the information reach the public domain. Local procedures in UKSBS Ltd were improved to reduce the risk of any recurrences. Following an assessment of the paperwork, none of the impacted staff were notified due to the timeframes of uploading of documents and discovery of error.			
July	Unauthorised disclosure of personal information.	Paper document	2	1

Further action on information risk	Due to human error and lack of management checks, a member of the UKSBS Ltd HR recruitment team included an offer letter to a new employee that contained personal information regarding another new starter. The recipient of the letter returned it immediately. Following an assessment of the letter, the new member of staff whose personal information was sent to another person was notified.			
July	Unauthorised disclosure of HR records.	Paper documents	2	0
Further action on information risk	As part of STFC migration of HR records to a new system, UKSBS Ltd HR service delivery team saved a document associated with one STFC employee to the HR record of another STFC employee in error. As part of a spot check, the mistake was quickly noted, the document removed and an investigation started. At no time did the information reach the public domain. Local procedures in UKSBS Ltd were improved to reduce the risk of any recurrences. Following an assessment of the paperwork, the data subject was not notified of the event.			
November	Unauthorised change of staff records	Electronic personal records	2	2
Further action on information risk	As part of the new starter process, UKSBS Ltd finance team changed the bank account details of an existing member of staff to those of a new member of staff with the same first and surname. Expenses were then mistakenly paid to the wrong person. The mistake was identified and reported quickly, bank account details changed and an investigation started. At no time did the information reach the public domain. Local procedures in UKSBS Ltd were improved to reduce the risk of any recurrences.			

NEAR MISSES

During 2013-14, there have been a total of eleven near miss events that had the potential to include sensitive or personal protected data:

Lost laptops (5)

Dropped paperwork (1)

IT System exposed to internet (2)

Database user with elevated privileges (1)

Compromised IT systems (1)

Publish of personal data (3)

LOST LAPTOPS (5)

On three occasions encrypted laptops were stolen and two laptops left and then recovered. No STFC USB drives were reported as lost or stolen.

LOST/DROPPED PAPERWORK (1)

On one occasion a set of non-protectively marked training documents were found on the RAL site by another member of staff. The documents contained no sensitive data.

IT SYSTEM EXPOSED TO INTERNET (2)

In June 2013, an access control system was discovered to be visible via the internet. It was immediately blocked at the firewall. An investigation showed that this system did not expose any sensitive or personal data and posed little or no risk to STFC.

In July 2013, it was discovered that a database server was visible from the internet and could potentially be connected to if the correct server authentication details were known, exposing personal data. An investigation showed that the exposure was as a result of database development work within the scientific computing department. Further checks for all access attempts did not show any suspicious connections. Changes were made to stop external access, database schema details checked and passwords changed.

DATABASE USER WITH ELEVATED PRIVILEGES (1)

On one occasion this year it was discovered that an STFC employee had been unexpectedly granted elevated privileges on a database server, potentially allowing them access to personal data. Investigations showed that the employee had not used these elevated privileges maliciously. Elevated privileges were promptly removed and no data was at risk.

COMPROMISED IT SYSTEMS (1)

In November 2013, STFC were informed of a potential compromise of its main web site and that it was hosting a malicious distributed denial of service (DDOS) attack application. Further investigations showed that the web site and host server had not been compromised and there was no risk to STFC or other parties.

The main risk to STFC was reputational damage if the potentially compromised web server had succeeded with its attack. It did not and there was no potential reputational damage.

POTENTIAL EXPOSURE OF DATA CONTAINING SENSITIVE PERSONAL DATA (3)

In December 2013, an encrypted application database was made available to an external support company for application development work. It was immediately discovered that the database contained sensitive personal data. An investigation found that the encrypted database had been restricted to allow minimal access and that the file had not been accessed. The encrypted database was withdrawn and processes changed to ensure no unauthorised access to the database was possible. This posed little or no risk to STFC.

In December 2013, a small number of STFC employees' personal data was used in a set of PowerPoint slides presented to two external scientific workshops. On discovering the use of this personal data the presentation was removed from the public domain. Further guidance and data protection training will be undertaken. This posed little or no risk to STFC.

In January 2014, a document containing a small amount of personal information about one member of staff was uploaded to an internal server in error for a period of 17 hours. On discovery, the file was removed. Exposure of the personal information to other staff was limited due to timeframe and type of document. Changes to the document management process and permissions to the server area have been made. This posed no risk to STFC.

STATEMENT AND ACTIONS ON MANAGING INFORMATION RISK

During 2013-14, STFC published an updated acceptable use policy and personal use of social media policy. This successfully built on the previous year's work, is suitable for the scientific culture within STFC and is compatible with the SPF. Work also continued to improve information security management. In particular:

- Improving the risk management approach within information security and assurance;
- Following the publication of the Cabinet Office and CESG guidance on end user devices, a revised compliance plan has been commissioned;
- An external IT vulnerability scanning service has been established enabling relevant staff to identify and remove vulnerable IT systems before they are externally attacked;
- Implementing an improved security infrastructure.

As the primary business of STFC is to support, run and develop large scale scientific facilities for open academic research within the UK and abroad, the majority of information assets do not attract any form of protective marking such as PROTECT or higher and are outside the scope of the SPF.

STFC has arrangements in place to monitor and assess its information risks and will continue to identify and address any weaknesses and ensure continuous improvements of its systems.

HEALTH AND SAFETY

STFC continues to maintain a safe and healthy working environment at its laboratories. STFC health and safety (H&S) policy was reviewed and re-issued by STFC chief executive, and SHE Committee in 2014.

STFC H&S management is based on the establishment of clear line management responsibility for H&S. In addition the chief executive appoints directors at each of the major STFC laboratories to maintain independent oversight of site H&S, to monitor the implementation of Council policy, and to bring to his attention to the need for any action to improve H&S performance.

H&S committees are a key component of STFC safety management system. These meet regularly on corporate, site and departmental levels, and include management and employee representatives. They consider incident reports, safety statistics and new safety codes, and provide a forum through which employee safety representatives can raise issues. Independent of the departmental and site safety committees, STFC Safety, Health and Environment (SHE) Committee, chaired by the director of corporate services, provides a

focus for reviewing and developing the overall STFC SHE management system, approving new code launches.

STFC SHE Group including site radiation protection advisers (RPAs) and radioactive waste advisers (RWAs), and occupational health professionals monitor corporate SHE performance against a basket of input and output H&S metrics, and advise management, and site and departmental health and safety committees.

During 2013-14 STFC made further progress in developing its SHE management systems:

- Corporate STFC-wide annual H&S (and environmental) improvement objectives were communicated to all staff by STFC chief executive.
- Departmental SHE improvement plans continue to provide the focus for reviewing and driving SHE improvement activities, with increasing focus on environmental matters.
- During 2013-14 eight SHE compliance audits were undertaken to provide independent assurance to senior management of the implementation of STFC's SHE management system and recommend improvements, all reported 'substantial assurance';
- Improving SHE communication remains a key focus proactively sharing learning from SHE incidents using 'What, Why, Learning (WWL)' posters, SHE Notices, the SHE website, and 'SHE Information' posters. During 2013-14 ten WWL posters and nine SHE information posters were raised across STFC sites.
- During 2013-14 STFC SHE Group delivered a very extensive programme of classroom and on-line SHE training course based on our SHE training catalogue for staff and others working at STFC sites. A record number of over 4100 course places were delivered on 33 different courses. Increasingly online courses are being employed to deliver SHE training, currently 27% of course attendances were online.
- Following the first STFC health and safety systems audit undertaken by Santia Ltd. a prioritised programme of work is addressing its key findings.

The principal STFC laboratories, Daresbury (DL) and Rutherford Appleton (RAL), jointly received one of Royal Society for the Prevention of Accidents (RoSPA) highest accolades, 'Orders of Distinction', for their health and safety management practices and overall health and safety performance.

Accident and near-miss reporting and investigation continue to be an important driver of improvement in STFC's SHE management system, and provide the basis of objective reporting of health and safety performance. Reported near misses increased by 14% on 2012-13, actively encouraged each provides the opportunity improve the SHE management system and minimising the potential for future incidents.

STFC injury statistics for the financial years 2012-13 and 2013-14 are presented in the table below.

STATISTICS	13-14	12-13
Total Injuries to Employees	77	66
Total Injuries to Contractors	18	19
Total Injuries to Users/Visitors/Tenants	18	10
All Injuries	113	95
Reportable Injuries to Employees	1	3
Reportable Injuries to Contractors	1	1
Reportable Injuries to Users/Visitors/Tenants	0	1
All Reportable Injuries	2	5
Reportable Injuries per 1000 Employees	0.55	1.84

The total number of injuries to STFC staff, contractors and others working at STFC sites in 2013-14 was 113, a 19% increase compared to the previous year. Injuries to staff and others working at STFC sites excluding contractors increased on 2013-14. The number of reportable injuries in 2013-14, 2 is a significant fall on 2012-13 and continues to reflect the introduction of new Health and Safety Executive (HSE) RIDDOR reporting criteria. RIDDOR performance is in line with historic performance.

During 2013-14 STFC repeated its ‘SHE culture survey’ to assess staff attitude to key aspects of Safety, Health and Environmental management. Over 900 staff responded to the survey, a 45% response rate, the findings of which will be assessed in in 2014-15.

When STFC was established, liability for employment-related matters and historical liabilities transferred to it from its operational sites. The buildings at these sites date from the period when asbestos was a widely used building material, primarily in lagging and insulation. Managed early removal exercises were undertaken 20-30 years ago but there are still significant quantities of asbestos in the fabric of buildings and, in some cases, there are small quantities of debris from previous removal. In accordance with HSE recommendations, the location of known asbestos has been recorded and STFC policy is to manage asbestos in situ and to remove it only where there is a risk that it will be disturbed or it poses some other unacceptable risk.

Occupational health teams at STFC sites, in addition to employment, hazard-specific health screening and surveillance, and managing first aid teams, continue to participate in and support a range of national health initiatives including: National No Smoking Day, Know Your

Numbers' (blood pressure), and other services promoting mental, sexual, travel and eye health.

During 2013-14 open SHE fairs were held at RAL and DL to provide staff and others working at STFC sites with information about STFC safety, health and environmental matters. The events were attended by over 20% of staff and included general health advice and opportunity for occupational health screening.

RADIOLOGICAL SAFETY

As part of STFC's ongoing commitment to managing and reducing the radiation exposure of individuals in line with 'as low as reasonably practicable' (ALARP) principles RPAs/RWAs provided the focus for the ongoing revision and application of radiation local rules, completion of prior risk assessments, and development of safe systems of work, with radiation protection supervisors for all work involving ionising radiation hazards.

RPAs/RWAs continue to develop and audit the implementation of STFC's radiation management SHE codes independently. The internal audit programme continues to provide focus and impetus to improve STFC radiation management with one audit completed in 2013-14. The audit programme has identified non-compliances with radiation SHE codes which have been raised and addressed by relevant department directors.

Landauer Inc. continued to provide STFC with an HSE-approved dosimetry service during 2013-14 and made all statutory returns to both the HSE's Central Index of Dose Information and Public Health England's (formerly the Health Protection Agency's) National Registry for Radiation Workers. Personal doses continued to be low.

All statutory returns relating to STFC's radioactive pollution inventory and holding of radioactive materials were made to schedule to both the Environment Agency (EA) and UK Safeguards Office/European Atomic Energy Community (EURATOM).

DL

DL RPA/RWA advice continues to be provided by a contract RPA, and the DL radiation protection officer (RPO) role has been established within SHE Group as the first point of contact for radiation issues and providing operational health physics support for the DL site.

The RPO and RPA continued to provide support to radiation test facilities for the ALICE/EMMA development programmes, and the continued commissioning of VELA. Advice was provided on the design of the new facility - CLARA, content of local rules and prior risk assessments. Radiation surveys were carried out for X-ray generating equipment and at key radiation test facility commissioning milestones.

Advice was also provided on shielding requirements and radiation protection issues for a new CAT medical imaging facility, a collaboration between STFC, the Department of Nuclear Medicine at the Royal Liverpool Hospital and Liverpool University. Eliminating disruption to patient diagnosis, the facility provides trainee medical physicists with access to advanced CAT imaging equipment outside of a hospital environment.

Operational health physics work, including management of radioactive materials, radiation surveys, provision of personal dosimetry and management of health physics instrumentation, continued to be carried out by the RPA and RPO.

During the year a number of redundant radiation assets were disposed of cost effectively, including a High Activity Sealed Source (HASS), which has reduced the security classification and controls of the DL site.

The table below shows the results of monitoring DL classified radiation workers to December 2013, when, due to changes in roles, they were de-classified. All doses were well below the statutory annual limits specified in the Ionising Radiations Regulations 1999, and STFC dose investigation limit of 1mSv/year.

Year	Dose (mSv)				Total Persons
	0.00 - 0.09	0.10 - 0.49	0.50 -0.99	>0.99	
2012	5	0	0	0	5
2013	4	0	0	0	4

In addition, 25-35 non-classified workers were provided with regular personal dosimetry as part of the Laboratory's demonstration that doses are ALARP; the number of staff monitored fluctuated during the year owing to changes in roles and personnel. The majority of recorded doses to non-classified workers were below minimum detectable limits.

The HSE re-approved, following a successful site visit, DL's registration as an Approved Dosimetry Service (ADS) for Co-ordination and Record Keeping.

An application was made to the EA to vary the DL site permit for open sources and waste to encompass the requirements of the new CAT Medical Imaging Facility following a site visit from both the EA and the Counter Terrorism Security Advisors (CTSA).

RAL

RPA/RWA advice and assistance was provided across the wide scope of RAL radiation responsibilities, these include: the new experiments such as MICE; new or modifications to existing ISIS TS1 And TS2 beam lines; investigation of ISIS target failures and incidents; radioactive waste management and facilities; characterization of radioactive waste; audit of proposed radioactive waste disposal routes; and X-ray set critical examinations.

Following the 2012-13 copper theft, and its subsequent retrieval, there has been continued engagement with the EA and CTSA on radioactive material security and accountancy concluding with a formal letter from the EA. Significant upgrade of security controls have been introduced and, with the EA, re-designation of stored radioactive materials as waste for disposal. Re-designation has resulted in RAL permitted waste limits being exceeded. Improvements in the accountancy and management of radioactive materials and wastes have been introduced and improvement work will continue into 2014-15.

Annual, calendar year, radiation doses for ISIS classified workers remained within or close to its ISIS dose investigation level of 3mSv/year and for other RAL employees and contractors below their 1mSv/year dose investigation level.

The following table presents the results of personal radiation dose monitoring (including contractors) conducted at RAL:

Year	Dose (mSv)							Total Persons
	0.00-0.09	0.10 – 0.49	0.50 – 0.99	1.00 – 1.99	2.00 – 2.99	3.00 – 3.99	>3.99	
2012	294	170	18	10	6	0	0	498
2013	335	147	19	6	5	1	0	513

The dosimetry results are comparable with previous years.

The ISIS Facility at RAL, through its normal operation, produces small quantities of radioactive solid, liquid and gaseous wastes.

The gaseous wastes, mainly tritium and short-lived radioactive nuclides, are discharged into the atmosphere via authorised and monitored ventilation stacks. The annual measured gaseous radiation levels of 148 GBq of tritiated water vapor and 7.1 TBq of other nuclides were typical of previous years and well within EA permitted annual limits of 2,500 GBq and 200 TBq respectively.

Annual disposals of solid and liquid radioactive wastes, via approved and licensed disposal routes, from RAL were in compliance with its EA Permit: 0.83 GBq tritiated water and 89 MBq beta/gamma solids.

SUSTAINABILITY REPORT, 2013-14

This is STFC's Sustainability Report in accordance with HM Treasury reporting guidelines for public sector sustainability reporting[1]. This report sets out STFC's UK environmental performance against a common basket of metrics: greenhouse gas emissions; water usage and waste disposal, and their corresponding financial data.

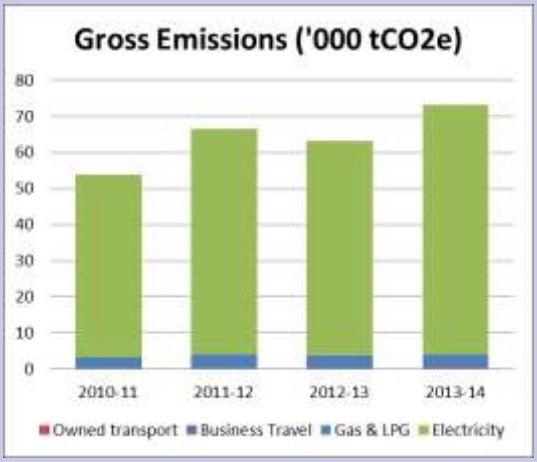
In line with HMT sustainability reporting guidelines[1] STFC facilities located overseas[2] and STFC shareholdings in scientific facilities in the UK and overseas are excluded from the data presented. STFC recognises the limitations of the dataset and aims to continuously improve environmental reporting.

[1] See HMT Guidance 2012-13 Sustainability Reporting in the Public Sector

[2] Key 2013-14 data for STFC overseas sites: JAC Hawaii: electricity 1,757,500kWh; water 342m^3; landfill 0.6tes; and ING Canaries: electricity 1,280,678kWh; water 60m^3; landfill 2.4tes

GREENHOUSE GAS EMISSIONS

Greenhouse Gas Emissions [1]			2010 11	2011 12 [4]	2012 13	2013 14
Non-financial indicators (1000t CO_2e)	Total gross emissions		53.78	66.22	63.23	73.37
	Total net emissions		53.78	66.22	63.23	73.37
	Gross emissions Scope 1 (direct)	Gas & LPG	3.18	3.61	3.23	3.40
		Owned transport	0.04	0.05	0.04	0.08
	Gross emissions Scope 2 & 3 (indirect)	Electricity [2]	50.41	62.76	59.60	69.39
		Business travel [3]	0.15	0.20	0.36	0.50
Related Energy consumption (million kWhr)	Electricity: non-renewable		93.18	115.85	110.18	128.26
	Electricity: renewable		0	0	0	0
	Gas		17.2	19.66	17.58	17.93
	LPG		0.1	0	0.02	0.03
	Other		0	0	0	0
Financial indicators (£ million)	Expenditure on Energy		-	8.57	8.82	11.41
	CRC Licensed Expenditure (2010->)		-	0.75	0.72	0.83
	Expenditure on accredited offsets		0	0	0	0
	Expenditure on business travel [3]		-	1.38	1.27	0.84



Notes to data

[1] Data omits a small contribution to STFC's overall greenhouse gas emissions arising from its shareholding in the UK Shared Business Service Ltd.

[2] STFC science facilities, for example ISIS, CLF and super computers, account for a large proportion of STFC's electricity usage. The ISIS neutron science facility accounts for two thirds of STFC electricity consumption. Variation in the number of days ISIS operates due to maintenance and upgrade has a significant impact on STFC electricity consumption, during 2010-11 ISIS was shut down for a significant period resulting in a 20% reduction in electricity usage.

[3] From 2012_13 data now includes an estimate of taxi usage.

[4] 2011-12 data was updated to reflect actual rather than estimated usages and other minor convention changes.

NB Conversion factors for CO2e have been kept constant to ensure a common scale for the emissions.

PERFORMANCE COMMENTARY

STFC greenhouse gas emissions are dominated by the use of electricity. The operation of the ISIS spallation neutron source at RAL accounts for some two-thirds of all STFC electricity usage. While the annual electrical consumption of ISIS is affected by the number of days per year during which ISIS runs[3], by the lengths of planned maintenance programmes, and by the addition of new experimental facilities, efforts are continuously made to use energy-efficient operating conditions and technologies.

[3] ISIS operating days 2010/11 – 89, 2011/12 – 126, 2012-13 – 104, 2013/14 - 174

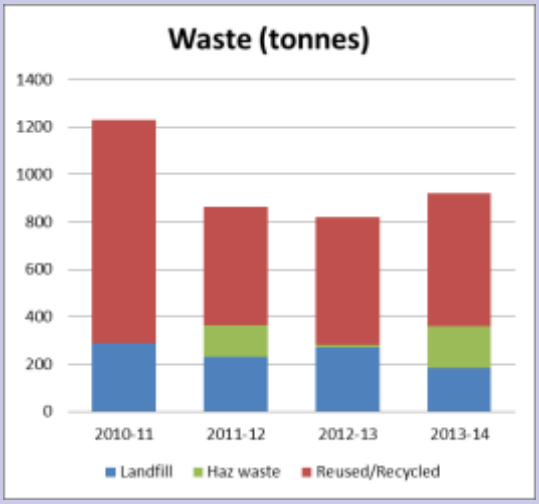
STFC has commenced a range of activities aimed at reducing the environmental footprint of its estates. For example an on-going building refurbishment project to put exterior cladding on older buildings and replace windows with double glazed units, a trial of digital thermostats has commenced in one building at DL employing a reduced set point, and, in collaboration with our joint venture partners on both the Daresbury and Harwell sites, we have introduced a travel plan to boost car sharing and other more environmentally efficient modes of transport. At the central Swindon office more efficient lighting and PIR detectors have been fitted in offices, meeting rooms and drop-in-rooms.

