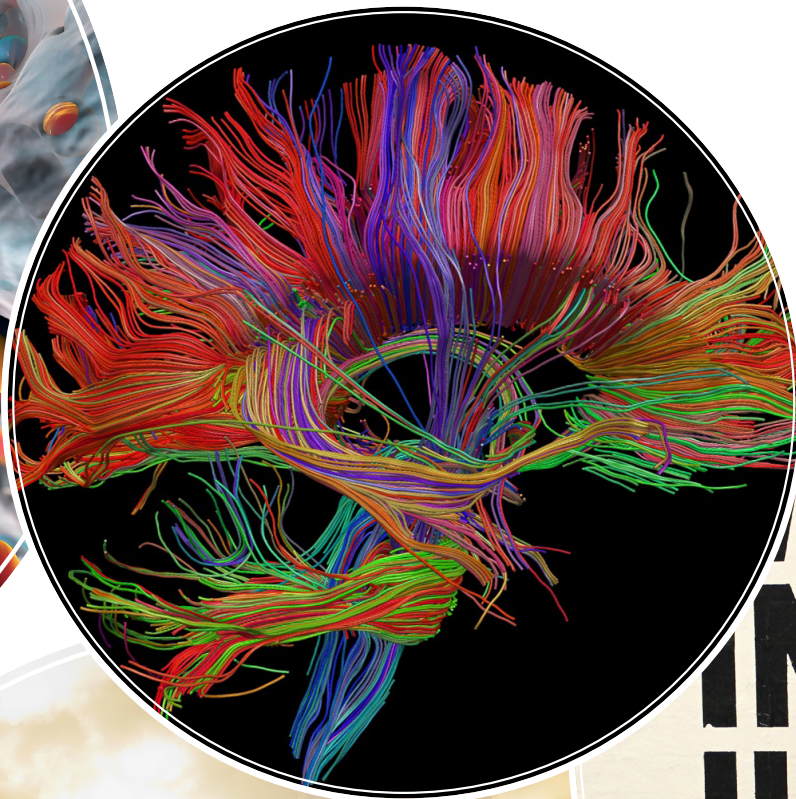
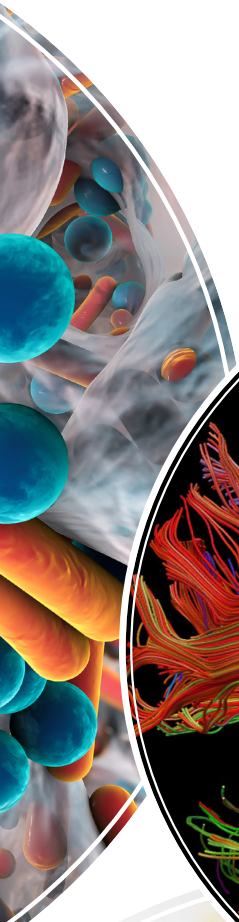


Biotechnology and Biological Sciences Research Council

# Annual Report and Accounts

2017-18







Biotechnology and Biological Sciences Research Council  
**Annual Report and Accounts**  
**2017-18**

Presented to Parliament pursuant to Schedule 1, paragraphs 2 (2) and 3 (3) of the Science and Technology Act 1965 Ordered by the House of Commons to be printed 12 July 2018

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ISBN 978-1-5286-0427-7

CCS 0518679488 07/18

Printed on paper containing 75% recycled fibre content minimum.

Printed in the UK on behalf of the Controller of Her Majesty's Stationery Office.

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## Chair's statement

**Professor Sir Gordon Duff** – *BBSRC Chair*



**T**oday we find UK bioscience in rude health. Since the creation of BBSRC in 1994, the context in which we work has evolved and shifted, and it has been BBSRC's role to safeguard bioscience through these changes, to invest in the best ideas, people and infrastructure. April 2018 saw the creation of a new body – UK Research and Innovation – as part of which BBSRC will continue to invest in and champion bioscience.

And it seems to me that never before has bioscience had more to offer. Casting an eye across our landscape, I see changes in how science is done, in our society, environment, demographics, and in our place in the world. It is the challenge to the whole research and innovation community step up to these changes and engage with them.

For bioscience this means working with other disciplines, and across society and industry, to harness our world-leading expertise to the causes of safe, accessible and nutritious food, effective and sustainable use of biological resources and better animal and human health. Each of these challenges has both domestic and international dimensions and, in our globalised world, we must remain international in how we do our science at home and in who we work with around the world.

As Professor Welham eloquently outlines in her statement, to fulfil the promise of bioscience requires us to unashamedly focus on excellence and on pushing back the frontiers of knowledge. Such an approach drives technology developments, gives space for serendipity to throw up unexpected benefits and creates a culture which attracts and nurtures the best minds.

I am optimistic about the future of bioscience, and of BBSRC in UK Research and Innovation. As oil dwindles, populations grow and age, and environmental concerns come ever more into focus, bioscience can be confident of its role in finding answers to the questions at the heart of our modern world.

In my final year as Chair of BBSRC Council, I offer my heartfelt thanks to BBSRC, its executive and – above all – our extraordinary research community for the privilege of working with you, and I wish UK Research and innovation the best of luck in its endeavours.

# Overview

This section gives a summary of our organisation, its purpose, the key risks to the achievement of its objectives, and how we have performed during the past year.

## Our vision and purpose

BBSRC is a non-departmental public body, established by Royal Charter in 1994. BBSRC's purpose is to be the principal funder of basic and strategic research across the biosciences, in universities and research centres throughout the UK.

In April 2018, BBSRC became part of UK Research and Innovation (UKRI), a new organisation that brings together the UK's seven research councils, Innovate UK and Research England to maximise the contribution of each council and create the best environment for research and innovation to flourish.

BBSRC's internal governance is led by the BBSRC Council, a top level, decision-making body. A number of Boards report to and advise Council, enabling the delivery of strategic objectives. Strategic Advisory Panels and Research Committees provide advice and oversight of strategy development and peer review processes.

More information on the structure and governance of BBSRC, including its evolution following the launch of UKRI, is available here: <https://bbsrc.ukri.org/about/governance-structure/>

Our vision is to lead world-class bioscience for the 21st century, promoting innovation in the bioeconomy and realising benefits for society within and beyond the UK. We are an investor in research and training, with the aim of furthering scientific knowledge, to promote economic growth, wealth and job creation and to improve quality of life in the UK and beyond.

Our vision is structured around world-class bioscience, key strategic research priorities and enabling themes – methods we will use to achieve our aims.

## World-class bioscience

We have a strong commitment to funding curiosity-led, discovery research, and will continue to advance excellent bioscience across our remit from molecules to systems.

## Strategic research priorities

As well as funding world-class discovery research, we have three priority areas of particular focus.

- Agriculture and food security
- Industrial biotechnology and bioenergy
- Bioscience for health

## Enabling themes

Our enabling themes will help us deliver our strategic priorities by giving us clear actions to implement.

- Enabling innovation
- Exploiting new ways of working
- Partnerships

For more detail on our strategies in each area see our full Strategic Plan here: <https://bbsrc.ukri.org/news/planning/strategy/>. Further details of the BBSRC's mission, vision and strategy are set out here: <https://bbsrc.ukri.org/about/vision-mission-strategy/>

## Chief Executive's perspective on performance

**Professor Melanie Welham** – BBSRC Chief Executive

**B**ioscience has, over the last year, continued to make remarkable discoveries about how life works. From the epigenetics of the immune system to more digestible forage grasses to the secrets of photosynthesis – bioscience research across the UK is pushing back the frontiers of our knowledge.

BBSRC has played a key role in supporting our world leading community of researchers. We've maintained a real focus on supporting excellent science. In my view, supporting excellent discovery research is at the core of what we do. Of course, such research relies on having the technologies to be able to answer new questions. It is so often the case that fundamental discoveries and technology development go hand in hand: Investments from our Tools and Resources Development Fund are aimed at keeping this virtuous cycle running smoothly.

This year saw the culmination of our institute strategic funding, I am delighted that we're supporting seventeen long-term strategic programmes of research in institutes across the country. These investments not only foster excellent science but also support industries from food and farming through to health and renewables.

Alongside our commitment to creative excellent frontier bioscience, we remain focused on ensuring that the research we fund can have benefits for society – be that through economic opportunities, social good or improvements in health and wellbeing. We've continued to deliver impactful programmes of work in agriculture and food security – for instance working with other funders on aquaculture – in industrial biotechnology and bioenergy – a real success story being our networks with over 800 companies working with 2,500 academics – and bioscience for health – where we working towards the opening of the new Quadram institute in 2018.

This year's Innovator of the Year competition demonstrated just how impactful bioscience can be. The 2017 winner, Shelby Temple, transformed his insights from discovery science in sea animal sight into a tool that identifies people at risk of a leading cause of incurable blindness worldwide, affecting more than 600,000 people in the UK alone.



Partnership is key to the success not only of research but also the translation of research. I was very pleased that BBSRC was involved with Innovate UK in investing in a five year programme of £12.5M to establish a Biofilms Innovation Knowledge Centre. Biofilm research has real potential for industrial impact in diverse arenas from medicine to food and much else besides. We've continued to build international collaborations across the globe, be that the USA National Science Foundation who we've partnered with on breakthrough ideas for the development for new crop varieties, or India where, as a coalition of UK funders we're working with the Indian Department of Biotechnology to invest in projects that use cutting-edge solutions to reduce industrial waste and pollution.

Of course, none of this amazing work would be possible without excellent students, researchers and support staff. BBSRC has invested £125M of funding over five years to support the training and development of 1250 PhD students through 12 Doctoral Training Partnerships and our programme of fellowships. And our first cohort of students has begun the 2017-18 academic year at the ten new industry-led Collaborative Training Partnerships.

I'm proud to have led the organisation as it transitions to become part of UK Research and Innovation. As our Chair makes clear in his statement, this is an excellent opportunity for bioscience to reach its potential. I would like to whole-heartedly thank Sir Gordon and our Council members for their stewardship of BBSRC over the past year and I look forward to a bright future for UK bioscience and BBSRC.



# Our performance

Delivery Plan objective	Deliverables/Milestones	Progress	Further examples on page:
<p>● <b>Driving bioscience discovery</b></p>	<ul style="list-style-type: none"> <li>• Prioritise support for investigator-led, discovery research to generate new knowledge</li> <li>• Confirm support for strategic research programmes and capabilities at institutes</li> <li>• Support the acquisition and development of innovative technologies, equipment and resources for bioscience research</li> </ul>	<ul style="list-style-type: none"> <li>• £134M responsive-mode grants awarded</li> <li>• Seventeen long-term research programmes commenced at BBSRC institutes in April 2017</li> <li>• £10M invested in the acquisition of advanced mid-range equipment</li> <li>• New interdisciplinary programme launched with EPSRC and MRC, to develop innovative technological capabilities for discovery research in the health and life sciences</li> </ul>	11
<p>● <b>Building a more resilient and secure future</b></p>	<b>Agriculture and food security</b>		
	<ul style="list-style-type: none"> <li>• Increase focus on research to enable the sustainable and resilient intensification of farming systems</li> <li>• Encourage research to understand the basis of resistance to pests and diseases in crops and livestock</li> </ul>	<ul style="list-style-type: none"> <li>• £5M investment with Global Food Security (GFS) programme partners' in interdisciplinary research, into the resilience of the UK food system in a global context</li> <li>• New programme for collaborative research addressing the needs of the aquaculture industry launched with NERC</li> <li>• £2.8M awarded under funding highlight call 'Understanding the Challenges of Resistance in Agriculture'</li> </ul>	12
	<b>Industrial biotechnology and bioenergy</b>		
	<ul style="list-style-type: none"> <li>• Continue to build a collaborative academic-business IB in the UK</li> </ul>	<ul style="list-style-type: none"> <li>• Increased academic and industry engagement in the BBSRC Networks in Industrial Biotechnology and Bioenergy (BBSRC-NIBB)</li> <li>• More than £17M total public and private sector investment through the networks to date</li> <li>• Phase II of BBSRC-NIBB launched, with £10M available to support networks</li> </ul>	12
<b>Bioscience for health</b>			
<ul style="list-style-type: none"> <li>• Progress major programme to establish the Quadram Institute as a new national centre for food and health research</li> <li>• Work with partners to understand factors influencing the maintenance of health across the lifecourse</li> </ul>	<ul style="list-style-type: none"> <li>• Construction of a new Quadram Institute building remains on schedule for completion in 2018</li> <li>• Cross-disciplinary Mental Health Research Agenda and call for research networks launched in partnership with other Research Councils</li> </ul>	13	

Delivery Plan objective	Deliverables/Milestones	Progress	Further examples on page:
<p>● <b>Transforming and creating bio-based businesses</b></p>	<ul style="list-style-type: none"> <li>Invest in opportunities for bioscience to enhance productivity, transform business and create new market opportunities in the bioeconomy</li> <li>Accelerate impact and support commercialisation of bioscience research</li> <li>Continue to develop Research and Innovation Campuses</li> </ul>	<ul style="list-style-type: none"> <li>£16.6M Industrial Strategy Challenge Fund invested to support the development of new agricultural technologies and industrial bioprocesses</li> <li>14 new Impact Acceleration Accounts totalling £4.5M awarded to higher education institutions</li> <li>£4M invested in Follow-on Funding</li> <li>Completion and launch of new Innovation Centre at the Easter Bush Campus</li> </ul>	13
<p>● <b>Growing and attracting talent</b></p>	<ul style="list-style-type: none"> <li>Support the development of people across different organisations, disciplines, sectors and careers stages</li> <li>Build capacity to meet emerging scientific, strategic and industrial challenges</li> </ul>	<ul style="list-style-type: none"> <li>Support for 30 new fellowships across a range of career stages</li> <li>105 additional studentships awarded, aligned by research area to the government's Industrial Strategy</li> <li>16 new Flexible Talent Mobility Accounts created to support the exchange of people perspectives and knowledge, between academia and industry</li> </ul>	16
<p>● <b>Strengthening the UK's position as a global leader</b></p>	<ul style="list-style-type: none"> <li>Establish programmes in which UK bioscience can help address international development challenges</li> <li>Strengthen links between researchers in the UK and other countries</li> <li>Engage with European programmes</li> </ul>	<ul style="list-style-type: none"> <li>New Newton Fund programmes launched with partners in China, Brazil, India, Philippines, Thailand, Colombia and Kenya</li> <li>£2.5M funding call for technologies to advance crop breeding established with US National Science Foundation</li> <li>Continued participation in pan-European research infrastructure projects and joint programming initiatives</li> <li>£10M Global Challenges Research Fund call for research on sustainable intensification of agricultural systems in sub-Saharan Africa (SSA)</li> </ul>	17

## Measuring performance

BBSRC's key deliverables and milestones, as agreed with its sponsor department the Department for Business, Energy & Industrial Strategy (BEIS), are set out in its Delivery Plan 2016/17 - 2019/20, available at: [www.bbsrc.ukri.org/news/planning/bbsrc-delivery-plan/](http://www.bbsrc.ukri.org/news/planning/bbsrc-delivery-plan/)

In line with the Research Councils' common performance management framework agreed with BEIS, BBSRC's progress against its delivery plan objectives and other

business critical activities is formally reviewed through bilateral meetings with BEIS 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.ukri.org/news/planning/impact-reports/](http://www.bbsrc.ukri.org/news/planning/impact-reports/)

# Performance analysis and explanation

## Driving bioscience discovery

*Advancing the frontiers of knowledge and upholding the UK's global leadership in bioscience.*

**BBSRC continues to promote excellent bioscience across the breadth of our remit, ensuring that the UK maintains world-leading strength in core disciplines, and advances the frontiers of human knowledge. BBSRC supports not only investigator-led research, the lifeblood of UK bioscience, but also training opportunities and strategically funded world-class institutes, key to delivering the BBSRC's vision and strategic priorities.**

Progress in 2017-18 has included:

● **Cutting edge technologies for discovery research**

A new programme aimed at fostering interdisciplinary research into innovative, and potentially disruptive, technological capabilities that will drive world-leading discovery research in the health and life sciences has been established by BBSRC, EPSRC and MRC. The Technology Touching Life (TTL) programme has invested £3M to establish five community research networks, to support collaborative activities across disciplines and organisations. Through the 2017 call of the Tools and Resources Development Fund, BBSRC has also awarded £1.98M for instrumentation, tools, and software relevant to TTL, with significant co-funding from EPSRC and MRC (£0.97M and £0.48M, respectively).

● **Investment in advanced research equipment and resources**

The availability of advanced research equipment, and the development of capability in its creative use, is key to maintaining the competitiveness of the UK bioscience research base. In 2017 BBSRC awarded £9.6M through its 17ALERT initiative, to enable researchers to acquire and embed state-of-the-art equipment into the science base.

In addition, £9.7M was awarded through the Bioinformatics and Biological Resources Fund (BBR), which provides support for resources such as databases, genetic resources and culture collections which require long-term maintenance and curation. This investment included £1.7M for five projects relevant to the Global Challenges Research Fund.

● **Machine learning to gain new knowledge from biological data**

Machine learning is a powerful technique that can help researchers to interpret increasingly large and complex datasets to further understanding of complex biological systems. In 2017, BBSRC launched a new funding highlight, 'Machine Learning to Generate New Biological Understanding', to encourage proposals that seek to utilise machine-learning techniques to derive new biological knowledge. Four new projects

were awarded with a total investment of £2.9M. A second funding highlight in this area will run in 2018.

