

Research Councils' Pension Scheme Account 2009-2010

Presented to Parliament pursuant to Schedule 1, paragraph 3(3) of the Science And Technology Act 1965

Research Councils' Pension Scheme Account 2009-2010

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 26 JULY 2010

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Report of the Manager

Statutory background

The schemes' statements have been prepared in accordance with the relevant provisions of the 2009-2010 Government Financial Reporting Manual (FRM) www.financial-reporting.gov.uk issued by the Treasury and with regard to the Science & Technology Act 1965.

Description of pension schemes

The Nuvos scheme commenced on 30 July 2007. This is a career average pension scheme, which together with the Partnership Pension Account, forms the pension options open to 'new starters'. However, members who have a past history of membership of the Classic, Classic Plus or Premium schemes may be allowed to rejoin their former arrangement depending on the time that has lapsed since they left their former employment and the terms that they left under.

The Nuvos scheme has a normal retirement age of 65 and a member contribution rate of 3.5 per cent. The accrual rate is 2.3 per cent of pensionable earnings for each year in the scheme. The total pension accrued at the end of March is then increased by the Retail Price Index for the year to the previous September.

A Partnership Pension Account was made available to new staff from 1 October 2002, based on the portable Stakeholder Pension introduced by the Government in 2001. This is a defined contribution scheme. The employers pay the RCPS 0.8 per cent of pensionable pay to cover death in service and ill health benefits. The employers pay the balance to the employee's private pension provider.

The other schemes provide retirement and related benefits based on individual final emoluments by analogy to the Principal Civil Service Pension Scheme (PCSPS). Since 1 October 2002, the Premium scheme is the only final emoluments scheme available to new staff. The Premium scheme has a member contribution rate of 3.5 per cent and provides a pension based on 1/60th of salary but without an automatic lump sum. Members joining from 1 April 1994 until 30 September 2002 entered what is now known as the Classic scheme. This provides a pension based on 1/80th of salary and an automatic lump sum. The Classic member contribution rate is only 1.5 per cent as there are fewer benefits than the Premium Scheme. Some members are in an amalgam of the two schemes known as Classic Plus.

The final emolument and career average schemes are operated on a pay-as-you-go basis, and are principally funded by employers' contributions from member Research Councils. The employers' contribution rate is currently 21.3 per cent (2008-2009: 21.3 per cent) and is due to increase to 26 per cent from 1 April 2010. Any annual shortfall forecast between cash outgoings and cash contribution received is met by grant-in-aid from Request for Resources 2 (RfR2) received through the Research Councils' sponsoring body, the Department for Business, Innovation and Skills (BIS).

Eligible staff

All permanent employees of the Research Councils are eligible to join the Premium scheme or pay into a Partnership Pension Account.

Information for Members

The JSS website <http://jsspensions.org.uk> gives more information.

Accounting Officer

Professor Douglas Kell, the Chief Executive of the Biotechnology and Biological Sciences Research Council (BBSRC), is Accounting Officer for BBSRC and the Research Councils' Pension Schemes.

Administrators

The schemes are administered by the Research Councils' Joint Superannuation Service (JSS) – a unit within BBSRC. From 1 April 2010 SSC Ltd will provide support services to JSS.

Actuaries

The Government Actuary's Department (GAD) are the appointed actuaries for the Research Councils' Pension Schemes.

Bankers

Banking services for the Pension schemes are provided by Paymaster, HM Paymaster General's Office and Barclays Bank plc.

Auditors

The accounts of the Research Councils' Pension Schemes are audited by the Comptroller and Auditor General in accordance with paragraph 3(3) of Schedule 1 to the Science and Technology Act 1965. The audit fee payable is £39,500 (2008-2009: £35,000). In so far as the Accounting Officer is aware, there is no relevant audit information of which the Research Councils' Pension Schemes' auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Research Councils' Pension Schemes' auditors are aware of that information.

No non-audit work was performed by the auditors on behalf of the Research Councils' Pension Schemes during the year. No audit work was required during 2009-2010 with regard to converting the Research Councils' Pension Schemes to International Financial Reporting Standards (IFRS), as such no audit costs for this have been incurred.

Employers

During 2009-2010 the following employers have had members in the Research Councils' Pension Schemes

- Arts & Humanities Research Council (from 1 April 2009);
- Biotechnology and Biological Sciences Research Council and its sponsored institutes;
- Diamond Light Source;
- Economic and Social Research Council;
- Engineering and Physical Sciences Research Council;
- Macaulay Institute;
- Moredun Research Institute;
- Natural Environment Research Council;
- RCUK Shared Service Centre;
- Science and Technology Facilities Council;
- Scottish Agricultural College;
- Scottish Crops Research Institute; and
- Technology Strategy Board.

Changes during 2009-2010

On 1 April 2009 the Arts & Humanities Research Council (AHRC) joined the Research Councils' Pension Schemes. Staff of the AHRC were offered the opportunity to Bulk Transfer their former accrued Principal Civil Service Pension Scheme benefits into the Research Councils Pension Schemes. The results from the Bulk Transfers were not known at 31 March 2010 and will be a feature of the 2010-2011 Research Councils Pension Scheme Accounts.

In 2008-2009 there was a bulk transfer out of the Scheme. These transfers reduced the Research Councils' Pension Schemes Employer and Employee contributions received in 2008-2009. The 'Bulk' transfer of the members' accrued benefits required the Research Councils' Pension Schemes to receive a one-off Annual Managed Expenditure (AME) adjustment to the 2008-2009 grant-in-aid of £35.3m from the predecessor to the Department for Business, Innovation and Skills (BIS), the Department of Innovation, Universities and Skills (DIUS), in respect of the transfer of these members' benefits. Additional funding of £3.5m from the Biotechnology and Biological Sciences Research Council (BBSRC) and £0.8m from the Rural and Environmental Research and Analysis Directorate (RERAD), formerly the Scottish Executive Environmental and Rural Affairs Department (SEERAD), was also received as contribution toward the payment of the accrued benefits under the bulk transfers. There were no bulk transfers in 2009-2010.

On 1 April 2009 26 members of the University of Southampton staff TUPE transferred into the Natural Environment Research Council (NERC) and became members of the Research Councils' Pension Schemes. The members involved were given the opportunity to transfer their accrued benefits in their former scheme to the Research Councils' Pension Schemes. The transfers were all treated as individual transfers.

