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Science and Technology Facilities Council Annual Report and Accounts 2011-2012

Science and Technology Facilities Council
Annual Report 2011 - 2012



ANNUAL REPORT AND ACCOUNTS 2011-2012

Science and Technology Facilities Council (STFC) Report and Accounts 2011-12

Presented to Parliament pursuant to Schedule 1, Section 2(2) and 3 (3)
of the Science and Technology Act 1965

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Foreword

By Professor Sir Michael Sterling, Chairman



I have great pleasure in presenting the Science and Technology Facilities Council annual report for 2011-12.

The report outlines some of the great projects and scientific work STFC's staff, as well as partners we work closely with, have been involved with over the last year. I would like to take this opportunity to thank all staff involved and congratulate them on the outstanding contribution they have made in enabling STFC to deliver incredible scientific outcomes for the UK.

As a publicly funded organisation, it is vital that we continuously demonstrate the benefits to the UK, and the rest of the world, of our investments in scientific research. At the beginning of 2012 STFC published its Economic Impact Report 2011, which evaluated the impact of STFC's three strategic goals of delivering world class research, innovation and skills, establishing that investment in scientific research is delivering real, economic, international and societal benefits to the United Kingdom, and helping secure a more prosperous economic base for the future. The report also demonstrates how STFC is responding to some of the biggest challenges facing society, such as climate change and global security, by applying the science and technology that we have developed through our curiosity-led research, and how we're also ensuring that the UK has a strong skills base to support the high level of innovation we will need for future economic growth and stability.

We are all aware of the challenging times we face but the spirit of STFC is something truly inspirational and I'm proud to see the dedication from everyone across the

organisation. There is, however, no escaping the fact we are forced to make some difficult decisions across areas of science and technology. In spite of the current difficult economic times STFC has established itself as a world leader in science and innovation. We aim to maximise the return on public investment by turning our scientific research into benefits for society. We have just embarked on a programmatic review of our research. Reviewing the quality, effectiveness and impact of our programme will ensure that the UK remains at the forefront of the science we support. It will allow us to make certain that there is capacity and flexibility to take advantage of strategically important future opportunities.

We also celebrate our relationship with CERN, Europe's most ambitious scientific research project. As the UK's link to the Large Hadron Collider, we are able to support and provide knowledge and expertise, vastly benefitting the UK economy as a whole. With investment into key areas of the latest cutting edge science and engineering also forming close links with other scientific projects from around the world, we are increasing the UK's knowledge and skills enabling the UK to become more competitive.

This year's annual report contains many of the exciting achievements that have happened over the last year. I am proud to introduce such a document as we continue to provide the latest science and technological advances ensuring the UK is at the forefront of scientific breakthroughs.



Professor Sir Michael Sterling, Chairman, STFC

Introduction

By Professor John Womersley, Chief Executive

STFC's vision is to maximise the impact of our science and technology for the benefit of the UK and its society. Impact has never been more key to STFC as the ongoing challenge of today's economic climate continues.



One of our high priorities as outlined in the report is the continued development of the UK's Science and Innovation Campuses to promote academic and industry collaboration. I'm delighted to say that throughout 2011-12 our Campuses have continued to be highly regarded and supported by Government, a message that was reinforced by Prime Minister David Cameron when he visited the Daresbury Science and Innovation Campus in August. On this visit he revealed that both the Daresbury and the Harwell Oxford Campuses were to become two of eleven new Enterprise Zones across the UK, recognising both for their science, research, skills and business capabilities that will generate huge economic benefits for the UK.

The benefits to small companies who either work with, or locate to our campuses are significant, from gaining access to laboratories, equipment and expertise that would otherwise not be available to them, to the favourable business rates they are eligible for through locating to an Enterprise Zone. The Daresbury campus, already home to 100 high-tech companies, has experienced rapid growth since becoming an Enterprise Zone, welcoming 12 high-tech companies in the last three months of the financial year, four of which are international companies seeking to develop their presence in the UK.

Support for high-tech, fledgling businesses has more than ever been a prominent theme across STFC over the last year, and we have earned an impressive track record in business incubation. In May we launched the UK's first Business Incubation Centre supported by the European Space Agency at Harwell; the mission to enable small, pioneering start-up business to translate space technologies and applications into viable and profitable businesses in non-space industries. Each tenant company benefits from more than £40,000 funding, access to STFC's world class research facilities and a business champion from STFC. One of these companies, Radius Diagnostics, is developing a laptop sized portable X-ray scanner which can travel quickly and easily to a patient's bedside in hospital or home, or be used immediately at the site of an accident before a patient needs to be moved. Ultimately it is hoped that this new technology could be used by armed forces in the fields, where injured patients could be imaged ahead of their transportation to hospital, allowing the X-rays to be studied by medics before the patient arrives.

This has also been a great year for our spin out companies. Microvisk Technologies was awarded a Healthcare product of the Year Award at the 2011 Bionow Awards for its ground breaking point of care blood clotting monitoring device for patients at risk of a stroke. Cobalt Light Systems has received European approval for its revolutionary INSIGHT100 bottle scanner, which could enable aircraft passengers to carry liquid items larger than 100ml through security channels and on to aircraft from as early as 2013. Cella Energy Ltd won the prestigious Shell Springboard Award 2011 for products that help tackle climate change through allowing hydrogen to be stored in a cheap and practical way, making it suitable for widespread use as a carbon-free alternative to petrol. I was also thrilled that, thanks to its continued success, Cella has now opened a new laboratory at NASA's iconic Kennedy Space Center, in addition to its laboratory at RAL.

UK and international collaboration has once again featured very strongly for us this year. Most notably, our major collaboration with IBM, signed in March, is enabling the creation of one of the world's leading centres in software development and marked the launch of our International Centre of Excellence for Computational Science and Engineering at Daresbury. This

followed the announcement by the Department of Business Innovation and Skills of more than £30m funding into high performance computing at Daresbury as part its £145m e-infrastructure initiative in October 2011.

High performance computing is now more essential than it has ever been, aiding R&D and providing solutions to extremely complex problems, thus enabling both small companies and industry to drive innovation and compete effectively in a global market. Our agreement with IBM means that STFC will host one of the most powerful supercomputers in the world, keeping the UK on track in fulfilling the Government's ambition for the UK to be a world leader in high performance computing.

Collaboration, partnered with pioneering research is at the heart of what we do, and this has been an incredible year for UK researchers at our large scale facilities. The Research Performance and Economic Impact Report 2011 highlighted our distinctive contribution to the UK's research excellence through our support to researchers in universities, by providing access to facilities, across a wide range of scientific disciplines, both within our own laboratories and overseas.

Scientists from the University of Liverpool have been using Daresbury's ALICE accelerator in the development of a diagnostic test for oesophageal cancer, the ninth most common cancer in the world. The findings, will lead to major improvements in the diagnosis, treatment and prognosis of this disease, which is extremely difficult to diagnose and treat. The first experimental results for EMMA, a prototype for a brand new type of particle accelerator, were published in nature Physics, confirming the proof of principle underlying its technology with not only the potential to transform cancer therapy, but also making smaller accelerators, that are cheaper to run, a reality for the future.

Scientists at our Central Laser Facility have supported a breakthrough in understanding a biological process that causes many common cancers including lung and breast cancer opening up a whole new realm of possibilities for the development of improved cancer drugs.

At ISIS, UK researchers have been involved with a host of fascinating research projects that have included discovering how lizards have developed an adaptive technique to combat the freezing temperatures of winter, to research into E.coli that could be fundamental in developing new ways to treat illnesses such as food poisoning or meningitis.

Engineers at the UK Astronomy Technology Centre (UK ATC), at the Royal Observatory Edinburgh, shipped their biggest and most complex ever instrument, the giant camera known as SCUBA-2, to our James Clerk Maxwell Telescope in Hawaii this year. SCUBA-2 is so sensitive that it can detect signals so faint they are the equivalent of the heat from a candle on the surface of the Moon, so we are really looking forward to the major discoveries relating to the origins of galaxies, stars and planets that could be made over the next couple of years.

Whilst our UK science and technology programme pushes the frontiers of our knowledge and the impact that can be achieved

from it, there has never been a more exciting time for our international endeavours and we continue to support the UK's national subscription to large scale international facilities, such as the Large Hadron Collider at CERN and the European Southern Observatory's (ESO) telescopes.

This year ESO's Atacama Large Millimeter/sub-millimeter Array, or ALMA, the most complex ground based telescope in existence, officially opened to astronomers and has already produced its first image. Scientists from our Rutherford Appleton Laboratory and UKATC played a key role in its design and construction, made possible through our UK subscription.

This coming year is set to be the most exciting yet for our involvement with these large international organisations, with anticipated announcements regarding both the European Extremely Large Telescope and the Square Kilometre Array – in which UK academics and industry are both heavily involved. Most notable will be the anticipated announcement from CERN regarding the existence of the Higgs Boson.

These inspirational endeavours will not only push the frontiers of our knowledge, they will continue to enthuse, excite and engage the young minds of the UK into understanding how science touches every aspect of the world we live in, as well as every other world, planet or star, and encourage them to pursue stem subjects that can take them on a rewarding and fascinating career path for life.

Nurturing our budding scientists of the future, and a passion for science across the UK, continues to be a priority through our extensive programme of communications, outreach and public engagement, and this year we have stepped up our public access opportunities at Swindon, Harwell, Daresbury, Edinburgh and Chilbolton, providing thousands of visitors with the opportunity to discover our science and facilities at first hand.

This year saw the launch of Dark Sky Discovery. Led by STFC, this national and regional partnership of astronomy and environmental organisations has been inspiring people of all ages and backgrounds to come together in their local area, urban or rural, and actively participate in amazing stargazing sessions, many for the first time. Our regional Dark Sky Discovery partners ran events to coincide with the BBC's hugely popular 'Stargazing LIVE' programme, and the Dark Sky Discovery initiative invited the public to nominate the best local stargazing spots. I was delighted to hear that millions tuned in to the programme to see the six new sites being unveiled.

It has clearly been an exciting and significant twelve months for STFC and I am looking forward to the year ahead with even greater expectations, from the benefits to society brought about through fundamental science, or the positive impact on the UK economy as we help businesses bridge the gap between research and industry, to the making of history as the existence, or non-existence of the Higgs Boson is confirmed. Whatever the challenges, STFC will, as its priority, be maximising the impact of our knowledge, skills, facilities and resources for the benefit of the UK and its people.

W. J. J. Wilson

Statutory basis of the Council

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

STFC's activities during 2011-12 have been in accordance with the objects set out in its Charter which is available on the Council's website (see <http://www.stfc.ac.uk/Charter>).

The STFC organisation

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

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

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

Management commentary

STFC financial performance

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

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the accounting and financial reporting standards issued or adopted by the International Accounting Standards Board as interpreted for Government use by the Financial Reporting Manual (FRM).

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

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

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

STFC's consolidated financial position was within 1.0% of total allocation.

	Resource		Capital	Total
	Programme	Administration		
	£000	£000	£000	£000
Allocation	451,677	20,903	177,808	650,388
Outturn	449,535	19,537	181,697	650,769
In year over / (under) spend	<u>(2,142)</u>	<u>(1,366)</u>	<u>3,889</u>	<u>381</u>

Following the necessary accounting policies the financial statements show net expenditure for the year of £519.4m. This is reconciled to the outturn position as shown below:

	Note to the Financial Statements	£000
Net expenditure for the year		519,355
Annually Managed Expenditure not included in allocation		8,896
Profit on asset transfer*	12	10,487
Property, plant and equipment (PPE) additions	14	82,025
Intangible additions	13	118
Investment additions**		30,120
Net PPE disposal	14	(232)
Total Outturn		<u>650,769</u>

* Relates to the transfer of assets from North West Development Agency (NWDA) to STFC for which there was no budgetary impact.

** Figure is net of the investments transferred from NWDA (£1,054k).

Net expenditure for the year increased by £13.5m from £505.9m to £519.4m.

Significant increases in expenditure:

- £12.3m in depreciation and impairment; attributable mainly to the professional revaluation of plant and machinery assets undertaken in March 2012;
- £5.7m in international subscriptions : an increase of £5m in the CERN subscription as a result of exchange rate variances of £6.9m offset by a reduction in % contribution £1.8m; £3.0m increase as a result of deferred ILL payments falling due; offset by a negotiated reduction in the ESRF contribution of £2.4m with a compensating reduction in facility access;
- £8.7m in research grants as a result of additional e-infrastructure funding for High Performance Computing (HPC);
- £5.7m restructuring following a redundancy exercise undertaken during the year, and
- £3.5m on equipment, supplies and services mainly attributable to projects moving from the design to the build phase.

Offset by the following reductions:

- £10.5m profit on acquisition: this relates to the transfer of assets from the North West Development Agency (NWDA) during the year for which no consideration was exchanged (see Note 12 to the Financial Statements), and
- £12.0m in other operating costs: the prior year figure includes £19.2m of ILL decommissioning costs, partially offset by additional £4m electricity costs in year as ISIS was shut down for six months in 2010-11.

Net assets as at 31 March increased by £33.3m from £893.0m to £926.3m. The main reasons for this are:

- an increase of £46.6m in property plant and equipment : £82m of additions and £31.5m of revaluation offset by : £46.3m and £13.8m of depreciation and impairment respectively and £6.6m transferred to the International Space Innovation Centre (ISIC) – see Note 14;
- an increase in interests in joint ventures of £5.0m primarily in relation to DLSL;
- an increase in other financial assets of £9.7m following the transfer of £9.5m of long terms loans from NWDA (see Note 12 to the Financial Statements), and
- an increase in trade and other receivables of £13.2m: this is due mainly to an increase in the CERN prepayment of £13.3m due to a change in the profiled payments and exchange rate variances of £1.6m.

These increases in assets were offset by an increase in trade and other payables of £41.7m. Significant amounts include £18m attributable to a contract with IBM in relation to the additional e-infrastructure funding received during the year; £2m contribution to the Rainbow Seed Fund agreed by BIS in March; £1.2m contribution to the Square Kilometre Array (SKA), and £4.9m owed to the UK Space Agency.

STFC Directorates

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

- Science Programme and Project work : STFC's science and technology strategy, science operations and planning and international strategy;
- Facilities Access and Development : the management and operation of STFC's world class research facilities at RAL, Daresbury and the UK Astronomy Technology Centre (UKATC);
- Knowledge Exchange : the delivery and development of the effective transfer of knowledge between the STFC, universities, industries and other organisations;
- Corporate Affairs: STFC's administrative information systems and technology, estates management operations and support services, health, safety and environment, human resources, and security. The development and implementation of a strong and effective communication strategy and programme;
- Finance: financial management of STFC including long term financial planning.

Note 2 to the Financial Statements gives a detailed breakdown of STFC's income and expenditure by Directorate.

Creditor payment policy

The Council observes the Confederation of British Industries' Code of Practice regarding prompt payment and, in accordance with the Government direction, is committed to paying its suppliers within 5 days of the receipt of a valid invoice or earlier if suppliers terms dictate.

During 2011-12 97.2% (2010-11 : 92.8%) of undisputed invoices were paid within 30 days and 68.8% (2010-11 49.6%) within 5 days.

Going concern

The STFC Accumulated Income and Expenditure Reserve carried forward at 31 March 2012 shows a surplus of £840.5m.

Under the Comprehensive Spending Review 2010, STFC has received financial allocations for resource and capital for the years 2012-13 to 2014-15. The settlement provides for the continuing going concern of STFC.

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

Political and charitable gifts

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

Freedom of Information

During 2011-12 STFC received 21 formal requests for information. 20 responses were made under the terms of the Freedom of Information Act 2000 and one under the Data Protection Act. STFC responded to all except one request within the allocated timescales. There were no requests for internal review.

The STFC Publication Scheme and Information Charter are available on the website at:
<http://www.stfc.ac.uk/access.aspx>

Auditors

Internal audit was provided by the Research Council's Internal Audit Service.

The Accounts of the Council were audited by the Comptroller and Auditor General of the National Audit Office (NAO), under the terms of Section 2(2) of the Science and Technology Act 1965. Their fee for 2011-12 was £155,000.

No non-audit work was undertaken by the NAO during 2011-12.

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

Performance and related trends

This report covers the fifth year of operation of STFC during the first year of the 2010 Comprehensive Spending Review (CSR10) period.

Performance management

Performance against the targets, milestones and metrics defined in the Delivery Plan and Scorecard documents is monitored routinely by BIS through the use of quarterly reports and a 'traffic light' based reporting system. The Scorecard is submitted to BIS for comment and subsequently reviewed by Council.

In 2011-12 STFC reported against 17 corporate level targets, all of which were met in full by the target dates. Details of these can be found in the STFC Delivery Plan Scorecard. [<http://www.stfc.ac.uk/resources/pdf/stfcscorecard2011-15.pdf>]

World Class Research

STFC ensured that national and international research facilities were operated to meet the needs of the UK's research community and funders, and that these facilities delivered excellent science with maximum impact. UK scientists used the ISIS neutron source to pinpoint the 'Achilles heel' of E. coli bacteria. Commonly found in the intestines of humans and animals, E. coli is normally considered to be a 'helpful' bacterium that aids digestion. However, it can also cause vomiting and diarrhoea, and can be a serious illness for young children, the elderly and those with vulnerable immune systems.

Discovering how antibacterial proteins attack harmful bacteria is important for establishing new methods of drug delivery. Antibacterial proteins often have to travel across a waterproof (hydrophobic) cell membrane to reach their target. Neutron reflectivity and small angle neutron scattering (SANS) have been used to help identify the mechanism by which the antibacterial proteins, colicins, travel across the hydrophobic membrane of E. coli. The findings of this research could lead to the development of new medicines to treat food poisoning, cholera, meningitis and plague.

World Class Innovation

STFC supported the development of new products and applications arising from fundamental research. A spin-out company, Cella Energy, is developing a novel technology that allows hydrogen to be stored in a cheap and practical way, making it suitable for widespread use as a carbon-free alternative to petrol. Emissions from petrol are estimated to cause 25 per cent of all carbon emissions so hydrogen is seen as an ideal solution because it produces only water when burned. Cella now has laboratories at both the Rutherford Appleton Laboratory near Oxford, UK and at the NASA Kennedy Space Center (KSC) in Florida. Over 30 years of the Space Shuttle programme, KSC has become one of the largest users of hydrogen worldwide. As well as working with NASA, and the large auto-makers, Cella is also working on innovative solutions to energy needs for the military, space travel, bulk hydrogen storage to lower emissions from aircraft and to provide alternatives to transporting energy from off-shore wind farms. Cella has won a string of awards including the prestigious Shell Springboard Award and the Energy Storage Challenge sponsored by the US Office of Naval Research.

We set up the Innovation Proof of Concept Fund, awarding £750,000 across 19 projects during 2011-12. This funding can be used to move forward a technology into a commercial opportunity (license or spin out companies) and it can be spent on either further technical developments or market feasibility studies.

World Class Skills

STFC supplied high end science and technology skills by maintaining the level of funding for PhD studentships, targeting our allocations to those offering the best training and introducing continuous career tracking. We awarded a total of £17.9m in funding for PhD studentships, as planned. We made two new schemes available to promote the career development of researchers, establishing a new Fellowship scheme and a Studentship Enhancement Programme. The STFC Studentship Enhancement Programme (STEP) is a new scheme aimed at helping departments to retain the most promising researchers among completing PhD students. STFC STEP awards are intended to enable STFC-funded students to develop their research further and to increase the impact of their PhDs by

delivering outputs, including publications, knowledge exchange and outreach. This scheme is sufficient to support up to fifteen 12-month awards a year.

The Ernest Rutherford Fellowship scheme was launched this year. The Fellowships enable early career researchers with clear leadership potential to establish a strong, independent research programme. They encourage talented researchers in UK universities to remain in the country and at the same time attract outstanding overseas researchers to the UK. Each Fellowship will last for five years, with 12 being offered annually. Fellows will receive support for their salary and be able to bid for significant additional funds to support their research. When the scheme reaches its full cohort of 60 Ernest Rutherford Fellows in 2016, the funds available for this additional research support will total £3m per year.

Performance targets achieved

ISIS delivered over 730 experiments in the year for approximately 800 users, produced 488 mA-hr of beam on Target 1 and 116 mA-hr of beam on Target 2, and registered a user satisfaction of about 90% over a range of 15 indicators, against a target of 85%.

The Central Laser Facility comprises the Lasers for Science Facility (LSF), Vulcan, Artemis, Astra and Astra-Gemini. In 2011-12, the CLF scheduled 201 weeks of user time for 62 experiments. It recorded a user satisfaction of 97%, a reliability of 90%, both against a target of 85%, and an availability of 28% over and above the agreed 100% delivery target. The Laser Loan Pool (managed on behalf of EPSRC) made 11 loans over the year.

Diamond, in its fifth full year of operation, provided 1,273 experiments for 4,851 users. The overall user satisfaction rate was 90% against a target of 80%.

During 2011-12, STFC ensured access for the UK research community to a significant proportion of Europe's major research facilities: 24.8% of public access to the neutron source at the Institut Laue-Langevin (ILL) and 11.8% of public access to the European Synchrotron Radiation Source (ESRF), both in Grenoble, France. Public access to the ESRF decreased in comparison to 2010-11 due to the limitation of UK beam time which was related to payment of reduced contributions. Although these figures are related to shareholding, they are dependent on the high scientific quality of beam time proposals.

At CERN, the Large Hadron Collider machine exceeded performance expectations, with integrated luminosity peaks of 5.6 fb^{-1} for ATLAS and 5.7 fb^{-1} for CMS. Both the ATLAS and CMS detectors achieved their targets. ATLAS performed first measurements of Standard Model physics processes, while at CMS Standard Model processes were found in agreement with theory. Both detector groups made important contributions to the search for the Higgs Boson.

Strategy Development

Since its formation in 2007, STFC has made significant changes in its programme, organisation and delivery. We have improved administrative effectiveness, streamlined our systems and processes and reprioritised our programme to release savings for reinvestment in science and deliver the highest scientific, economic and international benefit for the UK. STFC's new Chief Executive, Professor John Womersley, was appointed in November 2011, with a strong commitment to continue with this process of reform, prioritisation and efficiency.

STFC's senior management structure has been reorganised with effect from 1 April 2012. There is a reduced number of directors and a new Executive Board whose members each have clear responsibility for well-defined areas of the council's operations. The new structure reduces complexity, clarifies decision making and responsibility, and makes the distinction between commissioning and delivery aspects of STFC's operation more straightforward.

Progress continued to develop and oversee the implementation of STFC's corporate strategy, policy, planning, performance measurement, evaluation and reporting systems. Together these provide the systems and data required for the strategic management of the organisation and supply valuable evidence of STFC's progress and performance.

Operational initiatives

During 2011-12 STFC continued to take forward a number of major projects, including:

Harwell Oxford Campus (HO)

The Campus Joint Venture between STFC, UKAEA and Goodman continued to grow during the year.

Since the formation of the joint venture particular growth has been seen in the space sector. A significant space cluster is developing on the campus including the world-class space research and technology development capabilities of RAL Space, based at STFC's Rutherford Appleton Laboratory (RAL), the International Space Innovation Centre (ISIC), the European Space Agency (ESA) Centre and an ESA business incubator.

During the year the JV started work on the first residential development, which will see some 450+ homes built in an area to the south of the site immediately adjacent to the A34. The homes will be a mixture of 3 and 4 bedroom properties with a proportion of affordable housing.

Planning permission has been granted to the JV for a 5,000+ square metre building to be erected for occupation by a sole commercial tenant. Construction work is due to start in May and the tenant will move into the building in September 2013.

Plans have been unveiled for a new Amenity Centre to be built on Fermi Avenue. This building will have a mix of uses; part innovation space, part restaurant and part meeting/conference facilities. The Amenity Centre will be jointly funded by the Joint Venture and is seen as a precursor to attracting inward investment to the Campus.

Daresbury Science and Innovation Campus (DSIC)

The DSIC Joint Venture, originally between STFC, the Northwest Regional Development Agency (NWDA), Halton Borough Council and Langtree (a commercial property development company) changed during the year following the dissolution of the Regional Development Agencies (RDA's). The NWDA interest in the JV transferred to STFC in October 2011 and STFC, Halton and Langtree have continued to build on the considerable success that the campus has already achieved as a focus for excellence in scientific research, innovative technology development and entrepreneurial collaboration.