● **Major strategic programmes underway at institutes**

Following a robust and competitive assessment exercise conducted during 2016, seventeen long-term strategic programmes of research, underpinning key sectors of the UK economy such as food, farming, renewables and pharmaceuticals, commenced in April 2017. An equivalent assessment exercise ran in 2017 to determine future BBSRC strategic funding to the Quadram Institute Bioscience (see also page 13), through which £42.5M has been awarded to support the institute's strategic programmes and core capabilities from April 2018.

● **£134M investment to drive bioscience discovery**

BBSRC has committed £134.1M to the highest-quality, investigator-led research across the breadth of its scientific remit. This investment, made through BBSRC's responsive-mode programme, supports a range of frontier bioscience research which generates new knowledge and provides a foundation for future innovation, balanced with highlighted research priorities addressing identified societal and economic challenges.

● **New priority area to advance knowledge of the microbiome**

Many fundamental questions about the dynamics, function and influence of microbiomes remain unresolved, and answering these questions is a challenge that will require integrative approaches, research that combines the skills, methodologies and expertise from a range of disciplines from within the biosciences and beyond. To help build UK research capacity and capability in this area, 'Integrative Microbiome Research' was introduced as a new priority for BBSRC's responsive-mode programme in 2017, to encourage and promote research in this rapidly developing field. In the first round of its operation, five projects totalling £3M were supported under this priority.

**Key funding data for research grants and strategic funding to institutes can be found on page 20.**

## Building a more resilient and secure future

*Promoting bioscience research that addresses strategic societal challenges, scientific opportunities and economic growth in the UK and beyond.*

Bioscience acts a key driver for innovation and growth in the bioeconomy and the BBSRC strategic plan recognises that, in the coming decades, bioscience will be at the heart of solutions to major challenges facing society. Agriculture and Food Security, Industrial Biotechnology and Bioenergy and Bioscience for Health are the three strategic priority areas set out in the BBSRC strategic plan, which BBSRC supports through responsive mode, highlights, collaborative research and institute strategic programmes.

Progress in 2017-18 has included:

### Agriculture and Food Security

#### ● **£5M investment to enhance the resilience of the UK food system**

The multi-funder Global Food Security programme, in which BBSRC is a key partner, has awarded £4.9M funding for five interdisciplinary research projects through the second call under its programme 'Resilience of the UK food system in a global context'. The projects bring together researchers and food producers, manufacturers and retailers and will seek to address a range of research questions such as the role of phosphorus in food production systems; how different landscapes affect crop pollinating insects; the complex links between dairy production, animal health, and the natural ecosystems upon which they depend, alongside new socio-technical innovations; and the resilience of beef and sheep production in the uplands.

#### ● **Tackling problems of resistance in agriculture**

Funding for five projects totalling £2.8M has been awarded under BBSRC's funding highlight call 'Understanding the Challenges of Resistance in Agriculture'. The projects aim to understand the evolution and spread of resistance to agents used to control parasites, pests, pathogens and weeds.

#### ● **£1.5M investment in training and skills for the AgriFood industry**

Six university partners will deliver flexible training opportunities for professionals in the agri-food industry through the Agri-Food Training Partnership (AFTP), £1.5M funding for which was confirmed in 2017. The AFTP builds on three previous Advanced Training Partnerships which have delivered short-course training and postgraduate qualifications to over 1,500 individuals from more than 700 businesses across the agri-food supply chain since 2012.

#### ● **Collaborative research to address challenges in the aquaculture industry**

During 2017 the UK Aquaculture Network, ARCH-UK, carried out a community consultation to identify priorities in aquaculture research. The findings were used to inform a new call for collaborative research and innovation proposals addressing the needs of the aquaculture industry under the BBSRC/NERC UK Aquaculture Initiative. A total of c£4.4M is available to support a mix of large consortia and smaller innovation grants, to be awarded in 2018.

### Industrial Biotechnology and Bioenergy (IBBE)

#### ● **Growing the UK Industrial Biotechnology (IB) community**

The BBSRC Networks in Industrial Biotechnology and Bioenergy have continued to expand throughout 2017, seeing continued growth in academic members and engagement, with at least 800 companies as of January 2018.

As of January 2018, approximately £11M has been committed to 232 Proof of Concept grants, leveraging an additional £2.6M from private sector companies. BBSRC has also issued 256 Business Interaction Vouchers, with a total value of £1.9M, which have been match-funded with an additional £2.2M from the private sector.

#### ● **Second phase of IB networks launched**

In December 2017 BBSRC, in association with EPSRC, launched a second phase of the BBSRC NIBB, to build capacity and capability in the UK, supporting research and translation in biologically based manufacturing. The Networks will continue to foster collaboration between academic researchers and business at all levels, in order to find new approaches to tackle research challenges and help deliver key benefits in industrial biotechnology and bioenergy. Up to £10M is available to support Phase II.

## Bioscience for Health

### ● **Quadram Institute nears completion**

With over 500,000 hours worked on site, the construction of the Quadram Institute – a state-of-the-art national centre for food and health research and innovation, currently under development on the Norwich Research Park – has entered its final phase. The new institute will open in mid-2018 and will be one of the largest centres of its kind in Europe, driving innovation in the food and health sectors through the integration of clinical and biological sciences.

### ● **Joining forces to boost mental health research**

The Research Councils have launched a call to establish multidisciplinary networks that address important mental health research questions and strengthen the UK mental health research base. The call will help to deliver the cross-disciplinary Mental Health Research Agenda published jointly by the Research Councils in 2017. Total funding available through the call is £9-10M, with projects able to bid for up to £1.25M to support research that increases understanding of the biological basis and mechanisms of mental wellness across the lifecycle.

### ● **New approaches to ageing research**

BBSRC, in collaboration with the National Centre for the Replacement, Refinement and Reduction of Animals in Research (NC3Rs), launched a joint funding highlight to encourage the development of new and innovative models and approaches for ageing research that will reduce the current reliance on mammalian models, as well as addressing gaps in terms of scientific utility and relevance to human ageing.

### ● **BBSRC commitment to Healthy Diet, Healthy life Joint Programming Initiative (JPI HDHL)**

BBSRC and the MRC announced their support for UK participation in the JPI HDHL Joint Action on Nutrition and the Epigenome. The aim of the call is to support transnational, collaborative research projects that improve our understanding of diet-epigenome relationships and their effect on human health. BBSRC and MRC will fund the UK partners of successful consortia, with up to €1M available to UK researchers.

## Transforming and creating bio-based businesses

*Using bioscience research to enhance productivity, transform businesses and create new market opportunities.*

**Working with partners, BBSRC facilitates knowledge exchange and partnership approaches that bring together companies and other research users with the academic research base, for societal and economic benefit.**

Progress in 2017-18 has included:

### ● **BBSRC Innovator of the Year competition enters its 10th year**

Dr Shelby Temple, University of Bristol, was named BBSRC Commercial Innovator of the Year 2017 and overall winner of BBSRC Innovator of the Year 2017, for his research into age-related macular degeneration (AMD), the leading cause of incurable blindness in developed countries. By studying the visual systems of marine animals, Dr Temple and his team developed a unique tool to examine how eyes perceive light, which has allowed for more accurate assessment of a known AMD risk factor.

In its 10th year, BBSRC Innovator of the Year 2018 will continue to reward innovation in the categories of Commercial Impact, Social Impact, International Impact and Early Career Impact, with an additional award for the overall winner.

### ● **New national centre to drive biofilms research and innovation**

As part of the second phase of the UK Biofilms Programme, BBSRC and Innovate UK have awarded a five-year investment of £12.5M to establish a Biofilms Innovation Knowledge Centre (IKC), with an additional in-kind contribution of up to £1M worth of access to the High Performance Computing facilities within the Hartree Centre at the STFC Daresbury Laboratory. Led by University of Southampton, University of Edinburgh, University of Liverpool and University of Nottingham, the National Biofilms Innovation Centre (NBIC) will bring academia, industry, government, and public policy together to advance biofilms research and create impact across diverse fields of application, from medicine to industry, the environment and food security.

● **Championing bioscience innovation**

Graduates from Imperial College London, led by Dr James Field (pictured), founded synthetic biology spinout company LabGenius to commercialise their gene synthesis technology. This technology allows them to rapidly identify and produce the building blocks for new biological products such as enzymes, pharmaceuticals and high-value materials.

LabGenius has raised \$3.66M in seed funding, and secured three contracts with the Defence Science and Technology Laboratory (Dstl) to create improved body armour and adhesives.

Funding from BBSRC, EPSRC and Innovate UK enabled the researchers to develop the technology and establish LabGenius. This support also helped the company to attract private investment. In 2017 Field won the Early Career Impact category of BBSRC's Innovator of the Year competition.



● **Accelerating impact from bioscience research**

BBSRC supports a wide range of knowledge exchange, translation and commercialisation activities to enable the effective translation of bioscience research and innovation into societal and economic impact. During 2017-18, this has included:

- invested £10.5M in 26 Industrial Partnership Awards (IPAs) and LINK grants to support academic-led research that has significant industry involvement
- provided £4M in follow-on funding to support activities that will enable commercialisation or other applications from a BBSRC-funded project, bridging the gap between academic research funders and private sector investment.
- established 14 new Impact Acceleration Accounts (IAAs), totalling £4.5M, to give research organisations flexibility to support activities that help to progress the outputs and outcomes of their BBSRC-funded research toward impact. The awards will provide funding over three years starting in April 2018, and
- two new awards through the Royal Society of Edinburgh's Enterprise Fellowships scheme. The fellowships enable researchers and innovators to develop the commercial potential of their research, and receive formal training in relevant business skills. BBSRC also extended its contract with the Royal Society of Edinburgh for the delivery of Enterprise Fellowship until 2020. The programme will now accommodate all researchers with the provision of a part-time option to the fellowship.

● **Enhancing the UK's innovation infrastructure: Research and Innovation Campuses**

BBSRC is working with partners to develop five UK Research and Innovation Campuses. Each campus is centred on a critical mass of world-leading bioscience, 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. Major developments in 2017-18 have included:

- completion of construction of the Easter Bush Innovation Centre on the Easter Bush Campus. The centre, which provides dedicated research labs and offices to extend the commercial research opportunities on the campus, opened in September, with more than 70 per cent of available space for companies already committed.
- improvements to site infrastructure at the Babraham Research Campus.

## Industrial Strategy Challenge Fund (ISCF)

**The ISCF aims to bring together the UK's world-leading research with business to meet major industrial and societal challenges. It forms part of the government's £4.7Bn increase in research and development investment from 2017 to 2021 and will be delivered by UK Research and Innovation (UKRI). A first 'wave' of investments were announced in Spring/Summer 2017.**

BBSRC will invest £16.6M under Wave 1 ISCF, to support research and innovation that develops new agricultural technologies and industrial bioprocesses to underpin a more successful bioeconomy. The funding has been used to support:

- **Smart Crop Protection: Increasing Supply-Chain Resilience (£6.3M).** Led by Rothamsted Research, the project will improve crop productivity by using the latest

technology to detect, monitor, predict and control pests, weeds and diseases of crops.

- **Agri-food Technology Catalyst: Seeding and Feasibility (£6.5M).** Funded projects will contribute to increasing productivity, sustainability and resilience of the UK's Agri-Food sector whilst maintaining food security and export opportunities post-EU Exit.
- **Industrial Biotechnology Catalyst: Seeding and Feasibility (£3.8M).** Projects will support the UK being a world-leader in industrial biotechnology by enhancing access to innovative products and processes, reducing reliance on 'fossil' carbon and helping to meet climate-change targets.

In February 2018, Business Secretary Greg Clark announced £90M for an ISCF Wave 2 Transforming Food Production programme, as part of the Clean Growth challenge focused on the use of precision technologies to increase productivity whilst reducing emissions, pollution waste and soil erosion. BBSRC will work with Innovate UK and other partners to deliver this programme.

### 🕒 Accelerating impact

BBSRC's Follow-on Funding (FoF) supports the translation of research into practical application, including commercialisation. The aim of the programme is to help researchers maximise the societal and economic benefits of their research. The FoF is a proof-of-concept programme to support bioscience innovation and provide funding where further work on an idea will take it through to a stage at which the route to application is clear. The FoF aims to bridge the funding gap between BBSRC-funded research and the point at which other non-BBSRC funding becomes available. By supporting early-stage projects, it also seeks to reduce the risk for future investors.

#### **CASE STUDY: NATURAL GRAPEFRUIT FLAVOURING FROM INDUSTRIAL BIOTECHNOLOGY**

**A new method of producing grapefruit flavouring from orange oil has been developed by researchers at the University of Oxford.**

Grapefruit flavouring is in high demand but short supply. It can be produced synthetically from more plentiful orange oil, but this process requires a high energy input and generates toxic by-products. The new process is more environmentally sustainable and produces flavouring that can be labelled 'natural' under EU regulations. This grapefruit flavouring will be the first product to be sold by spin-out company Oxford Biotrans. In addition to funding from EPSRC, the researchers received FoF from BBSRC and a £5k Business Interaction Voucher from the BBSRC Metals in Biology Network in Industrial Biotechnology and Bioenergy.



#### **CASE STUDY: HEALTHCARE PRODUCTS FROM NATURALLY OCCURRING INGREDIENTS**

**Spin-out company Curapel, a finalist in the BBSRC Innovator of the Year competition in 2014, launched its first product on the UK market in 2017.**

Under the brand name Curapella, the company is developing a portfolio of natural, safe and innovative products for people with chronic inflammatory skin diseases such as eczema and psoriasis.

The patented technologies underlying Curapel's product portfolio were originally researched by Dr Neil Gibbs and his colleague Dr Cath O'Neill, who both received grants from BBSRC helping to take the ideas out of the lab and towards the market. Support from BBSRC Pathfinder and FoF confirmed the validity and commercial potential of the technologies, while a BBSRC/Royal Society of Edinburgh Enterprise Fellowship allowed Dr Neil Gibbs the time, training, confidence and access to investment to spin out Curapel in 2014.

## Growing and attracting talent

*Investing in skilled people for the research base, and building capacity in the UK workforce.*

**A highly skilled and trained workforce is essential for the success of the bioscience sector and a driving force for the bioeconomy. BBSRC invests in postgraduate training, early-career researchers and the development of research leaders to ensure that the research base is equipped with the range of skills and talent required for modern bioscience, and provide highly skilled people for the public, private, third and research sectors.**

Progress in 2017-18 has included:

### ● **Doctoral Training Partnerships (DTP)**

BBSRC is investing £125M of funding over five years to support the training and development of 1,250 PhD students through 12 DTPs. These studentships also attract significant institutional co-funding. The third cohort of students began in autumn 2017, with a total of 340 new DTP students (including ring-fenced CASE studentships awarded through the DTPs).

### ● **First cohort of students at Collaborative Training Partnerships (CTPs)**

The first cohort of students has begun the 2017-18 academic year at the 10 new industry-led CTPs. The £18.9M CTP investment will train and develop a total of 189 PhD students, through three intakes in academic years 2017-18, 2018-19 and 2019-20, to produce skilled people for the research base and build capability in the UK workforce. CTPs block-award CASE studentships to non-academic research organisations.

### ● **Fellowships to support future research leaders**

Future Leader Fellowships (FLFs) support the transition of early-stage researchers to fully independent research leaders and represent part of BBSRC's commitment to the supply of highly skilled bioscientists to the UK. In 2017, ten new FLFs were awarded, together with five new David Philips Fellowships to support researchers in establishing their first independent research group. In addition, six FoF Innovation Fellows and four Skills Development Fellowships (co-funded by MRC) were awarded through additional Innovation Fellowships funding received by BBSRC from the National Productivity Investment Fund (NPIF). BBSRC also supports talented researchers in their return to research following career breaks, with five Daphne Jackson Trust Fellows co-funded by BBSRC starting in 2017.

### ● **Boosting skills to meet industrial challenges**

In 2017, BBSRC was allocated additional funding from the government's NPIF to develop talent and skills relevant to industry. Key investments have included:

- 105 additional studentships, aligned by research area to the government's Industrial Strategy. These studentships were awarded through BBSRC's network of DTPs and CTPs in October 2017, complementing BBSRC's existing investments in postgraduate training
- £210k to enable BBSRC funded DTPs and CTPs to deliver postgraduate and post-doctoral training by way of skills schools, developed in close collaboration with industry. Training activities are aligned closely to the government's Industrial Strategy, addressing key challenges such as bioscience and biotechnology, leading-edge healthcare and therapeutics, and advanced materials, and
- awarding 16 Flexible Talent Mobility Accounts, targeted at early-career researchers, to enable research organisations to support the exchange of personnel, perspectives and knowledge, skills and expertise between the academic and industrial sectors in a way that is in alignment with the Industrial Strategy.



# Strengthening the UK's position as a global leader

*Capitalising on UK bioscience research strengths and strong international links to foster collaborations, tackle shared research and innovation priorities, and enhance contributions to international development.*

Science is increasingly a connected global endeavour, and this provides excellent opportunities for leveraging the world-leading strength of UK bioscience for national and global benefit. Through international partnering and leadership, BBSRC is helping to reinforce the UK's position as a global partner of choice for bioscience research.

Progress in 2017-18 has included:

## ● International coordination of Research Infrastructures

BBSRC and STFC provide the UK delegation to the European Strategy Forum on Research Infrastructures (ESFRI). The ESFRI has a key role in policy-making on research infrastructures in Europe. BBSRC is involved in a number of ESFRI projects including:

- ELIXIR – the European infrastructure for life science information
- AnaEE – Infrastructure for Analysis and Experimentation on Ecosystems
- EMPHASIS – European plant phenotyping infrastructure
- Euro-BioImaging – imaging technologies in biological and biomedical sciences

Key developments during 2017-18 have been:

- AnaEE: Development of a proposal to inform UK engagement and a decision on UK membership, in consultation with relevant UK stakeholders, ranging from academia to funders.
- EMPHASIS: Development of European and UK strategic roadmaps in consultation with stakeholders. Development of the service portfolio, including e-Infrastructure and access, a governance model led by BBSRC, and the infrastructure operation and set up led by the UK scientific community.