STFC hosts a number of large computing facilities and many of these facilities have been upgraded with more energy efficient equipment and cooling systems.

As a major electricity user, STFC is registered with the EA administered CRC Energy Efficiency scheme and purchases allowances based on carbon emissions.

WASTE MANAGEMENT

Waste [1]			2010 11	2011 12 [5]	2012 13	2013 14
Non-financial indicators (tonnes)	Total waste		1231	863	836	961
	Hazardous waste [2]	Total		131	10	177
	Non-hazardous waste	Landfill	289	232	271	183
		Reused/recycled [3]	942	500	539	559
		Composted [4]		-	16	27
		Incinerated with energy recovery		-	-	14
		Incinerated without energy recovery		-	-	-
Financial indicators (£k)	Total disposal cost			533.17	45.85	240.69
	Hazardous waste [2]			567.32	29.17	280.08
	Non-hazardous waste	Landfill		33.29	36.23	27.97
		Reused/recycled [3]		-67.44	-22.96	-72.62
		Composted		-	3.41	5.56
		Incinerated with energy recovery		-	-	-
		Incinerated without energy recovery		-	-	-



Notes to data

[1] All reported weights are based on waste management contractor calculated averages for the weight of standard containers/skips, and omits a small contribution to STFC's waste arising from its shareholding in the UK Shared Business Service Ltd.

[2] Hazardous waste data includes weight and costs for disposal of radioactive wastes. 2013-14 data includes a shipment of 155 tonnes of active concrete shielding.

[3] Variation in the weights of material recycled reflects volumes of scrap metals arising from the disposal or decommissioning of current or past science facilities, for example from the SRS decommissioning project. Variation in the cost/value of scrap metals is subject to prevailing metal prices.

[4] Two STFC sites, Rutherford Appleton and Daresbury Laboratories, recycle unused food waste from their restaurants.

[5] 2011-12 data has been updated to reflect actual rather than estimated usages and other minor convention changes

PERFORMANCE COMMENTARY

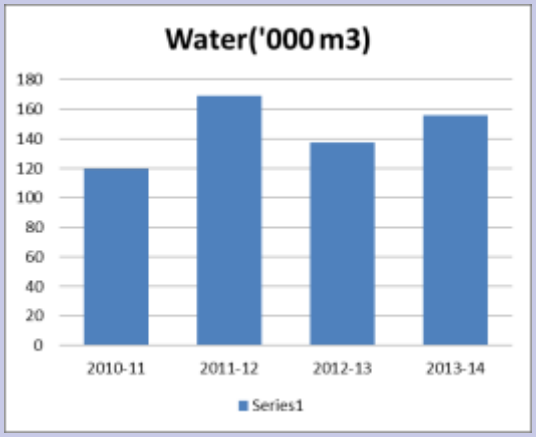
Recycled metal continues to dominate over that sent to landfill or energy recovery and arise from the decommissioning of scientific facilities. This current year has seen a small increase of about 4% in recycled waste and a significant decrease of around 32% in the waste sent to landfill. Overall STFC recycled 58% of its total waste in 2013-14. Both DL and UK ATC Edinburgh site moved to on-site waste separation which accounted for the decrease in waste going to landfill. This change anticipates the implementation of new waste disposal regulations in England and which have already been implemented in Scotland. The move from estimated to actual waste accounting at the UK ATC has resulted in very significant falls in reported waste weights, from 4000kg per year to 800kg per year.

STFC hazardous wastes, chemical and radioactive wastes, while accounting for a small percentage of overall waste by weight and volume dominate the cost of waste disposal, and

are disposed of through licensed waste management contractors. STFC science facilities, for example ISIS through their normal operation, generate quantities of low level radioactive solid, liquid and gaseous wastes. All such wastes are subject to strict Environment Agency permitting regimes for their accumulation and disposal, as appropriate, through licensed carriers and disposal sites. In order to comply with its duty of care for waste management, STFC has carried out a number of audits of its waste contractors as part of an ongoing programme. These audits found general good compliance with waste management legislation.

FINITE RESOURCE CONSUMPTION

Finite resource consumption: Water [1]			2010 11	2011 12 [5]	2012 13	2013 14
Non-financial indicators (000 m³)	Total consumption		119.7	168.8	137.16	155.7
	Water consumption (office estate)	Supplied	119.7	88.5	101.53	101.4
		Abstracted	0	0	0	0
		Per FTE [2]	-	-	-	-
	Water consumption (non-office estate)	Supplied [3]	-	80.3	35.63	54.3
		Abstracted	0	0	0	0
Financial indicators[4] (£k)	Total cost		-	284	287	272.47
	Water supply costs (office estate)		-	149	213	175.47
	Water supply costs (non-office estate)		-	135	75	97.00



Notes to data

[1] Data omits a small contribution to STFC's overall water usage arising from its shareholding in the UK Shared Business Service Ltd.
[2] Current water metering does not allow accurate reporting of office and non-office estate consumption and therein the reporting of comparable normalised water consumption data by FTE.
[3] STFC science facilities account for a large proportion of water consumption - employed for equipment cooling and generating deionised water. The largest single non-office water consumer is ISIS whose data is presented. The 2010-11 reduction in ISIS consumption can be attributed to a planned shutdown of the ISIS facility.
[4] Total cost of water supply and disposal.
[5] 2011-12 data has been updated to reflect actual rather than estimated usages and other minor convention changes

PERFORMANCE COMMENTARY

Annual STFC water consumption, like electricity usage, is dominated by the ISIS facility. While ISIS ran for 174 days the 2013-14, an increase of 67% on 2012-13 the expected rise in water consumption has been considerably offset by operational improvements in the management of water cooling and associated plant which resulted in considerable savings over the last two quarters of the year.

ENVIRONMENTAL MANAGEMENT

STFC has a published environmental policy supported by a documents environmental management system which continues to be developed consistent with recognised environmental management standards such as ISO14001. STFC personnel at Polaris House, Swindon, are already working under a registered ISO14001 management system managed by the Natural Environment Research Council (NERC). STFC's environmental policy was reviewed and reissued by STFC's CEO in 2013-14, and for the first time supported by a focused set of corporate environmental targets communicated to all staff:

	Objective	**Progress**
1	Implement prioritised elements of the STFC Carbon Management Plan (CMP) delivering operational savings and reducing the estate's carbon footprint (excludes major science facilities).	Against a 2011 baseline electricity and gas consumption, excluding that for major experimental facilities, CMP energy saving projects saved 534,306 kWHr, a 1.3% saving.
2	Raise staff awareness of the STFC's carbon footprint - for our sites and UK travel - encouraging staff to minimise unnecessary waste of energy, and challenging, or promoting the use of technologies that eliminate, the need for travel.	STFC continued to invest in travel reducing IT conferencing solutions, for example Jabber desk top conferencing, and information posters have been employed to raise staff awareness of the carbon impact of their travel etc.
3	Undertake a programme of waste disposal Duty of Care (DoC) audits.	Prioritised programme of audits undertaken at RAL and DL.

STFC's carbon management plan was developed in conjunction with the Carbon Trust under the auspices of the Public Sector Carbon Management Programme. The plan set out a number of possible improvements which were prioritised and, those with high impact and short pay-back implemented, for example building cladding, reducing thermostat temperature set points etc.

In parallel, environmental aspects and impacts assessments of STFC's major sites and a corporate environmental legislation register have been established and are now subject to ongoing review.

Encouraging biodiversity on STFC sites is an operational consideration. The Swindon office maintains a pond which attracts rare newts and other aquatic animals. In recent years, this pond has been drying out over the summer. A rainwater harvesting system has been installed to try and avoid the pond drying out during the summer months. At the RAL site, grounds maintenance practices have been modified to encourage the growth of rare bee orchids.

As part of its ongoing programme of safety, health and environmental compliance audits, STFC SHE code on the disposal of controlled and hazardous wastes was audited this year and found 'substantial assurance'.

During 2013-14, 11 environmental incidents/near misses were reported. These were primarily leaks/spills from vehicles which were contained and treated on site or the identification, prior to disposal, of incorrectly consigned waste materials.

SOCIAL AND COMMUNITY ISSUES

EMPLOYEE RELATIONS AND COMMUNICATION

During the year, joint consultation and information sharing on a wide range of issues took place at both corporate and site levels between STFC management and employee representatives, with the Corporate Services Review continuing to be a particular focus of attention.

EQUALITY AND DIVERSITY

The Council has maintained its strong commitment to equality and diversity, recognising the benefits that a truly diverse workforce can bring. Our Diversity Forum has met, chaired by the director who champions equality and diversity within STFC and support has continued for the two employee network groups that report to the Forum - the WiSTEM network and the Dyslexia Support Network Group.

During the year, the Forum heard a presentation from a black minority ethnic (BME) colleague on the issues facing BME employees, and as a result, a focus group, chaired by John Womersley, took place in February attended by 18 of our 90 registered BME employees. The group discussed ways of attracting more BME job applicants and also shared their experiences of working in STFC as members of a minority group. As a result of the focus group, a BME employee network has been established which will report to the Diversity Forum.

STFC continues to focus attention on the low representation of women in its STEM workforce, which has remained at between 11% and 12% in recent years. The WiSTEM network submitted a response to the House of Commons Select Committee's Enquiry into Women in Science in August 2013, and their evidence has been quoted in the published report. STFC has continued to work with Women in Science and Engineering (WISE) and was pleased to participate on the judging panel for this year's Women of Excellence awards, and also to sponsor the Media Award, which was presented by HRH Princess Anne to Radio Four for their programme 'It is Rocket Science'.

The Dyslexia Support Network Group has had a number of notable achievements this year including promoting dyslexia awareness within STFC and the other Research Councils, designing and piloting a course on effective writing skills for dyslexics, and introducing assistive software for use by staff. The improved reporting of disability among staff (noted in the data at the end of this commentary) is likely to reflect the increased awareness of dyslexia, which is estimated to affect up to 10% of our staff to some degree. STFC was pleased to retain its 'Two Ticks' Positive about Disability accreditation following an assessment visit by the disability employment adviser in September.

STFC has worked closely with the other Research Councils on equality and diversity during this year, chairing the Research Councils' Equality and Diversity Action Group which met three times. During the year, the group has agreed a common format to enable publication of cross Council data in the future, published the first edition of a cross-Council *Diversity Matters* newsletter, and extended the prestigious Cranfield 'Women as Leaders' programme previously run within STFC to all Councils, with a total of 32 senior women benefitting from the programme during the year.

STFC has also continued to participate in a cross-Council steering group set up as a result of a BIS initiative to look at ways of increasing the numbers of women appointed to public boards - in response to recommendations made by Lord Davies in his 2011 report. The

group arranged a successful workshop held at the Science Museum in March which was attended by Chairs of Councils and CEOs. Discussion focused on ways of increasing the pool of applicants for Council appointments and particularly encouraging more women to come forward. The steering group will continue to work together to implement the agreed actions.

STFC continues to provide a wide range of flexible working options which help all employees to maintain a good work-life balance.

At 31 March 2014:

- The average age of employees in STFC remained at 45;
- 5.8% of employees were non-white, representing a small increase on the 5.3% reported last year;
- 24.5% of all staff were female, a minor increase from last year's figure of 24.2%, and 12.4% STEM staff were female, an increase on last year's figure of 11.8%; and
- 2.6% of staff were known to be disabled, compared with our estimate last year of less than 1%. Whilst employees are not required to declare if they have a disability STFC is encouraged by this improved declaration rate.

LEARNING AND DEVELOPMENT

STFC continues to invest significantly in developing the scientific, technical, specialist and managerial competencies of its employees by providing access to a range of courses, conferences, learning resources, coaching and mentoring. During this year, 129 staff attended STFC's CRISTAL programme which is designed to develop management and leadership skills in response to 360 degree feedback.

STFC recruited 19 graduate trainees this year and continues to run an accredited graduate training scheme. Our ranking in the *Guardian* UK 300 graduate recruiters increased from 97 in 2012 to 92 in 2013, and we were again shortlisted for the Target Jobs award for the most popular graduate recruiter in the scientific research category.

STFC also runs an IET accredited Advanced Engineering Apprenticeship scheme which trains mechanical, electrical and electronics apprentices. Ten new apprentices joined us in autumn 2013. A number of our apprentices have won prestigious external awards and prizes during the year, reflecting the high standard and excellent reputation of our scheme.

STFC SICKNESS ABSENCE 2013-14: SUMMARY OF KEY FINDINGS

STFC actively manages sickness absence to minimise the impact on its work programme. Data is provided to managers and senior management on a regular basis. The preparation of composite, corporate data on an annual basis enables STFC to benchmark performance against comparator bodies. The Cabinet Office best practice approach is followed in preparing and analysing corporate absence data.

The following data has been abstracted from a composite analysis of absence records across STFC's UK establishments over the period 1 April 2013 to 31 March 2014:

- The total number of days lost to sickness absence over the period was 8638. The average number of staff (persons) employed over the period and covered by the

sickness absence arrangements was 1772; the average full time equivalent (fte) count was 1722.

- The derived absence rate (days lost per person) was 4.9; the headline absence rate (days lost per fte) was 5.0.
- The level of self-certificated absence was 3227 days; medically-certificated absence was 5411 days.
- There were 62 longer term absence cases (continuous or linked absences of 20 working days or more) over the period; the number of days lost to longer term absence (3715) represents 43.0% of the total days lost.
- The causes resulting in the largest working time losses were anxiety/stress-related absence (16.1% of days lost to sickness), colds/coughs/influenza (13.3%) and surgery/post-operative recovery (10.1%).

This is the first occasion since the creation of STFC that anxiety/stress-related absence has featured as a major cause of sickness absence. Note however that the CIPD reports worrying trends from recent studies with 40% of organisations reporting an increase in stress among their employees. STFC has taken action during the course of the year to raise manager awareness of this issue and to actively engage in resolution and rehabilitation.

STFC is regarded by the Civil Service as a medium-sized employer. The 2013-14 headline absence rate of 5.0 days per fte, (up from 4.3 days in 2012-13), cannot be compared with the range of Civil Service departments and agencies in this group until such data is publicly available (STFC has compared favourably in previous studies). The latest sickness absence data released by the Office of National Statistics features a headline absence rate for 2013 of 4.4 days. STFC is committed to a return to its previous lower level of absence, exemplified by the 2012-13 headline rate.

Signed:

John Womersley
Accounting Officer

Date: 30th June 2014

REMUNERATION REPORT

COUNCIL CHAIR AND MEMBERS

The Knowledge and Innovation Group (K&I) within the Department for Business, Innovation and Skills advises Research Councils of the rates they are required to pay and these are reviewed annually.

CHIEF EXECUTIVE

The remuneration of all Research Council Chief Executives is determined by a Remuneration Committee chaired by the Director General, Knowledge and Innovation (DGKI) and approved by the BIS Permanent Secretary. Chief Executives are paid both a basic salary and performance pay comprising annual, RCUK and appointment term bonuses of up to 5%, 5% and 10% respectively.

The basic salaries are derived from three pay bands, which reflect the differing sizes and responsibilities of the Councils. Each band has four increments and, subject to at least satisfactory performance, Chief Executives receive an increment each year until they reach the top of the scale. In addition, their basic salaries may be revalorised in line with any cost of living increases in the Senior Civil Service.

At the beginning of each year, the DGKI, and the relevant Council Chairs, agree with Chief Executives a set of individual and RCUK performance objectives for the year. In addition, a set of appointment term objectives are agreed early in the appointment, which are reviewed annually. At the end of the year, the Chief Executive, Chair and an independent Council Member write an assessment of performance over the year, and the DGKI, with advice from colleagues, agrees an assessment of overall performance and specific achievements against objectives for annual and appointment term objectives.

The Remuneration Committee then meets to review the Chief Executives' performance and to agree its recommendations, for approval by the BIS Permanent Secretary, taking into account the assessments and any comments in the papers.

The appointment term bonus is assessed each year and the amounts agreed are retained and are then paid out at the end of the appointment term. If the Chief Executive leaves early, the Remuneration Committee may recommend a reduced bonus be paid depending on the circumstances.

OTHER SENIOR EMPLOYEES

STFC's Remuneration Committee is a standing committee of Council, and its role is to determine the remuneration of the senior staff in STFC, both base pay and annual performance related bonus payments, based on the achievement of both corporate and individual objectives.

Membership during 2013-14 was:

Mrs Gill Ball, Chairman and Council Member
Mr Marshall Davies, Audit Committee Chairman and Council Member

Professor John Womersley, Chief Executive, also attended as an observer. Mr Gordon Stewart acted as secretary to the Committee.

The Committee considered senior basic pay rates taking account of the Government's guidance that the overall increase to the senior staff paybill should not exceed 1%. Noting that the senior staff bonus arrangements were designed to reward high individual performance and that bonus payments fell outside the 1% basic pay limit, the Committee agreed that the job evaluation-based spot salary points and individual salaries of senior staff should be increased by 1%, with the increase in some cases being subject to acceptance of a revised personal contract.

In determining bonus payments relating to performance in 2012-13 (but paid for in 2013-14) the Committee took account of the guidance of the sponsoring department on bonus awards for senior staff and allocated 5% (2012-13: 5%) of the senior staff paybill for bonuses. That sum was allocated on the basis of an assessment of each individual's performance during the year, taking account of each individual's self-assessment; his/her line manager's appraisal of that self-assessment, and the Committee's own moderation of these. A bonus was paid only where there was demonstrable achievement beyond what is specified in the individual's job description. The resulting individual bonus payments ranged from 0% to 7% of basic salary.

CONTRACTS OF EMPLOYMENT

COUNCIL CHAIR AND MEMBERS

Council Chair and Council Member appointments are ministerial appointments made by the Secretary of State for Business, Innovation and Skills. The process for new appointments to the Council Chair and Council Members is conducted under the Code of the Commissioner for Public Appointments. This is available at: http://publicappointmentscommissioner.independent.gov.uk. In accordance with the Code, vacancies are advertised nationally and a panel, including independent members, oversees the process. The panel reviews all applications, shortlists and interviews, and then makes a recommendation to the Secretary of State. All appointments to Council are subject to final approval by the Prime Minister. An offer of appointment is issued by the BIS K&I Group to the successful candidate.

Council Chair and Council Members are defined as Office Holders. They are neither employees nor civil servants. Council member appointments are made for three or four years initially with the possibility of reappointment for up to a further three years. Council chair appointments are made for four years with the possibility of reappointment for up to a further four years. Appointments are non-pensionable and there is no compensation for loss of office.

OTHER SENIOR EMPLOYEES

All appointments to permanent roles in STFC are made on the basis of merit and through fair and open competition. The Chief Executive allocates responsibilities to senior employees.

Unless otherwise stated below, the staff covered by this report hold appointments which are open-ended. Senior employees are required to give a notice period of three months. As with all employees, senior employees no longer have a contractual retirement age, in accordance with legislation, but are eligible to draw their pension from the age of 60 or 65 in accordance with the rules of the relevant pension scheme.

Early termination of employment, other than for misconduct, would result in the individual receiving compensation by analogy with the provisions of the Civil Service Compensation Scheme or as specified in individual contracts of employment.

AUDITED INFORMATION

REMUNERATION OF COUNCIL MEMBERS

The Council comprises external appointees and the Chief Executive. The Chief Executive's remuneration is detailed below. The standard honorarium paid to Council members remained unchanged at £6,850 effective from 1 October 2009. Council Members may receive additional honorarium for chairing advisory committees. Council members did not become members of a pension scheme and there were no superannuation payments relating to the fees paid to them.

Remuneration was in the following ranges:

			Annual Honoraria	
			2013-14	**2012-13**
			£'000	**£'000**
Mrs Gill Ball OBE			5-10	5-10
Professor Martin Barstow FRSA FinstP			5-10	5-10
Dr Brian Bowsher (from April 2013)			5-10	-
Mr Gerard Connell (from November 2013)			5-10	-
Mr Marshall Davies			5-10	5-10
Dame Professor Julia Goodfellow			5-10	5-10
Dr Michael Healy (to March 2013)			-	5-10
Professor David Price FGS			5-10	5-10
Professor Sir Michael Sterling FREng (Chair)			15-20*	45-50
Professor James Stirling CBE FRS			5-10	5-10
Mr Ian Taylor			5-10	5-10
Mr Will Whitehorn (to March 2013)			-	5-10
Dr Richard Worswick (from November 2013)			5-10	-

*The 2013-14 honorarium paid to Professor Sir Michael Sterling is net of a recovery of an overpayment of £7,591 made in the 2012-13 honorarium payment.