A key milestone for the campus in 2011 was the completion of Vanguard House, a major new £8.5m building offering office and laboratory space which has been specifically designed to provide complementary grow-on space for the circa 100 businesses located in the Daresbury Innovation Centre, and to attract new high-tech firms to the campus. Vanguard House was officially opened in October 2011 by HRH The Duke of York.

The high number of start-up and small / medium sized enterprises being attracted to the Campus and the low failure rate of these companies is frequently used as an exemplar of how open innovation can work in the hi-tech industries.

Infrastructure Sustainability Programme

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

At Daresbury the largest project has been and continues to be the refurbishment of A Block. This 1960's mixed use (laboratories and offices) building has been given a complete face lift, transforming it into a suitable working environment for the 21st century. The most important work carried out so far has been to the external walls and the roof, replacing these has eliminated large quantities of asbestos and by incorporating modern, thermally efficient materials will significantly lower the running costs and thus the impact on the environment. This project will continue throughout 2012-13.

Among the many smaller projects completed during the year two stand out as being particularly worthy of note for their environmental and safety improvements. A large number of single glazed, metal framed windows have been replaced with up to date double glazed units to improve the thermal characteristics of buildings across the site and the fire alarm system has been extensively updated.

In Edinburgh at the UK Astronomy Technology Centre (UKATC) the lecture theatre facilities used by the public and students from Edinburgh University have been upgraded. Most of the UKATC site is of special historic interest and the buildings have been listed, STFC has continued its programme of restoration to preserve the buildings for future generations.

Personal data related incidents

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

TABLE 1: SUMMARY OF PROTECTED PERSONAL DATA RELATED INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2011-12				
Previous years Statement on information risk	<p>During 2010-11, the Research Council's Internal Audit Service (RCIAS) conducted an audit of Information Assurance arrangements within STFC (ST16-1011). While this concluded that there was Substantial Assurance, it did recommend:</p> <ul style="list-style-type: none"> • Improving the risk management approach within information security and assurance; • developing and resourcing a plan to improve the annual scoring against the HMG Security Policy Framework (SPF); • implementing all the actions recommended in the previous 2009-10 information security audit. <p>As the primary business of the STFC is to support, run and develop large scale scientific facilities for open academic research within the UK and abroad, the majority of information assets do not attract any form of protective marking such as PROTECT or higher and are outside the scope of the SPF.</p> <p>During 2010-11 STFC had six near misses where Personal Protected Data (PPD) was or could have been put at risk. Subsequent investigations have resulted in changes in local working practices that have reduced the likelihood of these events occurring again.</p> <p>The STFC has arrangements in place to monitor and assess its information risks and will continue to identify and address any weaknesses and ensure continuous improvements of its systems.</p>			
Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
Not applicable	None	None	Nil	Not applicable
Further action on information risk	STFC will continue to work with the other Research Councils, BIS and partners to implement and comply with the cross government mandatory minimum standards to protect personal data.			

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Department are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.

TABLE 2: SUMMARY OF OTHER PROTECTED PERSONAL DATA RELATED INCIDENTS IN 2011-12

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

Near misses

During 2011-12, there were a total of six near miss events that had the potential to include sensitive or Personal Protected Data (PPD):

- Lost laptops (2)
- Lost paperwork (1)
- Email set to wrong recipient (1)
- Compromised IT systems (1)

Lost laptops (2)

On three occasions, encrypted laptops were lost or stolen. One has since been recovered by the Police. No STFC USB drives were reported as lost or stolen.

Lost paperwork (1)

On one other occasion, protectively marked paperwork was left unintentionally in a meeting room for a number of days. There was little or no risk to the confidentiality of the information as the room was in a secure building. Additional guidance was given to the staff involved and relevant STFC guidance updated and clarified.

E-mail set to wrong recipient (1)

On one occasion during the year, an e-mail message associated with a Freedom of Information request was externally forwarded to an old e-mail address associated with a new member of staff. The recipient deleted the unintended message and the STFC staff involved in forwarding the message updated their e-mail contacts to prevent a reoccurrence. This posed little or no risk to STFC.

Compromised IT systems (1)

In September 2011, a NERC IT system within the British Atmospheric Data Centre (BADC) at RAL was identified as having been compromised. It was swiftly isolated, investigated and the relevant actions taken to protect the user data within it. At no time was any sensitive or personal data at risk.

The main risk to STFC was reputational damage due to either the interruption to the normal hosted NERC service or by incorrect association with 'Climate gate'. While there was no formal requirement to do so, BIS was kept informed of this event due to the potential reputational damage.

As a consequence of this event, BADC staff have reviewed IT security across a wide range of their systems and implemented relevant local operational changes and improvements. The Security and Compliance team (part of Corporate Information, Communication and Technology) instigated a wider review of 'web sites' across STFC and is continuing to work with other groups and teams to remove technical weaknesses that allowed the BADC IT system to be compromised.

There were two other system compromises of lesser significance this year. There has been no evidence to suggest that sensitive or personal data have been put at risk.

Statement and actions on managing information risk

During 2011-12, work has continued to build on the RCIAS Information Assurance (ST16-1011) recommendations, the development of IT policy (including Information Security) and improving operational response to information security incidents. In particular:

- information Risk management is now integrated with corporate risk management;
- a suite of Information Security and related IT policies have been developed leading to the establishment of a wider STFC Information Security Policy Framework;
- following the publication of version 7 of HMG Security Policy Framework (SPF), a revised compliance plan has been commissioned;
- STFC wide, all laptop encryption software has been upgraded and refreshed;
- an STFC Scientific Data Policy has been drafted, approved and launched;
- an internal IT vulnerability scanning service has been established enabling relevant staff to identify and remove vulnerable IT systems before they are externally attacked.

Following three successful external attacks on STFC (including Denial of Service), port scanning and malware development), internal investigations have been completed which have resulted in changes in local working practices that have reduced the likelihood of these events occurring again.

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

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

Health and safety

STFC continues to maintain a safe and healthy working environment at its laboratories. The STFC Health and Safety Policy, developed and launched in 2007 was reviewed and re-issued by the STFC SHE Committee and the Chief Executive in 2011.

Health and safety management in the STFC is based on the establishment of clear line management responsibility for health and safety. In addition in 2011-12 the Chief Executive appointed Directors at each of the major STFC laboratories to maintain an independent overview of health and safety on the site, to monitor the implementation of Council Policy, and to bring to his attention the need for any action to improve health and safety performance.

Health and Safety committees are a key component of the STFC safety management system. These meet regularly on Corporate, Site and Departmental levels, and include management and employee representatives. They consider incident reports, safety statistics and new safety codes, and also provide a forum through which employee safety representatives can raise areas of concern. Independent of the Departmental and Site safety committees, the STFC Safety, Health and Environment (SHE) Committee, in 2011-12 chaired by a Deputy CEO, provides a focus for reviewing and developing the overall STFC SHE Management system, and approving the launch of new codes.

The STFC SHE Group including site Radiation Protection Advisers (RPAs), and Occupational Health professionals monitor corporate SHE performance against a basket of input and output SHE metrics, and advise management, and Site and Departmental Health and Safety committees.

During 2011-12 the STFC made further significant progress in developing its SHE Management Systems:

- a further three SHE codes have been developed and launched across STFC;
- departmental SHE improvement plans continue to provide the focus for reviewing and driving SHE improvement activities, with increasing focus on Environmental matters;
- during 2011-12 six SHE compliance audits were undertaken to provide independent assurance to senior management of the implementation of the STFC SHE management system and recommend improvements;
- improving SHE communication remains a key STFC focus, and in addition to proactively sharing learning from SHE incidents using 'What, Why, Learning' posters, SHE Notices, and the SHE website, new 'SHE Information' posters were launched in 2011-12;
- during 2011-12 STFC SHE Group continued to deliver an extensive programme of over 45 different SHE training courses to staff and others working at STFC sites. Approximately 2500 course places, including on-line training, were delivered in 2011-12; and
- in February 2012 a first STFC Health and Safety Systems Audit was undertaken by independent third parties. While the report has yet to be reviewed, it has recommended areas for improvement but recognised that the STFC has made very significant progress in the past five years developing its' Health and Safety management systems, to Health and Safety Executive (HSE) standards defined in HSG65.

The principal STFC laboratories, Daresbury (DL) and Rutherford Appleton (RAL), both have Royal Society for the Prevention of Accidents (RoSPA) President's Awards, for their health and safety management practices and overall health and safety performance. In 2012 RAL also received the leading RoSPA Order of Distinction following the achievement of 5 consecutive President's Awards.

Accident and near-miss reporting and investigation continue to be important drivers of improvement in the STFC SHE management system, and provide the basis of objective reporting of health and safety performance. Focusing on near-miss reporting continues to be successful and more near-misses are now reported than incidents – each reported near-miss provides the STFC with the opportunity to address its root cause and minimise the potential for future incidents.

STFC injury statistics for the financial years 2011-12 and 2010-11 are presented in the table below.

Statistics	2011-12	2010-11
Total injuries to employees	77	79 ²
Total injuries to contractors	23	23
Total injuries to users/visitors/tenants	13	25
All Injuries	113	127
Reportable injuries to employees	6	4
Reportable injuries to contractors	4	1
Reportable injuries to users/visitors/tenants	0	1
All reportable injuries¹	10	6
Reportable* Injuries per 1000 Employees³	3.61	2.27³

¹ Injuries which must be reported to the Health and Safety Executive (HSE) under the Reporting of Injuries, Diseases, and Dangerous Occurrence Regulations (RIDDOR), including all that result in more than three days absence from work.

² Update to that reported in 2010-11 due to the late reporting of an incident from 2010-11 in 2011-12.

³ Updated to reflect actual rather than estimated FTE staff numbers.

The total number of injuries to STFC staff, contractors and others working at STFC sites in 2011-12 was 113 - an 11% reduction compared to the previous year. There was a significant fall in injuries to facility users, tenants and visitors. The number of reportable injuries in 2011-12, 10, is comparable to previous years.

When the STFC was established, liability for employment-related matters and historical liabilities transferred to it from RAL and DL as well as the Chilbolton Observatory and the UK Astronomy Technology Centre (UK ATC). The buildings at these sites date from the period when asbestos was a widely used building material, primarily in lagging and insulation. Managed early removal exercises were undertaken 20-30 years ago but there are still significant quantities of asbestos in the fabric of buildings and, in some cases, there are small quantities of debris from previous removal. In accordance with Health and Safety Executive (HSE) recommendations, all asbestos has been recorded in the STFC Asbestos databases, and the policy is to manage all asbestos and to remove it only where there is a risk that it will be disturbed or where it poses some other unacceptable risk.

Occupational Health teams at STFC sites, in addition to employment, hazard specific health screening and surveillance, and managing first aid teams, continued to participate in and support a range of national health initiatives including: 'No smoking Day'; 'Know your Numbers' (blood pressure); and other services promoting mental, sexual, travel and eye health.

At the principal STFC laboratories, Safety, Health and Environmental Fairs attracted over 250 staff and provided access to a wide range of SHE advice from internal teams and external organisations. These events included 'stalls' from: the 'Green Gym'; cycle to work scheme; home security; safety equipment providers; aroma therapy; diabetes awareness; occupational health testing; and site waste management programmes.

Radiological safety

As part of the STFC's on-going commitment to managing and reducing radiation exposure of individuals in line with 'As Low As Reasonably Practicable' (ALARP) principles the RPAs reviewed and refined key radiation management controls: dose constraints, investigation and action levels. ALARP principles are implemented practically by the on-going revision of local rules and completion of prior risk assessments undertaken by site RPAs for all work involving ionising radiation hazards.

During 2011-12 STFC RPAs at RAL and DL were also assessed and appointed by the UK Radioactive Waste Advisor (RWA) Approval Board, supported and recognised by the Environment Agencies and HSE, as RWAs able to provide advice on radioactive waste management and disposal.

Landauer Inc. continued to provide the STFC with a Health and Safety Executive (HSE) approved dosimetry service during 2011-12 and made all statutory returns to both the HSE's Central Index of Dose Information (CIDI) and the Health Protection Agency's National Registry for Radiation Workers (NRRW). Personal doses continued to be low.

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

DL

The RPA continued to provide support to the ALICE and EMMA commissioning programmes as well as the Security Futures Laboratory, a collaborative project undertaken by STFC, the Cockcroft Institute and Rapisan Systems Ltd. Advice was provided on the content of local rules and prior risk assessments, and radiation surveys were carried out on first operation of X-ray generating equipment and at new commissioning milestones. The RPA also provided advice and support to the design and build of the new Electron Beam Test Facility being constructed at DL.

Operational Health Physics work, including management of radioactive materials, radiation surveys, provision of personal dosimetry and management of Health Physics instrumentation, continued to be carried out by the RPA within the SHE Group.

Decommissioning of the Medium Energy Ion Scattering (MEIS) facility commenced in November 2011. The majority of the decommissioning work was carried out by a specialist contractor, with all radioactive components identified during the process analysed and subsequently disposed of as Very Low Level Waste (VLLW) in March 2012 along with a number of items outstanding from decommissioning the SRS. This is a very positive step in avoiding the creation of a radioactive legacy at DL.

In September 2011 DL was inspected by an EA Radioactive Substances Inspector and Counter Terrorism Security Adviser from Cheshire Constabulary. This routine annual inspection raised no significant issues and initiated a discussion of the security implications of relocating the Health Physics Laboratory.

The table below shows the results of monitoring of DL classified radiation workers during 2011. All doses were well below the statutory annual limits specified in the Ionising Radiations Regulations 1999; the annual dose limit for employees is 20 mSv and that for members of the public 1 mSv.

Year	Dose (mSv)				Total Persons
	0.00 - 0.09	0.10 - 0.49	0.50 - 0.99	> 0.99	
2011	5	0	0	0	5
2010	6	0	0	0	6

In addition, 25-30 non-classified workers were provided with regular personal dosimetry as part of the Laboratory's demonstration that doses are ALARP; the number of staff monitored fluctuated during the year owing to changes in roles and personnel. The majority of recorded doses to non-classified workers were below minimum detectable limits.

RAL

A series of projects necessitated RPA advice and assistance during 2011-12, including: the ISIS Down Stream EPB Proton window replacement; MICE; new or modifications to existing ISIS beam lines (CHIPr, ONIAC, ZOOM, IMAT, LARMOOR, EHT Test Stand, GDTF, FETS, LET,); CLF 10 Petawatt upgrade; X-ray set critical examinations; risk assessments; review of dosimetry management; development of radiation SHE codes; and a peer reviewed paper calculating airborne radioactive beta-gamma emissions using ISIS installed monitoring systems verifying the accuracy discharge reports to the EA.

An application to vary RAL's Permit for Accumulation and Disposal of Radioactive Waste under the new EPR10 regulations was approved by the EA. The variation facilitates site waste management operations by enabling the accumulation of waste for up to seven years. The RAL site was notified of a technical breach of its EA sealed source permit by a new inspector and was invited to submit a variation.

RAL became a member of the RADS SAFE consortium and the RWA was provisionally nominated as the RAL Working Group Representative. RADS SAFE provides emergency response advice and support to member organisations in the event of incidents involving the transport of radioactive materials to or from member organisations. An Office for Nuclear Regulation Radioactive Materials Transport inspector carried out an audit of ISIS in preparation for the disposal of spent targets. The audit identified matters that have been addressed and two targets have since been transported to an authorised disposal site.

Euratom and UK Safeguards Office (UKSO) inspectors carried out a Physical Inventory Verification for accountability of safeguarded nuclear materials reporting that accounts and systems were in order.

Annual radiation doses for ISIS classified workers remained within or close to the upper dose investigation level of 3 mSv and for other RAL employees and contractors below the dose investigation level of 1 mSv. Annual personal doses remained below 0.3 mSv for members of the public at large.

The following table presents the results of personal radiation dose monitoring conducted at RAL:

Year	Dose (mSv)							Total Persons
	0.00 - 0.09	0.10 - 0.49	0.50 - 0.99	1.00 - 1.99	2.00 - 2.99	3.00 - 3.99	> 3.99	
2011	343	114	20	10	7	1	0	495
2010	303	139	32	21	8	0	0	503

The dosimetry results are comparable with previous years.

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

The gaseous wastes, mainly tritium and short-lived radioactive nuclides, are discharged into the atmosphere via authorised and monitored ventilation stacks. The annual measured gaseous radiation levels of 300GBq of tritiated water vapor and 7.4TBq of other nuclides were typical of previous years and well within EA permitted annual limits of 2,500GBq and 200TBq respectively.

Annual disposals of solid and liquid radioactive wastes, via approved disposal routes, from RAL were in compliance with its EA Permit: 5.0 m³ (96.55 GBq alpha and 74.8 TBq beta/gamma) of solids (2.78 tons); 123.80 m³ (28.37 GBq tritium and 8.76 MBq beta/gamma) of water; 0.20 m³ (10.00 MBq tritium and 0.4 MBq of beta/gamma) of organic liquid waste. Safeguarded, solid uranium metal (2.85 kg) was also consigned for recycling. In January and March 2012 two ISIS tantalum targets totalling 552 kg, 68 TBq beta-gamma were consigned to Sellafield Ltd. for disposal.

Public sector sustainability report

This is the first STFC Sustainability Report in accordance with HM Treasury (HMT) reporting guidelines for public sector sustainability reporting. Building upon environmental performance reported in previous STFC Annual Report and Accounts this report sets out STFC's UK environmental performance against a common basket of metrics: greenhouse gas emissions; water usage and waste disposal, and their corresponding financial data.

STFC is committed to ensuring high standards of environment management and believe that its scientific and technical remit cannot be achieved without such standards. STFC ensures all operations are conducted with proper regard for the environment according to the environmental standards and legislation of the countries where it operates. STFC is fully committed to maintaining and, wherever possible, improving the quality of the environment for those who work in STFC facilities and for the wider communities where we operate. This programme endorsed by the CEO through the STFC Environment Policy is led by the Safety, Health and Environment (SHE) Committee, which in 2011-12 was chaired by a deputy CEO, and supported by site environment committees.

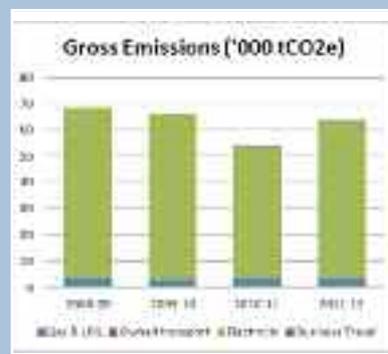
STFC environmental programmes range from supporting biodiversity on its sites, for example bee orchid conservation, using food and site wastes to generate compost, use of electric vehicles for on-site transportation, minimising night lighting and minimising light pollution, through to major investment in energy efficient heating systems and building insulation.

In line with HMT sustainability reporting guidelines STFC facilities located overseas¹ and STFC shareholdings in scientific facilities in the UK and overseas are excluded from the data presented. STFC recognises the limitations of the current dataset and aims to improve reporting in subsequent years.

¹Key data for STFC overseas sites: JAC Hawaii: electricity 1,875,400kWh; water 364m³; landfill 0.5tes; and ING Canaries: electricity 1,321,766kWh; water 60m³; landfill 2.4tes

Greenhouse gas emissions

Greenhouse Gas Emissions ¹		2008-09	2009-10	2010-11	2011-12	
Non-financial indicators (1000t CO ₂ e)	Total gross emissions	68.47	66.33	53.78	63.26	
	Total net emissions	68.47	66.33	53.78	63.26	
	Gross emissions Scope 1 (direct)	Gas & LPG	3.18	2.95	3.18	3.25
		Owned transport	-	-	0.04	0.05
	Gross emissions Scope 2 & 3 (indirect)	Electricity ²	65.29	63.38	50.41	59.76
		Business travel ³	-	-	0.15	0.20
Related Energy consumption (million kWh)	Electricity: non-renewable	120.68	117.15	93.18	110.47	
	Electricity: renewable	0	0	0	0	
	Gas	16.8	15.7	17.2	17.70	
	LPG	0.50	0.3	0.1	0	
	Other	0	0	0	0	
Financial indicators (£ million)	Expenditure on Energy	-	-	-	8.12	
	CRC Licensed Expenditure (2010->)	-	-	-	8.12	
	Expenditure on accredited offsets	0	0	0	0	
	Expenditure on business travel ³	-	-	-	1.3	



Notes to data

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

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

³ Estimate excluding taxis and facility user travel.

STFC greenhouse gas emissions are dominated by the use of electricity. The operation of the ISIS spallation neutron source at the Rutherford Appleton Laboratory (RAL) accounts for some two-thirds of all STFC electricity usage. While the annual electrical consumption of ISIS is affected by the number of days per year during which ISIS runs, by the lengths of planned maintenance programmes, and by the addition of new experimental facilities, efforts are continuously made to use energy-efficient operating conditions and technologies. In order to fulfil its charter objectives, STFC aims to maximise the operation of energy-intensive science facilities such as ISIS, CLF and high-power computers for the benefit of the UK academic community and industrial users.

STFC has commenced a range of activities aimed at reducing the environmental footprint of its estates. For example, photovoltaic cells have been installed at the Royal Observatory Edinburgh (ROE), an 'earth tube' (ground source heat exchanger) installed at the Research Complex at Harwell at RAL, and at the Daresbury Laboratory (DL) installation of power conditioning (voltage regulation). Other technologies already implemented include: centralised condensing boilers; building energy monitoring; and Passive Infrared (PIR) sensors controlling lighting. These will be monitored to evaluate their effectiveness and determine whether they should be used more widely, as funds become available. While these energy savings will not offset the overall carbon consumption of scientific facilities they demonstrate STFC's commitment to energy efficient operation of its estates alongside the use of its facilities to develop the science and technologies that will underpin the UK's future energy programmes.

Business travel represents a small percentage of STFC greenhouse gas emissions. STFC has made significant investment in Video Conferencing (VC) facilities at STFC UK sites which minimises the need for staff travel. It is estimated that VC facilities could avoid over 1,000,000 miles of travel/year or 500te CO₂e.

As a major electricity user the STFC is registered with the Environment Agency (EA) administered CRC Energy Efficiency scheme and will commence purchasing carbon allowances in July 2012. The STFC plans to join the Carbon Trust's public sector 'Carbon Management Programme' in 2012-13 establishing a five year plan to understand the carbon baseline, set energy reduction targets and secure funding to implement carbon reduction projects. In addition DL will seek accreditation to the 'Carbon Saver' standard in 2012-13.

Finite resource consumption: Water

Finite resource consumption: Water ¹			2008-09	2009-10	2010-11	2011-12
Non-financial indicators (000 m ³)	Water consumption (non-office estate)	Supplied	171.0	162.5	119.7	84.1
		Abstracted	0	0	0	0
		Per FTE ²	-	-	-	-
	Water consumption (non-office estate)	Supplied ³	-	-	-	80.3
		Abstracted	0	0	0	0
Financial indicators (£k)	Water supply costs (office estate)		-	-	-	233
	Water supply costs (non-office estate)		-	-	-	205

Year	Consumption (000m3)
2008-09	171.0
2009-10	162.5
2010-11	119.7
2011-12	84.1

Notes to data

¹ Data omits a small contribution to the STFC's overall water usage arising from its shareholding in the RCUK Shared Service Centre Ltd.

² Current water metering does not allow accurate reporting of office and non-office estate consumption and therein the reporting of comparable normalised water consumption data by FTE.

³ STFC science facilities account for a large proportion of water consumption - employed for equipment cooling and generating deionised water. The largest single non-office water consumer is ISIS whose data is presented. The 2010-11 reduction in ISIS consumption can be attributed to a planned shutdown of the ISIS facility.

