

Biotechnology and Biological Sciences Research Council

# Annual Report and Accounts

2015 - 2016



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Biotechnology and Biological Sciences Research Council (BBSRC)  
**Annual Report and Accounts 2015 - 2016**

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HC 294

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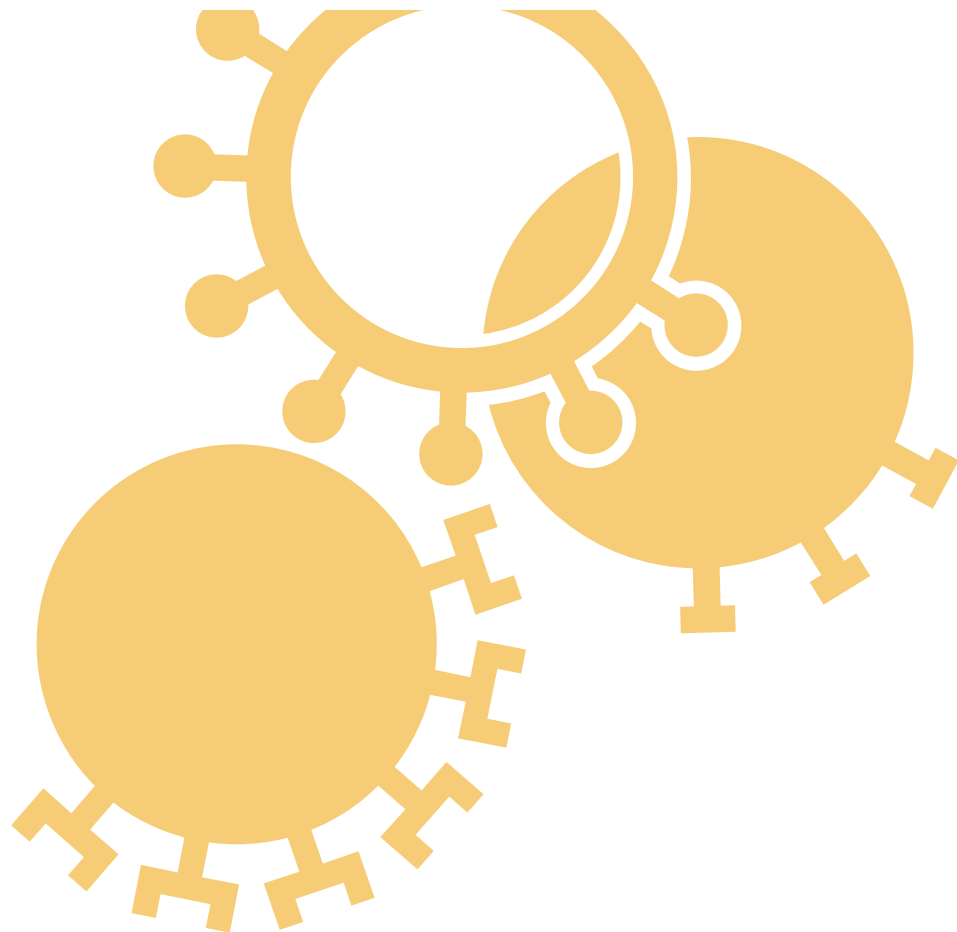
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This Report provides an overview of BBSRC's major activities during the period 1 April 2015 to 31 March 2016.

This Report is accessible at [www.bbsrc.ac.uk/annualreport](http://www.bbsrc.ac.uk/annualreport). Readers may wish to refer to previous Annual Reports also found on this page: BBSRC Strategic Plan at [www.bbsrc.ac.uk/strategy](http://www.bbsrc.ac.uk/strategy) and the BBSRC Delivery Plan 2015-2016 at <http://www.bbsrc.ac.uk/deliveryplan>

## BBSRC

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



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

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



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## Chair's statement

I was delighted to join BBSRC Council as Chair on 1 July 2015.

**It is an exciting time for bioscience and BBSRC's refreshed strategic plan of 2014 rightly reconfirms today as the age of bioscience. It seems as though every week brings new fundamental advances in our knowledge and capability across BBSRC's remit. Areas as diverse as our understanding of epigenetics or plant immunity through to novel technologies like genome editing reaffirm the UK as a global leader in bioscience research.**

Without doubt the UK can be proud of its intellectual achievements in bioscience – 11% of global citations for bioscience stem from UK research. But it is not just our excellence in pushing back the boundaries of ignorance which makes this the age of bioscience – it is the opportunities that are opened up by our increased understanding of biology.

It may seem hackneyed to say, but is nonetheless true, that bioscience offers the hope to secure our future in the face of major global challenges: a growing population, the need to find ways to move to more sustainable sources of energy and materials, and maintaining our health as we live longer.

There are, of course, countless examples of how bioscience is improving our economic and social wellbeing. For instance, BBSRC's 2015 Innovator of the Year, Professor Ian Givens and his team from the University of Reading altered the diet of cows to help reduce both saturated fats in dairy products and the carbon footprint of these foods. Marks and Spencer's own-brand milk is making use of this research bringing it to over three million customers.

Today, for science to succeed, it needs to be open to collaboration with other countries, other disciplines and new ways of working. BBSRC is rightly focused on building and strengthening multidisciplinary research – the BBSRC Networks in Industrial Biotechnology and Bioenergy detailed in this report being just one example. Our excellent bioscience also makes the UK a global partner of choice for academics around the world. What's more, our bioscience base and skilled bioscientists make the UK an attractive destination for foreign inward investment – which all supports the UK's economy.

I'm very pleased to be chairing the Council of an organisation which takes the issues of equality, diversity and inclusion so seriously. I will be working with the council and BBSRC executive to build on our progressive stance to create an inclusive and diverse bioscience community.

### With thanks

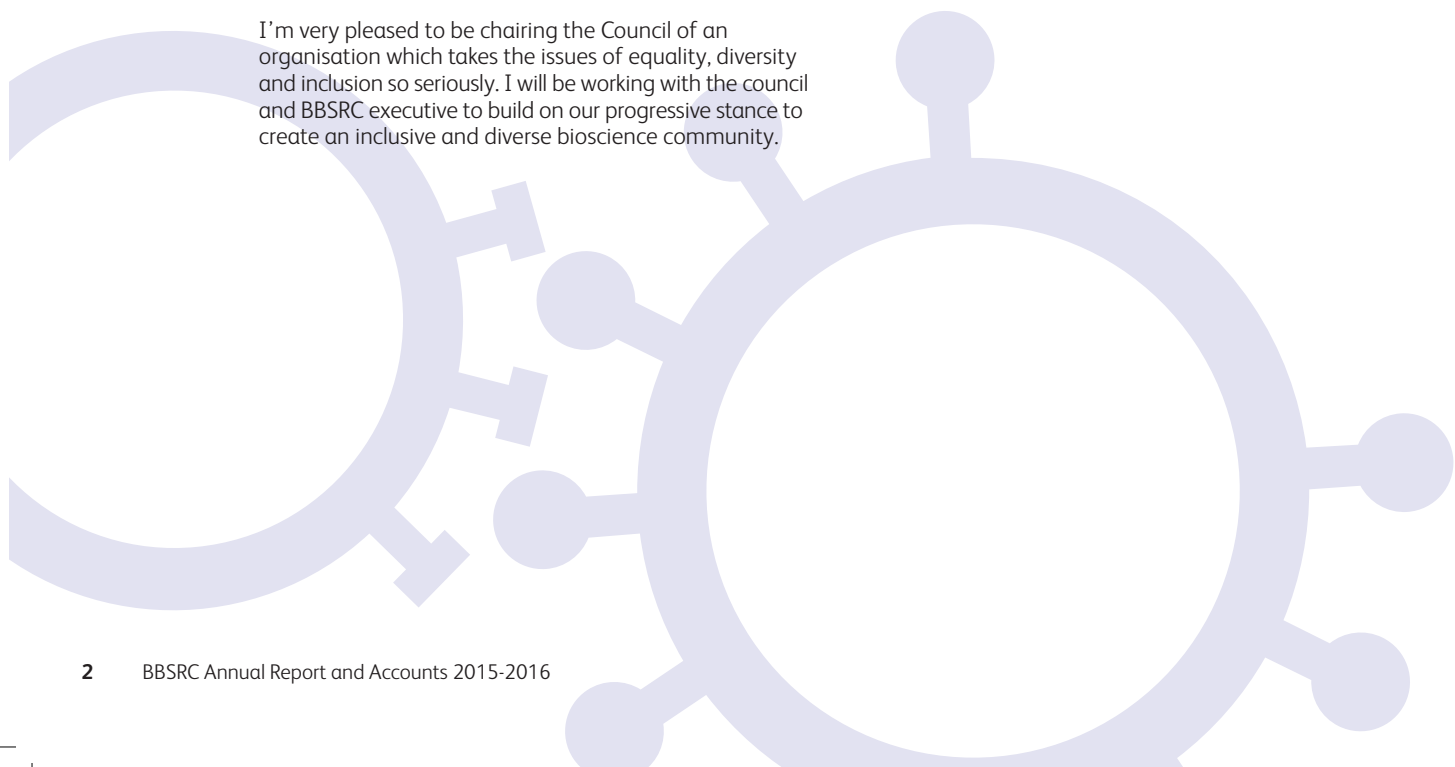
Professor Sir Tom Blundell has been a stalwart of BBSRC - serving the bioscience community as both founding Chief Executive of BBSRC and more latterly as Council Chair. It is a privilege to take over from such a distinguished scientist who has helped place BBSRC as the respected, forward thinking, open organisation it is today. So on behalf of all connected with BBSRC, I would like to thank him for his unwavering support for the organisation and bioscience more broadly.

We have also said 'goodbye' this year to Professor Jackie Hunter, who did a fantastic job at the helm of BBSRC, and Professor David Richardson and Professor Sir David Balcombe who have retired from Council. I thank them all for their tireless commitment to BBSRC and UK bioscience.

I am delighted though to offer a warm welcome to our new members of Council, Dr Belinda Clarke and Dr Deborah Keith, and Dr Mike Goosey, who has been re-appointed.

I am looking forward to working with Professor Melanie Welham, Council and our community to continue to strengthen our world-class bioscience base and ensure we collectively deliver the social and economic promise of the age of bioscience.

**Professor Sir Gordon Duff**  
BBSRC Chair  
June 2016





## Chief Executive's summary

■ BBSRC has a crucial role to play in building and leveraging the UK's world-leading bioscience research base to boost knowledge generation, sustainable development, security, productivity and economic growth – in short, to build the bioeconomy and realise its benefits for wider society. Last year we invested £473M in world leading bioscience, people and research infrastructure.

Our strong track record of delivery, and our commitment to investment in high quality research, skills and infrastructure, highlighted in this Annual Report, creates an environment in which UK bioscience can thrive and meet national and global needs.

Our activities are broadly centred around five themes; enabling and driving bioscience discovery, building a more resilient and secure future, transforming and creating bio-based businesses, growing and attracting talent and strengthening the UK's position as a global partner.

The following pages capture just some of our successes in delivering against these themes over the past year; from investing £13.9 million in long-term, strategic grants to launching a new aquaculture initiative, publishing a joint research strategy for UK animal and plant health to completing key campus infrastructure projects.

Fundamental bioscience is vital to revealing the mechanisms underlying complex biological processes in all living organisms from microbes, to humans, to whole environments. By increasing our understanding of these processes, bioscience can underpin practical solutions to major challenges such as climate change, food security, healthier ageing and control of infectious diseases.

Highly skilled researchers in labs across the UK are constantly making discoveries and breaking new scientific ground. Each hypothesis proved or disproved generates new knowledge, progressing the science closer to translation and application to solve real-world problems.

Enabling these advances in bioscience is at the core of BBSRC's remit. Our role is to ensure the UK has highly skilled people, the best capabilities and an innovative environment in which to thrive. Working with multiple partners to develop Research and Innovation Campuses is a major part of this. The five campuses we have been supporting the development of are centred on a critical mass of world-leading bioscience. They are strategically supported by BBSRC, bringing together inspirational and entrepreneurial minds alongside specialist facilities – a powerful combination for fostering early-stage innovation.

Last November the Chancellor announced the science and research budget for the course of this parliament

and Sir Paul Nurse published his review of the Research Councils. The research budget has increased in line with inflation, as has BBSRC's proportion of the money, which in these times of austerity is a sign of the Government's endorsement of science. As part of this settlement, a new £1.5 billion Global Challenges Research Fund (GCRF) was announced, to be delivered by the Research Councils and other partners over the next five years.

The GCRF seeks to leverage the excellence of the UK's research base to tackle problems faced by developing countries, from health and agriculture, through to energy and conflict resolution, challenges which very much align with UN sustainable development goals. This, alongside an increased commitment to the Newton Fund, brings exciting opportunities for the bioscience and research and innovation community.

Science is increasingly a connected global endeavour and this provides excellent opportunities for leveraging the world-leading strength of UK bioscience – such global interaction helps sustain the vibrancy of UK research.

In his review, Sir Paul Nurse acknowledged the UK's research excellence and the role of Research Councils within this. He also made recommendations on the future of the Research Councils and their communities, to enhance strategic thinking and effectiveness across the research landscape. The Research Councils have already recognised a need to strengthen collective operational working and have started initiating plans in this area.

Together the Research Councils will continue to participate actively in a suite of government reforms involving BIS partners across the UK research and innovation funding landscape. These reforms aim to ensure the UK is the best place in the world to do research, to innovate and to grow business whilst delivering the best return on public investment.

Whilst at the time of writing, the structure of the proposed new 'UK Research and Innovation' is still to be decided, the potential of this organisation to drive greater interdisciplinary working and to provide a vehicle to really bring this to bear on societal grand challenges, is very exciting. At the same time, depth and excellence in the individual sectors will still be vital. As we move



forward it is essential for bioscience to maintain a strong and focussed voice.

Regardless of the changes ahead, BBSRC will continue to proudly wave the flag for bioscience and support the health of the bioscience-base. Collectively, our thinking will need to evolve to ensure we embrace and maximise new opportunities to drive forward frontier bioscience and I am confident that BBSRC and our community are in a strong position to respond positively to the opportunities and challenges ahead.

I would like to thank Professor Jackie Hunter for her commitment and dedication to BBSRC during her time as Chief Executive and Dr Celia Caulcott for her energetic leadership of innovation and skills at BBSRC. Both made a vital contribution to ensuring BBSRC is a resilient, agile and responsive organisation.

Having been part of BBSRC's leadership team for over three years, and having had a long association with the Council, both as a researcher and member of research committees, I am delighted to have this opportunity to lead BBSRC. I am very aware of the value, impact and potential of the organisation and the science we support.

BBSRC will continue to prioritise investigator-led, discovery science to generate new knowledge, maintain the health of bioscience disciplines and provide the foundation for future innovation and the next generation of world-class scientists.

Maintaining the UK's world-leading bioscience base is a team effort and relies on the contributions of many great people - BBSRC staff, our community and our stakeholders – all of whom show relentless motivation, dedication and focus and I would like to take this opportunity to personally thank them all. There are no medals to show for their commitment, but it is their collective efforts that edge us ever closer to fulfilling BBSRC's vision for the power of biology to deliver a healthy, prosperous and sustainable future.

**Professor Melanie Welham**  
BBSRC Interim Chief Executive  
30 June 2016



*The Rothamsted Centre for Research and Enterprise (RoCRE), opened in July 2015, funded by BBSRC with additional investment from Rothamsted Research, the Lawes Agricultural Trust and regional growth funding accessed through the Herts Local Enterprise Partnership.*

■ On the 16th May 2016, the Government published a White Paper detailing its planned policy to reform support for higher education and research, including proposals on the future of the Research Councils and the formation of UK Research and Innovation. 'Success as a Knowledge Economy' outlines how Government intends to take forward the implementation of the recommendations of Sir Paul Nurse's Review.

This White paper was followed by the 'Higher Education and Research Bill' which was presented to the House of Commons on the 19th May.

The Research Councils will be working with Government as its proposals develop and will be focused on ensuring the successful and effective delivery of reform plans, together with our continuing effective and efficient support for research.





# Performance Summary

Delivery Plan objective	Deliverables/Milestones	Progress	Further examples on page:
<b>i) Maintaining the excellence of the UK bioscience research base</b>	<ul style="list-style-type: none"> <li>■ Prioritise responsive funding for excellent, investigator led research</li> <li>■ Sustain support for strategically funded institutes</li> </ul>	<ul style="list-style-type: none"> <li>■ £123M responsive mode grants awarded</li> <li>■ £13.9M investment in major long-term strategic longer, larger grants</li> <li>■ Continued investment in institute strategic programme and national capabilities</li> </ul>	7
<b>ii) Ensuring the supply of skilled people into the economy and public sector</b>	<ul style="list-style-type: none"> <li>■ Commence second round of Doctoral Training Partnerships (DTP2)</li> <li>■ Support the development of skills needed by industry</li> <li>■ Increase engagement with postdoctoral researchers</li> </ul>	<ul style="list-style-type: none"> <li>■ First cohort of DTP2 students began in autumn 2015</li> <li>■ 90 iCASE studentships allocated to Doctoral Training Partnerships; new Collaborative Training Partnerships scheme launched</li> <li>■ BBSRC Vision for Postdoctoral Researchers published; Postdoctoral Researchers Advisory Group established</li> </ul>	8
<b>iii) Supporting key industrial sectors and emerging technologies</b>	<b>Agriculture and food security</b>		
	<ul style="list-style-type: none"> <li>■ Allocate funding for Round 4 of the Agri-tech Catalyst with Innovate UK, BIS and DFID</li> <li>■ Support academia-industry collaboration in sustainable agriculture and aquaculture with NERC</li> </ul>	<ul style="list-style-type: none"> <li>■ £17.8M joint investment through Agri-tech Catalyst</li> <li>■ £4.7M investment with NERC and industry in the Sustainable Agriculture Research Industry Club</li> <li>■ New UK Aquaculture Initiative launched with NERC</li> </ul>	10
	<b>Industrial Biotechnology and Bioenergy</b>		
	<ul style="list-style-type: none"> <li>■ Grow UK research capability in Industrial Biotechnology (IB)</li> <li>■ Support translation of research via an IB Catalyst</li> </ul>	<ul style="list-style-type: none"> <li>■ Increased academic and industry engagement in the BBSRC Networks in Industrial Biotechnology and Bioenergy</li> <li>■ £34M invested in IB Catalyst</li> </ul>	11
<b>Bioscience for health</b>			
<ul style="list-style-type: none"> <li>■ Increase focus on nutrition and health</li> <li>■ Implement plans for a new centre for food and health research and innovation</li> </ul>	<ul style="list-style-type: none"> <li>■ Nine projects recommended for funding under a joint BBSRC/MRC 'Mechanistic Research in Nutrition' research highlight</li> <li>■ £3M investment in Diet and Health Research Industry Club</li> <li>■ Construction of the Quadram Institute for food and health research on the Norwich Research Park has commenced</li> </ul>	13	

Delivery Plan objective	Deliverables/Milestones	Progress	Further examples on page:
iii) Supporting key industrial sectors and emerging technologies	Emerging technologies		
	<ul style="list-style-type: none"> <li>■ Prioritise emerging technologies including data-rich bioscience and synthetic biology</li> </ul>	<ul style="list-style-type: none"> <li>■ Continued to manage investments made under the Synthetic Biology for Growth programme, adding value through networking activities</li> <li>■ Support for four projects to support 'big data' infrastructures for bioscience research</li> </ul>	14
iv) Developing research and innovation campuses to accelerate translation of excellent bioscience	<ul style="list-style-type: none"> <li>■ Progress key campus infrastructure projects</li> </ul>	<ul style="list-style-type: none"> <li>■ Babraham Research Campus: construction of Bio-incubator Follow-on building completed ; new conferencing facilities are ahead of plan in construction.</li> <li>■ Norwich Research Park: organisational structures are in place for molecular farming pilot facility, construction will commence shortly.</li> <li>■ Rothamsted Centre for Research and Enterprise: Innovation Hub and Conference Centre extension completed</li> <li>■ Aberystwyth Innovation and Enterprise Campus: project making steady progress</li> <li>■ Easter Bush Innovation Centre (EBIC): construction underway</li> </ul>	15
v) Working in partnership to deliver BBSRC's strategy	<ul style="list-style-type: none"> <li>■ Engage with European programmes</li> <li>■ Strengthen international partnerships with priority countries</li> <li>■ Increase private sector leverage</li> <li>■ Enhance partnerships with government departments and devolved governments</li> </ul>	<ul style="list-style-type: none"> <li>■ Continued involvement in key pan-European research infrastructure projects and joint leadership of Agriculture Food Security and Climate Change Joint Programming Initiative (FACCE-JPI)</li> <li>■ New programmes established via the Newton Fund with Brazil, China, India and others</li> <li>■ Industry co-investment in UK Biofilms Programme, Agri-tech and IB Catalysts</li> <li>■ Joint vision and high-level research strategy for UK Animal and Plant Health published on behalf of Research Councils, government departments, agencies and devolved governments</li> </ul>	16

Due to the nature of the research we fund and the scale of the grand challenges we are addressing, much of what BBSRC supports is ongoing and evolving.

## Measuring performance

BBSRC's key deliverables and milestones, as agreed with its sponsor department BIS, are set out in its Delivery Plan 2015-16, available at: [www.bbsrc.ac.uk/deliveryplan](http://www.bbsrc.ac.uk/deliveryplan)

In line with the Research Councils' common performance management framework agreed with BIS, BBSRC's progress against its delivery plan objectives and other business critical activities is formally reviewed through bilateral meetings with BIS held twice a year, with complementary quarterly meetings focusing primarily on finance, risk and other corporate issues.

Information on the impacts arising from the research and training funded by BBSRC, can be found in BBSRC's annual Impact Report, available at: [www.bbsrc.ac.uk/documents/impact-report-2015-pdf/](http://www.bbsrc.ac.uk/documents/impact-report-2015-pdf/)



# Performance analysis and explanation

## i) Maintaining the excellence of the UK bioscience research base

**BBSRC continues to support and develop a robust and forward looking research base. This not only involves funding the best science and training, but also providing strategic funding for eight world-class institutes, central to delivering BBSRC's vision and strategic priorities.**

Progress in 2015-16 has included:

### ■ £123M competitive grants awarded to researchers across the UK

Through 2015-16 BBSRC has maintained its commitment to investigator-led research as the lifeblood of innovation and discovery. Through our responsive mode programme we have continued to support excellent research across a broad range of bioscience, balancing this with an appropriate degree of focus on priorities where research will have the most impact on major economic and societal challenges.

### ■ £13.9M for major long-term science studies

Three new grants, funded through BBSRC's Strategic Longer and Larger grants (sLoLas) scheme, will give world-leading research teams at Imperial College London, University of Bristol and the London School of Hygiene and Tropical Medicine five years of funding and resources to address major challenges. The projects are aimed at: developing plants that can make their own fertiliser; creating new ways to breed wheat; and producing cheap and effective vaccines for poultry.

### ■ Continued support for strategic programmes and national capabilities

BBSRC provides strategic funding for eight institutes which provide national capabilities for UK bioscience and expertise in strategically important areas:

- The Babraham Institute
- The Institute of Food Research (IFR)
- John Innes Centre (JIC)
- Rothamsted Research
- The Pirbright Institute
- The Institute of Biological, Environmental and Rural Sciences (IBERS)
- The Roslin Institute
- The Genome Analysis Centre (TGAC)

The institutes are also key components of BBSRC's research and innovation campus strategy, supporting the UK's innovation ecosystem (see page 15)

### ■ Seventeen new Fellowships awarded

Following a successful launch of the scheme in 2014-15, BBSRC awarded a further 12 new Future Leader fellowships in 2015-16, enabling early career scientists to carry out independent research to become future research leaders.