The RCUK Shared Services Centre Ltd (SSC) has been established to provide transactional services across the Research Councils. HR and Payroll sections of the Research Councils had previously been responsible for providing the JSS with the necessary data to administer the Research Councils Pension Schemes.

In addition the BBSRC Accounts Section had provided a payment service for the Research Councils Pension Schemes. Throughout the year individual Research Councils HR and Payroll functions have transferred into the SSC. This process is still continuing with the largest payrolls, including the Pension Payroll, transferring to the SSC in 2010-2011.

When the process is completed the SSC will be responsible for providing JSS with data for approximately 70 per cent of the active members of the Research Councils' Pensions Schemes. A number of interfaces are currently under development to assist in the data transfer between the SSC and the JSS. These are expected to come on line in 2010-2011. The costs of setting up the SSC are incurred by the Research Councils and not by the Research Councils' Pensions Schemes.

Changes during 2010-2011

From 1 April 2009 the Arts & Humanities Research Council (AHRC) joined the Research Councils' Pension Schemes. AHRC staff were offered the opportunity to Bulk Transfer their former accrued Principal Civil Service Pension Scheme benefits into the Research Councils Pension Schemes. The results of the Bulk Transfers will be a feature of the 2010-2011 Research Councils Pension Scheme Accounts, but the number of staff to take up the Bulk Transfer is currently unknown.

From 1 April 2010 152 members of the University of Southampton staff will be TUPE transferred to the Natural Environment Research Council (NERC) and become members of the Research Councils' Pension Schemes. The members involved will be given the opportunity to transfer their accrued benefits in their former scheme to the Research Councils' Pension Schemes. At present it is not known how many members of staff will transfer their accrued benefits and whether this will be through individual or bulk transfer.

The transfer of the administration of the Research Councils HR and Payroll functions into the SSC will be completed, including the RCPS Pension Payroll. The automatic processing of data flows between the SSC and the JSS through the establishment of a number of interfaces will commence. The payment service to the Research Councils' Pension Schemes, formerly provided by the BBSRC Accounts Section, transferred to the SSC in April 2010.

Freestanding Additional Voluntary Contributions

Members in service are entitled to make additional voluntary contributions (AVC's) under contracts between the employee and Scottish Widows, Equitable Life Assurance Society and Standard Life, to secure additional pension benefits on a money purchase basis. Participating members each receive an annual statement of their contributions and investments directly from their AVC provider. The AVC arrangements are by analogy to those of the Principal Civil Service Pension Schemes. Employee contributions are paid directly by the participating Research Council and accordingly contributions and AVC investments are not included in these accounts.

Pension Scheme Membership

	31 March 2010	31 March 2009
	No.	No.
New Schemes		
Current Members in Service	8,560*	8,363
Pensions in Payment	5,898*	5,469
Early Retirements	503	541
Preserved Pensions	7,223	6,930
Total	22,184*	21,303
Old Schemes		
Pensions in Payment	5,376	5,396
Preserved Pensions	1,975	2,117
Total	7,351	7,513
GRAND TOTAL	29,535	28,816
	2009-2010	2008-2009
	No.	No.
Members in Service at 1 April	8,363	8,865
Adjustment resulting from changes notified in current year	29	(202)
Adjusted figure for 1 April	8,392	8,663
New Members in year	854	804
Leavers and Retirements in year	(686)	(1,104)
Members in Service at 31 March	8,560	8,363
	31 March 2010	31 March 2009
	No.	No.
Classic Scheme	3918	4,152
Classic Plus Scheme	335	354
Premium Scheme	2,574	2,736
Nuvos Scheme	1,733	1,121
Members in Service at 31 March	8,560	8,363
Holders of Partnership Pension Accounts	144	140

* There are 92 actual cases of Partial Retirement recorded in the above table. Each member has an entry in both current membership and pensioner numbers until they finally retire.

Guaranteed Minimum Pension (GMP) Data

During 2007-2008 a problem with the late notification of GMP data was identified, which the Scheme became aware of in 2008-2009. The JSS has commenced working with HMRC to assess the number of cases, and the value of any overpayments, which are deemed to be irrecoverable. At the date of signing these accounts the number and value of any overpayments is unknown. It is expected to report the final position in respect of any overpayments in the 2010-2011 accounts.

Enquiries

Any enquiries concerning the operation of the Research Councils' Pension Schemes should be addressed to scheme administrators, the Research Councils' Joint Superannuation Service, Polaris House, North Star Avenue, Swindon, SN2 1UY.

Managers, Advisors and Employers

Accounting Officer

Professor Douglas Kell
Polaris House, North Star Avenue, Swindon, SN2 1UY

Actuary

Sophie Dennett
Government Actuary's Department,
15-17 Furnival Street, London, EC4A 1AB

Bankers

Kirsty Rich (Relationship Support Manager)
Barclays Bank plc, Level 28, 1 Churchill Place, London E14 5HP

Paymaster

HM Paymaster General's Office

Auditors

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

Employers

AHRC – Alison Lennon
BBSRC – Peter Swinburne
ESRC – Norma Thorpe
EPSRC – Peter Ethelson
NERC – Steve Allsop
STFC – Jerry Snewin
Polaris House, North Star Avenue, Swindon, SN2 1UY.

RCUK Shared Service Centre – Sarah Archer
Technology Strategy Board – Ann Shaw
North Star House, North Star Avenue, Swindon, SN2 1FA

Diamond Light Source – Deepak Kalia
Diamond House, Harwell Science and Innovation Campus
Didcot, Oxfordshire, OX11 0DE

RERAD Research Science Division – Ian McWilliam
(Macauley Institute, Moredun Research Institute, Scottish Agricultural College, Scottish Crops Research Institute)
Science Reform & Finance Area 3B North, Victoria Quay, Edinburgh, EH25 9PS

Professor Douglas Kell
Chief Executive and
Accounting Officer of BBSRS

20 July 2010

Actuarial Statement for the Research Council Pension Scheme

For accounts for the year ended 31 March 2010

A Liabilities

The capitalised value as at 31 March 2010 of expected future benefit payments under the Research Council Pension Scheme (RCPS), for benefits accrued in respect of employment (or former employment) prior to 31 March 2010, has been assessed to be £3,498m, using the methodology and assumptions set out in Sections C and D below. The results are broken down, between the various categories of members and the active and closed schemes, as follows:

RCPS	£ million
Active members	1,359
Deferred members	607
Current pensioners	1,043
Total	3,009
Closed schemes	£ million
Deferred members	80
Current pensioners	409
Total	489

B Accruing costs

The cost of benefits accruing for each year is met partly by a contribution of either 1.5 per cent from members who remained in the Classic scheme, or a contribution of 3.5 per cent from those who opted for the Premium/Classic Plus scheme and for members of Nuvos, with the employer meeting the balance of the cost. The cost of benefits accruing in the year 2009-2010 has been assessed as follows:

	2009-2010	2008-2009
	% of FTE	% of FTE
	Pensionable pay	Pensionable pay
Employer's share of standard cost	20.3	24.2

The standard cost is the ongoing (long term) cost of the scheme calculated on the actuarial assumptions before adjustment for any surplus/deficit in the scheme.