## ● International collaboration in plant sciences research

BBSRC is the central coordinator of the European Research Area Network on Coordinating Action in Plant Sciences (ERA-CAPS). The third call of the ERA-CAPS network has awarded 12 transnational collaborative projects totalling €16M from seven partner funding agencies. BBSRC contributed £2.5M, awarding seven grants to UK researchers.

## ● Biotechnology for a sustainable bioeconomy

BBSRC contributed £2M to the first call for translational collaboration research projects under the European Research Area Network Cofund on Biotechnologies (ERA-Net CoBioTech). The aim of the call is to contribute to transforming the global economy from a dependence on fossil raw material to a sustainable bio-based economy. Twenty-two projects were recommended for funding, with a total value of £27.5M.

## ● International Wheat Yield Partnership (IWYP)

Five new projects totalling £4.5M will be awarded through the second call under the IWYP. IWYP unites public and private research organisations around the world with the goal of increasing the genetic wheat potential by 50 per cent by 2025, to meet the rising global demand. UK researchers are involved in all five projects selected for funding.

## ● £2.5M funding available for Breakthrough Technologies to Advance Crop Breeding

In November 2017, BBSRC announced a new funding call in partnership with the US National Science Foundation (NSF) Biological Sciences Directorate (BIO), the US Department of Agriculture (USDA) and the National Institute of Food and Agriculture (NIFA). The call invites proposals to support the development of breakthrough ideas and technologies to accelerate the development of new crop varieties.

## ● Building international partnerships

Twenty-four new International Partnering Awards totalling £700k have been awarded in 2017, and will support UK researchers to establish and build partnerships with researchers in Brazil, China, Europe, India, Japan, Taiwan and the USA.

## Newton Fund

The Newton Fund was set up by UK Government in 2014 to build research and innovation partnerships with 16 partner countries to support their economic development and social welfare, and to develop their research and innovation capacity for long-term sustainable growth. Through 2017-18 BBSRC has continued to work closely with a wide range of delivery and funding partners in the UK and in Newton partner countries to deliver investments, which have included:

- **UK-China Agri-Tech Challenge**  
£4M investment, with Innovate UK and the Chinese Ministry of Science and Technology (MoST), in projects that use cutting-edge technologies to solve agricultural challenges in China.
- **UK-Brazil partnerships to tackle anti-microbial resistance (AMR) and insect pest resistance**  
£750k funding, matched by the São Paulo Research Foundation (FAPESP), to pump-prime collaborative research on AMR and insect pest resistance in livestock and agriculture.
- **UK-India Industrial Waste Challenge 2017**  
Under the Newton-Bhabha Fund, BBSRC, EPSRC, Innovate UK and India's Department of Biotechnology (DBT) have announced an £8M call for UK-India research projects, in partnership with industry, that use cutting-edge solutions to reduce industrial waste and pollution in India, and improve value recovery from waste using biotechnology.
- **Joint Swine-Poultry initiative**  
Eleven collaborative projects totalling £7M have been funded under the UK-China-Philippines-Thailand Swine and Poultry Research Initiative, supported by BBSRC and overseas partners<sup>1</sup>. The research will underpin the development of novel strategies to diagnose, prevent, manage or treat microbiological diseases of swine and poultry, to promote safe, healthy, resilient and sustainable food production systems in China and South-East Asia. The funding includes an additional £1M from BEIS to enhance regional partnerships.

Other Newton Fund activities launched in 2017 have included a new UK-Colombia programme in sustainable tropical agricultural systems supported by the Newton-Caldas Fund, and the first Newton-Utafiti Fund joint call, supported by BBSRC and the Kenya National Research Foundation, focusing on ruminant health and productivity.

Further information is available at: [www.bbsrc.ukri.org/research/international/funding/newton-fund/](http://www.bbsrc.ukri.org/research/international/funding/newton-fund/)

## Global Challenges Research Fund (GCRF)

**The Global Challenges Research Fund (GCRF) is a five year £1.5Bn resource funding stream, announced as part of the 2015 spending review, to ensure that UK research takes a leading role in addressing the problems faced by developing countries.**

The Research Councils have each received directly allocated portions of the GCRF which, for BBSRC, was £20M for 2017-18. BBSRC's GCRF activities in 2017-18 have included:

- **Networks in Vector-Borne Disease Research**  
Four projects were funded under the joint BBSRC/MRC call to establish of community Networks in Vector-Borne Disease Research. The networks will encourage interdisciplinary working, strengthen research capacity and provide resources to support pump-priming funding for a range of innovative projects, focusing on challenges of relevance to countries on the OECD DAC list.
- **Sustainable Agriculture for Sub-Saharan Africa (SASSA)**  
In 2017, BBSRC launched a £10M GCRF call for collaborative proposals to address research challenges relating to the sustainable intensification of agricultural systems in sub-Saharan Africa (SSA). The call will support collaborative research that combines the expertise of scientists in the UK with the knowledge of research and uptake partners in the target region.
- **Vaccine Research and Development (R&D)**  
BBSRC and MRC have awarded funding for two projects, with a total value of £3M, to establish collaborative networks in vaccine R&D. The networks aim to bring together groups working in basic immunology and pathogen biology with those active in vaccines R&D, and will focus on vaccine challenges or relevance to countries on the OECD DAC list.

In addition BBSRC, on behalf of the Department of Health and the UK Vaccine Network, announced a £5M call for 'One Health Approaches to Accelerate Vaccine Development' that target diseases that are known to have a significant impact on animal and human health in low- and/or middle-income countries.

<sup>1</sup> National Natural Science Foundation of China (NSFC), The Philippine Agriculture and Fisheries Biotechnology Programme, Department of Agriculture (DA Biotech Programme), The Philippine Bureau of Agricultural Research, Department of Agriculture (DA BAR) and Thailand National Science and Technology Development Agency (NSTDA)

● **Boosting research skills to tackle global challenges**

Five projects totalling £450k were awarded through the BBSRC GCRF Strategic Training Awards for Research Skills, which build training resources for researchers and students in the UK and developing countries. Awards included training focusing on bioinformatics, biorefining, One Health and livestock management. Delivery of funded training may be through placements, skills schools and other flexible training mechanisms.

● **Translation and knowledge exchange for international development**

Six GCRF Translation Awards totalling £372k have been awarded to support the progression of outputs and outcomes from BBSRC investments towards practical application which delivers benefit and impact in developing countries.

● **Investment in multidisciplinary research capabilities**

In 2017, seven projects led from the biosciences were supported through the RCUK Growing Research Capability (GROW) programme, in areas such as aquaculture, bioinformatics and biodiversity. Supporting awards in the range of £2-8M over four years, this call aims to grow the research base in the UK and strengthen capacity overseas to address research challenges informed by the expressed needs of developing countries.

## Key funding and performance data

BBSRC historic allocations					
	2013-14 £'000	2014-15 £'000	2015-16 £'000	2016-17 £'000	2017-18 £'000
Programme	351,471	351,471	351,173	348,015	376,320
Administration	17,488	16,300	14,903	13,848	13,337
<b>Sub total</b>	<b>368,959</b>	<b>367,771</b>	<b>366,076</b>	<b>361,863</b>	<b>389,657</b>
Programme non-cash	10,100	10,100	25,000	20,000	12,790
Administration non-cash	2,551	2,618	521	700	700
<b>Sub total non-cash</b>	<b>12,651</b>	<b>12,718</b>	<b>25,521</b>	<b>20,700</b>	<b>13,490</b>
<b>Total</b>	<b>381,610</b>	<b>380,489</b>	<b>391,597</b>	<b>382,563</b>	<b>403,147</b>
Base capital allocation	29,700	29,700	26,700	46,515	46,800
Capital projects	82,200	104,700	48,200	17,800	22,500
<b>Total capital</b>	<b>111,900</b>	<b>134,400</b>	<b>74,900</b>	<b>64,315</b>	<b>69,300</b>
<b>Total BBSRC</b>	<b>493,510</b>	<b>514,889</b>	<b>466,497</b>	<b>446,878</b>	<b>472,447</b>

Summary of grant applications and success rates				
	2013-14	2014-15	2015-16	2016-17
Number of applications (excluding Fellowships)	1,865	1,964	1,778	2,205
Success rate by number (%)	27	26	25	24
Equivalent success rate by value (%)	27	26	25	20

Applications and success rates by gender								
Success rates by number (%)	2013-14		2014-15		2015-16		2016-17	
	Male	Female	Male	Female	Male	Female	Male	Female
Project grants	27.3	22.4	23.3	19	23.2	22.6	23.8	19.7
Programme grants	32.3	22.5	36.7	40.4	31.1	26.3	27.6	20.8
New investigators	28.3	25	21.7	27.1	24.1	17.9	26	18.2
Fellowships	5	13	5.72	11.2	10.1	8.8	13.3	11.4

Percentage of female applicants from total applications and from successful applications for peer-review funding								
Success rates by number (%)	2013-14		2014-15		2015-16		2016-17	
	Total	Successful	Total	Successful	Total	Successful	Total	Successful
Project grants	23.4	20	24.3	20.8	22.4	22.3	27.4	23.9
Programme grants	20.6	15.3	22.6	24.3	21.6	19	23.2	18.6
New investigators	32.7	30	29.9	34.8	32.6	26.3	31.1	24
Fellowships	36.5	60	42.6	58.8	45.2	41.7	47.9	44.4

BBSRC funding to funded institutes in 2017-18 (£M)				
Institute	BBSRC strategic grants	BBSRC other funding	BBSRC capital funding	Total BBSRC funding
Babraham Institute (BI) <sup>1</sup>	9.64	0.89	5.14	15.67
Pirbright Institute (PI)	15.46	4.06	14.78	34.29
Quadram Institute Bioscience <sup>2</sup>	9.88	2.38	3.92	16.17
John Innes Centre (JIC)	13.79	11.29	14.22	39.31
Rothamsted Research (RRes)	10.18	6.07	6.60	22.86
Earlham Institute (previously TGAC)	5.44	2.96	7.89	16.30
Roslin Institute at the University of Edinburgh (RI) <sup>3</sup>	5.87	0.00	1.85	7.72
Institute of Biological, Environmental and Rural Sciences at Aberystwyth University (IBERS)	2.04	0.30	1.14	3.48
<b>2017-18 totals</b>	<b>72.30</b>	<b>27.95</b>	<b>55.55</b>	<b>155.80</b>
<b>2016-17 totals</b>	<b>80.41</b>	<b>27.77</b>	<b>47.5</b>	<b>155.68</b>

1 Includes BBT Ltd.

2 Formerly Institute of Food Research.

3 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.

Top 25 universities by grant funding (£M)				
2017-18		2016-17		
1	University of Cambridge	18.84	The University of Manchester	19.89
2	The University of Manchester	18.30	University of Edinburgh	18.45
3	University of Edinburgh	16.66	University of Cambridge	15.65
4	University of Oxford	15.17	University of Oxford	14.14
5	University College London	15.00	University of Nottingham	13.69
6	University of Nottingham	14.29	University College London	13.25
7	University of Bristol	11.16	Imperial College London	11.82
8	University of Warwick	10.95	University of Bristol	11.01
9	Imperial College London	10.09	University of Warwick	10.99
10	University of Glasgow	9.29	University of Glasgow	10.21
11	University of Leeds	9.00	University of York	8.53
12	University of York	8.76	University of Leeds	7.31
13	King's College London	6.37	King's College London	5.84
14	University of Sheffield	6.31	University of Birmingham	5.65
15	University of Liverpool	5.94	University of Sheffield	5.55
16	University of Birmingham	5.29	University of Newcastle Upon Tyne	5.35
17	University of Newcastle Upon Tyne	5.18	University of Liverpool	5.19
18	University of Exeter	4.82	University of Exeter	4.08
19	University of Reading	4.73	University of East Anglia	3.82
20	University of Dundee	4.46	University of Kent	3.81
21	University of Southampton	4.17	University of Dundee	3.76
22	University of Aberdeen	3.44	University of St Andrews	3.74
23	University of East Anglia	3.37	University of Aberdeen	3.57
24	University of Kent	3.32	University of Reading	3.56
25	University of St Andrews	3.05	University of Southampton	3.42

## Financial performance, our finances

In 2017-18 BBSRC had a working budget of £470M (£450M in 2016-17), comprising £401M resource and £69M 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
Allocation	376,320	13,337	69,300	13,490	472,447
Outturn	375,483	13,310	69,221	12,311	470,324
Underspend / (overspend)	838	27	79	1,179	2,124
<b>Underspend / (overspend) %</b>	<b>0.22</b>	<b>0.20</b>	<b>0.11</b>	<b>8.74</b>	<b>0.45</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 2017-18* and aligns to the budget results recorded by BEIS for BBSRC. It differs from the figures reported in the financial statements as set out in the table below.

Reconciliation of outturn to financial statements	
	£'000
Expenditure per outturn	470,324
Reconciling items (annually managed expenditure)	26,575
Notional UK SBS charges	1,527
Net gain on revaluation of property, plant and equipment	(16,258)
<b>Total comprehensive expenditure</b>	<b>482,168</b>

## Capital budget

BBSRC's capital allocation for 2017-18 is set out in the table below.

Capital Budget 2017-18	
	£'000
Base capital allocation	46,800
Quadram Institute	18,700
Additional allocation from BEIS	3,800
In-year asset sales	27,882
<b>TOTAL ALLOCATION</b>	<b>97,182</b>

The first phase of investment at the Pirbright Institute to construct new high-containment virology laboratories has been successfully completed and an assurance review (Gateway Review 5) was held in January 2017. The review gave a 'Green' assessment for the project and found that 'the key benefit from this project has been achieved'. 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. The BBSRC's new Vaccinology Centre, The Jenner Building, was successfully completed within target for cost, time and quality and the building is now in full use. The building was officially opened in March 2017 by HRH The Princess Royal. Focus is now on the delivery of the in-vivo facilities, which are at various stages of design and build. The Specific-Pathogen-Free hatchery will be operational in 4th Quarter 2018, the Poultry Experimental Facility will follow in 2nd Quarter 2019 with the High-Containment Large Animal Facility concluding the investment programme in 2nd Quarter 2021. An interim Gateway Review 0 focused on Investment Decision is planned for June 2018.

Capital commitment at 31 March 2018 was £181M, £44M lower than at 31 March 2017 (£225M), reflecting the progress being made in the delivery of the two major Institute development programmes, namely the new Quadram and Pirbright Institutes, which are due to be completed over the course of the next three years. The Quadram Institute is scheduled to open in the late summer of 2018.

The net book value of BBSRC's tangible fixed asset base decreased by £24M from £470M in 2016-17 to £446M in 2017-18, mostly due to assets being held for sale at the end of 2016-17 being sold in 2017-18. See Note 8 for further information.

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

UK SBS provides processing services in human resources, procurement, payroll, finance and IT to all seven Research Councils. There is further information in the Governance Statement on page 29.

### Creditor payment policy

BBSRC observes HM Treasury guidance and makes every effort to pay creditors within five 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 2017-18, 76.9 per cent of undisputed invoices were paid within five working days (76.6 per cent in 2016-17). During 2017-18, 95.4 per cent of undisputed invoices were paid within 30 calendar days (96.4 per cent in 2016-17).

### Going concern

The Higher Education and Research Bill received Royal Assent on 27 April 2017, confirming the creation of a single executive non-departmental public body, UK Research and Innovation (UKRI). Under the Higher Education and Research Act 2017, UKRI incorporated the assets, liabilities and functions of the seven Research Councils, Innovate UK and Government's funding of research in higher education from 1 April 2018.

Confirmation of UKRI's budget allocation for 2018-19 to 2020-21 was received from BEIS in March 2018, which shows continued funding for the functions exercised by BBSRC for this period.

As the functions previously provided by BBSRC will continue to be provided by UKRI with the same assets and liabilities, it remains appropriate for the financial statements of BBSRC for the financial year ended 31 March 2018 to be prepared on a going-concern basis in accordance with the Government Financial Reporting Manual issued by HM Treasury.

### 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

Polaris House where BBSRC is located has been awarded, and implements, an Environmental Management System (EMS) via ISO 14001 which is managed by Joint Building and Office Services (JBOS).

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 JBOS which has set a target of keeping waste disposal to landfill under 5 per cent. All waste produced at Polaris House in 2017-18 was recycled, incinerated with energy recovery or underwent anaerobic digestion. 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:

- photovoltaic electrical generation
- combined heat and power generation
- installation of low-energy lighting
- borehole water supply; and
- thermal insulation.

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 2018, it can be reported that:

- low-energy LED-type lighting is being installed within the areas of Polaris House
- together with automatic PIR lighting control.

## Reduction in energy usage

During the year 2017-18, BBSRC has provided support to three of the research-based Institutes within the BBSRC estate with regard to reducing environmental impact and the use of finite resources.

These Institutes are The Babraham Institute, Rothamsted Research and the John Innes Centre, located in Norwich.

The solutions provided entailed the removal and installation of replacement Combined Heat and Power (CHP) generators with increased capacity at the John Innes Centre, and the removal and installation of replacement Combined Cooling & Heat and Power (CCHP) generators at The Babraham Institute and Rothamsted Research.