The Council reimburses travel and subsistence expenses necessarily incurred by Council members attending meetings or undertaking other tasks arising from their membership, in accordance with the conditions and at the rates applying to the Council's employees. The amount reimbursed for 2013-14 was £4,714 (2012-13: £4,900).

SALARY AND PENSION ENTITLEMENTS OF SENIOR EMPLOYEES

The following sections provide details of the remuneration and pension interests received by senior employees in their capacity as members of Executive Board during the year.

	2013-14 £'000			2012-13 £'000		
	Remuneration	**Bonus**	**Total Remuneration (inc pension)**	**Remuneration**	**Bonus**	**Total Remuneration (inc pension)**
Professor John Womersley	125-130	10-15	165-170	125-130	0-5	205-210
Dr Timothy Bestwick	80-85	0-5	110-115	80-85	5-10	85-90**
Professor Grahame Blair (appointed October 2012)	95-100	0-5	140-145	95-100*	0-5	115-120
Dr Sharon Cosgrove	95-100	5-10	145-150	95-100*	5-10	130-135
Mr Neil Phimister (appointed February 2014)	95-100	n/a	95-100	-	-	-
Philippa Foster (April 2013 – February 2014)	90-95	n/a	140-145	-	-	-
Dr Janet Seed (April 2012 – September 2012)	-	-	-	90-95	5-10	n/a
Mr Gordon Stewart	105-110	5-10	160-165	105-110	5-10	150-155
Dr Andrew Taylor	95-100	5-10	95-100	95-100	5-10	100-105
Jane Tirard (term ended April 2013)	-	-	-	105-110	5-10	105-110**
Band of highest paid Director	125-130			125-130		
Median Total Remuneration	36,033			35,282		
Ratio	3.61			3.68		

a. Remuneration includes any allowances but not benefits in kind or employer's pension contribution.
b. Full year equivalent salary is shown for those senior employees that have only served on the Board for part of the year.
c. Due to the timing of the senior staff appraisal process, the bonuses disclosed for 2013-14 (with the exception of Professor Womersley) were paid in 2013-14 and relate to performance in 2012-13; and those disclosed for 2012-13 were paid in 2012-13 and relate to performance in 2011-12. The bonus paid to Professor Womersley in 2013-14 related to performance over the 17-month period to 31 March 2013.
d. In line with previous years, an estimated figure for senior staff bonuses relating to 2013-14 has been accrued and individual bonus payments will be reported in the 2014-15 Remuneration Report.
e. The total remuneration figure includes gross salary, allowances, bonuses and value of pension benefits (which after taking account of inflation and the employee's own pension contributions, may be negative). This is a new disclosure requirement.

*prior year figures restated to include recruitment and retention allowance and responsibility allowance.

**prior year pension benefit figure not available

BENEFITS IN KIND

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HMRC as a taxable emolument.

No members of the Executive Board received benefits in kind in 2013-14 (2012-13: NIL).

PENSION BENEFITS

See Note 4 to the Financial Statements for details of the pension scheme arrangements.

Real increase in pension and related lump sum at age 60

	Accrued pension at retirement age as at 31/3/14 and lump sum	Real increase /(decrease) in pension and related lump sum at retirement age	CETV at 31/3/14	CETV at 31/3/13	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Professor John Womersley	15 - 20 plus no lump sum	0 - 5 plus no lump sum	280	240	16
Dr Timothy Bestwick*	0-5 plus no lump sum	0-5 plus no lump sum	18	-	13
Professor Grahame Blair	0-5 plus no lump sum	0-5 plus no lump sum	58	13	14
Dr Sharon Cosgrove	5-10 plus no lump sum	5-10 plus no lump sum	133	92	28
Mr Gordon Stewart	15 -20 plus no lump sum	0-5 plus no lump sum	199	159	23
Dr Andrew Taylor	45-50 plus 135-140 lump sum	0-5 plus 0-5 lump sum	993	986	(10)
Philippa Foster	20-25 plus 70-75 lump sum	0-5 plus 5-10 lump sum	357	305	30

*prior year pension benefit figure not available

ACCRUED PENSION

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is dependent on the scheme in which the individual is a member.

CASH EQUIVALENT TRANSFER VALUES

A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's or partner's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in the former scheme. The pension figures shown relate to the benefits that the individual has accrued as a

consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures include the value of any pension benefit in another pension scheme or arrangement which the individual has transferred to the Research Councils' pension arrangement and for which the RCPS has received a transfer payment commensurate with the additional pension liabilities being taken on. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

REAL INCREASE IN CETV

The real increase in the value of the CETV reflects the increase 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.

Signed:

John Womersley
Accounting Officer

Date: 30th June 2014

ANNUAL ACCOUNTS

Statement of the Responsibilities of the Science and Technology Facilities Council and of its Chief Executive

Under Section 2(2) of the Science and Technology Act 1965, the Council is required to prepare a statement of accounts for each financial year in the form and on the basis directed by the Secretary of State for Business, Innovation and Skills with the consent of the Treasury. The accounts are prepared on an accruals basis and must show a true and fair view of the Council's state of affairs at the year end and of its income and expenditure, recognised gains and losses 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 for Business, Innovation, and Skills, 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 disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis.

The Secretary of State for Business, Innovation and Skills (BIS) has designated the Chief Executive of the Science and Technology Facilities Council (STFC) as Accounting Officer of STFC. 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 the keeping of proper records and for safeguarding STFC's assets are set out in 'Managing Public Money'.

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Accounting Officer, I have personal responsibility for maintaining a sound system of internal control that supports the achievement of STFC's policies, aims and objectives. I ensure that STFC operates effectively, to a high standard of probity and safeguards the public funds and assets.

THE PURPOSE OF THE GOVERNANCE STATEMENT

It is fundamental to my Accounting Officer's responsibilities to manage and control the resources in my charge. This Governance Statement brings together the critical stewardship activities that I rely upon to gain assurance on the day-to-day activities and to make informed decisions about STFC progress. It supplements the accounts, providing a sense of STFC's performance; and of how successfully it has coped with the challenges it faces now and into the future. STFC's stewardship framework encompasses performance management, risk management and internal reporting mechanisms and provides an insight into the business of the organisation and its use of resources. In forming my views I have been supported by STFC's Governance framework which includes the Council, its committees, senior management boards and officials and all STFC staff.

THE ORGANISATION'S GOVERNANCE FRAMEWORK

STFC is an independent non-departmental public body of BIS. Ultimately STFC is accountable to the public through Parliament for the funds it expends. Parliament monitors and influences the Council's work through its Select Committees, Public Accounts Committee, the National Audit Office and the Parliamentary Ombudsman. Our mission is set out in the Royal Charter granted to us by HM Queen Elizabeth II. STFC's working relationship and lines of accountability with its sponsor department BIS are defined through a Management Statement and Financial Memorandum, which are subject to periodic review. STFC is compliant with the 'Corporate Governance in central government departments – Code of Practice (July 2011)'.

Link:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220645/corporate_governance_good_practice_july2011.pdf

There are adequate arrangements in place to ensure a sound governance framework within STFC. There is a clear structure in place with reporting lines evident and terms of reference to support the individual Boards/Committees in their decision-making processes. All committee members are required to declare their interests annually and at the commencement of each meeting to ensure that decisions being taken have been taken on a fair and equal basis.

COUNCIL

The Council, STFC's governing body, is appointed by the Minister of State for Universities and Science. Council membership is reflective of our stakeholder base with representation from academia, public service and industry.

The Council's terms of reference reflect its responsibility to ensure that STFC delivers its goals, and upholds its responsibility towards its stakeholders, users, members of the public and staff. In addition, the Chair has specific responsibilities in relation to identification of strategic priorities, interaction with BIS, input and engagement with stakeholders, as well as representational duties.

Council continues to hold bi-monthly formal meetings. During the year Council's main activities included:

- overseeing STFC's strategic direction;
- monitoring progress against the delivery plan and operating plan;
- STFC's preparations for the 2015-16 Spending Review, Triennial Review, and BIS Strategic Review;
- the Programmatic Review;
- long term financial planning and performance;
- funding of STFC' s national facilities; and
- major management issues including the Corporate Services Directorate (CSD) Change Programme and campus related matters and requests to bid for large contracts.

Council members carry out an annual self-assessment exercise and continue to seek to improve their performance based on the outcome of this exercise. A full independent assessment will be carried out in the near future.

COUNCIL MEMBERSHIP AND ATTENDANCE 2013-14

	Attendance at Business meeting
Professor Sir Michael Sterling FREng (**Chairman**)	6/6
Professor John Womersley (**Chief Executive**)	6/6
Members	
Mrs Gill Ball OBE, University of Birmingham	5/6
Professor Martin Barstow FRSA FinstP, University of Leicester	3/6
Dr Brian Bowsher, National Physical Laboratory (appointed April 2013)	5/6
Mr Gerard Connell, Independent Advisor (appointed November 2013)	1/3
Mr Marshall Davies, Independent Advisor	6/6
Dame Professor Julia Goodfellow, University of Kent	4/6
Professor David Price FGS, University College London	5/6
Professor James Stirling CBE FRS, University of Cambridge	6/6
Mr Ian Taylor, Independent Advisor	6/6
Dr Richard Worswick, Cobalt Light Systems Ltd (appointed November 2013)	3/3

The term on Council for Dr Michael Healy and Mr Will Whitehorn ended March 2013.

A register of Council Members' private, professional and commercial interests is maintained by the Council. The register and further details on STFC Council and its advisory committees are available at www.stfc.ac.uk/Council .

EXECUTIVE BOARD (EB)

The responsibility for the Council's activities rests with members of the Council including the Chief Executive in his role as Accounting Officer. EB supports the Chief Executive, and thereby the Council. EB continuously reviews its remit and performance.

EB concluded on a satisfactory overall assessment and has made good progress this year. It acts as a cohesive unit, is focused on the key issues and will continue to seek further improvement. EB has worked well with BIS and other external stakeholders and is now increasing its engagement with peer organisations and internally within STFC too.

AUDIT COMMITTEE

STFC Audit Committee supports the Council and Chief Executive, in matters of governance, risk and control. The Audit Committee's primary responsibility is to provide Council with its view on the output from both management and independent assurance activities.

The Audit Committee authorised by Council to investigate any activity. The key items of discussion this year include:

- STFC Annual Report and Accounts;
- UK SBS Ltd;
- IT cyber security;
- Diamond Light Source Ltd;
- Director Stewardship Statements;
- Risk management reviews;
- Safety, health and environmental; and
- AASG audit reports and implementation of the resulting recommendations.

The Committee met six times during the year.

Members	Attendance
Mr Marshall Davies, Chair and Council Member	6/6
Mrs Gill Ball OBE, Council Member	4/6
Ms Angela Marshall	4/6
Mr David Noble	6/6
Mr Ric Piper*	1/3

* Ric Piper retired from Audit Committee in June 2013

Audit Committee periodically and continuously reviews its performance and the outcome of these reviews is reflected in an Annual Report to Council. There is a consistent agenda followed, with an opportunity for the members to declare any conflicts of interest at the outset of the meeting. All actions arising are clearly documented within the minutes and are followed up as a standard item on the agenda.

Audit Committee hold closed sessions with auditors at each meeting. The Audit Committee chair further engages with the executive and auditors between meetings in matters of governance, risk and various review processes.

OTHER BOARDS AND COMMITTEES

As part of its internal governance arrangements STFC also reviewed the remit and performance of the following groups:

- Science Board - sub-group of Council
- Remuneration Committee - sub-group of Council
- Operations Board (OB) - sub-group of Executive Board
- Risk Assurance Group (RAG) - sub-group of Operations Board and
- Project Review Committee (PRC) - sub-group of Operations Board.

Reviews concluded on satisfactory performance, although some minor improvements and amendments to the terms of reference will result.

THE RISK AND INTERNAL CONTROL FRAMEWORK

STFC has a robust risk management framework reflecting an organisation that operates on an international scale with novel and complex technologies, large scale investments and major high-profile facilities. The risk management framework has been formulated with reference to STFC's structure, processes and mode of operation and is promulgated through a stewardship framework built on:

- clear direction on priorities through clear strategies, plans, policies and procedures;
- clear delegation of authority and accountability;
- regular oversight, including risk review and reporting; and
- management assurance (e.g. stewardship returns, embedded risk management) and independent assurance (e.g. internal audit) which review performance, compliance and effectiveness of controls.

Members of the RAG consult with colleagues and meet every six months to review departmental risks and input to the corporate stewardship reviews. Business critical projects are subject to oversight by the PRC.

Directors are required to carry out a risk review and include a statement on significant matters within 'Stewardship Statements'. Outcomes from departmental risk reviews are linked through to the corporate risk register and reflected in reporting to Executive Board and Audit Committee. The corporate risks are:

- UKSBS Ltd Oracle upgrade (reframed in-year from SBS service delivery)
- Long-term financial planning (reframed in-year from financial management)
- Facilities funding
- Harwell campus development
- Government reviews
- Future funding
- CSD Change Programme (business critical project)
- HiLASE (business critical project)
- E-ELT (business critical project)
- Business critical capital projects (reframed in-year from Autumn Statement capital)

- SKA - (business critical project) - NEW
- The ESS - (business critical project) - NEW
- Staffing (retention and recruitment) - NEW

Key highlights from these activities are reflected under 'Significant Issues' later in this statement.

REVIEW OF EFFECTIVENESS

As Accounting Officer I have been advised of my responsibilities and accountabilities. My review is informed by the day-to-day management processes as reflected in STFC's assurance framework, which is consistent with HM Treasury's 'Three Lines of Defence'.

STFC operates on an international scale with novel and complex technologies, large scale investments and major high profile facilities. To succeed in this environment and to position ourselves as leaders; we need to ensure we have a strong strategic approach, a good evidence base and a strong reputation. We use our brokerage skills to strengthen our relations with industry, academia and other stakeholders and above all we need to continue to deliver science of the highest quality.

We fulfil our responsibilities by a range of mechanisms including:

- strong operational oversight through line management activities and board oversight through Operations Board and its sub-groups;
- communication of comprehensive plans, policies and procedures, across the full range of our activities;
- highly skilled staff with expertise, experience and a track record for delivering high end facilities and novel and complex projects; and
- embedded oversight and review activities that continually challenge our priorities, performance and control.

In the following paragraphs I describe some of the key contributory review processes that support the overall conclusions set out here.

DIRECTOR STEWARDSHIP STATEMENTS

STFC directors provide annual 'Stewardship Statements' on their areas of responsibility, which provide additional management assurance on the system of internal control and the risks faced by STFC. These returns provide a generally positive assessment of STFC operations but highlight concerns relating to UK SBS Ltd service delivery; financial planning, business critical projects and staffing.

AUDIT AND ASSURANCE SERVICES GROUP (AASG)

The Director of the Audit and Assurance Service Group, STFC's internal auditor, is required to provide me with an opinion on the overall adequacy and effectiveness of STFC's framework of governance, risk management and control. The work of the AASG provides assurance in four areas: core STFC activities; cross-Council activities which STFC is involved in; processes shared by STFC and the UK Shared Business Services Ltd and the Funding Assurance Programme.

Sufficient internal audit work has been undertaken to allow the DIA to provide a positively stated (evidence-based) and reasonable assurance opinion on the overall adequacy and

effectiveness of STFC's system of internal control. The overall opinion is Substantial Assurance. This reflects a basically sound system of internal control, but where there are a few weaknesses that may put achievement of some system objectives at risk. There are no qualifications to this opinion.

STFC core audit programme

In 2013-14, the core audit programmes included 16 assurances, 44% [7] reflect substantial assurance, 31% [5] were advisory, and 6% [1] audit opinion remains to be confirmed. 19% [3] areas received limited assurance: business development; programme and project management; and DLS financial management / Cabinet Office controls. Actions are in hand to address the shortcomings and the issues will be reviewed during 2014-15.

Cross-Council audit programme

There were 20 Cross-council audits carried out, of which 20% [4] were advisory and 55% [11] received substantial assurance. 25% [5] cross-client audits received an overall rating of limited assurance: RCUK governance, risk management and control; business continuity planning; external IT service providers; IS/IT strategy and critical systems assurance. No significant individual control weaknesses were identified that should be disclosed in the governance statement.

STFC/SBS shared assurance programme

Results of STFC/SBS shared assurance programme confirms that the controls operating across the end-to-end (E2E) processes have continued to improve and as at quarter three of the year have received Substantial Assurance. However, not all material improvements have been made to the system of internal control to ensure that system objectives are achieved. Continuous improvement is required in the control and risk management framework, in particular:

- there are legacy quality shortfalls in the master data that supports the purchase to pay and order to cash processes; and
- non-compliance with some iExpenses processes remains high across the client base

The controls and security framework (CSF) that underpins the E2E received Limited Assurance in: change control; master data maintenance; and database security and control. action plans and monitoring are now in place at UK SBS to address issues raised within these CSF audits. However, one significant control weakness remains open at the year-end:

- the Centre does not have disaster recovery arrangements covering all information systems and the arrangements that are in place have not been tested.

IT governance, risk management and control operate against a number of challenges facing organisations globally. The results of the three CSF and three CCA Limited Assurances in 2013-14 will have resulted in a decline in IT assurance. The 2014-15 audit programme has addressed this by including increased focussed coverage to assist in raising the assurance profile in this area and to follow-up actions taken on previous audit recommendations.

Funding Assurance Programme

Funding assurance 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 which accompany these funding streams. In 2013-14, 36 assurance assignments were undertaken, comprising of 15 visits, three enhanced desk-

based reviews and 18 desk-based reviews. Findings for the year across this activity indicate that a satisfactory level of assurance can be reported based on the work undertaken.

SIGNIFICANT ISSUES

As a consequence of the risk management and review processes described above, I have concluded on an overall positive control environment. STFC has a relatively solid funding base from Government but we continue to face tough challenges and choices to deliver our strategy and delivery plan. Nevertheless, I highlight the following significant issues that continue to receive close attention at Executive Board:

- **Shared services:** UKSBS Ltd continues to make improvements in its delivery, however we must continue to monitor performance, particularly in relation to the upcoming Oracle Upgrade. This is dealt with further below.
- **Business critical projects:** we work in an environment of high value, complex and novel technologies and facilities. This is reflected in the key risks referenced above. STFC has in place a good project management framework and has a track record for delivering high end facilities and novel and complex projects.
- **Long-term financial planning:** consistent with all public sector bodies, STFC continues to work within tight financial constraints and maintains close scrutiny over its financial decisions and performance.

OTHER SPECIFIC ASSURANCE REQUIREMENTS

UK SBS Ltd

The 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.

This year the Chief Executive Officer of UK SBS Ltd has provided an assurance statement directly to Research Council Accounting Officers. The CEO provided a personal assurance that the shared services centre 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
- The company's risk management and internal control and compliance arrangements
- The company's performance against its critical performance indicators (CPI)
- Counter fraud
- Information security and data security
- IT challenges and the effectiveness of the company's security arrangements
- The Client Governance Fora
- Internal Audit Annual Assurance Statement
- Significant challenges the business expects to face in the course of the 2014-15 financial year

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

I note the positive content of the UK SBS Ltd letter and welcome it as a source of assurance for this year and in 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 UKSBS Ltd business environment, including a review of the current internal audit provision.

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

Regularity and Propriety

STFC is committed to establishing and applying appropriate standards of regularity and propriety, including applying appropriate cultures and behaviours and does not tolerate any form of fraud, bribery and/or corruption. It is important in this context that we guard against the perception of impropriety as well as the reality. I have been informed of potentially two instances of attempted fraud which had been identified, avoided and an independent investigation carried out. Going forward, we have embedded tests within the AASG audit approach to check that improved control frameworks have been implemented and assess the evidence that they are adequate and effective.

As a consequence of the Cabinet Office Fraud and Error Mandate we have implemented new structures and systems for fraud and error which include:

- Board-level counterfraud and error accountability
- fraud and error capacity assessment
- fraud and error risk assessment
- fraud and error action plan
- a cross-Council harmonised whistleblowing policy
- mandatory counterfraud training for all staff.

These reviews represent STFC's continued approach to managing risk of financial loss. The outcome of these reviews was that there were no particular high risk areas of fraud and error but the action plan identified some areas where improvements should be made.

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

Safety, Health and Environment (SHE)

STFC SHE management system is established, documented and communicated to all staff. Day to day operational safety management is a line management responsibility. The Environment Agency (EA) issued a warning letter with regard to standards of security, accountancy and management of radioactive materials at RAL. A series of monitored improvement actions set out in EA visit reports are being reviewed bi-monthly by EA inspectors for completion by July 2014. A fuller report on SHE management issues is contained elsewhere in this report.

Information Assurance and Data Security

STFC continues to implement the security policy framework (SPF) as mandated by BIS. There have been no serious lapses of data security. There have been a number of near misses where existing controls ensured no significant data losses have occurred. Each year, STFC has improved its SPF score; these improvements are independently audited and verified by the AASG through the annual security risk management overview (SRMO) process.