The Employer's share of the standard cost above is calculated on the accounting basis at the beginning of the accounting year. In relation to the pensionable payroll for the financial year 2009-2010 and using the rates of contribution describe, the employer's charges in cash terms are £63m (2008-2009: £65m).

C Methodology

The benefits valued are those accrued up to 31 March 2010. The assessment of the liabilities of the active staff have been assessed by summing the present value of all the benefits accrued at the valuation date based on earnings projected to retirement, or earlier exit, and pension increases thereafter. For pensions in payment and deferred pensions, a similar calculation has been carried out making allowance for future pension increases.

D Assumptions

The assessments have been prepared in accordance with the Finance Reporting Manual requirements as set out by HM Treasury. These include a discount rate net of price increases of 1.8 per cent p.a. (pension benefits under the scheme are increased in line with the Retail Price Index).

The main financial assumptions expressed in nominal terms are:

- A rate of earnings increases will be 4.29 per cent p.a. excluding promotional and performance increments (2008-2009 4.30 per cent)
- A long term nominal discount rate of 6.04 per cent p.a. (2008-2009 4.06 per cent)
- A rate of long-term inflation and pensions increases of 2.75 per cent p.a. (2008-2009 2.75 per cent)

The demographic assumptions adopted for the assessments are consistent with those used in the actuarial valuation of the scheme as at 31 March 2006.

E Notes

- 1 This assessment is based on the data provided by JSS as at 31 December 2009 on 9 February 2010, together with the subsequently agreed amendments.
- 2 Full details of the assumptions and methodology used in this assessment are outlined in the Actuary's report (issued on 22 April 2010).

Sophie Dennett
Actuary
Government Actuary's Department

19 April 2010

Statement of Accounting Officer's responsibilities

Under the Science and Technology Act 1965, the Secretary of State for Business, Innovation and Skills, with the consent of the Treasury has directed the Research Councils' Pension Schemes to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The combined financial statements are prepared on an accruals basis and must give a true and fair view of the financial transactions of the schemes during the year and the disposition, at the end of the financial year, of the net liabilities.

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

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

The Accounting Officer for the Department for Business, Innovation and Skills has appointed the Chief Executive of the Biotechnology and Biological Sciences Research Council as Accounting Officer for the Research Councils' Pension Schemes. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the Pension Scheme are set out in the Non-Departmental Public Bodies' Accounting Officers' Memorandum issued by the Treasury and published in 'Managing Public Money'.

Statement by Chief Executive on Internal Control

Scope of responsibility

As BBSRC's Accounting Officer designated as such by the Department for Business, Innovation and Skills (BIS), I have responsibility for maintaining an effective system of internal control that supports the achievement of the Research Councils' Pension Schemes' policies, aims and objectives. I am also personally responsible for the safeguarding of public funds and Research Councils' Pension Schemes' assets in accordance with the responsibilities assigned to me in the Combined Management Statement and Financial Memorandum agreed with BIS.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of BBSRC's objectives. It is also used to evaluate the likelihood and impact of those risks crystallising which in turn enables effective risk mitigation strategies to be developed and implemented.

By extension, this process will include the principal risks that may apply to the Research Councils' Pension Schemes. The system of internal control has been in place in the Research Councils' Pension Schemes for the year ended 31 March 2010 and up to the date of approval of the annual accounts, and accords with Treasury guidance.

Capacity to handle risk

The BBSRC gives leadership to the process by a number of means, including

- 1 setting out a risk management policy and strategy;
- 2 signing up to risk management assurance statements at the most senior levels; and
- 3 updating and reviewing the register of key risks at least annually.

The interests of key stakeholders and operational partners are also considered.

The risk and control framework

Risk Management and internal control are considered on a regular basis during the year by the Research Councils' Pensions Schemes Management Board, which is comprised of representatives of all research councils participating in the schemes. The Head of the Joint Superannuation Scheme and a finance representative from BBSRC regularly provide management information to the Board.

The Research Councils' Internal Audit Service (RCIAS) review the key risks to the RCPS on a regular basis. A rolling 5 year audit plan is followed to allow for a comprehensive review of the RCPS.

The Risk Management Framework formed part of this year's review and, following recommendations from the RCIAS, the Head of JSS now undertakes a review of the Risk Management Framework 3 or 4 times per year. Additionally a RCPS Management Board member will act on behalf of the Board to consider the outcomes of the reviews and endorse any mid-year changes to the Risk Management Framework, which are then advised to the Board. The RCPS Management Board formally considers and agrees the Risk Management Framework document on an annual basis.

The Risk Management Framework document identifies 22 risks, all of which have a management strategy for minimising the effect on the RCPS. Key areas include: the SSC in respect of it taking over the roles of financial accounting for the RCPS and the payment of the pensioners' payroll; proposed changes to the Compensation Scheme, and the overpayment of pensions arising from issues in the notification of GMPs.

Key improvements to the management of risk within BBSRC over the last year include the appointment of a qualified Corporate Risk Manager and a major overhaul of the BBSRC risk policy, with the latter becoming further embedded into BBSRC activities and risk operations as appropriate. The risk policy outlines the role of relevant staff, including Directors and the Audit Board.

The BBSRC Audit Board regularly reviews the Council's risk management framework and reports to Council on any issues of concern. The BBSRC Audit Board also reviews the Accounts of the Research Councils' Pensions Schemes.

The BBSRC risk policy is supported by a risk strategy and the use of risk registers across the organisation; these are regularly reviewed at Director level and operational level with support from the Corporate Risk Manager who provides advice on how risks are to be assessed and how the risk appetite should be determined.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. This review is informed by the work of the internal auditors, the executive managers within the Research Councils' Pensions Schemes, the Research Councils who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

The principle elements of support for the Accounting Officer's assurance statement are the work of the Audit Board and the BBSRC Executive including review of the work of RCIAS, the risk management frameworks developed and responses to external management letters which identify if control gaps exist.