The total reduction in energy consumption and the reduction of the carbon footprint realised by the use of these innovative systems will amount to the following annual savings.



	Cost savings per year (£)	Carbon reduction per year (tonnes)
The Babraham Institute	340,000	3,480
Rothamsted Research	238,000	2,400
The John Innes Centre	1,080,000	10,440
<b>Total savings</b>	<b>1,658,000</b>	<b>16,320</b>

The CCHP installations will be referenced as trial systems that will prove the effectiveness of maximising the potential generating power of these specialised heat engines, by allowing the system to operate continuously throughout not only the cooler winter months, but also the warmer summer months, when the heat generated cannot be utilised effectively.

When this technology has been proven, following a successful period of operational use, the additional benefits of this technology can be applied to not only the CHP installation at JIC, but also the proposed installation at The Pirbright Institute, and to the wider specialist estates of the associated Research Councils of NERC, MRC and STFC.

### Environmental impact

Environmental impact is also addressed in relation to the delivery of new-build capital buildings through the application of the 'BREEAM' environmental assessment method. This procedure has been applied and supported by the BBSRC in the design and construction of the new Aberystwyth Innovation and Enterprise Campus (AIEC) in which the design of this new facility is challenged to achieve an operational rating of 'Excellent'.

This policy of analysing and reducing the environmental impact with the goal of achieving a BREEAM rating of excellent is applied to all new buildings funded and supported by the BBSRC.

## 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

Chief Executive and Accounting Officer  
26 June 2018

# Accountability Report

## Corporate Governance Report

### Directors' Report

#### Governance

BBSRC is an independent non-departmental public body of the Department for Business, Energy and Industrial Strategy (BEIS), established by Royal Charter. BBSRC's working relationship and lines of accountability with its sponsor department BEIS 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.ukri.org/about/governance-structure/council](http://www.bbsrc.ukri.org/about/governance-structure/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.ukri.org/documents/council-conflicts-pdf](http://www.bbsrc.ukri.org/documents/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.ukri.org/organisation/structures/panels](http://www.bbsrc.ukri.org/organisation/structures/panels)

- Agriculture and Food Security Strategy Advisory Panel
- 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
- Industrial Biotechnology and Bioenergy Strategy Advisory 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.ukri.org/about/governance-structure/committees](http://www.bbsrc.ukri.org/about/governance-structure/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 training on their responsibilities on an annual basis. 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 2017-18 requiring reporting to the Information Commissioner's Office.

**Table 1: Summary of protected personal data-related incidents formally reported to the information Commissioner's Office in 2017-18**

Statement on information risk	<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 puts in place 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>			
Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
	0	0	0	0
Further action on information risk	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 2017-18**

**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	3
V	Other	0

**Table 3: Year-on-year total numbers of protected personal data-related incidents prior to 2017-18**

	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	
2017-18	0	0	0	0	0	0	2017-18	0	0	0	3	0	3
2016-17	0	0	0	0	0	0	2016-17	0	0	0	1	0	1
2015-16	0	0	0	0	0	0	2015-16	0	0	0	0	2	2
2014-15	0	0	0	0	0	0	2014-15	0	0	0	0	3	3

### 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 2017-18, BBSRC provided information in response to 35 requests (2016-17: 48).

## 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 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, Energy and Industrial Strategy (BEIS) 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 (2016-17: £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.

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

## 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, Energy and Industrial Strategy (BEIS). BBSRC's lines of accountability with BEIS are defined through a Management Statement, Code of Practice and Financial Memorandum.

## 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.

## 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, who use a range of management information to monitor performance and inform decision making. There are controls in place that ensure the quality of data is of the standard expected for reliable and informed decision making.

### BBSRC Council

Council is BBSRC's top-level decision-making body, and comprises the Chair, me, and between 10 and 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, Energy and Industrial Strategy, 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://bbsrc.ukri.org/about/governance-structure/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:

- Enabling Impact – annual discussion theme;
- Strategically funded Institutes, Centres and Campuses;
- Strategic Framework for UK biotechnology and biological sciences;
- Annual consideration of BBSRC research investments;
- Retention and recruitment;
- 2017 Institute Assessment Exercise (IAE) – Quadram Institute Bioscience (QIB) – update;
- Development of the Aberystwyth Innovation and Enterprise Campus (AIEC);
- Annual Council Appraisal Report; and
- Transitional governance arrangements for BBSRC Audit Committee and Appointments Board.

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.

BBSRC Council met for the last time in March 2018; however, it will continue to exist as a legacy Council in parallel with the new UKRI-BBSRC Council until the end of October 2018 to complete any legal matters relating to BBSRC prior to the establishment of UK Research and Innovation (UKRI) on 1 April 2018.

## 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 twice per year, and also deals with appointments by correspondence throughout the year. It is responsible for the open and transparent selection and appointment processes for BBSRC Strategy Advisory Panels and Research Committees.

Council was provided with the minutes of Appointments Board at its meetings in June and December 2017 and is given oral updates by the Appointments Board Chair. In 2017-18 Council were informed that:

- Appointments Board considered the structure of the Research Committees and the Pool of Experts and the management of the Pool of Experts with a view to improving its usage;
- Work to gather and analyse evidence on expertise reporting was ongoing;
- 25 per cent of appointments approved by the Appointments Board were women; and
- Appointments Board discussed ensuring the quality of Chairs and succession planning on the Research Committees.

## 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 Government Internal Audit Agency (GIAA), who provide the Research Councils' internal audit service.

Council is provided with the minutes of Audit Committee and is given oral updates by the Audit Committee Chair. In 2017-18 Council were informed that:

- BBSRC's Annual Report and Accounts 2016-17 had been formally agreed as well as the RCPS Accounts 2016-17;
- The RCPS would continue for at least one more year after 1 April 2018;
- One new Audit Committee member (Ian Carter) had been appointed;
- The Audit Committee Chair had met with the UKRI Audit, Risk, Assurance and Performance Committee (ARAPC) Chair to discuss the hand over between the two Committees following the establishment of UKRI on 1 April 2018 including: good management practices, the relationship with the National Audit Office (NAO), risk management, and whistleblowing;
- BBSRC received positive feedback from the NAO on the annual reports and accounts process; and

- Responsibility for compliance with the General Data Protection Regulation (GDPR) resides with UKRI.

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.

## Remuneration Board

Remuneration Board usually meets once per year and is responsible for evaluating the performance of the Directors in BBSRC Office and determining their remuneration, including non-consolidated performance awards. In 2017-18 the Remuneration Board met twice.

Remuneration Board has strategic oversight of senior remuneration across BBSRC employment and monitors senior remuneration diversity/equal pay issues.

## Executive

BBSRC Executive Group comprises me, the Deputy Chief Executive, International 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 BEIS and RCUK.

## 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 and staff meet regularly with Institutes to discuss high-level policy, and strategic and operational issues in so far as they are aligned to, or have an impact on, BBSRC's strategic priorities and strategic plan.

Risks that relate to BBSRC's owned estates, capital developments, and reputation as a result of Institute activities are managed by BBSRC on an ongoing basis and reported on BBSRC's Risk Register, which is regularly reviewed by BBSRC Executive Group and Audit Committee.

## 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.

## Council, Committee and Board membership and attendance 2017-18

Name of member	Attendance			
	Council	Appointment Board	Audit Committee	Remuneration Board
Professor Sir Gordon Duff FRSE	4/4 (C)	-	-	2/2 (M)
Dr Neil Brewis	3/4 (M)	-	-	2/2 (M)
Dr Belinda Clarke FRSB	3/4 (M)	-	-	-
Professor Richard Cogdell FRS	3/4 (M)	-	3/4 (M)	-
Professor Margaret Dallman OBE	4/4 (M)	-	3/4 (M)	-
Professor Carole Goble CBE FREng FBCS CITP	3/4 (M)	2/2 (C)	-	-
Dr Mike Goosey FRSC	4/4 (M)	-	-	2/2 (M)
Mr David Gregory	4/4 (M)	-	4/4 (C)	-
Professor Sarah Gurr	2/4 (M)	-	-	2/2 (M)
Dr Deborah Keith	4/4 (M)	2/2 (DC)	-	-
Professor Judith Petts CBE AcSS FRGS	3/4 (M)	-	-	-
Professor Helen Sang FRSB FRSE	3/4 (M)	-	-	-
Professor Charlotte Watts FMedSci	0/4 (M)	-	-	-
Professor Melanie Welham FRSB	4/4 (CEO and DC)	-	-	2/2 (M)
Dr Ian Carter <i>Note: Appointment commenced 1 April 2017</i>	-	-	3/4 (M)	-
Professor Rod Hubbard	-	2/2 (M)	-	-
Mr Donal Keane FCA	-	-	4/4 (M)	-
Dr Fiona Marston	-	2/2 (M)	-	-
Professor Christine Nicol	-	1/2 (M)	-	-
Professor Tracy Palmer FRSE	-	1/2 (M)	-	-
Dr Len Stephens FRS	-	1/2 (M)	-	-
Professor Martin Warren	-	2/2 (M)	-	-

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

### 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 2017-18 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 2018 were as follows:

- research and Innovation Campus Programme totalling £109M 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 Quadram Institute Programme totalling £75M for the construction of The Quadram Institute at the Norwich Research Park.

I am content that the 2017-18 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 this review, and BEIS requirements, BBSRC have reviewed their use of analytical modelling in 2017-18 and have not identified any that were considered to be business critical.

## 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 2017-18 BBSRC identified zero contractors who fell within the Alexander Review criteria.

## 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 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 new mandatory eLearning awareness training package covering fraud and bribery was rolled out in 2017-18.

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 2017-18:

- 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 BEIS or HM Treasury approval;
- There were no instances of fraud identified within BBSRC or within UK SBS which impacted on BBSRC;
- There were no cases of whistleblowing and that the arrangements which we have in place for whistleblowing are effective; and
- There have been no breaches of delegation identified within BBSRC.

## Ministerial directions

There were no Ministerial directions given in 2017-18.



## Pay remit

Pay setting arrangements throughout the Civil Service are set out in guidance issued by HM Treasury. I can confirm that BBSRC was compliant with the requirements.

## Information security and assurance

Working closely with Government Security Agencies and its delivery partners, BBSRC continues to implement and embed security best practices within its operations, operating a system of continual improvement in response to the changing environment. The controls are tested through a programme of audits and an independently assessed annual health check submitted to BEIS. BBSRC has consistently maintained or improved its performance responding promptly to the findings of regular penetration tests, vulnerability scans, and audits, as well as implementing lessons learnt from security incidents to improve our security controls.

All BBSRC staff undertake mandatory security, information assurance and data protection training, with regular reminders delivered through various internal communications channels. BBSRC experienced eight security incidents and near misses in 2017-18, none of which required notification to the Information Commissioner's Office.

During the year BBSRC staff have been provided with suitable advice, policy and guidance in respect of information management.

BBSRC remains committed to assessing our cyber security controls against the Cyber Security Essentials scheme and the Cyber Security 10 Steps to identify any improvements that are required. In 2017 BBSRC achieved Cyber Essential Accreditation.

## 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.

## UK Research and Innovation Transition Programme

The Higher Education and Research Bill, which included the proposal for the creation of UK Research and Innovation (UKRI) on 1 April 2018, received Royal Assent on 27 April 2017. UKRI will operate across the whole of the UK with a combined budget of more than £6Bn and is bringing together the seven Research Councils, Innovate UK and a new organisation, Research England. UKRI intends to be an outstanding organisation that ensures the UK maintains its world-leading position in research and innovation.

Our present system is a success and key elements of it will remain, including controls existing in 2017-18 which

will continue in 2018-19. UK and International asset transfers are well underway and are scheduled to complete before October 2018, during which time the existing legacy bodies will remain legal entities. The structures and committees for the internal governance of UKRI are all agreed and terms of reference exist for the main committees: the Strategy Committee, the Investment Committee, the Finance and Operations Committee and the Audit, Risk, Assurance and Performance Committee (ARAPC).

## Review of effectiveness

As Accounting Officer it is my responsibility to ensure a sound system of governance and internal control is being maintained. In 2017-18 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 GIAA, 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 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 2017-18 returns provide a positive assessment on BBSRC's system of internal control, but highlight continuing concern regarding the challenge of recruiting and retaining employees as a result of the transition to UKRI. This concern is reflected in the BBSRC risk register and is therefore being actively managed through the management of risk process.

There is a further concern that the Business Continuity Plan has not been tested for a period of time, but it is recognised that this is because the plan is under review.

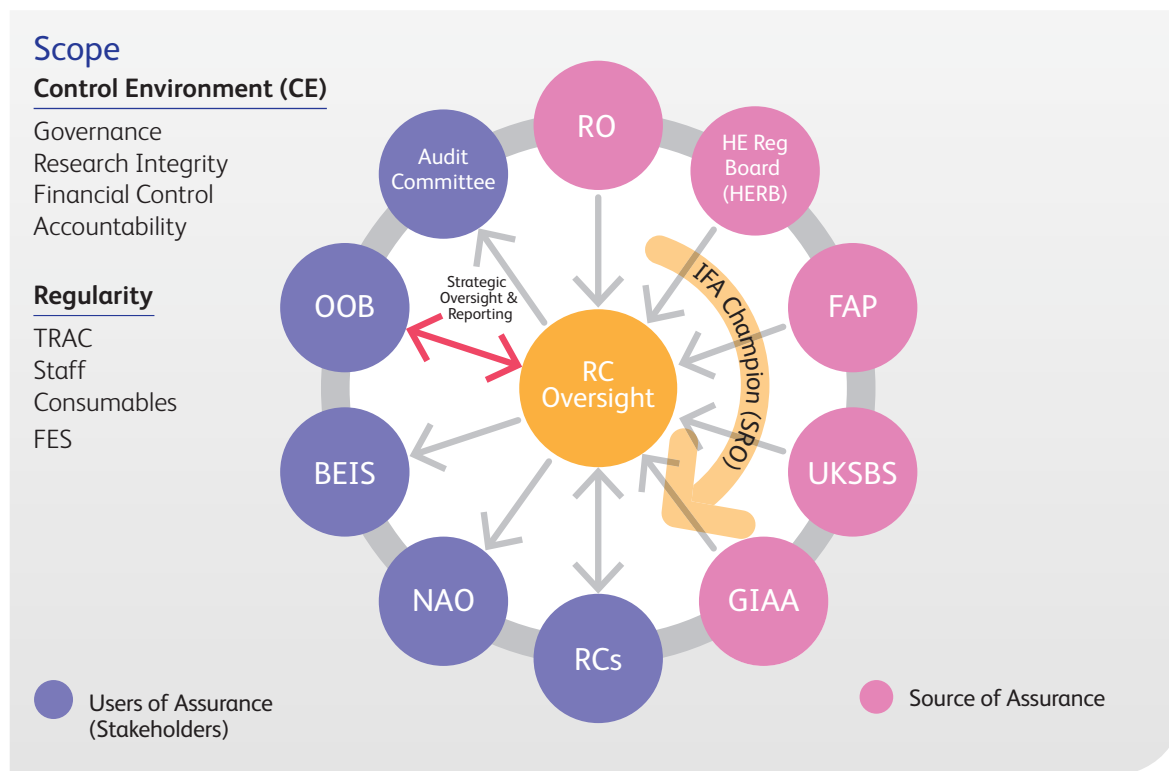
I am content that the 2017-18 stewardship statements provide me with assurance that a sound system of governance and internal control is in place.

## Internal audit

The Director of Internal Audit (DIA) is required to provide me with an opinion on the overall adequacy and effectiveness of BBSRC's framework of governance, risk management and control.

In 2017-18 sufficient internal work has been undertaken to allow the DIA 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.

Figure 1. IFA Framework



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. 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.

Of the ten assurances provided through the core assurance work, three reflected substantial assurance and seven reflected 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.

Of the 18 cross-client audits carried out relevant to BBSRC, five reflected limited assurance: Governance and Management of UKRI Transition; Change Management: RCUK Digital and Technology Project [Phase 1]; Change Management: RCUK Digital and Technology Project [Phase 2]; General Data Protection Regulation (GDPR) - Implementation Project [Phase 3]; and Retained Function Assurance: GPC and iExpenses. The accepted audit recommendations in these areas will be taken forward as part of the assurance work within UKRI.

### Funding Assurance

Across the RCUK community, research funding totals £3.3Bn, of which £490.3M relates to BBSRC. The

BBSRC funding landscape has two major funding mechanisms: 1) grants administered through the Siebel system (c. £312.6M) and awarded to eligible Research Organisations (ROs); and 2) funding distributed outside the Siebel system (£177.7M) including strategic partnerships.

The Funding Assurance Working Group (FAWG) has continued to review the Integrated Funding Assurance (IFA) framework and improve the approach to IFA. This framework is predicated on establishing appropriate accountability within the RO in receipt of funding and collating assurance from a range of sources (see pink in Figure 1) for key stakeholders (see blue in Figure 1).

### Siebel Grants

The International Assurance sub-group (including the Funding Assurance team) has continued to develop and refine the approach to due diligence and assurance for overseas funding.

The assurance provided through this framework indicates a very low level of current and historic errors for all Councils. In his report, the Head of Funding Assurance provides Moderate Assurance based upon the programme of work undertaken.

Some of the key changes during the year have been:

- Amendments to the grant terms and conditions – to provide clarity on Research Councils’ expectations relating to due diligence and assurance;

- Auditing of UK ROs' approach to due diligence and assurance;
- Development of a draft international funding assurance policy, framework and process;
- Increased resources for the funding assurance team; and
- Further development of processes relating to the Global Challenges Research Fund (GCRF).