Partner Organisations

The Science and Technology Facilities Council works closely with a number of organisations, both nationally and internationally. These partner organisations may reflect collaborative activities, subsidiaries, joint ventures or major outsourced service provision.

In a number of these relationships STFC represents the UK in international partnerships to provide access to facilities, to plan future facilities strategy, to regulate international collaboration, or to foster international collaboration in strategic areas of research. This is done through active participation as the UK delegation to these organisations. We are members of the relevant governing bodies to ensure effective governance and oversight to ensure these international and UK facilities are operated as cost-effectively as possible, and that the UK has access to world-leading instruments and gets the best scientific return for its investment.

Tax Compliance (Alexander Review)

STFC's arrangements in respect of what is a small but important workforce group (typically some 1% of its workforce) are compliant with the recommendations of the Alexander Review and consistent with the approach taken by BIS. Nevertheless, some work still needs to be done across all Councils to convert a very small number of specialist contracts. A cross-Council project is in place which will embed the disclosure requirements in contracts and this is due to be implemented by July 2014.

In addition to the specific areas reported on above I have also reviewed our approach and controls in the following areas:

- Transparency
- MacPherson (analytical modelling)
- Efficiency

The outcomes of these reviews were all positive on their business focus and performance. No business critical issues were identified.

CONCLUSION

This Governance Statement represents the end product of the review of the effectiveness of the governance framework, risk management and internal control. I have considered the evidence provided with regards to the production of the Annual Governance Statement.

Whilst I reiterate that we have major challenges ahead, we go forward with a strong foundation. We have delivered and helped deliver major successes in our programme over the past year. We have secured significant additional capital investments in our campuses and facilities demonstrating confidence in our plans and the important part they play in contributing to the economy. The Government remains strong in expressing its support for science and innovation as drivers of economic recovery and both David Willetts and George Osborne have made highly visible visits to STFC's laboratories.

This review is sufficient to enable me to be satisfied that the design and operation of systems of risk management, control and governance are appropriate to STFC and its risk profile. Nevertheless, we continue to press for improvement from within STFC and from our key partners, particularly in the areas highlighted in this statement. With the enthusiasm and commitment of our staff, research communities and partners, and our shared belief in the importance of what we do, we will face these challenges with determination and confidence.

Signed:

John Womersley
Accounting Officer

Date: 30th June 2014

THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the Science and Technology Facilities Council for the year ended 31 March 2014 under the Science and Technology Act 1965. The financial statements comprise: the Group and Parent 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 Accounting Officer'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 group's and the Science and Technology Facilities Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Science and Technology Facilities 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.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

the financial statements give a true and fair view of the state of the group's and of Science and Technology Facilities Council's affairs as at 31 March 2014 and of the group's and the parent's net expenditure 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 part of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or

the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records 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.

Sir Amyas C E Morse **Date** 2nd July 2014

Comptroller and Auditor General

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 2014

		STFC	Consolidated	Consolidated
		2014	2014	2013
	Note	£'000	£'000	£'000
Expenditure				
Staff Costs	4	89,500	89,500	83,058
Restructuring	5	20	20	1,561
Research grants	6	82,266	82,266	79,015
Other grants and awards	7	42,720	42,720	42,586
International subscriptions	8	146,666	146,666	142,004
Equipment and supplies		31,428	31,428	29,421
Services		27,553	27,553	33,278
Intangible amortisation	12	475	475	64
Intangible impairments	12	(1)	(1)	-
Depreciation	13	59,237	59,237	60,143
Property, plant and equipment impairments	13	1,572	1,572	(10,961)
Joint venture funding		40,433	40,433	35,150
Notional charge for UK SBS Ltd Services	1.32	5,216	5,216	-
Other expenditure	9	32,433	32,433	26,851
Total expenditure		**559,518**	**559,518**	**522,170**
Income				
Income from operating activities	10	(67,313)	(67,313)	(62,834)
Total income		**(67,313)**	**(67,313)**	**(62,834)**
Net operating expenditure		**492,205**	**492,205**	**459,336**
Interest receivable	11	(312)	(312)	(325)
Unwinding of discount provisions	21	218	218	458
Share of post-tax losses of joint ventures	14	-	26,376	27,071
Loss on disposal of tangible assets		121	121	176
Loss on disposal of assets held for sale		33	33	-
Net expenditure for the year		**492,265**	**518,641**	**486,716**
Less notional charge for UK SBS	1.32	(5,216)	(5,216)	-
Net expenditure for the year after the reversal of notional charge for UK SBS		**487,049**	**513,425**	**486,716**
Other comprehensive expenditure/(income)				
Net gain on revaluation of property plant and equipment	13	(34,908)	(34,908)	(23,696)
Net (gain) / loss on revaluation of intangible assets	12	(43)	(43)	135
Net gain on revaluation of investments	14	-	(53,665)	(33,740)
Net movement on cash flow hedges	17	4,685	4,685	7,664
Total comprehensive net expenditure for the year ended 31 March 2014		**456,783**	**429,494**	**437,079**

Notes

a. All activities are continuing;

The notes on pages 65 to 110 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

			2014	2013
			£'000	£'000
	Note			
Non-current assets				
Intangible assets	12		2,120	500
Property, plant and equipment	13		703,362	667,266
Interests in joint ventures	14		431,652	371,452
Trade and other receivables	15		4,747	5,817
Other financial assets	16		9,701	9,701
Derivative financial instruments	17		-	375
Total non-current assets			**1,151,582**	**1,055,111**
Current assets				
Trade and other receivables	15		51,447	50,242
Derivative financial instruments	17		-	2,048
Cash and cash equivalents	18		3,749	1,067
Total current assets			**55,196**	**53,357**
Assets classified as held for sale	19		-	273
Total assets			1,206,778	1,108,741
Current liabilities				
Trade and other payables	20		(85,930)	(63,466)
Derivative financial instruments	17		(2,262)	-
Total current liabilities			**(88,192)**	**(63,466)**
Non-current assets less net current liabilities			1,118,586	1,045,275
Non-current liabilities				
Trade and other payables	20		(3,026)	(13,014)
Provisions	21		(35,017)	(35,335)
Total non-current liabilities			**(38,043)**	**(48,349)**
Assets less liabilities			**1,080,543**	**996,926**
Reserves				
Income and expenditure reserve			787,154	770,752
Revaluation reserve			293,389	226,174
Government funds			**1,080,543**	**996,926**

The Accounting Officer authorised these financial statements for issue on

John Womersley
Accounting Officer

Date: 30th June 2014

The notes on pages 65 to 110 form part of these Financial Statements.

STFC STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

			2014	2013
			£'000	£'000
	Note			
Non-current assets				
Intangible assets	12		2,120	500
Property, plant and equipment	13		703,362	667,266
Interests in joint ventures	14		460,354	427,443
Trade and other receivables	15		4,747	5,817
Other financial assets	16		9,701	9,701
Derivative financial instruments	17		-	375
Total non-current assets			**1,180,284**	**1,111,102**
Current assets				
Trade and other receivables	15		51,447	50,242
Derivative financial instruments	17		-	2,048
Cash and cash equivalents	18		3,749	1,067
Total current assets			**55,196**	**53,357**
Assets classified as held for sale	19		-	273
Total assets			**1,235,480**	**1,164,732**
Current liabilities				
Trade and other payables	20		(85,930)	(63,466)
Derivative financial instruments	17		(2,262)	-
Total current liabilities			**(88,192)**	**(63,466)**
Non-current assets less net current liabilities			**1,147,288**	**1,101,266**
Non-current liabilities				
Trade and other payables	20		(3,026)	(13,014)
Provisions	21		(35,017)	(35,335)
Total non-current liabilities			**(38,043)**	**(48,349)**
Assets less liabilities			**1,109,245**	**1,052,917**
Reserves				
Income and expenditure reserve			928,672	885,894
Revaluation reserve			180,573	167,023
Government funds			**1,109,245**	**1,052,917**

The Accounting Officer authorised these financial statements for issue on

John Womersley
Accounting Officer

Date: 30th June 2014

The notes on pages 65 to 110 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2014

			2014	2013
			£'000	£'000
	Note			
Cash flows from operating activities				
Net expenditure for year			(513,425)	(486,716)
Interest receivable	11		(312)	(325)
Amortisation	12		475	64
Impairment of intangibles	12		1	-
Depreciation	13		59,237	60,143
Loss on disposal of plant, property and equipment			121	176
Loss on disposal of assets held for sale			33	-
Impairment of property, plant and equipment	13		1,572	(10,961)
Share of joint venture losses	14		26,376	27,071
Decrease in trade and other receivables			177	6,173
Increase / (Decrease) in trade and other payables	20		12,476	(45,987)
Movements in payables not related to operating activity			-	161
Other movements in reserves			(32)	-
Decrease in provisions	21		(536)	(6,556)
Unwinding of discount on provisions	21		218	458
Net cash outflow from operating activities			**(413,619)**	**(456,299)**
Returns on investment and servicing of Finance				
Interest			-	325
Cash flows from investing activities				
Purchase of property, plant and equipment			(64,169)	(37,902)
Purchase of intangibles	12		(93)	(143)
Proceeds of disposal of property, plant and equipment			91	15
Proceeds of disposal of assets held for sale			240	-
Investment additions	14		(32,911)	(28,806)
Proceeds from sale of investment in UK SBS	14d		-	7,855
Net cash outflow from investing activities			**(96,842)**	**(58,981)**
Cash flows from financing activities				
Grant in aid			513,143	507,900
Net cash inflow from financing activities			**513,143**	**507,900**
Net increase/(decrease) in cash and cash equivalents in the period	18		2,682	(7,055)
Cash and cash equivalents at the beginning of the period	**18**		**1,067**	**8,122**
Cash and cash equivalents at the end of the period	**18**		**3,749**	**1,067**

Notes:

a. In accordance with IAS 7, *Statement of cash flows*, cash flows between STFC and joint ventures are included under the appropriate heading but other joint venture cash flows are excluded.

The notes on pages 65 to 110 form part of these Financial Statements.

STFC STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2014

			2014	2013
			£'000	£'000
	Note			
Cash flows from operating activities				
Net expenditure for year			(487,049)	(464,528)
Interest received	11		(312)	(325)
Amortisation	12		475	64
Impairment of intangibles	12		1	-
Depreciation	13		59,237	60,143
Loss on disposal of plant, property and equipment			121	176
Loss on disposal of assets held for sale			33	-
Loss on disposal of investments	14		-	4,883
Impairment of property, plant and equipment	13		1,572	(10,961)
Decrease in trade and other receivables			177	6,173
Increase / (Decrease) in trade and other payables	20		12,476	(45,987)
Movements in payables not related to operating activity			-	161
Other movements in reserves			(32)	-
Decrease in provisions	21		(536)	(6,556)
Unwinding of discount on provisions	21		218	458
Net cash outflow from operating activities			**(413,619)**	**(456,299)**
Returns on investment and servicing of Finance				
Interest			-	325
Cash flows from investing activities				
Purchase of property, plant and equipment			(64,169)	(37,902)
Purchase of intangibles	12		(93)	(143)
Proceeds of disposal of property, plant and equipment			91	15
Proceeds of disposal of assets held for sale			240	-
Investment additions			(32,911)	(28,806)
Proceeds from sale of investment in UK SBS	14d		-	7,855
Net cash outflow from investing activities			**(96,842)**	**(58,981)**
Cash flows from financing activities				
Grant in aid			513,143	507,900
Net cash inflow from financing activities			**513,143**	**507,900**
Net increase/(decrease) in cash and cash equivalents in the period	18		2,682	(7,055)
Cash and cash equivalents at the beginning of the period	**18**		**1,067**	**8,122**
Cash and cash equivalents at the end of the period	**18**		**3,749**	**1,067**

a. In accordance with IAS 7, *Statement of cash flows*, cash flows between STFC and joint ventures are included under the appropriate heading but other joint venture cash flows are excluded.

The notes on pages 65 to 110 form part of these Financial Statements.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

FOR THE YEAR ENDED 31 MARCH 2014

			STFC	Consolidated
			£'000	£'000
Income and expenditure reserve	**Note**			
Balance at 31 March 2012			840,537	747,583
Changes in reserves 2012-13				
Transfer from revaluation reserve			9,823	9,823
Other movements*			(174)	(174)
Cash flow hedge	17		(7,664)	(7,664)
Net expenditure for the year			(464,528)	(486,716)
Total recognised income and expense for 2012-13			(462,543)	(484,731)
Grant in aid financing			507,900	507,900
Balance at 31 March 2013			**885,894**	**770,752**
Changes in reserves 2013-14				
Transfer from revaluation reserve			21,401	21,401
Other movements			(32)	(32)
Cash flow hedge	17		(4,685)	(4,685)
Reversal of notional charge for UK SBS	1.32		5,216	5,216
Net expenditure for the year			(492,265)	(518,641)
Total recognised income and expense for 2013-14			**(470,365)**	**(496,741)**
Grant in aid financing			513,143	513,143
Balance at 31 March 2014			**928,672**	**787,154**
Revaluation reserve				
Balance at 31 March 2012			**153,285**	**178,696**
Changes in reserves 2012-13				
Net gain on revaluation of property, plant and equipment			23,696	23,696
Net loss on revaluation of intangibles			(135)	(135)
Net gain on revaluation of investments			-	33,740
Transfer to income and expenditure reserve			(9,823)	(9,823)
Movements in reserves for 2012-13			**13,738**	**47,478**
Balance at 31 March 2013			167,023	226,174
Changes in reserves 2013-14				
Net gain on revaluation of property, plant and equipment			34,908	34,908
Net gain on revaluation of intangibles			43	43
Net gain on revaluation of investments			-	53,665
Transfer to income and expenditure reserve			(21,401)	(21,401)
Movements in reserves for 2013-14			13,550	67,215
Balance at 31 March 2014			180,573	293,389

Total Government Funds at 31 March 2013			**1,052,917**	**996,926**
Total Government Funds at 31 March 2014			**1,109,245**	**1,080,543**

The notes on pages 65 to 110 form part of these Financial Statements.

- Other movements relate to asset adjustments as a result of the loading of the professional revaluation data onto the Oracle platform.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

1.1 Basis of accounting

The Financial Statements have been prepared in accordance with a Direction issued by the Secretary of State for Business, Innovation and Skills (BIS) in pursuance of Section 2(2) of the Science and Technology Act 1965.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and meet the accounting and disclosure requirements of the Companies Act 2006 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 (FReM) and in so far as these requirements are appropriate. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of STFC (the Council) for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The Financial Statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£'000), except where indicated otherwise.

Changes to Accounting Policies and Estimates effective in 2013-14

There were no changes effective in 2013-14.

1.2 Accounting convention

These accounts have been prepared under the historical cost convention modified to include the fair valuation of property, plant and equipment, intangible assets, investment properties, unlisted investments and financial instruments to the extent required or permitted under IFRS as set out in the relevant accounting policies.

1.3 Basis of consolidation

STFC's wholly owned subsidiary undertaking, STFC Innovations Limited (SIL), is consolidated in accordance with IFRS 10, *Consolidated Financial Statements,* to form the STFC Group. There is no material difference between STFC and the STFC Group. On this basis, STFC's Financial Statements as reported are the consolidation of the STFC parent and SIL. SIL results are shown in Note 14a. The STFC parent holds the investment in joint ventures at cost, less any provision for impairment.

The Consolidated Financial Statements are the STFC Financial Statements, as above, consolidated with the value of the investment in joint ventures being carried at cost plus post-acquisition changes in STFC's share of net assets of the joint venture, in accordance with the equity method of accounting.

Where there is no difference between the STFC and consolidated position in the comparative Statement of Financial Position notes, only the consolidated position is shown.

1.4 Accounting estimates and judgements

The preparation of Financial Statements requires management to make judgements, 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 including those relating to property, plant and equipment and provisions.

Management bases its estimates and judgements 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.

The estimates and judgements that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are:

• Valuation of property, plant and equipment. Property, plant and equipment are revalued every five years and are revised in the intervening years by use of appropriate indices. To reduce the risk of material misstatement, the indices used are those recommended by professional valuers. The last professional valuations were 2012-13 for all plant and equipment assets and the land and buildings at RAL; and 2013-14 for the remainder of the land and building assets.

• Calculation of the decommissioning costs for ING, JAC, DL and RAL. The calculations are based on estimates of the current cost of the work to be undertaken, assumptions regarding inflation rates and VAT changes and the timing of the decommissioning. To reduce the risk of material misstatement the estimates and assumptions are reviewed annually. A professional valuation of the decommissioning costs was undertaken for ING and JAC in 2010-11 and RAL in 2012-13.

• Calculation of the decommissioning provision for ILL. STFC's share (33%) of this provision is taken from the ILL Financial Statements. The provision for decommissioning was revalued in 2007 using the software recommended by the Commissariat à l'énergie atomique (CEA) and updated as at 31 December 2010 on the basis of the best estimates provided by ILL management.

1.5 Investments

Unlisted investments are stated in accordance with the British Venture Capital Association guidelines for valuation of unlisted investments at amounts considered to be a fair assessment of their values. Details of the unlisted investments are shown in Note 14b.

Unlisted investments are stated at amounts considered to be a fair assessment of their value, subject to overriding requirements of prudence. All investments are valued according to one of the following bases:

- Cost (less any provision required)
- Third party valuation
- Earning multiple
- Net assets

Investments are normally valued at cost until the availability of the first set of audited accounts post completion of the investment. Provisions against cost however, will be made as soon as appropriate in the light of adverse circumstances – for example, where an investment performs significantly below expectations.

Gains and losses on realisation of fixed asset investments are taken through the income and expenditure account. Fixed asset investments are not held for immediate resale. The difference between the market value of fixed asset investments over the cost to the Council is shown as an unrealised gain or loss in the revaluation reserve.

1.6 Investments in joint ventures and associates

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

Interests in joint ventures and associates are accounted for under the equity method of accounting in accordance with the principles of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IAS 28, *Investments in Associates and Joint Ventures*.

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

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

STFC holds the majority shareholding in the joint venture company, DLSL. Under the terms of the joint venture agreement, control is shared jointly with the minority shareholder, the Wellcome Trust. The results of DLSL are therefore accounted for as a joint venture consolidated with those of STFC.

STFC holds a one-third shareholding in the joint venture company Institut Laue Langevin (ILL). Under the terms of the joint venture agreement control is shared jointly with two other shareholders. The results of ILL are therefore accounted for as a joint venture consolidated with those of STFC. ILL's reporting period is January to December.

STFC holds a 50% interest in the joint venture partnership Daresbury Science and Innovation Campus Public Sector Limited Liability Partnership (DSIC Pubsec). Under the terms of the joint venture agreement control is shared jointly with Halton Borough Council. The results of DSIC Pubsec are therefore accounted for as a joint venture consolidated with those of STFC.

STFC holds a 50% interest in the joint venture partnership Harwell Science and Innovation Campus Public Sector Limited Partnership (HSIC PubSP). Under the terms of the joint venture agreement control is shared jointly with the UK Atomic Energy Authority (UKAEA). The results of HSIC PubSP are therefore accounted for as a joint venture consolidated with those of STFC.

An adjustment has been made for a difference in accounting policy between STFC and DLSL; DLSL holds its assets at historic costs whereas STFC holds its assets at revalued cost. See Note 14c.

There are no other material difference in accounting policies between STFC and its Joint Ventures.

1.7 Property, plant and equipment (PPE)

Property, plant and equipment is accounted for in accordance with the FReM and IAS 16, *Property, plant and equipment*.

Expenditure on PPE includes the purchase of land, buildings, plant and equipment costing £10,000 or more. Professional valuations are obtained at least every five years and are revised in the intervening years by use of appropriate indices.

The basis for valuation for land and buildings is open market value for existing use where this can be established. Where this basis is not applicable because of the specialised nature of the Council's assets, valuations are carried out on a depreciated replacement cost basis. Items of plant and equipment are included at current replacement cost.

Assets under construction are valued at cost, including directly attributable in-house costs required to bring the asset into working condition for its intended use.

1.8 Depreciation

Freehold land is not depreciated. Depreciation is charged on all other PPE at rates calculated to write down the valuation of each asset to its estimated residual value evenly over its expected useful life.

Useful lives are generally as follows:

Freehold buildings	60 years
Long leasehold properties	60 years or term of lease
Other leased assets, including dwellings	Term of lease
Plant and machinery	20 years
Scientific equipment	15 years
Electronic scientific equipment	10 years
Computers and information technology	5 years
Vehicles	4 years

Assets are depreciated as soon as they are available for use. Increased depreciation charges arising from revaluations are matched by transfers from the revaluation reserve to the income and expenditure reserve. On disposal of a revalued asset, the resulting element of the revaluation reserve that is realised is transferred directly to the income and expenditure reserve.