The Future Leader Fellowship scheme provided support for researchers to gain leadership skills whilst undertaking independent research, representing BBSRC's continued commitment to the supply of highly skilled professional scientists in the UK. Each award is worth up to £300k which includes funding for research, a personal salary, provisions and training.

In addition, BBSRC awarded five new David Phillips Fellowships, to provide support for researchers to establish their first independent research group.

Key funding data for research grants and strategic funding to institutes can be found on page 18.



## ii) Ensuring the supply of skilled people into the economy and public sector

**BBSRC supports high quality postgraduate and postdoctoral training to ensure that UK has the skills to support a world-leading bioscience research base and to enable the continuing growth of the bioeconomy. By investing in the skills base, BBSRC not only supports research but also helps to secure the nation's future productivity, driving inward investment, creating new jobs and maintaining the UK's position as a global leader.**

Progress in 2015-16 has included:

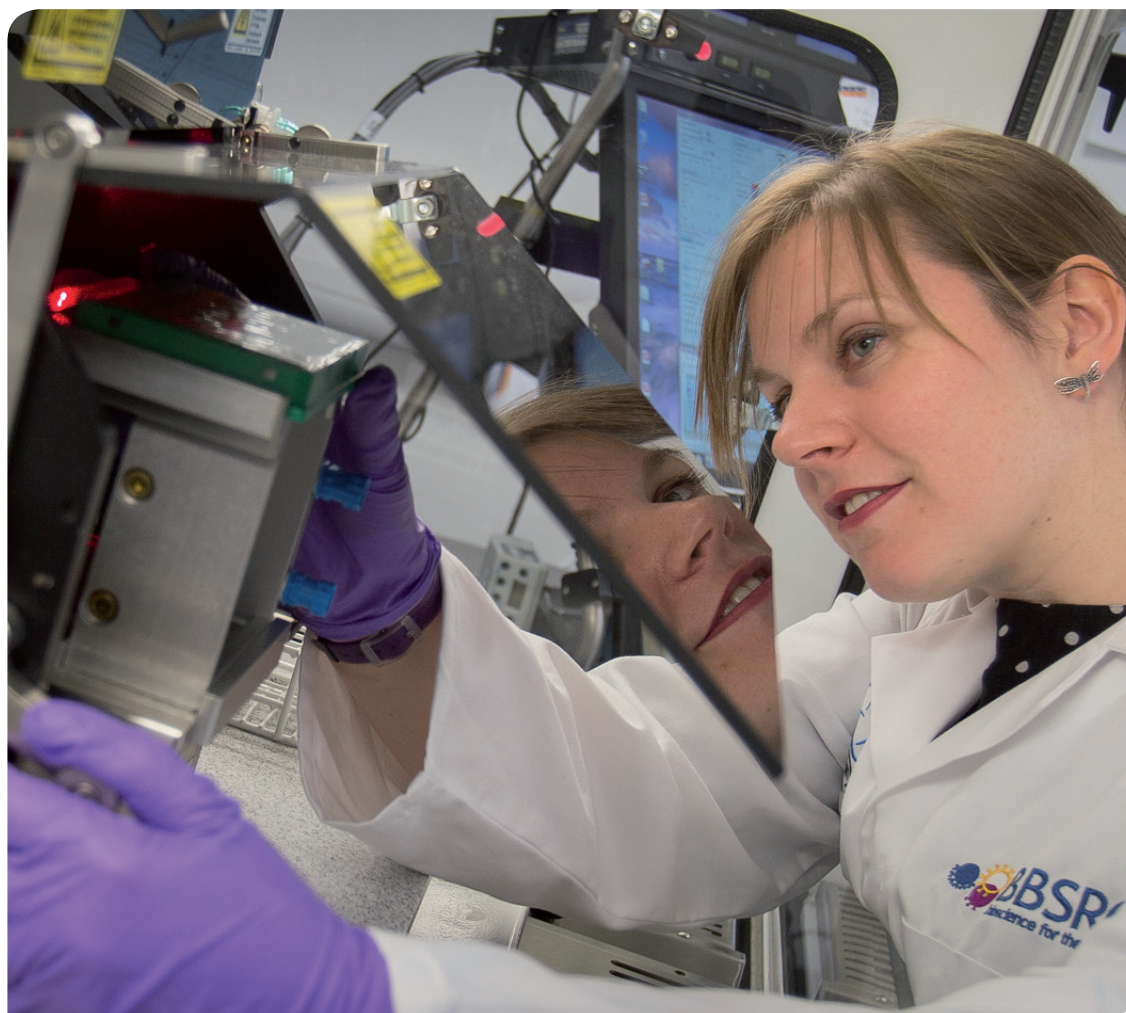
### ■ Supporting PhD students

BBSRC is investing £125M of funding over five years to support the training and development of 1250 PhD students through 12 Doctoral Training Partnerships. The first cohort of students began in autumn 2015. Of the 1250 students, 30% will be trained in agriculture and food security, 20% in

industrial biotechnology and bioenergy, 10% in bioscience for health, and the remaining 40% in other world-class frontier bioscience to help fuel future discoveries, helping to achieve a greater alignment between BBSRC training portfolio and its research portfolio, and balancing excellence in broad-based bioscience with a strategic focus in the grand challenge areas.

### ■ Providing the skills that industry needs

Industrial CASE Studentships are collaborative training grants that provide students with a first-rate challenging research training experience within the context of a mutually beneficial research collaboration between academic and partner organisations. In 2015-16 BBSRC allocated 90 industrial CASE (iCASE) studentships to the BBSRC Doctoral Training Partnerships for awarding alongside their standard studentships. In addition, a new Collaborative Training Partnerships scheme was launched in February 2016. The scheme succeeds the Industrial CASE Partnerships scheme and will allocate 75 studentships to a number of key non-academic organisations (including companies) to provide high-quality training in a collaborative environment.



■ **Launch of new Strategic Training Awards for Research Skills (STARS)**

BBSRC has launched a new programme of flexible awards to support the development of strategically important and vulnerable research skills and capabilities in the biosciences. The first round of the new 'STARS' programme funded five universities across the UK to provide postgraduate-level training in areas of significant need for clearly defined academic and industrial sectors including bioinformatics and computational biology skills, entomology and plant pathology training and mathematical biology training for around 400 scientists.

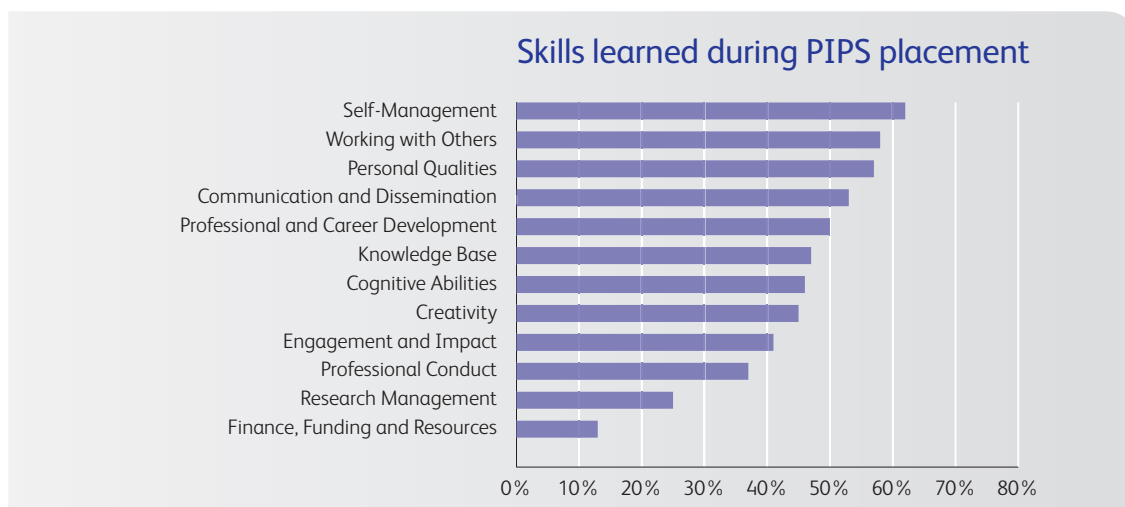
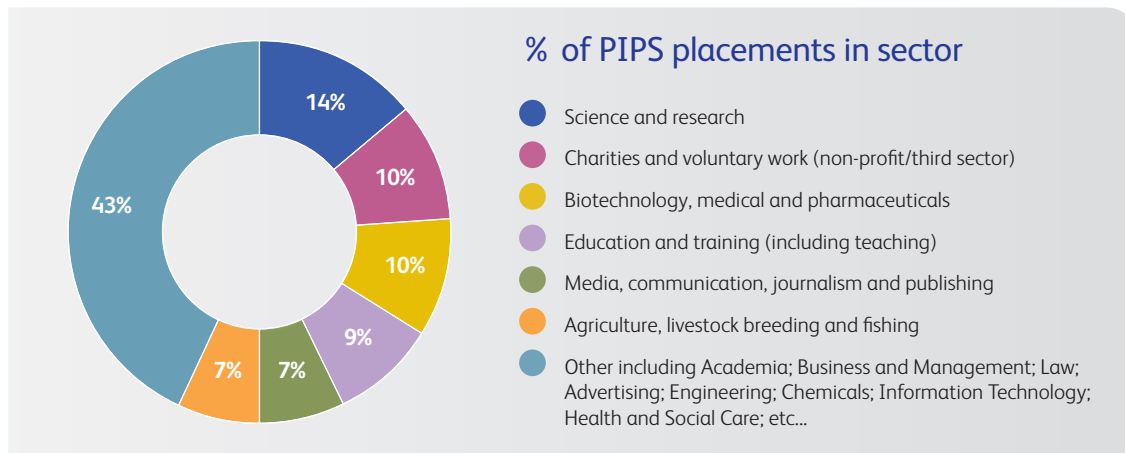
■ **Supporting researchers throughout their careers**

BBSRC recognises the need to support postdoctoral researchers in academia or elsewhere to maximise their research effectiveness and individual potential. BBSRC published its 'Vision for Postdoctoral Researchers' in 2015, which sets out the Council's expectations of grant holders and their institutions to support the postdoctoral research staff employed on BBSRC grants. Recognising BBSRC's own role in

delivering that vision, BBSRC has established a Postdoctoral Researchers Advisory Group that provides guidance, from current postdoctoral scientists and researcher developers involved in supporting them, on how BBSRC can best engage with and support the postdoctoral community, how to support networking and wider career development and to provide a platform for these early career researchers to input directly into BBSRC's strategy development activities.

■ **Developing researcher skills through Professional Internships for PhD students**

BBSRC Professional Internships for PhD Students (PIPS) are providing PhD students with valuable skills and training, giving them broader work experience, and contributing to the work of host organisations. A survey of PIPS students following their placements found that they worked in areas such as research and development, education, publishing and journalism, research administration and policy. The survey also found that PIPS students developed a broad range of skills and experience<sup>1</sup> during their placements.



<sup>1</sup> based on the categories used in the Vitae research development framework

### iii) Supporting key industrial sectors and emerging technologies

#### Agriculture and Food Security:

**BBSRC is the main UK public investor in agri-food research, which underpins major economic sectors including agriculture, food and drink, renewable energy and chemicals.**

Progress in 2015-16 has included:

■ **Further investment in the Agri-Tech Catalyst with Innovate UK**

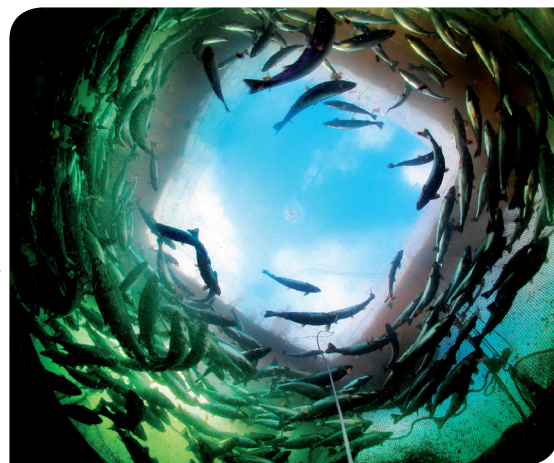
The Agri-Tech Catalyst, supported by BBSRC, Innovate UK, BIS and DFID, is designed to support collaborative research between scientists and business to springboard projects from lab to market place.

In the fourth round of funding, announced in October 2015, 21 projects were supported, representing a total investment of £17.8M, including £6.7M from industrial partners, in research and development aimed at improving agriculture and food production. Projects include one assessing the potential to commercialise the farming of lobsters, a proposal to cultivate scallops on ropes and a way of continuing to make whisky with UK wheat by using a novel variety.

■ **Launching the UK Aquaculture initiative**

The UK Aquaculture Initiative is a joint BBSRC and NERC initiative to support high-quality, innovative research and research translation working towards the goal of developing a healthy, safe and sustainable UK aquaculture system.

Following an initial research call in 2014, the second phase of the Initiative has focused on further building the BBSRC- and NERC-funded aquaculture research community, linking it to supply chain and end-user companies and equipping the community to address industry research challenges.



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*BBSRC and NERC have jointly launched the UK Aquaculture Initiative.*

■ **Transnational research to improve animal welfare**

Eleven new research projects to improve animal health and welfare were funded as part of the third joint funding call for the Animal Health and Welfare ERA-Net (ANIHWA) programme. Of these 11 projects, three worth a total of £826k were funded by BBSRC. ANIHWA is a European programme consisting of partner organisations from 19 different European countries, including Israel. The programme aims to increase cooperation and coordination of national research programmes on animal health and the welfare of farmed animals including fish and bees. The projects funded by BBSRC focus on the threats to animal health and welfare such as infectious diseases, as well as new tools and technologies to improve welfare.



*11 European projects have been funded to improve animal welfare through the Animal Health and Welfare ERA-NET programme.*

■ **Investing £4.7M with NERC and industry to improve the sustainability of UK farming**

In July, six new research projects were announced under the first round of the Sustainable Agriculture Research and Innovation Club (SARIC), which was developed by BBSRC and NERC, together with industry, to support innovative projects that will provide solutions to key challenges affecting the efficiency, productivity and sustainability of the UK crop and livestock sectors.

Among the funded studies is work to improve the drought tolerance of wheat, research to determine the best foodstuffs for ruminant animal health and production, and a project focused on optimising the use of buffer strips to enhance hydrology and water quality.

SARIC has 12 company members who contribute to funding research and support the strategic development of the Club. A second round of funding will be delivered in 2016.

■ **Sustainable Intensification Community-Led Network**

In January 2016, BBSRC and NERC invested £240k over three years in a Sustainable Intensification (SI) community network to encourage and facilitate high-quality systems-orientated research relevant to the sustainable intensification (SI) of agriculture, with an emphasis on multidisciplinary, interdisciplinary and trans-disciplinary approaches. The network is linked and aligned to the FACCE-JPI<sup>2</sup> European Knowledge Network on Sustainable Intensification.

## Industrial biotechnology and bioenergy (IBBE):

**BBSRC is the leading public investor in IBBE and is actively working with partners to build a thriving IBBE sector. BBSRC invests in research projects at various stages of development to increase the UK's capability to sustainably manufacture materials, chemicals and energy using genomic, systems and synthetic approaches.**

Progress in 2015-16 has included:

**Increased academic and industry engagement in the BBSRC Networks in Industrial Biotechnology and Bioenergy**

The BBSRC Networks in Industrial Biotechnology and Bioenergy (BBSRC NIBB) foster collaborations between academia, industry, policy makers and NGOs to find new approaches to tackle research challenges, translate research and deliver key benefits in Industrial Biotechnology and Bioenergy.

These multidisciplinary networks drive new ideas to

harness the potential of biological resources for producing and processing materials, biopharmaceuticals, chemicals and energy.

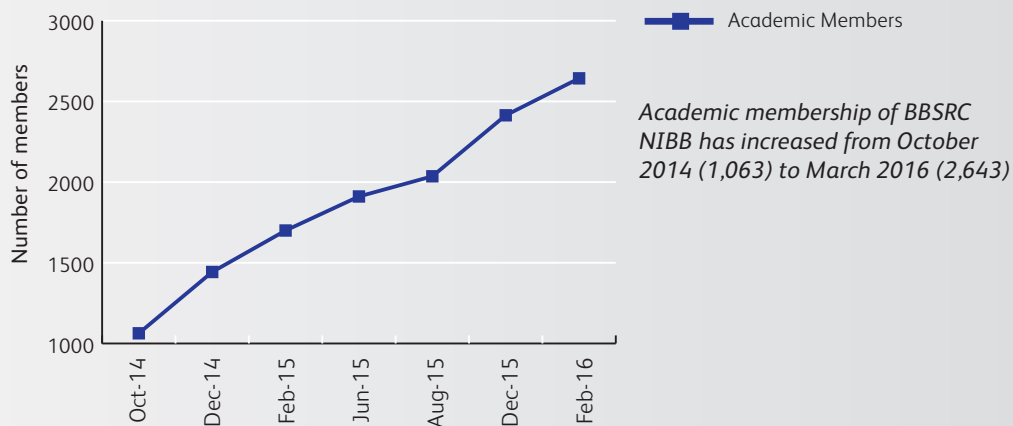
More than 600 companies are currently engaged in collaborative working with over 2,600 members of the academic community. Between October 2014 and March 2016 the academic membership of BBSRC NIBB has more than doubled, and there was an increase in both the number of companies involved in the networks and in industry memberships.

The Networks provide proof of concept funding as well as Business Interaction Vouchers.

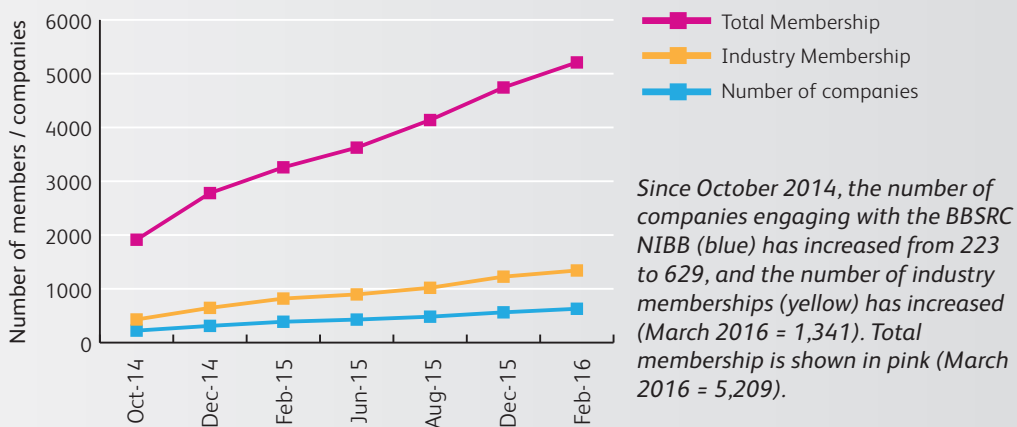
As of March 2016 a total of £6.5M had been committed to 108 Proof of Concept (PoC) grants. This has leveraged around £995K investment in 83 of these PoC projects from private sector companies.

A total of 127 Business Interaction Vouchers have been issued with a £744k commitment from BBSRC. The company contributions to these collaborative vouchers, at £930K have now exceeded the public sector investment.

### BBSRC NIBB Academic Memberships



### BBSRC NIBB Company Interactions



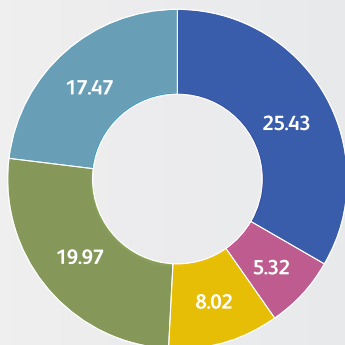
■ **£34M committed to the Industrial Biotechnology Catalyst in 2015-16**

The IB Catalyst, funded by BBSRC, EPSRC and Innovate UK, supports research and development into the processing and production of materials, chemicals (including pharmaceutical precursors and biopharmaceuticals) and bioenergy, as well as the development and commercialisation of innovative IB processes to manufacture a wide range of existing and new products.

During 2015-16, £34.1M was invested in a range of collaborative and non-collaborative research projects, and leveraged an additional £6.7M from the private sector.

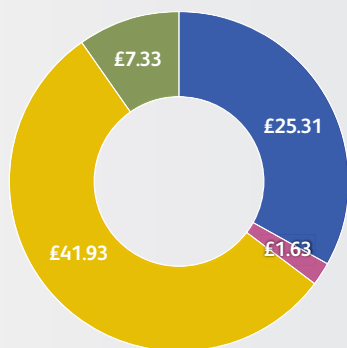


PERFORMANCE REPORT



**IB Catalyst, Rounds 1 - 4**  
Project grants by challenge area (£M)

- Fine and speciality chemicals and natural products
- Commodity chemicals and materials
- Liquid and gaseous biofuels
- Peptides and proteins
- Processes to reduce costs or improve efficiency



**IB Catalyst, Rounds 1 - 4**  
Projects grants by stream

- Early Stage Translation
- Early Stage Feasibility
- Industrial Research
- Late Stage Feasibility
- Experimental Development (£0.00)



## Bioscience for health:

**Bioscience offers a dual opportunity to tackle the economic burden of a steadily ageing population whilst also supporting key industrial sectors. BBSRC supports world-leading bioscience research to build a deep, integrated understanding of healthy human systems across the lifecourse including understanding biological mechanisms underlying normal physiology, the role of food and nutrition; with the aim of improving the health and welfare of both humans and animals.**

Progress in 2015-16 has included:

### ■ Joint working in food, nutrition and health

Following the publication of a cross-Council vision for joint working in food, nutrition and health, and as part of the collaborative and interdisciplinary approach to this area, 9 projects have been recommended for funding under a joint BBSRC/MRC research highlight to develop a mechanistic understanding of how diet and nutritional components act at a molecular, cellular and systems level to influence both normal and pathological processes.

In addition, BBSRC and MRC have supported UK participation in two projects funded under the Healthy Diet Healthy Life EU Joint Programming Initiative (HDHL JPI) research call on Intestinal Microbiomics with a €500K joint investment. The transnational projects involve ten EU partners and are expected to begin work in spring 2016.

### ■ Continued investment in successful Research Industry Club, underpinning the needs of the food industry

The Diet and Health Research Industry Club (DRINC) - a BBSRC-led partnerships with 14 food and drink companies and support from EPSRC, ESRC and MRC - was established to support pre-competitive research that investigates the link between diet and health. DRINC has enabled the food and drink industry to develop products that deliver enhanced health benefits for consumers. During 2015-16, six research projects totalling £3M were funded under the second phase of DRINC.

### ■ A new national institute for food and health research

Tackling diet related ill-health needs new ways of working, and translation of the results of research into innovation. The Quadram Institute - a new collaborative, multidisciplinary national research centre under development on the Norwich Research Park - will drive such innovation in the food and health sectors through integration of clinical and biological sciences, and proximity to key partners in academia and the NHS. The initial £75M capital investment for the Quadram Institute is being provided BBSRC together with the Institute of Food Research (IFR), the Norfolk and Norwich University Hospitals NHS Foundation Trust (NNUH), and the University of East Anglia (UEA). Construction of the new building began on site in February 2016 - a key milestone in establishing the centre.

