



Economic and Social Research Council  
**Annual Report and Accounts 2014-15**





# Economic and Social Research Council

## **Annual Report and Accounts 2014-15**

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# Foreword

## by Chair

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The ESRC has once again demonstrated how economic and social science research can provide vital insights into the issues that matter most in society, informing government, business, civil society, the public and the media.

First, I would like to thank Professor Paul Boyle for his leadership of the ESRC and his legacy of the many initiatives and partnerships he has been instrumental in driving. He leaves the ESRC a focused, efficient organisation that is making a real impact on people and society. We wish him every success in his new role of Vice Chancellor at the University of Leicester.

I am delighted to welcome Professor Jane Elliott as the new Chief Executive of the ESRC. Jane has an impressive academic record and for many years has been closely involved with some of the ESRC's biggest investments, most recently as Director of the Centre for Longitudinal Studies and of the CLOSER (Cohorts and Longitudinal Studies Enhancement Resources) programme at the Institute of Education, London.

I would like to thank retiring Council members Professor John Beath, Professor Stuart Croft and Dr Justin Davis Smith for their support and service during their time on the ESRC Council. And I welcome Mark Robson, Professor Judith Squires, Professor L Alan Winters and Karin Woodley as new Council members, and the re-appointment of Martin Rosenbaum.

A key achievement in the year was the ESRC's new Strategic Plan 2015, developed from a 2014 consultation. The plan sets the principles for how the council will work over the coming period, and demonstrates the ESRC's commitment to focus on those areas where it can add the most value and collaborate with a range of partners to maximise the value of its investments.

The research the ESRC funds has been informing national issues. The Future of the UK and Scotland programme provided a high-quality and independent source of expertise and evidence during the Scottish independence debate. And the UK in a Changing Europe initiative looks set to do the same, examining issues such as immigration, the economic impact of British exit from the EU, public opinion on the EU, and UK's role and influence in EU institutions.

Economics, the deficit and fiscal policy are another area



where ESRC-funded research has been able to provide reasoned, independent commentary on important issues. ESRC-funded academics are increasingly seen as experts who can provide detailed, impartial explanations of complex issues, helping to inform the public and policymakers. The ESRC continues to take an active role in the UK and beyond by fostering relationships and partnerships with a range of organisations. For example the ESRC is collaborating with UK public sector partners on new What Works investments to look at wellbeing and public services, and with the Food Standards Agency to understand risks to the UK food system. And it continues to work with DFID to explore solutions to international development issues and with business groups on work that is examining the UK's retail sector.

At the same time, much of the research the ESRC funds is in partnership with other research councils, to realise the benefits of a truly interdisciplinary approach to complex research challenges.

Effective communication has been key to explaining the impact of the ESRC's research and social science in general. As well as using traditional channels, the ESRC is leading the way in its innovative use of digital media, fulfilling its mission of informing key audiences of ESRC-funded research and its impact. And its Celebrating Impact Prize goes from strength to strength, showing how ESRC research has real-world impact on a range of issues throughout the UK and around the world.

This report provides a detailed review of the ESRC's activities over the past year, how it is helping us to understand society, and what it is doing to meet the challenges, and big questions, of the future.

**Dr Alan R Gillespie**  
Chair, ESRC

# Statement by Chief Executive

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The ESRC funds excellent social science research, and works with diverse partners to provide robust evidence and insights at the level of individuals, local networks, institutions and societies.

I am delighted to have joined the ESRC and I am impressed by the enthusiasm and dedication demonstrated by colleagues across the organisation. This is a challenging period and it will be necessary to continue working together to find even more efficient ways to make maximum use of limited resources.

It has been a busy year and we have been commissioning research in key areas, progressing existing initiatives and launching new and exciting partnerships. In January we published the ESRC's new Strategic Plan 2015 which sets out where we will focus our resources over the coming years.

We have invested in research in strategic areas, with funding for five investments to build capacity in interdisciplinary research. The five investments will involve collaboration between multiple institutions and examine issues including human rights, economic policy and sustainability. As long-term investments they provide a significant opportunity for research to make an impact on policy and understanding.

The investments are: the Centre for the Microeconomic Analysis of Public Policy based at the Institute for Fiscal Studies; the Centre for Economic Performance based at the London School of Economics; the Centre for Global Higher Education based at UCL Institute of Education and partnered by Lancaster University and the University of Sheffield; Human Rights and Information Technology in the Era of Big Data – a large grant based at the University of Essex; and the Centre for the Understanding of Sustainable Prosperity based at the University of Surrey.