In addition to the Research Councils' demonstration of compliance to the Cabinet Office Minimum Grant Standards in 2017, they have also been taking part in the Grants Accelerator work. Data has been provided evidencing the Councils' overall self-scoring rates of established/advanced, which will be used as part of the overall BEIS assessment.

### Non-Siebel funding

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

- Funding to BBSRC Institutes £132.4M;
- Other strategic funding £35.8M;
- Grants to HEIs £5.1M;
- Other BEIS group entities £2.6M; and
- International Subscriptions £1.8M.

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;
- Regular bilateral meetings between BBSRC staff and Institutes to discuss financial, estates and governance matters as well as any emerging risks and risk mitigation strategies;
- 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.

### Audit Activity

During 2017-18, GIAA conducted two audits relevant to the IFA framework:

- Retained Function: Grants Processing [Moderate Assurance]; and
- Integrated Funding Assurance: Non-Siebel Funding Activity [Moderate Assurance]

The recommendations from the report will be taken forward as part of the assurance work within UKRI.

By taking assurance from the Higher Education Regulatory Bodies that the control systems within Higher Education Institutions (HEIs) are working effectively, and combining this with the transaction-level testing undertaken by the Funding Assurance Programme (FAP), Research Councils are able to provide a high level of assurance to the public that funds are being spent in accordance with the principles contained within 'Managing Public Money'.

The assurance provided through the IFA framework indicates a number of funding pressures, and the very nature of the activities is that they are complex and novel. Nevertheless, I am reassured through the mechanisms described here that they are being managed in an appropriate manner and that there are no major issues that warrant reference here.

### Assurance over strategically funded Institutes

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

- BBSRC is a Corporate Member of the company for each of the six Institutes that are independent charities and companies limited by guarantee and attends members meetings. In addition, BBSRC has an observer role on the respective Institute Board of Trustees, which enables it to access and oversee the Institutes' financial performance and management and delivery of BBSRC's science and innovation strategies as well as ensuring that the grants are spent in the way that they were intended and are value for money;
- For the two Institutes that are part of universities, IBERS (Aberystwyth University) and Roslin Institute (University of Edinburgh), BBSRC sits on relevant advisory committees and in addition holds regular strategic partnership meetings with each university;
- BBSRC conditions of grant require Institute Boards of Trustees/university senior management to put in place, and maintain, effective financial management and administration processes that ensure grant funding is protected and used in line with BBSRC's strategic priorities and plan;
- Annual strategic partnership meetings are held with each Institute's senior management team and members of the BBSRC Executive team which review operational and financial performance as well as discuss strategy;
- Bilateral operational meetings and regular contacts are held between BBSRC Finance and Campus Operations Group and the Institutes at both senior and operational levels to discuss financial, estates, operational, and governance matters, including reviewing of financial performance, as well as addressing risks and issues. Given the Institutes' independence, the discussions are restricted to matters that relate to BBSRC only.

Where necessary, BBSRC undertakes in-depth reviews of Institute finances to gain assurance about the Institutes' financial controls integrity, sustainability, performance and risks;

- An Institute Audit Assurance Programme that involves periodic visits to the Institutes to provide assurance that the Institute strategic funding is used and accounted for in accordance with the Institute Grant Conditions, and that adequate control procedures are in place to ensure public funds (and assets) are both protected and used in a regular and proper manner (i.e. in accordance with 'Managing Public Money' requirements); and
- An Investment Gateway Panel has been established, made up of senior representatives from across BBSRC, that scrutinises and reviews Institutes' capital proposals to ensure they are affordable, in line with BBSRC's strategic priorities and plan, and will deliver good value for money.

Specific controls for the Institute Strategic Programme Grants and National Capability Grants include:

- A comprehensive and competitive Institute Assessment Exercise (IAE) is carried out every five years, with the most recent taking place in 2016, to determine which research programmes and activities, along with their associated core capabilities (e.g. people, infrastructure, equipment, etc.), should be supported;
- Annual monitoring of progress against objectives, with reports reviewed by BBSRC and an external expert panel;
- Annual collection of research detail to enable BBSRC to fulfil public accountability, transparency, corporate reporting and portfolio analysis requirements;
- Annual collection of outcomes data through the researchfish® system;
- Formal mid-term reviews of progress against objectives;
- Annual Expenditure Statements (AES); and
- Final Expenditure Statements (FES) at the end of the IAE funding period; and
- Ex-post evaluation.

The assurance mechanisms described here provide me with the reassurance that the activities are all being managed in an effective manner and that there are no major issues that require specific reference.

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

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

The UK SBS Executive Director has written to me stating that the Head of Internal Audit (GIAA) has provided an opinion of Moderate Assurance for both the internal operations within UK SBS and for its customer-facing operations.

To provide additional assurance, BBSRC has been operating a number of supplementary controls. GIAA has examined the additional controls across all Research Councils and the overall classifications of assurance that can be provided are:

Payroll	-	Moderate Assurance
Human Resources	-	Moderate Assurance
GPC and iExpenses	-	Limited Assurance
Order and payment processing	-	Moderate Assurance
Procurement	-	Moderate Assurance

The accepted audit recommendations in these areas will be taken forward as part of the assurance work within UKRI.

## External Audit

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

## Risks and issues

### Risk assessment

At 31 March 2018, the BBSRC Risk Register had 52 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:

#### UKRI Transition Programme

There is a risk regarding the programme effectively managing change. Actions being taken to mitigate the probability of this risk occurring include: BBSRC providing resource to the programme to assist in delivering effective change; proactive planning for the future; discussions around the change landscape at the Office Management Group and Executive Group meetings; and clear two-way communications between BBSRC, its employees and its community.

#### Losing the support of key partners

There is a risk regarding the loss of support of key partners due to a perception that BBSRC are no longer independent of Government or less influential due to the inception of UKRI. Actions being taken to mitigate the probability of this risk occurring include: the continuation of the Interim Chief Executive as the first Executive Chair of BBSRC, and the appointment of the BBSRC Council, both of which provide assurance to key partners and maintain our credibility and influential voice.

#### Research grants processing

There is a risk regarding maintaining the current cross-Research Council grants-processing solution. Actions being taken to mitigate the impact and probability of this risk include: BBSRC representation on the cross-Research

Council Operations Group which works with UK SBS on the business-as-usual functionality of the current solution; support and maintenance by UK SBS Ltd of the current solution; a disaster recovery plan owned and managed by UK SBS for the current solution; and continued cross-Research Council financial input to support the current solution.

#### Future UKRI grant-funding services

There is a risk regarding the failure to design and implement a future funding service to meet our strategic funding needs. Actions being taken to mitigate the probability and impact of this risk include: BBSRC input into the process design; and BBSRC representation on the Policy Working Group to feed into policy design.

#### Bioeconomy

There is a risk regarding a failure to confirm the importance of the Bioeconomy. Actions being taken to mitigate the impact and probability of this risk include: the creation of baseline metrics for Bioeconomy reporting; the BBSRC Bioeconomy team; BBSRC membership and active participation in the UK BioE programme with Government and Industry representatives; and BBSRC-driven workshops to gain a wider acceptance of the Bioeconomy.

#### EU Exit

Following the referendum on 23 June 2016, the UK is now scheduled to leave the EU on 29 March 2019. This means that future access to EU research funding and the nature of future immigration arrangements with the EU for researchers is subject to the negotiations between the UK and EU which at the time of the laying of this report are still underway. To address the uncertainty in relation to future EU funding, in August 2016 the UK Government announced that it would guarantee certain EU funded projects after the UK has left the EU. The Research Councils and Innovate UK continue to monitor developments and we are addressing this risk by working closely with colleagues in government and the wider sector to ensure an effective and joined up approach to the implications of leaving the EU.

#### General Data Protection Regulation (GDPR)

The introduction of GDPR, on 25 May 2018, brings about substantial changes to the existing Data Protection Act 1998. The Information Commissioner's Office has indicated that they expect to see organisations striving for compliance rather than achieving full compliance on 25 May 2018. Nevertheless, failure to comply could result in fines up to €20M or 4 per cent of turnover and significant reputational damage to BBSRC. A cross-Council and Innovate UK project, led by the AHRC Director of Resources as Senior Responsible Officer (SRO), has been established to take forward the changes. A 'health check' led by the Professional Support Unit, with assistance from internal audit, identified the project as a 'medium risk' bordering on a 'low risk'. This, however, continues to be a key risk due to the significant impact of non-compliance if there is an incident where we are at fault.

#### 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 GIAA 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 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, Energy and Industrial Strategy (BEIS). In considering the new rates, BEIS may take into account the increase given to the senior civil service. BEIS 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)	2017-18	2016-17
Council Chair	16,430	16,430
Council members who also chair committees	9,110	9,110
Council members	6,850	6,850

	Appointments		Remuneration £'000	
	From	To	2017-18	2016-17
Chair – Professor Sir Gordon Duff FRSE	01/07/15	30/06/19	16	16
Deputy Chair and Chief Executive – Professor Melanie Welham FRSB*	01/03/16	31/03/18	N/A	N/A
Dr Neil Brewis	01/04/14	31/03/18	7	7
Dr Belinda Clarke FRSB	23/03/15	31/03/19	7	7
Professor Richard Cogdell FRS	01/04/14	31/03/18	7	7
Professor Margaret Dallman OBE FRSB FCGI	01/04/14	31/03/18	7	7
Professor Carole Goble CBE FREng FBCS CITP	01/04/13	31/03/17	6	7
Dr Mike Goosey FRSC	01/04/11	31/03/19	7	7
Mr David Gregory	01/04/10	31/03/18	8	9
Professor Sarah Gurr	01/04/12	31/03/19	7	7
Dr Deborah Keith	23/03/15	23/03/19	7	7
Professor Judith Petts CBE AcSS FRGS	01/04/14	31/03/18	7	7
Professor Helen Sang FRSB FRSE	01/04/14	31/03/18	7	7
Professor Charlotte Watts FMedSci	18/07/16	31/03/19	N/A	N/A

\*From 1 April 2018 professor Melanie Welham is the Executive Chair for BBSRC within UKRI.

The total emoluments of the Chair were honoraria of £16,430 (2016-17: £16,430). The Chair's appointment is non-pensionable and there is no entitlement to compensation for loss of office.

As noted in the policy section above, no fees are payable to Professor 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 2017-18.

Committee Rates (£ per day)	2017-18	2016-17
Committee Chair	230	230
Committee members	170	170

## Chief Executive and BBSRC Executive Directors

### Remuneration Committee

The Chief Executive's remuneration is determined by the Permanent Secretary of BEIS. 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 BBSRC 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 Melanie Welham was appointed interim Chief Executive from 1 March 2016 and her appointment has been extended to 31 March 2018.

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 2017-18 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
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	01/03/2016	Open ended no Expired Term	3 months
Karen Lewis	01/03/2016	Open ended no Expired Term	3 months

## Remuneration of senior employees (audited information)

Executive Directors	Single total figure of remuneration							
	Salary (£'000)		Bonus Payments (£'000)		Pension Benefits (£'000)		Total (£'000)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Mr Paul Burrows	85-90	85 - 90	0-5	0-5	N/A	19	90-95	105 -110
Mr Paul Gemmill	100-105	100 -105	5-10	0-5	10	34	115-120	140 -145
Ms Janet Juillerat	85-90	85 - 90	5-10	0-5	9	23	105-110	110 -115
Mr David Parfrey	100-105	100 -105	0-5	5-10	16	26	120-125	130 -135
Mr Steve Visscher* <sup>1</sup>	75-80	75 - 80	0-5	0-5	N/A	N/A	75-80	80 - 85
Professor Melanie Welham	125-130	125-130	-	5-10	52	56	180-185	195 -200
Dr Amanda Collis (from 1 March 2016)	90-95	85 - 90	5-10	0-5	38	130	135-140	220 -225
Dr Karen Lewis (from 1 March 2016)	85-90	85 - 90	0-5	0-5	8	121	95-100	210 -220

\* Mr Steve Visscher is a member of the RCPS but as at 31 March 2017 and 31 March 2016 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 2017-18 and 2016-17 and no pension benefits are calculated. Full-time equivalent salary is £155-160,000 (2016-17: £155-£160,000).

### Salary and allowances

Salary and allowances covers both pensionable and non-pensionable amounts and includes: gross salaries; performance-related pay; overtime; 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 2017-18 relate to performance in 2017-18 and the comparative awards reported for 2016-17 relate to the performance in 2016-17.

### 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 2017-18 was £155-160,000 (2016-17: £155-160,000). This was 5.12 times (2016-17: 5.11) the median remuneration of the workforce, which was £30,782. (2016-17: £30,807)

In 2017-18, 0 employees received remuneration in excess of the highest paid director (2016-17; 0) Remuneration ranged from £12,500-£157,500 (2016-17; £17,500-£157,500).

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 31/03/2018	Real increase in pension and lump sum at pension age	Cash equivalent transfer value as at 31/03/2018	Cash equivalent transfer value as at 31/03/2017	Real increase in cash equivalent transfer value
	£'000	£'000	£'000	£'000	£'000
Mr Paul Burrows	170-175	0-2.5	952	894	0
Mr Paul Gemmill	25-30	0-2.5	441	396	6
Ms Janet Juillerat	35-40	0-2.5	631	585	6
Mr David Parfrey	25-30	0-2.5	557	505	15
Mr Steve Visscher	N/A	N/A	N/A	N/A	N/A
Professor Melanie Welham	10-15	2.5-5	196	148	32
Dr Amanda Collis	90-95	0-2.5	398	343	28
Dr Karen Lewis	95-100	0-2.5	493	454	6

### Details of Pension Scheme

The employees of the Council are members of the Research Councils' Pension Scheme (RCPS) which 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 (PCSPS), 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 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 per cent and 8.85 per cent depending on scheme. The employer's contribution is agreed by the RCPS Management Board on the recommendation of the Government Actuary's Department (GAD) and is set at 26 per cent 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 RCPS is a 'by-analogy' scheme to the PCSPS and as a result any changes made to the PCSPS, including member contribution rates, are automatically applied to the RCPS. The PCSPS changed the rates of employee pension contribution rates from 1 April 2017 for the lower pay level in the classic scheme and also the actual pensionable salary bands that the contribution rate applies to. Members of the classic, premium, classic plus and nuvos schemes will be affected.

Annual Pensionable Earnings (full-time) equivalent basis contribution	Classic Scheme		Premium, Classic Plus and Nuvos	
	Current contribution rate	New 2018 rate	Current contribution rate	New 2018 rate
Up to £15,000	3.8	4.6	4.6	4.6
£15,001 - £21,442 (2015-16, up to £21,000)	4.6	4.6	4.6	4.6
£21,423 - £51,005 (2015-16: £21,000-£48,471)	5.45	5.45	5.45	5.45
£51,006 - £150,000 (2015-16: £48,741-£150,000)	7.35	7.35	7.35	7.35
£150,001 and above (2015-16 £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 per cent 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.

Further details about the RCPS pension arrangements can be found at the website <http://jsspensions.nerc.ac.uk/>

### Cash Equivalent Transfer Value (CETV)

A 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 and 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 2017-18 or 2016-17.

## Staff report

On 1 April 2018, BBSRC employed 281 staff, compared to 650 on 1 April 2017. The reduction is due to the transfer of staff who were previously deployed to work at The Babraham Institute, John Innes Centre, Earlham Institute, NBI Ltd, and The Quadram Institute, but were subject to BBSRC terms and conditions and their salary costs were paid by the Institutes. The transfers were conducted under the Transfer of Undertakings Regulations (TUPE).

Of the 281 staff, 268 were based in BBSRC Swindon Office, which includes staff in Joint Service Units (JSUs) hosted by BBSRC on behalf of all of the Research Councils. Seven members of staff were based in a JSU in London and seven 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:

[www.bbsrc.ukri.org/about/policies/employment/code](http://www.bbsrc.ukri.org/about/policies/employment/code)

### Staff composition – gender analysis

The gender split for employees at BBSRC Swindon Office as at 31 March 2018 is shown in the table below.

Pay Bands	Headcount			FTE		
	Male	Female	Total	Male	Female	Total
Directors (PC1 & PC2)	5	6	11	4.5	6	10.5
Senior Managers (Bands F & G)	26	18	44	24.9	16.8	41.7
Other employees (Bands B to E)	63	163	226	61.5	150.1	211.6
<b>Total</b>	<b>94</b>	<b>187</b>	<b>281</b>	<b>90.9</b>	<b>172.9</b>	<b>263.8</b>

### Sickness absence

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

	2015-16	2016-17	2017-18
Total days of absence	1,515	1,656	2,629
Frequency of absences lasting longer than 28 days	8	15	15
Total days of long-term absence	356	914	1,157
Average days of sick absence per person at BBSRC Office	5.08	6.34	9.39

### Staff-related costs (audited information)

BBSRC hosts a number of JSUs on behalf of all of the Research Councils. The costs of these JSUs are recharged to all of the Research Councils, including BBSRC. Figures below show the net of BBSRC Office and the JSUs recharges (2017-18: £1,824k, 2016-17: £2,538k) by BBSRC.

	Permanently employed staff £'000	2017-18 £'000 Total	2016-17 £'000 Total
Wages and salaries	7,258	7,258	7,467
Social security costs	789	789	819
Other pension costs	1,984	1,984	1,979
<b>Sub total</b>	<b>10,031</b>	<b>10,031</b>	<b>10,265</b>
Less recoveries in respect of outward secondments	-	-	-
<b>Total net costs</b>	<b>10,031</b>	<b>10,031</b>	<b>10,265</b>

No staff costs have been capitalised in 2017-18 or 2016-17.