Waste management

Waste ¹		2008-09	2009-10	2010-11	2011-12	
Non-financial indicators (tonnes)	Total waste	2315	1117	1231	822	
	Hazardous waste	Total ²	-	-	-	135
		Non-hazardous waste	Landfill ³	266	308	289
	Reused /recycled ⁴		2049	809	942	348
	Composted ⁵		-	-	-	-
	Incinerated with energy recovery ³		-	-	-	-
	Incinerated without energy recovery ³		-	-	-	-
Financial indicators (£k)	Total disposal cost		-	-	-	563.50
	Hazardous waste		0	0	0	580.50
	Non-hazardous waste	Landfill	-	-	-	52.90
		Reused /recycled	-	-	-	69.90
		Composted	-	-	-	-
		Incinerated with energy recovery	-	-	-	-
		Incinerated without energy recovery	-	-	-	-



Notes to data

- 1 All reported weights are based on waste management contractor calculated averages for the weight of standard containers/skips, and omits a small contribution to the STFC's waste arising from its shareholding in the RCUK Shared Service Centre Ltd.
- 2 Hazardous waste data includes weight and costs for disposal of radioactive wastes.
- 3 Waste from DL is sent to an energy recovery plant where 80% of their waste (~100 tonnes) is 'waste to energy'. This facility is not available from the waste contracts at the other STFC sites.
- 4 Variation in the weights of material recycled reflects volumes of scrap metals arising from the disposal or decommissioning of current or past science facilities, for example from the SRS decommissioning project.
- 5 Two STFC sites, RAL and Swindon, have installed Rocket composters consuming general food wastes.

Until 2011-12 recycled waste dominated that sent to landfill or energy recovery. In 2008-09 1,900 tonnes of scrap metal were recycled from the RAL site and between 2009-10 and 2010-11 the recycling of metal and other wastes from the decommissioning of the Synchrotron Radiation Source (SRS) facility. During this period, and to date, underlying waste disposal to landfill or energy recovery has remained broadly constant.

STFC sites have differing waste management contracts and disposal routes depending on local commercial waste disposal infrastructure. DL benefits from the proximity of 'waste to energy' plants and ~80% of the general waste is incinerated with energy recovery, with a further ~10% recovered for recycling with the remaining 10% going to landfill. At RAL the waste management contract in place is 'dry mixed recycling' whereby an increasing amount of recyclable waste is separated at source.

STFC has a wide and active re-use and recycle programme for many waste streams for example: waste electrical equipment and mobile phones; batteries; food wastes (composted at RAL and SO by on site accelerated composters); plastic cups; waste oils; fluorescent tubes; printer cartridges; office furniture; scrap metals; and cardboard (on site balers at RAL, the Cosener's House (TCH) and SO). STFC hazardous wastes, chemical and radioactive wastes, account for a small percentage of overall wastes and are disposed of through licensed waste management contractors. STFC science facilities, for example ISIS and the now decommissioned SRS, through their normal operation, generate quantities of low level radioactive solid, liquid and gaseous wastes. All such wastes are subject to strict Environment Agency permitting regimes for their accumulation and disposal, as appropriate, through licensed carriers and disposal sites.

Environmental Management System

STFC's environmental management system continues to be developed consistent with recognised environmental management standards such as ISO14001. STFC personnel at Polaris House, Swindon, are already working under a registered ISO14001 management system managed by the Natural Environment Research Council (NERC).

STFC environmental policy was reviewed and re-launched in 2011-12, the final environmental management code addressing Environmental Permitting Regulations was launched, and a pro-active communication programme of staff engagement in environmental improvements was delivered through 'SHE Fairs' and internal communication newsletters. In parallel the environmental aspects and impacts assessment of DL was assessed and will now be subject to on-going review addressing key aspects and impacts. An assessment of RAL was undertaken in 2011-12 and the results will be reviewed in 2012-13.

During 2011-12 five minor environmental incidents were reported, typical of previous years. The majority of these incidents relate to contractors and others visiting STFC sites not adhering to STFC site environmental controls and standards; specifically, small fuel or oil leaks or leaking containers that required the use of installed environmental spill kits.

Future

Annual review of STFC environmental policy includes commitment to an annual Environmental Improvement plan. In addition to the on-going programmes of waste recycling and development of site infrastructure to deliver improved environmental performance the 2012-13 Environmental Improvement plan includes the following activities:

- analysing water usage at STFC sites and as appropriate introducing additional metering, and developing plans to minimise water consumption subject to available funding;
- improving the quality of data available for annual sustainability reports;
- reviewing the RAL Environmental Aspects and Impacts assessment, undertaking an assessment at ROE and maintaining the DL assessment;
- in line with new waste regulations, introducing on-site segregation of waste (dry mixed recycling) such that increasing volumes of waste can be employed in energy recovery;
- review STFC environmental management system against good practices in recognised management standards, such as the ISO14001, and identify steps to address gaps;

- reviewing with RCUK SSC Ltd., STFC's shared service provider, green procurement policies and their application in purchasing and site waste management contracts;
- joining the Carbon Trust's public sector 'Carbon Management Programme' establishing a five year plan to understand the Council's carbon baseline, set energy reduction targets and secure funding to implement carbon reduction projects; and
- seek accreditation to the 'Carbon Saver' standard at DL.

Social and Community Issues

Employee Relations and Communication

Constructive and effective joint working and partnership between STFC management and employee representatives continued throughout the year, both at site and corporate levels. During the year, consultation and negotiation took place over a wide range of issues, with resource planning being given particular attention.

Equality and diversity

The Council has maintained its strong commitment to Equality and Diversity, recognising the benefits that a truly diverse workforce can bring. Our Diversity Forum has continued to meet, chaired by the Director who champions Equality and Diversity within the STFC, and support has continued for our Women in Science, Technology, Engineering and Mathematics (WiSTEM) network and our Women as Leaders programme.

The main focus of our activity has been on increasing the proportion of women in our Science, Technology, Engineering and Mathematics (STEM) workforce. We have continued to work closely with the UKRC (an organisation to promote women in science) to better understand the issues and to address the recommendations made in our SET Fair report. One of the issues being explored is the possibility of unconscious bias during the interview process, where women appear to fare less well than men, and further work is planned on this in the coming year. A selection of case studies of STFC's STEM women has recently been published on our Careers web pages with the aim of attracting more women to apply for our STEM vacancies and also inspiring young women to embark on a STEM career.

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

A highlight during the year was the hosting of a conference in March called 'Equality for Women Science, Now, Sometime, Never' held on the Harwell Oxford campus and attended by over 100 delegates. Speakers included Professor John Perkins, Chief Scientific Adviser for BIS, and Professor Dame Jocelyn Bell-Burnell who summarised some results of the recent Royal Society of Edinburgh study into the barriers facing women in STEM.

To reflect the changes introduced to the Public Sector duties by the Equality Act, STFC now has a Single Equality Scheme (SES) which replaces the separate Disability, Gender and Race schemes published previously. The SES will provide a single, more focussed action plan which will be monitored at Executive Board level.

STFC has taken the lead in establishing and chairing a new cross-Council Equality and Diversity Action Group. Initially, the group is working, with BIS input, to develop a common approach to data gathering and reporting, and staff training.

On disability, a particular area of interest for STFC is dyslexia. National data suggests that around 10% of our workforce is likely to have some degree of dyslexia. We are working with the British Dyslexia Association to understand what we can do to make working life easier for these people.

On ethnicity, STFC acknowledges the very low numbers of non-white staff in its workforce and recognises that more needs to be done to try to improve this in the future.

At 31 March 2012:

- The average age of employees in STFC was 45;
- 5.4% of employees were non-white;
- 22.3% of all staff were female and 10.9% of STEM staff were female, and
- Less than 1% of staff were known to be disabled. This is likely to be an underestimate because employees are not required to declare that they have a disability.

Learning and development

STFC continues to invest significantly in developing the scientific, technical, specialist and managerial competencies of its employees by providing access to a range of courses, conferences, learning resources, coaching and mentoring. During this year around 90 senior staff attended the STFC's CRISTAL 3 programme which is designed to develop management and leadership skills in response to 360 degree feedback.

STFC's mentoring scheme has continued to grow and its scope has been extended to include a number of cross-Council partnerships. The use of e-learning is also increasing and a number of new modules have been introduced both as part of a new induction programme and to refresh the knowledge of established staff.

STFC continues to run a Graduate Training scheme which was re-accredited by the IMechE, IET and IoP during the year. STFC was listed number 33 in the 2011 Guardian top 300 graduate recruiters, and ranked 5th in the Scientific Research and Development category.

STFC also runs an IET accredited Advanced Engineering Apprenticeship scheme which trains mechanical, electrical and electronics apprentices.

Investors in People

STFC was delighted to achieve the Silver Standard at its review in October which is recognition of the excellent progress made in its people management standards in the 3 years since the last review.

Best Companies

To gain a measure of staff engagement STFC took part in the Times Best Companies employee survey for the first time in autumn 2011 and achieved 'One to Watch' status. The results indicate a number of areas for improvement which will be acted upon in the coming year. The intention is to repeat the survey annually in order to check progress in this important area.

STFC sickness absence 2011-12: summary of key findings

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

The following data has been abstracted from a composite analysis of absence records across STFC's UK establishments over the period 1 April 2011 to 31 March 2012:

- The total number of days lost to sickness absence over the period was **7,108**. The average number of staff (persons) employed over the period and covered by the sickness absence arrangements was **1,697**; the average full time equivalent (fte) count was **1,653**.
- The derived absence rate (days lost per person) was **4.2**; the headline absence rate (days lost per fte) was **4.3**.
- The level of self-certificated absence was **2,595** days; medically-certificated absence was **4,513** days.
- There were **58** longer term absence cases (continuous or linked absences of 20 working days or more) over the period; the number of days lost to longer term absence represents **43.1%** of the total days lost.
- The causes resulting in the largest working time losses were colds/coughs/influenza, (**16.6%** of days lost to sickness), surgery/post-operative recovery (**11.5%**), and accident/injury (**7.0%**).

STFC is regarded by the Civil Service as a medium sized employer. The 2011-12 headline absence rate of **4.3** days per fte, though slightly higher than the equivalent 2010-11 figure of **4.2** days per fte, compares favourably with a range of Civil Service departments and agencies in this group (based on quarterly absence statistics for the 2011 calendar year published recently by the Cabinet Office).

RCUK Shared Services Centre Limited

The Research Councils have created and co-own the RCUK Shared Services Centre (SSC) Ltd based in Swindon. The SSC provides finance, grants, human resources, information systems, procurement and payroll operational services to each of the Councils. The SSC was set up with the aim of reducing spend on administration through sharing and standardising processes whilst making expenditure savings through centralised procurement.

STFC began taking services from the SSC in 2009-10 and by February 2011 was taking the full service offering from the SSC. 2011-12 is the first financial year during which all operational services were provided by the SSC.

The Councils shared the implementation costs of the SSC and STFC's agreed share is 20.54%. These costs have been accounted for in prior years as £11.7m expensed and £11.1m as an Asset in the Course of Construction (AUC). The AUC was transferred to RCUK SSC Ltd on 29 March 2011 (see Note 14).

The transition to SSC was regarded as a necessary step in the aim of harmonisation of transactional processes and is referred to in the Governance Statement.

Signed:



John Womersley
Accounting Officer

Date: 4th July 2012

Remuneration Report

Remuneration Policy

Council Chair and members

The Science and Research Group (SRG) within the Department for Business, Innovation and Skills advises Research Councils of the rates they are required to pay and these are reviewed annually by SRG.

Chief Executive

The remuneration of all Research Council Chief Executives is determined by the SRG. Chief Executives are paid both a basic salary and performance pay comprising annual, RCUK and appointment term bonuses of up to 5%, 5% and 10% respectively.

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

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

A Remuneration Committee established and chaired by the DGKI then meets to review the Chief Executives' performance and to agree its recommendations, taking into account the assessments and any comments in the papers.

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

Other Senior Employees

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

Membership during 2011-12 was:

Mrs Gill Ball, Chairman and Council Member

Mr Marshall Davies, Audit Committee Chairman and Council Member

Professor Keith Mason, Chief Executive, also attended as an observer for the Committee's meeting in September 2011, and Professor John Womersley attended as an observer for the Committee's meeting in February 2012. Mr Paul Hartley acted as secretary to the Committee.

The Committee took account of the remuneration policy for senior civil servants, set by the Cabinet Office following independent advice from the Review Body on Senior Salaries (for further information about the Review Body on Senior Salaries see www.ome.uk.com).

In accordance with Government guidance no increases were made in the base pay of senior staff in STFC.

In determining bonus payments the Committee applied the guidance of the sponsoring Department and allocated 5% (2010-11: 5%) of the senior staff pay-bill for bonuses as specified in the Cabinet Office guidance. That sum was allocated on the basis of an assessment of each individual's performance during the year, taking account of each individual's self-assessment; his/her line manager's appraisal of that self-assessment, and the Committee's own moderation of these. A bonus was only paid where there was demonstrable achievement beyond what is specified in the individual's job description.

Contracts of Employment

Council Chair and Members

Council Chair and Council Member appointments are Ministerial Appointments made by the Secretary of State for Business, Innovation and Skills. The process for new appointments to the Council Chair and Council Members is conducted under the Code of the Commissioner for Public Appointments. This is available at www.ocpa.gov.uk. In accordance with the Code, vacancies are advertised nationally and a panel, including independent members, oversees the process. The panel reviews all applications, shortlists and interviews, and then makes a recommendation to the Secretary of State. Once the Secretary of State has made a final decision, an offer of appointment is issued by SRG on his behalf to the successful candidate.

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

Other Senior Employees

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

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

Early termination of employment, other than for misconduct, would result in the individual receiving compensation as set out in STFC's Conditions of Employment Memoranda, which in this area enact the provisions of the Civil Service Compensation Scheme.

Audited information

Remuneration of Council Members

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

Remuneration was in the following ranges:

	Annual Honoraria	
	2011-12 £'000	2010-11 £'000
Mrs Gill Ball	5-10	5-10
Professor Martin Barstow	5-10	5-10
Professor Keith Burnett (term ended on 31 March 2011)	-	5-10
Mr Marshall Davies	5-10	5-10
Professor Dame Julia Goodfellow (appointed 1 April 2011)	5-10	-
Mr Philip Greenish (term ended on 31 March 2011)	-	5-10
Dr Michael Healy	5-10	5-10
Dr Philip Kaziewicz (term ended on 31 March 2011)	-	5-10
Professor Sir Peter Knight	5-10	5-10
Professor Sir Michael Sterling	50-55	50-55
Professor James Stirling	5-10	5-10
Mr Ian Taylor (appointed 1 April 2011)	5-10	-
Mr Will Whitehorn	5-10	5-10

The Council reimburses travel and subsistence expenses necessarily incurred by Council members attending meetings or undertaking other tasks arising from their membership, in accordance with the conditions and at the rates applying to the Council's employees. The amount reimbursed for 2011-12 was £5,821 (2010-11: £5,996).

Salary and pension entitlements of senior employees

The following sections provide details of the remuneration and pension interests of senior employees who were members of the STFC Executive Board during the year.

	2011-12 £'000		2010-11 £'000	
	Remuneration	Bonus	Remuneration	Bonus
Professor Keith Mason (term ended on 31 Oct 2011)	130-135	-	130-135	-
Professor John Womersley (appointed 1 Nov 2011)	105-110	5-10	-	-
Mr Paul Hartley	90-95	0-5	90-95	0-5
Mr Gordon Stewart	105-110	5-10	105-110	0-5
Jane Tirard	105-110	5-10	105-110	0-5
Professor Richard Wade	105-110	5-10	105-110	0-5
Professor Colin Whitehouse	90-95	-	90-95	0-5
Band of highest paid Director	130-135		130-135	
Median Total Remuneration	33,780		33,660	
Ratio	3.92		3.94	

- Remuneration includes any allowances but not benefits in kind or employer's pension contribution.
- Full year equivalent salary is shown for those senior employees that have only served on the Board for part of the year.
- Bonuses disclosed were paid in 2011-12 and relate to performance in 2010-11.
- The average earnings increase in 2011-12 for senior employees, excluding the Chief Executive, was £1,665 (1.6%) arising from a greater share of the bonus pot being awarded to Executive Board members.

Benefits in kind

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

Professor Mason received some assistance under the relocation terms within his letter of appointment. The assessed monetary value of this assistance for 2011-12 was £491(2010-11: £2,521).

Jane Tirard received some assistance under the relocation terms within her letter of appointment 2011-12: £1,864 (2010-11: £1,022).

Professor Colin Whitehouse received some assistance under the relocation terms within his letter of appointment 2011-12: £3,870 (2010-11: nil).

No other members of the Executive Board received benefits in kind in 2011-12.

Pension benefits

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

Real increase in pension and related lump sum at age 60

	Accrued pension at retirement age as at 31/3/12 and related lump sum	Real increase /(decrease) in pension and related lump sum at retirement age	CETV at 31/3/12	CETV at 31/3/11*	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Professor Keith Mason	60 - 65 plus no lump sum	(0 - 2.5) plus no lump sum	1,265	1,175	(13)
Professor John Womersley	10 -15 plus no lump sum	2.5 - 5 plus no lump sum	171	121	35
Mr Paul Hartley	40 -45 plus 75 - 80 lump sum	0 - 2.5 plus (0 - 5) lump sum	785	709	12
Mr Gordon Stewart	10 -15 plus no lump sum	2.5 - 5 plus no lump sum	88	61	19
Jane Tirard	5 - 10 plus no lump sum	2.5 - 5 plus no lump sum	82	51	24
Professor Richard Wade	40 - 45 plus 125 - 130 lump sum	(0 - 2.5) plus (0 - 2.5) lump sum	905	850	(18)
Professor Colin Whitehouse	10 - 15 plus no lump sum	0 - 2.5 plus no lump sum	262	237	141

*The actuarial factors used to calculate CETVs were changed in 2011-12. The CETVs at 31/03/2011 and 31/03/2012 have both been calculated using the new factors for consistency. The CETV as at 31/03/2011 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

Accrued Pension

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's or partner's pension payable from the scheme. A CETV is a payment made by a pension scheme 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 which the individual has transferred to the Research Councils' pension arrangement and for which the RCPS has received a transfer payment commensurate with the additional pension liabilities being taken on. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years and additional pension at their own cost.

Real increase in CETV

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

Compensation for loss of office

As a result of a new senior management structure effective from 1 April 2012, the following members stood down from Executive Board on 31 March 2012:

Mr Paul Hartley will leave STFC on 31 March 2013 under Voluntary Redundancy terms. Mr Hartley will receive a compensation payment of £110,000 - £115,000. Mr Hartley has the option to take his pension early and to use this compensation payment towards the cost of buying out the associated reduction in the pension. If Mr Hartley selects this option, STFC will top up the payment to buy out the remaining reduction at a cost of £135,000 - £140,000.

Professor Richard Wade will leave STFC on 31 March 2013 under Voluntary Redundancy terms. Professor Wade will receive a compensation payment of £170,000 - £175,000.

Professor Colin Whitehouse will leave STFC on 30 April 2012 under Voluntary Redundancy terms. Professor Whitehouse will receive a compensation payment of £25,000 - £30,000.

Signed:



John Womersley
Accounting Officer

Date: 4th July 2012

Annual Accounts

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

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

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by the Secretary of State for Innovation, Universities and Skills, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis.

The Secretary of State for Business, Innovation and Skills has designated the Chief Executive of the Science and Technology Facilities Council (STFC) as Accounting Officer of STFC. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for the keeping of proper records and for safeguarding STFC's assets are set out in 'The Responsibilities of an NDPB Accounting Officer' issued by the Treasury and published in 'Managing Public Money'.

Governance Statement

Scope of responsibility

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

The Purpose of the Governance Statement

It is fundamental to my Accounting Officer's responsibilities to manage and control the resources in my charge. This Governance Statement is a key feature of the means by which I provide assurance on how these duties have been carried out in the course of the year.

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

The Organisation's Governance Framework/Structure

The STFC is an independent non-departmental public body of BIS. Ultimately STFC is accountable to the public through Parliament for the funds it expends. Parliament monitors and influences the Council's work through its Select Committees, Public Accounts Committee, the National Audit Office and the Parliamentary Ombudsman. The STFC's working relationship and lines of accountability with its sponsor department BIS are defined through a Management Statement and Financial Memorandum, which are subject to periodic review.

Council

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

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

During the year Council's main activities included:

- support and inform the development and delivery of the STFC strategy,
- review of progress against the Operating Plan;
- receive reports on financial plans and performance;
- reports on major initiatives including; ISIC; SKA; Diamond Light Source and Campuses;
- reports on major management issues including Senior Management Restructuring, organisational restructuring and Economic Impact activities;
- reports from sub-committees including Science Board and Audit Committee, and
- a self-assessment exercise and skills audit consistent with the Corporate Governance Code.

The minutes of Council meetings are available at: <http://www.stfc.ac.uk/131.aspx>

As a result of the self assessment exercise and skills audit a report has been agreed with Council and shared with BIS. The self assessment exercise will be completed annually and the skills audit will be repeated in three years time. Council are seeking improvements relating to stakeholder awareness, financial information and the balance between day-to-day oversight and more strategic focus. The skills audit has informed the latest round of Council recruitment. For future years Council have agreed a new meeting schedule (bi-monthly formal meetings, with morning sessions focussed on more strategic/ topical discussion) and has engaged in more stakeholder activity. Members are being used more strategically to represent STFC at key events.

Council Membership and attendance 2011-12

Attendance at Business meeting

Professor Sir Michael Sterling FREng (Chairman)	4/4
Professor Keith Mason (Chief Executive to 31 October 2011)	2/2
Professor John Womersley (Chief Executive from 1 November 2011)	2/2

Members

Mrs Gill Ball OBE, University of Birmingham	3/4
Professor Martin Barstow FRSA FInstP, University of Leicester	3/4
Mr Marshall Davies, Independent Advisor	4/4
Professor Dame Julia Goodfellow, University of Kent	3/4
Dr Michael Healy, Astrium	4/4
Professor Sir Peter Knight FRS, Imperial College London	4/4
Professor James Stirling CBE FRS, University of Cambridge	4/4
Mr Ian Taylor, Independent Advisor	4/4
Mr Will Whitehorn, Loewy Group	4/4

There were an additional three informal meetings and one Strategy Day.

A register of Council Members' private, professional and commercial interests is maintained by the Council. The registers available on the STFC website at <http://www.stfc.ac.uk/141.aspx>

Further details on the STFC Council and its advisory committees are available on the STFC website at <http://www.stfc.ac.uk/5926.aspx>

Science Board

Science Board is our principal scientific advisory committee. It reports directly to Council. Its purpose is to provide the STFC with a strategic scientific overview and assessment of, and science advice on, all of the programmes STFC supports. Science Board is supported by advisory panels, peer review committee and other advisory committees.

We work closely with Science Board to develop the science and technology strategies and review our programmes and investments.

Executive Board

The responsibility for the Council's activities rests with members of the Council including the Chief Executive in his role as Accounting Officer. The Executive Board supports the Chief Executive, and thereby the Council. The key activities of the Executive Board during the year were to:

- develop proposals for Council relating to the organisation's mid-to-long term strategic direction;
- implement effective financial planning and management;
- establish robust and effective governance;
- support and develop the appropriate advisory structures;
- oversee reputational & stakeholder relationship management, including with government;
- oversee effective succession planning and approve senior appointments;
- define and cascade appropriate organisational culture and ethos;
- have responsibility for the investment appraisal regime and to approve capital and resource commitments under a threshold amount approved by Council; and
- make executive decisions on matters having a material impact on the organisation (including reputational, legal/regulatory) within the delegated authority granted by Council.

Audit Committee

The STFC Audit Committee supports the Council and Chief Executive, in matters of governance, risk and control. Council will appoint Members to the Committee on the recommendation of the Audit Committee Chair and Finance Director. The Audit Committee's primary responsibility is to provide Council with their view on the output from both management and independent assurance activities and advise on:

- the strategic process for risk, control and governance and this Governance Statement;
- the accounting policies and the 'Annual Report and Accounts';
- the planned activity and results of both internal and external audit;
- the adequacy of management response to issues identified by audit and other review activities, including external audit's management letter;
- assurances relating to the corporate governance requirements for the organisation;
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations, and
- review and maintain an oversight on assurance arrangements for key Arms Length Bodies / Partner Organisations.