Collaboration and partnership have been vital to the ESRC's commitment to interdisciplinary research. We have extended our collaboration with other Research Councils to address complex societal challenges beyond the reach of a single discipline or method, co-funding with NERC, EPSRC, BBSRC and AHRC a new £12-million research programme to improve decision-making in relation to droughts and water scarcity. And with the AHRC and EPSRC we have also funded a programme of seven interdisciplinary projects looking at the role of ethics and rights in a security environment. The projects address issues such as ethics and rights in cyber-security, digital citizenship, nuclear ethics and the regulation of mobility and borders.



As an incoming CEO I have very much valued meeting with the Chief Scientific Advisers across a wide range of different Government departments and discussing ways of working more closely. For example, our collaboration with the Department for International Development has been strengthened during 2014/15, with the commissioning of £27 million-worth of new research across an increasing range of international development issues. We also collaborate with a variety of other partners – we are investing almost £2 million to understand risks to the UK food system with the Food Standards Agency.

The ESRC has led the commissioning of a new What Works Centre on Wellbeing aimed at building a better understanding of what government, communities, business and individuals can do to improve wellbeing. With the Scottish Government we have jointly funded a new What Works Scotland initiative to help policymakers and practitioners in the public services in Scotland transform the way they work.

As part of my wider RCUK remit, I have taken on the role of RCUK International Champion and in November was elected to the Governing Board of Science Europe ([www.scienceurope.org](http://www.scienceurope.org)).

International partnerships are key to the ESRC's activities. Across Europe we are active partners within JPIs in Climate, Urban Europe and More Years Better Lives, and we are also heavily involved in the New Opportunities for Research Funding Agency Co-operation in Europe (NORFACE). This year also saw the inauguration of the EU India Platform for the Social Sciences and Humanities – a 1.5-million euro project funded under European Commission's 7th Framework Programme. The ESRC will lead a 13-partner consortium of European and Indian funding bodies to enhance social sciences and humanities collaboration between the two regions.

# Statement by Chief Executive

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As part of the Newton Fund Initiative announced by the Chancellor in April 2014, the ESRC has an additional £21.5 million per year to invest in collaborative projects with overseas partners in 15 countries. Each project must be classified as representing Official Development Assistance. The ESRC's programme of Newton Fund activities began with a number of workshops taking place in India, China and South Africa to help build relationships between the relevant research communities and to identify priority topics for future collaboration.

As is highlighted in our 2015 strategic plan, developing and exploiting the ESRC's data infrastructure remains a core part of the ESRC's mission. The UK Data Service (UKDS) continues to provide users with seamless and flexible access to a wide range of data resources including both structured and unstructured qualitative materials to enable high-quality social and economic research.

The UK is in a good position to become a world leader in research using big data. Valuable policy-relevant research can be conducted by providing access to de-identified administrative data, data held by local government, commercial and civil society organisations, as well as new forms of data such as those derived from social media and other online interactions.

The ESRC-funded Administrative Data Research Network (ADRN) has started to make such data safely accessible for research in ways that prevent the identification of individuals. The three Business and Local Government Data Research Centres, funded as the second Phase of the ESRC's Big Data Network, are making good progress in realising the potential of data held by commercial and local government organisations. We have also developed plans and investments for Phase 3 of the Big Data Network, focused on civil society and new forms of data.

The ESRC's portfolio of world-leading longitudinal data resources continues to provide evidence upon which researchers can inform decision-making, by exploring changes in social processes over time and causal effects at an individual, generational and societal level.

Life Study, funded by the ESRC, MRC and UCL and the Nuffield Foundation, is in its innovation phase and has started to recruit mothers and their babies at a special Life Study Centre in east London.

The ESRC continued its commitment to the British Election Study (BES) as one of the longest running election studies worldwide that has made a major contribution to the understanding of political attitudes and behaviour over nearly

60 years. The study most recently gave insights into the 2015 General Election through expert comment and its Data Playground – a service that gives free access to BES data.

A crucial role for the ESRC is to enhance social science capability and build capacity in priority areas. This year has seen the fourth cohort of PhD students start their training across our network of 21 Doctoral Training Centres (DTCs). In 2014 an independent evaluation of the DTC network concluded that the DTCs are making very good progress in improving the quality and flexibility of training, fostering interdisciplinarity and building a strong national cohort of highly skilled and motivated social science researchers.