There have been no off-payroll engagements of board members or senior officials with significant financial responsibility in 2017-18.

During 2017-18, BBSRC spent £782k (2016-17: £1.265M) on professional fees as reported in note 4.1 to the financial statements.

## Superannuation

The employees of BBSRC are members of the RCPS. For further details, please see page 41.

For 2017-18, employers' contributions of £1,984k were payable to the RCPS (2016-17: £1,979k) at 25.6 per cent (2016-17: 25.6 per cent) of pensionable pay.

The last actuarial valuation undertaken for RCPS was at 31 March 2006 and was completed in 2008-09. An actuarial valuation as at 31 March 2010 was initiated but not completed due to HM Treasury suspending all public sector pension scheme valuations whilst reform

policies were being developed. HM Treasury concluded their reform policy, which enabled the Government Actuary Department to start the process of completing a revised scheme valuation. This valuation will be as at 31 March 2012 in accordance with HM Treasury revised scheme valuation directions. The conclusion of the scheme valuation is directly linked to the reform of the RCPS and therefore future employer contribution rates will be established once the scheme reforms are implemented, which is expected in April 2019.

Further details about the RCPS arrangements can be found at the website <http://jsspensions.nerc.ac.uk/>

## Staff numbers (audited information)

	Permanently employed staff (FTE)	Others	2017-18 Total	2016-17 Total
Administrative	211.5	-	211.5	202.4
UK paid joint services staff	46.3	-	46.3	61.3
Overseas paid staff	6	-	6	3.6
Temporary agency staff	-	-	-	4
<b>Total</b>	<b>263.8</b>	<b>-</b>	<b>263.8</b>	<b>271.3</b>

## Reporting of civil service and other compensation schemes – exit packages (audited information)

Exit package cost band	Number of departures agreed at BBSRC Institutes		Number of other departures agreed at BBSRC Swindon Office		Total number of exit packages by cost band	
	2017-18	2016-17 restated	2017-18	2016-17	2017-18	2016-17 restated
Less than £10,000	8	7	-	-	8	7
£10,000-£25,000	29	14	1	2	30	16
£25,000-£50,000	19	12	3	3	22	15
£50,000-£100,000	17	14	6	5	23	19
£100,000-£150,000	-	-	-	-	-	-
£150,000-£200,000	-	-	-	-	-	-
More than £200,000	-	-	-	-	-	-
<b>Total number of exit packages</b>	<b>73</b>	<b>47</b>	<b>10</b>	<b>10</b>	<b>83</b>	<b>57</b>
<b>Total cost (£)</b>	<b>2,338,927</b>	<b>1,670,315</b>	<b>596,920</b>	<b>479,743</b>	<b>2,935,847</b>	<b>2,150,058</b>

There was one compulsory redundancy in 2017-18 (0 for 2016-17).

2016-17 figures are restated due to November 2016 amendments to the Civil Service Compensation Scheme.

Redundancies and other departure costs have been paid in accordance with the provisions of the Civil Service

Compensation Scheme. Exit costs are accounted for in full in the year in which departure is agreed. Where 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.

On 1 April 2017, BBSRC had 359 staff at BBSRC strategically funded institutes that were on BBSRC terms and conditions, who were transferred to institute terms and conditions during 2017-18. Whilst their salary costs were paid by the institutes, BBSRC is liable for any exit costs for these staff.

## Employee engagement

BBSRC has active employee engagement and during 2017-18 has progressed a number of continuous improvement activities including the following:

- In October 2017, BBSRC participated in the ninth Civil Service People Survey, achieving a 72 per cent engagement index, which benchmarks at +7 per cent against other high-performing units completing the survey. BBSRC has consistently been viewed as a good employer, reported as being fair and inclusive, and well led and managed with regards to its strategic direction. Significant increases have been seen in the 'Leading and managing change' theme. Employees feel that not only is the organisation as a whole managed well but change is also managed well, and they feel informed about matters that affect them.
- The BBSRC Transition Programme has been co-ordinating BBSRC activities to ensure that it is better placed to meet the challenges and opportunities of the future during the transition to UKRI in 2018. An employee engagement plan with mechanisms for ongoing engagement and consultation with staff has been created, which aligns with the evolving direction of travel towards UKRI.
- In February 2018, BBSRC was awarded the Investors in People Silver accreditation and the Health and Wellbeing Award. This is the third accreditation since 2011, demonstrating the cultural maturity in people management practices and commitment to the health and wellbeing of employees.
- All BBSRC employees have a voice on matters relating to their work. BBSRC uses the Employee Forum to provide additional means through which staff can be informed, and consulted on, and to facilitate communication between staff and management. The forum promotes engagement across the office, provides a cross-office employee forum dedicated to employee engagement and workplace environment issues and opportunities, and enables an active and engaged employee voice which has two-way communication with BBSRC's senior leaders.

### Trade union facility time report

During 2017-18 no employees were trade union officials and therefore there was no associated facility time in the year.

## Learning and development

BBSRC continues to develop strategic management and leadership capability through the current programmes

including a targeted senior leadership programme. In addition to the suite of offerings, BBSRC continues to focus on providing effective training in the context of a changing landscape as we prepare to move into UKRI, delivering programmes such as Preparing Briefings for Senior Colleagues, Transactional Analysis, Developing Resilience, and Mental Health Awareness for Line Managers.

BBSRC also sponsors a number of 'high-value' awards, including professional accreditation and other recognised qualifications, which have included AAT Level 4 Professional Diploma in Accounting and Chartered Institute of Management Accountants (CIMA). 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. BBSRC also continues to develop strategic management and leadership capability through the current programmes including a targeted senior leadership programme. The 2017 Civil Service People Survey reflected positive response rates to Learning and Development; employees are able to access the right learning and development opportunities, and feel these opportunities are helping to develop their career.

Since the introduction of the apprenticeship levy in April 2017, BBSRC is on track to meet the government target to employ at least 2.3 per cent of staff as new apprentices and upskilling existing employees. The People and Development Group and the Science Group made three apprentice appointments, who are currently undertaking the Business Administration Level 2. A further two existing employees from the Finance team are being upskilled through the apprenticeship scheme and undertaking the AAT Level 3 qualification.

## Equality, diversity and inclusion

BBSRC aims to embed diversity and inclusion in all we do as an investor, employer, and partner. Our intention is to fully reflect the communities in which we work in order to ensure we are accessing the best input, talent and perspectives. This is a commitment that starts at the very top of our organisation and flows throughout it. We are not afraid to challenge ourselves or established ways of thinking and to set ambitious objectives to drive positive change. We value and promote an inclusive research community where diverse talent is used to advance discovery, develop skills and knowledge, and drive innovation in the UK.

Our values mean that we expect our people to treat each other, stakeholders and partners with respect. In the recent Civil Service People Survey, 89 per cent of staff agreed or strongly agreed that they were treated with respect by the people they work with, and 88 per cent of staff agreed or strongly agreed that they were treated fairly at work. This is a good result, but we are not complacent and are

always striving to continually improve. To this end we have a range of different measures to enhance and embed this culture throughout our organisation.

- **Recruitment and Retention** – We currently provide training for recruitment panel interviewers, operate mixed-gender interview panels and review job specifications before they are advertised. We also carry out exit interviews so we can analyse the reasons why people leave BBSRC.
- **Family friendly** – We provide a range of policies and practices to support working parents and those returning to work, including flexible working, job sharing, part-time and term-time working, home-working, parental leave, paid maternity/adoption and paternity leave.
- **Progression** – We ensure that everyone has the opportunity and support to develop their careers through our talent management scheme. We are looking to strengthen and promote our mentoring arrangements.
- **Equality and Diversity Strategy** – We provide a forum to promote equality, inclusion and diversity across all teams in BBSRC. This forum produces and reviews BBSRC’s Equality and Diversity Strategy, which includes a targeted action plan.
- **Equality and Inclusion Data** – Annually we produce staff data, including gender data on recruitment, promotion, and leavers. This is shared with staff and published on our website. BBSRC conducts equal pay audits every two years.
- **Diversity training:** We provide all staff with Unconscious Bias Training.

Promoting equality, diversity and inclusion is an integral part of our vision to deliver new knowledge and an enriched, healthier, more sustainable and resilient organisation.

## Health, safety and wellbeing

Staff health, safety and wellbeing is of paramount importance to our organisation. We recognise good management and the provision of a good working environment is important. During 2017-18 we have achieved the following:

- Recognition in this area through the IiP Health and Wellbeing Award.
- 100 per cent compliance for fire safety training and 98 per cent for DSE Risk Assessment and Training.
- Improvements in how we successfully engage with staff on health, safety and wellbeing, with a number of successful awareness campaigns.

- Improvements in our reporting systems and arrangements for incident reporting, by introducing a cloud-based system.
- Developing training for staff who travel overseas and providing them with specific risk assessments.
- Low level of accidents – the overall level is 1.17 per 100 staff and the level of near misses is 0.79 per 100 staff. This low level has remained fairly static over the last three years. There were no RIDDOR-reportable accidents or HSE enforcement notices.
- Improvements in return-to-work procedures ensuring care plans are fully developed to support people back to work after long-term health absence.

In June, BBSRC conducted a health and wellbeing survey based on the HSE stress standards. Our results were good, and we scored in the top 80 per cent (compared to other organisation) in all areas.

Group	Current Results (1-5 where 5 is the optimum value)
Demands	3.40
Control	4.12
Manager’s support	3.94
Peer support	4.02
Relationships	4.12
Role	4.31
Change	3.43

Recommendations from the report have been put in place so we can maintain this level of resilience.

### Professor Melanie Welham

Chief Executive and Accounting Officer  
26 June 2018

# Parliamentary Accountability and Audit Report

I can confirm that, for the financial year ended 31 March 2018, 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 2017-18.

Long-term expenditure trends have been included in the performance report on pages 21 to 24. During 2017-18 there have been no losses or special payments, nor any special payments which are severance payments (2016-17 £nil).

As at 31 March 2018, 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.

Total consultancy expenditure for the year was £nil (2016-17: £nil).

**Professor Melanie Welham**

Chief Executive and Accounting Officer  
26 June 2018

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

## Opinion on financial statements

I certify that I have audited the financial statements of the Biotechnology and Biological Sciences Research Council for the year ended 31 March 2018 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 including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of Biotechnology and Biological Sciences Research Council's affairs as at 31 March 2018 and of the 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 regularity

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

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Biotechnology and Biological Sciences Research Council in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Responsibilities of the Biotechnology and Biological Sciences Research Council and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Biotechnology and Biological Sciences Research 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.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Science and Technology Act 1965.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the



purpose of expressing an opinion on the effectiveness of the Biotechnology and Biological Sciences Research Council's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Biotechnology and Biological Sciences Research Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

## Other information

The Biotechnology and Biological Sciences Research Council and the Accounting Officer are responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the

work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with the Secretary of State directions made under the Science and Technology Act 1965;
- in the light of the knowledge and understanding of the Biotechnology and Biological Sciences Research Council and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in 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 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

9 July 2018

## Statement of comprehensive net expenditure for the period ended 31 March 2018

	Notes	2017-18 £'000	2016-17 £'000
<b>Income</b>			
Income from sale of goods and services	3	17,554	27,657
<b>Total operating income</b>		<b>17,554</b>	<b>27,657</b>
Operating costs			
Staff costs	4.6	10,031	10,265
Other operating costs	4.1	4,385	5,634
Depreciation, amortisation and impairments	4.2	12,078	11,464
Provision expense	4.3	1,752	(165)
Research and development grants	4.4	490,316	446,018
Notional UK SBS service charges		1,527	1,812
Other operating expenditure	4.5	(4,109)	(422)
Capital grant in kind		-	22,226
<b>Total operating costs</b>		<b>515,980</b>	<b>496,832</b>
<b>Total operating expenditure</b>		<b>498,426</b>	<b>469,175</b>
Finance income		-	3
<b>Net expenditure for the year</b>		<b>498,426</b>	<b>469,172</b>
Other comprehensive expenditure			
Items which will not be reclassified to net operating costs:		-	-
Net (gain)/loss on revaluation of property, plant and equipment	5	(16,258)	(36,184)
Net (gain)/loss on revaluation of assets held for sale		-	(145)
<b>Total comprehensive expenditure for the period ended 31 March 2018</b>		<b>482,168</b>	<b>432,843</b>

All activities are regarded as continuing.  
The notes on pages 54 to 72 form part of these accounts.

## Statement of financial position as at 31 March 2018

	Notes	31 March 2018 £'000	31 March 2017 £'000
<b>Non current assets</b>			
Property, plant and equipment	5	430,803	426,632
Intangible assets		1	3
Financial assets	6	8,649	8,882
Non current receivables	7	155	155
<b>Total non current assets</b>		<b>439,608</b>	<b>435,672</b>
<b>Current assets</b>			
Assets classified as held for sale	8	15,358	43,227
Trade and other receivables	7	10,927	17,207
Cash and cash equivalents	9	8,894	4,544
<b>Total current assets</b>		<b>35,179</b>	<b>64,978</b>
<b>Total assets</b>		<b>474,787</b>	<b>500,650</b>
<b>Current liabilities</b>			
Trade and other payables	10	(28,930)	(31,823)
Provisions	11	(1,341)	(2,016)
<b>Total current liabilities</b>		<b>(30,271)</b>	<b>(33,839)</b>
<b>Non current assets less current liabilities</b>		<b>444,516</b>	<b>466,811</b>
<b>Non current liabilities</b>			
Provisions	11	(228)	(859)
<b>Total non current liabilities</b>		<b>(228)</b>	<b>(859)</b>
<b>Assets less liabilities</b>		<b>444,288</b>	<b>465,952</b>
<b>Taxpayers' equity</b>			
General reserve	SOCiTE	(35,142)	(7,628)
Revaluation reserve	SOCiTE	479,292	473,163
Bill and Melinda Gates reserve	SOCiTE	138	417
<b>Total taxpayers equity</b>		<b>444,288</b>	<b>465,952</b>

The notes on pages 54 to 72 form part of these accounts.

**Professor Melanie Welham**  
Chief Executive and Accounting Officer  
26 June 2018

## Statement of cash flows for the period ended 31 March 2018

	Notes	31 March 2018 £'000	31 March 2017 £'000
<b>Cash flows from operating activities</b>			
Net operating cost for year	SoCNE	(498,426)	(469,172)
Adjustment for non cash transactions		9,719	33,104
Notional UK SBS charge	SoCNE	1,527	1,812
(Increase)/decrease in trade and other receivables excluding those for property, plant and equipment	7	6,280	(3,231)
Increase/(decrease) in trade and other payables excluding those for property, plant and equipment	10	(2,893)	(2,272)
Use of provisions	11	(3,056)	(2,573)
Capital grant in kind		-	(22,226)
<b>Net cash out-flow from operating activities</b>		<b>(486,849)</b>	<b>(464,558)</b>
<b>Cash flows from investing activities</b>			
Payments to acquire property, plant and equipment		-	-
Receipts from disposal of property, plant and equipment		-	-
Purchase of financial assets		-	-
Disposal of financial assets		-	-
Receipts from disposal of assets held for sale		32,222	23,193
<b>Net cash outflow from investing activities</b>		<b>32,222</b>	<b>23,193</b>
<b>Cash flows from financing activities</b>			
Grant in Aid received from BEIS		458,977	435,178
Other movements		-	-
<b>Net cash inflow from financing activities</b>		<b>458,977</b>	<b>435,178</b>
<b>Increase/(decrease) in cash and cash equivalents in the period</b>		<b>4,350</b>	<b>(6,187)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>4,544</b>	<b>10,731</b>
<b>Cash and cash equivalents at the end of the period</b>	9	<b>8,894</b>	<b>4,544</b>

The notes on pages 54 to 72 form part of these accounts.

## Statement of changes in taxpayers' equity for the period ended 31 March 2018

	Notes	General Reserve £'000	Revaluation Reserve £'000	Bill and Melinda Gates Reserve £'000	Total Reserves £'000
<b>Balance at 1 April 2016</b>		<b>1,916</b>	<b>458,480</b>	<b>1,409</b>	<b>461,805</b>
Grant in aid from BEIS		435,178	-	-	435,178
Net expenditure for the year	SoCNE	(469,172)	-	-	(469,172)
Transfers between reserves – movements on fixed assets		992	-	(992)	-
Transfers between reserves		21,646	(21,646)	-	-
Gains/losses recognised in the statement of comprehensive expenditure	SoCNE	-	36,329	-	36,329
Notional UK SBS service charges	SoCNE	1,812	-	-	1,812
Movement on reserves		-	-	-	-
<b>Balance at 1 April 2017</b>		<b>(7,628)</b>	<b>473,163</b>	<b>417</b>	<b>465,952</b>
Grant in aid from BEIS		458,977	-	-	458,977
Net expenditure for the year	SoCNE	(498,426)	-	-	(498,426)
Transfers between reserves – movements on fixed assets		10,129	(10,129)	-	-
Transfers between reserves		279	-	(279)	-
Gains/losses recognised in the statement of comprehensive expenditure	SoCNE	-	16,258	-	16,258
Notional UK SBS service charges	SoCNE	1,527	-	-	1,527
Movement on reserves		-	-	-	-
<b>At 31 March 2018</b>		<b>(35,142)</b>	<b>479,292</b>	<b>138</b>	<b>444,288</b>

The notes on pages 54 to 72 form part of these accounts.