1.9 Component accounting

Property, plant and equipment may have component parts with different useful lives. In accordance with the provisions of IAS 16 *Property, plant and equipment*, each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

1.10 Ownership of equipment purchased with STFC research grants

Through the Conditions of Grant applied to funded institutions, the Council reserves the right to determine how equipment purchased by an institution with research grant funds is disposed of, and how any disposal proceeds are to be utilised during the period of the research. Once the research has been completed the institution is free to use such equipment without reference to the Council. Such equipment is excluded from these Financial Statements.

1.11 Intangible assets

Intangible assets consist of identifiable non-monetary assets without physical substance and include software either developed in-house or by third parties and licences to use applications developed by third parties costing £10,000 or more. Intangible assets are initially recognised at cost.

After initial recognition, an intangible asset is carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses.

Intangible assets with a finite life are amortised on a straight line basis over their useful lives. The estimated useful lives are as follows:

Software and software licences	5 - 10 years

1.12 Asset impairment

A minimum of 30% of intangible assets, property, plant and equipment are reviewed at least annually, to ensure that assets are not carried above their recoverable amounts. Where some indication of impairment exists, detailed calculations are made of the discounted cash flows resulting from continued use of the assets (value in use) or from their disposal (fair value less costs to sell). Where these values are less than the carrying amount of the assets, an impairment loss is charged to the Statement of Comprehensive Net Expenditure (SCNE).

Any reversal of an impairment charge is recognised in the SCNE to the extent that the original charge, adjusted for subsequent depreciation, was previously recognised, with any remaining amount recognised in the revaluation reserve.

1.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

1.14 Financial instruments

The Council recognises and measures financial instruments in accordance with IAS 39 *Financial instruments: recognition and measurement* as interpreted by the FReM.

The fair value of financial instruments is determined by reference to quoted market prices where an active market exists for the trade of these instruments. The fair value of financial instruments which are not traded in an active market is determined using generally accepted valuation techniques, including estimated discounted cash flows.

The Council classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

a) Financial instruments are recognised in the Statement of Financial Position at fair value when the Council becomes a party to the contractual arrangement.

b) Trade and other receivables are initially recognised and carried at original invoice amount. Subsequently, an estimate for doubtful debts is made when collection of the full amount is no longer probable and is offset against the original invoice amount. Bad debts are written off when identified.

c) 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 STFC is established or when the corresponding assets or expenses are recognised.

1.15 Derivative financial instruments

STFC applies IAS 39 *Financial instruments: recognition and measurement*, under which hedge accounting is allowed when certain criteria are met. Under IAS 39, derivative financial instruments are always measured at fair value, with hedge accounting employed in respect of those derivatives fulfilling the stringent requirements for hedge accounting as prescribed under IAS 39.

STFC uses forward exchange contracts as cash flow hedges to manage its exposure to currency fluctuations on its future cash flows. For effective cash flow hedges, changes in the fair value of the hedge are recognised in equity, where they are recycled through the SCNE in the same period during which the hedged item impacts the SCNE.

1.16 Non-current assets classified as held for sale

Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the asset is available for immediate sale in its present condition, management are committed to the sale and completion is expected within one year from the date of classification.

1.17 Decommissioning costs

Decommissioning costs are recognised in full as soon as the obligation exists i.e. when the technical facility has been commissioned. When the obligation incurred gives access to future economic benefits a corresponding asset is set up in the Statement of Financial Position at the same time with depreciation being charged to the SCNE over its useful life.

A specific provision is established to cover the current value of the expected future costs of decommissioning the asset. A notional interest charge is made on the provision which is charged to the SCNE over the estimated working life of the asset and credited to the provision.

1.18 Government grants receivable and other income

Grant in Aid provided by the Department for Business, Innovation and Skills for revenue and general capital purposes is credited to the income and expenditure reserve.

In line with the terms of the agreement, contributions; co-funding and grants from other bodies (including other government bodies) are recognised as income over the period in which STFC recognises the related costs for which the grant is intended to compensate.

Other operating income is shown net of trade discounts; value added tax and other taxes. Revenue is recognised when goods are delivered and title has passed, and services in the accounting period in which the service is rendered.

Deferred income relates to payments received in advance of the accounting period to which they relate or where grant conditions have not yet been met. The deferred income is released to the SCNE as and when these conditions are met.

1.19 Research and development

As a research organisation the majority of the Council's expenditure on research and development does not meet the capitalisation criteria of IAS 38, *Intangible assets* and is therefore charged to the SCNE when incurred.

Research and development expenditure that can be directly attributed to bringing a specific asset into production is capitalised as part of that asset and depreciated over the life of the asset.

1.20 Contributions to international collaboration projects

Contributions to international collaboration projects, where the Council does not have ownership of technical facilities, have been charged to the SCNE in the period to which they relate.

1.21 Research grants payable

The majority of research grants and fellowships are paid by the Council on an instalment basis in accordance with an agreed payment profile. Where the profile indicates an unclaimed and/or unpaid amount exists at the Statement of Financial Position date, such sums are accrued in the Financial Statements. Future commitments at the Statement of Financial Position date are disclosed in Note 23.

The majority of studentship grants are paid on an instalment basis in advance. Stipends are paid directly to the student on a quarterly basis and fee payments are made in two equal payments to the institutions.

1.22 Pensions

Contributions to the United Kingdom Atomic Energy Authority (UKAEA) Pension Scheme and the Research Councils Pension Scheme (RCPS) are charged to the SCNE in accordance with actuarial recommendations so as to spread the cost of the pensions over the employees' expected working lives.

Liabilities for the payment of future benefits are the responsibility of the UKAEA Pension Scheme and the Research Councils Pension Scheme and accordingly are not included in these Financial Statements.

Both the UKAEA and RCPS Pension Schemes are multi-employer schemes and the Council is unable to identify its share of the underlying assets and liabilities.

1.23 Early departure costs

The Council is required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. In accordance with IAS 19, *Employee benefits*, the Council provides in full for this cost when an early retirement programme has been announced and is binding. Early departure costs are discounted using HM Treasury's current pension rate, currently 1.8% real.

1.24 Employee benefits

In accordance with IAS 19, *Employee benefits*, a body is required to recognise short term employee benefits when an employee has rendered service in exchange for those benefits. Included in the accounts is an accrual for the outstanding employee paid holiday entitlement at the period end date.

1.25 Closure and restructuring costs

Where a constructive obligation is made to terminate or radically change one of the Council's operational facilities or to restructure, a provision is set up to cover the direct costs associated with closure or restructuring in accordance with IAS 37, *Provisions, contingent liabilities and contingent assets*.

1.26 Taxation and VAT

The Council is exempt from income and corporation tax by way of its Crown exemption.

VAT is accounted for in the accounts, in that amounts are shown net of VAT except:

a) Irrecoverable VAT is charged to the Consolidated Statement of Comprehensive Net Expenditure, and included under the relevant expenditure heading

b) Irrecoverable VAT on the purchase of an asset is included in additions.

The net amount due to, or from, HM Revenue and Customs in respect of VAT is included within other receivables and payables within the Consolidated Statement of Financial Position

The Council is registered for VAT jointly with six other Research Councils and the Technology Strategy Board (TSB) as part of a Cost Sharing Group (CSG). Non-attributable VAT recovered through the Group arrangement is credited to the SCNE.

1.27 Foreign currency

The Council applies IAS 21, *The effects of changes in foreign exchange rates* and transactions denominated in foreign currency are translated at the rate of exchange ruling on the date of the transaction unless covered by a forward contract. Assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at the balance sheet date.

Transaction and translation gains and losses are credited or charged to the SCNE except where a hedging relationship is designated and where it qualifies for hedge accounting under IAS 39, *Financial Instruments: recognition and measurement*.

1.28 Insurance

As a public body, the Council does not generally insure. However, the Council has decided, with the agreement of BIS, that risks relating to certain commercial contracts entered into by the Council should be commercially insured. Insurance premiums are charged to the SCNE.

1.29 Operating leases

Operating lease rentals payable are charged to the SCNE on a straight line basis over the period of the lease. Operating lease income is recognised in income on a straight line basis over the period of the lease.

1.30 Administration and programme expenditure and income

The SCNE in Note 3 is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or programme follows the definition of administration costs as set out in the HM Treasury Consolidated Budgeting Guidance 2013-14.

1.31 Operating segments

The Council reports income and expenditure by segment, in accordance with IFRS 8, *Operating Segments* (See Note 2). An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenditures (including revenues and expenses relating to transactions with other components of the same entity);

- whose operating results are regularly reviewed by the entities' 'chief operating decision maker' to make decisions about resource allocation to the segments and to assess its performance, and for which discrete financial information is available.

1.32 Notional charge for UK SBS Ltd Services

Ownership of SBS transferred from the Research Councils to BIS on 6th March 2013. From 1 April 2013 the cost of SBS's services to STFC ceased to be a monthly charge and instead was deducted from STFC's allocation. 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.

2. SEGMENTAL CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

Disclosure to net operating expenditure.

FOR THE YEAR TO 31 MARCH 2014

	Programmes	National Laboratories	Business & Innovation	Corporate Services	Finance	SPC	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure							
Staff costs	6,141	63,272	3,587	10,511	3,202	2,787	89,500
Restructuring	800	-	-	(780)	-	-	20
Research grants	82,266	-	-	-	-	-	82,266
Other grants & awards	41,920	-	-	800	-	-	42,720
International subscriptions	146,666	-	-	-	-	-	146,666
Equipment and supplies	1,267	29,477	1,089	(389)	(270)	254	31,428
Services	4,684	10,775	1,176	9,201	705	1,012	27,553
Depreciation	-	-	-	-	59,237	-	59,237
Amortisation	-	-	-	-	475	-	475
PPE impairments	-	-	-	-	1,572	-	1,572
Intangible impairments	-	-	-	-	(1)	-	(1)
Joint venture funding	40,433	-	-	-	-	-	40,433
Notional Charge for UK SBS Ltd Services	-	-	-	-	5,216	-	5,216
Other expenditure	2,259	16,946	1,494	11,411	58	265	32,433
Total expenditure	326,436	120,470	7,346	30,754	70,194	4,318	559,518
Income							
Income from operating activities	(3,862)	(53,910)	(1,931)	(7,458)	(79)	(73)	(67,313)
Net operating expenditure	322,574	66,560	5,415	23,296	70,115	4,245	492,205

FOR THE YEAR TO 31 MARCH 2013

	Programmes	National Laboratories	Business & Innovation	Corporate Services	Finance	SPC	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure							
Staff costs	6,169	57,304	4,731	10,243	1,991	2,620	83,058
Restructuring	-	-	-	1,561	-	-	1,561
Research grants	79,015	-	-	-	-	-	79,015
Other grants & awards	42,586	-	-	-	-	-	42,586
International subscriptions	142,004	-	-	-	-	-	142,004
Equipment and supplies	1,619	26,068	2,946	(1,240)	(241)	269	29,421
Services	4,310	9,783	1,533	15,682	1,198	772	33,278
Depreciation	-	-	-	-	60,143	-	60,143
Amortisation	-	-	-	-	64	-	64
PPE impairments	-	-	-	-	(10,961)	-	(10,961)
Intangible impairments	-	-	-	-	-	-	-
Joint venture funding	35,150	-	-	-	-	-	35,150
Other expenditure	2,523	16,709	2,085	11,699	(6,416)	251	26,851
Total expenditure	313,376	109,864	11,295	37,945	45,778	3,912	522,170
Income							
Income from operating activities	(6,826)	(46,539)	(2,505)	(6,897)	(57)	(10)	(62,834)
Net operating expenditure	306,550	63,325	8,790	31,048	45,721	3,902	459,336

STFC's assets and liabilities are shared across all parts of the organisation. The assets and liabilities and associate charges have not been split across segments as the management information is not collected or utilised by the business at this level.

SUMMARY OF THE SEGMENTS:

PROGRAMMES

This segment covers STFC's science and technology strategy, science operations and planning (including STFC's processes for peer review), world class research training programme, management of UK membership of and access to international facilities of CERN, ESO, ILL and ESRF, as well as STFC's programmes in education, training and public engagement. It also covers the Isaac Newton group of Telescopes (ING) on La Palma, Canary Islands and the Joint Astronomy Centre (JAC), Hawaii.

NATIONAL LABORATORIES

This segment covers the management and operation of STFC's world class national laboratories located at RAL, DL, the Chilbolton Observatory and UK ATC, plus the provision of access to world-class experimental facilities and technologies. The laboratories are home to the science, facility and technology departments of accelerator science and technology, particle physics and space, scientific computing, technology, ISIS and Central Laser Facility.

BUSINESS AND INNOVATION

This segment covers the delivery and development of the impact potential of STFC's expertise and facilities, through business development, innovation and campus development, the protection and exploitation of the intellectual property arising from the work of STFC laboratories through spin-out companies and the effective transfer of knowledge between STFC, universities and other organisations.

CORPORATE SERVICES

This segment covers STFC's support and operational functions covering Corporate ICT infrastructure and support at RAL and DL, estates management, health, safety and environment, human resources and security. It also covers the legal and commercial services for the whole organisation.

FINANCE

This segment covers STFC's overall budgeting and associated financial planning, financial management, financial support and financial accounting processes within the Council. It also covers key governance activities across the Council, including risk management.

STRATEGY, PERFORMANCE AND COMMUNICATIONS

This segment covers the delivery of STFC's national and international strategic agenda, stakeholder management, performance and impact reporting, international relations, effective internal and external communications which encompasses STFC's activities in marketing, public affairs, media relations, events management, corporate web services and corporate publication.

3. ANALYSIS OF CONSOLIDATED NET EXPENDITURE BETWEEN ADMINISTRATION AND PROGRAMME

FOR THE YEAR TO 31 MARCH 2014

		Administration	Programme	Consolidated
		£'000	£'000	£'000
Expenditure				
Staff costs		7,924	81,576	89,500
Restructuring		-	20	20
Research grants		-	82,266	82,266
Other grants and awards		-	42,720	42,720
International subscriptions		-	146,666	146,666
Equipment and supplies		200	31,228	31,428
Services		2,299	25,254	27,553
Intangible amortisation		-	475	475
Intangible Impairments		-	(1)	(1)
Depreciation		-	59,237	59,237
PPE impairments		-	1,572	1,572
Joint venture funding		-	40,433	40,433
Notional Charge for UK SBS Ltd Services		5,216	-	5,216
Other expenditure		824	31,609	32,433
Total expenditure		**16,463**	**543,055**	**559,518**
Income				
Income from operating activities		(267)	(67,046)	(67,313)
Total income		**(267)**	**(67,046)**	**(67,313)**
Net operating expenditure		**16,196**	**476,009**	**492,205**
Interest		-	(312)	(312)
Unwinding of discount on provisions		-	218	218
Share of post-tax losses of joint ventures		2,272	24,104	26,376
Loss on disposal of tangible assets		-	121	121
Loss on disposal of assets held for sale		33	-	33
Net expenditure for the year		**18,501**	**500,140**	**518,641**

*The net expenditure for Administration does not reconcile to the outturn (page 9) due to the inclusion of the notional charge for UK SBS Ltd services above.

FOR THE YEAR TO 31 MARCH 2013

		Administration	Programme	Consolidated
		£'000	£'000	£'000
Expenditure				
Staff costs		8,452	74,606	83,058
Restructuring		19	1,542	1,561
Research grants		-	79,015	79,015
Other grants and awards		-	42,586	42,586
International subscriptions		-	142,004	142,004
Equipment and supplies		120	29,301	29,421
Services		9,444	23,834	33,278
Intangible amortisation		-	64	64
Depreciation		-	60,143	60,143
PPE impairments		-	(10,961)	(10,961)
Joint venture funding		-	35,150	35,150
Other expenditure		1,219	25,632	26,851
Total expenditure		**19,254**	**502,916**	**522,170**
Income				
Income from operating activities		(491)	(62,343)	(62,834)
Total income		**(491)**	**(62,343)**	**(62,834)**
Net operating expenditure		**18,763**	**440,573**	**459,336**
Interest		-	(325)	(325)
Unwinding of discount on provisions		-	458	458
Share of post-tax losses of joint ventures		1,960	25,111	27,071
Loss on disposal of tangible assets		-	176	176
Net expenditure for the year		**20,723**	**465,993**	**486,716**

4. STAFF NUMBERS AND RELATED COSTS

(See also the Remuneration Report on pages 39 to 44)

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
Staff costs				
Salaries and wages		68,387	68,387	65,623
Social security costs		5,856	5,856	5,520
Superannuation		15,672	15,672	15,156
Seconded staff		664	664	188
Council and committee members		81	81	122
Total payroll costs		**90,660**	**90,660**	**86,609**
Capitalised pay costs		(1,160)	(1,160)	(3,551)
Staff costs charged to the Statement of Comprehensive Net Expenditure		**89,500**	**89,500**	**83,058**

a. Included in salaries and wages is an amount of £1.171m (2012-13 £1.498m) in respect of agency staff;
b. Included in salaries and wages is an amount of £1.922m (2012-13 £1.779m) in respect of locally engaged staff overseas;
c. Seconded staff relate to personnel seconded into STFC and engaged on objectives of the entity, plus staff seconded out of of STFC but paid for by STFC; any recovery of cost being credited separately to income; and
d. The capitalised pay costs are accounted for in the group Statement of Financial Position as additions to assets under construction (Note 13). Staff costs are capitalised based upon consideration of effort – the figure of £1.160m equates to 24.2 FTEs (2012-13: 78.6 FTEs). The significant reduction is attributable to staff costs of £2.4m being reclassified as non-capitalisable.

SUPERANNUATION

Most employees of the Council are members of the Research Councils' Pension Scheme (the RCPS) including the associated Partnership Pension Account. A small number of employees retain membership of the Principal Non-Industrial Superannuation Scheme (PNISS) of the United Kingdom Atomic Energy Authority. In addition, a few eligible employees were auto-enrolled during 2013-14 in the National Employment Savings Trust (NEST), the Government's workplace pension scheme.

The RCPS is in all respects 'by-analogy' with the Principal Civil Service Pension Scheme (PCSPS), except that the employer's contribution is determined separately. The scheme provides retirement and related benefits based on final or career average emoluments. Redundancy and injury benefits are administered and funded by the Council. The scheme is administered by the Research Councils' Joint Superannuation Services, 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 currently set at 26.0% of pensionable pay. The employer contribution for 2013-14 was £15.364m (2012-13: £14.822m).

Until 2012 employee contribution rates in the RCPS varied between 1.5% and 3.5% depending on scheme. However, in line with changes to the PCSPS, employee contribution rates were increased on 1 April 2012, 1 April 2013 and again on 1 April 2014, with the new rates being as follows:

Annual pensionable earnings (full-time equivalent basis)	**1 April 2014 Classic Scheme contribution %**	**1 April 2014 Classic Plus, Premium & NUVOS Scheme contribution %**
Up to £15,000	1.5	3.5
£15,001 - £21,000	3.0	5.0
£21,001 - £30,000	4.48	6.48
£30,001 - £50,000	5.27	7.27
£50,001 - £60,000	6.06	8.06
Over £60,000	6.85	8.85

The PNISS is a notionally funded, contributory, defined benefit scheme which is closed to new entrants. Employees who are members of the PNISS made pension contributions at the rate of 8.78% of pensionable pay during 2013-14. (Reflecting general changes to public sector pension schemes, the employee contribution rate increased to 9.38% from 1 April 2014.) The Council makes employer's contributions at a rate determined from time to time after actuarial assessment of assets and liabilities. In 2013-14 the employer's contribution rate was 15.8% of pensionable pay. The employer contribution for 2013-14 was £0.254m (2012-13: £0.281m).

A separate PNISS Scheme account is produced by the United Kingdom Atomic Energy Authority that recognises the scheme liability in accordance with IAS 19 as interpreted by the FReM for use in the public sector.

As an alternative to the RCPS, a Partnership Pension Account was made available to new recruits from 1 October 2002. It is based on the portable Stakeholder Pension introduced by the Government in 2001. This is a defined contribution scheme. The employers pay the RCPS 0.8% 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 £0.055m (2012-13: £0.053m).

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's 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.

Further details about the Research Councils' Pension Scheme arrangements can be found at the website www.jsspensions.org.uk.

STAFF NUMBERS

The Council counts the number of staff in post to include all permanent, fixed term and temporary staff of all types who are paid as employees through the payroll. On this basis the average number of full-time equivalent persons (including senior management) employed during the year was 1,723 (2012-13: 1,675).The current year figure includes 38 (2012-13: 39) locally-engaged staff overseas.

There is also a number of temporary staff that are charged to the payroll including students, Council and Audit Committee members and a number of inward secondments for which STFC reimburses the home organisation. The average number of full-time equivalent persons in this category for the year was 54 (2012-13: 45).

The average number of agency staff (full-time equivalents) employed during the year was 26 (2012-13: 27).