Our aim is to help maximise the impact of social science research. We remain committed to supporting project-specific pathways to impact across all of our investments and this year invested in Impact Acceleration Accounts (IAAs) – block awards made to Research Organisations. We now fund 24 Impact Acceleration Accounts throughout the UK.

In 2014 we rewarded researchers for their outstanding economic and social impact in the second Celebrating Impact Prize. The winners and runners-up were announced at the awards ceremony held at The Royal Society in June 2014.

Throughout 2015 the ESRC is celebrating 50 years of funding social science research. The year began with politicians and business leaders gathering with some of the country's leading social scientists and the then Minister for Universities, Science and Cities the Rt Hon Greg Clark MP at an event to launch our 50th anniversary celebrations.

As part of our celebrations our third photographic competition asked children aged 14 to 18 to think about how the world has changed over the last 50 years, and imagine how it may continue to change in the future. The quality of the entries was outstanding, with over 1,600 entries from 270 schools.

Throughout 2015 we will continue to celebrate the work of the ESRC and the important contribution of social science over the past half century and over the coming years we will focus on where we can add the most value.

Finally, I would like to thank Adrian Alsop for his immense contribution to the ESRC. Adrian, who is retiring in 2015, has been with the ESRC since 1989 in a variety of roles, most recently as Director of Research, Partnerships and International. We wish Adrian a long and happy retirement.

**Professor Jane Elliott**  
Chief Executive, ESRC

# Highlights of the year

# Highlighting Social Sciences

## Key highlights of the year

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### Europe town meeting

A 'Town Meeting' and reception in Brussels organised by the ESRC in June discussed the challenges confronting the UK/Europe relationship.

The relationship between the UK and the EU is complex, and changing. The ESRC's programme of work explores this relationship and its implications. The initiative contributes to policy and political debates and delivers independent social scientific research of use to key stakeholder groups.

The Brussels meeting offered an overview of the initiative, focusing on Europe in the World, Euro-Scepticism, The single market, and Identities. It was also a chance to debate and discuss knowledge and gaps to help inform the development of the UK in a Changing Europe initiative.



### Researchers celebrated for achieving outstanding impact



The ESRC rewarded researchers for their outstanding economic and social impact in its second annual Celebrating Impact Prize. The winners and runners up were announced at the awards ceremony held at The Royal Society, London on 5 June 2014 by *Times* columnist and award-winning journalist, David Aaronovitch.

The winners each received a trophy and £10,000 to promote the economic and social impacts of their research. Second prize-winners received £5,000, also to invest in impact activities.

The applications were judged by a panel of experts from business, academia and the public sector. The shortlisted entrants were invited to attend an interview, with a user of their research, to further demonstrate to the panel their role in achieving outstanding research impact.

There were five main categories in the prize and a Lifetime Achievement Award presented to Professor Sir David Hendry, University of Oxford.

## What Works Scotland to transform public services

The ESRC and the Scottish Government have jointly awarded almost £3 million to the Universities of Glasgow and Edinburgh for a new What Works Scotland (WWS) initiative. The Centre will help policymakers and practitioners in the public services in Scotland transform the way they work. It will be led by Professor Nicholas Watson, Chair of Disability Studies at the University of Glasgow and Professor James Mitchell, Professor of Public Policy at the University of Edinburgh.

Over the next three years WWS will work closely with Community Planning Partnerships and other stakeholders. WWS will also develop a close working relationship with the other What Works Centres in the rest of the UK and use their research in its work as appropriate.



## Exhibition on ageing kicks off festival

The ESRC Centre for Population Change brought a unique, interactive exhibition to the UK, to explore how our population is changing. The exhibition kicked off the 2014 ESRC Festival of Social Science and explored the chances of living to 100 and how early years, family life, lifestyle and work affect these chances.

Touring six UK cities, the exhibition used the latest iPad-technology to display up-to-the-minute research findings via interactive games, quizzes, pictures, interviews and easy-to-understand graphs and texts. In addition, using research from the ESRC-funded Centre on Dynamics of Ethnicity along with Census data, the local demographic story in each of the cities visited was told through animated infographics.



## ADRN launches

The ESRC Administrative Data Research Network (ADRN) was officially launched on 3 July at Church House in London.