The Audit Committee is an advisory body with no executive powers. However, it is authorised by Council to investigate any activity within its terms of reference. The key items of discussion this year have been:

- The STFC Annual Report and Statutory Accounts. Audit Committee was informed in this task by the National Audit Office reporting on its audit and matters arising.
- The RCUK Shared Services Centre Ltd – Audit Committee noted the plan for BIS and its partners to use SSC Ltd to deliver its core administrative functions. The Audit Committee recommended that stabilisation of the SSC would be essential before it could take on new customers.

The Committee met 6 times during the year, including an extra briefing meeting arranged for the members only and the STFC executive.

Members	Attendance
Mr Marshall Davies, Chair and Council Member	6/6
Mrs Gill Ball OBE, Council Member	3/6
Dr Derek Chadwick, Independent Advisor *	4/5
Mr Rob Low, Independent Advisor	6/6
Mr Ric Piper, Independent Advisor	6/6

* Derek Chadwick retired from Audit Committee in November 2011

Audit Committee carried out a self-assessment during the year. Audit Committee concluded that whilst some improvements were required in the administrative arrangements for the committee, conclusions on the scope and outcomes of the meetings were positive and reassuring. Audit Committee also carried out a separate review and update of its Terms of Reference to emphasise its role in reviewing performance in relation to major partner organisations. Changes were ratified by Council in May 2011.

Partner organisations

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

- RCUK Shared Services Ltd (SSC)
- Harwell Science and Innovation Campus (HSIC LP)
- Daresbury Science and Innovation Campus (DSIC LLP)
- CERN
- Diamond Light Source Ltd (DLSL)
- European Southern Observatory (ESO)
- European Space Agency (ESA)
- European Synchrotron Radiation Facility (ESRF)
- Institut Laue-Langevin (ILL)
- Research Councils UK (RCUK)
- UK Space Agency (UKSA)

In a number of these relationships STFC represents the UK in international partnerships to provide access to facilities, to plan future facilities strategy, to regulate international collaboration, or to foster international collaboration in strategic areas of research.

Whilst the detail may differ, STFC has appropriate agreements in place and actively engages through representation at senior levels in key groups that operate as an interface and within these organisations. Matters emanating from these activities are embedded within our performance, risk and stewardship frameworks to ensure we report progress and issues and are able to respond in an appropriate manner.

The Risk and Internal Control Framework

The STFC has a robust risk management framework which describes the series of steps, and specific associated activities, necessary to manage risk effectively. The risk management framework has been formulated with reference to the guiding principles of risk management but taking into account the STFC's structure, processes and culture.

STFC operates on an international scale with novel and complex technologies, large scale investments and major high profile facilities. An appropriate risk appetite statement has therefore been agreed by Council and aligned to the STFC 'Scheme of Delegation'.

Annual delegation letters issued to Directors reinforce the application of performance and risk management standards and emphasises the importance of internal audit and other review processes. These provide the evidence of embedded risk management processes at the STFC.

Members of a Risk Assurance Group (RAG) consult with colleagues and meet every six months to review departmental risks and input to the corporate stewardship reviews. Business critical projects are subject to oversight by a Project Review Committee (PRC) that reports to the Operations Board (OB), the EB and the Audit Committee.

Risks to information are managed by the Senior Information Risk Owner (SIRO) supported by information asset owners from across the organisation.

Directors are required to carry out a risk review and include a statement on significant matters within their stewardship returns. Outcomes from Departmental risk reviews are linked through to the corporate risk register and reflected in reporting to Executive Board and Audit Committee. Key highlights from these activities are SSC Service Delivery; Financial Management; Facilities Funding; Campus Development and Restructuring. These are covered in more detail under 'Significant Issues and Conclusions' later in this statement.

Review of effectiveness

As Chief Executive until 31 October 2011, Professor Keith Mason fulfilled the role of Accounting Officer. I was appointed as Accounting Officer with effect from 1 November 2011, but responsible for the whole of 2011-12, and have been advised of my new responsibilities and accountabilities. I have also been advised on the implications of my predecessor's review of the effectiveness of the system of internal control.

As Director of Science Programmes in STFC up to 31 October 2011, I was responsible for a significant proportion of STFC's spending, and undertook appropriate stewardship activities and oversight of that programme over the period of the review. I was also closely involved in the committees and groups within STFC that addressed stewardship issues, and have attended all of the BIS performance management meetings during the period of the review. Since taking up my appointment I have met with all key directors one-on-one and with members of Council.

My review is further informed by the work of the executive managers who apply the internal control framework, the internal auditors; and other review groups. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Council, the Audit Committee and a plan is in place to ensure continuous improvement. In the following paragraphs I describe some of the key contributory review groups that support my conclusions.

Director Stewardship Returns

STFC directors provide annual 'Stewardship Statements' on their areas of responsibility, which together provide additional management assurance on the system of internal control. These returns provide a generally positive assessment of STFC operations but highlight concerns relating SSC service delivery; financial management tools, financial resources and staffing.

Managing the Risk of Financial Loss

The Managing the Risk of Financial Loss (MRoFL) initiative was introduced by BIS/HMT during 2011-12 and applies to all transaction processing systems that result in payments or receipts. It represents an annual review of six core financial systems:

- Procurement
- Payroll
- Expenses
- Funding
- Grants
- Taxation receipts (relates to commercial income in the Research Councils context)

A cross-Research Council project was set up to deliver this requirement in a consistent and coordinated manner. Within each Council, End to End Process Owners were appointed to produce Financial Process Assessments (FPAs) for each system listed above. The FPAs have drawn their evidence from work conducted by RCIAS which covered end-to-end processes including SSC elements. In relation to overall performance on balance we conclude on a satisfactory rating (amber) although it is clear from the scale of remedial action and issues elsewhere in relation to the SSC, that improvement is necessary.

Information Assurance

During 2011-12, information assurance activities have continued to be embedded within the IT governance framework within STFC. Through the key groups, the Senior Information Risk Owner (SIRO) continues to oversee and monitor STFC Information risks. Work has continued to embed information security risks within the STFC risk management framework and to refine policies and procedures in the light of experience and external best practice. There have been no incidents of personal data loss within STFC. There were six near misses - in all cases, an appropriate investigation was started as soon as the incident had been reported, and appropriate changes to procedure and policy have subsequently been implemented.

Research Councils' Internal Audit Service (RCIAS)

The RCIAS Audit Strategy and accompanying risk based audit plan have been designed to cover reviews across three components:

- STFC core activities.
- STFC/RCUK SSC Ltd end to end processes.
- Cross-Council assurance.

The internal audit review programme is developed annually in consultation with the Audit Committee and the internal auditors to audit specific aspects of STFC's business.

In expressing his opinion the Director of Internal Audit has provided the Accounting Officer with an overall opinion of Substantial Assurance. This assurance can be broken down between core and cross-client assurance and RCUK SSC shared assurance as follows:

- core and cross-client programme: **substantial assurance** reflecting a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weaknesses in design and/or inconsistent application of controls put the achievement of particular objectives at risk.
- STFC/RCUK SSC shared programme: **limited assurance** highlighting weaknesses in the design, and/or inconsistent application of controls, that put the achievement of the organisation's objectives at risk in a number of the areas reviewed.

His report highlights critical outstanding actions relating to the processes to mitigate risk in the following areas:

- Duplication of Payments;
- GPC and iExpenses;
- Cash management reconciliations; and
- IT application security.

From the audit programme as a whole, I am however able to gain the necessary confidence and assurance on the workings of the audit framework but note that progress on the resulting actions needs to be accelerated.

Research Councils' UK Assurance Unit

The Research Councils' UK Assurance Unit is hosted by BBSRC and acts on behalf of the Research Councils by reviewing the regularity of expenditure on Research Council grants at all eligible Research Organisations. The programme typically involves around 15-20 visits per annum to the research intensive organisations, supplemented by 15 desk based reviews for the less research intensive bodies. Assurance activities focus on the control environment and its effectiveness in ensuring compliance with the Research Councils' terms and conditions which accompany grant funding, with a further strand of work focusing on the scrutiny of the costing methodology used in research organisations, which for universities is the Transparent Approach to Costing (TRAC). The programme is an important element of the risk management framework for the STFC with an annual report produced for me, as the Accounting Officer, which reports on activities undertaken in the year as well as proposed activities for the following year. For 2011-12, 17 visits were undertaken along with 15 desk based reviews. Where we have identified specific issues with universities an action plan is in place to ensure appropriate improvements are introduced. The work undertaken in 2011-12 and the findings have provided me with a satisfactory level of assurance.

The Client Service Group (CSG)

CSG represents all seven Research Councils in their relationship with the SSC as clients. The following paragraphs provide an overview of the assurance provided to the councils by the work of the CSG and its subgroups (the Practitioner Service Groups).

The RCUK Shared Services Centre (SSC) project ended on 31 March 2011. Since that date, and therefore for the whole of the current financial year, the body responsible for co-ordinating the Councils' collective engagement with the SSC as clients has been the CSG. The CSG has taken responsibility for, inter alia, the negotiation of annual service charges and development funding; the development of business improvement activities in each of the main functional areas covered by SSC service delivery; and oversight of an end to end audit assurance programme. Formal approval of funding is however made by the Efficiency and Reform Group, advised by CSG. It is expected that during the course of 2012-13 other bodies will start to receive a range of services from the SSC at which point the Councils will no longer be the principal clients and the continued role of the CSG and its ability to fulfil an assurance role will require further consideration.

From January 2012, a joint SSC/CSG assurance report has been agreed and submitted to the BIS Assurance Board. The current level of assurance is amber in recognition of concerns around recruitment and records management within HR and the very tight timetable for completion of the MI project by June. Seven of the 15 high level KPIs are currently being achieved with an expectation that this proportion will increase over the next few months. A programme of priority development work for the first quarter of 2012-13 has also been agreed and funded so that it is currently expected that it will be possible to achieve the necessary stabilisation in all functional areas by the end of June 2012.

RCIAS have carried out 19 End-to-End process and system controls audits across all functional areas. These have covered the responsibilities of both the Research Councils and the SSC. While the majority of these reports received limited assurance, management responses and action plans are in place to address all of the recommendations in the report. As such, the CSG's view is that overall direction of travel for each of the areas receiving limited assurance is positive. Nevertheless, RCIAS continues to stress the importance of making sure that SSC end to end audit issues are resolved promptly and will expect to see regular and rapid progress towards completion of the agreed actions.

Particular attention has been given to issues in the finance area over the past year in order to learn from experience with the 2010-11 year-end close and production of accounts. This includes clarifying roles and responsibilities, improving processes, and clearing the backlog of issues. This is obviously good business practice, but the additional pressure on the Councils to deliver 'Clear Line of Sight' and the demanding year end timetable to meet BIS's own accounts completion has made this a key priority, and has required significant efforts across the SSC and Research Councils in the latter part of 2011-12. In addition responding to audit recommendations around the delivery of year end activities, financial reporting and accounts reconciliation has been a key priority too. It is recognised that substantial progress has been made however there is still much to be done to achieve stabilisation.

Looking ahead to 2012-13 and beyond, the expansion of the SSC's client base presents the Councils with both threats and opportunities. We expect that greater economies of scale will lead to reductions in unit costs and therefore service charges. There is, however, some concern around the potential disruption to the current level of service over the coming year and potentially beyond as a diverse range of new clients come on board. There is also some concern that a lack of relevance of SSC's grants services to many of the new customers may lead to a downgrading of this area's relative importance. It will be important, therefore, that appropriate new governance arrangements are put in place to protect the Research Councils during this period of transition.

Significant issues and conclusion

STFC has a solid funding base from Government but we continue to face tough challenges and choices to deliver our Strategy and Delivery Plan. I have been advised on the implications of the result of the review of the effectiveness of the system of the Governance including internal control and risk management by the Audit Committee. From the inputs described above I highlight the following significant issues that will require close attention going forward:

- **SSC Service Delivery** – as with all Research Councils we are reliant on SSC Ltd for the provision of key administrative systems. The service levels remain significantly below expected standards and we continue to work with SSC to achieve stabilisation and improve the financial management information provided. As stated above it is expected that during the course of 2012-13 other bodies will start to receive a range of services from the SSC which could add further pressure to an already over-stretched service. We together with our Research Council partners will continue to monitor, engage and where appropriate intervene to achieve a reliable service.
- **Financial management** – in this period of austerity and economic uncertainty margins are tight, and financial assumptions and BIS allocations are subject to change. It is imperative that we continue to monitor closely our financial performance and underlying decision making, taking into account affordability along with our priorities and the need to meet our delivery plan commitments. Whilst to some extent we are reliant on the stabilisation referred to in relation to SSC, for the data, we will continue to strengthen our financial reporting and analysis and reinforce accountability for good financial management throughout the organisation.
- **Facilities funding** – we strive to provide state of the art, world leading facilities but these are not exempt from the constrained financial resources (revenue and capital). We continue to work with our partners in the other Research Councils and elsewhere to critically appraise all financial requests in order to maintain a sustainable level of provision in our key facilities in line with the needs of our community.
- **Campus developments** – STFC has joined with a number of partners to develop two national Science and Innovation Campuses. This exciting concept brings together leading research organisations, universities and industry to develop land around the STFC's Daresbury and Rutherford Appleton Laboratories. Within the current joint venture arrangements STFC will continue to assess how best to deliver on these campuses.
- **Restructuring** - STFC is introducing a new senior management structure with effect from 1 April 2012, to ensure our organisation is best suited to deliver our strategy of supporting world-class research, innovation and skills, while supporting broad Government objectives, providing best value for money, and effectively engaging with our key stakeholders. This process of change will be carefully managed to ensure a smooth transition to the new organisation.

I reiterate that we recognise that we have a major challenge to improve the services provided by the SSC and to build confidence in these services. It is of concern that we continue to report similar issues in relation to SSC a year on from our last report. However, we have strengthened our interactions with SSC and better focused our internal audit activity. It should be noted that progress made through 2011-12 has been significant and STFC will continue to work collaboratively with the other Research Councils and SSC Ltd to achieve stabilisation and ensure that the delivery of pre recess accounts is maintained.

This Governance Statement represents the end product of the review of the effectiveness of the governance framework, risk management and internal control. I have considered the evidence provided with regards to the production of the Annual Governance Statement. The conclusion of the review is sufficient to enable me to be satisfied that the design and operation of systems of risk management, control and governance are appropriate to the STFC and its risk profile. Nevertheless, we continue to press for improvement from within STFC and from our key partners, particularly in the areas highlighted in this statement.

Signed:



John Womersley
Accounting Officer

Date: 4th July 2012

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

I certify that I have audited the financial statements of the Science and Technology Facilities Council for the year ended 31 March 2012 under the Science and Technology Act 1965. The financial statements comprise: the Consolidated Statement of Comprehensive Net Expenditure, the Consolidated Statement of Financial Position, STFC Statement of Financial Position, Consolidated Statement of Cash Flows, STFC Statement of Cash Flows, Statement of Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Science and Technology Facilities Council, Accounting Officer and auditor

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

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Science and Technology Facilities Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Science and Technology Facilities Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of Science and Technology Facilities Council's affairs as at 31 March 2012 and of the group's and the parent's net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Science and Technology Act 1965 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Science and Technology Act 1965; and
- the information given in the Management Commentary part of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

My Report on pages 47 to 48 provides further detail of my opinion on the financial statements.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Date: 5th July 2012

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

Introduction

The Science and Technology Facilities Council (the Council), a non-departmental public body of the Department for Business, Innovation and Skills, supports research, innovation and skills for the UK by supporting a broad portfolio of research and providing large scale scientific facilities. As part of its remit, the Council provides funding (referred to as subscriptions) for a number of international scientific collaborations. One of these is the Institut Laue-Langevin (ILL), which is a research centre located in France. Funding from the Council to ILL in 2011-12 amounted to £17.36 million (2010-11: £13.66 million).

The Council is required to prepare its financial statements in accordance with the Government Financial Reporting Manual (FReM). Under the FReM, it is required to apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector.

Purpose of the Report

I limited the scope of my opinion on the financial statements on the Council's financial statements in 2009-10 and 2010-11 as I was unable to obtain sufficient evidence to support the transactions and balances relating to the ILL which were, from 2009-10, required to be consolidated into the financial statements of the Council.

The Council has now been able to provide sufficient evidence to support the transactions and balances included in the 2009-10, 2010-11 and 2011-12 financial statements. I have therefore given an unqualified opinion on the 2011-12 financial statements.

This report explains in more detail the reasons why I have not qualified my opinion on the 2011-12 financial statements.

Previous limitation on scope

The arrangements for the governance of the ILL are set out in a 1974 Concordat between the three Associate members, namely the UK, France and Germany. The Concordat notes that the Associates have full power to take decisions in accordance with the objects of the Association. The UK's interest is overseen by the Council.

Since 2009-10 the Council has been required, under the FReM to prepare its financial statements applying International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector. The governance arrangements for ILL meet the definition of a joint venture under IAS 31 (*a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control*) and the Council has a 33 per cent interest in the ILL. This means it is required to include its share of ILL's net assets and profit or loss within its financial statements. The Council chose the equity method of accounting to account for its share of the ILL; that is, to record the investment as a share of the net assets of the ILL, and to reflect a share of ILL's profit or loss in the Council's own Statement of Comprehensive Net Expenditure.

However, the ILL's accounts are prepared in accordance with French accounting principles which provide a different accounting framework from IFRS. In preparing their 2009-10 and 2010-11 financial statements, the Council derived the balance of the investment from the net asset value of the ILL's balance sheet within the audited accounts for the ILL. The Council was not able to identify whether there were differences between French accounting principles and IFRS which would necessitate adjustments to ILL's audited figures for inclusion in the Council's financial statements. I was therefore unable to obtain sufficient evidence over the Council's investment in ILL and I qualified my opinion on financial statements accordingly.

Developments in 2011-12

During 2011-12 ILL undertook a formal review of the adjustments that would be necessary to provide IFRS based figures for the Council's investment and concluded that no significant adjustments are necessary from those figures previously reported. The review performed by ILL included the figures for the comparative periods 2009-10 and 2010-11. I have reviewed the results of the restatement and am satisfied that I am able to obtain sufficient and appropriate audit assurance over the balances relating to the value of the ILL as an investment of £25.41 million at 31 March 2012 (2011: £26.87 million, 2010: £26.74 million) and of nil profit or loss for those financial years. I have therefore issued an unqualified audit opinion on the 2011-12 financial statements.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Date: 5th July 2012

Consolidated statement of comprehensive net expenditure

For the year ended 31 March 2012

		STFC	Consolidated total	(Restated) Consolidated total
	Note	2012	2012	2011
		£'000	£'000	£'000
Expenditure				
Staff costs	4	81,634	81,634	84,758
Restructuring	5	6,189	6,189	484
Research grants	6	98,712	98,712	90,053
Other grants and awards	7	42,927	42,927	43,325
International subscriptions	8	154,818	154,818	149,073
Equipment and supplies		26,355	26,355	17,693
Services		29,833	29,833	35,023
Intangible amortisation	13	224	224	223
Intangible impairments	13	35	35	(21)
Depreciation	14	46,283	46,283	47,589
Property, plant and equipment impairments	14	13,797	13,797	222
Joint venture funding		35,574	35,574	31,374
Other expenditure	9	33,516	33,516	45,537
Total expenditure		569,897	569,897	545,333
Income				
Income from operating activities	10	65,134	65,134	61,568
Total income		65,134	65,134	61,568
Net expenditure		(504,763)	(504,763)	(483,765)
Interest	11	200	200	-
Unwinding of discount on provisions	22	(625)	(625)	(438)
Share of post tax losses of joint ventures	15	-	(24,443)	(21,284)
Net expenditure		(505,188)	(529,631)	(505,487)
Net expenditure after tax		(505,188)	(529,631)	(505,487)
Loss on disposal of tangible assets		(211)	(211)	(471)
Profit / (Loss) on disposal of assets held for sale		-	-	76
Profit on acquisition	12	10,487	10,487	-
Net expenditure for the year		(494,912)	(519,355)	(505,882)

All activities are continuing.

The notes on pages 56 to 103 form part of these Financial Statements.

Consolidated Statement of Financial Position

As at 31 March 2012

			(Restated)	(Restated)
		2012	2011	2010
	Note	£'000	£'000	£'000
Non-current assets:				
Intangible assets	13	555	502	567
Property, plant and equipment	14	655,648	609,073	622,962
Interests in joint ventures	15	343,833	338,799	331,454
Trade and other receivables	16	6,667	6,929	7,055
Other financial assets	17	9,701	-	-
Derivative financial instruments	18	4,721	7,047	-
Total non-current assets		1,021,125	962,350	962,038
Current assets				
Trade and other receivables	16	55,565	42,128	31,406
Derivative financial instruments	18	5,367	8,399	1,654
Cash and cash equivalents	19	8,122	10,027	4,379
Total current assets		69,054	60,554	37,439
Assets classified as held for sale	20	-	-	861
Total assets		1,090,179	1,022,904	1,000,338
Current liabilities				
Trade and other payables	21	(108,125)	(73,716)	(66,234)
Provisions	22	-	-	(1,988)
Total current liabilities		(108,125)	(73,716)	(68,222)
Non-current assets less net current liabilities		982,054	949,188	932,116
Non-current liabilities				
Trade and other payables	21	(14,342)	(7,002)	(9,037)
Provisions	22	(41,433)	(49,157)	(29,631)
Total non-current liabilities		(55,775)	(56,159)	(38,668)
Assets less liabilities		926,279	893,029	893,448
Reserves				
Income and expenditure reserve		747,583	728,004	740,170
Revaluation reserve		178,696	165,025	153,278
Government funds		926,279	893,029	893,448

W. John Womersley

John Womersley
Accounting Officer
Date: 4th July 2012

The notes on pages 56 to 103 form part of these Financial Statements.

STFC Statement of Financial Position

As at 31 March 2012

	Note	2012 £'000	(Restated) 2011 £'000	(Restated) 2010 £'000
Non-current assets:				
Intangible assets	13	555	502	567
Property, plant and equipment	14	655,648	609,073	622,962
Interests in joint ventures	15	411,376	380,440	351,941
Trade and other receivables	16	6,667	6,929	7,055
Other financial assets	17	9,701	-	-
Derivative financial instruments	18	4,721	7,047	-
Total non-current assets		1,088,668	1,003,991	982,525
Current assets				
Trade and other receivables	16	55,565	42,128	31,406
Derivative financial instruments	18	5,367	8,399	1,654
Cash and cash equivalents	19	8,122	10,027	4,379
Total current assets		69,054	60,554	37,439
Assets classified as held for sale	20	-	-	861
Total assets		1,157,722	1,064,545	1,020,825
Current liabilities				
Trade and other payables	21	(108,125)	(73,716)	(66,234)
Provisions	22	-	-	(1,988)
Total current liabilities		(108,125)	(73,716)	(68,222)
Non-current assets less net current liabilities		1,049,597	990,829	952,603
Non-current liabilities				
Trade and other payables	21	(14,342)	(7,002)	(9,037)
Provisions	22	(41,433)	(49,157)	(29,631)
Total non-current liabilities		(55,775)	(56,159)	(38,668)
Assets less liabilities		993,822	934,670	913,935
Reserves				
Income and expenditure reserve		840,537	796,515	787,397
Revaluation reserve		153,285	138,155	126,538
Government funds		993,822	934,670	913,935



John Womersley
Accounting Officer
Date: 4th July 2012

The notes on pages 56 to 103 form part of these Financial Statements.