### ■ Multidisciplinary approaches in epigenetics

In July, £3M of funding was awarded jointly by BBSRC and ESRC to biological and social scientists to study the impact of early life experiences on health outcomes throughout our lives. Eight new projects, bringing together scientists from both disciplines, will look at the complex interactions between social phenomena, human biology and behaviour, and consider practical ways to prevent adverse effects of certain situations on future health and wellbeing. This innovative collaboration will provide a key platform for interdisciplinary research amongst the biological and social sciences, to help expand the field of epigenetics and develop its potential.

### ■ Novel tools and technologies for vaccinology

BBSRC, EPSRC and MRC launched a joint funding highlight to promote innovation in novel veterinary and medical vaccines, through the development and application of new tools and technologies. The call was part of a broader drive to make the UK an international centre for vaccine research and development, where research funded by the Research Councils will ensure that the UK's aspirations to be world leading are supported by excellent vaccinology research.



*The Quadram Institute – building work started in February on the new centre for food and health research to be located at the heart of the Norwich Research Park, with an anticipated opening in 2018.*

## Emerging technologies:

**New tools and capabilities continue to revolutionise bioscience, making it possible to ask and solve previously intractable questions and inspiring breakthroughs. BBSRC continues to support developments in tools and technologies and approaches that enable researchers to push the boundaries of scientific discovery and increase the impact of their research.**

Progress in 2015-16 has included:

### ■ Building on investments in synthetic biology

With funding from BBSRC, EPSRC and MRC and capital investment from UK Government, the Synthetic Biology for Growth (SBfG) Programme has established a nationwide network of synthetic biology centres of research excellence in the UK. Each centre contributes a distinctive and complementary field of expertise towards synthetic biology platform technology and application development, whilst joint programmes help build synergies across the network as a whole. The emphasis for BBSRC is now managing these and other investments made through the programme and adding value to them, as part of which BBSRC, on behalf of all SBfG funders, organised a ‘Synthetic Biology for Growth Networking Workshop’ in April, to bring together representatives of all of the major investments made through the programme to share science strategies and identify synergies. BBSRC has also supported the UK Synthetic Biology community in establishing an annual UK-based synthetic biology scientific conference.

### ■ Research to develop new applications for Synthetic Biology

BBSRC, EPSRC and Dstl together made up to £2.5M available to support cutting-edge, academic research on new applications for Synthetic Biology with regard to protective materials. The four projects funded through the call include research to develop novel materials for defence and security applications by exploiting the power of biological systems to synthesise complex materials and the power of molecular biology to manipulate such systems.

### ■ Launching a roadmap for non-animal technologies

In November, BBSRC together with National Centre for the Replacement, Refinements and Reduction of Animals in Research (NC3Rs), Innovate UK, EPSRC, MRC, and Dstl published a roadmap on developing and applying non-animal technologies (NATs) to improve the methods and tools available for the safety and efficacy testing of pharmaceuticals, veterinary products, chemicals, agrichemicals and consumer products. The roadmap sets out a vision for the UK as a market leader in NATs and the steps to delivering this, and brings together a unique collaboration between the major public funders of the underpinning science and technologies for NATs, with the capabilities of those driving innovation in the UK economy, and the 3Rs “know-how” and leadership of the NC3Rs.

### ■ Supporting the development of new tools and technologies

The Tools and Resources Development Fund (TRDF) supports short-duration pump-priming projects that encourage the development of novel tools, methods in the biosciences, including bioinformatics tools and computational approaches. Two calls for proposals took place in 2015, both of which included a highlight on the topic of tools and technologies to support animal and plant health.

### ■ Providing key infrastructure for ‘big data’ bioscience

Working with partners and stakeholders, BBSRC has continued to make significant progress in delivering the ELIXIR project to establish a sustainable infrastructure for biological information in Europe. The Infrastructure element of the ELIXIR hub has been completed and is operational. Work is now being done by the ELIXIR-UK node to widen membership of ELIXIR-UK and to identify resources to be included within the ELIXIR programme. BBSRC is also working with Research Council partners to establish an ELIXIR-UK node coordination office to manage the day-to-day operations, which will accelerate community outreach, broadening participation in ELIXIR and help to realise the benefits of the ELIXIR programme.

BBSRC is also investing in four major, community-facing projects to support ‘big data’ infrastructures for bioscience research. These projects are approximately 12 months through their 18 month lifespans and have reported major successes. The £1.79m Next Generation Image Data Repository project based at the University of Dundee, in collaboration with the EBI, has established a pilot to build an Image Data Repository and populate it with very large datasets; more than 37 Terabytes of data have been submitted and deployed, with a further 50TB of data under discussion. All the associated experimental, analytical and functional information is available with the images.

Two resources are directed towards examining the genetics of important crop plants; the £2M Big Data Infrastructure for Crop Bioinformatics project at The Genome Analysis Centre and the £1.78M iPlant UK project, a multi-site project that federates a multi-million dollar Infrastructure originally funded by the US National Science Foundation that provides light-weight access to computational tools. The fourth infrastructure also supports genomic data for agriculture, the £1.9M project to establish the infrastructure for farmed animal genomes based at the Roslin Institute in Edinburgh.

### iv) Developing research and innovation campuses to accelerate translation of excellent bioscience

**As part of its commitment to creating environments to drive and accelerate innovation from bioscience, BBSRC is working with partners to develop five UK Research and Innovation Campuses, with seven of its eight strategically funded institutes embedded within them. Each campus is centred on a critical mass of world-leading bioscience, strategically supported by BBSRC, providing a unique environment where fledgling and other bioscience-based companies can collocate to access specialist facilities and capabilities, and exchange ideas with leading researchers, creating a low-risk environment for fostering early-stage innovation.**

Progress in 2015-16 has included:

**■ Babraham Research Campus**

Construction of a new bioincubator follow-on building 'Eddeva' was completed in December 2015 on schedule. Construction of improved campus amenities, conference and business interaction space is well underway, targeted for completion in late 2016. These projects are managed by the campus company BBT Ltd but with BBSRC involvement (The total value of these works is c£18M, principally raised by BBT Ltd but including a £6M government contribution via BBSRC).

Outside of the BBSRC campus programme, but recognised within BBSRC's overall campus strategy, construction of the 'Imperial Innovations' building, is underway. This bioincubator is being funded and built by Imperial College on a plot leased directly from BBSRC. The building is expected to be completed and operational in early 2017.

The Campus has remained 100% full throughout the year, with over 60 companies on site. There is considerable interaction between the Babraham Institute and Campus Companies with collaborative research programmes and CASE studentships. During the year the Babraham Campus was voted as the best lifescience BioIncubator in Europe in a relevant pan-European poll.

**■ Norwich Research Park**

The NRP is now well established and translational activity on the park is growing, for example in the establishment of Leaf Systems International Ltd, a new Company created to manufacture high value products using technology created within JIC.

**■ Rothamsted Centre for Research and Enterprise**

The new innovation building – the Lawes Open Innovation Hub - and extension to the Conference Centre were both completed on schedule and budget and became fully operational in May 2015.

The new campus governance and operational structures are established and functioning, including creation of a new campus operating company (RoCRE Ltd).

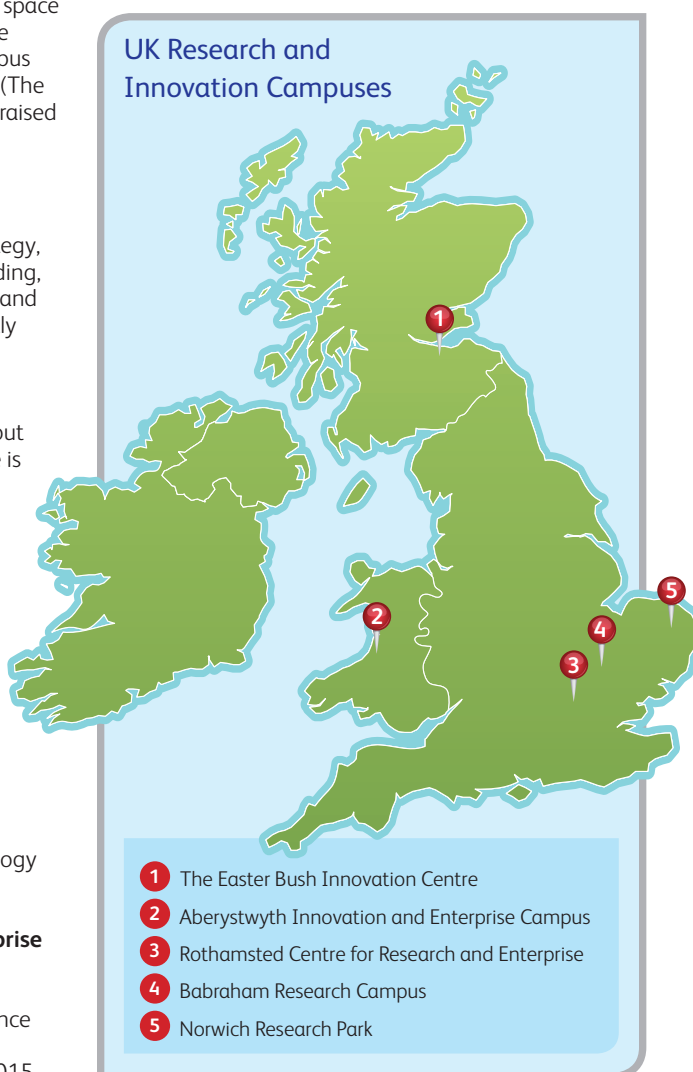
**■ Aberystwyth Innovation and Enterprise Campus**

The £40M campus project – which has funding from Aberystwyth University, BBSRC and the Welsh European Funding Office - continues to make steady progress. The new campus governance structure is established and functioning (including creation of new campus operating company, AIEC Ltd), whilst pre-construction project activities are proceeding towards planned award of main construction contract Q4 2016.

**■ The Easter Bush Innovation Centre (EBIC)**

Construction of the Easter Bush Innovation Centre is underway and progressing to schedule for completion in early 2017.

BBSRC is implementing a common benefits realisation approach across its Research and Innovation Campus programme, based around the development of logic model, identification of key indicators and monitoring progress against these through a scorecard.



## v) Working in partnership to deliver BBSRC's strategy

**To maximise the potential social and economic benefits of bioscience, multidisciplinary, multi-agency and multinational working is required. BBSRC works with a wide range of stakeholders from industry to NGOs, the public to governments, nationally and internationally to deliver its vision for global impact from UK bioscience**

Progress in 2015-16 has included:

### ■ Developing a shared vision for UK animal and plant health research

In January BBSRC published, on behalf of key UK research funders and policy makers, *A vision and high level research strategy for UK Animal and Plant Health Research to 2020 and beyond*.

In December 2014, Defra and the Government Office for Science jointly published the report *Animal and Plant Health in the UK: Building our science capability*, which made the case for a more coordinated approach across public funders of animal and plant health research. The new research vision and high-level strategy was developed as an early action towards delivering that joined-up approach. It sets out a high-level research strategy for key public research funders working within a new UK Science Partnership for Animal and Plant Health, and with wider research stakeholders. The partnering organisations include Research Councils (BBSRC, ESRC, NERC), Government departments and agencies (BIS, GO-Science, Defra, FSA, DfID, PHE) and the Department of Agriculture and Rural Development – Northern Ireland, Scottish Government and Welsh Government.

### ■ Achieving the European Research Area

BBSRC and STFC provide the UK delegation to the European Strategy Forum on Research Infrastructures. The new ESFRI Roadmap was published in March 2016, identifying new research infrastructures of pan-European interest corresponding to the long-term needs of research communities across Europe in all scientific areas. BBSRC continues involvement in ESFRI projects on managing and safeguarding data in life sciences (ELIXIR), analysis and experimentation on agri-ecosystems (AnaEE); systems biology (ISBE) and imaging technologies (Euro-BioImaging).

BBSRC co-leads the Agriculture Food Security and Climate Change Joint Programming Initiative (FACCE-JPI) with INRA in France aligning 22 countries under a common Strategic Research Agenda, refreshed for 2016, and a revised implementation plan. The European Commission established an independent expert group to report on progress among the 10 Joint Programming Initiatives aligning national resource and funding towards the European Research Area where FACCE-JPI was considered one of the leading JPis in realising ERA objectives. In the last 5 years FACCE-JPI has launched several actions, mobilising approx. €120M of funding for transnational research activities, and a further €50M in new actions. The FACCE-JPI Knowledge Hub

MACSUR – interdisciplinary modelling of European agriculture has mobilised 265 members across 18 countries, contributing directly to policy, e.g. EEA's indicator report on Climate Change impacts and IPCC's 5th assessment report's chapter on food security.

### ■ New agreement to facilitate UK-Ireland collaborative research

In September, BBSRC and Science Foundation Ireland (SFI) launched an agreement to welcome, encourage and support research applications that cut across national boundaries involving collaborative teams led by researchers from the UK and Ireland. The new partnership will support collaborative research and technology development in areas such as bioscience for health, agriculture, food security, industrial biotechnology and bioenergy.

This new lead agency agreement enables a simplified and flexible process for researchers wishing to apply for UK/Ireland collaborative research funding. As the lead agency the BBSRC will accept joint applications as responsive mode research grants on behalf of both organisations (with SFI providing the funding to researchers in Ireland in successful applications).

### ■ Strengthening research and innovation partnerships with emerging economies

Through the Newton Fund - a BIS initiative to strengthen research and innovation partnerships between the UK and emerging knowledge economies – BBSRC has been working with RCUK and other UK partners to ensure that bioscience research and innovation can contribute to the economic development and welfare of partner countries. During 2015-16, BBSRC announced the following:

- A £12M investment to support bilateral collaborations between the UK and Brazil, China and India. The fund, with matched resources from the three partner countries, will create eight new Virtual Joint Centres in Agricultural Nitrogen: two with Brazil; two with China; four with India. The VJC's will be delivered in partnership between BBSRC, NERC, DBT (India), CONFAP (Brazil) and self-funded Chinese groups.
- Joint funding with Embrapa to encourage joint UK and Brazilian research to enhance the sustainability of wheat production in the context of the wider ecosystem.
- A £6.5M investment with NERC, with matched funding from partner countries, to support bilateral and multilateral projects across the UK, China, Philippines, Thailand and Vietnam that will contribute to and underpin long-term sustainable production of rice.

■ Working in partnership to increase wheat yields

By 2050 wheat demand is expected to increase by 70%. To meet this demand, annual wheat yield increases must grow from the current level of below 1% to at least 1.7%. The International Wheat Yield Partnership (IWYP) is a novel funding and coordination partnership for stimulating new research and development to accelerate the translation of scientific discoveries into elite wheat varieties ready for marketing to both non-industrialised and industrialised countries. It brings together research funders, international aid agencies, foundations, companies and major wheat research organisations to help raise the genetic yield potential of wheat by up to 50% over the coming 20 years.

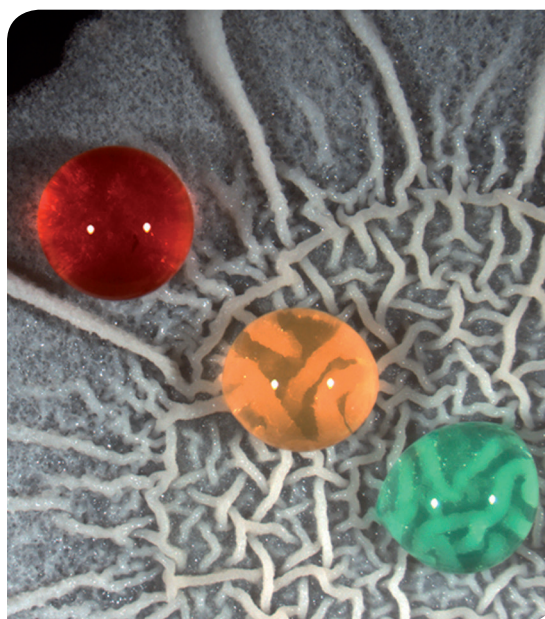
During 2015-16, IWYP announced funding for eight research projects from an initial call co-funded by its partners to support joint research projects across the UK, Australia, United States of America, Mexico, India, Argentina and Spain, with five of the eight projects being led by UK-based research teams. The total value of the funded research is around US\$20M; BBSRC is contributing \$5.7M in funding.



Eight international wheat projects have been funded to help raise the genetic yield potential of wheat by 50% in the next 20 years.

■ Leveraging private sector investment for biofilms research

The UK Biofilms Programme fosters and supports the UK research base and industry in taking a multidisciplinary, multisectoral approach to the exploitation and advancement of biofilm science and technology. The first phase of the programme – funded jointly by BBSRC and Innovate UK - has supported 22 industry-led collaborative R&D projects involving 44 new academic and industrial partnerships, and has leveraged £560,000 of private sector investment from over 20 businesses operating across at least 8 UK industrial sectors. These partnerships underpin projects focused not only on the myriad challenges biofilms present, but also on harnessing the uniqueness of biofilms as an opportunity for scientific, economic, societal and commercial benefit.



© Nicola Stanley-Wall

A *Bacillus* bacterial biofilm acting as a 'raincoat' to these coloured water droplets. Biofilms present opportunities and challenges which are being explored through the UK Biofilms Programme funded by BBSRC and Innovate UK.

■ Launching a new interdisciplinary programme of research to tackle resilience in the food system

In 2015 the multi-funder Global Food Security programme (GFS) launched a new 5-year interdisciplinary programme of research to address a major food security challenge: 'Resilience of the UK food system in a global context'. Through interdisciplinary research calls integrating biological, environmental and social sciences, community building, and impact activities, the programme aims to build a coherent portfolio of research across key funders which will deliver evidence for policy and industry to support a resilient UK food system. BBSRC, NERC and ESRC are contributing up to £14M and further contributions are being considered by other GFS partners.



# Key funding and performance data

## BBSRC Comprehensive Spending Review 2010 Allocations

	2011-12 £'000	2012-13 £'000	2013-14 £'000	2014-15 £'000	2015-16 £'000
Programme Resource	370,306	359,471	351,471	351,471	351,173
Administration Resource	27,236	26,116	17,488	16,300	14,903
<b>Sub Total Resource</b>	<b>397,542</b>	<b>385,950</b>	<b>368,959</b>	<b>367,771</b>	<b>366,076</b>
Programme Non-Cash	7,500	7,900	10,100	10,100	25,000
Administration Non-Cash	2,431	2,486	2,551	2,618	521
<b>Sub Total Non-Cash</b>	<b>9,931</b>	<b>10,386</b>	<b>12,651</b>	<b>12,718</b>	<b>25,521</b>
<b>Total Resource DEL</b>	<b>407,473</b>	<b>396,336</b>	<b>381,610</b>	<b>380,489</b>	<b>391,597</b>
Base Capital Allocation	38,000	29,700	29,700	29,700	26,700
Capital Projects	86,000	73,600	82,200	104,700	48,200
<b>Total Capital DEL</b>	<b>124,000</b>	<b>100,300</b>	<b>111,900</b>	<b>134,400</b>	<b>74,900</b>
<b>Total BBSRC DEL</b>	<b>531,473</b>	<b>499,636</b>	<b>493,510</b>	<b>514,889</b>	<b>466,497</b>

## Summary of grant applications and success rates

	2012-13	2013-14	2014-15
Number of applications (excluding Fellowships)	1,507	1,865	1,964
Success rate by number (%)	29	27	26
Equivalent success rate by value (%)	28	27	26

## Applications and success rates by gender

### Success rates by number (%)

	2012-13		2013-14		2014-15	
	Male	Female	Male	Female	Male	Female
Project grants	26.7	22.5	27.3	22.4	23.3	19.0
Programme grants	41.3	33.3	32.3	22.5	36.7	40.4
New investigators	24.2	21.7	28.3	25.0	21.7	27.1
Fellowships	5.7 <sup>1</sup>	6.3	5.0	13.0	5.7 <sup>2</sup>	11.2

## Percentage of female applicants from total applications and from successful applications for peer-review funding

	2012-13		2013-14		2014-15	
	Total	Successful	Total	Successful	Total	Successful
Project grants	21.9	19.1	23.4	20.0	24.3	20.8
Programme grants	18.0	15.1	20.6	15.3	22.6	24.3
New investigators	25.8	23.8	32.7	30.0	29.9	34.8
Fellowships	31.4	33.3	36.5	60.0	42.6	58.8

<sup>1</sup> In 2012-13 a total of five awards were available and two male applicants declined

<sup>2</sup> In 2014-15, Fellowships were offered to eight male applicant of which one declined

Due to the timing of data production, figures for 2015-16 are not available at the time of going to press

BBSRC funding to funded institutes in 2015-16 (£M)				
Institute	BBSRC strategic grants	BBSRC other funding	BBSRC capital funding	Total BBSRC funding
Babraham Institute (BI) <sup>3</sup>	13.0	1.4	6.8	21.2
Pirbright Institute (PI) <sup>4</sup>	13.5	6.1	12.1	31.7
Institute of Food Research (IFR) <sup>6</sup>	10.0	2.5	13.7	26.2
John Innes Centre (JIC)	14.1	13.6	2.4	30.1
Rothamsted Research (RRes)	14.1	4.9	0.4	19.4
The Genome Analysis Centre (TGAC)	6.5	3.0	1.3	10.8
Roslin Institute at the University of Edinburgh (RI) <sup>5</sup>	7.3	16.7	4.8	28.8
Institute of Biological, Environmental and Rural Sciences at Aberystwyth University (IBERS) <sup>5</sup>	4.4	0.2	0	4.6
<b>2015-16 Totals</b>	<b>82.9</b>	<b>48.4</b>	<b>41.5</b>	<b>172.8</b>
<b>2014-15 Totals</b>	<b>82.3</b>	<b>42.3</b>	<b>59.1</b>	<b>183.8</b>

<sup>3</sup> Includes BBT Ltd

<sup>4</sup> Formerly the Institute for Animal Health (IAH)

<sup>5</sup> Two BBSRC-funded institutes, Roslin Institute and the Institute of Biological, Environmental and Rural Sciences, are embedded in the University of Edinburgh and Aberystwyth University, respectively. Competitive Research Grant funding, provided under the 'Other Funding' category, is provided direct to the Universities and not included here.

<sup>6</sup> includes the £13.5m capital cost to date of BBSRC's £50m contribution to the construction of the new Quadram Institute facility. This facility, which will integrate the research teams from the IFR and UEA's Faculty of Science and Norwich Medical School with the NNUHs' gastrointestinal endoscopy facility under one roof, will open in 2018.