The ADRN is a UK-wide partnership between academia, government departments and agencies, national statistical authorities, funders and the wider research community that will facilitate new economic and social research based on routinely collected government administrative data.



Speakers at the event included the then Minister for Universities and Science, the Rt Hon David Willetts MP, Professor Paul Boyle, then Chief Executive of the ESRC and Melanie Wright, Director, Administrative Data Service.

This event celebrated the progress of the ADRN, and highlighted the vision and potential impact of the ADRN over the next five years.

# Highlighting Social Sciences

## Key highlights of the year

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### New tools capture the value of nature



Our interactions with natural spaces can be experienced in a number of ways but it has been difficult for land managers to capture what value people place on these experiences outside the monetary value.

The UK National Ecosystem Assessment Follow-On (UK NEAFO) project was commissioned to address this problem by developing tools for decision-makers to make use of the research from the 2011 UK National

Ecosystem Assessment (UKNEA) and carry out new research to understand and capture the shared cultural values of the natural environment.

The UK NEAFO has been a collaborative effort between the Department of Environment Food and Rural Affairs (Defra), the Arts and Humanities Research Council (AHRC), the ESRC, the Natural Environment Research Council (NERC) and the Welsh Government.

### Changing the face of social science

The ESRC announced the 13 successful grants of the second Transformative Research call. The call aims to provide a stimulus for genuinely transformative and groundbreaking research ideas at the frontiers of social sciences, enabling research which challenges current thinking to be supported and developed.

Transformative research is regarded as involving pioneering theoretical and methodological innovation, the novel application of theory and methods in new contexts, and/or research based on the engagement of unusual disciplinary and interdisciplinary perspectives. While it can often be seen as high risk, it provides the possibility of high reward or research that is carried out with the expectation that it will produce a broad base of knowledge and exciting new insights.

### ESRC Strategic Plan 2015

In January 2015 the ESRC launched its Strategic Plan 2015 which sets the principles for how we will work over the coming period, and demonstrates the ESRC's commitment to focus on those areas where we can add the most value and collaborate with a range of partners to maximise the value of our investments. The plan complements and builds upon the more immediate priorities set out in our annual Delivery Plan.

The Strategic Plan 2015 was informed by a consultation held in 2014 – we are grateful to all respondents for participating in this exercise.

## ESRC Council members appointed

The Rt Hon Greg Clark, the Minister of State for Universities, Science and Cities, has appointed Mark Robson, Professor Judith Squires, Professor L Alan Winters and Karin Woodley as ESRC Council members. Martin Rosenbaum has also been re-appointed.

Mark Robson is Head of Statistics and Regulatory Data at the Bank of England, responsible for all of the Bank's internal and published data series supporting macroeconomic and prudential analysis.

Professor Squires is Pro Vice-Chancellor for Education and Students at the University of Bristol, where she leads on teaching and learning and champions the university's Engaged University strategy.

Alan Winters is Professor of Economics at the University of Sussex, CEO of the Migrating out of Poverty Research Programme Consortium and Chairman of the Board of the Global Development Network.

Karin Woodley has 30 years' experience at chief executive level in public-facing charities tackling social and cultural injustice and inequality. She is currently Chief Executive of Cambridge House, a South London charity established in 1889 by Cambridge University to tackle poverty and social injustice.

Martin Rosenbaum is an executive producer in the BBC Political Programmes department, overseeing a range of radio programming including Radio 4's *The Week in Westminster*.

## War on antimicrobial resistance



The Medical Research Council (MRC) will lead a cross-Research Council initiative backed by eight government bodies and the Wellcome Trust to tackle antimicrobial resistance (AMR).

The AMR initiative will co-ordinate the work of medical researchers, biologists, engineers, vets, economists, social scientists, mathematicians and even designers, in a multi-pronged approach to address all aspects of the problem.

The MRC has calculated that in the UK alone £275 million has been spent on researching the problem since 2007. Yet, to date, no effective solutions have been found and it has been estimated that current antibiotics will be all but useless within the next two decades.

The development of new drugs is only part of the solution. Resistance is a natural phenomenon, and when new drugs are created it will continue to increase. There is a need to understand how antibiotics are used 'on the ground', and social science research is central to increase understanding in this area – issues such as how health services can adapt to the pressures posed by AMR, regulation around livestock production and how it affects antimicrobial development, public perceptions of how antibiotics work and how this plays out in GP surgeries.