The Research Councils' Pensions Schemes Management Board and the BBSRC Audit Board have provided advice on the effectiveness of the system of internal control and where required, plans to ensure continuous improvement of the relevant systems will be introduced.

In general, controls are in place which can provide a reasonable degree of assurance that operational, financial and reputational risks are managed appropriately.

Professor Douglas Kell
Chief Executive and
Accounting Officer of BBSRC

20 July 2010

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the Research Councils' Pension Scheme for the year ended 31 March 2010 under the Science and Technology Act 1965. These comprise the Combined Revenue Account, the Combined Statement of Financial Position, the Statement of Recognised Gains and Losses, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Accounting Officer and Auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is 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 the financial statements in accordance with applicable law and 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 Research Councils' Pension Scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Research Councils' Pension Scheme; and the overall presentation of the financial statements.

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

Opinion on regularity

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

Opinion on the financial statements

In my opinion

- the financial statements give a true and fair view of the state of the Scheme's affairs as at 31 March 2010 and the combined net outgoings, recognised gains and losses and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Secretary of State for Business Innovation and Skills directions issued under the Science and Technology Act 1965.

Opinion on other matters

In my opinion, the information given in the Report of the Manager for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters for 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;
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

22 July 2010

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

Combined Revenue Account for the year ended 31 March 2010

	Notes	2009-2010 £'000	2009-2010 £'000	2008-2009 £'000
Principal Arrangements – Research Councils' Pension Schemes				
Income				
Contributions receivable	3		68,654	63,886
Transfers in: individuals			9,239	4,074
Other pension income	7		90	144
			77,983	<u>68,104</u>
Outgoings				
Pension cost	5	65,000		73,000
Transfers out	6	5,229		4,753
Other transfers out	6	0		39,644
Interest on scheme liabilities	10	159,000		151,000
Administration costs	9	707		878
			(229,936)	<u>(269,275)</u>
Net outgoings for the year			(151,953)	<u>(201,171)</u>
Agency arrangements				
Early retirement lump sum payments		2,335		3,332
<i>Less recoveries</i>		(2,335)		(3,332)
				<u>(201,171)</u>
Combined net outgoings for the year			(151,953)	<u>(201,171)</u>

All activities are regarded as continuing.

Statement of Recognised Gains and Losses for the year ended 31 March 2010

	Notes	2009-2010 £'000	2009-2010 £'000	2008-2009 £'000
Recognised gains and losses for the year			(151,953)	<u>(201,171)</u>
Recalculation of closing provision	15.13	(765,000)		371,000
Actuarial gains/(losses)	15.12	37,671		(46,893)
Net staff transfer in		(4,010)		0
Net bulk staff transfers out				40,000
			(731,339)	<u>364,107</u>
Total recognised losses for the year			(883,292)	<u>162,936</u>

The notes on pages 19 to 32 form an integral part of these accounts.

Combined Statement of Financial Position as at 31 March 2010

	Notes	31 March 2010 £'000	31 March 2009 £'000	31 March 2008 £'000
Current assets				
Receivables	12	1,277	643	2,761
Cash and cash equivalents	13	6,540	10,598	1,932
		7,817	11,241	4,693
Less: Payables (amounts falling due within one year)	14	(361)	(7,383)	(1,781)
Net current assets, excluding pension liability		7,456	3,858	2,912
Pension liability	15	(3,498,010)	(2,648,000)	(2,887,000)
Net liabilities, including pension liabilities		(3,490,554)	(2,644,142)	(2,884,088)
Agency arrangements – Early retirement lump sums				
Receivables	16	325	212	587
Combined schemes – total net liabilities		(3,490,229)	(2,643,930)	(2,883,501)
Taxpayers' equity				
General fund	18	(3,490,229)	(2,643,930)	(2,883,501)

Professor Douglas Kell
Chief Executive BBSRC,
Accounting Officer

20 July 2010

The notes on pages 19 to 32 form an integral part of these accounts.

Combined Statement of Cash Flows for the year ended 31 March 2010

	Notes	2009-2010 £'000	2008-2009 £'000
Cash flows from operating activities			
Combined net outgoings		(151,953)	(201,171)
(Increase)/decrease in receivables – principal arrangements		(634)	2,118
(Increase)/decrease in receivables – agency arrangements		(113)	375
Decrease/(increase) in payables		(7,022)	5,602
Increase in provision			
Current service cost	5	65,000	73,000
Settlements and curtailments	5	0	0
Interest cost		159,000	151,000
Use of pension liabilities			
Benefit payments	15.10	(104,723)	(98,341)
Payments to or on account of leavers	15.11	(606)	(552)
Net cash outflow from operating activities		<u>(41,051)</u>	<u>(67,969)</u>
Cash flows from financing activities			
Net Parliamentary financing	18	36,993	76,635
(Decrease)/increase in cash and cash equivalents		<u>(4,058)</u>	<u>8,666</u>
Cash and cash equivalents at the beginning of the period		10,598	1,932
Cash and cash equivalents at the end of the period		<u>6,540</u>	<u>10,598</u>
(Decrease)/increase in cash		<u>(4,058)</u>	<u>8,666</u>

The notes on pages 19 to 32 form an integral part of these accounts.

Notes to the Schemes' Statement

1 Basis of preparation of the schemes' statements

The Schemes' statements have been prepared in accordance with the relevant provisions of the 2009-2010 Government International IFRS Financial Reporting Manual (FReM) www.financial-reporting.gov.uk issued by the Treasury which reflect the requirements of International Accounting Standard IAS 19 Employee Benefits and IAS 26 Retirement Benefit Plans. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

These accounts show the unfunded pension liability and movements in that liability during the year. These accounts also have regard to the Science and Technology Act 1965.

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

a Research Councils' Pension Schemes – principal arrangements

The Schemes' statement summarises the transactions of the RCPS which acts as a principal. The Statement of Financial Position shows the deficit on the Scheme; the Revenue Account shows, amongst other things, the movements in the liability analysed between the pension cost, enhancements and transfers in and out and the interest on the Scheme liability. The actuarial position of the Pension Scheme is dealt with in the Report of the Actuary, and the Scheme statement should be read in conjunction with that Report.

b Early Retirement Lump Sums – agency arrangements

The RCPS acts as an agent for employers in the payment of Early Retirement Lump Sums (ERLS). ERLS paid out are invoiced and generally recovered from employers within a month. These financial flows are not brought into account in the financial statements. However, they do recognise the liabilities arising from the timing difference between amounts paid and recovered (see note 16 of accounts).