Top 25 universities by grant funding					
2015-16			2014-15		
	University	£M		University	£M
1	University of Edinburgh	21.25	1	University of Manchester	19.61
2	University of Manchester	19.14	2	University of Edinburgh	17.91
3	University of Cambridge	15.83	3	University of Cambridge	16.30
4	University of Nottingham	14.63	4	University College London	14.42
5	University College London	13.24	5	University of Nottingham	13.31
6	University of Oxford	12.77	6	University of Oxford	12.30
7	University of Warwick	12.41	7	Imperial College London	11.61
8	Imperial College London	12.06	8	University of Bristol	10.07
9	University of Bristol	10.77	9	University of Warwick	10.02
10	University of Glasgow	9.96	10	University of Glasgow	9.31
11	University of York	7.52	11	University of York	6.65
12	University of Liverpool	7.12	12	King's College London	6.38
13	University of Sheffield	6.65	13	University of Sheffield	6.07
14	University of Leeds	6.22	14	University of Leeds	5.66
15	King's College London	5.67	15	University of Newcastle Upon Tyne	5.40
16	University of Newcastle Upon Tyne	5.46	16	University of Liverpool	5.19
17	University of Birmingham	5.33	17	University of Birmingham	4.58
18	University of Dundee	4.7	18	University of Dundee	4.21
19	University of East Anglia	4.38	19	University of East Anglia	4.16
20	University of Aberdeen	3.67	20	University of Exeter	4.00
21	University of Southampton	3.49	21	University of Southampton	3.82
22	University of Kent	3.32	22	Cardiff University	3.35
23	University of Leicester	3.19	23	University of Aberdeen	3.27
24	University of St Andrews	3.16	24	University of Reading	3.12
25	University of Reading	2.88	25	University of Leicester	3.06

## Financial Performance / Our Finances

In 2015-16 BBSRC had a working budget of £471M (£515M in 2014-15), comprising £396M resource and £75M capital. The decrease reflects the profiling of capital funding for large projects. The table below shows BBSRC's budgetary outturn against our allocation.

Budgetary Outturn £'000	Programme	Admin	Capital	Non cash	Total
Initial Allocation	351,173	14,903	67,700	25,521	459,327
Target Outturn	351,173	14,903	74,900 <sup>1</sup>	30,481 <sup>2</sup>	471,457
Outturn	350,923	14,498	74,816	29,808	470,045
Underspend / (overspend)	250	405	84	673	1,412
<b>Underspend / (overspend) %</b>	<b>0.07%</b>	<b>2.72%</b>	<b>0.11%</b>	<b>2.20%</b>	<b>0.30%</b>

BBSRC's budget outturn set out in the table above is based on Government budgeting rules as set out in HM Treasury's *Consolidated Budgeting Guidance 2015-16* and aligns to the budget results recorded by BIS for BBSRC. It differs to the figures reported in the financial statements as set out in the table below.

<sup>1</sup> Allocation increased by £7.2M for the new Quadram Institute Research Facility at Norwich.

<sup>2</sup> Allocation for non cash increased in response to high level of impairments (see page 21).

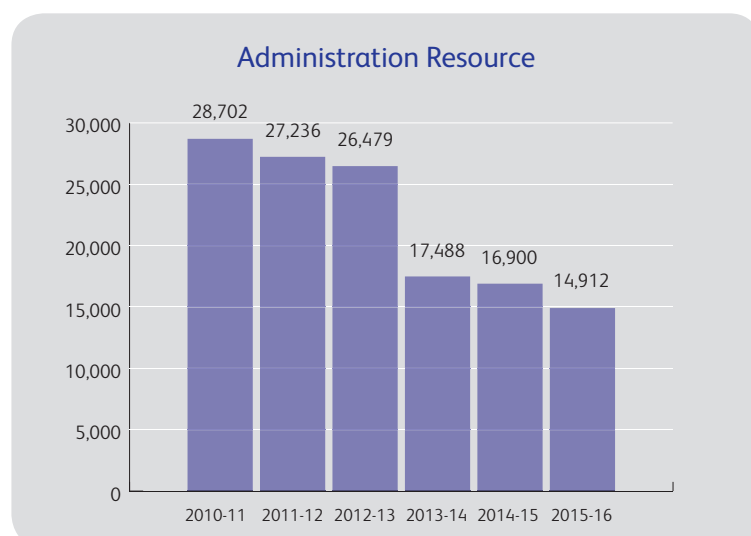
Reconciliation of outturn to financial statements £'000	
Expenditure per outturn	470,045
Reconciling items ( AME spend)	1,104
Notional UKSBS charges	2,199
Net gain on revaluation of property, plant and equipment	(95,878)
Total comprehensive expenditure	377,470

### Programme Budget

During the year, BBSRC spent £386.7M on research and capital grants (compared to £459.2M in 2014-15). The decrease reflects the decrease in BIS funding received in the year £447.9M (compared to £512.5M in 2014-15). An analysis of research funding is included in note 2 to the accounts. In 2015-16 BBSRC provided £45.6M for training and fellowship awards (compared with £50.5M in 2014-15).

### Administration Budget

In 2015-16, BBSRC received an administration allocation of £14.9M (2014-15: £16.9M), a decrease of £2.0M on the previous year. The budget reduction reflects continuing austerity measures across Government. The graph below shows the reduction in administration allocation during the CSR10 period.





## Capital Budget

BBSRC's capital allocation for 2015-16 is set out in the table below.

Capital Budget 2015-16	£'000
Base capital allocation	26,700
New Quadram Institute Research Facility at Norwich	7,200
Research campus developments at Babraham	6,000
ELIXIR European biological data storage hub at EMBL - EBI (Hinxton)	35,000
<b>TOTAL ALLOCATION</b>	<b>74,900</b>

The first phase of investment at the Pirbright Institute to construct new high containment virology laboratories was successfully completed within target for cost, time and quality during 2013-14. During 2014-15, commissioning and validation works completed and the building is now in full use. The second phase of investment at the Pirbright Institute to construct new low containment vaccinology laboratories and mixed containment in-vivo facilities is in progress with BBSRC's new Vaccinology Centre, The Jenner Building successfully completed within target for cost, time and quality in January 2016 and scientific occupation commencing on May 10th 2016. Focus will now turn to the delivery of the in-vivo facilities which will be delivered in three tranches and are at various stages of design with procurement exercises commencing imminently.

Capital commitment at 31 March 2016 was £165M, £19M lower than at 31 March 2015 (£184M), this is reflective of the slightly lower allocation we have for capital for 2016-17 (£64M).

### Estate Revaluation

It is BBSRC's policy to carry out a full revaluation of our land and buildings at least every five years (with the exclusion of buildings under construction or sites being prepared for sale). The 2015-16 valuation was carried out by GVA Grimley on all sites not transferring to Home Communities Agency (HCA). The GVA Grimley valuation is dated 31 December 2015. Assets transferring to HCA have been valued by various valuers and more information can be found in note 8 to the accounts.

The net book value of BBSRC's tangible fixed asset base increased £47M from £402.6M in 2014-15 to £449.4M in 2015-16, mostly due to the full estates valuation exercise with, £17M of the increase due to capital works carried out at our sponsored institutes during the year. During the year, several assets have been reclassified as held for sale with a net book value of £18.7M as detailed in note X to the accounts. Impairments in 2015-16 amounted to £16.43M, compared to £2.46M in 2014-15. The impairments relates to several assets across our sponsored institute sites where there has been a change in the use of the asset or for assets that are due for planned demolition.

### UK Shared Business Services Ltd (UK SBS)

UK SBS provides processing services in human resources, procurement, payroll, finance, grants and IT to all seven Research Councils. There is further information in the Governance Statement on page 34.

### Creditor Payment Policy

BBSRC observes HM Treasury guidance and makes every effort to pay creditors within 5 days of receipt of invoice. Where this is not possible, BBSRC observes the CBI's Prompt Payers' Guide, and adheres to the principles of the Prompt Payers' Code, endeavouring to ensure compliance with the agreed terms of payment of creditors' invoices and to pay them within 30 days of receipt of invoice. During 2015-16, 84.4% of undisputed invoices were paid within 5 working days (85.9% in 2014-15). During 2015-16, 98.2% of undisputed invoices were paid within 30 calendar days (98.2% in 2014-15).

### Going Concern

BBSRC is dependent on funding from BIS to meet liabilities falling due within future years. Funding for £431M in 2016-17 has been agreed via the Spending Review 2015. BBSRC has no reason to believe that future funding from BIS will not be forthcoming after this spending review period, and therefore the financial statements are prepared on a going concern basis.

### Environmental Policy

BBSRC's corporate Environmental Policy confirms our commitment to promote environmental best practice. Energy efficiency is an important element of the policy. BBSRC funded Institutes occupying BBSRC sites have fully supported the corporate Environmental Policy and have formulated their individual environmental policies, specific to their own activities, to reflect the framework of the BBSRC policy. Specifically BBSRC is committed to:

- Understanding its environmental impacts, including the direct environmental impacts of the research that it sponsors. It requires recipients of BBSRC funding to monitor and minimise any adverse impacts on the environment and local communities.

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

### Energy Policy

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

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

### Environmental Management And Implementation

RCUK has been awarded, and implements, an Environmental Management system (EMS) via ISO 14001.

BBSRC is active in promoting and supporting its associated Institutes in attaining accreditation for Environmental Management systems under ISO 14001; Rothamsted Research at Harpenden has been awarded ISO 14001.

The environmental impact, together with the monitoring and usage of resources within Polaris House is managed by the Joint Building Operations Services (JBOS) which has set a target of reducing to five per cent, waste disposal to landfill by 2017. It is hoped that this target will be met in 2015-16 as all food waste has been diverted from landfill to a composting site. However, reporting on the actual quantities of waste disposal will not be available until after the publication of this document.

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

- Photo Voltaic electrical generation;
- Combined Heat and Power generation;
- Installation of low energy lighting;
- Bore hole water supply.

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

As at 31 March 2016, it can be reported that: -

- Low energy 'LED' type lighting is being installed within the areas of Polaris House that are undergoing refurbishment;
- Together with automatic PIR lighting control.
- LED lighting has been installed within the multi storey car park
- A programme of window replacement with high efficiency PVC units has been carried out in block 3 of Polaris House.

### Sustainability

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

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

#### Professor Melanie Welham

Interim Chief Executive and Accounting Officer  
Date: 30 June 2016



# Accountability Report

## Corporate Governance Report

### Directors' Report

#### Governance

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

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

#### Council

The Governance Statement in the Accounts describes the role of Council within BBSRC's governance framework and provides information about Council's membership, performance and attendance. Information about Council's Boards is also contained within the Governance Statement. More information about Council can be found at: [www.bbsrc.ac.uk/organisation/structures/council](http://www.bbsrc.ac.uk/organisation/structures/council) and the membership of Council and main advisory boards can be found in the Governance Statement.

Note 14 in the Accounts contains details of related party transactions. Registers of interest for Council, Boards and Committees can be found at: [www.bbsrc.ac.uk/web/FILES/Conflicts/council\\_conflicts.pdf](http://www.bbsrc.ac.uk/web/FILES/Conflicts/council_conflicts.pdf)

#### Panels and Committees

BBSRC's strategy advisory structure comprises the panels listed below. Membership can be found on BBSRC's website at: [www.bbsrc.ac.uk/organisation/structures/panels](http://www.bbsrc.ac.uk/organisation/structures/panels)

- Bioscience for Health Strategy Advisory Panel
- Bioscience for Industry Strategy Panel
- Bioscience for Society Strategy Panel
- Bioscience Skills and Careers Strategy Panel
- Exploiting New Ways of Working Strategy Advisory Panel
- Food Security Strategy Advisory Panel
- Industrial Biotechnology and Bioenergy Strategy Advisory Panel
- Integrative and Systems Biology Panel
- Research Advisory Panel

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

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

#### BBSRC Estates Management Policy and Strategy

BBSRC has in place a corporate policy (and procedures) for estates management, environmental performance reporting and capital maintenance work, through which it ensures that Institutes manage their estates in accordance with best practice, including energy and environment management. As a result, Institutes are required to:

- Define and implement 10-year estate strategies and capital investment plans;
- Support strategic science objectives;
- Identify future infrastructure requirements; and
- Ensure sustainability, fitness for purpose, legal compliance and value for money.

## Protected Personal Data Related Incidents

BBSRC recognises and fully supports the need for effective information governance in protecting its information and the information entrusted to it in the course of its business. Compliance with data protection law is taken very seriously and as such, BBSRC provides all employees with annual basis training on their responsibilities. BBSRC continues to monitor and assess its information risks in order to identify and address any weaknesses and ensure continuous improvement of its systems and procedures.

There have been no personal data related incidents in 2015-16 requiring reporting to the Information Commissioner's Office.

**TABLE 1: SUMMARY OF PROTECTED PERSONAL DATA RELATED INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONERS OFFICE IN 2015-16**

<b>Statement on Information risk</b>	<ul style="list-style-type: none"> <li>- All staff have been provided with Information Governance and Data Protection Awareness training, either through new starter inductions or annual refresher training.</li> <li>- Privacy Impact Assessments are routinely carried out on new systems to ensure that BBSRC remains compliant with data protection legislation and put in necessary security controls.</li> <li>- Data Sharing Agreements are routinely implemented as and when BBSRC is required to share data with other organisations.</li> </ul>			
<b>Date of incident (month)</b>	<b>Nature of incident</b>	<b>Nature of Data Involved</b>	<b>Number of People Potentially Affected</b>	<b>Notification Steps</b>
	0	0	0	0
<b>Further action on information risk</b>	Revision of the Data Protection Policy is in progress. Revision of the Retention Schedule has been completed to comply with legislation and business requirements.			

**TABLE 2: SUMMARY OF OTHER PROTECTED PERSONAL DATA RELATED INCIDENTS IN 2015-16**

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

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	0
V	Other	2

**TABLE 3: YEAR-ON-YEAR TOTAL NUMBERS OF PROTECTED PERSONAL DATA RELATED INCIDENTS PRIOR TO 2015-16**

Total number of protected personal data related incidents formally reported to the Information Commissioner's Office, by category number.							Total number of other protected personal data related incidents by category number.						
	I	II	III	IV	V	Total		I	II	III	IV	V	Total
<b>2015-16</b>	0	0	0	0	0	0	<b>2015-16</b>	0	0	0	0	2	2
<b>2014-15</b>	0	0	0	0	0	0	<b>2014-15</b>	0	0	0	0	3	3
<b>2013-14</b>	0	0	0	0	0	0	<b>2013-14</b>	0	0	0	0	2	2
<b>2012-13</b>	0	0	0	0	0	0	<b>2012-13</b>	0	0	0	1	0	1

### Public Sector Information Holder

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

### Freedom of Information

Since its formation BBSRC has been subject to the Freedom of Information Act. During 2015-16 BBSRC provided information in response to 39 requests (2014-15: 35).

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

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

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

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

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

BBSRC's Accounts are audited by the Comptroller and Auditor General in accordance with Section 2(2) of the Science and Technology Act 1965. The audit fee for the year was £85,000 (2014-15: £85,000). No non-audit work was performed by the Auditors during the year. In so far as the Accounting Officer is aware, there is no relevant audit information of which BBSRC's auditors are unaware, and the Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the BBSRC's auditors are aware of that information. As far as the Accounting Officer is aware, there is no relevant audit information of which BBSRC auditors are unaware.

The annual report and accounts as a whole is fair, balanced and understandable. The Accounting Officer takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

# Governance Statement

## 1. Scope of Responsibility

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

BBSRC is an independent non-departmental public body of the Department for Business Innovation & Skills (BIS). BBSRC's lines of accountability with BIS are defined through a Management Statement, Code of Practice and Financial Memorandum.

## 2. The Purpose of the Governance Statement

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

## 3. Governance Framework

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

### BBSRC Council

Council is BBSRC's top level decision-making body, and comprises the Chair, me, and between 10-18 other members, at least half of whom are appointed for their qualification in relevant science. Users of research in both Government and industry are also represented. All members are appointed by the Secretary of State for Business, Innovation and Skills, and are required to abide by a Code of Practice that covers conflicts of interests and general conduct. Details of Council membership can be found at <http://www.bbsrc.ac.uk/about/structures/council/>.

Council meets at regular intervals throughout the year and exercises full and effective control over the activities of BBSRC and its staff. Council decides all issues of major importance, including: issues of corporate strategy; key strategic objectives and targets; major decisions involving the use of financial and other resources; and substantive personnel issues, including key appointments. Nevertheless, Council delegates responsibility to me, as Interim Chief Executive, and BBSRC staff to the maximum extent possible.

Examples of recent Council meeting agenda items for discussion include;

- Implications from Spending Review, Nurse Review, HEI Green Paper and the OCRP (Operational Cost Reduction Programme)
- Update on the Spending Review 2015
- Annual Theme: strategically –funded Institutes, Centres and Campuses
- BBSRC Wheat Council sub-group; and
- BBSRC Research and Innovation Campus Strategy: Completion of Babraham P44 and P26 projects.

In line with good governance principles, each year BBSRC carries out a formal appraisal of the performance of Council. Collective appraisal provides Council with an opportunity to consider its own effectiveness and to comment on issues which are not normally part of its usual business, the results of which are presented to Council for an open discussion on issues of significant note.

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

## Council's Committee and Boards

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

### Appointments Board

Appointments Board meets at least once per year, although it also deals with appointments by correspondence throughout the year. It is responsible for the open and transparent selection and appointment processes for BBSRC Strategy Panels and Research Committees.

Council is provided with the minutes of Appointments Board and is asked to approve appointments to Panel and Committee Chairs. In 2015-16 the Appointments Board Chair highlighted the appointments process was now more efficient and transparent and succession planning was underway. Also that 106 of 120 vacancies on the Pool of Experts had been appointed. The remaining 14 places were still being discussed and may be filled by any of the applicants marked as 'appointable'.

### Audit Committee

Audit Committee meets four times a year, three meetings plus an additional teleconference and is responsible for; reviewing the annual statutory accounts of BBSRC and the BBSRC hosted Research Councils' Pension Schemes (RCPS), monitoring the adequacy and effectiveness of BBSRC's risk and internal control framework, reviewing the scope of the internal audit plan for the coming year, and overseeing the outcomes of the work undertaken by both the internal and external auditors. Meetings are attended by representatives from the National Audit Office (NAO) and the Research Council's Audit and Assurance Services Group (AASG).

Council is provided with the minutes of Audit Committee and is given an oral update by the Audit Committee Chair. In 2015-16 Council were informed that; BBSRC's Annual Report and Accounts 2014-15 had been formally agreed as well as the RCPS Accounts 2014-15; the Board had changed its name to Audit Committee; Audit Committee would be recruiting new members to fill vacancies; and that a review of BBSRC's business continuity plan would be undertaken by Audit Committee in 2016-17.

In line with good governance principles, each year BBSRC carries out a formal appraisal of the performance of Audit Committee, the results of which are presented to the Committee and Council for an open discussion on issues of significant note.

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

An Advisory Review of the effectiveness of Audit Committee was undertaken in 2015-16 by AASG. Whilst the review concluded that the Committee was largely meeting the requirements of the good practice principles it suggested some actions to improve effectiveness, which are being implemented as appropriate.

### Remuneration Board

Remuneration Board meets once per year, although it may meet more frequently if required and is responsible for evaluating the performance of the Directors in BBSRC Office and determining their remuneration, including non-consolidated performance awards.

In order to retain strategic oversight of senior remuneration across BBSRC employment Remuneration Board also has the following roles:

- Review outcomes reported from Institute Remuneration Boards;
- Identify potential inconsistencies in standards arising from Institute Remuneration Board;
- Monitor senior remuneration diversity/equal pay issues; and
- Alert Chairs of Institute Governing Boards in relation to senior remuneration issues and/or feedback on specific apparent inconsistencies as identified above.

## Council, Committee and Board membership and attendance 2015-16

Name of Member	Attendance			
	Council	Appointment Board	Audit Committee	Remuneration Board
Professor Sir Gordon Duff FRSE Note: Appointment commenced 1 July 2015	2/4 (C)	-	-	-
Professor Sir Tom Blundell FRS Note: Appointment ended 30 June 2015	1/1 (C)	-	-	1/1
Professor Sir David Baulcombe FRS	4/5 (M)	-	-	-
Dr Neil Brewis	4/5 (M)	-	-	1/1
Dr Belinda Clarke FSB	4/5 (M)	-	-	-
Professor Richard Cogdell FRS	4/5 (M)	-	2/4 (M)	-
Professor Margaret Dallman OBE	4/5 (M)	-	4/4 (M)	-
Professor Carole Goble OBE	5/5 (M)	1/1 (C)	-	-
Dr Mike Goosey	4/5 (M)	-	-	1/1
Mr David Gregory	4/5 (M)	-	4/4 (C)	-
Professor Sarah Gurr	5/5 (M)	-	-	1/1 (M)
Dr Deborah Keith	5/5 (M)	-	-	-
Professor Judith Petts CBE	5/5 (M)	-	-	-
Professor David Richardson Note: Appointment ended 31 March 2016	3/5 (M)	0/1 (DC)	-	-
Professor Helen Sang	2/5 (M)	-	-	-
Professor Tim Wheeler	2/5 (M)	-	-	-
Professor Jackie Hunter CBE Note: Appointment ended 29 February 2016	4/4 (CEO)	-	-	1/1 (CEO)
Professor Melanie Welham FRSB Note: Appointment commenced 1 March 2016	1/1 (CEO)	-	-	-
Professor B Hirst	-	1/1 (M)	-	-
Professor R Hubbard	-	1/1 (M)	-	-
Dr D Keith Note: Appointment commenced 1 March 2016	-	0/0 (DC)	-	-
Dr F Marston	-	1/1 (M)	-	-
Professor A Osbourn Note: Appointment ended 1 March 2016	-	0/1 (M)	-	-
Professor C Rawlings Note: Appointment ended 1 March 2016	-	1/1 (M)	-	-
Dr L Stephens Note: Appointment commenced 1 March 2016	-	0/0 (M)	-	-
Professor M Warren Note: Appointment commenced 1 March 2016	-	0/0 (M)	-	-
Professor A Willis	-	1/1 (M)	-	-
Mr D Mann	-	-	1/4 (M)	-
Mr P Ratcliffe Note: Appointment ended 30 June 2015	-	-	2/2 (M)	-
Mr J Godfrey	-	-	0/4 (M)	-

C = Chair DC = Deputy Chair M = Member CEO = BBSRC Chief Executive/Interim Chief Executive



## Executive

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

## RCUK Strategic Executive

In 2015-16 a new governance model was agreed to cover the collective activities of the Research Councils. The RCUK Executive Group has been replaced by the RCUK Strategic Executive, with membership comprising of the seven Research Councils' CEOs plus the RCUK Executive Director. Work will continue in 2016-17 to develop the further tiers of governance to support the new group and its sub-boards.

## Institutes

BBSRC's scientific remit requires research that is most appropriately delivered at independent mission-oriented Institutes with specialist facilities, alongside that conducted in university research departments, and new multi-disciplinary and 'virtual' centres. Whilst these Institutes are independent, BBSRC Executive Directors meet regularly with Institutes to discuss high level policy and strategic issues.

Risks relating to BBSRC's; owned estates; capital developments; and reputation as a result of Institute activities, are managed via BBSRC's Risk Register which Audit Committee reviews regularly.

# 4. The Risk and Internal Control Framework

The system of internal control is designed to manage risk to a tolerable level rather than eliminate all risk of failure to achieve policies, aims and objectives.

## Risk Management

BBSRC has a robust management of risk process, based on HM Treasury best practice, designed to identify and prioritise the risks to the achievement of BBSRC's policies aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently and effectively.

Overall responsibility for risk management in BBSRC rests with me as the Interim Chief Executive and Accounting Officer. The task of implementing and maintaining the BBSRC Management of Risk policy is delegated to the Executive Director, Finance and Campus Operations who fulfils the role of the Director responsible for risk. However, all BBSRC Executive Directors share the responsibility to ensure the effective application of management of risk within BBSRC.