ESRC-funded research will increase understanding of these issues, the effect of human behaviour on the spread of AMR, and the best ways of changing behaviour in a variety of settings.

# Highlighting Social Sciences

## Key highlights of the year



### Science minister launches year of ESRC anniversary celebrations

Politicians and business leaders gathered with some of the country's leading social scientists at an event on 14 January to launch a year of celebrations marking the 50th anniversary of the ESRC.

At the event at the House of Commons Terrace Pavilion, Minister for Universities, Science and Cities the Rt Hon Greg Clark MP reflected on how the social sciences have developed since the council was granted its Royal Charter in 1965, when it was known as the Social Science Research Council (SSRC), and what a difference the research has made to society.

The *Guardian* columnist Polly Toynbee and Sir Andrew Dilnot, Chair of the UK Statistics Authority, also spoke at the event, providing their views on the importance of social science research to the understanding of society today. The event was the first in a series of activities to mark the anniversary year.



Sir Andrew Dilnot

## Challenges of the UK food system

The ESRC and the Food Standards Agency (FSA) have come together under the Global Food Security programme to jointly fund research grants relating to understanding the challenges of the food system.

The UK food system is embedded in a wider system that is increasingly globalised and seemingly prone to periodic scares and crises. The FSA and ESRC have identified an area of mutual interest around the challenges that this

presents to the UK agri-food system, food safety, food fraud/crime and consumer trust.

The Global Food Security programme will support research around the safety and confidence effects of different approaches to food provision, supply chain management and organisation, and how any findings might lead to policy interventions and influence consumer, regulator and industry behaviours.

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## What works in tackling poverty?

The ESRC has announced the launch of four major new research projects based at Cambridge, Warwick and Aberystwyth Universities and the Young Foundation that will advance understanding of effective strategies for tackling poverty. This important new research is part of the What Works in Tackling Poverty programme which is being led by the Public Policy Institute for Wales.

The projects will work closely with the Public Policy Institute for Wales to provide vital evidence about what governments and other agencies can do to address the growing problems of in-work poverty, indebtedness and poverty experienced by young people living outside the parental home.



## New directors for Understanding Society and CLOSER

Professor Michaela Benzeval has been appointed as the next Director of Understanding Society, the UK Household Longitudinal study, while Alison Park is the new Director of the Cohorts and Longitudinal Studies Enhancement Resource (CLOSER).

Michaela is currently the Deputy Director of Understanding Society and will replace current Director, Professor Nick Buck when he steps down later this year.

Alison Park, who was previously head of the Society and Social Change team at NatCen Social Research, picks up the reins from Professor Jane Elliott, Chief Executive of the ESRC, who joined from CLOSER last year. Jude England has been Acting Director.

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## Changing World photo competition winners

The winners of the ESRC's 2015 Changing World young people's photographic competition were announced at an awards ceremony on 10 March at the Menier Gallery in London.

There were six winners across categories exploring issues including family, technology and media. Five additional winners picked up a Judge's Favourite award. The overall winner of the competition, and winner of the environment category, was 16-year-old Rachel Coleman from Bishop Stopford School in Kettering, Northamptonshire. Her photograph, of the view from a train window in Iceland, was named 'Through the looking glass' after the Lewis Carroll novel.



# Highlighting Social Sciences

## Key highlights of the year

### New Evidence and Policy Directorate

The ESRC and DFID have announced the appointment of a new Evidence and Policy Directorate (EPD) which will maximise the impact of research they jointly fund on policy and practice relevant to developing countries.

The EPD will be delivered by a consortium from the Institute of Development Studies (IDS) and the University of Cambridge's Faculty of Education. It will design and deliver a strategic programme of work to support and enhance the uptake and impact of research from two research programme's jointly funded by ESRC and DFID: the Joint Fund for Poverty Alleviation Research and the Raising Learning Outcomes in Education Systems Research Programme.



### Examining the UK's place in Europe

As part of the new initiative on The UK in a Changing Europe the ESRC has appointed nine senior research fellows who will work across a wide range of projects with the initiative Director, Professor Anand Menon, Professor of European Politics and Foreign Affairs at Kings College London.

The Fellows will provide evidence and analysis across a broad range of issues

facing the UK and EU, including the impact of membership on employment, growth and prosperity and the effect of changes in governance and policies, as well as in social and political attitudes within both the EU and the UK. In addition, they will provide insights into the impact of a UK exit from the EU, as well as looking at alternative scenarios or structures that might better serve the UK's interests.