Consolidated statement of cash flows

For the year ended 31 March 2012

			(Restated)
	Note	2012	2011
		£'000	£'000
Cash flows from operating activities			
Net expenditure for year		(519,355)	(505,882)
Interest	11	(200)	-
Amortisation	13	224	223
Impairment of intangibles	13	35	(21)
Depreciation	14	46,283	47,589
Loss on disposal of plant, property and equipment		211	471
Profit on disposal of assets held for sale		-	(76)
Impairment of property, plant and equipment	14	13,797	222
Migration adjustment on assets		-	(79)
Share of joint venture losses	15	24,443	21,284
Increase in trade and other receivables	16	(13,175)	(10,596)
Movements in receivables not related to operating activity		190	
Increase in trade and other payables	21	41,749	5,447
Movements in payables not related to operating activity		(220)	
Use of provision	22	(8,249)	(1,987)
(Decrease) / Increase in provisions	22	(100)	19,087
Unwinding of discount on provisions	22	625	438
Machinery of government change creditor	29	(1,634)	-
Profit on acquisition	12	(10,487)	-
Net cash outflow from operating activities		<u>(425,863)</u>	<u>(423,880)</u>
Returns on investment and servicing of finance			
Interest	11	<u>200</u>	-
Cash flows from investing activities			
Purchase of property, plant and equipment		(82,025)	(32,009)
Purchase of intangibles	13	(118)	(97)
Proceeds of disposal of property, plant and equipment		21	11,299
Proceeds of disposal of assets held for sale		-	418
Investment additions		(29,882)	(28,499)
Other financial asset additions		(238)	-
Net cash outflow from investing activities		<u>(112,242)</u>	<u>(48,888)</u>
Cash flows from financing activities			
Grant in aid		536,000	465,916
Strategic Innovation Funding (SIF)		-	12,500
Net cash inflow from financing activities		<u>536,000</u>	<u>478,416</u>
Net (decrease) / increase in cash and cash equivalents in the period	19	<u>(1,905)</u>	5,648
Cash and cash equivalents at the beginning of the period	19	10,027	4,379
Cash and cash equivalents at the end of the period	19	<u><u>8,122</u></u>	<u><u>10,027</u></u>

Notes:

- In accordance with IAS 7: Statement of cash flows, cash flows between STFC and joint ventures are included under the appropriate heading but other joint venture cash flows are excluded.
- Migration adjustment relates to the transfer of property, plant and equipment assets onto the RCUK SSC Ltd platform.
- Movements in receivables / payables not relating to operating activity is attributable to the transfer of receivables / payables from NWDA. See Note 12.
- The Machinery of Government (MoG) creditor relates to the creation of the UK Space Agency. See Notes 1.28 and 29.
- Investment additions are net of the transfer from NWDA (£1,054k). See Note 12.

The notes on pages 56 to 103 form part of these Financial Statements.

STFC Statement of Cash Flows

For the year ended 31 March 2012

			(Restated)
	Note	2012	2011
		£'000	£'000
Cash flows from operating activities			
Net expenditure for the year		(494,912)	(484,598)
Interest	11	(200)	-
Amortisation	13	224	223
Impairment of intangibles	13	35	(21)
Depreciation	14	46,283	47,589
Loss on disposal of plant, property and equipment		211	471
Profit on disposal of assets held for sale		-	(76)
Impairment of property, plant and equipment	14	13,797	222
Migration adjustment on assets		-	(79)
Increase in trade and other receivables	16	(13,175)	(10,596)
Movements in receivables not relating to operating activity		190	
Increase in trade and other payables	21	41,749	5,447
Movements in payables not relating to operating activity		(220)	
Use of restructuring provision	22	(8,249)	(1,987)
(Decrease) / Increase in provisions	22	(100)	19,087
Unwinding of discount on provisions	22	625	438
Machinery of government change creditor	29	(1,634)	-
Profit on acquisition of property plant and equipment	12	(10,487)	-
Net cash outflow from operating activities		<u>(425,863)</u>	<u>(423,880)</u>
Returns on investment and servicing of finance			
Interest	11	<u>200</u>	-
Cash flows from investing activities			
Purchase of property, plant and equipment		(82,025)	(32,009)
Purchase of intangibles	13	(118)	(97)
Proceeds of disposal of property, plant and equipment		21	11,299
Proceeds of disposal of assets held for sale		-	418
Investment additions		(29,882)	(28,499)
Other financial asset additions		(238)	-
Net cash outflow from investing activities		<u>(112,242)</u>	<u>(48,888)</u>
Cash flows from financing activities			
Grant in aid		536,000	465,916
Strategic Innovation Funding (SIF)		-	12,500
Net cash inflow from financing activities		<u>536,000</u>	<u>478,416</u>
Net (decrease) / increase in cash and cash equivalents in the period	19	<u>(1,905)</u>	5,648
Cash and cash equivalents at the beginning of the period	19	10,027	4,379
Cash and cash equivalents at the end of the period	19	<u><u>8,122</u></u>	<u><u>10,027</u></u>

- In accordance with IAS 7: Statement of cash flows, cash flows between STFC and joint ventures are included under the appropriate heading but other joint venture cash flows are excluded.
- Migration adjustment relates to the transfer of property, plant and equipment assets onto the RCUK SSC Ltd platform.
- Movements in receivables / payables not relating to operating activity is attributable to the transfer of receivables / payables from NWDA. See Note 12.
- The Machinery of Government (MoG) creditor relates to the creation of the UK Space Agency. See Notes 1.28 and 29.
- Investment additions are net of the transfer from NWDA (£1,054k). See Note 12.

The notes on pages 56 to 103 form part of these Financial Statements.

Statement of Changes in Taxpayers' Equity For the year ended 31 March 2012

Income and expenditure reserve (restated)	STFC £'000	Consolidated £'000
Changes in reserves 2009-10		
Balance at 1 April 2009 (restated)	743,322	715,809
Transfer from revaluation reserve	9,142	9,142
Cash flow hedge	(5,777)	(5,777)
Prior year adjustment	26	1
Net expenditure for year	(566,416)	(586,105)
Total recognised income and expense for 2009-10	(563,025)	(582,739)
Grant in aid financing	607,100	607,100
Balance at 31 March 2010	787,397	740,170
Changes in reserves 2010-11		
Strategic Innovation Funding (SIF)	12,500	12,500
Transfer from revaluation reserve	1,508	1,508
Cash flow hedge	13,792	13,792
Net expenditure for the year	(484,598)	(505,882)
Total recognised income and expense for 2010-11	(456,798)	(478,082)
Grant in aid financing	465,916	465,916
Balance at 31 March 2011	796,515	728,004
Changes in reserves 2011-12		
Transfer from revaluation reserve	16,557	16,557
Cash flow hedge	(5,359)	(5,359)
Machinery of government creditor	(1,634)	(1,634)
Assets transferred to the International Space Innovation Centre (ISIC)	(6,630)	(6,630)
Net expenditure for the year	(494,912)	(519,355)
Total recognised income and expense for 2011-12	(491,978)	(516,421)
Grant in aid financing	536,000	536,000
Balance at 31 March 2012	840,537	747,583
Revaluation reserve		
	£'000	£'000
Balance at 31 March 2009	128,758	154,172
Net gain on revaluation of property, plant and equipment	6,949	6,949
Net gain on revaluation of intangibles	8	8
Net loss on revaluation of assets held for resale	(35)	(35)
Net gain on revaluation of investments	-	1,326
Transfer to income and expenditure reserve	(9,142)	(9,142)
Total recognised income and expense for 2009-10	(2,220)	(894)
Balance at 31 March 2010	126,538	153,278

Net gain on revaluation of property, plant and equipment	13,085	13,085
Net gain on revaluation of intangibles	40	40
Net gain on revaluation of investments	-	130
Transfer to income and expenditure reserve	(1,508)	(1,508)
Total recognised income and expense for 2010-11	11,617	11,747
Balance at 31 March 2011	138,155	165,025
Changes in reserves 2011-12		
Net gain on revaluation of property, plant and equipment	31,492	31,492
Net gain on revaluation of intangibles	195	195
Net loss on revaluation of investments	-	(1,459)
Transfer to income and expenditure reserve	(16,557)	(16,557)
Total recognised income and expense for 2011-12	15,130	13,671
Balance at 31 March 2012	153,285	178,696
Total Restated Government Funds at 31 March 2010	913,935	893,448
Total Restated Government Funds at 31 March 2011	934,670	893,029
Total Government Funds at 31 March 2012	993,822	926,279

The notes on pages 56 to 103 form part of these Financial Statements

Notes to the financial statements

1. Accounting policies

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

1.1 Basis of accounting

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

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and meet the accounting and disclosure requirements of the Companies Act 1985 and the accounting and financial reporting standards issued or adopted by the International Accounting Standards Board as interpreted for Government use by the Financial Reporting Manual (FReM) and in so far as these requirements are appropriate. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of STFC (the Council) for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Council are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

New standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), becoming effective during the year, have not had a material impact on the Council's Financial Statements.

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

Adoption of standards effective in 2011-12

The following revised standards and interpretations have been applied by the Council from 1 April 2011:

International Financial Reporting Standards (IFRS/IAS)		Effective date
IFRS 3	Business Combinations	1 July 2010
IFRS 7	Financial Instruments : Disclosures	1 January 2011
IAS 24	Related Party Disclosures	1 January 2011
IAS 34	Interim Financial Reporting	1 January 2011
International Financial Reporting Interpretations Committee (IFRIC)		
IFRIC 13	Customer Loyalty Programmes	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities	1 January 2011

FReM Changes effective in 2011-12

The option to recognise donated assets (IAS 16, Property, Plant and Equipment) and Capital Government Grants (IAS 20, Accounting for Government Grants) received in reserves has been removed from the FReM. The FReM interpretation states:

- The option provided in IAS 20 to offset the grant against the cost of the asset has been withdrawn.
- The option provided in IAS 20 to defer income relating to an asset is restricted to income where the funder imposes a condition. Where assets are financed by a government grant the funding element is recognised as income and taken through the Statement of Comprehensive Net Expenditure.

This change has been accounted for as a change in accounting policy and, in accordance with IAS 8, all comparative amounts have been adjusted to show the results and financial position of the prior period as if the new accounting policy had always applied. The impact on the prior year comparators is disclosed in Note 29.

1.2 Consolidation

STFC's wholly owned subsidiary undertaking, STFC Innovations Limited (SIL), is consolidated in accordance with IAS 27 to form the STFC Group. There is no material difference between STFC and the STFC Group. On this basis the STFC Financial Statements as reported are the consolidation of the STFC parent and SIL. SIL results are shown in Note 15a. The STFC parent holds the investment in joint ventures at cost.

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

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

1.3 Accounting estimates and judgements

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

On an ongoing basis, management evaluates its estimates and judgements including those relating to property, plant and equipment and provisions.

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

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

- valuation of property, plant and equipment. Property, plant and equipment are revalued every five years and are revised in the intervening years by use of appropriate indices. To reduce the risk of material misstatement, the indices used are those recommended by professional valuers;
- calculation of the decommissioning costs for ING, JAC, and RAL. The calculations are based on estimates of the current cost of the work to be undertaken, assumptions regarding inflation rates and VAT changes and the timing of the decommissioning. To reduce the risk of material misstatement the estimates and assumptions are reviewed annually. A professional valuation of the decommissioning costs at ING and JAC was undertaken in 2010-11, and
- calculation of the decommissioning provision for ILL. STFC's share (33%) of this provision is taken from the ILL Financial Statements. The provision for decommissioning was revalued in 2007 using the software recommended by the Commissariat à l'énergie atomique (CEA) and updated as at 31 December 2010 on the basis of the best estimates provided by ILL Management.

1.4 Investments

Unlisted investments are stated in accordance with the British Venture Capital Association guidelines for valuation of unlisted investments at amounts considered by the Council to be a fair assessment of their values. Details of the unlisted investments are shown in Note 15b.

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

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

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

Gains and losses on realisation of fixed asset investments are taken through a realised reserve. Fixed asset investments are not held for immediate resale and any gains on realisation are not available for distribution as a dividend. The difference between the market value of fixed asset investments over the cost to the Council is shown as an unrealised gain or loss.

The STFC Financial Statements are the consolidation of the STFC parent and its wholly owned subsidiary undertaking, STFC Innovations Limited (SIL).

1.5 Investments in joint ventures and associates

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

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

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

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

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

STFC holds a one third shareholding in the joint venture company Institut Laue Langevin (ILL). Under the terms of the joint venture agreement control is shared jointly with 2 other shareholders. The results of ILL are therefore accounted for as a joint venture consolidated with those of the STFC. ILL's reporting date is January to December.

STFC holds a 20.54% shareholding in the joint venture company RCUK SSC Limited. Under the terms of the joint venture agreement control is shared jointly with 6 other shareholders. The results of RCUK SSC Ltd. are therefore accounted for as a joint venture consolidated with those of the STFC.

STFC holds a 50% interest in the joint venture company Daresbury Science and Innovation Campus Public Sector Partnership (PubSP). Under the terms of the joint venture agreement control is shared jointly with Halton Borough Council. The results of DSIC PubSP are therefore accounted for as a joint venture consolidated with those of the STFC. See also Note 12.

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

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

Prior to 2011-12 ILL did not prepare accounts on an IFRS basis and it was not possible to estimate the impact on STFC's financial statements of this difference in accounting policy. During 2011-12, the ILL Accounts for 2009, 2010 and 2011 have been restated on an IFRS basis. There is no material difference in restated the ILL figures.

1.6 Property, Plant and Equipment (PPE)

Expenditure on PPE includes the purchase of land, buildings, plant and equipment costing £3,000 or more. Professional valuations are obtained at least every five years and are revised in the intervening years by use of appropriate indices.

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

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

1.7 Depreciation

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

Useful lives are generally as follows:

Freehold buildings	60 years
Long leasehold properties	60 years or term of lease
Other leased assets, including dwellings	Term of lease
Plant and machinery	20 years
Scientific equipment	15 years
Electronic scientific equipment	10 years
Computers and information technology	5 years
Vehicles	4 years
Personal computers	3 years

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

1.8 Ownership of equipment purchased with STFC research grants

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

1.9 Intangible assets

Intangible assets consist of identifiable non-monetary assets without physical substance and include software either developed in-house or by third parties and licences to use applications developed by third parties costing £3,000 or more. Intangible assets are initially recognised at cost.

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

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

Software and software licences	5 – 10 years
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1.10 Asset impairment

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

1.11 Cash and cash equivalents

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

1.12 Financial instruments

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

- a) Financial instruments are recognised in the Statement of Financial Position at fair value when the Council becomes a party to the contractual arrangement.
- b) Trade and other receivables are initially recognised and carried at original invoice amount. Subsequently, an estimate for doubtful debts is made when collection of the full amount is no longer probable and is offset against the original invoice amount. Bad debts are written off when identified.
- c) Trade and other payables are stated at their amortised cost. They are recognised on the trade date of the related transactions.
- d) Investments in equity instruments, for which no listed price or an active market exists and whose fair values cannot be reliably determined with justifiable expense, are measured at cost less impairment.

1.13 Derivative financial instruments

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

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

1.14 Non-current assets classified as held for sale

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

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

1.15 Decommissioning costs

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

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

1.16 Government grants receivable and other income

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

In line with the terms of the agreement, contributions; co-funding and grants from other bodies (including other government bodies) are recognised in the income statement over the period in which STFC recognises as expenses the related costs for which the grant is intended to compensate. See also Note 1.1 and Note 29.

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

1.17 Research and development

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

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

1.18 Contributions to international collaboration projects

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

1.19 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 the Financial Statements.

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

1.20 Pensions

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

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

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

1.21 Early departure costs

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

1.22 Employee benefits

Salaries, wages and the cost of all employment related benefits, including the liability associated with untaken annual leave, are recognised in the period in which the service is received from employees.

1.23 Closure and restructuring costs

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

1.24 Value Added Tax

The Council is registered for VAT jointly with six other Research Councils and the RCUK Shared Services Centre Ltd. Expenditure is stated net of recoverable VAT. Irrecoverable VAT is charged to the most appropriate expenditure heading. Non-attributable VAT recovered through the Group arrangement is credited to the SCNE.

1.25 Foreign currency

Transactions denominated in foreign currency are translated at the rate of exchange ruling on the date of the transaction unless covered by a forward contract. Assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at the balance sheet date.

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

1.26 Insurance

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

1.27 Operating leases

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

1.28 Inter – Departmental transfers of functions: Restatement of prior year comparators

Machinery of Government changes, which involve the merger or the transfer of functions or responsibility of one part of the public sector service to another, are accounted for using merger accounting in accordance with the FReM. They are outside the scope of IFRS 3 Business Combinations as Government bodies are deemed to be under common control.

Merger accounting requires the restatement of the opening Statement of Financial Position and the prior year's Statement of Comprehensive Net Expenditure, the Statement of Cash Flows and the associated Note to the Accounts.

Where appropriate, the presentation of the Notes to the Financial Statements has also changed to reflect a consistent approach to the disclosures.

The Machinery of Government change included in the 2011-12 Financial Statements relates to the transfer of responsibility for activities relating to scientific research in outer space to the United Kingdom Space Agency (UKSA), a newly created agency of BIS.

The impact on the prior year comparatives is disclosed in Note 29.

1.29 Administration and programme expenditure and income

The SCNE is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or programme follows the definition of administration costs as set out in the HM Treasury Consolidated Budgeting Guidance 2011-12. See Note 3.

1.30 Operating segments

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

- that engages in business activities from which it may earn revenues and incur expenditures (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the entities' "chief operating decision maker" to make decisions about resource allocation to the segments and to assess its performance, and
- for which discrete financial information is available.

2. Segmental consolidated statement of comprehensive net expenditure

Disclosure to net expenditure before tax and gains and losses on revaluation.

For the year to 31 March 2012

	Science programme and project work £'000	Facilities access and development £'000	Knowledge exchange £'000	Corporate affairs £'000	Finance £'000	Total £'000
Expenditure						
Staff costs	5,559	56,599	1,922	15,820	1,734	81,634
Restructuring	-	-	-	6,189	-	6,189
Research grants	96,770	-	1,942	-	-	98,712
Other grants and awards	41,913	-	1,014	-	-	42,927
International subscriptions	154,818	-	-	-	-	154,818
Equipment and supplies	1,022	23,941	213	910	269	26,355
Services	4,058	8,740	1,232	15,579	224	29,833
Depreciation	-	-	-	-	46,283	46,283
Amortisation	-	-	-	-	224	224
PPE impairments	-	-	-	-	13,797	13,797
Intangible impairments	-	-	-	-	35	35
Joint venture funding	35,574	-	-	-	-	35,574
Other expenditure	2,605	16,640	971	12,109	1,191	33,516
	<u>342,319</u>	<u>105,920</u>	<u>7,294</u>	<u>50,607</u>	<u>63,757</u>	<u>569,897</u>
Income						
Income from operating activities	11,765	44,318	928	7,947	176	65,134
	<u>330,554</u>	<u>61,602</u>	<u>6,366</u>	<u>42,660</u>	<u>63,581</u>	<u>504,763</u>

For the year to 31 March 2011 (Restated)

	Science programme and project work £'000	Facilities access and development £'000	Knowledge exchange £'000	Corporate affairs £'000	Finance £'000	Total £'000
Expenditure						
Staff costs	6,886	58,997	1,534	14,619	2,722	84,758
Restructuring	-	-	-	-	484	484
Research grants	87,876	-	2,177	-	-	90,053
Other grants and awards	41,035	-	2,290	-	-	43,325
International subscriptions	149,073	-	-	-	-	149,073
Equipment and supplies	1,655	15,774	254	177	(167)	17,693
Services	5,169	10,436	414	18,633	371	35,023
Depreciation	-	-	-	-	47,589	47,589
Amortisation	-	-	-	-	223	223
PPE impairments	-	-	-	-	222	222
Intangible impairments	-	-	-	-	(21)	(21)
Joint venture funding	31,374	-	-	-	-	31,374
Other expenditure	2,453	13,399	456	9,000	20,229	45,537
	325,521	98,606	7,125	42,429	71,652	545,333
Income						
Income from operating activities	10,089	43,717	1,504	5,736	522	61,568
Net expenditure	315,432	54,889	5,621	36,693	71,130	483,765

Depreciation, amortisation and impairments are controlled and managed centrally within the Finance Directorate.

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

Summary of the segments:

Science Programme and project work

This segment covers the STFC's science and technology strategy, science operations and planning (including the STFC's processes for peer review) and the international strategy, as well as STFC's programs in education, training and public outreach. It also covers the Isaac Newton group of Telescopes (ING) on La Palma, Canary Islands and the Joint Astronomy Centre (JAC), Hawaii.

Facilities access and development

This segment covers the management and operation of STFC's world class research facilities located at the Rutherford Appleton Laboratory, the Daresbury Laboratory, the Chilbolton Observatory and the UK Astronomy Technology Centre and the provision of access to these facilities.

Knowledge Exchange

This segment covers the delivery and development of the effective transfer of knowledge between the STFC, universities, industries and other organisations. It also covers the development of strategies and the coordination of implementation plans for increasing the economic impact of the STFC's investments in universities, its own facilities and the international laboratories.

Corporate Affairs

This segment covers STFC's administrative information systems and technology, estates management operations and support services, health, safety and environment, human resources and security. It also covers the engagement with the STFC's key stakeholders about the processes for shaping an overarching corporate strategy for the organisation, which connects the strategies for the different parts of STFC's business. Additionally, the development and implementation of a strong and effective communication strategy and programme, which encompasses STFC's activities in marketing, communications, public affairs, media relations, events management, corporate web services, corporate publications and internal communication fall within this part of the organisation.

Finance

This segment covers STFC's overall budgeting and associated financial planning and for the financial and management accounting processes within the Council.

The segments will be revised in 2012-13 to align with STFC's new senior management structure effective from 1 April 2012.

3. Analysis of consolidated net income and expenditure between programme and administration

For the year to 31 March 2012

	Administrative	Programme	Consolidated
	2012	2012	Total
	£'000	£'000	£'000
Expenditure			
Staff costs	8,383	73,251	81,634
Restructuring	-	6,189	6,189
Research grants	-	98,712	98,712
Other grants and awards	-	42,927	42,927
International subscriptions	-	154,818	154,818
Equipment and supplies	439	25,916	26,355
Services	8,185	21,648	29,833
Intangible amortisation	-	224	224
Intangible impairments	-	35	35
Depreciation	-	46,283	46,283
Property, plant and equipment impairments	-	13,797	13,797
Joint venture funding	-	35,574	35,574
Other expenditure	1,140	32,376	33,516
Total expenditure	18,147	551,750	569,897
Income			
Income from operating activities	331	64,803	65,134
Total income	331	64,803	65,134
Net expenditure			
Interest	16	184	200
Unwinding of discount on provisions -	-	(625)	(625)
Share of post tax losses of joint ventures	(1,736)	(22,707)	(24,443)
Net expenditure	(19,536)	(510,095)	(529,631)

For the year to 31 March 2011 (Restated)

	Administrative	Programme	Consolidated
	2011	2011	Total
	£'000	£'000	£'000
Expenditure			
Staff costs	9,880	74,878	84,758
Restructuring	-	484	484
Research grants	-	90,053	90,053
Other grants and awards	-	43,325	43,325
International subscriptions	-	149,073	149,073
Equipment and supplies	133	17,560	17,693
Services	11,882	23,141	35,023
Intangible amortisation	-	223	223
Intangible impairments	-	(21)	(21)
Depreciation	-	47,589	47,589
Property, plant and equipment impairments	-	222	222
Joint venture funding	-	31,374	31,374
Other expenditure	877	44,660	45,537
Total expenditure	22,772	522,561	545,333
Income			
Income from operating activities	-	61,568	61,568
Total income	-	(61,568)	(61,568)
Net expenditure			
Interest	3	(3)	-
Unwinding of discount on provisions	-	(438)	(438)
Share of post tax losses of joint ventures	-	(21,284)	(21,284)
Net expenditure	(22,769)	(482,718)	(505,487)

4. Staff numbers and related costs

(See also the Remuneration Report on pages 29 to 34)

Staff costs	STFC	Consolidated	(Restated)
	2012	total	Consolidated total
	£'000	£'000	£'000
Salaries and wages	64,978	64,978	67,481
Social security costs	5,669	5,669	5,219
Superannuation	14,578	14,578	16,227
Seconded staff	115	115	-
Council and committee members	154	154	115
Total payroll costs	85,494	85,494	89,042
Capitalised pay costs	(3,860)	(3,860)	(4,284)
Staff costs charged to the Statement of Comprehensive Net Expenditure	81,634	81,634	84,758

- a. Included in salaries and wages is an amount of £409,663 (2010-11: £832,262) in respect of agency staff.
- b. Included in salaries and wages is an amount of £2,007,124 (2010-11: £1,553,986) in respect of locally engaged staff overseas.
- c. Seconded staff related to personnel seconded into STFC and engaged on the objectives of the entity. The costs are net of recoveries in respect of outward secondments.
- d. The capitalised pay costs are accounted for in the group Statement of Financial Position as part of assets under construction (Note 14). Staff costs are capitalised based upon consideration of effort - there are no staff fully capitalised.