BBSRC actively encourages a culture of effective risk management, with open and transparent reporting of risk throughout the organisation. This recognises that effective risk management is an essential component of successful business operations, rather than simple risk avoidance. The management of risk framework includes:

- setting out a risk management policy defining the risk appetite for BBSRC;
- setting out guidance on the management of risk;
- signing up to overall assurance statements by Executive Directors (see Executive Directors' Stewardship Statements);
- appointing Executive Directors as Risk Owners for all risks identified;
- each Group having a Risk Manager in place and all controls to mitigate risks having an appointed Control Owner;
- using a risk management system to record risks and their controls;
- a formal PRINCE 2 based project management approach with embedded risk management being used for major activities, including the business critical programmes;
- using the Office of Government Commerce Gateway review process for significant programmes, including the Business Critical Programmes;
- an Assurance Map which brings key activities, risks and assurance together; and
- using risks to inform the scope of the internal audit plan for the coming year.

Risk management and internal control are considered on a regular basis by BBSRC Executive and Audit Committee during the year. Both groups regularly review risks and the risk management framework, and receive reports on Business Critical Programmes pertaining through the year.

The management of risk process has been in place in BBSRC for 2015-16 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

## Business Critical Programmes

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

The Business Critical Programmes at 31 March 2016 were as follows:

- Research and Innovation Campus Programme totalling £106M for the development of the research campuses at the strategic partnership Institutes;
- Pirbright Development Programme totalling £260M for the construction of truly world class facilities; and
- The Centre for Food and Health (CFH) Programme totalling £75M for the construction of CFH at the Norwich Research Park.

I am content that the 2015-16 Business Critical Programme reports and the reviews of the reports by BBSRC Executive and Audit Committee provide me with assurance that the Business Critical Programmes are being managed effectively.

## Macpherson Review

The review of quality assurance of Government analytical models undertaken by Sir Nicholas Macpherson and published by HM Treasury in March 2013 made a number of recommendations for government departments and their Arm's Length Bodies.

To comply with the review and the BIS requirements BBSRC has reviewed their use of analytical modelling in 2015-16 and have not identified any that were considered to be business critical. This was communicated to BIS through the RCUK office on behalf of all Research Councils.

## Tax Arrangements of Public Sector Appointees

The Alexander Review, published in May 2012, made a number of recommendations to ensure that the highest standards of integrity could be demonstrated in the tax arrangements of senior public appointees. I can confirm that BBSRC's senior staff are paid through payroll and that arrangements are in place to provide assurance that appropriate tax arrangements are in place to cover any other appointees covered by the report.

In 2015-16 BBSRC identified two contractors who fell within the Alexander Review criteria. BBSRC has sought and gained assurance that the appropriate tax arrangements are in place for the contractors identified.

I confirm that BBSRC is compliant with the requirements of the HM Treasury 'Review of the tax arrangements of public sector appointees' published in May 2012.

## Transparency

In line with government's transparency agenda we publish details of all of our expenditure including Government Procurement Card (GPC) transactions regardless of value. Details of all BBSRC transactions are published on both our website and [www.data.gov.uk](http://www.data.gov.uk).

## Regularity and Propriety

BBSRC is committed to establishing and applying appropriate regularity and propriety standards, including applying appropriate cultures and behaviours and does not tolerate any form of fraud, bribery and/or corruption. The key components in this regard are:

- Fraud and Bribery policy;
- Research Council Whistleblowing policy;
- Gifts and Hospitality policy;
- Complaints procedure; and
- Research Council Code of Conduct policy.

A mandatory e-Learning awareness training package covering fraud and bribery was rolled out and completed by all staff in 2014-15 and has been completed by all new starters in 2015-16.

The Chair of the Audit Committee is the nominated contact for BBSRC staff to raise any concerns which may fall under the Whistleblowing policy.

I confirm that for 2015-16:

- Neither I nor my staff authorised a course of action, the financial impact of which is that transactions infringe the regulatory requirements as set out in Managing Public Money;
- There were no novel, contentious or repercussive transactions that required BIS or HM Treasury approval;
- There were two attempted frauds identified by UK SBS which were dealt with appropriately and therefore did not result in a material loss of financial control;
- There were no cases of whistleblowing and that the arrangements which we have in place for whistleblowing are effective; and
- We have been advised that a redundancy payment made to one individual has been considered a breach of delegated authority. The issue is that Cabinet Office had not approved the payment, however, failure to have made it would have placed BBSRC in breach of the employee contract, with a resultant risk of legal action against BBSRC. As the employee contract is clear BBSRC would likely have lost any action and suffered legal costs in addition to the full contracted payment. Under "Managing Public Money" rules such legal costs would likely be deemed "frivolous" (avoidable) expenditure and BBSRC would be subject to sanction. The employee contract is fully compliant with public sector terms in place at the present time, however, Cabinet Office have signalled intent to seek changes to these terms. The payment in question exceeded the expected new terms by £7,988 and the BBSRC Accounting Officer in post at that time made a balanced decision in weighing the £7,988 contractual cost against the high risk of legal ruling enforcing this payment, together with the sufferance of legal costs and BBSRC sanction.

## Ministerial Directions

There were no Ministerial directions given in 2015-16.

## Pay Remit

Pay setting arrangements throughout the civil service are set out in guidance issued by HM Treasury. However in respect of the 2015/16 pay remit the cross council pay consortium's (AHRC, BBSRC, ESRC, EPSRC and STFC) staff structure was slightly different to that modelled in the HMT-approved pay remit submission. Although within the overall pay envelope, the implementation resulted in the cross council pay consortium exceeding the approved Consolidated Pay limit by less than 1%, an immaterial value to these accounts. Retrospective approval has therefore been sought from BIS and HM Treasury and is awaited at the time the Accounting Officer signed these accounts. We will again review the internal processes over the management and regularity of pay remits to ensure compliance in the future.

## Information security and assurance

BBSRC continues to implement and embed security best practices within its operations, including those standards specifically mandated by Government. BBSRC submits an annual health check to BIS and has consistently maintained or improved its performance against these measures. Audit findings and lessons learnt from security incidents are responded to in a timely manner leading to improvements in our security controls.

All BBSRC staff undertake mandatory security training.

BBSRC experienced a small number of security incidents and near misses in 2015-16, none of which required the notification of the Information Commissioner's Office.

## Austerity Measures

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

## 5. Efficiency

### Efficiency Programme

Since 2010 the Research Councils have been implementing 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 routes to research organisations and also to Research Council institutes.

The combined savings across all Research Councils for the four year period up to March 2015 was £396M against the target of £428M. In May 2014 the original four-year programme was extended by one additional year and so will now continue until April 2016 and incomplete data for the savings in 2015-16 indicate that the four year target was met within 4½ years from the start of the programme. The 2015-16 results will be published in 2016-17.

Details can be found in the RCUK Efficiency Programme Annual Reports 2011-15 available at <http://www.rcuk.ac.uk/Publications/policy/Efficiency2011/>

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 has worked 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.

Further to the savings delivered under the Wakeham programme, BBSRC strategically funded institutes delivered £6.36M of savings. The efficiencies comprised pay award savings, and procurement savings delivered via the UK Shared Business Services Ltd.

### RCUK Change Programme, formerly the Operational Cost Reduction Programme (OCRP)

The Research Council Chief Executives have agreed to take a collective, Research Council-wide, programme approach to operational efficiency and through an Operational Cost Reduction Programme (OCRP) targeting savings over a three year period. They also agreed to move to a unified operations approach for business IS/IT, finance, HR, office estates, a common grants funding platform, and communication services to serve the head offices (Polaris House and London base) of all the Research Councils - not institutes, centres or units.

In March 2016 the RCUK Strategic Executive (comprising the Research Council Chief Executives and the RCUK Executive Director) agreed for the programme to include wider change. The focus would now be on centralising and moving to single operating models in identified functional areas alongside the Grants Delivery Platform and the safe transition of UK SBS services and building works. RCUK Strategic Executive agreed the programme should be called the RCUK Change and Cost Reduction Programme, which would build on the existing OCRP programme team and board members in order to resource and support the wider change programme and would move to a 2 year programme.

The Change Programme is using the Four S model (simplify, standardise, share and streamline) to develop and recommend the most appropriate operating model for each area to enable the Research Councils common operations to be delivered as efficiently as possible and in a way which supports the science and research missions of the Councils and enable staff to work collaboratively and productively.

The programme has been in mobilisation phase during 2015-16 with outline business cases covering the nine constituent projects submitted to the Programme Board in February. After review these cases were subsequently agreed by the RCUK Strategic Executive in March.

## 6. Review of Effectiveness

As Accounting Officer it is my responsibility to ensure a sound system of governance and internal control is being maintained. In 2015-16 this review has been informed by the work of BBSRC Audit Committee and the BBSRC Executive, including the review of Business Critical Programmes, the internal audit service provided by AASG, RCUK Funding Assurance, the assurance opinion provided by the Accounting Officer of UK SBS, and comments made by the external auditors in their management letter and other reports.

### Executive Directors' Stewardship Statements

BBSRC Executive Directors and the Deputy Chief Executive provide annual Stewardship Statements assessing internal control and risk management activities in their areas of responsibility, the results of which are reviewed and discussed by the Executive Group.

The 2015-16 returns provide a positive assessment on BBSRC's system of internal control, but highlight the concern regarding the challenge of recruiting and retaining employees in light of the uncertainty around forthcoming changes. This risk is already reflected in the BBSRC risk register and is therefore being actively managed through the management of risk process.

I am content that the 2015-16 stewardship statements provide me with assurance that a sound system of governance and internal control is in place.

### Audit and Assurance Services Group (AASG)

The Director of AASG is required to provide me with an opinion on the overall adequacy and effectiveness of BBSRC's framework of governance, risk management and control. This opinion is informed through the work of internal audit completed during the year and provides assurance in two areas: BBSRC core activities and cross-client activities with a BBSRC involvement.

In 2015-16 sufficient internal work has been undertaken to allow the Director of AASG to provide a positively stated (evidence-based) and reasonable (not absolute) assurance opinion on the overall adequacy and effectiveness of BBSRC's system of internal control.

### Overall opinion

The overall opinion is **Moderate assurance** the definition of which is; some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control. There are no qualifications to this opinion.

### BBSRC Core Audits

Of the 7 assurances provided through the core assurance work, 57% [4] reflect substantial assurance and 43% [3] reflect moderate assurance.

BBSRC has a comprehensive system for tracking implementation of audit recommendations. Progress on the implementation of core audit recommendations is closely monitored within BBSRC and regularly reviewed by the Audit Committee.

### Cross-Client Audits

13 cross-client audits were carried out relevant to BBSRC. 8% [1] received substantial assurance and 69% [9] received moderate assurance. 23% [3] of the audits received an overall rating of limited assurance.

The control frameworks for business continuity, disaster recovery and prevention and detection of cyber security threats have been reviewed and there are a number of improvements that can be made to strengthen resilience. These areas should be subject to:

- A sustained period of risk assessment and risk management (including fraud matters);
- Increased understanding and deployment of essential elements of the control frameworks in place; and
- Regular vulnerability appraisals that should be developed, deployed and monitored (including independent internal audit evaluation).

These three components should inform decision making regarding the comprehensiveness of risk mitigation strategies and associated investment to ensure ongoing sustainability, giving due regard to the timing and delivery of organisational and system change initiatives.

Progress on the implementation of cross-client audit recommendations is monitored through the cross Council Risk and Assurance Network.

## Assurance over Grant Regularity

Across the RCUK community research funding totals £2.9Bn, of which £444.5M relates to BBSRC. The BBSRC funding landscape has two major funding mechanisms: (i) grants administered through the Siebel system (c. £292.7M) and awarded to eligible Research Organisations (ROs); and (ii) funding distributed outside the Siebel system (c. £151.8M) including strategic partnerships.

### Siebel Grants

I am assured on the regularity of spend within the community through a range of mechanisms:

- The RCUK Funding Assurance Programme (FAP) is a common activity which all Research Councils place reliance upon in relation to the use of grant funding;
- ISA260 reports from 22 Russell Group Universities and other top ranked HEIs. These have identified no major errors or concerns in the application of funds;
- A letter from HEFCE providing an Annual Assurance Statement confirming that they have reviewed 24 institutions during the year and provide assurance on:
  - The financial stability of the institutions;
  - The absence of material threats to RC funds;
  - that HEIs work within sound governance frameworks; and
  - That they are unaware of any improper or irregular expenditure.
- Final Expenditure Statements (FES) submissions – each grant holder is required to submit a FES at the end of the grant. These are checked and reconciled (100%) by UKSBS.
- Peer Review – proposals are peer reviewed by experts in the UK and internationally, who are asked to comment on: excellence of the research proposed; strategic relevance of the proposed research; anticipated economic and social impact of the research; timeliness and promise of the proposed study; value for money; and the staff training potential offered by the project.

### RCUK Funding Assurance Programme (FAP)

The FAP methodology provides assurance on the control environment in operation within Research Organisations and vouches a targeted sample of transactions to confirm compliance with grant terms and conditions. This assurance programme assesses the overall control environment of the Universities and tests transactions through a process of risk and judgemental testing. The results (i.e. very low level of current and historic errors identified) are for all Councils consistent with our key assertion regarding the robustness of the overall RC funding system. FAP has provided an opinion of Moderate Assurance for 2015-16 based upon the programme of work undertaken in 2015-16 and the previous 2 years. In 2015-16 the main outcomes of this programme were:

- 20 assurance assignments
- £42.0M of BBSRC expenditure reviewed
- Ineligible expenditure identified £2077.10 in 2015-16
- Four potential payments in advance of need were identified. All were subsequently investigated to BBSRC's satisfaction.
- Moderate assurance assessment for 2015-16 assignments

Combined with the other layers of assurance - such as the processes around grant application, approval and payment - I am able to make positive assertions around regularity of spend by ROs.

## Non-Siebel funding

Grants to strategically funded Institutes represent the major part of BBSRC's non-Siebel funding:

- Funding to BBSRC Institutes £126.5M
- Grants to other Government Departments £15.3M
- Other strategic funding £10M

I take assurance on these activities primarily through the governance frameworks in place, including:

- Arrangements with BBSRC strategically funded Institutes which are described in the Assurance over strategically funded Institutes section below;
- Programme Board membership for every major BBSRC funded project;
- Consortium agreements, Memorandums of Understanding, etc. setting out the rules and relationships for our engagement;
- Inclusion of major projects within BBSRC's internal audit programme; and
- Application of OGC Gateway Review process for all significant programmes.

When I reflect on the aggregation of all these sources of assurance I conclude on a strong framework that provides adequate assurance on the efficient and effective expending of public resources.

## Assurance over strategically funded Institutes

BBSRC achieves assurance over grant regularity for funding provided to its strategically funded Institutes via a number of mechanisms:

- The governance structure provides BBSRC with a corporate membership of the company that sits within the Governance Structure, and hence is member of the governing board, as well as an observer role on the trustee board, which enables it to access and oversee the Institute's financial performance and management and delivery of BBSRC's science & innovation strategies as well as ensuring that the grants are spent in the way that they were intended and are value for money;
- BBSRC conditions of grant give Institute Board of Trustees specific responsibilities for the financial management and administration of the Institute and ensures that the Charity is acting within its Memorandum and Articles of Association;
- Annual strategic partnership meetings are held with each Institute's senior management and the BBSRC Executive team which review operational and financial performance as well as discuss forwards strategy;
- Bilateral finance meetings and regular contacts are held with BBSRC Finance and the Institutes at both senior and operational levels to review financial performance and address risks & issues. From time to time, BBSRC undertakes specific in-depth reviews of Institute finances to gain assurance about the Institute's financial controls, performance and risks. For example, Pirbright Finance Review (November 2015);
- Institutes share their internal audit reports with BBSRC and a summary of the conclusions is provided to BBSRC's Audit Committee; and
- For the Institute Strategic Grants, further controls include: a full comprehensive 'Institute Assessment Exercise' conducted every 5 years to determine which research programmes and activities should be supported; annual reports on financial expenditure and progress against objectives are reviewed by BBSRC and an external expert panel; formal mid-term reviews; final expenditure statements; and ex-post evaluation.

## UK Shared Business Services Ltd (UK SBS) assurance

UK SBS Ltd (UK SBS) provides processing services in human resources, procurement, payroll, finance, grants and IT to all seven Research Councils.

## 2015-16 Performance

The Accounting Officer of UK SBS has written to me stating that the Head of Internal Audit (Government Internal Audit Agency) has provided an opinion of Moderate Assurance for both the internal operations within UK SBS and for its customer facing operations.

To compensate for the limitations in UK SBS BBSRC has been operating a system of detective controls to identify and rectify service failings. AASG has examined this additional control system, the outcomes of which were:

- Payroll - Moderate Assurance
- GPC and iExpenses - Moderate Assurance
- Purchase to Pay - Moderate Assurance
- Strategic Procurement - Limited Assurance

The accepted audit recommendations in these areas will be taken forward in 2016-17.

## External Audit

The BBSRC Annual Accounts are audited by the National Audit Office who produce an Audit Completion Report.

## 7. Risks and Issues

### Risk Assessment

At 31 March 2016, the BBSRC Risk Register had 50 risks all of which had assigned controls in order to mitigate them to an acceptable level within BBSRC's risk appetite.

The key operational risks identified in BBSRC's Risk Register are:

#### ■ UK SBS Quality and Delivery of services

There is a risk regarding the continuity and quality of service received from UK SBS. Actions being taken to mitigate the impact of this risk include; BBSRC representation on Working Groups to ensure regular review of UK SBS performance; engagement with UK SBS on the planned closure; pan RCUK and BIS working to develop alternative solutions; and a review of BBSRC's Business Continuity Plan is underway.

#### ■ RCUK Change Programme

There is a risk regarding the programme effectively managing change. Actions being taken to mitigate the impact of this risk include; BBSRC providing resource to the programme to assist in delivering effective change; proactive planning for the future; and clear two way communications between both BBSRC and its employees and BBSRC and its community.

#### ■ Research Grants Processing

There is a risk regarding the current cross-council grants processing solution. Actions being taken to mitigate the impact of this risk include; BBSRC representation on the BIS Grants Funding Delivery Project; continued Cross-Council financial input to support current solution; and representation on the Cross-Council Grants Governance Group responsible for making recommendations on the current grants solution to RCUK Funding Research Team.

#### ■ Loss of Key Staff

There is a risk regarding the difficulty in recruiting and retaining staff in the current period of change and uncertainty. Actions being taken to mitigate the impact of this risk include; promoting the existing reward mechanisms, staff benefits, and training and professional development opportunities; talent management and succession planning framework; addressing key issues raised in the Civil Service People Survey; and the Appraisal and Performance Development Review process being used to identify any skills gaps.

## UK Shared Business Services Ltd (UK SBS)

UK SBS experienced a system outage resulting in no or limited service to the Research Councils over a period of two weeks which resulted in business continuity plans being implemented by UK SBS and the RCUK Strategic Executive.



## Future Operations

BIS announced in June 2015 that all services will transfer from UK SBS within the following 3 years and, consistent with that, confirmed in February 2016 that the Company would close in 2-3 years which will require BBSRC to move to another supplier within that time. UK SBS highlights its key risks as continued resilience including reliance on legacy systems and capacity and capability. UK SBS' ability to maintain service delivery, prepare for and transfer services over the next 2-3 years will be highly dependent on capacity and capability. Decisions on the BIS shared services strategy and other programmes will impact on UK SBS' ability to manage change and retain key skills. To date, there have been no material errors or omissions reported to me, although the risk of error has increased.

Whilst the resolution of the above system issues could be seen as a positive outcome, I am concerned there is a need to assess and stabilise the platform in order to minimise the risk of further disruption. BBSRC, the other Research Councils and the RCUK Strategic Executive will continue to strengthen the business continuity plans already in place, including a review of the lessons learned from the outage this year.

## Business Continuity and Disaster Recovery

In 2015, the Research Councils and UK SBS collectively started a number of initiatives to mitigate the most serious risks that were faced. In this context it was recognised that the business systems employed by the Research Councils and UK SBS are currently out of support. Additionally, UK SBS is entering into a transition period over the next 2 years, as new business systems are implemented by BIS and UK SBS is wound up on the completion of all service transfers. These factors pose a significant risk to the Research Councils.

A cross-Council group, which includes UK Space Agency (UKSA) and AASG, was set up in August 2015 to consider possible erosion of UK SBS services as plans for their future evolve. The group considered and agreed mitigations in the key areas of Research Council business:

- Identify potential areas at risk in each area in the event of any reduction in the quality of service provided by UK SBS;
- Compile a summary detailing the background, key activities, overview of risks and options for mitigation of risks;
- Liaise with UK SBS to identify the current status of their Business Continuity plans and take appropriate actions to ensure this are aligned to minimise disruption in the areas identified by the Research Councils;
- Harmonise as far as possible Research Councils Business Continuity/Disaster Recovery plans under an overarching umbrella; and
- Plans to upgrade and test the existing disaster recovery facilities.

It has become clear that the potential for erosion of service is increasing, evidenced by recent losses of service. The RCUK community has introduced a number of measures to maintain oversight of ongoing performance, including further monitoring of services, setting up a Finance Rapid Response Group and in the case of IT; the Research Councils have significant ICT in-house capability. UK SBS, in liaison with the Research Councils, has carried out a lessons learnt exercise for the recent loss of service. The Chair of RCUK Strategic Executive has written to the BIS Principal Accounting Officer alerting him of the collective concerns of the Research Councils regarding the reliance on legacy systems and the need for early decisions and actions to implement transfer to new supporting systems.

## Cyber Security

BBSRC recognises the ongoing and increased Cyber Security threats and the challenges to managing them. We have a commitment to continually improve our controls, training and awareness. Whilst there have been a small number of incidents they have not resulted in data loss or classed as high risk.

BBSRC receives some of its IT Infrastructure services in support of common key business services from UK SBS. These are subject to governance arrangements and subject to regular audits. These arrangements allow us to continuously assess and challenge performance including the review of cyber security threats and management of security incidents.

BBSRC remains committed to assessing our cyber security controls against the Cyber Security Essentials scheme and the Cyber Security Ten Steps to identify any improvements that are required, based on the risk appetite agreed with our Audit Committee.

## Higher Education White Paper

The ability of BBSRC to continue to deliver its aims and objectives must be seen in the context of the wider change agenda faced by all Research Councils, with the most significant of these being the impact of the Higher Education White Paper, Success as a Knowledge Economy, which followed the Nurse Review. The White Paper sets out Government plans, through legislation, for the creation of a new organisation called UK Research and Innovation (UKRI), to incorporate the functions of all 7 Research Councils, Innovate UK and HEFCE's research and knowledge exchange functions. This has been covered within the Chair's Statement and will present significant governance challenges to all Research Councils over the next 2 years. BBSRC will be fully engaged in this process which will be reflected in future Governance Statements. We are working collaboratively with BIS to identify and actively mitigate any risks.

While announcements were awaited on the recommendations made in the Nurse review, the Research Councils collectively looked at operational efficiency in 2015-16 through the Operational Cost Reduction Programme (OCRP), as covered previously in this statement. This will continue into 2016-17 through the RCUK Change Programme which has succeeded OCRP. The risk remains that uncertainty may affect staff and place additional demands on already pressurised resource. This may in turn make it difficult to maintain "business as usual" in the transition leading to the new structure unless mitigations are in place. BBSRC is fully engaged in the RCUK Change Programme at both strategic and operational levels and will continue to influence the agenda where possible.

## 8. Conclusion

The Governance Statement represents the results of the review of effectiveness of the system of governance and internal control. I have considered the evidence provided with regards to the production of the Annual Governance Statement and the advice of AASG and BBSRC Audit Committee. The conclusion of the review is sufficient to satisfy me that the system of governance and internal control is appropriate to BBSRC and its risk profile.