REPORTING OF CIVIL SERVICE AND OTHER COMPENSATION SCHEMES – EXIT PACKAGES

Exit package cost band	Number of compulsory redundancies		Number of departures agreed		Total number of exit packages by cost band	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<£10,000	-	-	4	3	4	3
£10,000-£25,000	-	5	5	8	5	13
£25,000-£50,000	-	3	1	10	1	13
£50,000-£100,000	-	-	1	6	1	6
£100,000-£150,000	-	-	-	1	-	1
£150,000-£200,000	-	-	-	1	-	1
Total number of exit packages	-	8	11	29	11	37
Total resource cost/£	**£0**	**£187,342**	**£206,039**	**£1,196,528**	**£206,039**	**£1,383,870**

Redundancy and other departure costs have been paid in accordance with either the provisions of the Research Councils' Compensation Scheme, which mirrors the terms of the Principal Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972; or, in relevant cases, with the terms of the (closed) UKAEA Principal Non-Industrial Superannuation Scheme, of which some STFC staff remain members. Exit costs are accounted for in full in the year of departure. Where STFC has agreed early retirements, the additional costs are met by STFC and are not a charge to the pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

5. RESTRUCTURING COSTS

Restructuring costs in the year were £0.020m (2012-13: £1.561m). This figure is comprised of in year exit packages as detailed in the table in note 4; less £0.990m contribution to STFC staff redundancy costs no longer required in relation to STFC withdrawal from the Joint Astronomy Centre (JAC), Hawaii in 2014-15 (see also Note 21); plus £0.800m as the estimated liability for redundancy of locally employed staff at JAC following STFC's announcement in May 2012 to withdraw from the facility. The remaining balance is additional in year costs relating to prior year leavers.

6. RESEARCH GRANTS

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
Astronomy		36,687	36,687	33,074
Particle physics		37,392	37,392	32,436
E-science		1,782	1,782	6,790
Nuclear physics		4,397	4,397	3,701
External Innovations		2,008	2,008	2,198
Neutron and light sources		-	-	816
		82,266	**82,266**	**79,015**

All research grants are paid to private sector recipients.

7. OTHER GRANTS AND AWARDS

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
Postgraduate Training Awards, Fellowships		22,379	22,379	22,987
Research and research support		20,341	20,341	19,599
		42,720	**42,720**	**42,586**

All other grants and awards are paid to private sector recipients

8. INTERNATIONAL COLLABORATION AGREEMENTS

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
European Organisation for Nuclear Research (CERN)		105,591	105,591	98,003
European Southern Observatory (ESO)		18,084	18,084	16,916
Institut Laue-Langevin (ILL)		15,374	15,374	19,619
European Synchrotron Radiation Facility (ESRF)		7,557	7,557	7,422
European Science Foundation (ESF)		60	60	44
		146,666	**146,666**	**142,004**

a. STFC negotiated a reduction in its contribution to ESRF from 14% to 10% for the period 1 January 2011 to 31 December 2013 and to 10.5% for the period 1 January 2014 to 31 December 2014, with a compensating reduction in facility access.

b. The Council's research objectives are shared with other major scientific nations and as such the Council collaborates with other nations in order to mitigate the high capital costs of facilities. Various agreements are in place to regulate annual contributions and the management of the various facilities. These include a period of notice of withdrawal from each arrangement. Of the most significant arrangements, CERN requires notice of 12 months after the end of the current calendar year. ESO requires a notice period of 12 months with effect from 1 July 2013.

c. In the case of ESRF and ILL the UK has signed up to International Conventions which are periodically reviewed. The current ESRF Convention runs until the end of 2016 and for 2014 only, has a notice period of two years. During 2012, ESRF entered discussions with potential new Member countries; discussions are currently on-going with Russia that would potentially see Russia becoming a new Member of the ESRF at the 6% level. A Protocol to the current Convention is under discussion which would cover the transfer of shares in ESRF between the current Members and Russia; under this Protocol the UK's shareholding is expected to reduce from 14% to 10.5%. For ILL, the 5th protocol of the Intergovernmental Convention was signed on 1 July 2013 and will remain in force until 31 December 2023. Thereafter it shall be tacitly extended from year to year unless any of the Governments gives written notification to the other Governments of its intention to withdraw from the Convention. Any such withdrawal will take effect upon the expiry of two years from the date of receipt of the notification by any of the other Governments or on such later date as may be specified in the notification. Whilst the above collaborations are regulated by agreement, the political nature of the arrangements is such that any withdrawal would be on a negotiated basis at government level. The Council has no current intentions to withdraw from these arrangements and in all cases would wish to honour research commitments made.

d. In the above arrangements, the facilities are not owned by the Council. Additionally, the Council collaborates with Canadian partners in respect of the James Clerk Maxwell Telescope (JCMT), Hawaii, and with Dutch and Spanish partners in respect of the operation of telescopes on La Palma, Canary Islands. Contributions are received from the International partners towards the cost of running the facilities. The JCMT and La

Palma telescopes are owned by the Council. STFC is working to secure new partners for all of these facilities, or failing this decommission them, and expects this action to be completed by end 2014.

9. OTHER EXPENDITURE

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	**£'000**	**£'000**
Travel, subsistence and allowances		6,854	6,854	7,607
Utilities		12,163	12,163	10,824
Rent, rates and maintenance		12,618	12,618	12,659
Administration expenses		888	888	2,745
Auditors remuneration*		154	154	140
(Decrease) / Increase in bad debt provision		(199)	(199)	285
Insurance premiums		208	208	253
Exchange rate gains		(289)	(289)	(288)
Decommissioning costs**		36	36	(7,374)
		32,433	32,433	26,851

* Comprised of STFC audit fee of £154k (£148k relating to the 2013-14 audit and £13k for the SIL 2012-13 audit, offset by a rebate of £7k from the prior year)

**Decommissioning costs of £36k relate to an increase of £454k increase in provisions (see Note 21) offset by a reduction in accrual of £418k.

10. INCOME FROM OPERATING ACTIVITIES

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	**£'000**	**£'000**
UK Research Councils		17,587	17,587	10,877
Government organisations				
Department for Business, Innovation and Skills		20	20	14
Other		5,417	5,417	8,399
		5,437	**5,437**	**8,413**
External bodies				
Higher Education Institutes		4,622	4,622	3,944
European Commission		4,628	4,628	4,166
Other overseas		20,128	20,128	19,741
Private sector		11,657	11,657	15,374
Domestic		3,254	3,254	319
		44,289	**44,289**	**43,544**
Total operating income		**67,313**	**67,313**	**62,834**

a. Operating income includes amounts received from the European Commission and other bodies for asset construction/repayment work and access to facilities. Facilities are offered to European Union users, commercial users and external users. Users are charged a unit cost based on direct operating costs and annual quantity of access with an allowance for overheads.

b. STFC acts as a co-ordinator on European Union framework agreements. Funding that is received for redistribution to other partners is not recognised as income; £0.944m (2012-13: £0.230m) but treated as a liability on the Statement of Financial Position.

c. The Council has complied with the charging requirements set out in HM Treasury and Office of Public Sector Information guidance, where they are appropriate. However, the information they hold is exempt from the requirements of *The Re-use of Public Sector Information Regulations 2005* as specified in paragraph 5 (3) of the regulations.

	UK	Foreign	Consolidated	UK	Foreign	Consolidated
	2014	2014	2014	2013	2013	2013
	£'000	£'000	£'000	£'000	£'000	£'000
Income by purpose						
Facilities access and development	31,749	22,164	53,913	28,203	18,256	46,459
Science programme and project work	1,717	2,145	3,862	2,674	4,231	6,905
Other services	9,327	211	9,538	8,052	1,418	9,470
Total operating income	**42,793**	**24,520**	**67,313**	**38,929**	**23,905**	**62,834**
Non-current assets	**1,118,134**	**33,450**	**1,151,584**	**1,017,215**	**37,896**	**1,055,111**

The Council receives substantial funding from the Science Budget through its sponsor department BIS (see Statement of Changes in Taxpayers' Equity for details). In addition, science budget funding accounts for a further £17.6m (2012-13: £10.9m) of the £67.3m income from operating activities being income from the other UK Research Councils.

There are no major customers accounting for 10% or more of the remaining £49.7m. Revenue is allocated based on the country in which the customer is located.

11. INTEREST RECEIVABLE

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
Interest receivable		312	312	325

Interest receivable relates to the interest on long-term loans (see Note 16).

12. INTANGIBLE ASSETS

		Software	Software licences	STFC and Consolidated total*
		£'000	£'000	£'000
Cost or valuation				
At 31 March 2012		1,896	429	2,325
Additions		101	42	143
Reclassification		1	-	1
Disposals		-	(24)	(24)
Revaluation		46	11	57
At 31 March 2013		2,044	458	2,502
Additions		93	-	93
Reclassifications		1,645	330	1,975
Impairments		(1)	-	(1)
Revaluation		82	-	82
At 31 March 2014		**3,863**	**788**	**4,651**
Amortisation				
At 31 March 2012		1,505	265	1,770
Charged in year		5	59	64
Disposals		-	(24)	(24)
Revaluation		178	14	192
At 31 March 2013		1,688	314	2,002
Charged in year		408	67	475
Reclassification		15	-	15
Revaluation		39	-	39
At 31 March 2014		**2,150**	**381**	**2,531**
Net book value				
At 31 March 2013		356	144	500
At 31 March 2014		**1,713**	**407**	**2,120**

a. Independent qualified professional valuations are obtained for all intangible assets every five years and are revised in the intervening years by use of appropriate indices.

b. Intangible assets were professionally re-valued on a depreciated replacement cost basis as at 31 March 2012 by Hickman-Shearer, in accordance with the RICS Appraisal and Valuation manual.

*There is no difference in intangible assets between STFC and the consolidated position.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Freehold buildings	Buildings on leased land	Plant and equipment	Assets under construction	STFC and Consolidated total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 31 March 2012	45,843	352,499	81,174	749,598	109,051	1,338,165
Additions	-	(1,487)	-	12,610	27,052	38,175
Reclassification	-	3,962	-	64,155	(68,390)	(273)
Disposals	-	(1,138)	-	(8,206)	-	(9,344)
Impairments reversal	-	2,411	-	8,846	5,033	16,290
Revaluations	(9,326)	49,376	654	27,070	(1,887)	65,887
31 March 2013	36,517	405,623	81,828	854,073	70,859	1,448,900
Additions	-	38	-	8,353	55,778	64,169
Reclassification	-	10,040	-	26,504	(38,519)	(1,975)
Disposals	-	(665)	-	(10,207)	-	(10,872)
Impairments	-	(3)	-	(1,569)	-	(1,572)
Revaluations	(2,786)	5,465	-	66,792	-	69,471
31 March 2014	**33,731**	**420,498**	**81,828**	**943,946**	**88,118**	**1,568,121**
Depreciation						
At 31 March 2012	-	135,782	81,076	465,659	-	682,517
Charged in year	-	11,256	-	48,886	-	60,143
Disposals	-	(399)	-	(8,147)	-	(8,546)
Impairments reversal	-	-	-	5,329	-	5,329
Revaluations	-	32,619	715	8,858	-	42,191
31 March 2013	-	179,258	81,791	520,585	-	781,634
Charged in year	-	12,431	-	46,806	-	59,237
Disposals	-	(500)	-	(10,160)	-	(10,660)
Reclassification	-	(37)	37	(15)	-	(15)
Revaluations	-	(6,244)	-	40,807	-	34,563
31 March 2014	**-**	**184,908**	**81,828**	**598,023**	**-**	**864,759**
Net book value						
At 31 March 2013	**36,517**	**226,365**	**37**	**333,488**	**70,859**	**667,267**
At 31 March 2014	**33,731**	**235,590**	**-**	**345,923**	**88,118**	**703,362**

*There is no difference in property plant and equipment between STFC and the consolidated position.

a. Reclassifications relate to reclassifications between property, plant and equipment categories. When capitalised, assets under construction (AUC) are reclassified from AUC to the appropriate category of property, plant and equipment or intangible assets.

b. Included within the AUC in year additions are £19m on ISIS, including £7m on ISIS Target Station II relating to the construction of four neutron instruments CHIPIR, LARMOR, ZOOM and IMAT, and the necessary changes required to the Target Station to accommodate these new instruments. This project adds four instruments to the existing seven instruments located in Target Station II. At DL, a further £17m was spent on construction of an Energy Efficient Computing data centre. At RAL, Daresbury, Chilbolton and UK ATC, £17m of infrastructure costs are included covering building and roof upgrades, provision of modular buildings (£5m) and work on cladding and other infrastructure. £5m was also spent on upgrades to the Jasmin project (Jasmin2), a super-data-cluster used to support climate and earth system modelling data analysis.

c. In accordance with IAS 37, *Provisions, contingent liabilities and contingent assets,* decommissioning costs are recognised in full as soon as the obligation exists, i.e. when the technical facility has been commissioned. When the obligation incurred gives rise to future economic benefits a corresponding asset in respect of the provision is set up in the Statement of Financial Position and depreciated over the useful life of the asset. The plant and machinery NBV as at 31 March 2014 includes £10.3m (2012-13: £10.5m) for the plant and machinery decommissioning assets.

d. Tenancy agreements are in place with a number of tenants in STFC buildings at Daresbury and Rutherford Laboratories. See Note 24.2.

e. Independent qualified professional valuations are obtained for all property, plant and equipment every five years and are revised in the intervening years by the use of appropriate indices.

   Polaris House is owned jointly by a number of the Research Councils and is professionally valued every five years and modified in the intervening years by the use of appropriate indices. The interest in the Polaris House property was valued on an Open Market Value (OMV) for existing use basis as at 31 March 2011 by Powis Hughes and Associates.

   Land and buildings at DL, Chilbolton Observatory and the UK ATC were professionally valued by GVA James Barr as at 31 January 2014 with no change confirmed at 31 March 2014. Land and buildings at RAL were professionally valued by GVA James Barr on 31 March 2013. Together these account for 99% by value of STFC's land and buildings assets. The building assets have been valued on a depreciated replacement cost (DRC) basis due to the specialist nature of the assets. The land assets have been assessed to fair value on an existing use value (EUV) which assumes an on-going use for operational purpose with the exception of farmland which is assessed at market value (MV).

   Land and building assets at the other STFC sites have been revalued using specific indices provided by GVA James Barr, either on a DRC or EUV/MV basis.

   A professional valuation was undertaken of all the plant and machinery assets in 2011-12 by Hickman Shearer Ltd. The assets were valued at the market rate for use in the continuation of existing business. Where reliable market evidence existed the assets were valued based on direct market comparables. DRC was adopted where there was limited market evidence.

   All valuations were performed in accordance with guidance notes issued by the Royal Institution of Chartered Surveyors.

14. INTERESTS IN JOINT VENTURES (JVS) AND OTHER INVESTMENTS

	DLSL	UK SBS	ILL*	HSIC	DSIC	Unlisted	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Consolidated							
Cost or valuation							
At 31 March 2012	397,070	12,739	25,411	107	1,054	541	436,922
Additions	27,788	-	-	1,018	-	-	28,806
Disposals	-	(12,739)	-	-	-	-	(12,739)
Revaluation**	28,295	-	5,445	-	-	-	33,740
At 31 March 2013	453,153	-	30,856	1,125	1,054	541	486,729
Additions	29,888	-	-	2,974	-	49	32,911
Revaluation	52,733	-	932	-	-	-	53,665
At 31 March 2014	**535,774**	**-**	**31,788**	**4,099**	**1,054**	**590**	**573,305**
Share of JV losses							
At 31 March 2012	89,929	2,922	-	102	-	136	93,089
In year	25,110	1,961	-	-	-	-	27,071
Disposal	-	(4,883)	-	-	-	-	(4,883)
At 31 March 2013	**115,039**	**-**	**-**	**102**	**-**	**136**	**115,277**
In year	26,068	-	-	250	58	-	26,376
At 31 March 2014	**141,107**	**-**	**-**	**352**	**58**	**136**	**141,653**
Net book value							
At 31 March 2013	338,114	-	30,856	1,023	1,054	405	371,452
At 31 March 2014	**394,667**	**-**	**31,788**	**3,747**	**996**	**454**	**431,652**
STFC							
Cost							
At 31 March 2012	397,070	12,739	1	107	1,054	541	411,512
Additions	27,788	-	-	1,018	-	-	28,806
Disposals	-	(12,739)	-	-	-	-	(12,739)
At 31 March 2013	424,858	-	1	1,125	1,054	541	427,579
Additions	29,888	-	-	2,974	-	49	32,911
At 31 March 2014	**454,746**	**-**	**1**	**4,099**	**1,054**	**590**	**460,490**
Impairment							
At 31 March 2013	-	-	-	-	-	136	136
At 31 March 2014	**-**	**-**	**-**	**-**	**-**	**136**	**136**
Net book value							
At 31 March 2013	424,858	-	1	1,125	1,054	405	427,443
At 31 March 2014	**454,746**	**-**	**1**	**4,099**	**1,054**	**454**	**460,354**

* The revaluation of ILL relates to an increase of the value of the joint venture in excess of the initial capital investment. This gain is held in the revaluation reserve and is not credited to the SCNE.

** The revaluation figure for DLSL relates to an increase in the value of the investment to take account of a difference in accounting policy between STFC and DLSL. The gain on revaluation is held in the revaluation reserve and is not credited to the SCNE. See Note 1.6.

a. STFC Innovations Limited (SIL) (registered in England, registration number 4361684

On 4 April 2002, the Council established its own wholly owned subsidiary company STFC Innovations Limited. The Council's current shareholding in SIL is 1 ordinary share of £1. This company was established to manage and commercially exploit intellectual property owned by STFC for the benefit of the United Kingdom economy in accordance with HM Government policy.

In 2013-14, SIL incurred a trading deficit of £0.506m (2012-13: £0.857m). The trading deficit is underwritten in full by STFC.

The operating results, assets and liabilities of SIL are reflected in STFC's Financial Statements in accordance with IFRS 10 *Consolidated Financial Statements* as explained in Note 1.3. The aggregate deficit of capital and reserves at 31 March 2014 was £8.032m (2012-13: £7.526m).

b. Unlisted investments held by SIL

At 31 March 2014, SIL held interests in the following undertakings:

	Country of incorporation	Class of shares held	Proportion held	Aggregate of capital & reserves	Profit/(loss) for the year
			%	£'000	£'000
Oxsensis Limited	England and Wales	Ordinary	3.1	(646)	104
L3 Technology Limited	England and Wales	Ordinary	0.3	197	(361)
Microvisk Limited	England and Wales	Ordinary	0.8	2,169	(2,814)
Dsoft Limited	England and Wales	Ordinary	24.0	8	36
Cobalt Light Systems Limited	England and Wales	Ordinary	20.2	1,744	5
Quantum Detectors Limited	England and Wales	Ordinary	90.0	112	52
The Electrospinning Company Limited	England and Wales	Ordinary	24.6	198	(76)
Scitech Precision Limited	England and Wales	Ordinary	100.0	155	9
Cella Energy Limited	England and Wales	Ordinary	9.0	527	(1,519)
Teratech Components Limited	England and Wales	Ordinary	49.9	166	6
KEIT Limited	England and Wales	Ordinary	49.9	498	(102)

At 31 March 2013, SIL held interests in the following undertakings:

	Country of incorporation	Class of shares held	Proportion held	Aggregate of capital & reserves	Profit/(loss) for the year
			%	£'000	£'000
Oxsensis Limited	England and Wales	Ordinary	3.3	(751)	(1,254)
L3 Technology Limited	England and Wales	Ordinary	0.3	233	(570)
Microvisk Limited	England and Wales	Ordinary	1.8	4,197	(3,921)
Petra Limited	England and Wales	Ordinary	15.1	16	(979)
Dsoft Limited	England and Wales	Ordinary	24	8	34
Constellation Technologies Limited	England and Wales	Ordinary	26.4	24	2
Cobalt Light Systems Limited	England and Wales	Ordinary	20.2	1,738	(672)
Quantum Detectors Limited	England and Wales	Ordinary	90	60	22
Cryox Limited	England and Wales	Ordinary	90	-	-
The Electrospinning Company Limited	England and Wales	Ordinary	24.6	227	(100)
Scitech Precision Limited	England and Wales	Ordinary	100	146	101
Cella Energy Limited	England and Wales	Ordinary	11	1,165	(747)
Teratech Components Limited	England and Wales	Ordinary	49.9	159	159

All other unlisted investments are held at £nil.

c. Diamond Light Source Limited (DLSL) (registered in England, registration number 4375679)

On 27 March 2002, BIS transferred its 86% interest in the joint venture DLSL to the Council. The remaining 14% is held by Wellcome Trust Limited (registered in England). The joint venture was established for the construction and operation of the DLSL facility, a third generation, medium energy, synchrotron radiation source.

The Council's shareholding in DLSL at 31 March 2014 is 403,046,421 (2013-14: 382,593,421) ordinary shares of £1 each and 51,700,649 (2012-13: 42,265,565) redeemable preference shares of £1 each. The purpose of the redeemable shares was to provide for the funding of irrecoverable VAT incurred during the construction and operation of the synchrotron facility. Shares may be redeemed at par only to the extent that any VAT previously deemed to be irrecoverable is refunded to the company or upon the winding up of the company.