Transition to adopted IFRSs

The Pension Scheme has applied IFRS 1 in preparing these financial statements. The Pension Scheme's transition date is 1 April 2008. The Pension Scheme prepared its opening IFRS balance sheet at that date.

The Pension Scheme has prepared its financial statements for the year ending 31 March 2010 as its first full financial statements under IFRS.

The balance sheet was previously prepared in accordance with the generally accepted accounting principles in the United Kingdom (UK GAAP). UK GAAP differs in some areas from IFRS as adopted by the FReM. In preparing the balance sheet under IFRS, only presentational amendments to the accounts have been necessary.

Adoption of standards effective in 2009-2010

The following revised standards and interpretations have been applied by the Pension Scheme from 1 April 2009

International Financial Reporting Standards (IFRS/IAS)		Effective date
IFRS 7	Amendments to IAS 39 and IFRS 7: reclassification of financial assets	1 July 2008
IFRS 7	Update to amendments to IAS 39 and IFRS 7: reclassification of financial assets	1 July 2008
IFRS 7	Amendment to IFRS 7 – improving disclosures about financial instruments	1 January 2009
IAS 1	Presentation of Financial Statements	1 January 2009

IFRS effective in 2009-2010 but not relevant

The following amendments were mandatory for accounting periods beginning on or after 1 April 2009 but were not relevant to the operations of the Pension Scheme

International Financial Reporting Standards (IFRS/IAS)		Effective date
IFRS 2	Share-based Payment (amendment)	1 January 2009
IAS 32	IAS 32 Financial Instruments: Presentation and IAS 1 Financial Instrument Presentation Amendments – Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009

International Financial Reporting Interpretations Committee (IFRIC)

IFRIC 15	IFRIC 15: Agreements for the construction of Real Estate	1 January 2009
IFRIC 16	IFRIC 16: Hedges of a Net Investment in a Foreign operation	1 October 2008

Standards, interpretations and amendments to published standards which are not yet effective

The IASB and IFRIC issued the following standards and interpretations with an effective date after the date of these financial statements. They have not been adopted early by the Council and the directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Council's reported income or net assets in the period of adoption

Effective for the Council for the financial year beginning 1 April 2010

International Financial Reporting Standards (IFRS/IAS)		Effective date
IAS 39	Amendments to IFRIC 9 and IAS 39: Embedded derivatives	30 June 2009
IFRS 1	Revised version of IFRS 1 with improved structure	1 July 2009
IFRS 3	Business Combinations	1 July 2009
IAS 27	Consolidated and Separate Financial Statements	1 July 2009
IAS 39	Amendment to IAS 39 Financial Instruments: Eligible hedged items	1 July 2009

International Financial Reporting Interpretations Committee (IFRIC)

IFRIC 17	Distribution of Non-Cash Assets to Owners	1 July 2009
IFRIC 18	Transfers of Assets from Customers	1 July 2009

Effective for the Council in future years

International Financial Reporting Standards (IFRS/IAS)		Effective date
IFRS 1	Amendment to IFRS 1 – additional exemptions for first-time adopters	1 October 2010
IFRS 2	Amendment to IFRS 2 – group cash-settled share-based payment transactions	1 October 2010

2 Accounting policies

a Income

Income includes contributions received and receivable from payrolls run during the year by contributing employers. Transfers in are included when notified by the person transferring and by their old pension scheme.

b Pension cost and interest on scheme liabilities

The pension cost and interest cost on scheme liabilities are calculated by Government Actuary's Department (GAD). Payments by the schemes are treated as a reduction in the pension liability.

c Transfers out

Transfers out are included when notified by the person transferring and by their new pension scheme.

d Transfers in

Transfers in are included when notified by the person transferring and agreed by their previous pension scheme administrators.

e Bulk transfers

These relate to groups of members who are transferred under TUPE arrangements (Transfer of Undertakings (Protection of Employment) Regulations) mostly due to the closure of a site(s) or changes to governance arrangements in their organisation.

f Administration costs

The schemes pay for the Joint Superannuation Services (JSS) unit hosted by BBSRC. The accrued costs of JSS are charged as an administration expense in the schemes' Combined Revenue Account. Any amounts owing to BBSRC are included in creditors. Any amounts owed by BBSRC are included in debtors.

g Agency Arrangements – Early retirement lump sums

Some pension schemes pay a retirement lump sum when a member reaches the appropriate scheme retirement age. If a leaver has yet to reach the scheme retirement age then the Early Retirement Lump Sum (ERLS) is not payable from the pension scheme. Under an agency agreement with the Research Councils, the ERLS is calculated and paid from pension scheme funds and then invoiced to the respective employing Research Council. Any ERLS paid but not yet recovered is accrued in recoveries and included in debtors.

Where pension schemes pay retirement lump sums when the member reaches the scheme retirement age they will, where there was an ERLS recovered from the respective Council, pay the retirement lump sum to that Council.

h Debtors and creditors

Debtors and Creditors are the result of timing differences between the accrued amounts in the Revenue Account and cash being received or paid.

i Pension liability

The movements and balance on the pension liability are supplied by the Government Actuary's Department (GAD).

Accrued payments by the schemes are shown as reductions in the pension liability. GAD estimate these payments before the year end. Any difference is included as other actuarial gains and losses.

Actuarial gains and losses can occur for a number of reasons. These are changes to financial assumptions used from year to year i.e. change in inflation rate used, changes in demographic assumptions i.e. mortality rate, changes in the methodology used and other experience gains and losses. All information is included in the accounts in accordance with the GAD report.

Lump sums on retirement and pensions are payable from the first day of retirement.

Refunds of contributions to members leaving the service is made up of any required transfer to the state scheme pension and income tax due with the balance refunded to the member.

j General fund

Grant-in-Aid is provided from Department for Business, Innovation and Skills (BIS) Request for Resources 2 to the Biotechnology and Biological Sciences Research Council as the Council with responsibility for administering the schemes' finances. The cash received is not treated as income but credited to the General Fund in accordance with the FReM.

Interest received on the schemes' Barclays bank account is included in Other Pension Income. The same amount is paid over to BIS at the end of March each year under the Consolidated Fund Extra Receipts (CFER) arrangements.