# Remuneration Report and Staff Report

## Remuneration Report

### Council Chair and Council members except Chief Executive

#### Remuneration Policy

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

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

#### Remuneration (audited information)

Standard Fee Paid to Council Members (£ per annum)	2015-16	2014-15
Council Chair	16,430	16,430
Council Members who also chair Committees	9,110	9,110
Council Members	6,850	6,850

	Appointments		Remuneration £000s	
	From	To	2015-16	2014-15
Chair – Professor Sir Tom Blundell FRS	01/07/2009	30/06/2015	4	16
Chair – Professor Sir Gordon Duff	01/07/2015	30/06/2019	12	–
Deputy Chair and Chief Executive – Professor Jackie Hunter CBE	21/10/2013	29/02/2016	N/A	N/A
Deputy Chair and Chief Executive-Professor Melanie Welham	01/03/2016	01/03/2017*	N/A	N/A
Professor Sir David Baulcombe FRS	01/04/2009	31/03/2016	7	7
Dr N Brewis	01/04/2014	31/03/2018	3	0
Dr B Clarke	23/03/2015	31/03/2019	7	0
Professor R Codgell	01/04/2014	31/03/2018	7	7
Professor M Dallman	01/04/2014	31/03/2018	7	7
Professor Russell Foster FRS	01/04/2011	31/03/2015	0	7
Professor Carole Goble OBE	01/04/2013	31/03/2017	7	7
Mr Jim Godfrey OBE	01/04/2009	31/03/2015	0	7
Dr Mike Goosey	01/04/2011	31/03/2019	7	7
Mr David Gregory	01/04/2010	31/03/2018	9	9
Professor Sarah Gurr	01/04/2012	31/03/2019	7	7
Dr D Keith	23/03/2015	23/03/2019	6	0
Professor J Petts	01/04/2014	31/03/2018	7	7
Professor David Richardson	01/04/2012	31/03/2016	7	7
Professor H Sang	01/04/2014	31/03/2018	7	7
Dr Will West	01/04/2011	31/03/2015	0	7
Professor Tim Wheeler	01/04/2012	31/03/2016	0	0

The total emoluments of the Chairman were honoraria of £16,430 (2014-15: £16,430). The Chairman's appointment is non-pensionable and there is no entitlement to compensation for loss of office.

\*Appointment is based on up to a year

As noted in the policy section above, no fees are payable to Professor Hunter or Professor Welham.

## Committee Chairs and Members

The remuneration of Committee Chairs and Members is set by the Financial Management Group of the Research Councils. Committee remuneration rates are reviewed every two years by the Research Councils' Finance Directors Group. It was decided to maintain the remuneration rates at their current level for 2014-15.

Committee Rates (£ per day)	2014-15	2013-14
Committee Chair	230	230
Committee Members	170	170

## Chief Executive and BBSRC Executive Directors (audited information)

### Remuneration Committee

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

### BBSRC Remuneration Board

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

### Remuneration Policy

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

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

### Contractual Policy

Professor Jackie Hunter was appointed BBSRC Chief Executive on 21 October 2013 and her appointment ended on 29 February 2016. Professor Melanie Welham was appointed interim Chief Executive from 1 March 2016.

BBSRC Executive Directors are members of the BBSRC Executive Group. The Executive Directors are on indefinite contracts, similar to the majority of BBSRC staff, with notice periods of three months. Executive Directors' remuneration for 2015-16 is detailed in the table below. No Executive Director is in receipt of benefits in kind.

Employee Name	Start Date	Expired Term	Notice Period
Paul Burrows	01/07/2009	Open ended no Expired Term	13 weeks
Paul Gemmill	15/12/2003	Open ended no Expired Term	13 weeks
Jackie Hunter	21/10/2013	21 October 2017	3 months
Jan Juillerat	01/03/2012	Open ended no Expired Term	13 weeks
David Parfrey	01/11/2008	Open ended no Expired Term	13 weeks
Steve Visscher	01/10/2008	Open ended no Expired Term	13 weeks
Melanie Welham	01/10/2012	Open ended no Expired Term	13 weeks
Amanda Collis	28/09/1998	Open ended no Expired Term	3 months
Karen Lewis	18/04/1995	Open ended no Expired Term	3 months

## Remuneration of Senior Employees (audited information)

Single total figure of remuneration								
Executive Directors	Salary (£'000)		Bonus Payments (£'000)		Pension Benefits (£'000)		Total (£'000)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Mr Paul Burrows	80-85	85-90	0-5	0-5	28	17	115-120	105-110
Dr Celia Caulcott (until 30 September 2015) <sup>3</sup>	50-55	105-110	5-10	5-10	17	40	75-80	145-150
Mr Paul Gemmill	100-105	95-100	0-5	5-10	30	23	130-135	125-130
Professor Jackie Hunter* (until 29 February 2016) <sup>2</sup>	130-135	140-145	15-20	0-5	N/A	N/A	145-150	140-145
Ms Janet Juillerat	85-90	85-90	5-10	0-5	29	20	120-125	110-115
Mr David Parfrey	100-105	100-105	5-10	5-10	31	27	140-145	130-135
Mr Steve Visscher** <sup>1</sup>	75-80	150-155	5-10	5-10	N/A	N/A	85-90	155-160
Professor Melanie Welham	95-100	95-100	5-10	0-5	37	38	140-145	135-140
Dr Amanda Collis (from 1 March 2016) <sup>4</sup>	5-10	-	0-5	-	33	-	95-100	-
Dr Karen Lewis (from 1 March 2016) <sup>5</sup>	5-10	-	0-5	-	42	-	110-115	-

\* Professor Jackie Hunter is not a member of the RCPS

\*\* Mr Steve Visscher is a member of the RCPS but as at 31 March 2016 and 31 March 2015 he was a deferred member paying no contributions and no pension benefits are calculated

<sup>1</sup> based on a 2.5 day working week for 2015-16 and no pension benefits are calculated. Full time equivalent salary is £150-£155,000

<sup>2</sup> Professor Jackie Hunter's full year equivalent salary is £140-145,000

<sup>3</sup> Dr Celia Caulcott's full year equivalent salary is £105-110,000

<sup>4</sup> Dr Amanda Collis full year equivalent salary is £80-85,000

<sup>5</sup> Dr Karen Lewis's full year equivalent salary is £80-85,000

### Salary and Allowances

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

### Benefits in Kind

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

### Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The performance related pay awards reported in 2015-16 relate to performance in 2015-16 and the comparative awards reported for 2014-15 relate to the performance in 2014-15 except for Jackie Hunter whose 2014-15 bonus was paid in 2015-16.

### Fair Pay (Audited Information)

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

The banded remuneration of the highest-paid Executive Director in BBSRC in the financial year 2015-16 was £160-165,000 (2014-15: £155,000-£160,000). This was 5.3 times (2014-15: 5.54) the median remuneration of the workforce, which was £30,191 (2014-15: £30,150).

In 2015-16, 0 employees received remuneration in excess of the highest paid director (2014-15; 0) Remuneration ranged from £0-£160,059 (2014-15; £0-£158,603)

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

## Pension Benefits (Audited Information)

Executive Director	Accrued pension and lump sum at pension age as at 31/03/2016	Real increase in pension and lump sum at pension age	Cash equivalent transfer value as at 31/03/2016	Cash equivalent transfer value as at 31/03/2015	Real increase in cash equivalent transfer value
	£'000	£'000	£'000	£'000	£'000
Mr Paul Burrows	160-165	5-7.5	840	753	25
Dr Celia Caulcott	20-25	0-2.5	338	313	11
Mr Paul Gemmill	20-25	0-2.5	343	289	23
Professor Jackie Hunter*(until 29 February 2016)	N/A	N/A	N/A	N/A	N/A
Ms Janet Juillerat	30-35	0-2.5	541	474	22
Mr David Parfrey	20-25	0-2.5	456	391	28
Mr Steve Visscher**	N/A	N/A	N/A	N/A	N/A
Professor Melanie Welham (began CE position from 1 March 2016)	5-10	0-2.5	102	67	102
Dr Amanda Collis	55-60	5-7.5	233	189	23
Dr Karen Lewis	65-70	7.5-10	332	273	34

\* Professor Jackie Hunter is not a member of the RCPS

\*\*Mr Steve Visscher is a member of the RCPS but as at 31 March 2016 and 31 March 2015 he was a deferred member paying no contributions and no pension benefits are calculated

## Details of Pension Scheme

The employees of the Council are members of the Research Councils' Pension Schemes (RCPS) which are defined benefit schemes funded from annual grant-in-aid on a pay-as-you-go basis. The benefits are by analogy to the Principal Civil Service Pension Scheme, except that while the schemes provide retirement and related benefits based on final or average emoluments, redundancy and injury benefits are administered and funded by the Council. The scheme is administered by the Research Councils' Joint Superannuation Service with the associated grant-in-aid managed by BBSRC. The schemes accounts are prepared by BBSRC on behalf of the BBSRC Chief Executive as the accounting officer of RCPS. Separate accounts are published for the pension schemes.

From 30 July 2007, employees may be in one of four defined schemes; 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 Retail Prices Index (RPI). Employees' contributions vary between 1.5% and 8.85% depending on scheme. The employer's contribution is agreed by the RCPS Board of Management on the recommendation of the Government Actuary's Department (GAD) and is set at 26.0% of pensionable pay. Employer contributions are reviewed every four years following a full scheme valuation by GAD. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

The Research Councils Pension Scheme (RCPS) is a 'by-analogy' scheme to the Principal Civil Service Pension Scheme (PCSPS) and as a result any changes made to the PCSPS, including member contribution rates, are automatically applied to the RCPS. The PCSPS are changing the rates of employee pension contribution rates from 1 April 2016. Members of the classic, premium, classic plus and nuvos schemes will be affected.

A table of increases by pay band and scheme is provided below.

Annual Pensionable Earnings (full-time equivalent basis)	Classic Scheme		Premium, Classic Plus and Nuvos	
	Current contribution rate	New 2016 contributions	Current contribution rate	New 2016 contributions
Up to £15,000	3.00	3.80	4.60	4.60
£15,001 - £21,000	4.60	4.60	4.60	4.60
£21,001 - £48,471	5.45	5.45	5.45	5.45
£48,471 - £150,000	7.35	7.35	7.35	7.35
£150,001+	8.05	8.05	8.05	8.05

A Partnership Pension Account was made available to new staff from 1 October 2002, 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 the balance to the employee's private pension provider.

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

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

### Cash Equivalent Transfer Value (CETV)

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

### Real increase in the value of the CETV

The real increase in the value of the CETV reflects the increase effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### Compensation for loss of office (audited information)

There has been no compensation for loss of office of senior managers in 2015-16 or 2014-15.

## Staff Report

On 1st April 2016, BBSRC employed 1,200 staff; a reduction of 17% compared to 1,439 on 1st April 2015. Of the 1,200 staff, 902 were based at BBSRC strategically-funded institutes and 298 were based in BBSRC Swindon Office – which includes staff in Joint Service Units hosted by BBSRC on behalf of all of the Research Councils. 4 members of staff were employed overseas.

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

### Staff composition – gender analysis

The gender split for employees at BBSRC Swindon Office as at 31 March 2016 is shown in the table below.

Pay Bands	Headcount		FTE	
	Male	Female	Male	Female
Directors (PC1 & PC2)	7	5	6.30	5.00
Senior Managers (Bands F & G)	29	12	28.10	11.50
Other employees (Bands B to E)	70	175	68.80	161.80
<b>Total</b>	<b>106</b>	<b>192</b>	<b>103.20</b>	<b>178.30</b>

### Sickness Absence

The sickness absence data for BBSRC Swindon Office is shown in the table below

	2013 - 2014	2014-2015	2015-2016
Total days of absence	2140	2216	1515
Frequency of absences lasting longer than 28 days	12	12	8
Total days of long term absence	933	826	356
Average days of sick absence per person at BBSRC Office	6.11	6.67	5.08

### Staff related costs (audited information)

BBSRC hosts a number of Joint Service Units (JSUs) on behalf of all of the Research Councils. The costs of these Joint Services Units (JSUs) are recharged to all of the Research Councils, including BBSRC. Figures below show the net of BBSRC Office and the JSUs recharges ( 2015-16: £2,648K, 2014-15:£3,063K)by BBSRC.

Staff costs comprise:

			2015-16 £000	2014-15 £000
	Permanently employed staff	Others	Total	Total
Wages and salaries	8,064	60	8,124	9,128
Social security costs	654	-	654	746
Other pension costs	2,033	-	2,033	2,168
<b>Sub total</b>	<b>10,751</b>	<b>60</b>	<b>10,811</b>	<b>12,042</b>
Less recoveries in respect of outward secondments				
<b>Total net costs</b>	<b>10,751</b>	<b>60</b>	<b>10,811</b>	<b>12,042</b>

No staff costs have been capitalised in 2015-16 or 2014-15

During 2015-16, BBSRC spent £974,000 on consultancy as reported in note 4.1 to the financial statements



## Superannuation

The employees of the Council are members of the Research Councils' Pension Schemes (RCPS). For further details, please see page 40.

For 2015-16 employers' contributions of £1,760k were payable to the RCPS (2014-15: £2,694k) at 25.6% (2014-15: 25.6%) of pensionable pay, based on the salary bands.

The last actuarial valuation undertaken for RCPS was at 31 March 2006 and was completed in 2008-09. HM Treasury have issued GAD (Government Actuarial Department), the RCPS actuary, with directions for calculating public service pension scheme valuations as at 31 March 2012 with changes likely to apply 2016-17 onwards.

Further details about the Research Councils pension scheme arrangements can be found at [www.jsspensions.org.uk](http://www.jsspensions.org.uk)

## Staff numbers (Audited Information)

	2015-16			2014-15
	Permanently employed staff	Others	Total	Total
Administrative	216.9	-	216.9	244.0
UK Paid Joint Services staff	69.0	-	69	75.3
Overseas Paid Staff	4.0	-	4.0	4.0
Temporary Agency Staff	-	12	12	6.0
<b>Total</b>	<b>289.9</b>	<b>12</b>	<b>301.9</b>	<b>329.3</b>

## Reporting of Civil Service and Other Compensation Schemes - Exit Packages (Audited Information)

Exit package cost band	Number of departure agreed at BBSRC institutes		Number of other departures agreed at BBSRC Swindon office		Total number of exit packages by cost band	
	2015-16	2014-15	2015-16	2014-15 Re-stated	2015-16	2014-15 Re-stated
Less than £10,000	12	1	1	2	13	2
£10,000-£25,000	28	6	5	14	33	14
£25,000-£50,000	30	5	4	15	34	15
£50,000-£100,000	17	2	3	9	20	9
£100,000-£150,000	2	-	-	-	2	-
£150,000-£200,000	-	-	-	-	-	-
More than £200,000	-	-	-	-	-	-
<b>Total number of exit packages</b>	<b>89</b>	<b>14</b>	<b>13</b>	<b>40</b>	<b>102</b>	<b>40</b>
<b>Total cost (£)</b>	<b>2,856,906</b>	<b>434,921</b>	<b>446,892</b>	<b>1,423,389</b>	<b>3,303,798</b>	<b>1,858,310</b>

There were no compulsory redundancies in 2015-16 or 2014-15

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

As at 31 March 2015, BBSRC employed 902 staff at BBSRC strategically funded institutes. Whilst their direct salary costs are paid by the institutes, BBSRC is liable for any exit costs for these staff.

## Employee Engagement

BBSRC recognises the importance of employee engagement and is committed to effective collective communication as outlined below:

- BBSRC participated in the seventh annual Civil Service People Survey (CSPS) in October 2015 which provides an effective means of getting feedback from staff on a number of areas including My work, Organisational objectives and purpose, My manager, My team, Learning & Development, Inclusion and fair treatment, Resources and workload, Pay and benefits, Leadership and managing change. We received a 81 % response rate and achieved an engagement index of 68 %.

The survey results indicate the following areas of strength:

- People are interested in their work and are trusted to do their job effectively.
- People are motivated by their manager to be more effective in their job and feedback received helps improve performance.
- People have a clear understanding of how their work contributes to the organisation's objectives.

There are also improvement areas which the Executive Group continues to work on around leadership and managing change, career development and career progression.

- The mechanisms for communicating with staff include the quarterly Chief Executive talk to staff, regular bulletin updates, printed material display around the office, all-staff emails, regular team meetings, HR drop-ins.

## Learning and Development

BBSRC Swindon Office responses to the 2015 Civil Service People Survey reflected an 80 % positive response from staff concerning their ability to access the right learning and development opportunities.

- The HR Business Partnering team, in partnership with the BBSRC Office Employee Group (SOEAG), have delivered training sessions aligned to the action plan developed from the 2014 CSPS, these included:
  - Wellbeing: Mental Health First Aid Lite, Stress Awareness, Introduction to Mindfulness, Stress Management in the Workplace.
  - Performance Management: Line Manager Awareness, Appraisal Training for Line Managers, Performance Management, SMART Objective Training, Dealing with Challenging Conversations.
- BBSRC, in collaboration with the 7 Research Councils, had an active role in the development and delivery of the RCUK Polaris House Learning Day. The 1 – 1 ½ hours sessions included; Introduction to MBTI, Creative Problem Solving, Critical Questions to Ask, High Performance Teams, Root Cause Analysis, Employee Non-Pay Benefits, Understanding your Research Council Pension.
- BBSRC continues to support employees with specific development needs relating to their current role or as part of career progression through Sponsorship Awards; which fund high value formal qualifications and have included an MSC in Building Information Management, Certificate in Corporate Governance, and ISTR Accredited Biosafety Practitioner; these are considered through an open competition on a bi-annual basis where individual cases are evaluated to ensure consistency and effective training budget spend; return on investment is monitored.
- BBSRC continues to develop strategic leadership and management capability through the senior leadership programme and management development programme.

## Equality, Diversity and Inclusion

BBSRC recognises that diverse ideas, experiences, background and perspectives are fundamental to successful science and innovation. BBSRC is committed to embedding equality and diversity in the way we operate and the way we work with our partners and stakeholders, sharing best practice and considering how we can use our position as an opinion leader in the biosciences to influence culture change.

BBSRC has published its 2014-2017 Equality and Diversity Strategy and associated action plan (<http://www.bbsrc.ac.uk/about/policies/employment/equality-diversity>), which set out the areas in which we will focus our attention to achieve our vision, the targets we have set and what we want to achieve by March 2017.

In addition we continue to work collaboratively with the other Research Councils including on collecting consistent management information, developing equality and diversity awareness training (including in relation to unconscious

bias), and improving diversity in public appointments on councils. In relation to the latter, a key event in 2014-15 was a cross council diversity event aimed at engaging those individuals responsible for the appointment process in a discussion of the benefits of improving the gender balance on RCUK Councils. Attendees included Research Council chairs and CEOs, as well as representatives from BIS. The event was facilitated by Professor Susan Vinnicombe (from Cranfield and a member of the Davies Review panel). The outcomes of the event and resultant action plan are available on the RCUK website at: <http://www.rcuk.ac.uk/RCUK-prod/assets/documents/skills/OutcomeofRCUKDiversityinPublicAppointments2014.pdf>

## Health, Safety Biosafety and Security (HSBS)

BBSRC realises that an effective environment for scientific research is healthy, safe and secure, where a positive safety culture is encouraged, legislative compliance is achieved and all stakeholders are engaged. Strong and comprehensive health and safety management underpins all work carried out in BBSRC. This is achieved by ensuring staff work in a comfortable environment, and are aware of their responsibilities with regard to their own and colleague's health, safety and security.

During the year the HSBS Team have been developing four key themes:

- Leadership and Management - Developing visible and active commitment through effective two-way communication.
- Health and wellbeing – Promoting participation and supporting initiatives that enhance occupational health and wellbeing.
- Collaborative relationships – Recognising that successful HSBS management is a collective responsibility in which all members of staff must play a part.
- Competence - Ensuring comprehensive training programmes (including e-learning) are completed and internal policies are updated, easily understood and accessible.

These four themes have positively enhanced all our HSBS indicators. However, health, safety, biosafety and security are tasks that can never be said to be fully complete and require continual attention, resilience and adaptation.

## RIDDOR Reported Incidents

It is a legal requirement to report certain incidents and ill health at work. The number of RIDDOR Reportable Incidents has decreased from 7 in 2013-14 to 3 in 2015-16. A summary of the data from the last three years can be found below.

RIDDOR Reportable Incidents	2015-16	2014-15	2013-14
RIDDOR reportable accidents	2	1	7
RIDDOR cases of occupational disease	0	1	0
RIDDOR Dangerous Occurrence	1	3	0
<b>Overall total</b>	<b>3</b>	<b>5</b>	<b>7</b>

### Professor Melanie Welham

Interim Chief Executive and Accounting Officer

Date: 30 June 2016

# Parliamentary Accountability And Audit

I can confirm that for the financial year ended 31 March 2016, neither I nor my staff authorised a course of action, the financial impact of which is that transactions infringe the requirements of regularity as set out in Managing Public Money, and that Treasury approval has been obtained for all novel, contentious or repercussive transactions relating to 2015-2016.

Long term expenditure trends have been included in the performance report on pages 18 to 20.

During 2015-16 there have been no losses or special payments ( 2014-15, £nil)

As at 31 March 2016, there are no material remote contingent liabilities that require disclosure under parliamentary reporting requirements, in addition to those reported under IAS 37 in the financial statements.

**Professor Melanie Welham**

Interim Chief Executive and Accounting Officer

Date: 30 June 2016

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

I certify that I have audited the financial statements of Biotechnology and Biological Sciences Research Council for the year ended 31 March 2016 under the Science and Technology Act 1965. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability disclosures within the Accountability Report that is described in that report as having been audited.

## Respective responsibilities of the Council, Accounting Officer and auditor

As explained more fully in the Statement of Responsibility of Council and Chief Executive as Accounting Officer, the Council 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 Biotechnology and Biological Sciences Research Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Biotechnology and Biological Sciences Research Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements 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 Biotechnology and Biological Sciences Research Council's affairs as at 31 March 2016 and of 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 parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures within the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Science and Technology Act 1965; and
- the information given in the Performance Report and Accountability 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 parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures within the Accountability 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*  
Comptroller and Auditor General

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

Date: 6th July 2016

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2016

	NOTES	2015-16 £000	2014-15 Re-presented £000
<b>Income</b>			
Income from sale of goods and services	3	23,754	19,503
<b>Total operating Income</b>		<u>23,754</u>	<u>19,503</u>
<b>Operating Costs</b>			
Staff Costs	4.6	10,811	12,042
Other Operating Costs	4.1	7,210	10,266
Depreciation, Amortisation and Impairments	4.2	30,148	12,464
Provision expense	4.3	2,585	1,027
Research and development Grants	4.4	444,537	509,720
Notional UKSBS service charges		2,199	4,146
Other operating expenditure	4.5	(367)	(438)
<b>Total Operating Costs</b>		<u>497,123</u>	<u>549,227</u>
<b>TOTAL OPERATING EXPENDITURE</b>		<u>473,369</u>	<u>529,724</u>
<b>Finance income</b>		21	19
<b>Net expenditure for the year</b>		<u>473,348</u>	<u>529,705</u>
<b>Other Comprehensive Expenditure</b>			
Items which will not be reclassified to net operating costs:			
Net (gain)/loss on Revaluation of Property, Plant and Equipment	5	(95,878)	(30,363)
Net gain/(loss) on Revaluation of Assets held for sale		-	-
		<u>(95,878)</u>	<u>(30,363)</u>
<b>Total Comprehensive Expenditure for the period ended 31 March 2016</b>		<u>377,470</u>	<u>499,342</u>

All activities are regarded as continuing.  
The notes on pages 55 to 72 form part of these accounts.