The operating results, assets and liabilities of DLSL are reflected in STFC's Financial Statements in accordance with IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of interests in other entities*. The aggregate amount of capital and reserves at 31 March 2014 was £350.869m (2012-13: £352.273m) and the loss for the year was £29.623m (2012-13: £28.698m).

The investment in DLSL has been adjusted by £52.733m (2012-13: £28,295m) to take account of a difference in accounting policy between STFC and DLSL. See Note 1.6.

d. UK Shared Business Services Limited (registered in England, registration number 6330639

STFC holds one Non-Government Department (NGD) share (nominal value £1) in UK Shared Business Services Ltd (UK SBS Ltd) as do eight other NGD shareholders. The 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 Ltd, with a nominal cost of £62,016,358 which entitles it to 100% of the profits of that company.

e. ILL

STFC, as the UK representative, is one of three associate members of the ILL alongside the French and German Foreign Ministries. STFC holds 50 shares in ILL (33%) and contributes 33% of ILL's funding. The remainder of the shares are evenly distributed between the Foreign Ministries of Germany and France. The shares are not publicly traded and currently have no open market value.

The operating results, assets and liabilities of ILL are reflected in STFC's Financial Statements in accordance with IFRS 11. The aggregate amount of capital and reserves at 31 March 2014 was £131.203m (2012-13: £123.625m), and the loss for the year was £nil (2012-13: £nil).

f. Harwell Oxford

The Harwell Science and Innovation Campus Limited Partnership (HSIC LP) was created in 2008 for the purpose of developing the Harwell Oxford campus. The original partners in HSIC LP were Goodman, an international property group, and Harwell Science and Innovation Campus Public Sector Partnership (PubSP), which holds the public sector's interest in the HSIC JV. During 2013-14, Goodman decided to exit the partnership to focus on other strategic opportunities and a process was initiated to select a new private sector partner. Transfer arrangements were successfully concluded in December 2013 with a new partner, Harwell Oxford Developments Limited (HOD). HOD is itself a joint venture comprising of leading UK real estate developer and investor Development Securities Plc and Harwell Oxford Partners, founded by Prorsus.

In the course of the transfer HOD replaced Goodman in HSIC LP with few changes to the JV agreements, paying Goodman directly to purchase its interest in HSIC LP. HSIC LP remains a 50:50 public:private partnership. Management and control of PubSP, the public sector partner in HSIC LP, remains jointly shared by STFC and the UK Atomic Energy Authority (the Authority) with financial interests reflecting the relative property and cash contributions of the partners.

Under the Sale and Purchase agreement signed with Goodman in March 2013 there was a commitment for PubSP to purchase Goodman's interest in HSIC LP at a cost of £6m if a deal with a suitable new partner could not be concluded by 31 December 2013 and STFC and the Authority invested sufficient funds in PubSP to meet this commitment. In the event, with the private sector transfer being effected directly from Goodman to HOD, these funds are now available either for matching private sector financing in new developments or for withdrawal from PubSP at the discretion of the respective public sector partners.

The operating results, assets and liabilities of HSIC PubSP are reflected in STFC's Financial Statements in accordance with IFRS 11.The aggregate amount of capital and reserves at

31 March 2014 was £12.975m (2012-13: £10.540m), and the loss for the year was £1.013m (2012-13: loss of £0.239m). At 31 March 2014 STFC holds a 20% share in PubSP with the Authority holding 80%.

g. Sci-Tech Daresbury

The Daresbury Science and Innovation Campus Limited Liability Partnership (DSIC LLP) was formed in December 2010 to develop the Sci-Tech Daresbury campus. as a location for new science, engineering and technology initiatives with a focus on collaborative approaches to research and innovation and the promotion of entrepreneurial activity, business development and economic impact.

On the campus, STFC's Daresbury Laboratory and the Cockcroft Institute provide leading-edge facilities and research and development in a variety of scientific fields including accelerator science, high performance computing, and sensors and detectors. In addition, the campus is home to over 100 high-tech companies employing nearly 500 people in areas such as advanced engineering, digital/ICT, biomedical and energy and environmental technologies. The campus has Enterprise Zone status, which will enhance its ability to attract new tenants and development investment.

The partners in DSIC LLP are Langtree, a commercial property development company and Daresbury SIC (Pubsec) LLP, which holds the public sector's interest in the JV. Daresbury SIC (Pubsec) LLP is a partnership between STFC and Halton Borough Council in which management and control is shared equally between the partners, while the public sector's financial interest in the JV is represented by loan notes held by STFC. The loan notes were initially issued to the Northwest Regional Development Agency (NWDA), in consideration for properties contributed to the JV and were transferred to STFC when NWDA was abolished in March 2012. DSIC LLP is developing a masterplan for the campus and will be able to acquire additional land through Conditional Sale Agreements, including certain plots currently owned by STFC.

The operating results, assets and liabilities of Daresbury SIC (Pubsec) LLP are reflected in STFC's Financial Statements in accordance with IFRS 11. The aggregate amount of capital and reserves at 31 March 2014 was £0.929m (2012-13 £0.989m) and the loss for the year was £0.061m (2012-13: £0.055m).

h. Other

INTERNATIONAL COLLABORATIONS

As detailed in Note 8 STFC makes significant contributions to a number of international organisations in addition to ILL: CERN, ESF, ESO, and ESRF. STFC holds voting powers in each of these organisations and also holds 1,400 (2012-13: 1,400) common shares in ESRF (14%). STFC's shareholding in ESRF is not affected by the reduction in contribution from 14% to 10% for the period 1 January 2011 to 31 December 2013 and to 10.5% for the period 1 January 2014 to 31 December 2014. With the exception of ILL, STFC does not have the ability or power to exercise significant influence over any of these organisations. The financial results of these organisations are not reflected in STFC's Financial Statements and the contributions to these organisations are shown as expenditure through the Statement of Comprehensive Net Expenditure.

SPECTRUM (GENERAL PARTNER) LIMITED (REGISTRATION NUMBER 4409886)

The Council holds 21,875 (2012-13: 21,875) ordinary shares of 0.01p (21.875% interest) in Spectrum (General Partner) Limited. This company was set up to act as the Advisory Board for the Rainbow Seed Fund (RSF) and its purpose is to ensure that the RSF operates within the parameters set out by BIS and to monitor the performance of the fund and the fund manager.

The RSF is a limited partnership comprised of four core partners (STFC, the Biotechnology and Biological Science Research Council (BBSRC), the Natural Environment Research Council (NERC) and the Defence Science and Technology Laboratory (DSTL)) and six associate partners (the United Kingdom Atomic Energy Authority, Culham, The Food and Environment Research Laboratory (FERA, formerly Central Science Laboratory), The Health Protection Agency (HPA), The Animal Health Veterinary Laboratories Agency (AHVLA), The National Physical Laboratory (NPL) and The James Hutton Institute (formed by the merger of The Scottish Crop Research Institute (SCRI) and The Macaulay Land Use Research Institute).

The fund provides seed capital investment to commercialise the outcomes of science research in the publicly funded partner organisations' Government facilities. Midven Limited manages the fund under contract. No entry is made in the Statement of Financial Position as the value of the holdings and the trading position of this company is not material to the accounts.

NEOS INTERACTIVE LIMITED (REGISTRATION NUMBER 3564252)

The Council is a minority shareholder (<1%) in Neos Interactive Limited (registered in England). No entry is made in the Statement of Financial Position as the value of the holdings and the trading position of this company is not material to the Financial Statements.

15. TRADE AND OTHER RECEIVABLES

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
Analysis by type				
Amounts due falling within one year				
Trade receivables		9,123	9,123	10,434
Deposits and advances		83	83	91
Other receivables		993	993	844
Prepayments		29,561	29,561	28,999
Accrued income		10,681	10,681	9,104
Early retirements – amounts recoverable		1,006	1,006	770
Total		**51,447**	**51,447**	**50,242**
Amounts falling due after more than one year				
Early retirements – amounts recoverable		1,346	1,346	2,328
Prepayments		3,093	3,093	3,174
Deposits and advances		308	308	315
Total		**4,747**	**4,747**	**5,817**

Included within accrued income is £1.69m (2012-13: £1.547m) of income relating to EU funding.

In consideration of a one off payment of £4.095m the Council has leased land from the United Kingdom Atomic Energy Authority for a period of 50 years from 1 January 2003. In accordance with IAS 17 this lease has been recognised as a current and non-current prepayment £0.082m (2012-13: £0.082m) and £3.092m (2012-13: £3.174m) respectively.

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
Analysis by source				
Amounts due falling within one year				
Other central government bodies		5,632	5,632	7,635
Public corporations and trading funds		26	26	-
Bodies external to government		45,789	45,789	42,607
Total		**51,447**	**51,447**	**50,242**
Amounts falling due after more than one year				
Other central government bodies		4,438	4,438	3,174
Bodies external to government		309	309	2,643
Total		**4,747**	**4,747**	**5,817**

An analysis of the provision held against trade receivables for doubtful debts is shown below:

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
Provision for doubtful debts at beginning of period		716	716	431
Charged to SCNE		426	426	654
Utilised during the period		(54)	(54)	(56)
Released during the period		(570)	(570)	(313)
Provision for doubtful debts at the end of the period		**518**	**518**	**716**

The ageing of trade receivables at the balance sheet date, net of the doubtful debt provision, is as follows:

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
Current		5,200	5,200	5,140
0 – 60 days past due		2,616	2,616	3,149
61 – 360 days past due		1,308	1,308	2,122
Over 360 days past due		-	-	23
		9,124	**9,124**	**10,434**

There are no indicators at 31 March 2014 that debtors will not meet their payment obligations in respect of the net amount of trade receivables recognised in the Statement of Financial Position.

There is no material difference between the carrying value of non-derivative financial assets and liabilities and their fair values at the date of the Financial Statements.

16. OTHER FINANCIAL ASSETS

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
Long term loans				
Daresbury SIC LLP		9,463	9,463	9,463
Oxsensis Ltd		238	238	238
		9,701	**9,701**	**9,701**

The long term loan to Daresbury SIC LLP relates to loan notes transferred from the NWDA and received in exchange for properties contributed to the Daresbury SIC LLP. They become due and receivable after a five years holiday on payment and are subject to an agreed repayment profile. They carry interest at a rate of 3% per annum but receipt is deferred until three years from the date of completion. Interest of £0.980m (2013: £0.671m) has been accrued as at 31 March 2014.

£0.238m of loan stock was purchased in Oxsensis Ltd on 30 March 2012. Interest is payable on the loan at 10% per annum until the redemption date of April 2017. Interest of £0.026m (2013: £0.023m) had been accrued as at 31 March 2014.

17. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

IAS 39, *Financial instruments: recognition and measurement*, IFRS 7, *Financial instruments: disclosure*, and IAS 32, *Financial instruments: disclosures*, have been adopted by STFC with effect from 1 April 2008. IAS 32 requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. The Council is not exposed to the degree of financial risk faced by business entities, because of the largely non-trading nature of its activities and the way in which government bodies are financed. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IAS 39, IFRS 7 and IAS 32 mainly apply.

CREDIT RISK

Financial assets and liabilities are held at fair value and changes in values are recognised in the Statement of Comprehensive Net Expenditure. The fair value of the Council's financial assets and liabilities are equivalent to the carrying amount unless otherwise stated.

The Council has very limited powers to borrow or invest surplus funds and, except for forward purchases of foreign currency, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Council in undertaking its activities.

LIQUIDITY RISK

The Council's net revenue resource requirements are financed by resources voted annually by Parliament, and administered as grant-in-aid through BIS just as its capital expenditure largely is. The Council is not therefore exposed to significant liquidity risks.

INTEREST-RATE RISK

All of the Council's financial assets and liabilities carry nil or fixed rates of interest and the Council is not therefore exposed to interest-rate risk.

CURRENCY RISK

The Council's exposure to foreign currency risk was not significant during the year as the risk exposure on the Council's principal international subscriptions was shared across the Research Councils whereby the Council is compensated for variances from a base position.

Cash flow hedge. Through the use of forward contracts, the Council seeks to mitigate its risk of foreign exchange rate movements on its annual subscription commitments payable to ILL, ESRF, ESO (all Euros) and CERN (Swiss Francs). The subscriptions are payable in foreign currency at set points throughout the year.

For 2013-14, 10 forward contracts (7 Euro and 3 Swiss Francs) with an agreed cost of £104.345m have been fair valued (using the active market rate ruling at 31 March 2014) at £102.083m.

The forward contracts have been placed to cover 90% of the subscriptions between 2013-14 and 2014-15.

STFC Forward Contracts

		Cost	Fair Value	Difference to reserves
		£'000	£'000	£'000
Balance at 31 March 2012		**373,507**	**383,594**	
Redemptions		(135,557)	(140,924)	(5,367)
Revaluations		-	(2,297)	(2,297)
Net movement		**(135,557)**	**(143,221)**	**(7,664)**
Balance at 31 March 2013		**237,950**	**240,373**	
Redemptions		(133,605)	(135,653)	(2,048)
Revaluations			(2,637)	(2,637)
Net movement		**(133,605)**	**(138,290)**	**(4,685)**
Balance at 31 March 2014		**104,345**	**102,083**	

Analysed between current and non-current

		Fair Value	Fair Value
		2014	2013
		£'000	£'000
Euro contracts		30,824	35,542
Swiss Francs (CHF) contracts		71,259	100,112
Due not later than one year		**102,083**	**135,654**
Euro contracts		-	31,506
Swiss Francs (CHF) contracts		-	73,213
Due after more than one year		**-**	**104,719**

18. CASH AND CASH EQUIVALENTS

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
Balance at 1 April		1,067	1,067	8,122
Increase / (Decrease) in cash and cash equivalents		2,682	2,682	(7,055)
Balance at 31 March		**3,749**	**3,749**	**1,067**

At 31 March 2014 £2.905m (2013: £0.043m) was held in Government bank accounts. The balance was held in commercial bank accounts.

19. ASSETS CLASSIFIED AS HELD FOR SALE

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
Asset held for sale		-	-	273
Balance at 31 March		-	-	273

Assets classified as held for sale in 2012-13 represented 2 houses bought from staff by the Council as part of their relocation package; both houses were sold in 2013-14. The value of assets classified as held for sale represents the expected net disposal proceeds.

20. TRADE AND OTHER PAYABLES

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
Analysis by type				
Amounts falling due within one year				
Trade payables		16,150	16,150	8,289
Other payables		957	957	332
Accruals and deferred income		64,975	64,975	50,901
Early retirement costs		1,611	1,611	1,621
VAT		562	562	188
Social security and other issues		1,675	1,675	2,135
Total		**85,930**	**85,930**	**63,466**
Amounts falling due after more than one year				
Accruals and deferred income		-	-	8,519
Early retirement costs		3,026	3,026	4,495
		3,026	**3,026**	**13,014**

		STFC	Consolidated	Consolidated
		2014	**2014**	**2013**
		£'000	**£'000**	**£'000**
Analysis by source				
Amounts falling due within one year				
Other central government bodies		7,789	7,789	9,690
Local authorities		18	18	-
Public corporations and trading funds		43	43	54
Bodies external to government		78,078	78,078	53,722
Total		**85,930**	**85,930**	**63,466**
Amounts falling due after more than one year				
Bodies external to the government		-	-	8,519
Other central government bodies		3,026	3,026	4,495
		3,026	**3,026**	**13,014**

There is no material difference between the carrying value of non-derivative financial assets and liabilities and their fair values at the date of the Financial Statements.

21. PROVISIONS FOR LIABILITIES AND CHARGES

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
Decommissioning				
Balance at 1 April		34,345	34,345	41,433
Increase in provision		454	454	3,321
Reduction in provision		-	-	(10,867)
Unwinding of discount		218	218	458
Balance at 31 March		**35,017**	**35,017**	**34,345**

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
Restructuring				
Balance at 1 April		990	990	-
Increase in provision		-	-	990
Reduction in provision		(990)	(990)	-
Balance at 31 March		-	-	990
Total provisions		**35,017**	**35,017**	**35,335**

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
Analysis of expected timing of discounted flows				
Between 2 and 5 years		912	912	1,917
Thereafter		34,105	34,105	33,418
Balance at 31 March		**35,017**	**35,017**	**35,335**

DECOMMISSIONING OF TECHNICAL FACILITIES

In accordance with IAS 37, *Provisions, contingent liabilities and contingent assets,* decommissioning costs are recognised in full as soon as the obligation exists. When the obligation incurred gives access to future economic benefits a corresponding asset is set up in the Statement of Financial Position at the same time with depreciation being charged to the Statement of Comprehensive Net Expenditure over its useful life.

As at 31 March 2014 the discount rates used in the calculation of decommissioning provisions changed as per *HM Treasury PES (2013) 07 Discount Rates for General Provisions*. The Council has therefore applied the following discount rates:

Rate	Real rate
Short-term	-1.90%
Medium-term	-0.65%
Long-term	2.20%

The Council has in place plans for the decommissioning of the ISIS pulsed neutron source and the associated Second Target Station at RAL at the end of its anticipated operating life in 2040. In preparing the best estimate of the provision required to settle the

decommissioning obligation it is recognised that there remains a significant degree of inherent uncertainty in the future cost estimates. These include:

- the length of time over which the necessary programme of work will be delivered – stretching to 2040;
- changes to the STFC funding profile – either resulting in an earlier closure of the facility or a significant upgrade to the facility. Both scenarios would affect the timing and cost of decommissioning;
- possible technological advances which may occur which could impact the work to be undertaken to decommission and clean up the site; and
- uncertainty over future Government policy positions and potential regulatory changes regarding decommissioning.

The ISIS provision £10.6m (2012-13: £10.4m) was revalued in 2012-13 and validated against three professional valuations.

Provisions for the costs associated with decommissioning two assets at DL have been included:

1. ALICE accelerator £0.9m (2012-13: £0.9m) : STFC will be required to decommission and restore the site on which the ALICE accelerator sits at the end of its estimated useful life in 2016-17, which includes the cost of low level active waste disposal; and
2. VELA £0.3m (2012-13: £0.3m) (formerly called Electron Beam Test Facility): STFC will be required to decommission and restore the site of the VELA (Versatile Electron Linear Accelerator) at the end of its estimated useful life in 2027-28.

A decommissioning provision for ILL £23.2m (2012-13: £22.8m) is included. In 2010-11 STFC, as the UK representative, and the other associates, was required to sign a letter of commitment undertaking to fund their share of the decommissioning costs of the ILL facility. STFC's share of these costs is 33%. The technical operations element of the provision was revaluated in 2007 and updated by ILL management in 2010.

The reduction in provision for restructuring of £0.9m relates to the contribution to staff redundancy costs following STFC's decision to withdraw from the JAC, Hawaii in 2014-15. This provision is no longer required.

22. CONTINGENT LIABILITIES

STFC had the following contingent liabilities as at 31 March 2014:

a. £10.7m (2012-13: £11.7m) in respect of ILL staff related commitments and costs associated with reprocessing fuel elements. As there has been no past obligating event these costs are treated as a contingent liability in accordance with IAS37.

b. £2.1m (2012-13: £2.3m) in respect of ESRF decommissioning costs associated with the dismantling of the facility and infrastructures. Decommissioning occurs on winding up of ESRF. If exit by the UK (or any other Member) results in ESRF being wound up, the Members are required to arrange for decommissioning of ESRF's plant and buildings and to meet the costs of doing so in proportion to their share of capital at the time of dissolution. As there has been no past obligating event these costs are treated as a contingent liability in accordance with IAS37.

c. The Council collaborates with a number of other international partners in the funding, management and operation of technical facilities which are not owned by STFC. In the event of a decision to withdraw from any of these arrangements, it is likely that STFC would assist in the search for a replacement partner to ensure that technical commitments were met. The most significant international collaborations are in respect of CERN and ESO. For each of these facilities there is the possibility that STFC would be obliged to contribute to decommissioning costs arising from a decision taken to discontinue operations. The decisions to decommission are not wholly within STFC's control:
   - CERN – the CERN Convention will be dissolved if there is less than five Member States, or on the agreement of all Member States. If withdrawal from CERN by the UK results in either CERN itself and/or any programme coming to an end, deficits may potentially arise for which the UK will be required to contribute in the proportion of its contribution, if it is participating at the time of ending.
   - ESO – the ESO Convention may be dissolved at any time by a resolution of two-thirds of the Members. If there are outstanding liabilities on dissolution of ESO, those liabilities are to be met by the Members pro rata to their contributions for the then current year.