Additional grant funding required to fund bulk transfers out of the scheme that is not met by the employers is credited to the general fund in accordance with the FReM.

k Derivatives and financial instruments

The Pension Scheme is not exposed to the same level of risk as many business entities and the financial assets and liabilities at the reporting date are included at amortised cost. Where the time value of money is material, the amount of the asset or liability will be the present value of the expenditures/income expected to be required to settle the obligation. The discount rate used will be the real discount rate set by HM Treasury, currently at 3.5 per cent.

Trade receivables

Trade receivables are not interest bearing and are carried at original invoice amount less allowance for impairment. Provision for impairment is established when there is objective evidence that the Pension Scheme will not be able to collect all amounts due according to the original terms of the receivable. The amount of provision is the difference between the carrying amount and recoverable amount and is recognised in the statement of comprehensive income.

Trade and other payables

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

l Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Pension Scheme's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

m Pension benefits payable

These are payments due to eligible members which arise from accrued service.

n Additional voluntary contributions (AVC)

Employee contributions are paid directly by the participating Research Council to the pension provider and accordingly contributions and AVC investments are not included in these accounts.

3 Contributions receivable

	2009-2010	2008-2009
	£'000	£'000
Employers' contributions	59,375	55,271
Employers' contributions: purchase of added years and added pension	97	83
Employees' contributions: normal	7,373	6,443
Employees' contributions: purchase of added years and added pension	1,809	2,089
	<u>68,654</u>	<u>63,886</u>

4 Pension transfers in

These pensions transfers were for individual transfers from other schemes in 2009-2010, 2008-2009 and 2007-2008 and do not include any group transfers from other schemes.

5 Pension cost

	2009-2010	2008-2009
	£'000	£'000
Current service cost	65,000	73,000
Settlements and curtailments	0	0
	<u>65,000</u>	<u>73,000</u>

6 Transfers out

	2009-2010	2008-2009
	£'000	£'000
Group transfers out to other schemes	0	0
Individual transfers out to other schemes	5,229	4,753
Bulk Scheme Transfers Out	0	39,644
	<u>5,229</u>	<u>44,397</u>

During 2008-2009, 315 members of the RCPS transferred out of the schemes as a result of their employer transferring to the university sector. Additional grant funding was received to cover the payment of the bulk transfers, which is taken directly to reserves.

7 Other pension income

	2009-2010	2008-2009
	£'000	£'000
Amounts receivable in respect of		
Secondments	106	94
Other (outgoings)/income	(23)	10
Bank interest receivable	7	39
	90	143

8 Additional voluntary contributions

There are no AVC payments made through the Pension Scheme. Any AVCs made are free standing additional voluntary contributions which are private arrangements between the employee and the relevant institutions and details cannot be included in these accounts. Details of arrangements whereby employees can make AVCs can be found in paragraph 22 of the Annual Report.

9 Administration costs

	2009-2010	2008-2009
	£'000	£'000
Total running costs	429	429
Less offsetting receipts	0	0
Net running costs	429	429
Pensioner payroll agency fees	165	157
Auditors' remuneration	40	35
Actuarial charges	73	257
Bank Charges	0	1
	707	879

10 Interest on scheme liabilities

	2009-2010	2008-2009
	£'000	£'000
Interest charge for the year	159,000	151,000

11 Compensation benefits payable

There is no liability to the scheme as all compensation payments are funded by the Councils.

12 Receivables – contributions due in respect of pensions*12a Analysis by receipt type*

	2009-2010	2008-2009	2007-2008
	£'000	£'000	£'000
Prepaid Lump Sums	897	431	796
Pension contributions due from employers	67	109	1,774
Prepaid benefits	32	24	0
Employees' normal contributions	11	5	151
Transfers in	13	0	0
Other receivables	256	74	40
	<u>1,277</u>	<u>643</u>	<u>2,761</u>

12b Intra-Government balances

	Amounts falling due within one year		
	2009-2010	2008-2009	2007-2008
	£'000	£'000	£'000
Other central government bodies	947	631	338
Other organisations	330	12	10
	<u>1,277</u>	<u>643</u>	<u>2,761</u>

There are no Intra Government Balances falling due after more than one year for 2009-2010, 2008-2009 or 2007-2008.

13 Cash and cash equivalents

	2009-2010	2008-2009	2007-2008
	£'000	£'000	£'000
Balance at 1 April	10,598	1,932	2,186
Net change in cash balances	(4,058)	8,666	(254)
Balance at 31 March	<u>6,540</u>	<u>10,598</u>	<u>1,932</u>

The following balances at 31 March were held at

HM Paymaster General's Office	509	5,710	351
Commercial Bank	6,031	4,888	1,581
Balance at 31 March	<u>6,540</u>	<u>10,598</u>	<u>1,932</u>

14 Payables – in respect of pensions*14a Analysis by expenditure type*

	2009-2010	2008-2009	2007-2008
	£'000	£'000	£'000
Pensions	0	7,077	1,231
Early Retirement Lump Sums recovered from employers	299	158	0
Overpaid contributions: employees	4	39	36
Other payables (including administration expenses)	18	73	471
Audit fee payable	40	36	43
	361	7,383	1,781

The 2008-2009 £7,077 trade payable relates to benefit payments made by the Natural Environment Research Council (NERC) on behalf of the scheme, that had not been reimbursed to them as at 31 March 2009. There was no outstanding CFER at 31 March 2010 (2008-2009: £0, 2007-2008: £0).

14b Intra-Government balances

	Amounts falling due within one year		
	2009-2010	2008-2009	2007-2008
	£'000	£'000	£'000
Other central government bodies	316	7,308	1,702
Other organisations	45	75	79
	361	7,383	1,781

There are no Intra Government Balances falling due after more than one year for 2009-2010, 2008-2009 or 2007-2008.

15 Provisions for pension liabilities

15.1 The Research Councils' Pension Schemes are unfunded defined benefit schemes. The Report of the Actuary on pages 9 to 10 sets out the scope, methodology and results of the work the actuary has carried out. An actuarial valuation was carried out at 31 March 2010 by the Government Actuary's Department. The major assumptions used by the Actuary were

	At 31 March 2010	At 31 March 2009	At 31 March 2008	At 31 March 2007	At 31 March 2006
Price inflation	2.75%	2.75%	2.75%	2.75%	2.50%
Earnings increase	4.29%	4.30%	4.30%	4.30%	4.00%
Rate used to discount the Schemes' liabilities	1.80%	3.20%	2.50%	1.80%	2.80%
Increase for pensions in payment and deferred pensions in line with increases in Retail Price Index	2.75%	2.75%	2.75%	2.75%	2.50%

15.2 The Schemes' administrators are responsible for providing the Actuary with the information the Actuary needs to carry out the valuation. This information includes, but is not limited to, details of

- Scheme membership, including age and gender profile, active membership, deferred pensioner and pensioners;
- Benefit structure, including details of any discretionary benefits and any proposals to amend the scheme;
- Income and expenditure, including details of any bulk transfers into or out of the scheme; and
- Following consultation with the Actuary, the key assumptions that should be used to value the scheme liabilities, ensuring that the assumptions are mutually compatible and reflect a best estimate of future experience.