## Statement of Financial Position as at 31 March 2016

		31 March 2016	31 March 2015 Re-presented
	NOTES	£000	£000
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	5	449,390	402,557
Intangible Assets		11	19
Financial Assets	6	8,538	8,200
Non Current Receivables	7	350	572
<b>TOTAL NON-CURRENT ASSETS</b>		<b>458,289</b>	<b>411,348</b>
<b>CURRENT ASSETS</b>			
Assets Classified as Held for Sale	8	18,710	-
Trade and Other Receivables	7	13,781	24,823
Cash and Cash Equivalents	9	10,731	1,762
<b>TOTAL CURRENT ASSETS</b>		<b>43,222</b>	<b>26,585</b>
<b>TOTAL ASSETS</b>		<b>501,511</b>	<b>437,933</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	10	(34,095)	(44,126)
Provisions	11	(4,511)	(1,398)
<b>TOTAL CURRENT LIABILITIES</b>		<b>(38,606)</b>	<b>(45,524)</b>
<b>NON-CURRENT ASSETS LESS CURRENT LIABILITIES</b>		<b>462,905</b>	<b>392,409</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	11	(1,100)	(3,309)
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>(1,100)</b>	<b>(3,309)</b>
<b>ASSETS LESS LIABILITIES</b>		<b>461,805</b>	<b>389,100</b>
<b>TAXPAYERS' EQUITY</b>			
General Reserve		1,916	(4,585)
Revaluation Reserve		458,480	391,222
Gates Reserve		1,409	2,463
<b>TOTAL TAXPAYERS EQUITY</b>		<b>461,805</b>	<b>389,100</b>

**Professor Melanie Welham**  
Interim Chief Executive and Accounting Officer

Date: 30 June 2016

The notes on pages 55 to 72 form part of these accounts.



## Statement of Cash Flows for the period ended 31 March 2016

	NOTE	31 March 2016		31 March 2015 Re-Presented	
		£'000	£'000	£'000	£'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net Operating expenditure for year	SOCNE	(473,348)		(529,705)	
Adjustment for non cash transactions		34,565		17,199	
(Increase)/Decrease in Trade and Other Receivables Excluding those for Property, Plant and Equipment	7	11,264		(199)	
Increase/(Decrease) in Trade and Other Payables Excluding those for Property, Plant and Equipment	10	(10,031)		(4,915)	
Use of provisions	11	(1,681)		(1,368)	
<b>NET CASH OUT FLOW FROM OPERATING ACTIVITIES</b>			<b>(439,231)</b>		<b>(518,988)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments to Acquire Property, Plant and Equipment				(2,540)	
Receipts from disposal of Property, Plant and Equipment				41	
Receipts from disposal of assets held for sale		224		2,664	
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>			<b>224</b>		<b>165</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Grant in Aid received from BIS		447,976		512,508	
Other movements		-		(90)	
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>			<b>447,976</b>		<b>512,418</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS IN THE PERIOD</b>			<b>8,969</b>		<b>(6,405)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	9		<b>1,762</b>		<b>8,167</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>			<b>10,731</b>		<b>1,762</b>

The notes on pages 55 to 72 form part of these accounts.

## Statement of Changes in Taxpayers' equity for the period ended 31 March 2016

		General Reserve £'000	Revaluation Reserve £'000	Gates Reserve £'000	Total Reserves £'000
	<b>NOTE</b>				
<b>Balance at 1 April 2014</b>		<b>96</b>	<b>369,362</b>	<b>2,420</b>	<b>371,878</b>
Grant In Aid from BIS		512,508			<b>512,508</b>
Net Expenditure for the Year	SOCNE	(529,705)			<b>(529,705)</b>
Transfers between Reserves-movements on fixed assets		8,503	(8,503)		-
Transfers between Reserves		(43)		43	-
Gains /Losses Recognised in the Statement of Comprehensive Income	SOCNE	-	30,363	-	<b>30,363</b>
Notional UKSBS service charges		4,146			<b>4,146</b>
Movement on reserves		(90)			<b>(90)</b>
<b>Balance at 1 April 2015</b>		<b>(4,585)</b>	<b>391,222</b>	<b>2,463</b>	<b>389,100</b>
Grant In Aid from BIS		447,976			<b>447,976</b>
Net Expenditure for the Year	SOCNE	(473,348)			<b>(473,348)</b>
Transfers between Reserves-movements on fixed assets		28,620	(28,620)		-
Transfers between Reserves		1,054		(1,054)	-
Gains/Losses Recognised in the Statement of Comprehensive Expenditure	SOCNE		95,878		<b>95,878</b>
Notional UKSBS service charges	SOCNE	2,199			<b>2,199</b>
Movement on reserves					-
<b>At 31 March 2016</b>		<b>1,916</b>	<b>458,480</b>	<b>1,409</b>	<b>461,805</b>

The figures for 2014-15 have been re-presented

The Notes on pages 55 to 72 form part of these Accounts.

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

# 1. STATEMENT OF ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these financial accounts are set out below. The policies have been applied consistently unless otherwise stated.

## 1.1 Basis of Accounting

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

These financial statements have been prepared in accordance with the 2015-16 Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

As required by Section 393(1) of the Companies Act 2006, the Accounting Officer has provided assurance that these statements give a true and fair view of the assets, liabilities, financial position and the comprehensive net expenditure of BBSRC.

### ii) Going Concern

BBSRC is dependent on funding from BIS to meet liabilities falling due within future years. Funding for 2016-17 has been agreed, with the exception of administration budgets which are still to be confirmed.

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

## 1.2 Measurement Convention

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

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

## 1.3 Adoption of new or amended standards effective in 2015-16

The following revised standards and interpretations have been applied by the Council from 1 April 2015

IFRS 13 – Fair Value Measurement.

### Changes to the FReM and IFRS

#### *Changes to IFRS – new or amended standards issued but not yet effective*

In accordance with the FReM, these financial statements have not applied IFRS 9: Financial Instruments, IFRS 15: Revenue from Contracts with Customers or IFRS 16: Leases. These standards have been issued but are not yet effective or endorsed by the European Union or incorporated into the FReM. IFRS 9 and IFRS 15 are anticipated to be adopted in the 2018/19 FReM, and the adoption date of IFRS 16 is still to be determined.

The potential impacts of IFRS 9 and IFRS 15 are not expected to have a material impact on BBSRC's financial statements. The potential impact of IFRS 16 is still to be determined and is dependent upon any FReM interpretations or adaptations applied. Any such interpretations or adaptations are currently being determined, the outcome of this work is not yet known.

#### *Changes to the FReM*

Apart from the change in accounting policy detailed above, no other changes in IFRS were adopted by the FReM during 2015-16.

In line with HM Treasury's Simplifying and Streamlining Annual Report and Accounts project, the 2015/16 financial statements have been re-presented in accordance with the NDPB Green – Illustrative Accounts issued by HM Treasury. This has resulted in the split between Administration and Programme income and expenditure being removed from financial statements and the headings used in the Statement of Comprehensive Net Expenditure following the format used in the Whole of Government Accounts. There is no impact on the overall net result for the year for the comparative figures.

## 1.4 Non-Current Assets

### i) Intangible assets

Intangible assets are recognised for items costing £10,000 or more. They are carried at fair value less any subsequent accumulated amortisation and any subsequent accumulated impairment loss.

Intangible assets are normally amortised over the following periods:

- Software licences – 5 years
- Website costs – 3 years

## ii) Property, Plant and Equipment

Property, plant and equipment is carried at fair value or depreciated historical cost which is used as a proxy for fair value.

Capitalisation thresholds for property, plant and equipment is £10,000 or more.

Freehold land and buildings are revalued on an existing use basis or, where not applicable, on a depreciated replacement cost basis for specialist properties using professional valuations.

For furniture, fixtures and fittings, where an asset pool is maintained replacements on a one-to-one basis are charged directly to the Consolidated Statement of Comprehensive Net Expenditure in the year of replacement. Major enhancements or additions to the pool are capitalised as assets.

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.

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

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

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

## iii) Impairments

Intangible and PPE assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the SoCNE based on the amount by which the carrying amount exceeds the recoverable amount.

The recoverable amount is the higher of fair value less costs to sell, and value in use. Value in use is assumed to equal the cost of replacing the service potential provided by the asset.

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

## iv) Revaluation

Increases in the carrying amount arising on revaluation are credited to the revaluation reserve.

Losses on revaluation that offset previous increases of the same asset are charged against the revaluation reserve to the extent the gains previous recorded. The excess is then charged to the SoCNE.

On derecognition, the cumulative gain or loss previously recognised in the revaluation reserve (or another equity reserve if permitted) is recognised in the SoCNE.

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

## v) Depreciation

Assets under Construction are not depreciated until the asset is brought into use.

Property, plant and equipment is depreciated at rates calculated to write it down to the estimated residual value on a straight line basis over the estimated useful lives.

Freehold land is not depreciated and other property, plant and equipment assets are depreciated over the following periods:

Depreciated replacement cost buildings	-	up to 60 years
Agriculture buildings	-	up to 60 years
Dwellings	-	up to 60 years
Plant and equipment	-	3 to 5 years

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

## 1.5 Investment in Joint Ventures and Associates

Investments in joint ventures and associates are accounted for using the equity method of accounting. Under this method of accounting, an equity investment in an associate or joint venture initially recorded at cost and is subsequently adjusted to reflect the investors' share of net profit or loss of the associate or joint venture.

## 1.6 Non-Current Assets 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.

## 1.7 Derivatives and Financial Instruments

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

The Council recognises and measures financial instruments in accordance with IAS 39 Financial Instruments: Recognition and Measurement as interpreted by the FReM.

### Trade receivables

Trade and other receivables are classified as loans and 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.

### Trade and other payables

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

## 1.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits.

## 1.9 Employee Benefits

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

## 1.10 Pension Scheme and Retirement Costs

The employees of the Council are members of the Research Councils' Pension Scheme (RCPS) which is a defined benefit scheme funded from annual grant-in-aid on a pay-as-you-go basis. The benefits are by analogy to the Principal Civil Service Pension Scheme, except that while the schemes provide retirement and related benefits based on final emoluments, redundancy and injury benefits are administered and funded by the Council.

The RCPS Pension Scheme is a multi-employer scheme and the Council is unable to identify its share of the underlying assets and liabilities. As permitted by paragraph 34(a) of IAS 19, the Company has recorded the pension contributions payable for the period as its charge to the Statement of Changes in Net Expenditure.

As such annual contributions to the Research Councils Pension Scheme (RCPS) are charged to the SoCNE 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 Research Councils Pension Scheme and accordingly are not included in these Financial Statements.

## 1.11 Provisions

Provisions are recognised and measured in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Where the time value of money is material, provisions are discounted to present value using HM Treasury's real discount rates.

## 1.12 Contingent Liabilities

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

### 1.13 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The cost of the lease and any lease incentive are charged to the SoCNE over the lease term on a straight-line basis unless another systematic basis is more appropriate.

BBSRC holds no finance leases.

### 1.14 Foreign Currencies

The Council applies IAS 21 The Effects of Changes in Foreign Exchange Rates and transactions that are denominated in a foreign currency are translated into sterling at the rate of exchange ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for a period is used. Monetary assets and liabilities denominated in foreign currencies at the Consolidated Statement of Financial Position date are retranslated at the rates of exchange ruling at that date. The translation differences are recognised in the SoCNE.

### 1.15 Value Added Tax

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

Value Added Tax (VAT) is accounted for in the Accounts, in that amounts are shown net of VAT except:

- Irrecoverable VAT is charged to the Consolidated Statement of Comprehensive Net Expenditure, and included under the relevant expenditure heading
- 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 payables and receivables on the Consolidated Statement of Financial Position.

### 1.16 Ownership of Equipment Purchased with BBSRC Research Grants

Equipment purchased by an institution with research grant funds supplied by the Council belongs to the institution and is not therefore the equipment of the Council. Such equipment is excluded from these financial statements.

### 1.17 Grant-in-Aid

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

### 1.18 Research Grants

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 12.

### 1.19 Deferred Income

The Council receives funding for collaborative projects to support BBSRC's research. The majority of this funding is received from the UK public sector. Some of the funding may involve payment for the collaboration a number of years in advance of the accounting period to which it relates. Where there is a variance between work done in the accounting period and received funding, income will be deferred if the contract or agreement includes key conditions relating to the repayment of surplus funds.

### 1.20 Income Recognition

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.

### 1.21 Insurance

As a public body BBSRC does not generally insure. However, BBSRC 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 SoCNE.

### 1.22 Critical Accounting Estimates and Judgements

The Council makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year.

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.

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances at the reporting date.

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

## Estimates

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

## Judgements

### Impairments:

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

### Investment properties

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

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

## 1.23 Capital and Reserves

The Council has three reserves: the General Reserve, the Revaluation Reserve and the Gates Reserve. The General Reserve is used to account for accumulated surpluses. The Revaluation Reserve is a specific reserve used only to reflect the unrealised balance of cumulative indexation and revaluation adjustments to fixed assets. Increases in valuation are credited to the revaluation reserve.

Losses on revaluation are debited to the Revaluation Reserve to the extent of the gains previously recorded and then to the Statement of Comprehensive Net Expenditure. The Gates Reserve is a restricted reserve created for funds from the Bill & Melinda Gates Foundation. This reserve is ring-fenced for use on specific grant applications from 2012 to 2019.

## 1.24 BBSRC – Sponsored Institutes

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

## 1.25 Currency Risk

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

Note on the application of IFRS 13- Fair Values

## Accounting treatment

The table below summarises the accounting treatment for different financial asset and liability types in BBSRC's accounts.

Financial asset type	Accounting treatment
Trade and other receivables	Classified as loans and receivables, held at amortised cost.
Deposits with banks	Deposits with banks are classified as loans and receivables; held at amortised cost.

Financial liability type	Accounting treatment
Trade and other payables	Accounted for at amortised cost.

BBSRC's financial assets and liabilities noted above are accounted for at amortised cost. There is no material difference between the fair value of the financial assets and liabilities and amortised cost amount. BBSRC's investments in joint ventures are accounted for using the equity method.

Accounting standard IFRS 13, as applied by the *FReM* defines three classifications of fair value measurements, using a fair value hierarchy. The hierarchy reflects the significance of inputs used in determining the fair value of assets and liabilities held at fair value.

- Level 1 – valued using unadjusted quoted prices in active markets for identical financial instruments.
- Level 2 – determined using valuation techniques based on observable inputs other than quoted prices used for level 1.
- Level 3 – valued using techniques that are not based on observable market data inputs, such as historical data on credit losses.

In accordance with the *FReM*, BBSRC measures its Property, Plant and Equipment and Non-current asset held for sale at fair value these are based on level 3 valuation inputs. Details of the valuation methodologies applied are given in Note 5 and Note 8.

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

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

### Research

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

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

### Training

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

### Office

The costs for the administration of the BBSRC office. In previous years, this included BBSRC's share of the costs associated with the UK SBS. For 2013-14 onwards, BIS covers BBSRC's share of the UK SBS costs and BBSRC's administration budget has been reduced accordingly.

Office costs do not equate to BBSRC's administration budget, as there are some office costs which are divided between programme and administration budgets (e.g. staff costs, which are classified on the basis of the role of the team).

2015 - 2016	Research £'000	Training £'000	Office £'000	Other £'000	Total £'000
Research Grants	323,878	-	-	-	323,878
Capital Grants	75,008	-	-	-	75,008
Postgraduate Awards	-	39,055	-	-	39,055
Fellowships	-	6,596	-	-	6,596
Staff Costs	-	-	10,811	-	10,811
Other Operating Costs	-	-	7,210	-	7,210
Notional charge for UKSBS services	-	-	-	2,199	2,199
Provisions expense	-	-	-	2,585	2,585
Depreciation, amortisation and impairment	-	-	-	30,148	30,148
Other	-	-	-	(367)	(367)
<b>Total Operating Expenditure</b>	<b>398,886</b>	<b>45,651</b>	<b>18,021</b>	<b>34,565</b>	<b>497,123</b>

2014 - 2015 re-presented	Research £'000	Training £'000	Office £'000	Other £'000	Total £'000
Research Grants	320,382	-	-	-	320,382
Capital Grants	138,830	-	-	-	138,830
Postgraduate Awards	-	43,842	-	-	43,842
Fellowships	-	6,666	-	-	6,666
Staff Costs	-	-	12,042	-	12,042
Other Operating Costs	-	-	10,266	-	10,266
Notional charge for UKSBS services	-	-	-	4,146	4,146
Provisions expense	-	-	-	1,027	1,027
Depreciation, amortisation and impairment	-	-	-	12,464	12,464
Other	-	-	-	(438)	(438)
<b>Total Operating Expenditure</b>	<b>459,212</b>	<b>50,508</b>	<b>22,308</b>	<b>17,199</b>	<b>549,227</b>



### 3. INCOME

	2015-16 £000	2014-15 Re-presented £000
Current Grants from EU	636	323
Current grants from private sector companies	1,123	1,391
Fee income	595	754
Income from other government departments	20,947	16,381
Miscellaneous income	453	654
<b>Total</b>	<b>23,754</b>	<b>19,503</b>

### 4. OPERATING EXPENDITURE

#### 4.1 PURCHASE OF GOODS AND SERVICES

	2015-16 £000	2014-15 Re-presented £000
Travel and Subsistence	1,022	1,416
Accommodation and office equipment	994	2,549
Staff severance costs	977	1,317
Consultancy	974	1,013
Miscellaneous other costs	846	843
Conferences and Seminars	768	1,276
Staff Training and other staff costs	664	679
Professional Fees including Council fees and Honoraria	285	348
Internal Audit	274	285
IT costs / Support costs	178	254
Professional subscriptions	120	95
External Audit	85	85
Finance and HR services ( UKSBS)	23	106
<b>Total</b>	<b>7,210</b>	<b>10,266</b>

Ownership of UKSBS transferred from the research councils to BIS on 6 March 2013. From 1 April 2013, the cost of UKSBS's services to BBSRC ceased to be a monthly charge and instead was deducted from BBSRC's allocation. In order to accurately reflect the cost of using UKSBS's services in the annual accounts, the charge has been shown as a notional cost on the Statement of Comprehensive Net Expenditure and has been written back to the General reserve.

#### 4.2 DEPRECIATION AND IMPAIRMENT CHARGES

	NOTE	2015-16 £000	2014-15 Re-presented £000
Depreciation	5	13,703	9,985
Amortisation of intangible assets		11	17
Impairments	5	16,434	2,462
<b>Total</b>		<b>30,148</b>	<b>12,464</b>

Depreciation and impairments have increased due to a full year of depreciation for the newly constructed National Virology Centre at Pirbright and impairments relates to several assets across our sponsored institutes where there has been a change in the use of the asset or the assets are due for planned demolition.

#### 4.3 PROVISIONS EXPENSE

	NOTE	2015-16 £000	2014-15 Re-presented £000
Provisions expense- early departure	11	2,567	(473)
Provision movement	11	18	1,500
<b>Total</b>		<b>2,585</b>	<b>1,027</b>

## 4.4 RESEARCH AND DEVELOPMENT

	2015-16 £000	2014-15 Re-presented £000
Grant expenditure:		
Research Grants	323,878	320,382
Capital Research Grants	75,008	138,830
Postgraduate Awards	39,055	43,843
Fellowships	6,596	6,665
<b>Total</b>	<b>444,537</b>	<b>509,720</b>

## 4.5 OTHER OPERATING EXPENDITURE

	2015-16 £000	2014-15 Re-presented £000
Profit on disposal - assets held for sale	(29)	(41)
Share of profits of joint ventures and associates	(338)	(397)
<b>Total</b>	<b>(367)</b>	<b>(438)</b>

In 2015-16, one dwelling that was surplus to requirements and was held as assets held for sale at 1 April 2015 has been sold with a profit of £29K.

## 4.6 STAFF COSTS

Staff costs comprise:

	2015-16 £000	2014-15 Re-presented £000
Wages and Salaries	8,124	9,128
Social Security Costs	654	746
Other Pension Costs	2,033	2,168
<b>Total Costs</b>	<b>10,811</b>	<b>12,042</b>

For further information on staff costs and numbers, please see the staff report on page 44.

## 5. PROPERTY, PLANT AND EQUIPMENT

2015-16	Land	Buildings	Dwellings	Plant & Equipment	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>						
<b>At 31 March 2015</b>	<b>64,696</b>	<b>373,173</b>	<b>35,348</b>	<b>345</b>	<b>30,300</b>	<b>503,862</b>
Additions	-	-	-	-	-	-
Valuation additions	-	-	-	-	17,259	17,259
Disposals	-	-	-	(36)	-	(36)
Impairments	-	(60,863)	(706)	-	-	(61,569)
Reclassifications	(11,242)	4,095	(4,684)	(5)	(7,070)	(18,906)
Revaluations	39,074	(7,599)	6,099	-	-	37,574
<b>At 31 March 2016</b>	<b>92,528</b>	<b>308,806</b>	<b>36,057</b>	<b>304</b>	<b>40,489</b>	<b>478,184</b>
<b>Depreciation</b>						
<b>Balance at 1 April 2015</b>	<b>-</b>	<b>(101,043)</b>	<b>(29)</b>	<b>(233)</b>	<b>-</b>	<b>(101,305)</b>
Charged in year	-	(13,297)	(371)	(35)	-	(13,703)
Disposals	-	-	-	36	-	36
Impairments	-	45,135	-	-	-	45,135
Reclassifications	-	-	-	(2)	-	(2)
Revaluations	-	40,645	400	-	-	41,045
<b>At 31 March 2016</b>	<b>-</b>	<b>(28,560)</b>	<b>-</b>	<b>(234)</b>	<b>-</b>	<b>(28,794)</b>
<b>Carrying amount at 31 March 2016</b>	<b>92,528</b>	<b>280,246</b>	<b>36,057</b>	<b>70</b>	<b>40,489</b>	<b>449,390</b>
<b>Carrying amount at 31 March 2015</b>	<b>64,696</b>	<b>272,130</b>	<b>35,319</b>	<b>112</b>	<b>30,300</b>	<b>402,557</b>
<b>Asset financing:</b>						
Owned	92,528	280,246	36,057	70	40,489	449,390
<b>Carrying amount at 31 March 2016</b>	<b>92,528</b>	<b>280,246</b>	<b>36,057</b>	<b>70</b>	<b>40,489</b>	<b>449,390</b>

2014-15	Land	Freehold Buildings	Dwellings	Plant & Equipment	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>						
<b>Balance at 1 April 2014</b>	<b>52,658</b>	<b>216,900</b>	<b>32,493</b>	<b>374</b>	<b>172,369</b>	<b>474,794</b>
Additions	-	2,540	-	-	-	2,540
Valuation additions	1,072	1,420	713	-	20,173	23,378
Disposals	-	-	-	(29)	-	(29)
Impairments	-	(2,377)	(85)	-	-	(2,462)
Reclassifications	5,134	155,733	(719)	-	(162,242)	(2,094)
Revaluations	5,832	(1,043)	2,946	-	-	7,735
<b>At 31 March 2015</b>	<b>64,696</b>	<b>373,173</b>	<b>35,348</b>	<b>345</b>	<b>30,300</b>	<b>503,862</b>
<b>Depreciation</b>						
<b>Balance at 1 April 2014</b>	<b>-</b>	<b>(90,351)</b>	<b>(29)</b>	<b>(219)</b>	<b>-</b>	<b>(90,599)</b>
Charged in year	-	(9,602)	(340)	(43)	-	(9,985)
Disposals	-	-	-	29	-	29
Impairments	-	-	-	-	-	-
Revaluations	-	(1,090)	340	-	-	(750)
<b>At 31 March 2015</b>	<b>-</b>	<b>(101,043)</b>	<b>(29)</b>	<b>(233)</b>	<b>-</b>	<b>(101,305)</b>
<b>Carrying amount at 31 March 2015</b>	<b>64,696</b>	<b>272,130</b>	<b>35,319</b>	<b>112</b>	<b>30,300</b>	<b>402,557</b>
<b>Carrying amount at 1 April 2014</b>	<b>52,658</b>	<b>126,549</b>	<b>32,464</b>	<b>155</b>	<b>172,369</b>	<b>384,195</b>
<b>Asset financing:</b>						
Owned	64,696	272,130	35,319	112	30,300	402,557
<b>Carrying amount at 31 March 2015</b>	<b>64,696</b>	<b>272,130</b>	<b>35,319</b>	<b>112</b>	<b>30,300</b>	<b>402,557</b>

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

### Fair value measurement of Land and buildings

#### Valuation process

The land and buildings were professionally valued as at 31 December 2015 by external valuers, GVA Grimley Limited, in accordance with the RICS Valuation-Professional Standards UK January 2014 (revised April 2015). All of the valuations are on a Fair Value basis where Fair value is determined using Depreciated replacement cost, Existing Use Value or Open Market Value depending on asset type or use, as detailed below

For properties that are owner occupied and are of a non specialised nature, the basis of valuation is Fair Value, assuming ongoing operational use. For properties which are either owned but not occupied or have been declared surplus, these are also valued on the basis of Fair Value. In this context, Fair Value is generally taken to be the equivalent of Market Value. For properties which are owner occupied but are of a specialised nature where few, if any, open market transactions involving a continuation of the existing use occur then the Depreciated Replacement Cost (DRC) basis of valuation is appropriate in assessing Fair Value. DRC is used where there is no active market for the asset being valued – that is where there is no useful or relevant evidence of recent sales transactions due to the specialised nature of the asset.