   There are no current plans for decommissioning nor are there any plans for STFC to withdraw from CERN or ESO.

d. An asbestos related claim was reported in 2012-13. This liability has expired and no contingent liability is reported in 2013-14.

e. STFC has a number of ongoing small value claims from employees. Any obligation related to these claims cannot be reliably measured at the date of the Financial Statements.

f. STFC currently occupies space within the Cockcroft Institute building on the Sci-Tech Daresbury campus. The lease for the Cockcroft Institute (CI) building is held by the University of Liverpool and is due to expire on 31st March 2017. Under the terms of the CI agreement, all the partners (University of Liverpool, University of Manchester, Lancaster University and STFC) will be liable to pay a share of the dilapidations charged by the landlord at the end of lease. It is uncertain at this time if the lease will be renewed in 2017.

23. COMMITMENTS

STFC had the following commitments at the balance sheet date:

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
Research grants				
Payable within 1 year		106,911	106,911	84,908
Payable in 2 to 5 years		146,962	146,962	116,728
Payable beyond 5 years		-	-	1,386
Total commitment		**253,873**	**253,873**	**203,022**

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
Capital expenditure				
Contracted but not provided for:				
Property, plant and equipment		9,671	23,258	17,621
Intangible assets		2,634	2,634	-
		12,305	**25,892**	**17,621**

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
International subscriptions				
Payable within 1 year		150,957	150,957	148,146
Payable in 2 to 5 years		173,246	173,246	273,178
Payable beyond 5 years		80,814	80,814	-
		405,017	**405,017**	**421,324**

24. LEASES

24.1 OBLIGATIONS UNDER OPERATING LEASES

Total future minimum lease payments under non-cancellable operating leases are given below:

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
Land and buildings				
Not later than one year		32	32	51
		32	**32**	**51**

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
Other leases				
Not later than one year		32	32	26
Later than one year and not later than five years		36	36	25
		68	**68**	**51**

a. £0.122m was charged to the SCNE in respect of operating leases in 2013-14 (2012-13: £0.135m).

b. STFC facilities at the JAC in Hawaii are located on land owned or managed by the University of Hawaii. There are operating leases in place in respect of the land on which the JCMT telescope and base office are based – these leases are for a peppercorn rent and expire in December 2033 and July 2047 respectively. There is a further lease in place for the land on which the UKIRT telescope is based, this is also for a peppercorn rent and STFC grants the University of Hawaii exclusive use of 15% facility time in lieu of land rental. This lease expires in December 2033. Negotiations are underway with the University of Hawaii for termination of all three leases following withdrawal of STFC from Hawaii later in 2014.

c. STFC facility at ING is located on Spanish land. There is an operating lease in place between the Spanish host, Instituto de Astrofisica de Canarias (IAC) and STFC for a peppercorn rent. STFC gives 20% of telescope time to IAC in lieu of land rental. The lease was renewed in May 2012 for a further ten years. This extension was by mutual agreement and can be ended by mutual agreement without penalty.

d. In consideration of a one off payment of £4.095m the Council has leased land from the United Kingdom Atomic Energy Authority for a period of 50 years from 1 January 2003. In accordance with IAS 17 this lease has been recognised as a current and non-current prepayment in Note 15.

24.2 OPERATING LEASES GRANTED

a. STFC has granted an operating lease to DLSL. The lease is for a peppercorn rent for a period of 40 years from 31 January 2003. The lease covers part of the land leased to STFC from the UKAEA and part of the Council's own land.

b. STFC earns rental income in respect of tenancy agreements at RAL and DL.

		STFC	Consolidated	Consolidated
		2014	2014	2013
		£'000	£'000	£'000
Land and buildings				
Not later than 1 year		354	354	437
Later than 1 year and not later than 5 years		782	782	1,043
		1,136	**1,136**	**1,480**

25. RELATED PARTY TRANSACTIONS

The Council is a NDPB sponsored by BIS; BIS is regarded as a related party. During the year, the Council had various material transactions with BIS and with other entities for which BIS is the sponsoring or parent body: Biotechnology and Biological Sciences Research Council, Engineering and Physical Sciences Research Council, Economic and Social Research Council, Medical Research Council and the Natural Environment Research Council and the income generated from these bodies is set out in Note 10.

In addition the Council had various material transactions with other Government departments and other Central Government bodies and the income generated from these bodies is set out in Note 10.

As set out in Note 14, the Council holds the major interest in DLSL. Related party transactions with DLSL for the period ending 31 March 2014 were as follows:

	2014	2013
	£'000	£'000
Provision of technical and scientific manpower, costs collected on behalf of DLSL, accommodation and site services	2,004	2,653
Purchase of goods and services from DLSL	154	67
Amounts owing to DLSL	1,536	920
Amounts owing by DLSL	(268)	(297)
Outstanding balance at 31 March	**1,268**	**623**

The related party transactions disclosed above exclude funding of the joint venture which is disclosed on the face of the Statement of Comprehensive Net Expenditure.

As set out in Note 14, the Council holds a one-third interest in Institut Laue Langevin. Related party transactions with ILL for the period ending 31 March 2014 were as follows:

	2014	2013
	£'000	£'000
Subscription to ILL	15,374	19,619
Total	**15,374**	**19,619**
Amounts owing to ILL	10	-
Amounts owing by ILL	-	-
Outstanding balance at 31 March	10	-

As set out in Note 14 the Council holds a minority interest in Harwell Science and Innovation Campus Public Sector (PubSP) and 50% management control. Related party transactions with PubSP for the period ending 31 March 2014 are that of the £2.974m (2012-13: £1.018m) of capital introduced to the partnership.

PubSP has in turn 50% management control over HSIC Limited Partnership. Related party transactions between STFC (via HSIC PubSP) and HSIC LP for the year ended 31 March 2014 are as follows:

			2014	2013
			£'000	£'000
Admin service charge to HSIC			31	3
Purchases from HSIC			1,102	391
Amounts owing to HSIC			760	86
Amounts owing by HSIC			-	(38)
Outstanding balance at 31 March			**760**	**48**

As set out in Note 14 the Council holds an interest in Daresbury Science and Innovation Campus Limited Public Sector (PubSP) and 50% management control. Related party transactions with PubSP for the period ending 31 March 2014 are that of the £0.8m (2012-13: £nil) relating to a capital grant given to the partnership.

PubSP has in turn 50% management control over DSIC Limited Partnership. Related party transactions between STFC (via DSIC PubSP) and DSIC LP for the year ended 31 March 2014 are as follows:

			2014	2013
			£'000	£'000
Admin service charge to DSIC			23	17
Amounts owing by DSIC			(9)	(7)
Outstanding balance at 31 March			**(9)**	**(7)**

During the year, the Council authorised grants and awards and entered into contracts for goods and services with institutions or other bodies where Council members hold senior positions and where Executive Board members hold honorary or part-time teaching positions or undertake work in a private consultancy capacity. The numbers and aggregate values of such contracts, grants and awards were as follows:

Name of Related Party	Number of grants	Aggregate value	Number of contracts	Aggregate value
		£'000		£'000
Council members				
Professor Sir Michael Sterling FREng				
University of Birmingham	9	900	15	221
Brunel University	1	89	3	26
Professor John Womersley*				
University of Durham	7	7,365	15	240
University of Oxford	23	7,402	47	1,151
University College London	34	5,518	24	556
Mrs Gill Ball OBE				
University of Birmingham	9	900	15	221
Alta Cyclotron Services Ltd	-	-	4	8
Professor Martin Barstow FRSA FinstP				
University of Oxford	23	7,402	47	1,151
Dr Brian Bowsher				
National Physical Laboratory	-	-	3	26
Mr Gerard Connell				
The Land Registry	-	-	7	2
Dame Professor Julia Goodfellow				
University of Kent	-	-	4	37
Professor David Price FGS				
University College London	34	5,518	24	556
Professor James Stirling CBE FRS				
Imperial College London	10	1,443	24	556
University of Cambridge	23	13,839	41	293

*Also a member of Executive Board

None of the above named persons were involved in the authorisation of grants or awards or was involved in the placing of contracts with the institutions or bodies where they hold senior positions or, in the case of Executive Board members, hold honorary or part-time teaching positions.

The Council also provided time on its scientific facilities, either paid for directly by users, or funded by grant-giving bodies (principally the other UK Research Councils), to researchers at institutions where Council members hold senior positions and where Executive Board members hold honorary or part-time teaching positions. The related parties using the Council's facilities were as follows:

Name **Council members**		
Professor Sir Michael Sterling FREng		University of Birmingham
		Brunel University
Professor John Womersley*		University of Oxford
		University of Durham
		University College London
Mrs Gill Ball OBE		University of Birmingham
Professor Martin Barstow FRSA FinstP		University of Leicester
		University of Oxford
Professor David Price FGS		University College London
Professor James Stirling CBE FRS		University of Cambridge
		Imperial College London

* Also a member of Executive Board

None of the above named persons was involved in the award of facility time to the institutions or bodies where they hold senior positions or, in the case of Executive Board members, hold honorary or part-time teaching positions.

Professor John Womersley is a director of the Square Kilometre Array (SKA) Organisation. The SKA is a global project to build the world's largest and most sensitive radio telescope. STFC is the UK member of the SKA Organisation and contributed £1.2m to the SKA Organisation in 2013-14.

Four STFC senior employees and two SIL employees hold immaterial shareholdings in a number of SIL spin-out companies.

No board member, STFC member of staff or other related parties, has undertaken any material transactions with the Council during the year.

26. LOSSES AND SPECIAL PAYMENTS

	2014	**2014**	**2013**	**2013**
	Number	**Value**	**Number**	**Value**
		£'000		**£'000**
Losses				
Claims waived or abandoned	25	49	23	21
Accounting write offs	-	-	9	1
Fruitless payments	-	-	5	1
	25	**49**	**37**	**24**
Special Payments				
Compensation payments	**-**	**-**	**3**	**201**

27. EVENTS AFTER THE REPORTING PERIOD

In accordance with the requirements of IAS10, *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 Report of the Comptroller and Auditor General.

PURCHASE OF FORWARD CONTRACTS

The following Swiss Franc forward contracts were placed on 4th April 2014 to cover 90% of the 2015-16 CERN subscriptions:

Date contract placed	Settlement date	Fair Value £'000
04 April 2014	09 January 2015	15,704
04 April 2014	02 April 2015	62,952
04 April 2014	08 January 2016	16,391
Total value of contracts placed		**95,047**

The following Euro forward contracts were placed on 7th May 2014 to cover 90% of the 2015-16 International subscriptions for ESO, ESRF, ILL and ESF.

Date contract placed	Settlement date	Fair Value £'000
07 May 2014	06 February 2015	4,570
07 May 2014	02 April 2015	1,975
07 May 2014	05 May 2015	12,871
07 May 2014	03 July 2015	1,979
07 May 2014	07 August 2015	3,726
07 May 2014	02 October 2015	1,984
07 May 2014	06 November 2015	3,736
07 May 2014	05 February 2016	6,048
Total value of contracts placed		**36,889**

Through the use of this cash flow hedge the Council seeks to mitigate its future currency risk. This has no impact on the Council as a going concern.

There are no further post Statement of Financial Position events.

STATISTICS (UNAUDITED)

RESEARCH GRANTS

Research Organisation	Number of Awards	Astronomy	Telescope Travel	Projects	Particle Physics	Particle Astrophysics	Nuclear Physics	Ernest Rutherford Fellowships	Ernest Rutherford Grants	Total £
Armagh Observatory	1		13,867							13,867
Brunel University	1				88,500					88,500
Cardiff University	3		39,495			1,038,577				1,078,072
City University London	1				72,692					72,692
Durham University	6	5,929,095	46,560	552,436	769,493					7,297,584
Heriot-Watt University	2			228,377	136,662					365,039
Imperial College London	9		28,341		856,281			473,264		1,357,886
Keele University	1		16,195							16,195
King's College London	1	43,210								43,210
Lancaster University	5				458,955					458,955
Liverpool John Moores University	3	405,990		344,601						750,591
Newcastle University	1	197,218								197,218
Open University	1	3,038,023								3,038,023
Queen Mary, University of London	3				775,457					775,457
Queen's University of Belfast	3	1,674,429						406,029	277,665	2,358,123
Royal Holloway, Univ of London	6				616,267					616,267
The University of Manchester	15	5,122,046		6,800,294	1,992,345				127,350	14,042,035
University College London	24	402,031	4,466	329,922	2,166,502	185,455		443,235	218,171	3,749,782
University of Birmingham	7				373,040			438,661		811,701
University of Bristol	5			136,381	80,029					216,410
University of Cambridge	23	2,567,525	21,736	7,978,775	1,468,757			1,272,607	529,757	13,839,157
University of Edinburgh	13	331,955	20,244	627,636	2,930,412			422,181		4,332,428
University of Glasgow	14	901,408		434,557	1,005,593	4,370,666		400,572		7,112,796
University of Hertfordshire	2	13,758	45,548							59,306
University of Leeds	1	2,052,467								2,052,467
University of Leicester	6	28,653	42,006			135,694		688,557		894,910
University of Liverpool	8			160,238	446,240		44,544			651,022
University of Nottingham	2	804,113	12,146							816,259
University of Oxford	17			3,519,536	2,168,483	20,991		900,748	283,351	6,893,109
University of Plymouth	1				184,901					184,901
University of Portsmouth	1	206,812								206,812
University of Sheffield	6				487,637	131,646				619,283
University of Southampton	4	159,443	16,195	295,463				354,757		825,858
University of St Andrews	3	196,988	40,487					395,332		632,807
University of Strathclyde	1					111,900				111,900
University of Surrey	2				271,118		44,219			315,337
University of Sussex	10	1,355,893	1,925		317,485					1,675,303
University of the West of Scotland	1					319,411				319,411
University of Warwick	6	2,000,549			293,713					2,294,262
University of York	1						113,670			113,670
Total	220	27,431,606	349,211	21,408,216	17,960,562	6,314,340	202,433	6,195,943	1,436,294	81,298,605

KNOWLEDGE EXCHANGE

Industry Partnership Scheme (IPS) grants awarded during 2013-14

Grant Type	Number	Value
IPS	4	£1,057,773
Mini IPS	4	£306,138
Follow on Fund	3	£259,700
Fellowships	1	£22,179
Global Challenges	14	£1,025,055
CLASP	7	£1,197,875
Total	33	£3,868,720

EDUCATION AND TRAINING

RESEARCH STUDENTSHIPS – QUOTA ALLOCATION 2013 AND 2014

Institution	**No. of Studentships**	
Universities & Colleges	**2013**	**2014**
Aberystwyth	1	2
Birmingham	6	5
Bristol	4	4
Brunel	1	2
Cambridge	20	20
Cardiff	4	4
Central Lancashire	2	2
City	1	1
Durham	14	14
Edinburgh	9	9
Exeter	2	2
Glasgow	9	10
Hertfordshire	3	3
Imperial College London	14	15
Keele	2	2
Kent	0	1
Kings College London	3	2
Lancaster	3	4
Leeds	4	4
Leicester	10	9
Liverpool	12	10
Liverpool John Moores	3	3
Manchester	13	13
Nottingham	4	5

Open	6	5
Oxford	16	15
Portsmouth	2	2
Queen Mary, University of London	7	5
Royal Holloway, University of London	2	2
Sheffield	4	7
Southampton	6	5
St Andrews	4	4
Strathclyde	1	0
Surrey	2	2
Sussex	5	5
Swansea	3	2
University College London	11	13
Warwick	4	4
West of Scotland	1	0
York	1	1
Other		
Armagh Observatory	1	1
The Natural History Museum	0	1
Total	**220**	**220**

GLOSSARY OF ACRONYMS

Acronym	Definition
AASG	Audit and Assurance Services Group
AHRC	Arts and Humanities Research Council
AHVLA	The Animal Health Veterinary Laboratories Agency
ALARP	As low as reasonably practicable
ALICE	Accelerators and Lasers In Combined Experiments
ALMA	Atacama Large Millimetre Array
AUC	Assets under construction
BBSRC	Biotechnology Biological Sciences Research Council
BIS	Department for Business Innovation and Skills
CEA	Commissariat a l'energie atomique
CERN	The European Organization for Nuclear Research
CETV	Cash equivalent transfer value
CSD	Corporate Services Directorate
CSG	Client Service Group
CLF	Central Laser Facility
CPIs	Critical performance indicators
CPI	Consumer price index
CSD	Corporate Services Department
CRC	Carbon Reduction Commitment

CSF	Controls and security framework
CSR	Comprehensive Spending Review
CSNE	Consolidated Statement of Comprehensive Net Expenditure
DEFRA	Department for Food Rural Affairs
DG KI	Director General of Knowledge and Innovation
DL	Daresbury Laboratory
DLSL	Diamond Light Source Limited
DoS	Denial of service
DRC	Depreciated replacement cost
DSIC LLP	Daresbury Science and Innovation Campus Limited Liability Partnership
DSTL	Defence Science and Technology Laboratory
EA	Environment Agency
E2E	End-to-end
EBTF	Electron Beam Test Facility
E-ELT	European Extremely Large Telescope
EMMA	Electron Machine of Many Applications
EPN	Employer Pension Notice
EPSRC	Engineering and Physical Sciences Research Council
ESA	European Space Agency
ESA BIC	ESA's Business Incubation Centre
ESF	European Science Foundation
ESO	European Southern Observatory
ESRC	Economic Social Research Council
ESRF	European Synchrotron Radiation Facility
ET	Employee Trust
EURATOM	European Atomic Energy Community
EUV	Existing use value
FAIR	Facility for Antiproton and ion Research
FERA	The Food and Environment Research Laboratory
FReM	Financial Reporting Manual
FTE	Full-time equivalent
GAD	Government Actuary's Department
GD	Government department
GGCs	Greening Government Commitments
GPC	Government Procurement Card
GtR	Gateway to Research Project
HEFCE	Higher Education Funding Council for England
HESA	Higher Education Statistics Agency
HMT	HM Treasury
HO	Harwell Oxford Campus
HPA	The Health Protection Agency

HSIC	Harwell Science and Innovation Campus
HSIC LP	Harwell and Science innovation Campus Limited Partnership
HSE	Health and Safety Executive
IAC	Instituto de Astrofisica de Canarias
IET	The Institution of Engineering and Technology
IFRS	International Financial Reporting Standards
ILL	Institut Laue-Langevin
ING	Isaac Newton Group
ISIC	International Space innovation Centre
I-TAC	STFC's Innovation Technology Access Centre
JAC	Joint Astronomy Centre
JCMT	James Clerk Maxwell Telescope
JWST	James Webb Space Telescope
K&I	Knowledge and Innovation Group at the Department of Business Innovation and Skills
LHC	Large Hadron Collider
LLEO	Low Level Earth Observation Model
MHCA	Modified historic cost accounting
MICE	Muon Ionisation Cooling Experiment
MoG	Machinery of Government
MRC	Medical Research Council
MRoFL	Managing the risk of financial loss
MV	Market value
NAO	National Audit Office
NBV	Net book value
NDPB	Non-departmental public body
NERC	Natural Environment Research Council
NGD	Non-Government department
NPL	The National Physical Laboratory
NUVOS	Pension Scheme for staff starting 2007 onwards
NWDA	North West Development Agency
OB	Operations Board
OCPA	Office of the Commissioner for Public Appointments
PCSPS	Principal Civil Service Pension Scheme
PES	Public Expenditure Survey
PNISS	Principal Non-Industrial Superannuation Scheme
PRC	Project Review Committee
PPD	Personal protected data
PPE	Property, plant and equipment
PubSP	Public Sector Partnership
RAB	Resource Accounting and Budgeting
RAG	Risk Assurance Group

RAL	Rutherford Appleton Laboratory
RCUK	Research Councils United Kingdom
RCPS	Research Councils Pension Scheme
RICS	Royal Institute of Chartered Surveyors
RIDDOR	Reporting of Injuries, Diseases, and Dangerous Occurrence Regulations
ROE	Royal Observatory Edinburgh
RoSPA	Royal Society for the Prevention of Accidents
RPAs	Radiation protection advisers
RPO	Radiation protection officer
RSF	Rainbow Seed Fund
RWAs	Radioactive waste advisers
SCNE	Statement of Comprehensive Net Expenditure
SCRI	The Scottish Crop Research Institute
SHE	Safety, health and environment
SIF	Strategic Investment Fund
SIL	STFC Innovations Ltd
SIRO	Senior information risk owner
SKA	Square Kilometre Array
SO	Swindon office
SORS	Spatially Offset Raman Spectroscopy
SPC	Strategy, Performance and Communications Directorate
SPF	Security policy framework
SRMO	Security risk management overview
SSC	Shared Services Centre
STFC	Science and Technology Facilities Council
STEM	Science, technology, engineering, and mathematics
TCH	The Cosener's House
TRAC	Transparent approach to costing
TSB	Technology Strategy Board
UKAEA	UK Atomic Energy Authority
UKIRT	UK Infrared Telescope
UK SBS Ltd	UK Shared Business Services Ltd
UKSBS EEC	UKSBS Employee Engagement Company Limited
VC	Video conferencing
VELA	Versatile Electron Linear Accelerator
WISE	Women in science and engineering
WiSTEM	Women in science, technology, engineering, and mathematics
wLCG	Worldwide LHC Computing Grid

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