## 1. Statement of accounting policies

The principal 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 BEIS, pursuant to Section 2(2) of the Science and Technology Act 1965.

These financial statements have been prepared in accordance with the 2017-18 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

The Higher Education and Research Bill received Royal Assent on 27 April 2017, confirming the creation of a single executive non-departmental public body, UK Research and Innovation (UKRI). Under the Higher Education and Research Act 2017, UKRI incorporated the assets, liabilities and functions of the seven Research Councils, Innovate UK and Government's funding of research in higher education from 1 April 2018.

Confirmation of UKRI's budget allocation for 2018-19 to 2020-21 was received from BEIS in March 2018, which shows continued funding for the functions exercised by BBSRC for this period.

As the functions previously provided by BBSRC will continue to be provided by UKRI with the same assets and liabilities, it remains appropriate for the financial statements of BBSRC for the financial year ended 31 March 2018 to be prepared on a going-concern basis in accordance with the FReM issued by HM Treasury.

### 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 2017-18

No new revised standards and interpretations have been applied by the Council.

#### 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. 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 2017-18.

### 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 – five years
- Website costs – three 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.

BBSRC 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 (SoCNE). 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 Property, Plant and Equipment 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 previously 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 BEIS, 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 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 SoCNE.

As such, annual contributions to the 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 RCPS 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 BEIS 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

BBSRC has three reserves: the General Reserve, the Revaluation Reserve and the Bill and Melinda 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 SoCNE. The Gates Reserve is a restricted reserve created for funds from the Bill and 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. on-current asset held for sale at fair value these are of the valuation methodologies applied are given in Note 5 and Note 8.

## 2. Reporting by operating segment

BBSRC reports its expenditure by operating segment in accordance with IFRS 8 Operating Segments.

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 of users and beneficiaries (including the agriculture, bioprocessing, chemical, food, healthcare, pharmaceutical and other biotechnology-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.

### Training

BBSRC supports postgraduate 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, BEIS 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).

Segmental analysis of net operating expenditure for the year ended 31 March 2018.

At 31 March 2018	Research £'000	Training £'000	Office £'000	Other £'000	Total £'000
Research grants	341,661	-	-	-	341,661
Capital grants	97,645	-	-	-	97,645
Postgraduate awards	-	43,863	-	-	43,863
Fellowships	-	7,147	-	-	7,147
Staff costs	-	-	10,031	-	10,031
Other operating costs	-	-	4,385	-	4,385
Depreciation, amortisation and impairment	-	-	-	12,078	12,078
Movement in provisions	-	-	-	1,752	1,752
Notional charge for UK SBS services	-	-	-	1,527	1,527
Other	-	-	-	(4,109)	(4,109)
<b>Total operating expenditure</b>	<b>439,306</b>	<b>51,010</b>	<b>14,416</b>	<b>11,248</b>	<b>515,980</b>

At 31 March 2017	Research £'000	Training £'000	Office £'000	Other £'000	Total £'000
Research grants	324,110	-	-	-	324,110
Capital grants	70,970	-	-	-	70,970
Postgraduate awards	-	43,986	-	-	43,986
Fellowships	-	6,952	-	-	6,952
Staff costs	-	-	10,265	-	10,265
Other operating costs	-	-	5,634	-	5,634
Depreciation, amortisation and impairment	-	-	-	11,464	11,464
Movement in provisions	-	-	-	(165)	(165)
Notional charge for UK SBS services	-	-	-	1,812	1,812
Other	-	-	-	(422)	(422)
Capital grant in kind	-	-	-	22,226	22,226
<b>Total operating expenditure</b>	<b>395,080</b>	<b>50,938</b>	<b>15,899</b>	<b>34,915</b>	<b>496,832</b>

### 3. Income

	2017-18 £'000	2016-17 £'000
Current grants from EU	712	381
Current grants from private sector companies	292	1,963
Fee income	546	529
Income from other government departments	15,645	24,347
Miscellaneous income	359	437
<b>Total</b>	<b>17,554</b>	<b>27,657</b>

### 4. Operating expenditure

#### 4.1 Purchase of goods and services

	2017-18 £'000	2016-17 £'000
Travel and subsistence	650	779
Accommodation and office equipment	807	938
Staff severance costs	(294)	405
Professional fees	782	1,265
Miscellaneous other costs	287	272
Conferences and seminars	443	702
Staff training and other staff costs	561	474
Council fees and honoraria	230	305
Internal audit	545	154
IT costs/Support costs	169	119
Professional subscriptions	120	138
External audit	85	85
Finance and HR services (UK SBS)	-	(2)
<b>Total</b>	<b>4,385</b>	<b>5,634</b>

Ownership of UK SBS transferred from the Research Councils to BEIS on 6 March 2013. From 1 April 2013, the cost of UK SBS'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 UK SBS'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

	2017-18 £'000	2016-17 £'000
Depreciation	10,656	10,105
Amortisation of intangible assets	2	7
Impairments	1,420	1,352
<b>Total</b>	<b>12,078</b>	<b>11,464</b>

## 4.3 Provisions expense

	2017-18 £'000	2016-17 £'000
Provisions expense – early departure	2,030	1,335
Provision movement	(278)	(1,500)
<b>Total</b>	<b>1,752</b>	<b>(165)</b>

Provision expense early departure is the amount provided for £2,030k (2016-17: £1,976k) and the amount released £278k and £nil (2016-17: £634k and £7k) in year for annual compensation payments and staff restructuring in Note 11 – Provisions for liabilities and charges.

## 4.4 Research and development

	2017-18 £'000	2016-17 £'000
Grant expenditure:		
Research grants	341,661	324,110
Capital research grants	97,645	70,970
Postgraduate awards	43,863	43,986
Fellowships	7,147	6,952
<b>Total</b>	<b>490,316</b>	<b>446,018</b>

## 4.5 Other operating expenditure

	2017-18 £'000	2016-17 £'000
Profit on disposal – assets held for sale	(4,342)	(78)
Share of profit of joint ventures and associates	233	(344)
<b>Total</b>	<b>(4,109)</b>	<b>(422)</b>

During 2017-18 land and building at a sponsored institute was sold with a profit of £4.3M.

#### 4.6 Staff numbers and related costs

	2017-18 £'000	2016-17 £'000
Salaries and wages	7,258	7,467
Social security costs	789	819
Other pension costs	1,984	1,979
<b>Total costs</b>	<b>10,031</b>	<b>10,265</b>

For further information on staff costs and numbers, please see staff report on page 43.

### 5. Property, plant and equipment

	Land £'000	Buildings £'000	Dwellings £'000	Plant and equipment £'000	Assets under construction £'000	Total £'000
<b>Cost or valuation</b>						
<b>At 1 April 2017</b>	<b>62,217</b>	<b>371,139</b>	<b>38,516</b>	<b>293</b>	<b>15,269</b>	<b>487,434</b>
Valuation changes	-	-	-	-	-	-
Valuation additions*	-	-	-	-	7,198	7,198
Disposals	-	(8,730)	-	(13)	-	(8,743)
Impairment	-	(1,420)	-	-	-	(1,420)
Reclassification	-	-	-	-	-	-
Revaluation	238	6,973	770	-	-	7,981
<b>At 31 March 2018</b>	<b>62,455</b>	<b>367,962</b>	<b>39,286</b>	<b>280</b>	<b>22,467</b>	<b>492,450</b>
<b>Depreciation and impairment</b>						
<b>At 1 April 2017</b>	<b>-</b>	<b>(60,549)</b>	<b>-</b>	<b>(253)</b>	<b>-</b>	<b>(60,802)</b>
Provided during the year	-	(9,941)	(686)	(29)	-	(10,656)
Valuation changes	-	-	-	-	-	-
Disposals	-	8,719	-	13	-	8,732
Impairment	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Revaluation	-	393	686	-	-	1,079
<b>At 31 March 2018</b>	<b>-</b>	<b>(61,378)</b>	<b>-</b>	<b>(269)</b>	<b>-</b>	<b>(61,647)</b>
<b>Net Book Value</b>						
<b>At 31 March 2018</b>	<b>62,455</b>	<b>306,584</b>	<b>39,286</b>	<b>11</b>	<b>22,467</b>	<b>430,803</b>
At 1 April 2017	62,217	310,590	38,516	40	15,269	426,632

## 5. Property, plant and equipment continued

	Land £'000	Buildings £'000	Dwellings £'000	Plant and equipment £'000	Assets under construction £'000	Total £'000
<b>Cost or valuation</b>						
<b>At 1 April 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>
Valuation changes	-	21,341	96	-	-	21,437
Valuation additions*	1,590	3,710	-	-	1,313	6,613
Disposals	-	-	-	(11)	-	(11)
Impairment	-	(1,387)	-	-	-	(1,387)
Reclassification	(38,945)	22,737	(4,841)	-	(26,533)	(47,582)
Revaluation	7,044	15,932	7,204	-	-	30,180
<b>At 31 March 2017</b>	<b>62,217</b>	<b>371,139</b>	<b>38,516</b>	<b>293</b>	<b>15,269</b>	<b>487,434</b>
<b>Depreciation and impairment</b>						
<b>At 1 April 2016</b>	<b>-</b>	<b>(28,560)</b>	<b>-</b>	<b>(234)</b>	<b>-</b>	<b>(28,794)</b>
Provided during the year	-	(9,513)	(561)	(30)	-	(10,104)
Valuation changes	-	(21,341)	-	-	-	(21,341)
Disposals	-	-	-	11	-	11
Impairment	-	35	-	-	-	35
Reclassification	-	-	-	-	-	-
Revaluation	-	(1,170)	561	-	-	(609)
<b>At 31 March 2017</b>	<b>-</b>	<b>(60,549)</b>	<b>-</b>	<b>(253)</b>	<b>-</b>	<b>(60,802)</b>
<b>Net Book Value</b>						
<b>At 31 March 2017</b>	<b>62,217</b>	<b>310,590</b>	<b>38,516</b>	<b>40</b>	<b>15,269</b>	<b>426,632</b>
At 1 April 2016	92,528	280,246	36,057	70	40,489	449,390

\*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 March 2018	31 March 2017
	£'000	£'000
Balance at 1 April	8,882	8,538
Revaluations	(233)	344
<b>Balance at reporting date</b>	<b>8,649</b>	<b>8,882</b>

	PBL	NRP LLP	BBT	RBL	Leaf Innovations System	RoRCE	Total
	£'000	£'000	£'000	£'000			£'000
Valuation/cost							
As at 31 March 2016	804	744	6,994	(4)	-	-	8,538
Share of JV net (expenditure)/income	(84)	(113)	577	(36)	-	-	344
At 1 April 2017	720	631	7,571	(40)	-	-	8,882
Valuation adjustment	40	(18)	(842)	60	-	-	(760)
Share of Associate/JV net (expenditure)/income	152	(8)	489	(21)	(51)	(34)	527
<b>Net Book Value at 31 March 2018</b>	<b>912</b>	<b>605</b>	<b>7,218</b>	<b>(1)</b>	<b>(51)</b>	<b>(34)</b>	<b>8,649</b>

### Plant Bioscience Ltd (PBL)

110 ordinary shares at 10p each, representing one third of the issued share capital of Plant Bioscience Ltd. Plant Bioscience Ltd is incorporated in England and Wales. [www.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, the Norfolk and Norwich University Hospital, the John Innes Centre, The Sainsbury Laboratory, the Earlham Institute, and the Institute of Food Research, now novated to Quadram Institute Bioscience – with the aim of transforming the NRP into a world-leading centre for research and innovation in life and environmental science, as well as delivering significant economic benefits and growth in jobs, as a result of the government's £26M capital investment in the facilities and infrastructure on the NRP. [www.norwichresearchpark.com/](http://www.norwichresearchpark.com/)

### Babraham Bioscience Technologies Ltd (BBT)

BBSRC currently holds 25 per cent of shares in Babraham Bioscience Technologies Ltd, with a nominal value of £6.6M, with the Babraham Institute holding the remaining 75 per cent 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 economic growth and job creation through creating an environment where life

science businesses can focus on developing their science and building their business in a supportive and highly networked community, helping to create new medicines, jobs and growth, and maximising the impact of UK science. [www.babraham.com/](http://www.babraham.com/)

### Rothamsted Centre for Research and Enterprise (RoCRE)

One ordinary share at 100p, representing 20 per cent of the issued share capital (with voting rights) of Rothamsted Centre for Research and Enterprise Ltd (RoCRE). Lawes Agricultural Trust and Rothamsted Research each hold two ordinary shares, or 40 per cent, of the remaining issued share capital. RoCRE is incorporated in England and Wales. RoCRE's primary aim is to promote collaboration and innovation through partnering with commercial agricultural technology businesses and opening up the research process. [www.rocre-rothamsted.com/](http://www.rocre-rothamsted.com/)

### 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.com/](http://www.roslinbiocentre.com/)

### Leaf Systems International Ltd

30 ordinary shares at 100p each, representing 30 per cent of the issued share capital (with voting rights) of Leaf Systems International Ltd. Leaf Systems International Ltd is incorporated in England and Wales and was launched in January 2017, following construction of the government-funded £5M transitional facility at Norwich for producing high-value protein in plants. [www.leafexpressionsystems.co.uk/](http://www.leafexpressionsystems.co.uk/)



### UK Innovation & Science Seed Fund (formerly known as The Rainbow Seed Fund)

The UK Innovation & Science Seed Fund is a £27.1M independently managed evergreen venture capital fund, established in 2001 by the Office of Science and Innovation (the predecessor to BEIS), to invest in technologies developed from publicly funded research, supporting the Government's industrial strategy for improved productivity and economic growth. To date, BBSRC has provided a capital grant of £10M in 2013-14 to support specific investments in Synthetic Biology; and £1M and £0.5M in 2014-15 and 2016-17, respectively, to support further investments in commercialisation of technology and services from publicly funded research and innovation campuses.

<https://ukinnovationscienceseedfund.co.uk/>

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

BBSRC has one Non-Government Department (NGD) share in UK SBS with an initial cost of £1 being the nominal value of the NGD share. BEIS holds one Government Department (GD) share carrying 51 per cent of the votes, UK SBS holds one share carrying 5 per cent 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 per cent.

### Quadram Institute Partners (QIP)

Quadram Institute Partners (QIP) is a new charitable organisation, and a Company Limited by Guarantee, that was founded by BBSRC, the Quadram Institute Bioscience (QIB), University of East Anglia (UEA) and Norfolk & Norwich University Hospital Trust (NNUH), through which these founding members co-invested £75M into the construction of the new Quadram Institute facility, at the Norwich Research Park, which is due to open in the summer of 2018. Through this investment, and co-location of QIB, the UEA's Faculty of Science and Medical School and the NNUH gastrointestinal endoscopy within the facility, will be the creation of a world class Institute (Quadram Institute) for food and health research to develop solutions for worldwide challenges in human health, food and disease.

Each of the founding members will have equal voting rights and no one member having a deciding vote. Also, in accordance with its Articles of Association and as a registered charity, BBSRC will have no rights to the QIP assets and any gains or surpluses that may be generated by the charity. It is for this reason that QIP is not included in the BBSRC financial assets, as shown in the financial statements, but noted within these accounts.

## 7. Trade receivables and other current assets

	31 March 2018	31 March 2017
	£'000	£'000
<b>Amounts falling due within one year</b>		
Trade receivables	7,943	4,986
Other receivables	179	2,529
Prepayments and accrued income	2,805	9,692
	<b>10,927</b>	<b>17,207</b>
<b>Amounts falling due after one year</b>		
Other receivables	155	155
<b>Total receivables</b>	<b>11,082</b>	<b>17,362</b>

## 8. Assets held for sale

	2017-18	2016-17
	£'000	£'000
<b>1 April 2017</b>	<b>43,227</b>	<b>18,710</b>
Valuation changes	-	(95)
Revaluation	-	145
Reclassification	-	47,582
Disposal	(27,869)	(23,115)
<b>At 31 March 2018</b>	<b>15,358</b>	<b>43,227</b>

The 2017-18 opening balance consists of several assets that 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 from 2015-16. All of these assets were transferred within the year and their valuation basis is detailed separately below.

### Valuation of HCA assets held for sale in 2015-16

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

Lambert Smith Hampton prepared the valuation on the basis of Market Value, 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.”

In 2017-18 the assets at one of the sites was sold with a surplus of £4.3M as per Note 4.5. The remaining assets are expected to be sold within the next 12 months.

## 9. Cash and cash equivalents

	31 March 2018 £'000	31 March 2017 £'000
Cash as at 1 April 2017	4,544	10,731
(Decrease)/Increase in cash in the year	4,350	(6,187)
<b>Cash as at 31 March 2018</b>	<b>8,894</b>	<b>4,544</b>

#### The following balances at 31 March were held at:

The Government Banking Service (GBS)	8,755	4,131
Commercial banks and cash in hand	139	413
<b>Total</b>	<b>8,894</b>	<b>4,544</b>

## 10. Trade and other payables and other current liabilities

	31 March 2018 £'000	31 March 2017 £'000
<b>Amounts falling due within one year</b>		
VAT	51	103
Other taxation and social security	320	-
Trade payables	16,922	18,659
Other payables	10	6,510
Accruals and deferred income	11,627	6,551
<b>Total</b>	<b>28,930</b>	<b>31,823</b>

## 11. Provisions for liabilities and charges

	Annual Compensation Payments £'000	Staff Restructuring £'000	Other Provisions £'000	Total 31 March 2018 £'000	Total 31 March 2017 £'000
<b>At 1 April 2017</b>	<b>899</b>	<b>1,976</b>	-	<b>2,875</b>	<b>5,611</b>
Amount provided in year	22	1,466	542	2,030	1,976
Amount released in year	-	(278)	-	(278)	(2,141)
Amount expended in year	(450)	(2,608)	-	(3,058)	(2,573)
<b>Total Provisions At 31 March 2018</b>	<b>471</b>	<b>556</b>	<b>542</b>	<b>1,569</b>	<b>2,875</b>

### Analysis of expected timing of cash flows

	31 March 2018				31 March 2017			
	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	243	556	542	1,341	40	1,976	-
Later than one year and not later than five years	228	-	-	228	859	-	-	859
Later than five years	-	-	-	-	-	-	-	-
Total non current liabilities	228	-	-	228	859	-	-	859
<b>Total</b>	<b>471</b>	<b>556</b>	<b>542</b>	<b>1,569</b>	<b>899</b>	<b>1,976</b>	<b>-</b>	<b>2,875</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 ACP associated with the specific institute restructuring programme is transferred from the major restructuring provision to the ACP provision.