All assets are owned.

## 6. FINANCIAL ASSETS

	31-Mar-16 £000	31-Mar-15 £000
Balance at 1 April	8,200	7,803
Revaluations	338	397
<b>Balance at reporting date</b>	<b>8,538</b>	<b>8,200</b>

	PBL £'000	NRP LLP £'000	BBT £'000	RBL £'000	Total £'000
Valuation/cost as at 31 march 2014	879	833	6101	(10)	7803
Share of JV net ( expenditure)/income at 1 March 2015	(11)	-	415	(7)	397
	<b>868</b>	<b>833</b>	<b>6,516</b>	<b>(17)</b>	<b>8,200</b>
Share of JV net ( expenditure)/income	<b>(64)</b>	<b>(89)</b>	<b>478</b>	<b>13</b>	<b>338</b>
<b>Net Book Value at 31 March 2016</b>	<b>804</b>	<b>744</b>	<b>6,994</b>	<b>(4)</b>	<b>8,538</b>

In addition to the above investments, BBSRC also has an interest in Leaf Systems Ltd, the Rainbow Seed Fund (RSF) and an interest in the UK Shared Business Services (UK SBS) as detailed below.

### Plant Bioscience Ltd (PBL)

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

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

BBSRC's investment of £833k in the NRP LLP is an equal share of a £2.5M capital investment made by the three landowners of the Norwich Research Park (NRP) in 2011-12, i.e. BBSRC, John Innes Foundation, and the University of East Anglia. The NRP LLP was formed between the NRP Partners – which consists of the three landowners, together with the Norfolk and Norwich University Hospital, the John Innes centre, the Sainsbury Laboratories, and the Genome Analysis Centre – to formally collaborate in delivering and leveraging on the economic benefits that will be derived from the government's £26M capital investment in the facilities and infrastructure on the Park through:

- transforming the NRP into a world-leading centre for research and innovation in life and environmental sciences, creating 5000 new jobs in the Norwich area within the next ten years; and
- contributing to the Government's growth agenda, particularly in the area of bio-economy which is essential in creating economic growth and formulating effective responses to pressing global challenges.

### Babraham Bioscience Technologies Ltd (BBT)

BBSRC currently holds 25% of shares in Babraham Bioscience Technologies Ltd, with a nominal value of £6.6M, with the Babraham Institute holding the remaining 75% of shares. This equity stake in BBT will ensure that £50M government investment to date in the Babraham Research Campus facilities and infrastructure, and in any future developments, will deliver benefits i.e economic growth and job creation, in line with expectations.

Additionally this will:

- increase in the impact of bioscience in the UK for the widest possible economic and societal benefit to the UK, enabling the UK economy and society to benefit from public investment in bioscience research; and
- create a vibrant and sustainable Campus that attracts the best people and companies, and delivers the best possible impact from bioscience for the UK, by bringing together leading bioscience research, life-science based businesses, and a variety of research-led and other facilities that will enable the commercialisation of research and the achievement of academic excellence.

### Roslin BioCentre Ltd (RBL)

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

## Leaf Systems Ltd

30 ordinary shares at 100p each, representing 30% of the issued share capital of Leaf Systems Ltd. Leaf Systems Ltd is incorporated in England and Wales. The company will only be operational after the construction of the government funded £5M transitional facility, at Norwich, for producing high value protein in plants.

## Rainbow Seed Fund (RSF)

Partner's capital fund investment of £92. The Rainbow Seed Fund is an independently managed evergreen venture capital fund established in 2001 by the Office of Science and Innovation (the predecessor to BIS) to invest in technologies developed from publicly funded research ([www.rainbowseedfund.com](http://www.rainbowseedfund.com)). In 2013-14 BBSRC provided a capital grant of £10M and a further £0.5M in 2015-16 to support investment in the commercialisation of technology and services from publicly funded research, and ultimately support the Government's agenda for economic growth.

## UK Shared Business Services Ltd (UK SBS)

BBSRC has one Non Government Department (NGD) share in UKSBS with an initial cost of £1 being the nominal value of the NGD share. BIS holds one Government Department (GD) share carrying 51% of the votes, UKSBS holds one share carrying 5% of the votes, and all other stakeholders, including BBSRC, each own one NGD share with the combined voting value of all the NGD shares being 44%.

## 7. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2015-16 £000	2014-15 Re-presented £000
<b>Amounts falling due within one year</b>		
Trade Receivables	9,310	6,840
Other Receivables	332	482
Prepayments and Accrued Income	4,139	17,501
	<b>13,781</b>	<b>24,823</b>
<b>Amounts falling due after one year</b>		
Other Receivables	350	572
	<b>350</b>	<b>572</b>
<b>Total Receivables</b>	<b>14,131</b>	<b>25,395</b>

## 8. ASSETS HELD FOR SALE

	2015-16 £000	2014-15 £000
<b>1 April 2015</b>	-	570
Additions and capital improvement	-	-
Revaluation		
Reclassification	<b>18,905</b>	2,094
Disposal	<b>(195)</b>	(2,664)
<b>At 31 March 2016</b>	<b>18,710</b>	-

During 2014-15 dwellings at Skedsbush were sold along with several other buildings at Skedsbush which were classified as assets held for sale during 2014-15 and the sale site valued at £2.0M. In addition, several dwellings at Compton and one dwelling at North Wyke were classified as assets held for sale and sold during 2014-15. At 31 March 2015 there were no assets held for sale.

During 2015-16 several assets have been identified as qualifying to be transferred to the Homes Communities Agency (HCA) under the model for the statutory transfer of sites to the HCA, within the financial framework that has been agreed with Treasury for central Government land for 2015-2016. The transfer is expected within the next 12 months and the valuation basis is detailed below.

### Valuation of assets held for sale

#### Houghton and Wrest Park. Valuation date 31 December 2015

Llambert Smith Hampton prepared the valuation on the basis of Market Value (MV) which is defined in the Valuation – Professional Standards January 2014, published by The Royal Institution of Chartered Surveyors, as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

#### The Pirbright Institute Compton Site. Valuation date 31 December 2015

DTZ Debenham Tie Leung Limited prepared the valuation in accordance with the appropriate sections of the RICS Professional Standards (“PS”), RICS Global Valuation Practice Statements (“VPS”), RICS Global Valuation Practice Guidance – Applications (“VPGAs”) and United Kingdom Valuation Standards (“UKVS”) contained within the RICS Valuation - Professional Standards 2014, (the “Red Book”). It follows that the valuation is compliant with International Valuation Standards.

The value of the property has been assessed in accordance with the relevant parts of the current RICS Valuation - Professional Standards 2014. In particular, we have assessed Market Value in accordance with VPS 4.1.2. Under these provisions, the term “Market Value” means “The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”. The opinion of Market Value is provided subject to the Special Assumption that the lease of the former residential hostel to Sovereign is outside the provisions of The Landlord and Tenant Act 1954 and vacant possession can be obtained in 2021.

## 9. CASH AND CASH EQUIVALENTS

	31 March 2016 £000	31 March 2015 £000
Cash as at 1 April 2015	<b>1,762</b>	8,167
(Decrease)/Increase in cash in the year	<b>8,969</b>	(6,405)
<b>Cash as at 31 March 2016</b>	<b>10,731</b>	1,762
The following balances at 31 March were held at:		
The Government Banking Service (GBS)	<b>9,326</b>	(696)
Commercial banks and cash in hand	<b>1,405</b>	2,458
<b>Total</b>	<b>10,731</b>	1,762

## 10. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	31 March 2016 £000	31 March 2015 £000
<b>Amounts falling due within one year</b>		
VAT	58	255
Other taxation and social security	(1)	354
Trade Payables	7,553	10,530
Other Payables	8,033	40
Accruals and Deferred Income	18,452	32,947
<b>Total Payables</b>	<b>34,095</b>	<b>44,126</b>

## 11. PROVISIONS FOR LIABILITIES AND CHARGES

### PROVISIONS

	Annual Compensation Payments £000	Staff Restructuring £000	Other Provisions £000	Total 31 March 2016 £000	Total 31 March 2015 £000
At 1 April 2015	2,070	1,137	1,500	4,707	5,048
Amount provided in year	154	2,867	-	3,021	1,500
Amount released in year	(136)	(300)	-	(436)	(473)
Amount expended in year	(607)	(1,074)	-	(1,681)	(1,368)
<b>Total Provisions At Reporting Date</b>	<b>1,481</b>	<b>2,630</b>	<b>1,500</b>	<b>5,611</b>	<b>4,707</b>

### Analysis of expected timing of cash flows

	31 March 2016				31 March 2015			
	Annual Compensation Payments £000	Early departure costs £000	Other Provisions £000	Total £000	Annual Compensation Payments £000	Early departure costs £000	Other Provisions £000	Total £000
	Not later than one year	381	2,630	1,500	4,511	261	1,137	-
Later than one year and not later than five years	1,100	-	-	1,100	1,809	-	1,500	3,309
Later than five years	-	-	-	-	-	-	-	-
Total non current liabilities	1,100	-	-	1,100	1,809	-	1,500	3,309
<b>Total</b>	<b>1,481</b>	<b>2,630</b>	<b>1,500</b>	<b>5,611</b>	<b>2,070</b>	<b>1,137</b>	<b>1,500</b>	<b>4,707</b>

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

Staff Restructuring comprises provisions for HR Legal cases and staff restructuring costs across BBSRC sites

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

Other provisions are for clean up costs at BBSRC sites.

## 12. CAPITAL AND OTHER COMMITMENTS

### Total minimum payments in respect of capital and lease commitments

	NOTES	2015-16 £000	2014-15 £000
Contracted capital commitments	12.1	165,365	184,030
Minimum future payments under:			
- Operating leases	12.2	58	104
<b>Total</b>		<b>165,423</b>	<b>184,134</b>

### 12.1 CONTRACTED CAPITAL COMMITMENTS

The majority of capital expenditure funded by BBSRC is on contracts let by BBSRC funded institutes. Capital commitments as at 31 March 2016, for which no provision has been made, are as follows:

	2015-16 £000	2014-15 £000
Authorised for contracts to be let, subject to full business case	164,465	181,282
Funding approved in principle:		
- BBSRC contribution to capital equipment for strategically funded institutes	900	2,748
<b>Total</b>	<b>165,365</b>	<b>184,030</b>

Capital commitments for 2015-16 are £18.7M lower than in 2014-15 for two reasons: (i) several of BBSRC's major capital investment programmes are ending in 2014-15; and (ii) BBSRC at 31 March 2016, has not yet received capital allocations beyond 2015-16, as these will be determined as part of the next comprehensive spending review.

### 12.2 COMMITMENTS UNDER LEASES

BBSRC has one annual operating lease commitment under non cancellable agreements as shown below.

	2015-16 £000	2014-15 £000
Obligations under operating leases comprise		
Buildings:		
Not later than one year	46	46
Later than one year and not later than five years	12	58
<b>Total</b>	<b>58</b>	<b>104</b>

This is a lease held by UK Research Offices ( UKRO) in Brussels as office accommodation. The lease is a 9 year lease, commencing 1 June 2011 with a break clause every 3 years. The rental amount is €55k per annum.

On 12th August 2015, BBSRC granted a 99 year lease to Imperial College of Science, Technology and Medicine for undeveloped land on the Babraham Research Campus. As a result of the granting of this lease, Imperial College has begun construction of a 50k sq ft facility to support spin out and scale up companies and maximise the impact of research from universities. In accordance with the provisions of IAS17, the ground lease is classified as an operating lease and forms part of BBSRC's land valuation.



## 12.3 FUTURE GRANT COMMITMENTS

	31 March 2016	31 March 2015	31 March 2014
	£M	£M	£M
2014-15	-	-	250.3
2015-16	-	260.1	181.5
2016-17	269.3	202.9	104.3
2017-18	200.3	128.8	55.4
After 2017-18	230.9	143.9	-
	<b>700.5</b>	<b>735.7</b>	<b>591.5</b>

## 13. CONTINGENT LIABILITIES

### 13.1 CONTINGENT LIABILITIES DISCLOSED UNDER IAS 37

BBSRC has the following contingent liabilities under IAS 37:

Basis of recognition	Description
<b>Unquantifiable</b>	The former BBSRC sponsored Roslin institute transferred to the University of Edinburgh on 13 May 2008. BBSRC agreed to provide indemnity for any potential costs that arise as a result of past actions of the institute and indemnity for any fall in grant income of the Neuropathogenesis Unit as a result of the transfer. The proportion of settlement BBSRC will fund declines on an annual basis and is limited to claims up to May 2023.
<b>Quantifiable</b>	<p>As part of the transfer of the former BBSRC sponsored IGER institute to the University of Aberystwyth, certain key staff from IGER moved to Nottingham University. BBSRC agreed to underwrite a sum of £340K over a 5 year period starting in 2011-12, in case the newly formed Research Group fails to win additional grant funding in this time. BBSRC has encouraged this strategic link between Nottingham University and IBERS at the University of Aberystwyth to maximise the potential synergies, particularly between work on wheat, grasses and roots.</p> <p>As part of a Sale Agreement relating to a previous BBSRC site, BBSRC agreed to indemnify the purchaser against contamination resulting from dangerous substances. The indemnity was over a 10-year period commencing in 2013-14 and was capped at £3M.</p> <p>As at 31 March 2016 BBSRC employed 902 staff at BBSRC strategically funded institutes. Whilst their direct salary costs are paid by the institutes, BBSRC is liable for any exit costs for these staff. The date and number of staff to take exit packages in any one year is unknown however, if all staff were to take exit packages, the maximum liability is estimated at £31M with the amount declining on an annual basis up to March 2025.</p>

## 14. RELATED PARTY TRANSACTIONS

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

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

BBSRC also had a number of related transactions with the UK Shared Business Services Ltd (UK SBS), as set out in the notes to these accounts.

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

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

	Awards	£
Professor Sir David Baulcombe	2	4,202,995
Professor Richard Cogdell	1	88,995
Professor Carole Goble	2	264,742
Professor Sarah Gurr	1	27,033
Professor David Richardson	1	119,256
Professor Helen Sang	2	338,877

The following Council members held positions on the governing bodies or boards of sponsored research institutes and other related parties as follows:

Professor Sir David Baulcombe	Rothamsted Research
Professor Margaret Dallman	The Pirbright Institute
Professor Gordon Duff	St Hilda's College, Oxford University; Imperial College, London; Trinity College, Dublin
Mr David Gregory	Roslin Institute
Professor Carole Goble	Elixir
Professor Sarah Gurr	North Wyke
Dr Deborah Keith	JIC
Professor David Richardson	Norwich Research LLP
Belinda Clarke	JIC, TGAC and Rothamsted Research

The following Council members related parties held positions at organisations which receive funding from BBSRC

Council member	Relationship	Organisation
Professor Sir Tom Blundell	Wife	Cambridge University
Professor Richard Cogdell	Wife	Glasgow University
Professor Margaret Dallman	Husband	Imperial College, London
Professor J Petts	Husband	University of Westminster
Professor F Goble	Husband	University of Manchester
Professor H Sang	Husband	University of Edinburgh

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

The following BBSRC staff held positions on the Governing Bodies or Boards of related institutes and centres

Mr Steve Visscher	Norwich Research Partners LLP
Mr Zahir Sachak	Colney Innovations Ltd
Mr Zahir Sachak	RocRE
Mr David Parfrey	BBT Limited, Leaf Systems Ltd, CFH Facilities Ltd
Dr Celia Caulcott	Plant Bioscience Ltd (to September 2015)
Ms Janet Juillerat	The Pirbright Institute
Dr Karen Lewis	Rainbow Seed Fund, PBL Ltd (from October 2015)
Mrs Victoria McMyn	Rainbow Seed Fund

In addition, Professor Jackie Hunter (Chief Executive until 29 February 2016), is a member of the University of Hertfordshire's Governing Board and during the year the university received funding of £330k from BBSRC and Professor Tim Benton, BBSRC Global Food Champion, is also an employee of the University of Leeds but he received no grant funding for his research in 2015-16 but the university received funding of £6.22M.

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

	Grants		Receivables (Including loans)		Payables		Major Provision in Year	
	15-16 £M	14-15 £M	15-16 £M	14-15 £M	15-16 £M	14-15 £M	15-16 £M	14-15 £M
<b>Transactions with BBSRC-Sponsored Institutes:</b>								
Babraham Institute*	14.70	20.40	1.76	0.12	0.63	0.54	-	-
The Pirbright Institute *	31.70	43.00	2.33	0.60	1.14	6.93	1.50	1.50
Institute of Food Research*	26.20	20.70	0.17	0.36	0.37	0.15	-	-
John Innes Centre	30.10	38.20	0.14	0.32	2.27	2.80	-	-
Rothamsted Research	19.40	35.50	0.14	0.27	0.50	2.95	-	-
The Genome Analysis Centre	10.80	12.10	-	0.11	-	1.07	-	-
	<b>132.90</b>	<b>169.90</b>	<b>4.54</b>	<b>1.78</b>	<b>4.91</b>	<b>14.44</b>	<b>1.50</b>	<b>1.50</b>
<b>Transactions with former BBSRC-Sponsored Institutes:</b>								
Institute of Biological, Environmental and Rural Sciences	4.60	7.20	-	-	0.77	0.60	-	-
Roslin Institute	28.80	14.00	-	-	-	0.00	-	-
	<b>33.40</b>	<b>21.20</b>	<b>-</b>	<b>-</b>	<b>0.77</b>	<b>0.60</b>	<b>-</b>	<b>-</b>
<b>Transactions with other related parties:</b>								
Babraham Bioscience Technologies Ltd	6.50	6.90	-	-	-	0.58	-	-
Norwich Research Partners Limited Liability Partnership	-	4.23	-	-	-	0.34	-	-
Rainbow Seed Fund	-	1.00	-	-	-	-	-	-
	<b>6.50</b>	<b>12.13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.92</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>172.80</b>	<b>203.23</b>	<b>4.54</b>	<b>1.78</b>	<b>5.68</b>	<b>15.96</b>	<b>1.50</b>	<b>1.50</b>

\*Institutes occupying BBSRC-owned estate at peppercorn rents.

	Receivables		Payables	
	15-16 £M (see Note 17)	14-15 £M	15-16 £M (see Note 18)	14-15 £M
<b>Non-Institute:</b>				
<b>Within the WGA Boundary:</b>				
Other Research Councils	4.15	5.10	2.04	0.70
Other Government Organisations	1.53	3.48	0.63	1.65
Research Councils' Pensions Schemes	1.24	1.60	8.06	0.00
<b>Non-WGA:</b>				
Other Debtors (including Universities)	2.67	13.44	17.68	25.81
	<b>9.59</b>	<b>23.62</b>	<b>28.41</b>	<b>28.16</b>
BBSRC-sponsored institutes & other related parties	4.54	1.78	5.68	15.96
	<b>14.13</b>	<b>25.40</b>	<b>34.09</b>	<b>44.12</b>

## 15. EVENTS AFTER REPORTING PERIOD

There have been no material events between the Statement of Financial Position date and the date the accounts were authorised for issue requiring an adjustment to the financial statements. The date the accounts were authorised for issue is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. It will be for the Government, under the new Prime Minister to begin negotiations to exit the EU. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.

## Acronyms

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AHRC	Arts and Humanities Research Council	IBTI	Integrated Biorefining Research and Technology Club
ARC	Advanced Training Partnership	IFR	Institute of Food Research
BBR	Bioinformatics and Biological Resources	INRA	Institut National de la Recherche Agronomique
BBSRC	Biotechnology and Biological Sciences Research Council	JIC	John Innes Centre
BI	Babraham Institute	MRC	Medical Research Council
BIS	Department for Business, Innovation and Skills	NC3R	The National Centre for the Replacement, Refinement and Reduction of Animals in Research
BRIC	Bioprocessing Research Industry Club	NDPB	Non-Departmental Public Body
BSBEC	BBSRC Sustainable Bioenergy Centre	NERC	Natural Environment Research Council
CIDLID	Combating Infectious Diseases in Livestock for International Development	NFU	National Farmers Union
CIRC	Crop Improvement Research Club	NRP LLP	Norwich Research Partners Limited Liability Partnership
CPD	Continuing Professional Development	PBL	Plant Bioscience Ltd
DBT India	Department of Biotechnology of the Indian Ministry of Science and Technology	PI	Pirbright Institute
Defra	Department for Environment, Food and Rural Affairs	RBL	Roslin BioCentre Ltd
DfID	Department for International Development	RCUK	Research Councils UK
DRINC	Diet and Health Research Industry Club	RELU	Rural Economy and Land Use Programme
DSTL	Defence Science and Technology Laboratory	RI	Roslin Institute
ESRC	Economic and Social Research Council	RRES	Rothamsted Research
EPSRC Council	Engineering and Physical Sciences Research Council	SCRI	Scottish Crop Research Initiative
FoF	Follow on Fund	sLoLas	Strategic Longer Larger grants
HEFCE	Higher Education Funding Council for England	STFC	Science and Technology Facilities Council
HEI	Higher Education Institution	TGAC	The Genome Analysis Centre
HSE	Health and Safety Executive	TSB	Technology Strategy Board
IBERS	Institute of Biological, Environmental and Rural Sciences	UK SBS	UK Shared Business Services Ltd
		WT	Wellcome Trust