### Funding for longitudinal studies

The ESRC announced £15 million funding for the Centre for Longitudinal Studies (CLS) as well as the appointment of a new Director for the Centre, Professor Alissa Goodman.

The funding for CLS will be over the next five years. It will support leadership and delivery of the CLS Resource Centre, which provides resources to enable researchers to use cohort data, and one sweep of data collection of three of the cohort studies housed at the Centre. It will also support preparatory work for an additional sweep of the 1970 British Cohort Study.

Implementing the work will be the newly appointed Director of CLS, Professor Alissa Goodman.





## Experts on 50 years of social change

The impacts of social science research over the last fifty years are celebrated in the ESRC's flagship magazine, *Britain in 2015*.

The magazine covers key issues such as falling real-term wages, the future of fracking, and the challenges of dementia in an ageing population, and also includes a special retrospective feature that looks at the history of the ESRC and highlights the crucial difference social science research has made over five decades of change in society.

## The state of Britain's high streets

A new report, *High Street Performance and Evolution* – co-commissioned by the Future High Street Forum and the ESRC – provides a guide to the evidence on recent high street and town centre performance.

The study was led by Professor Neil Wrigley and Dr Dionysia Lambiri of Southampton University and funded by the ESRC. It reviews what robust evidence is available on the trends affecting high streets and town centres, and provides a guide to how those trends have changed, and will continue to change, those vital commercial and social spaces.

## MCS age 11 initial findings

The first five surveys of the Millennium Cohort Study – at ages nine months and three, five, seven and 11 years – have built up a detailed portrait of the children of the new century by collecting information on behaviour, cognitive development, health, schooling, housing and parents' employment and education.

The Age 11 survey took place between January 2012 and February 2013 and found:

- More than half of the millennium children experienced poverty at some point in their first 11 years.
- Nearly four in ten of the children have lived through at least one change in their parents' relationship status.
- One in five children are obese by age 11.
- Most 11-year-olds seem very happy with their lives and are even happier with their families.
- Social background remains the most powerful predictor of 11-year-olds' cognitive abilities.

The MCS has had a significant impact on UK policy and will continue to provide a vital source of evidence to help address social challenges.

## New research centres and large grants

The ESRC announced over £24 million of funding for new centres and a large grant to build capacity in vital interdisciplinary research over the next five years.

The five projects will involve collaboration between multiple institutions and examine issues including human rights, economic policy and sustainability.

The successful projects are:

**Centre for the Microeconomic Analysis of Public Policy (CPP):** Funded by the ESRC since 2001, the centre is based at the Institute for Fiscal Studies (IFS) and is directed by Professor Sir Richard Blundell.

**Centre for Global Higher Education (CGHE):** Based at UCL Institute of Education, and partnered by Lancaster University and the University of Sheffield, the CGHE is co-funded by the Higher Education Funding Council for England (HEFCE).

**Centre for Economic Performance (CEP):** Funded by the ESRC since 1990, the centre is based at the London School of Economics and led by Professor John Van Reenen.

### Human Rights and Information Technology in the Era of Big Data:

This large grant, based at the University of Essex, is led by Professor Maurice Sunkin, and will work with a range of academic, Non Government Organisation and intergovernmental partners in the UK and internationally.

**Centre for the Understanding of Sustainable Prosperity (CUSP):** Based at the University of Surrey and led by Professor Tim Jackson, CUSP aims to explore the concept of sustainable prosperity and understand people's aspirations for living sustainably.

# Highlighting Social Sciences

## Key highlights of the year

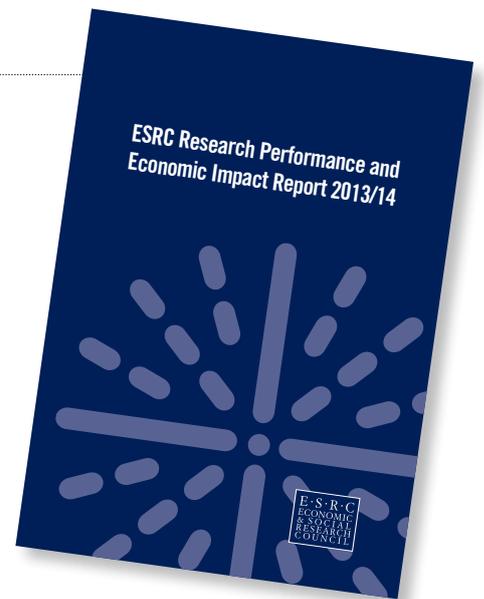
### Life Study launches



The Life Study, which is funded by the ESRC and the Medical Research Council, was officially launched on 23 February at the House of Lords.