15.3 Pension Scheme liabilities accrue over employees' periods of service and are discharged over the period of retirement and, where applicable, the period for which a spouse or eligible partner survives the pensioner. In valuing the scheme liability, the Actuary must estimate the impact of several inherently uncertain variables into the future. The variables include not only the key financial assumptions noted in the table above, but also assumptions about the changes that will occur in the future in the mortality rate, the age of retirement and the age from which a pension becomes payable.

15.4 These key assumptions are inherently uncertain, since it is impossible to predict with any accuracy future changes in the rate of salary increases, inflation, longevity or the return on corporate bonds. The Actuary uses professional expertise in arriving at a view of the most appropriate rates to use in the annual valuation of the scheme liabilities. However, the scheme managers acknowledge that the valuation reported in these accounts is not certain, since a change in any one of these assumptions will either increase or reduce the liability. For example, on its own, even a small rise in the assumed rate of inflation will result in an increase in the pension liability.

15.5 The assumption that has the biggest impact on the amount of the reported liability is the discount rate. As set out in the FReM, and as required by IAS 19, the scheme managers use the AA corporate bond rate to discount liabilities. From 2005-2006, the Government Actuary has calculated the rate annually on behalf of HM Treasury, who then advise the scheme managers of the rate for the year. The rates are set out in the above table. Any decrease in the rate leads to a significant increase in the reported liability.

15.6 In reality, the complexity and range of assumptions underlying the calculation of the pension liability are such that a change in one financial assumption is likely to have a knock-on effect on other financial assumptions. The scheme managers do not consider it useful to attempt to reflect the impact of any changes in the range of assumptions, since this would result in giving a range of inherently uncertain figures. In the opinion of the scheme managers, the Actuary has used key assumptions that are the most appropriate for the scheme in the light of current knowledge.

15.7 The value of the liability on the balance sheet may be significantly affected by even small changes in assumptions. For example, if at a subsequent valuation, it is considered appropriate to increase or decrease the assumed rates of inflation or increases in salaries, the value of the pension liability will increase or decrease. The administrators of the schemes accept that, as a consequence, the valuation provided by the Actuary is inherently uncertain. The increase or decrease in future liability charged or credited for the year resulting from changes in assumptions is disclosed in note 15.08. Note 15.12 analyses 'experience' gains or losses for the year, showing the amount charged or credited for the year because events have not coincided with assumptions made for the last valuation.

Analysis of the provision for pension liability

	2009-2010 £ million	2008-2009 £ million	2007-2008 £ million	2006-2007 £ million	2004-2005 £ million
RCPS					
Active members	1359	935	1076	1075	845
Deferred members	607	450	809	520	390
Current pensioners	1043	828	496	400	270
Total	3,009	2,213	2,381	1,995	1,505
Closed schemes					
Deferred members	80	67	424	425	350
Current pensioners	409	368	82	95	90
Total	489	435	506	520	440

15.8 Analysis of movements in the scheme liability

	Notes	2009-2010 £'000	2009-2010 £'000	2008-2009 £'000	2007-2008 £'000
Scheme liability at 1 April			2,648,000	2,887,000	2,515,000
Current service cost	5	65,000		73,000	83,000
Interest on scheme liabilities		159,000		151,000	125,000
Benefits payable	15.10	(104,723)		(98,341)	(89,910)
Payments to or on account of leavers	15.11	(606)		(552)	(518)
Analysis of actuarial (gains)/losses on the scheme liabilities	15.12	(37,671)		46,893	(4,572)
			81,000	172,000	113,000
			2,729,000	3,059,000	2,628,000
Recalculation of closing provision	15.13		765,000	(371,000)	(173,000)
Net bulk staff transfer in			4,010	0	432,000
Net bulk staff transfer out			0	(40,000)	0
Scheme liability at 31 March			3,498,010	2,648,000	2,887,000

15.9 During the year ended 31 March 2010, employers contributions represented an average of 20.3 per cent of pensionable pay and members paid on average 2.5 per cent% of pensionable pay.

15.10 Analysis of benefits paid

	2009-2010 £'000	2008-2009 £'000	2007-2008 £'000
Pensions to retired employees and dependents (net of recoveries or overpayments)	(90,969)	(83,908)	(77,748)
Commutations and lump sum benefits on retirement or death	(13,754)	(14,433)	(12,162)
As per statement of cash flows	(104,723)	(98,341)	(89,910)

15.11 *Analysis of payments to or on account of leavers*

	2009-2010	2008-2009	2007-2008
	£'000	£'000	£'000
Refunds to members leaving service	(606)	(552)	(518)
As per statement of cash flows	(606)	(552)	(518)

15.12 *Analysis of actuarial (gains)/losses on the scheme liabilities*

	2009-2010	2008-2009	2007-2008
	£'000	£'000	£'000
Experience (gains)/losses arising on the scheme liabilities	(34,000)	47,000	(3,000)
Change in assumptions underlying the present value of scheme liabilities	(3,671)	(107)	(1,572)
Per statement of recognised gains and losses	(37,671)	46,893	(4,572)

15.13 *Recalculation of closing provision*

The overnight increase in scheme liabilities at 31 March 2010 was £765m. This was as a result of a change to the financial assumptions where the rate used to discount the provision decreased from 3.2 per cent to 1.8 per cent leading to an increase in the scheme liability of £744m. Revisions to demographic assumptions led to a further £21m increase. This year there were no changes in the Government Actuary's Department (GAD) methodology.