Superannuation

The employees of the Council are members of either the Principal Non-Industrial Superannuation Scheme of the United Kingdom Atomic Energy Authority (the PNISS) or the Research Councils' Pension Scheme (the RCPS).

The PNISS is a notionally funded, contributory, defined benefit scheme. Employees who are members of the PNISS make pensions contribution at the rate of 7.5% of pensionable pay. The Council makes employer's contributions at a rate determined from time to time after actuarial assessment of assets and liabilities. In 2011-12 the employer's contribution rate was 15.8% of pensionable pay. The employer contribution for 2011-12 was £335,285 (2010-11 : £374,897).

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

The RCPS is in all respects 'by-analogy' with the Principal Civil Service Pension Scheme, except that the employer's contribution is determined separately. The scheme provides retirement and related benefits based on final or average emoluments. Redundancy and injury benefits are administered and funded by the Council. The scheme is administered by the Research Councils' Joint Superannuation Service with the associated grant-in-aid managed by BBSRC.

Employees may be in one of four defined benefit scheme arrangements; either a 'final salary' scheme (classic, classic plus or premium); or a career average scheme (nuvos). Pensions payable are increased annually in line with changes in the Consumer Prices Index (CPI). The employer contribution rate is agreed by the RCPS Board of Management on the recommendation of the Government Actuary's Department (GAD) and is set at 26.0% of pensionable pay. The employer contribution for 2011-12 was £14,777,231 (2010-11: £15,937,343).

Employee contribution rates have varied between 1.5% and 3.5% depending on scheme. However, from 1 April 2012 employee contribution rates have been increased and the new rates are as follows:

Annual pensionable earnings (full-time equivalent basis)	1 April 2012 Classic Scheme contribution %	1 April 2012 Classic Plus, Premium & NUVOS Scheme contribution %
Up to £15,000	1.5	3.5
£15,001 - £21,000	2.1	4.1
£21,001 - £30,000	2.7	4.7
£30,001 - £50,000	3.1	5.1
£50,001 - £60,000	3.5	5.5
Over £60,000	3.9	5.9

As an alternative to the RCPS a Partnership Pension Account was made available to new recruits from 1 October 2002. It is based on the portable Stakeholder Pension introduced by the Government in 2001. This is a defined contribution scheme. The employers pay the RCPS 0.8 percent of pensionable pay to cover death in service and ill health benefits. The employers pay an age related contribution to the employee's private pension provider. The employer contribution for 2011-12 was £43,405 (2010-11: £34,340).

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

The last formal actuarial valuation undertaken for the RCPS as at 31 March 2006 was completed in 2008-09. Consequently, a formal actuarial valuation as at 31 March 2010 was initiated but was not expected to be completed at 31 March 2011. Subsequently however, formal actuarial valuations for unfunded public service pension schemes have been suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions and while future scheme terms are developed as part of the reforms to public service pension provision. The primary purpose of the formal actuarial valuations is to set employer and employee contribution rates, and these are currently being determined under the new scheme design.

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

Staff numbers

The Council counts the number of staff in post to include all permanent, fixed term and temporary staff of all types who are paid as employees through the payroll. On this basis the average number of whole-time equivalent persons (including senior management) employed during the year was 1,668 (2010-2011: 1,776). The current year figure includes 38 (2010-11: 39) locally engaged staff overseas.

There is also a number of temporary staff that is charged to the payroll including students, Council and Audit Committee members and a number of inward secondments for which STFC reimburses the home organisation. The average number of whole-time equivalent persons in this category for the year was 37 (2010-11: 34).

The average number of agency staff (whole-time equivalents) employed during the year was 9 (2010-11: 12).

Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	Number of compulsory redundancies		Number of departures agreed		Total number of exit packages by cost band	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<£10,000	-	-	5	10	5	10
£10,000 - £25,000	4	-	31	10	35	10
£25,000 - £50,000	5	-	20	8	25	8
£50,000 - £100,000	4	-	20	12	24	12
£100,000 - £150,000	-	-	4	3	4	3
£150,000 - £200,000	-	-	2	-	2	-
£200,000 - £250,000	-	-	-	-	-	-
Total number of exit packages	13	-	82	43	95	43
Total resource cost / £	£515,134	-	£3,609,355	£1,723,286	£4,124,489	£1,723,286

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

5. Restructuring costs

Restructuring costs in the year were £6,188,886 (2010-11: £483,586). This figure is comprised of the in year exit packages as detailed in the table above, £1.1m contribution to the RCUK SSC Ltd in year restructuring costs and additional in year costs relating to prior year leavers.

6. Research grants

	STFC	Consolidated	Consolidated
	2012	Total	Total
	£'000	£'000	£'000
Astronomy	38,831	38,831	40,769
Particle Physics	39,731	39,731	38,034
E-Science	11,229	11,229	2,471
Nuclear Physics	6,897	6,897	6,609
Industrial Programme Support Scheme (PIPSS)	1,942	1,942	2,170
Neutron & Light Sources	82	82	-
	98,712	98,712	90,053

All research grants are paid to private sector recipients.

7. Other grants and awards

	STFC	Consolidated	Consolidated
	2012	Total	Total
	£'000	£'000	£'000
Postgraduate Training Awards, Fellowships	23,880	23,880	25,952
Research and Research Support	19,047	19,047	17,373
	42,927	42,927	43,325

All other grants and awards are paid to private sector recipients.

8. International collaboration agreements

	STFC	Consolidated	Consolidated
	2012	Total	Total
	£'000	£'000	£'000
European Organisation for Nuclear Research (CERN)	102,175	102,175	97,138
European Southern Observatory (ESO)	27,872	27,872	28,244
Institut Laue Langevin (ILL)	17,358	17,358	13,661
European Synchrotron Radiation Facility (ESRF)	7,292	7,292	9,742
Anglo-Australian Telescope (AAT)	-	-	132
European Science Foundation (ESF)	121	121	156
	154,818	154,818	149,073

- In line with a previously concluded agreement with the Government of Australia, the AAT subscription came to an end during 2010-11.
- STFC negotiated a reduction in its contribution to ESRF from 14% to 10% for the period 1 January 2011 to 31 December 2013 with a compensating reduction in facility access.
- The ILL figure includes an amount of £3.0m of deferred subscriptions, as agreed with ILL, from previous years.
- The Council's research objectives are shared with other major scientific nations and as such the Council collaborates with other nations in order to mitigate the high capital costs of facilities. Various agreements are in place to regulate annual contributions and the management of the various facilities. These include a period of notice of withdrawal from each arrangement. Of the most significant arrangements, CERN and ESA require notice periods of 12 months after the end of the current calendar year. On behalf of the UK, STFC joined ESO on 1 July 2002. ESO requires a notice period of 12 months with effect from 1 July 2013.
- In the case of ESRF and ILL the UK has signed up to International Conventions which are periodically reviewed. The current ESRF Convention runs until the end of 2013 and has a notice period of 3 years. For ILL the 4th protocol of the Intergovernmental Convention was signed at the end of 2002 and will remain in force until 31 December 2013. Thereafter it shall be tacitly extended from year to year unless any of the Governments gives written notification to the other Governments of its intention to withdraw from the Convention. Any such withdrawal will take effect upon the expiry of two years from the date of receipt of the notification by any of the other Governments or on such later date as may be specified in the notification. It should be noted that it is the current intention of the Associates to negotiate a 5th Protocol to the Convention to run from 01 Jan 2014 to 31 Dec 2023. Whilst the above collaborations are regulated by agreement, the political nature of the arrangements is such that any withdrawal would be on a negotiated basis at government level. The Council has no current intentions to withdraw from these arrangements and in all cases would wish to honour research commitments made.
- In the above arrangements, the facilities are not owned by the Council. Additionally, the Council collaborates with Dutch and Canadian partners in respect of the James Clerk Maxwell Telescope, Hawaii, and with Dutch and Spanish partners in respect of the operation of telescopes on La Palma. Contributions are received from the International partners towards the cost of running the facilities. The James Clerk Maxwell and La Palma telescopes are owned by the Council.

9. Other expenditure

	STFC	Consolidated	Consolidated
	2012	Total	Total
	£'000	£'000	£'000
Travel, subsistence and allowances	8,754	8,754	7,539
Utilities	10,113	10,113	6,763
Rent, rates and maintenance	12,866	12,866	9,350
Administration expenses	728	728	939
Auditors remuneration*	184	184	190
(Decrease) / increase in bad debt provision	(323)	(323)	583
Insurance premiums	208	208	124
Exchange rate losses	988	988	962
Decommissioning costs	(2)	(2)	19,087
	33,516	33,516	45,537

* Comprised of STFC audit fee of £167k (£155k relating to the 2011-12 audit and £12k relating to the 2010-11 audit not previously accrued for) and SIL audit fee of £17k (£9k relating to the 2011-12 audit and £8k relating to the 2010-11 audit).

Decommissioning costs of (£2k) of the net of £100k reduction in provision and £98k in year charge.

10. Income from operating activities

	STFC 2012	Consolidated Total 2012	Consolidated Total 2011
UK Research Councils	13,546	13,546	14,136
Government organisations			
Department for Business, Innovation and Skills	81	81	544
Other	5,745	5,745	2,949
	5,826	5,826	3,493
External bodies			
Higher Education Institutes	7,806	7,806	8,186
European Commission	2,959	2,959	5,722
Other overseas	20,614	20,614	17,676
Private sector	11,997	11,997	10,214
Domestic	2,386	2,386	2,141
	45,762	45,762	43,939
	65,134	65,134	61,568

- Operating income includes amounts received from the European Commission and other bodies for asset construction / repayment work and access to facilities. Facilities are offered to European Union users, commercial users and external users. Users are charged a unit cost based on direct operating costs and annual quantity of access with an allowance for overheads.
- STFC acts as a co-ordinator on European Union framework agreements. Funding that is received for redistribution to other partners is not recognised as income but treated as a liability on the Statement of Financial Position.
- The Council has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance, where they are appropriate. However, the information they hold is exempt from the requirements of "The Re-use of Public Sector Information Regulations 2005" as specified in paragraph 5 (3) of the regulations.

Income by purpose	UK	Foreign	Consolidated	UK	Foreign	Consolidated
	2012 £'000	2012 £'000	total 2012 £'000	2011 £'000	2011 £'000	total 2011 £'000
Facilities access and development	27,267	17,051	44,318	27,946	16,245	44,191
Science programme and project work	4,345	7,420	11,765	1,321	3,758	5,079
Other services	8,660	391	9,051	11,867	431	12,298
Total operating income	40,272	24,862	65,134	41,134	20,434	61,568
Non-current assets	985,863	35,262	1,021,125	927,821	34,529	962,350

The Council receives substantial funding from the Science Budget through its sponsor department BIS (see Statement of Changes in Taxpayers' Equity for details). In addition, Science Budget funding accounts for a further £13.6m (2010-11: £14.1m) of the £65.1m Income from Operating Activities being income from the other UK Research Councils.

There are no major customers accounting for 10% or more of the remaining £51.5m. Revenue is allocated based on the country in which the customer is located.

11. Interest

	STFC	Consolidated	Consolidated
	2012	Total	Total
	£'000	2012	2011
		£'000	£'000
Interest receivable	200	200	5
Amounts payable to the consolidated fund	-	-	(5)
	200	200	0

The increase in interest receivable is due to the interest on long term loans (see Note 12 and Note 17).

12. Transfers from other Government bodies

The North West Development Agency (NWDA) transferred its interests in the Daresbury Science and Innovation Campus to the STFC on 10 October 2011. This transfer is dealt with under IFRS 3: Business Combinations, whereby the acquisitions will be accounted for at fair value at the date of transfer. The STFC acquired the assets for no consideration. Assets to the value of £10.487m were received. The value of the assets has been included within net income in the Statement of Comprehensive Net Expenditure. The transferring body will show a corresponding loss in its financial statements. At the date of transfer the assets were shown in the Statement of Financial Position as follows:

	£'000
Loan Term Loans	9,463
Investments in Joint Ventures	1,054
Investments in Associates	(5)
Debtors	190
Creditors	(215)
Net gain to Statement of Comprehensive Net Expenditure	10,487

Details of the transfer

- a. NWDA contributed properties to Daresbury Science and Innovation Campus Limited Liability Partnership (DSIC LLP) as follows:

Property	A loan notes issued £	B loan notes Issued £	Date of issue
Daresbury Innovation Centre	245,700	2,211,300	14 December 2010
Cockcroft Institute	354,000	3,186,000	14 December 2010
Plot 2	25,725	231,525	14 December 2010
Plot 3	25,875	232,875	14 December 2010
Vanguard House	402,800		14 December 2010
		3,601,200	12 May 2011
	1,054,100	9,462,900	

Loan notes A, which are only payable on the termination of the partnership, were immediately assigned to Daresbury SIC (PubSP) LLP. The value of the A loan notes will be determined at the end of the partnership. These amounts are therefore shown as investments in the PubSP LLP Joint Venture (see Note 15g).

The B loan notes become due and payable after a 5 year holiday and are classified as long term loans (see Note 17).

All Loan Notes issued are secured against the assets of Daresbury SIC LLP. The B loan notes rank ahead of the Daresbury SIC (PubSP) LLP A loan notes.

b. The "investment in associates" balance represents the NWDA share of the outstanding liabilities of DSIC Ltd – the vehicle for the setting up of the DSIC Joint Venture. These amounts have been reflected in creditors to be settled on the winding up of DSIC Ltd in June 2012.

c. The debtor balance represents the accrued interest on the B loan notes at the time of transfer.

d. The creditor balance represents outstanding liabilities at the date of transfer to be settled by STFC.

13. Intangible assets

	Software	Software licences	STFC and Consolidated Total*
	£'000	£'000	£'000
Cost or valuation			
At 1 April 2010	1,689	358	2,047
Additions	84	13	97
Reclassification	(15)	15	-
Disposals	(3)	-	(3)
Revaluation	164	36	200
At 31 March 2011	1,919	422	2,341
Additions	94	24	118
Reclassification	(3)	-	(3)
Disposals	(59)	(5)	(64)
Impairments	(34)	-	(34)
Revaluation	(21)	(12)	(33)
At 31 March 2012	1,896	429	2,325
Amortisation			
At 1 April 2010	1,338	142	1,480
Charged in year	158	65	223
Disposals	(3)	-	(3)
Impairments	(16)	(5)	(21)
Reclassification	-	-	-
Revaluation	142	18	160
At 31 March 2011	1,619	220	1,839
Charged in year	157	67	224
Disposals	(59)	(5)	(64)
Impairments	1	-	1
Reclassification	(2)	-	(2)
Revaluation	(211)	(17)	(228)
At 31 March 2012	1,505	265	1,770
Net book value			
At 31 March 2010	351	216	567
At 31 March 2011	300	202	502
At 31 March 2012	391	164	555

- a. Independent qualified professional valuations are obtained for all intangible assets every five years and are revised in the intervening years by use of appropriate indices.
- b. Intangible assets were professionally re-valued on a depreciated replacement cost basis as at 31 March 2012 by Hickman-Shearer in accordance with the RICS Appraisal and Valuation manual.

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

14. Property, plant and equipment

	Freehold land	Freehold buildings	Buildings on leased land	Plant and equipment	Assets under construction	STFC and consolidated Total*
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2010	44,264	315,992	79,194	810,982	114,822	1,365,254
Additions	-	1,779	-	12,226	18,322	32,327
Reclassification	117	32,605	-	31,563	(63,642)	643
Disposals	(62)	(991)	-	(102,041)	(11,116)	(114,210)
Impairment	-	135	-	57	-	192
Write offs	-	-	-	-	(232)	(232)
Revaluation	520	305	-	30,875	-	31,700
31 March 2011	44,839	349,825	79,194	783,662	58,154	1,315,674
Additions	-	394	-	12,916	68,715	82,025
Reclassification	-	(2,605)	-	15,366	(12,785)	(24)
Disposals	-	(1,602)	-	(41,838)	-	(43,440)
Impairments	-	108	-	(939)	(5,033)	(5,864)
Transfers	-	-	-	(6,630)	-	(6,630)
Revaluations	1,004	6,379	1,980	(12,939)	-	(3,576)
31 March 2012	45,843	352,499	81,174	749,598	109,051	1,338,165
Depreciation						
At 1 April 2010	-	117,002	77,558	547,732	-	742,292
Charged in year	-	9,051	785	37,753	-	47,589
Disposals	-	(637)	-	(101,830)	-	(102,467)
Impairments	-	17	-	397	-	414
Write offs	-	-	-	-	-	-
Reclassification	-	67	-	(3)	-	64
Revaluations	-	39	-	18,670	-	18,709
At 31 March 2011	-	125,539	78,343	502,719	-	706,601
Charged in year	-	8,960	822	36,501	-	46,283
Disposals	-	(1,602)	-	(41,606)	-	(43,208)
Impairments	-	18	-	7,915	-	7,933
Write offs	-	-	-	-	-	-
Reclassification	-	18	-	(42)	-	(24)
Revaluations	-	2,849	1,911	(39,828)	-	(35,068)
At 31 March 2012	-	135,782	81,076	465,659	-	682,517
Net book value						
At 31 March 2010	44,264	198,990	1,636	263,250	114,822	622,962
At 31 March 2011	44,839	224,286	851	280,943	58,154	609,073
At 31 March 2012	45,843	216,717	98	283,939	109,051	655,648

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

- a. Included within the prior year asset under construction (AUC) balance is the Council's individual share (20.54%) of the Shared Services Centre developed by the seven Research Councils. On 29th March 2011 each of the Research Council's sold their individual AUCs, which totalled £54m, to the RCUK SSC Ltd in exchange for "B" shares to the same value in RCUK SSC Ltd. STFC's agreed share of the capital costs of the project to the date of sale was £11,115,500.
- b. Reclassifications relate to reclassifications between property, plant and equipment categories. When capitalised AUCs are reclassified from AUC to the appropriate category of property, plant and equipment.
- c. Included within the AUC in year additions is: £30.3m in relation to e-infrastructure at the International Centre of Excellence in Computational Science and Engineering (ICE – CSE) at Daresbury. This project is concerned with the upgrade of computing infrastructure to enable it to host the next generation of high performance computing (HPC) systems; and £7.7m in relation to four new instruments within the ISIS second target station – Chipir, Imat, Zoom and Larmour. These instruments will add world class capabilities in microchip screening, neutron imaging and small angle scattering.
- d. In accordance with IAS 37 decommissioning costs are recognised in full as soon as the obligation exists i.e. when the technical facility has been commissioned. When the obligation incurred gives rise to future economic benefits a corresponding asset in respect of the provision is set up in the Statement of Financial Position and depreciated over the useful life of the asset. The plant and machinery NBV as at 31st March 2012 includes £11.0m (2010-11: £11.8m) for the plant and machinery decommissioning assets.
- e. Tenancy agreements are in place with a number of tenants in STFC buildings at Daresbury and Rutherford. The value of these agreements has increased significantly during 2011-12 owing to additional tenancy agreements in respect of the Electron Building purchased by STFC in March 2011. See Note 25.2.
- f. STFC received a £12.5m grant from the Strategic Investment Fund (SIF) for the establishment of the International Space Innovation Centre (ISIC) at Harwell. £6.6m of assets were purchased by STFC from this grant and are included within the opening 2010-11 plant and equipment balance. Legal title to these assets transferred to ISIC in 2011-12.
- g. With the exception of Polaris House, independent qualified professional valuations are obtained for all property, plant and equipment every five years and are revised in the intervening years by use of appropriate indices. Polaris House is owned jointly by a number of the Research Councils and is professionally valued every four years and modified in the intervening years by the use of appropriate indices.

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

The interest in the Polaris House property was valued on an open market value for existing use basis as at 31 March 2010 by Powis Hughes and Associates.

Land and buildings were professionally valued by James Barr Limited as at 31 March 2008. For properties that are owner-occupied and of a non-specialised nature the basis of valuation is Existing Use Value. For those properties which are either owned but not occupied or have been declared surplus then these are valued on the basis of Market Value. For properties which are owner-occupied but are of a specialist nature where few, if any, open market transactions involving a continuation of the existing use occur, then the Depreciated Replacement Cost method of valuation is appropriate.

Plant and equipment assets were professionally re-valued as at 31 March 2012 by Hickman-Shearer. The assets have been valued at the Market Rate for use in the continuation of existing business. The valuation has been carried out in accordance with the RICS Valuation Standards. If reliable market evidence exists, market value will be based on direct market comparables. However, where there is limited market evidence, the value is based on a depreciated replacement cost approach. The values assigned to the assets correspond to the fair value of the assets as defined in IAS 16, Property, Plant and Equipment.

15. Interests in joint ventures (JVs) and other investments

Consolidated

	DLSL £'000	SSC £'000	ILL* £'000	HSIC £'000	DSIC £'000	Unlisted £'000	Total £'000
Cost							
At 1 April 2010	350,259	1,623	26,740	58	-	136	378,816
Additions	17,358	11,116	-	25	-	-	28,499
Revaluations	-	-	130	-	-	-	130
At 31 March 2011	367,617	12,739	26,870	83	-	136	407,445
Additions	29,453	-	-	24	1,054	405	30,936
Revaluation	-	-	(1,459)	-	-	-	(1,459)
At 31 March 2012	397,070	12,739	25,411	107	1,054	541	436,922

Share of JV losses

At 1 April 2010	46,802	383	-	41	-	136	47,362
In year	20,463	803	-	18	-	-	21,284
At 31 March 2011	67,265	1,186	-	59	-	136	68,646
In year	22,664	1,736	-	43	-	-	24,443
At 31 March 2012	89,929	2,922	-	102	-	136	93,089

Net book value

At 31 March 2010	303,457	1,240	26,740	17	-	-	331,454
At 31 March 2011	300,352	11,553	26,870	24	-	-	338,799
At 31 March 2012	307,141	9,817	25,411	5	1,054	405	343,833

STFC

	DLSL £'000	SSC £'000	ILL* £'000	HSIC £'000	DSIC £'000	Unlisted £'000	Total £'000
Cost							
At 1 April 2010	350,259	1,623	1	58	-	136	352,077
Additions	17,358	11,116	-	25	-	-	28,499
At 31 March 2011	367,617	12,739	1	83	-	136	380,576
Additions	29,453	-	-	24	1,054	405	30,936
At 31 March 2012	397,070	12,739	1	107	1,054	541	411,512

Impairment

At 31 March 2010	-	-	-	-	-	136	136
At 31 March 2011	-	-	-	-	-	136	136
At 31 March 2012	-	-	-	-	-	136	136

Net book value

At 31 March 2010	350,259	1,623	1	58	-	-	351,941
At 31 March 2011	367,617	12,739	1	83	-	-	380,440
At 31 March 2012	397,070	12,739	1	107	1,054	405	411,376

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

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

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

As is to be expected with a venture of this nature, SIL incurred a trading deficit of £2,107,473 - the trading deficit is underwritten in full by STFC.

The operating results, assets and liabilities of SIL are reflected in STFC's Financial Statements in accordance with IAS 27 as explained in Note 1.2. The aggregate amount of capital and reserves at 31 March 2012 was £(6.7m) (2010-11: £ (4.6m)) and the loss for the year was £2.1m (2010-11: £ (1.2m)).

b. Unlisted investments held by SIL

At 31 March 2012, SIL held interests in the following undertakings:

	Country of incorporation	Class of shares held	Proportion held %	Aggregate of capital and reserves £,000	Profit/(loss) for the year £,000
Oxsensis Limited	England and Wales	Ordinary	3.3	52	(451)
L3 Technology Limited	England and Wales	Ordinary	6	71	(681)
Microvisk Limited	England and Wales	Ordinary	1.8	4,216	(4,000)
Petrra Limited	England and Wales	Ordinary	15.1	(53)	(21)
Dsoft Limited	England and Wales	Ordinary	24	7	19
Constellation Technologies Limited	England and Wales	Ordinary	26.4	70	13
Cobalt Light Systems Limited (formerly LiteThru Limited)	England and Wales	Ordinary	20.2	2,039	(367)
Quantum Detectors Limited	England and Wales	Ordinary	90	44	5
Cryox Limited	England and Wales	Ordinary	100	-	-
Electrospinning Limited	England and Wales	Ordinary	34.9	39	(130)
Scitech Precision Limited	England and Wales	Ordinary	100	36	3
Cella Energy Limited	England and Wales	Ordinary	11	(1,233)	(819)
Teratech Components Limited	England and Wales	Ordinary	62.9	185	(27)

The in year additions figure of £405k is comprised of 13,490 ordinary shares of £0.01 each at a price of £30.00 each in Colbalt Light Systems (£404,700) and 1,074,900 ordinary shares of £0.01 (£107.49) in Microvisk Limited.