Other provisions are for demolition costs at BBSRC sites.

## 12. Capital and other commitments

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

	2017-18 £'000	2016-17 £'000
Contracted capital commitments	181,391	225,291
Minimum future payments under:		
– Operating leases	108	12
<b>Total</b>	<b>181,499</b>	<b>225,303</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 2018, for which no provision has been made, are as follows:

	2017-18 £'000	2016-17 £'000
Authorised for contracts to be let, subject to full business case	181,391	225,291
Funding approved in principle:		
– BBSRC contribution to capital equipment for strategically funded institutes	-	-
	<b>181,391</b>	<b>225,291</b>

Capital commitment at 31 March 2018 was £181M, £44M lower than at 31 March 2017 (£225M), reflecting the progress being made in the delivery of the two major Institute development programmes, namely the new Quadram and Pirbright Institutes, which are due to be completed over the course of the next 3 years. The Quadram Institute is scheduled to open in the late summer of 2018.

#### 12.2 Commitments under leases

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

	2017-18 £'000	2016-17 £'000
Obligations under operating leases comprise		
Buildings:		
– Not later than one year	50	50
– Later than one year and not later than five years	58	100
	<b>108</b>	<b>150</b>

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

On 12 August 2015, BBSRC granted a 99-year ground lease to Imperial College of Science, Technology and Medicine for undeveloped land on the Babraham Research Campus. As a result of granting of this lease, Imperial College has constructed a 49,500 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 IAS 17, this ground lease is classified as an operating lease and forms part of BBSRC's land and buildings valuations.

On 16 February 2018, BBSRC granted a 99-year ground lease (with an option to extend to 125 years) to BioMed Realty for undeveloped land on the Babraham Research Campus. As a result of granting of this lease, BioMed Realty has begun construction of two new buildings, consisting of approximately 108,000 sq. ft. of integrated laboratory and office facilities, that will enhance the campus offering and providing additional space for growing bioscience-based companies on the site. In accordance with the provisions of IAS 17, this ground lease is classified as an operating lease and forms part of BBSRC's land and buildings valuations.

### 12.3 Future grant commitments

	31 March 2018 £M	31 March 2017 £M	31 March 2016 £M
2016-17	-	-	269.3
2017-18	-	258.2	200.3
2018-19	294.6	174.2	230.9
2019-20	201.9	178.0	-
2020 onwards	189.4	-	-
	<b>685.9</b>	<b>610.4</b>	<b>700.5</b>

### 13. Contingent liabilities

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 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>Prior to 31 March 2018, some staff at BBSRC strategically funded institutes were on BBSRC terms and conditions. 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, Energy and Industrial Strategy (BEIS).

For the purposes of IAS 8, BEIS and its partner organisations are regarded as related parties. During the year, the BBSRC has had various material transactions with BEIS and entities for which BEIS 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 and 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 Carole Goble CBE FReng FBCS CITP	2	203,970
Professor Helen Sang FRSB FRSE	1	7,535
Professor Margaret Dallman OBE FRSB FCGI	1	19,915

The following Council members held positions on the Governing Bodies of sponsored research institutes and other related parties as follows:

Professor Richard Cogdell FRS	Roslin Institute, University of Glasgow
Dr Belinda Clarke FRSB	JIC, BI and Norwich Research Park
Professor Margaret Dallman OBE FRSB FCGI	Imperial College London
Professor Sir Gordon Duff FRSE	St Hilda's College, Oxford University, Imperial College London, Trinity College, Dublin, Kings College London
Professor Carole Goble CBE FReng FBCS CITP	Elixir, University of Manchester, Rothamsted, Roslin Institute, Earlham Institute
Mr David Gregory	Roslin Institute
Dr Mike Goosey FRSE	University of Bath, University of York
Professor Sarah Gurr	University of Exeter
Dr Deborah Keith	JIC, University of Warwick
Professor Judith Petts CBE AcSS FRGS	University of Plymouth
Professor Helen Sang FRSB FRSE	University of Edinburgh

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

Council member	Relationship	Organisation
Professor Margaret Dallman OBE FRSB FCGI	Husband	Imperial College, London
Professor Judith Petts CBE AcSS FRGS	Husband	University of Westminster
Professor Carole Goble CBE FReng FBCS CITP	Husband	University of Manchester
Professor Helen Sang FRSB FRSE	Husband	University of Edinburgh

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

Mr Steve Visscher	Norwich Research Partners LLP, lifeArc, Global Institute for Food Security, Canada, Medical Research Foundation
Mr Zahir Sachak	Colney Innovations Ltd and RoCRE Ltd
Mr David Parfrey	BBT Ltd, Leaf Systems International Ltd, QI Partners Ltd, AIEC Ltd, Norwich Research Partners LLP
Ms Janet Juillerat	Cardiff University, Natural Environment Research Council
Dr Karen Lewis	UK Innovation & Science Seed Fund, PBL Ltd, Roslin BioCentre Ltd
Mr Bill Poll	AIEC Ltd

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	
	17-18 £M	16-17 £M	17-18 £M	16-17 £M	17-18 £M	16-17 £M	17-18 £M	16-17 £M
<b>Transactions with BBSRC-sponsored Institutes:</b>								
Babraham Institute*	15.67	16.15	0.14	0.03	0.37	-	-	-
The Pirbright Institute *	34.29	23.56	0.04	0.02	1.96	-	-	1.5
Quadram Institute Bioscience (formerly The Institute of Food Research) *	16.17	41.09	-	-	0.32	-	-	-
John Innes Centre	39.31	29.03	-	-	5.05	-	-	-
Rothamsted Research	22.86	20.84	0.09	0.04	0.81	-	-	-
The Earlham Institute (formerly The Genome Analysis Centre)	16.30	9.66	-	-	3.6	-	-	-
	<b>144.60</b>	<b>140.33</b>	<b>0.27</b>	<b>0.09</b>	<b>12.11</b>	-	-	<b>1.5</b>
<b>Transactions with BBSRC-sponsored institutes within universities</b>								
Institute of Biological, Environmental Rural Sciences	3.48	4.47	-	-	-	-	-	-
Roslin Institute	7.72	18.84	-	-	-	-	-	-
	<b>11.20</b>	<b>23.31</b>	-	-	-	-	-	-
<b>Transactions with other related parties:</b>								
Babraham Bioscience Technologies Ltd	-	3.00	-	-	-	-	0.54	-
Norwich Research Partners LLP	0.01	2.94	-	-	-	-	-	-
UK Innovation & Science Seed Fund (formerly Rainbow Seed Fund)	-	0.50	-	-	-	-	-	-
Leaf Systems International Ltd	0.80	1.32	-	-	-	-	-	-
	<b>0.81</b>	<b>7.76</b>	-	-	-	-	<b>0.54</b>	-
<b>Total</b>	<b>156.61</b>	<b>171.40</b>	<b>0.27</b>	<b>0.09</b>	<b>12.11</b>	-	<b>0.54</b>	<b>1.5</b>

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

	Receivables		Payables	
	17-18 £m	16-17 £m	17-18 £m	16-17 £m
<b>Non-institute:</b>				
<b>Within the Whole of Government Accounts (WGA) boundary:</b>				
Other Research Councils	7.92	14.32	2.6	4.59
Other government organisations	1.35	0.37	0.04	-
Research Councils Pensions Schemes	1.01	2.58	-	6.51
<b>Non WGA:</b>				
Other debtors (including universities)	11.63	-	25.3	11.24
	21.91	17.27	27.94	22.34
BBSRC-sponsored institutes and other related parties	0.27	0.09	12.11	9.48
	<b>22.18</b>	<b>17.36</b>	<b>40.05</b>	<b>31.82</b>

## 15. Derivatives and other financial instruments

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

### Currency risk

The Council's exposure to foreign currency risk was not significant during the year.

## 16. Events after reporting period

In accordance with the requirements of IAS 10 Events after the Reporting Period, events after the date of the Statement of Financial Position are considered up to the date on which the Accounts are authorised for issue. This is interpreted as the same date as the date of the Certificate and Report of the Comptroller and Auditor General.

As set out on page 23 under Going concern, under the Higher Education and Research Act 2017, UKRI incorporated the assets, liabilities and functions of the seven Research Councils, Innovate UK and Government's funding of research in higher education from 1 April 2018.



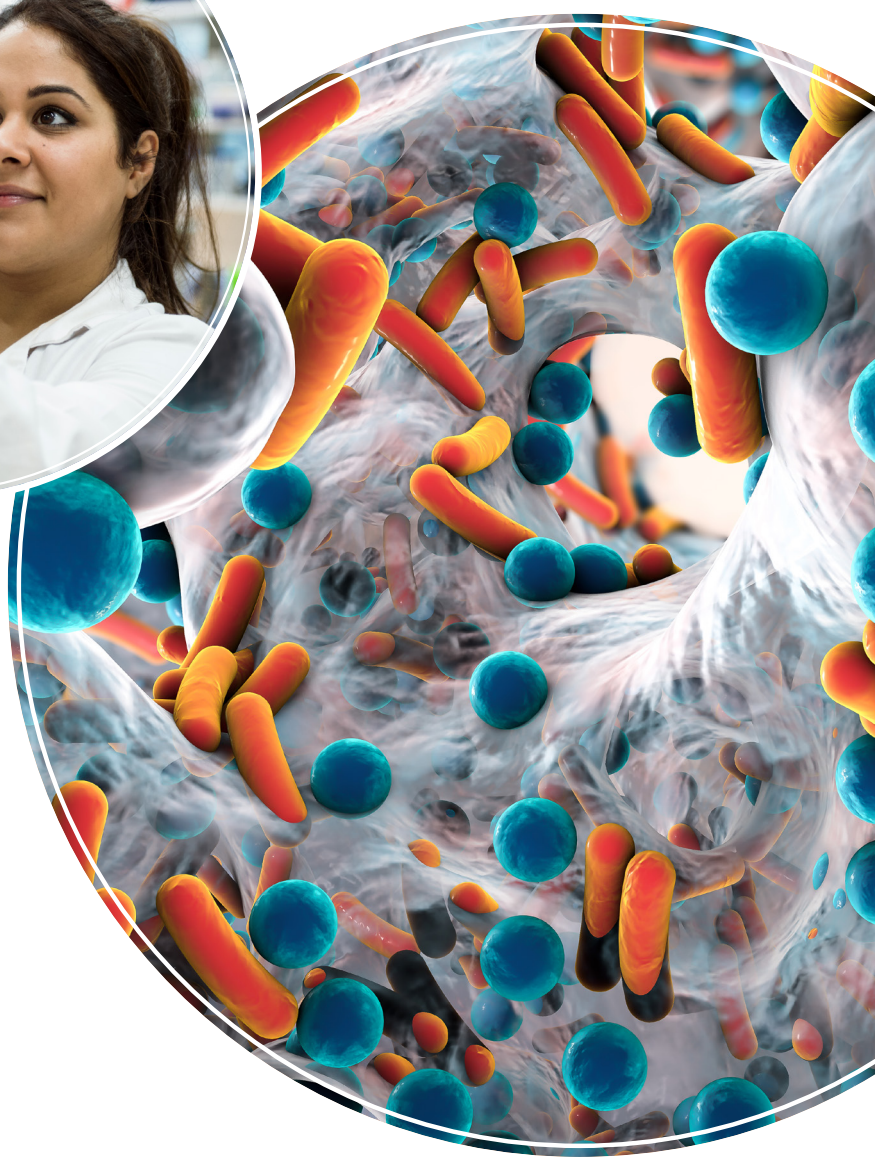
## ACRONYMS

AAT	Association of Accounting Technicians	ELIXIR	European Infrastructure for Life Science Information
ACP	Annual Compensation Payments	EMPHASIS	European Plant Phenotyping Infrastructure
AES	Annual Expenditure Statements	EPSRC	Engineering and Physical Sciences Research Council
AFTP	Agri-Food Training Partnership	ERA-CAPS	European Research Area Network on Coordinating Action in Plants Sciences
AHRC	Arts and Humanities Research Council	ERA-NET	European Research Area Network cofund on
AIEC	Aberystwyth Innovation and Enterprise Campus	CoBioTech	Biotechnologies
AMD	Age-related Macular Degeneration	ESFRI	European Strategy Forum on Research Infrastructures
AMR	Anti-microbial Resistance	FAPESP	Sao Paulo Research Foundation
AnaEE	Infrastructure for Analysis and Experimentation on Ecosystems	FAWG	Funding Assurance Working Group
ARAPC	Audit, Risk, Assurance and Performance Committee	FES	Final Expenditure Statement
ARCH-UK	Aquaculture Research Collaborative Hub UK	FLF	Future Leader Fellowships
BBR	Bioinformatics and Biological Resources Fund	FoF	Follow-on Fund
BBSRC	Biotechnology and Biological Sciences Research Council	GAD	Government Actuary's Department
BBSRC-NIBB	BBSRC Networks in Industrial Biotechnology and Bioenergy	GBS	The Government Banking Service
BBT	Babraham Bioscience Technologies Ltd	GDPR	General Data Protection Regulation
BEIS	Department for Business, Energy and Industrial Strategy	GIAA	Government Internal Audit Agency
BI	Babraham Institute	GPC	Government Procurement Card
BIO	Biological Sciences Directorate	GROW	Growing Research Capability
BioE	Bioeconomy	HCA	Homes Communities Agency
BREEAM	Building Research Establishment Environmental Assessment Method	HEFCE	Higher Education Funding Council for England
CBI	Confederation of British Industry	HEI	Higher Education Institution
CCHP	Combined Cooling & Heat and Power	HRH	Her Royal Highness
CETV	Cash Equivalent Transfer Value	HSE	Health and Safety Executive
CHP	Combined Heat and Power	IAA	Impact Acceleration Account
CTP	Collaborative Training Partnerships	IAE	Institute Assessment Exercise
DAC	Development Assistance Committee	IAS	International Accounting Standards
DBT	Department of Biotechnology of the Indian Ministry of Science and Technology	IB	Industry Biotechnology
Defra	Department for Environment, Food and Rural Affairs	IBERS	Institute of Biological, Environmental and Rural Sciences
DEL	Department Expenditure Limit	IFA	Integrated Funding Assurance
DfID	Department for International Development	IFR	Institute of Food Research
DIA	Director of Internal Audit	IFRS	International Financial Reporting Standards
DRC	Depreciated Replacement Cost	IiP	Investors in People
DSE	Display Screen Equipment	IKC	Innovation Knowledge Centre
DTP	Doctoral Training Partnership	IPA	Industrial Partnership Awards
		ISCF	Industrial Strategy Challenge Fund
		IWYP	International Wheat Yield Partnership
		JIC	John Innes Centre

## ACRONYMS

JPI HDHL	Joint Programming Initiative Healthy Diet, Healthy life	RCPS	Research Councils' Pension Scheme
JSU	Joint Service Units	RCUK	Research Councils UK
MoST	Ministry of Science and Technology	RICS	Royal Institution of Chartered Surveyors
MRC	Medical Research Council	RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013
MV	Market Value	RoCRE	Rothamsted Centre for Research and Enterprise
NAO	National Audit Office	RPI	Retail Prices Index
NBIC	National Biofilms Innovation Centre	RRES	Rothamsted Research
NC3R	The National Centre for the Replacement, Refinement and Reduction of Animals in Research	SASSA	Sustainable Agriculture for Sub-Saharan Africa
NDPB	Non-Departmental Public Body	SCRI	Scottish Crop Research Initiative
NERC	Natural Environment Research Council	SOCITE	Statement of changes in taxpayers' equity
NIFA	National Institute of Food and Agriculture	SoCNE	Statement of Consolidated Net Expenditure
NPIF	National Productivity Investment Fund	SRO	Senior Responsible Officer
NRP	Norwich Research Park	SSA	Systems in Sub-Saharan Africa
NRP LLP	Norwich Research Partners Limited Liability Partnership	STEM	Science Technology Engineering and Maths
NSF	National Science Foundation	STFC	Science and Technology Facilities Council
OECD	Organisation for Economic Co-operation and Development	TGAC	The Genome Analysis Centre
PBL	Plant Bioscience Ltd	TSB	Technology Strategy Board
PCSPS	Principal Civil Service Pension Scheme	TTL	The Technology Touching Life
PI	Pirbright Institute	UK SBS	UK Shared Business Services Ltd
PPE	Property, plant and equipment	UKRO	UK Research Offices
RBL	Roslin BioCentre Ltd	USDA	US Department of Agriculture





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ISBN 978-1-5286-0427-7  
CCS 0518679488