15.14 *History of Experience gains/(losses) – all recognised in the Statement of Total Recognised Gains and Losses*

See note 15.12	Experience gains/(losses)	Percentage of the Schemes' Liabilities at 31 March
2009-2010	34,000	1.0%
2008-2009	(47,000)	-1.8%
2007-2008	3,000	0.1%
2006-2007	(50,000)	-2.0%
2005-2006	34,000	1.7%

16 Receivables – Agency arrangements*16a Analysis by receipt type*

	2009-2010	2008-2009	2007-2008
	£'000	£'000	£'000
Early retirement lump sums recoverable from employers	325	212	587

16b Intra-Government balances

Other central government bodies	325	212	587
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17 Annual compensation payments pre-funded by employers

Annual compensation payments are payments to early retirees in advance of their pension entitlements under the Research Councils' Pension Schemes. These payments are made by the pension scheme and are reimbursed by the employer. The balances are for ACPs payable in the next 10 years as employees can leave employment at 55 instead of 65 for men and 60 for women.

	2009-2010 £'000	2008-2009 £'000
Balance at 1 April	8,967	9,097
Amount paid in year to pension scheme	(509)	(406)
Addition in year	167	276
Balance at 31 March	<u>8,625</u>	<u>8,967</u>
To be used in the next 12 months	754	509
To be used after more than 12 months	7,871	8,458

18 General fund

	Notes	2009-2010 £'000	2008-2009 £'000	2007-2008 £'000
Balance at 1 April		<u>(2,643,930)</u>	(2,883,501)	(2,512,031)
Parliamentary funding: drawn down		37,000	37,000	27,400
Scheme transfer additional funding	19	0	39,674	0
Interest payable to the BIS	15	(7)	(39)	(55)
Net Parliamentary funding		<u>36,993</u>	76,635	27,345
Combined net outgoings		<u>(151,953)</u>	(201,171)	(144,387)
Actuarial gains/(losses)		37,671	(46,893)	4,572
Recalculation of closing provision	15.12	(765,000)	371,000	173,000
Bulk staff transfer in	15.13	(4,010)	0	(432,000)
Bulk staff transfer out		0	40,000	0
Balance at 31 March		<u>(3,490,229)</u>	<u>(2,643,930)</u>	<u>(2,883,501)</u>

19 Grant-in-aid

Grant-in-Aid is provided from the Department for Business, Innovation and Skills Request for Resources 2 to the Biotechnology and Biological Sciences Research Council as the Council with responsibility for administering the schemes' finances. The allocation for 2009-2010 was £37,000,000 (2008-2009: £37,000,000) all of which was drawn down by the Pension Schemes.

There was no need for any additional grant-in-aid funding in 2009-2010. In 2008-2009 it was agreed with BIS to part fund the bulk scheme transfer out of the former BBSRC institutes, IGER and Roslin Institute, to the University Superannuation Scheme (USS). Additional grant funding was also received from the Scottish Executive Environment and Rural Affairs Department (SEERAD) to fund the bulk staff transfer out of the Rowett Research Institute to the USS.

20 Scheme transfers additional funding

	2009-2010	2008-2009	2007-2008
	£'000	£'000	£'000
BIS additional funding	0	35,340	0
BBSRC additional funding	0	3,520	0
SEERAD additional funding	0	814	0
	0	<u>39,674</u>	<u>0</u>

21 Related party transactions

The Research Councils are Non-Departmental Public Bodies sponsored by the Department for Business, Innovation and Skills (BIS).

The BIS is regarded as a related party. During the period 1 April 2009 to 31 March 2010 the Research Councils' Pension Schemes had various material transactions with BIS and with other entities for which BIS is regarded as the parent Department. (These were the Biotechnology and Biological Sciences Research Council, the Engineering and Physical Sciences Research Council, the Economic and Social Research Council, the Natural Environment Research Council, the Science and Technology Facilities Council, and the Technology Strategy Board.)

During the year none of the senior and other key management staff, or other related parties, has undertaken any material transactions with the Research Councils' Pension Schemes. In addition the schemes have had material transactions in the form of contributions from Research Councils whose employees are members of the scheme.

Related party transactions

	Pension Contributions		Receivables		Payables	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
	£'000	£'000	£'000	£'000	£'000	£'000
Transactions with Research Councils						
BBSRC	13,616.5	15,800.4	24.7	2.3	16.7	0
EPSRC	1,860.9	1,858.0	2.8	17.1	0	179.2
ESRC	858.8	793.4	18.2	0	0	0
NERC	16,261.7	15,715.4	20.8	16.1	156.5	7,077.0
STFC	12,732.1	12,435.5	126.7	51.2	126.8	0
TSB	745.9	495.2	76.7	0	0	0
AHRC	509.5	0	0	0	0	0
Transactions with other employers						
SERAD	6,610.6	6,605.0	0	0	0	0
SSC	2,576.0	1,650.7	40.6	0	0	0
Other	3,700.5	0	5.0	0	0	0
Other related parties	0	0	961.0	556.6	60.4	126.8
Total	59,472.5	<u>55,353.6</u>	1,276.5	<u>643.2</u>	360.4	<u>7,383.0</u>

22 Losses and special payments

No losses were incurred, or special payments made, during the year.

The Research Councils Pension Schemes became aware of a problem with the late notification of GMP data in 2008-2009. The JSS has commenced working with HMRC to assess the number of cases, and the value of any overpayments, which are deemed to be irrecoverable. At the date of signing these accounts the number and value of any overpayments can only be estimated by JSS and is estimated as non-material. It is expected to report the final position in respect of any overpayments in the 2010-2011 accounts.

22 Post balance sheet events

On 1 April 2010 the employer's rate of contribution rose from 21.3 per cent to 26 per cent. In April 2010, BBSRC, who provided accounting support for the pension scheme migrated to SSC. The administration of the pension scheme continues to be carried out by JSS. Reference has been made to events that are likely to occur in 2010-2011 in paragraph 19 of the Annual Report.

It was announced in the Budget on 22 June 2010 that the Government intends to adopt the Consumer Prices Index (CPI) for the indexation of public service pensions from April 2011. This will have an impact upon the future operation of the Research Councils' Pension Scheme.

There were no other reportable post balance sheet events between the balance sheet date and the July 2010, the date when the Accounting Officer despatched the accounts to the Department for Business, Innovation and Skills. The financial statements do not reflect events after this date. Reference has been made to events that are likely to occur in 2010-2011 in paragraph 19 of the Annual Report.

23 Financial instruments

As the cash requirements of the Scheme are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector scheme of a similar size. The majority of financial instruments relate to contracts for non financial items in line with the Scheme's expected purchase and usage requirements and the Scheme is therefore exposed to little credit, liquidity or market risk.

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