All other unlisted investments are held at £nil.

At 31 March 2011, SIL held interests in the following undertakings:

	Country of incorporation	Class of shares held	Proportion held %	Aggregate of capital and reserves £,000	Profit/(loss) for the year £,000
Oxsensis Limited	England and Wales	Ordinary	5	1,589	(356)
L3 Technology Limited	England and Wales	Ordinary	6	270	(1,127)
Microvisk Limited	England and Wales	Ordinary	6	1,091	(1,244)
Petrra Limited	England and Wales	Ordinary	18	4	(916)
LaserThor Limited	England and Wales	Ordinary	8	(327)	(2)
Dsoft Limited	England and Wales	Ordinary	15	8	1

Constellation Technologies Limited	England and Wales	Ordinary	33	4	(7)
Cobalt Light Systems Limited (formerly LiteThru Limited)	England and Wales	Ordinary	33	1	(155)
Quantum Detectors Limited	England and Wales	Ordinary	90	40	14
Cryox Limited	England and Wales	Ordinary	59	-	-
Electrospinning Limited	England and Wales	Ordinary	48	11	(89)
Scitech Precision Limited	England and Wales	Ordinary	100	30	(7)
Cella Energy Limited	England and Wales	Ordinary	22	84	(66)
Teratech Components Limited	England and Wales	Ordinary	62.9	200	19

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

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

The Council's shareholding in DLSL at 31 March 2012 is 361,402,425 ordinary shares of £1 each and 35,668,561 redeemable preference shares of £1 each. The purpose of the redeemable shares was to provide for the funding of irrecoverable VAT incurred during the construction and operation of the Synchrotron facility. Shares may be redeemed at par only to the extent that any VAT previously deemed to be irrecoverable is refunded to the company or upon the winding up of the company.

STFC received £1.7m of DLSL funding in 2011-12 from the other Research Councils.

The operating results, assets and liabilities of DLSL are reflected in STFC's Financial Statements in accordance with IAS 31. The aggregate amount of capital and reserves at 31 March 2012 was £350.5m (2010-11: £345.6m) and the loss for the year was £27.2m (2010-11: (£23.4m)).

d. RCUK Shared Services Centres Limited (SSC) (registered in England, registration number 6330639)

The Council's share ownership in RCUK Shared Services Centre Limited (SSC) is one (2011: one) "A" ordinary share of £1 and 12,738,160 (2011: 12,738,160,) "B" shares of £1 each. The "A" shares carry a voting right per share. Each of the seven Research Councils are joint investors in the project and each Council's individual share is 14%. The "B" shares convey ownership rights to the holder, including any distributions or proceeds from sale of the SSC. The "B" shares are apportioned in accordance with the agreed share of the implementation costs – the Council's share ownership is therefore 20.54% (2010-11: 20.54%).

The Research Councils entered into a supplementary shareholders' agreement with the Secretary of State for Business, Innovation and Skills on 4th October 2011 to allot the Secretary of State for Business, Innovation and Skills one 'A' ordinary share in the capital of RCUK SSC Ltd. This supplementary agreement confirmed the covenants of the original shareholders' agreement, signed 8th August 2007, remain extant. On that basis, STFC retains the same level of investment in RCUK SSC Ltd at 12,738,160 of the Company's "B" shares.

The operating results, assets and liabilities of SSC Ltd. are reflected in STFC's Financial Statements in accordance with IAS 31. The aggregate amount of capital and reserves at 31 March 2012 was £48.4m (2010-11: £56.2m) and the loss for the year was £7.9m (2010-11: (£4.478m)).

e. ILL

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

The operating results, assets and liabilities of ILL are reflected in STFC's Financial Statements in accordance with IAS 31. The aggregate amount of capital and reserves at 31 March 2012 was £102m (2010-11: £107m), and the loss for the year was £nil (2010-11: £nil).

f. HSIC PubSP

The Harwell Science and Innovation Campus Limited Partnership (HSIC LP) was created in 2008 for the purpose of developing the campus as a world-leading centre for science, technology and innovation. The partners in HSIC LP are Goodman, an international property group (via a special purpose vehicle) and Harwell Science and Innovation Campus Public Sector Partnership (PubSP), which was established in February 2008 to hold the public sector's interest in the HSIC JV.

STFC holds a nominal share (0.04%) in PubSP with the UKAEA being the majority shareholder. This reflects respective capital contributions of the partners: the majority of the public sector capital contributed to HSIC LP was in the form of land and buildings formerly owned by the UKAEA. Management and control of PubSP is shared jointly between STFC and UKAEA.

The operating results, assets and liabilities of HSIC PubSP are reflected in STFC's Financial Statements in accordance with IAS 31. The aggregate amount of capital and reserves at 31 March 2012 was £2.443m (2010-11: £2.640m), and the loss for the year was £0.245m (2010-11: profit of £0.099m).

g. DSIC PubSP

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

The partners in DSIC LLP are Langtree, a commercial property development company and Daresbury SIC (PubSP) LLP. The original public sector partners in PubSP LLP were STFC, the Northwest Regional Development Agency (NWDA) and Halton Borough Council (HBC). In October 2011 NWDA's interest in the partnership transferred to STFC (see Note 12); ownership and control is now split equally between STFC and Halton.

The financial interests of STFC and Halton are in proportion to the value of assets that have been contributed to DSIC LLP and any profit distribution is in proportion to the financial assets. The principal assets of DSIC LLP are cash contributed by Langtree and properties contributed by the Northwest Regional Development Agency. The transfer of the NWDA interests to STFC means that STFC has 100% of the financial interests in PubSP LLP. DSIC LLP issued Loan Notes in respect of these assets which entitle STFC to repayment and a share of profits generated by the partnership.

In addition to the assets already transferred, DSIC LLP will be able to acquire additional land through Conditional Sale Agreements, including certain plots currently owned by STFC.

The operating results, assets and liabilities of DSIC PubSP LLP are reflected in STFC's Financial Statements in accordance with IAS 31. The aggregate amount of capital and reserves at 31 March 2012 was £1.2m (2010-11: £1.1m) and profit for the year £0.120m (2010-11: £nil).

The operating results, assets and liabilities of DSIC PubSP LLP are draft and subject to audit.

h. Other

International collaborations

As detailed in Note 8 STFC makes significant contributions to a number of international organisations in addition to ILL: CERN, ESF, ESO, and ESRF. STFC holds voting powers in each of these organisations and also holds 1,400 common shares in ESRF (14%). STFC's shareholding in ESRF is not affected by the reduction in contribution from 14% to 10% for the period 1 January 2011 to 31 December 2013.

With the exception of ILL, STFC does not have the ability or power to exercise significant influence over any of these organisations. The financial results of these organisations are not reflected in STFC's Financial Statements and the contributions to these organisations are shown as expenditure through the Statement of Comprehensive Net Expenditure.

Spectrum (General Partner) Limited (registration number 4409886)

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

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

The Fund provides seed capital investment to commercialise the outcomes of science research in the publicly funded partner organisations' Government facilities. Midven Limited manages the Fund under contract.

No entry is made in the Statement of Financial Position as the value of the holdings and the trading position of this company is not material to the accounts.

Neos Interactive Limited (registration number 3564252)

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

16. Trade and other receivables

	STFC	Consolidated	(Restated)	(Restated)
		Total	Consolidated	Consolidated
	2012	2012	Total	Total
	£'000	£'000	£'000	£'000
(a) Analysis by type				
Amounts falling due within one year				
Trade receivables	13,429	13,429	15,561	10,309
Deposits and advances	72	72	282	590
Other receivables	28	28	85	141
Prepayments	30,420	30,420	16,568	11,953
Accrued income	10,700	10,700	9,100	7,583
Early retirements - amounts recoverable	916	916	532	830
Total	55,565	55,565	42,128	31,406

Amounts falling due after more than one year

Early retirements – amounts recoverable	2,916	2,916	3,592	3,558
Prepayments	3,256	3,256	3,337	3,419
Deposits and advances	122	122	-	78
Other receivables	373	373	-	-
Total	6,667	6,667	6,929	7,055

Included within accrued income is £1.2m (2010-11: £2.8m) of income relating to EU funding.

In consideration of a one off payment of £4.095m the Council has leased land from the United Kingdom Atomic Energy Authority for a period of 50 years from 1 January 2003. In accordance with IAS 17 this lease has been recognised as a current and non current prepayment - £0.082m and £3.256m respectively.

(b) Analysis by source

	STFC	Consolidated	(Restated)	(Restated)
		Total	Consolidated	Consolidated
	2012	2012	Total	Total
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Other central government bodies	4,337	4,337	9,290	7,461
Local authorities	-	-	-	80
NHS bodies	-	-	-	2
Public corporations and trading funds	19	19	6	-
Bodies external to government	51,209	51,209	32,832	23,863
Total	55,565	55,565	42,128	31,406

Amounts falling due after more than one year

Other central government bodies	6,172	6,172	6,929	6,977
Bodies external to government	495	495	-	78
Total	6,667	6,667	6,929	7,055

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

	STFC	Consolidated	Consolidated	Consolidated
	Consolidated	Total	Total	Total
	2012	2012	2011	2010
	£'000	£'000	£'000	£'000
Provision for doubtful debts at beginning of period	757	757	183	378
Charged to Statement of Comprehensive Net Expenditure	318	318	690	-
Utilised during the period	(3)	(3)	(9)	(204)
(Released) / Increased during the period	(641)	(641)	(107)	9
Provision for doubtful debts at the end of period	431	431	757	183

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

	STFC	Consolidated	Consolidated	Consolidated
	Consolidated	Total	Total	Total
	2012	2012	2011	2010
	£'000	£'000	£'000	£'000
Current	8,359	8,359	12,957	5,694
0 – 60 days past due	3,953	3,953	2,746	3,440
61 -360 days past due	948	948	(152)	1,170
Over 360 days past due	169	169	10	5
	13,429	13,429	15,561	10,309

There are no indicators at 31 March 2012 that debtors will not meet their payment obligations in respect of the net amount of trade receivables recognised in the Statement of Financial Position.

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

17. Other financial assets

Long term Loans	STFC	Consolidated	Consolidated	Consolidated
	Consolidated	Total	Total	Total
	2012	2012	2011	2010
	£'000	£'000	£'000	£'000
Arising in year, Daresbury SIC LLP (transfer from NWDA)	9,463	9,463	-	-
Oxsensis Ltd.	238	238	-	-
	9,701	9,701	-	-

The B loan notes were transferred from NWDA and received in exchange for properties contributed to the Daresbury SIC LLP (see Note 12). They become due and payable after a 5 years holiday on payment and are subject to an agreed repayment profile. They carry interest at a rate of 3% per annum but payment is deferred until three years from the date of completion. Interest to the value of £373k has been accrued for the period to 31st March 2012 (£190k being transferred from NWDA).

£238,000 of loan stock was purchased in Oxsensis Ltd on 30th March 2012. Interest is payable in the loan at 10% per annum until the redemption date of April 2017.

18. Derivatives and other financial instruments

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

Credit Risk

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

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

Liquidity risk

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

Interest-rate risk

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

Currency risk

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

The Council's exposure to foreign currency risk further reduced with the transfer of the ESA subscription to the UKSA on 1 April 2011.

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

For 2011-12, 31 contracts with an agreed cost of £371,887,726 have been fair valued (using the active market rate ruling at 31st March 2012) at £383,594,466 with the difference being credited to the income and expenditure reserve.

The amount recognised in other comprehensive income during the year was £8,399,256 (2010-11 : £1,653,556).

The forward contracts have been placed to cover 90% of the subscriptions between 2012-13 and 2014-15.

Swiss Franc forward contracts as at 31st March 2012:

Date contract placed	Settlement date	Fair value
		£'000
9 December 2010	13 April 2012	3,183
9 December 2010	11 January 2013	2,337
9 December 2010	12 April 2013	1,968
9 December 2010	10 January 2014	1,279
9 December 2010	11 April 2014	1,715
2 March 2012	12 April 2013	14
2 March 2012	10 January 2014	(18)
2 March 2012	11 April 2014	(23)
2 March 2012	15 January 2015	(54)
		<u>10,401</u>

Euro forward contracts as at 31st March 2012:

Date contract placed	Settlement date	Fair value
		£'000
10 December 2010	2 April 2012	(8)
10 December 2010	1 May 2012	(56)
10 December 2010	2 July 2012	(7)
10 December 2010	1 August 2012	(16)
10 December 2010	1 October 2012	(6)
10 December 2010	1 November 2012	(18)
10 December 2010	1 February 2013	(42)
10 December 2010	1 April 2013	(6)
10 December 2010	1 May 2013	(48)
10 December 2010	1 July 2013	(7)
10 December 2010	1 August 2012	(14)
10 December 2010	3 February 2014	(14)
10 December 2010	1 April 2014	(6)
10 December 2010	1 May 2014	(40)
10 December 2010	1 July 2014	(6)
10 December 2010	1 August 2014	(12)
2 March 2012	1 October 2013	-
2 March 2012	1 November 2013	-
2 March 2012	3 February 2013	(1)
2 March 2012	1 October 2014	(1)
2 March 2012	3 November 2014	(2)
2 March 2012	2 February 2015	(3)
		<u>(313)</u>
		<u>10,088</u>
	Current	<u>5,367</u>
	Non-current	<u>4,721</u>

For the prior years forward contracts were agreed at a cost as detailed below and were fair valued (using the spot rate ruling at the year end) with the difference being credited to the income and expenditure reserve.

Swiss Franc forward contracts as at 31st March 2011:

Date contract placed	Settlement date	Fair value
		£'000
9 December 2010	8 April 2011	446
30 July 2010	8 April 2011	1,707
30 September 2010	8 April 2011	870
29 October 2010	8 April 2011	1,524
9 December 2010	13 January 2012	1,648
9 December 2010	13 April 2012	1,853
9 December 2010	11 January 2013	964
9 December 2010	12 April 2013	670
9 December 2010	10 January 2014	77
9 December 2010	11 April 2014	(125)
		<u>9,634</u>

Euro forward contracts as at 31st March 2011:

Date contract placed	Settlement date	Fair value
		£'000
9 December 2010	1 April 2011	90
10 December 2010	2 May 2011	608
10 December 2010	1 July 2011	599
10 December 2010	1 August 2011	164
10 December 2010	1 February 2012	492
10 December 2010	3 October 2011	89
10 December 2010	1 November 2011	162
10 December 2010	2 April 2012	88
10 December 2010	1 May 2012	638
10 December 2010	2 July 2012	87
10 December 2010	1 August 2012	207
10 December 2010	1 October 2012	86
10 December 2010	1 November 2012	200
10 December 2010	1 February 2013	482
10 December 2010	1 April 2013	81
10 December 2010	1 May 2013	576
10 December 2010	1 July 2013	78
10 December 2010	1 August 2013	159
10 December 2010	3 February 2014	176
10 December 2010	1 April 2014	72
10 December 2010	1 May 2014	486
10 December 2010	1 July 2014	69
10 December 2010	1 August 2014	123
		<u>5,812</u>
		<u>15,446</u>
	Current	<u>8,399</u>
	Non Current	<u>7,047</u>

Swiss Franc forward contracts as at 31st March 2010:

Date contract placed	Settlement date	Fair value £'000
16 December 2009	8 April 2010	1,027
16 December 2009	8 April 2010	120
30 October 2009	8 April 2010	507
		1,654

19. Cash and cash equivalents

	STFC 2012 £'000	Consolidated Total 2012 £'000	Consolidated Total 2011 £'000	Consolidated Total 2010 £'000
Balance at 1 April	10,027	10,027	4,379	7,211
Increase / (Decrease) in cash and cash equivalents	(1,905)	(1,905)	5,648	(2,832)
Balance at 31 March	8,122	8,122	10,027	4,379

At 31 March 2012 £5.2m (2011: £2.5m) was held in Government bank accounts. The balance was held in commercial bank accounts.

20. Assets classified as held for sale

	STFC 2012 £'000	Consolidated Total 2012 £'000	Consolidated Total 2011 £'000	Consolidated Total 2010 £'000
Balance at 31 March	-	-	-	861

Assets classified as held for sale represent freehold and leasehold houses that are being actively marketed for sale. The value of assets classified as held for sale represents the expected net disposal proceeds. In May 2011 a decision was made to take the remaining assets off the market.

21. Trade and other payables

	STFC	Consolidated	(Restated)	(Restated)
		Total	Consolidated	Consolidated
		Total	Total	Total
	2012	2012	2011	2010
	£'000	£'000	£'000	£'000
(a) Analysis by type				
Amounts falling due within one year				
Trade payables	33,641	33,641	13,164	14,756
Other payables	1,795	1,795	3,634	868
Accruals and deferred income	67,518	67,518	52,894	46,677
Early retirement costs	2,220	2,220	1,992	2,196
Social security and other taxes	2,951	2,951	2,032	1,737
Total	108,125	108,125	73,716	66,234

Amounts falling due after more than one year

Accruals and deferred income	8,347	8,347	-	-
Early retirement costs	5,995	5,995	7,002	9,037
Total	14,342	14,342	7,002	9,037

(b) Analysis by source

	STFC	Consolidated	(Restated)	(Restated)
		Total	Consolidated	Consolidated
		Total	Total	Total
	2012	2012	2011	2010
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Other central government bodies	15,727	15,727	15,023	13,897
Public corporations and trading funds	202	202	39	-
Bodies external to government	92,196	92,196	58,654	52,337
Total	108,125	108,125	73,716	66,234

Amounts falling due after more than one year

Bodies external to the government	8,347	8,347	-	-
Other central government bodies	5,995	5,995	7,002	9,037
Total	14,342	14,342	7,002	9,037

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

22. Provisions for liabilities and charges

	STFC 2012 £'000	Consolidated Total 2012 £'000	Consolidated Total 2011 £'000	Consolidated Total 2010 £'000
Decommissioning				
Balance at 1 April	49,157	49,157	29,632	26,446
Increase in provision	-	-	20,705	2,500
Reduction in provision	(100)	(100)	(1,618)	-
Unwinding of discount	625	625	438	686
Utilisation of provision	(8,249)	(8,249)	-	-
Balance at 31 March	41,433	41,433	49,157	29,632
Restructuring				
Balance at 1 April	-	-	-	744
Utilisation of provision	-	-	-	(744)
Balance at 31 March	-	-	-	-
Restructuring: SRS Closure				
Balance at 1 April	-	-	1,403	9,030
Utilisation of provision	-	-	(1,403)	(2,472)
Reduction in provision	-	-	-	(5,155)
Balance at 31 March	-	-	-	1,403
Restructuring: Shared Services Centre				
Balance at 1 April	-	-	584	813
Utilisation of provision	-	-	(584)	(315)
Increase in provision	-	-	-	86
Balance at 31 March	-	-	-	584
Total provisions	41,433	41,433	49,157	31,619

Analysis of expected timing of discounted flows

	STFC	Consolidated	Consolidated	Consolidated
	2012	Total	Total	Total
	£'000	£'000	£'000	£'000
Within 12 months	-	-	-	1,988
Between 2 and 5 years	-	-	8,072	9,689
Thereafter	41,433	41,433	41,085	19,942
Balance at 31 March	41,433	41,433	49,157	31,619

The discount rate used is 2.2% for all provisions (2010-11: 2.2%)

Decommissioning of technical facilities

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

The Council has in place plans for the decommissioning of the ISIS pulsed neutron source and the associated Second Target Station at the Rutherford Appleton Laboratory at the end of its anticipated operating life in 2040. In preparing the best estimate of the provision required to settle the decommissioning obligation it is recognised that there remains a significant degree of inherent uncertainty in the future cost estimates. These include:

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

Included within the opening decommissioning balance is an amount in respect of the decommissioning of the Council's technical facilities at Isaac Newton Group of Telescopes (ING) on La Palma, Spain and the Joint Astronomy Centre (JAC) on Hilo, Hawaii. In May 2012 the Council confirmed the date of STFC's withdrawal from the facilities. The decommissioning provision of £8.2m has been utilised in full during the year with the decommissioning costs shown as a long term payable in the Statement of Financial Position.

The increase in the decommissioning provision in 2010-11 of £20.7m represents STFC's share of the ILL decommissioning costs. Prior to 2010-11 these costs had been treated as a contingent liability. In 2010-11 STFC, as the UK representative, and the other Associates, were required to sign a letter of commitment undertaking to fund their share of the decommissioning costs of the ILL facility. STFC's share of these costs is 33%. The technical operations element of the provision was revalued in 2007 and updated by ILL Management in 2010.

Restructuring: SRS closure

On 7 March 2005, Lord Sainsbury, the then DTI Minister for Science and Innovation, announced that the Daresbury Synchrotron Radiation Source (SRS) would cease operations on 31 December 2008. The balance of the provision was utilised in full in 2010-11.

Restructuring: Research Council Shared Services Centre

The Research Councils and the Research Council Shared Services Ltd have developed a Shared Services Centre to carry out the central functions of HR, Finance and IT across the Councils. As a result some Research Councils incurred redundancy costs, particularly where existing staff live a distance away from Swindon where the Centre is located.

The Research Councils collectively agreed that they would be jointly liable for all necessary redundancies. A funding allocation model was developed and agreed by all the Research Councils and this identified the proportion of SSC project spend and liability that each individual Council would incur. The total provision for redundancies was apportioned using this model. The provision was fully utilised in 2010-11.

23. Contingent liabilities

STFC had the following contingent liabilities as at 31 March 2012:

- a. £11.9m (2010-11: £8.7m) in respect of ILL staff related commitments and costs associated with reprocessing fuel elements. The increase on the prior year is attributable to additional early retirement commitments identified by ILL in 2011. As there has been no past obligating event these costs are treated as a contingent liability in accordance with IAS37.
- b. £2.3m (2010-11: £2.3m) in respect of ESRF decommissioning costs associated with the dismantling of the facility and infrastructures. Decommissioning occurs on winding up of ESRF. If exit by the UK (or any other Member) results in ESRF being wound up, the Members are required to arrange for decommissioning of ESRF's plant and buildings and to meet the costs of doing so in proportion to their share of capital at the time of dissolution. As there has been no past obligating event these costs are treated as a contingent liability in accordance with IAS37.
- c. The Council collaborates with a number of other international partners in the funding, management and operation of technical facilities which were not owned by STFC. In the event of a decision to withdraw from any of these arrangements, it is likely that STFC would assist in the search for a replacement partner to ensure that technical commitments were met. The most significant international collaborations are in respect of the CERN and ESO. For each of these facilities there is the possibility that STFC would be obliged to contribute to decommissioning costs arising from a decision taken to discontinue operations. The decisions to decommission are not wholly within STFC's control:
 - CERN – the CERN Convention will be dissolved if there is less than five Member States, or on the agreement of all Member States. If withdrawal from CERN by the UK results in either CERN itself and/or any programme coming to an end, deficits may potentially arise for which the UK will be required to contribute in the proportion of its contribution, if it is participating at the time of ending.
 - ESO – the ESO Convention may be dissolved at any time by a resolution of two-thirds of the Members. If there are outstanding liabilities on dissolution of ESO, those liabilities are to be met by the Members pro rata to their contributions for the then current year.

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

- d. A contingent liability was reported in 2010-11 in respect of decommissioning costs arising out of STFC's membership of the Gemini collaboration. Membership ceases on 31st December 2012 and the Council has no liability for any additional costs on its withdrawal. No contingent liability is reported in 2011-12.
- e. Additional pension liabilities estimated at £324k in respect early retirements agreed in 2011-12. Employees have the option to buy out the actuarial reduction in their pensions; this additional cost being borne by the employer. At the date of the Financial Statements a number of early retirements had not decided whether to exercise the option.
- f. Two personal injury claims, one from a visitor to RAL and one from a contractor working at RAL – the latter being previously reported in 2010-11. The obligation in respect of the visitor claim is estimated at £8k, the obligation in respect of the contractor claim cannot be reliably measured at the date of the Financial Statements.
- g. Two asbestos related claims in relation to former employees. Two claims were reported in 2010-11, one of which has been dropped but replaced by a new claim from a different claimant. The obligation cannot be reliably measured at the date of the Financial Statements.

24. Commitments

STFC had the following commitments at the balance sheet date:

a. Research grants	STFC	Consolidated	Consolidated
	2012	Total	Total
	£'000	£'000	£'000
Payable within 1 year	98,456	98,456	85,752
Payable in 2 to 5 years	123,666	123,666	116,256
Payable beyond 5 years	2,497	2,497	6,253
Total commitment	224,619	224,619	208,261

b. Capital expenditure	STFC	Consolidated	Consolidated
	2012	Total	Total
	£'000	£'000	£'000
Contracted but not provided for Property, plant and equipment	10,163	17,557	7,545
Intangible assets	3,246	3,246	
	13,409	20,803	7,545

c. ESO capital contribution*	STFC	Consolidated	Consolidated
	2012	Total	Total
	£'000	£'000	£'000
Payable within 1 year	-	-	10,281
Payable in 2 to 5 years	-	-	-
	-	-	10,281

d. International subscriptions	STFC	Consolidated	(Restated) Consolidated
	2012	Total	Total
	£'000	£'000	£'000
Payable within 1 year	142,168	142,168	154,925
Payable in 2 to 5 years	298,520	298,520	454,237
	440,688	440,688	609,162

*Represents the UK's contribution to ESO's capital base. Commitment expired in 2010-11.

25. Leases

25.1 Obligations under operating leases

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

Land and buildings	STFC	Consolidated	Consolidated
	2012	Total	Total
	£'000	£'000	£'000
Not later than one year	36	125	174
Later than one year and not later than five years	-	233	354
Later than five years	-	96	96
	36	454	624
Other leases:			
Not later than one year	15	15	29
Later than one year and not later than five years	-	-	16
	15	15	45

- £168,107 was charged to the SCNE in respect of operating leases in 2011-12 (2010-11: £175,460).
- The STFC facilities at the JAC in Hawaii are located on land owned by the University of Hawaii. There are operating leases in place in respect of the land on which the JCMT telescope and base office are based – these leases are for a peppercorn rent and expire in December 2033 and July 2047 respectively. There is a further lease in place for the land on which the UKIRT telescope is based, this is also for a peppercorn rent and STFC grants the University of Hawaii exclusive use of 15% facility time in lieu of land rental. This lease expires in December 2033.
- The STFC facility at ING is located on Spanish land. There is an operating lease in place between the Spanish host, Instituto de Astrofisica de Canarias (IAC) and STFC for a peppercorn rent. STFC gives 20% of telescope time to IAC in lieu of land rental. The lease was renewed in May 2012 for a further 10 years.
- In consideration of a one off payment of £4.095m the Council has leased land from the United Kingdom Atomic Energy Authority for a period of 50 years from 1 January 2003. In accordance with IAS 17 this lease has been recognised as a current and non current prepayment in Note 16.

25.2 Operating leases granted

- STFC has granted an operating lease to DLSL. The lease is for a peppercorn rent for a period of 40 years from 31 January 2003. The lease covers part of the land leased to STFC from the UKAEA and part of the Council's own land.
- STFC earns rental income in respect of tenancy agreements at RAL and Daresbury. Prior to 2011-12 the value of such tenancy agreements was immaterial.

Land and buildings	STFC	Consolidated
	Total	Total
	2012	2012
	£'000	£'000
Not later than one year	1,137	1,137
Later than one year and not later than five years	1,518	1,518
Later than five years	-	-
	2,655	2,655

26. Related party transactions

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

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

Transactions have taken place between the Council and the RCUK Shared Services Centre Ltd in respect of the HR, strategic procurement and IT services being supplied in the year.

As set out in Note 15, the Council holds the major interest in DLSL. Related party transactions with DLSL for the period ending 31 March 2012 were as follows:

	2012 £'000	2011 £'000
Provision of technical and scientific manpower, costs collected on behalf of DLSL, accommodation and site services	2,299	2,187
Purchase of goods and services from DLSL	3	4
	<hr/>	<hr/>
Amounts owing to DLSL	858	969
Amounts owing by DLSL	(152)	(408)
Outstanding balance at 31 March	706	561

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

As set out in Note 15, the Council holds a 20.54% interest in RCUK SSC Limited. Related party transactions with RCUK SSC Limited for the period ending 31 March 2012 were as follows:

	2012 £'000	2011 £'000
Administrative expenses charged to RCUK SCC Limited	133	12,223
Charges incurred from RCUK SCC Limited	8,751	12,598
	<hr/>	<hr/>
Amounts owing to RCUK SSC	280	3,466
Amounts owing by RCUK SSC	(22)	(1,111)
Outstanding balance at 31 March	258	2,355

As set out in Note 15, the Council holds a one-third interest in Institut Laue Langevin. Related party transactions with ILL for the period ending 31 March 2011 were as follows:

	2012 £'000	2011 £'000
Subscription to ILL	17,358	13,661
Total	17,358	13,661
Amounts owing to ILL	-	-
Amounts owing by ILL	-	-
Outstanding balance at 31 March	-	-

As set out in Note 15 the Council holds a minority interest in Harwell Science and Innovation Campus Public Sector (PubSP) and 50% management control. Related party transactions with PubSP for the period ending 31 March 2012 are that of the £23,900 (2010-11: £25,000) of capital introduced to the partnership.

PubSP has in turn 50% management control over HSIC Limited Partnership. Related party transactions between STFC (via HSIC PubSP) and HSIC LP for the year ended 31 March 2012 are as follows:

	2012 £'000	2011 £'000
Purchases from HSIC	366	518
Amounts owing to HSIC	129	163
Outstanding balance at 31 March	129	163

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

Name and Related Party	Number of grants	Aggregate value £'000	Number of contracts	Aggregate value £'000
Council members				
Professor John Womersley*				
University of Oxford	18	6,356	57	1,044
University of Durham	12	6,888	11	143
University College London	13	3,241	24	317
Professor Keith Mason*				
University of Wales, Aberystwyth	-	-	-	-
Mrs Gill Ball				
University of Birmingham	11	3,706	24	36
Professor Martin Barstow				
University of Leicester	5	2,595	2	33
Dame Professor Julia Goodfellow				
University of Kent	1	2	3	96

Professor Peter Knight Imperial College, London	8	4,663	24	317
Professor James Stirling University of Cambridge	22	13,524	26	173
University of Durham	12	6,888	11	143
University of Oxford	18	6,356	57	1,044

*Also a member of Executive Board

Name and Related Party	Number of grants	Aggregate value £'000	Number of contracts	Aggregate value £'000
Executive Board members				
Professor Richard Wade University of Oxford	18	6,356	57	1,044
Professor Colin Whitehouse University of Birmingham	11	3,706	24	36

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

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

Name	Related Party
Council members	
Professor John Womersley*	University of Oxford University of Durham University College, London
Professor Keith Mason*	University of Wales, Aberystwyth
Professor Martin Barstow	University of Leicester
Mrs Gill Ball	University of Birmingham
Dame Professor Julia Goodfellow	University of Kent
Professor Peter Knight	Imperial College, London
Professor James Stirling	University of Cambridge University of Durham University of Oxford
Executive Board Members	
Professor Richard Wade	University of Oxford
Professor Colin Whitehouse	University of Birmingham

* Also a member of Executive Board

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

Professor John Womersley is a director of the Square Kilometre Array (SKA) Organisation. The SKA is a global project to build the world's largest and most sensitive radio telescope. STFC is the UK member of the SKA Organisation and contributed £1.2m to the SKA Organisation in 2011-12.

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

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

27. Losses and special payments

	Number	Value £
Losses:		
Claims waived or abandoned	72	13,927
Accounting write offs	68	(118,728)
Fruitless payments	2	153
Cash losses	2	188
	<u>144</u>	<u>(104,460)</u>
Special Payments:		
Compensation payments	<u>5</u>	<u>75,474</u>

28. Events after the reporting period

IAS 10: Events after the Balance Sheet Date, requires the disclosure of the date on which the Financial Statements were "authorised for issue" and who gave that authorisation. The Financial Statements were authorised for issue on July 2012 by John Womersley, STFC Accounting Officer.

In May 2012 STFC Council confirmed the date of STFC's withdrawal from the Isaac Newton Group of Telescopes (ING) on La Palma, Spain and from the Joint Astronomy Centre (JAC) on Hilo, Hawaii. This has been treated as an adjusting post balance sheet event and the financial statements amended. Within the Statement of Financial Position there has been a reclassification of £8.2m from provisions to other payables within non current liabilities.

29. Restatement of prior year comparators

Prior year comparators have been restated for:

a. Change in Accounting Policy

The FReM interpretation of IAS 20, Accounting for Government Grants, and IAS 16, Property, Plant and Equipment has;

- withdrawn the option to offset the grant cost, and
- withdrawn the option to offset the grant against the cost of the asset. Where assets are financed by a government grant the funding element is recognised as income and taken through the Statement of Comprehensive Net Expenditure.

In accordance with IAS 8, Accounting Policies, Accounting Estimates and Errors, the prior period comparators have been restated to show the results and financial position of the prior periods as if the new accounting policy had always applied.

Amounts previously taken to reserves as funding have been recognised as income in the SCNE.

b. Machinery of Government Change (MoG)

Responsibility for activities relating to scientific research in outer space transferred to the United Kingdom Space Agency (UKSA) on 1 April 2011. MoG changes are accounted for using merger accounting in accordance with the FReM. IAS1, Presentation of Financial Statements, requires the changes to be reflected in the earliest opening comparative period.

Reconciliation of Consolidated Statement of Financial Position as at 31 March 2010

	Consolidated Total Mar-10 £'000	MOG change Mar-10 £'000	Change in policy Mar-10 £'000	Restated Consolidated Total Mar-10 £'000
Non-current assets:				
Intangible assets	567			567
Property, plant and equipment	622,962			622,962
Investments accounted for using the equity method	331,454			331,454
Trade and other receivables	7,055			7,055
Other financial assets	-			-
Derivative financial instruments	-			-
Total non-current assets	962,038	-	-	962,038
Current assets				
Stocks and WIP	-			-
Trade and other receivables	36,739	(5,333)		31,406
Derivative financial instruments	1,654			1,654
Cash and cash equivalents	4,379			4,379
Total current assets	42,772	(5,333)	-	37,439
Assets classified as held of sale	861			861
Total assets	1,005,671	(5,333)	-	1,000,338
Current liabilities				
Trade and other payables	(68,803)	2,569		(66,234)
Provisions	(1,988)			(1,988)
Current tax payable	-			-
Total current liabilities	(70,791)	2,569	-	(68,222)
Non-current assets less net current liabilities	934,880	(2,764)	-	932,116
Noncurrent liabilities				
Trade and other payables	(9,037)			(9,037)
Provisions	(29,631)			(29,631)
Total noncurrent liabilities	(38,668)	-	-	(38,668)
Assets less liabilities	896,212	(2,764)	-	893,448
Reserves				
Income and expenditure reserve	719,500	(2,764)	23,434	740,170
Revaluation reserve	153,278			153,278
Government grant reserves	23,434		(23,434)	-
Government funds	896,212	(2,764)	-	893,448

Reconciliation of Consolidated Statement of Financial Position as at 31 March 2011

	Consolidated Total Mar-11 £'000	MOG change Mar-11 £'000	Change in policy Mar-11 £'000	Restated Consolidated Total Mar-11 £'000
Non-current assets:				
Intangible assets	502			502
Property, plant and equipment	609,073			609,073
Investments accounted for using the equity method	338,799			338,799
Trade and other receivables	6,929			6,929
Other financial assets	-			-
Derivative financial instruments	7,047			7,047
Total non-current assets	962,350	-	-	962,350
Current assets				
Stocks and WIP	-			-
Trade and other receivables	47,061	(4,933)		42,128
Derivative financial instruments	8,399			8,399
Cash and cash equivalents	10,027			10,027
Total current assets	65,487	(4,933)	-	60,554
Assets classified as held of sale	-			-
Total assets	1,027,837	(4,933)	-	1,022,904
Current liabilities				
Trade and other payables	(75,350)	1,634		(73,716)
Provisions	-			-
Current tax payable				
Total current liabilities	(75,350)	1,634	-	(73,716)
Non-current assets less net current liabilities	952,487	(3,299)	-	949,188
Non current liabilities				
Trade and other payables	(7,002)			(7,002)
Provisions	(49,157)			(49,157)
Total non current liabilities	(56,159)	-	-	(56,159)
Assets less liabilities	896,328	(3,299)	-	893,029
Reserves				
Income and expenditure reserve	706,226	(3,299)	25,077	728,004
Revaluation reserve	165,025			165,025
Government grant reserves	25,077		(25,077)	-
Government funds	896,328	(3,299)	-	893,029

Reconciliation of Consolidated Statement of Comprehensive Net Expenditure as at 31 March 2011

Expenditure	Consolidated Total Mar-11 £'000	MOG change Mar-11 £'000	Change in policy Mar-11 £'000	Restated Consolidated Total Mar-11 £'000
Staff costs	86,605	(1,847)		84,758
Restructuring	484			484
Research grants	105,404	(15,351)		90,053
Other grants and awards	43,325			43,325
International subscriptions	247,078	(98,005)		149,073
Equipment and supplies	18,594	(901)		17,693
Services	35,365	(342)		35,023
Intangible amortisation	223			223
Intangible impairments	(21)			(21)
Depreciation	47,589			47,589
Property, plant and equipment impairments	222			222
Joint venture funding	31,374			31,374
Other operating costs	45,642	(105)		45,537
Total expenditure	661,884	(116,551)	-	545,333
Income				
Income from operating activities	55,287		6,281	61,568
Total income	55,287	-	6,281	61,568
Net operating costs	(606,597)	116,551	6,281	(483,765)
Interest	-			-
Unwinding of discount on provisions	(438)			(438)
Share of post tax losses of joint ventures	(21,284)			(21,284)
Net operating costs before tax	(628,319)	116,551	6,281	(505,487)
Net operating costs after tax				
Profit/(Loss) on disposal of tangible assets	(471)			(471)
(Loss) on disposal of intangible assets	-			-
(Loss) on disposal of assets held for sale	76			76
Profit on acquisition	-			-
Net expenditure for the year	(628,714)	116,551	6,281	(505,882)
Income and expenditure reserve				
Balance as at 31 March 2010	719,500	(2,764)	23,434	740,170
Changes in reserve in 2010-11				
Funding from international partners	2,965		(2,965)	-
Funding from other Research Councils	2,100		(2,100)	-
Strategic Innovation Funding	12,500			12,500
Transfer from revaluation reserve	1,508			1,508
Cash flow hedge	13,792			13,792
Release to Statement of Comprehensive Net Expenditure	(426)		426	-
Net expenditure for the year	(628,714)	116,551	6,281	(505,882)
Total recognised income and expense for 2010-11	(596,275)	116,551	1,642	(478,082)
Grant in aid financing	583,001	(117,085)		465,916
Balance as at 31 March 2011	706,226	(3,298)	25,076	728,004

Restatement of total reserves

	Income and expenditure reserve £'000	Revaluation reserve £'000	Government grant reserve £'000	Total reserves £'000
As at 1 April 2010	719,500	153,278	23,434	896,212
Machinery of government change	(2,764)			(2,764)
Accounting policy change	23,434		(23,434)	-
Restated as at 1 April 2010	740,170	153,278	-	893,448
As at 1 April 2011	706,226	165,025	25,077	896,328
Machinery of government change	(3,299)			(3,299)
Accounting policy change	25,077		(25,077)	-
Restated as at 1 April 2011	728,004	165,025	-	893,029

Restated consolidated statement of cashflows

	Consolidated Total Mar-11 £'000	MOG change Mar-11 £'000	Change in policy Mar-11 £'000	Restated Consolidated Total Mar-11 £'000
Cash flow from operating activities				
Net deficit after interest	(628,714)	116,550	6,282	(505,882)
Interest	-			-
Amortisation	223			223
Impairment of intangibles	(21)			(21)
Depreciation	47,589			47,589
Loss on disposal of plant, property and equipment	471			471
Loss on disposal of intangibles	-			-
Loss on disposal of assets held for sale	(76)			(76)
Impairment of property, plant & equipment	222			222
Migration adjustment on assets	(79)			(79)
Write down of investment	21,284			21,284
Decrease/(increase) in trade and other receivables	(10,196)	(400)		(10,596)
Decrease in trade and other payables	4,512	935		5,447
Use of restructuring provision	(1,987)			(1,987)
(Decrease)/increase in provisions	19,087			19,087
Unwinding of discount on provisions	438			438
Net cash outflow from operating activities	(547,247)	117,085	6,282	(423,880)
Returns on investment and servicing of finance				
Interest	-	-	-	-
Cash flows from investing activities				
Purchase of property, plant and equipment	(32,009)			(32,009)
Purchase of intangibles	(97)			(97)
Proceeds of disposal of property, plant & equipment	11,299			11,299
Proceeds of disposal of intangibles	418			418
Proceeds of disposal of assets held for sale				-
Investments additions	(28,499)			(28,499)
Net cash outflow from investing activities	(48,888)	-	-	(48,888)
Cash flows from financing activities				
Grant in aid	583,001	(117,085)		465,916
Capital funding from other Research Councils	1,809		(1,809)	-
Other funding from Research Councils	2,100		(2,100)	-
SIF funding	12,500			12,500
Funding from international partners	2,965		(2,965)	-
Release from income and expenditure reserve	(426)		426	-
Release from government grant reserve	(166)		166	-
Net cash inflow from financing activities	601,783	(117,085)	(6,282)	478,416
Net increase/(decrease) in cash and cash equivalents in the period	5,648	-	-	5,648
Cash and cash equivalents at the beginning of the period	4,379			4,379
Cash and cash equivalents at the end of the period	10,027			10,027

Statistics (unaudited)

Research Grants

Research Grant awards made during 2011-12

Value by subject area £'000

Institution Universities and Colleges	Number of Applications	Number of Awards	Astronomy	Ground Based Facilities	Astronomy observation	Telescope Time	Project Peer Review Panel	Particle Physics	Particle Astrophysics	Nuclear Physics	Futures	Total £'000
Aberdeen	2	1	261	0								261
Aberystwyth	4	1	1,402	0								1,402
Birkbeck College	2	1	488									488
Birmingham	15	14	3,302	125	929	12	360	6,254	434	458		11,874
Bradford	2	1	327									327
Brighton												0
Bristol	15	10		0	844		702	6,902				8,448
Brunel	8	8		10			237	2,447				2,694
Cambridge	41	35	7,640	5,942	1,816	44	1,997	10,258	416		67	28,180
Cardiff	8	8	5,488	316	981	77						6,862
Central Lancashire	3	2			660	2						662
City												0
Cranfield	4	3	30	68								98
Dundee	1	1	921									921
Durham	31	23	2,596	1,645		44	2,190	4,354	0			10,829
Edinburgh	27	25	471	1,048	2,998	24	628	10,621	564	426	241	17,021
Exeter	3	2	2,144									2,144
Glasgow	18	16	1,207	340			1,515	8,020	0	437		11,519
Hertfordshire	3	2	413		1,326							1,739
Heriot Watt	1	0										0
Huddersfield	2	2						218				218
Imperial	42	35	9,321	2,131			3,826	17,843				33,121
Keele	2	1			1,049							1,049
Kent	4	3	2,206	100		2						2,308
Kings	3	1						995				995
Kingston	1	1		10								10
Lancaster	11	7	244				438	5,287	0			5,969
Leeds	8	7	2,764			35	69	601			527	3,996
Leicester	24	16	8,085	3,480		38	658	2,000				14,261
Liverpool	16	13					859	14,658			237	15,754
Liverpool John Moores	8	6		110	1,697	36	71					1,914
Manchester	19	11	1,306		2,339		426	8,520		2,059	35	14,685
Newcastle	1	1	828									828
Nottingham	5	3	401		0	33			396			830
Northumbria												0
Open	28	20	10	966	472							1,448
Oxford	32	23	21,288	372	1,043		1011	23,053	5			46,772
Plymouth												0
Portsmouth	7	5	2,807	71								2,878
Queen Mary, University of London	15	11	1,642	30	0		546	7,162	0			9,380

Queen's University of Belfast	8	6	289	98		49					436	
Royal Holloway	11	9					206	7,032			7,238	
Sheffield	18	14	998	210	613		511	6,834	3	47	9,216	
Southampton	8	5	1,016	6	1,169				0		2,191	
Strathclyde	3	3	361	35				307			703	
St Andrews	6	5	2,467		1,139					240	3,846	
Surrey	5	3		17					4	137	158	
Sussex	12	9	463			3	88	6,800			7,354	
Swansea	3	2					30	418			448	
University College London	52	42	11,480	5,627	1,872	11	346	9,468	0	252	29,056	
Warwick	8	6					97	4,412			4,509	
West of Scotland	3	0								0	0	
York	6	4					142	88		13	243	
Research facilities												
Armagh Observatory	1	0			306						306	
MRC Centre Oxford	1	1								186	186	
NERC British Antarctic Survey	2	1								33	33	
NERC British Geological Survey											0	
NERC Centre for oncology & hydrology	1	1								122	122	
STFC Labs	4	3					100	4,448		200	4,748	
Scottish universities environmental research centre	1	1	522								522	
UK Astronomy Technology Centre	1	1	1,000								1,000	
Other												
The National History Museum	2	1	591								591	
Totals			96,779	22,757	21,253	410	17,053	169,000	1,818	3,397	2,324	334,791

Note: these statistics are based on grants awarded rather than grants paid in 2011-2012

Facility Development Grants/ Facility Research and Development Scheme

For 2011-12 onwards all facility development capital funding will be directly allocated to the facilities under the new model for facility funding agreed across the different research councils/ with BIS. For each CSR period the amount of capital for sustainable development of that facility will be agreed between the research councils and will form part of the facilities allocation from BIS to STFC.

Knowledge Exchange

Industry Partnership Scheme (IPS) grants awarded during 2011-12:

Grant type	Number	Value £'000
IPS awards	2	553
Mini IPS	5	455
Follow-on fund	1	88
Fellowships	1	209
Total	9	1,305

There were 13 Challenge Led Applied Systems Programme (CLASP) grants awarded during 2011-12 with a total value of £1,410k.

Education and Training

Research studentships - quota allocation 2011 and 2012

Institution	No. of Studentships	
	2012	2011
Universities & Colleges		
Aberystwyth	2	2
Birmingham	6	5
Bradford	0	1
Bristol	3	3
Brunel	1	1
Cambridge	20	18
Cardiff	4	4
Central Lancashire	2	2
City	1	0
Dundee	1	1
Durham	13	13
Edinburgh	8	8
Exeter	2	2
Glasgow	8	8
Heriot Watt	1	0
Hertfordshire	3	4
Imperial College London	15	16
Keele	2	2
Kent	1	1
Kings College London	3	2
Lancaster	3	4
Leeds	4	3
Leicester	9	8
Liverpool	10	13
Liverpool John Moores	3	3
Manchester	13	11
Newcastle	0	0
Nottingham	3	3
Open	5	5
Oxford	15	19
Portsmouth	3	2
Queen Mary, University of London	6	6
Royal Holloway, University of London	2	2
Sheffield	5	4
Southampton	6	6
St Andrews	5	3
Strathclyde	1	0
Surrey	3	2
Sussex	4	5
Swansea	3	2
University College London	12	13
Warwick	3	3
West of Scotland	2	1
York	2	2
Other		
Armagh Observatory	1	1
STFC-Daresbury	0	0
STFC- Particle Physics	0	4
STFC- Space Physics	0	1
The Natural History Museum	1	1
Total	220	220