The study will track the growth, development, health and wellbeing of UK babies and their parents as they grow up, to identify which factors in early lives are important for health and wellbeing in adulthood. The Life Study is designed to create the largest UK collection of information to support research and policies aimed at children and young people.

The launch event, hosted by Lord Turnberg at the House of Lords, brought together key academics, policymakers and Life Study researchers. Speakers at the event included Professor Jane Elliott, Chief Executive of ESRC which is the lead funder of Life Study; Professor Michael Arthur, President and Provost of Life Study's host institution University College London; and Professor Carol Dezateux, Scientific Director and Principal Investigator of Life Study.



### Report highlights ESRC impact

The Research Performance and Economic Impact Report demonstrates the impact of the ESRC's investments, support for infrastructure and postgraduate training programme. Collaborative research and connections with business and local government, both in the UK and internationally are the key features of the report.

Published along with those of the other UK Research Councils, the report highlights the ESRC's contribution to world-class social science research and postgraduate training in the UK between March 2013 and April 2014.



### What Works Centre for Wellbeing

The independent What Works Centre for Wellbeing has been launched by the government to improve public services through evidence-based policy.

Funded by the ESRC, Public Health England and other partners, including government departments, the centre will become operational in 2015.

The initial focus of research will be on the themes of work, communities and culture. The results will help government, councils, health and wellbeing boards, charities and businesses make decisions and choices informed by what the evidence says really matters for the wellbeing of people, communities and the nation as a whole.

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## Social scientists and ESRC grant-holders receive honours

### New Year Honours 2015

A number of prominent social scientists and ESRC grant-holders have been honoured in the New Year Honours list.

#### Knights Bachelor – Knighthoods

Professor Julian Le Grand, FBA, Richard Titmuss Professor of Social Policy, London School of Economics and former member of the ESRC Research Grants Board and grant holder. For services to social science and public service.

David Edward Ramsden, CBE, Head, Government Economic Service and former ESRC Council member (2008-13). For services to economic policymaking.

Professor Nigel John Thrift, FBA, Vice-Chancellor, University of Warwick and former member of the ESRC Research Priorities Board and grant holder. For services to higher education.

#### Dame Commander of the Order of the British Empire

Professor Teresa Rees, CBE, Professor of Social Science, Cardiff University and lately Director for Wales, Leadership Foundation for Higher Education. Also former member of the ESRC Research Grants Boards (1993-97) and Strategic Research Board (2002-06) as well as recipient of ESRC research grants. For services to the social sciences.

#### Commander of the Order of the British Empire

Professor Heather Joshi, OBE FBA, Emeritus Professor, Centre for Longitudinal Studies and former Principal Investigator on the Millennium Cohort Study. For services to longitudinal and women's studies.

#### Officer of the Order of the British Empire

Professor Robert Millar, Emeritus Professor, Centre for Innovation and Research in Science Education, University of York and former ESRC grant holder. For services to science education.

#### Member of the Order of the British Empire

Dr Michael Jubb, Director, Research Information Network and former ESRC grant holder. For services to the social sciences.

### Queen's Birthday Honours

#### Knights Bachelor – Knighthoods

Professor Cary Cooper, CBE, Distinguished Professor of Organisational Psychology and Health, Lancaster University; former ESRC grant holder. For services to economics and social science.

Professor David Greenaway, Vice-Chancellor of the University of Nottingham; former ESRC Council member and grant holder. For services to higher education.

#### Commanders of the Order of the British Empire

Professor Nicholas Francis Robert Crafts, Professor of Economic History, University of Warwick; Director of the ESRC Research Centre on Competitive Advantage in the Global Economy. For services to economics.

Professor Hilary Graham, Professor of Health Sciences, University of York; current ESRC grant holder and member of the ESRC Research Committee. For services to social science.

Professor Denise Lievesley, Professor of Statistics and Head of School of Social Science and Public Policy, King's College London; former ESRC grant holder, including Director of the UK Data Archive from 1991-1997. For services to social science.

Professor Alan Walker, FBA, Professor of Social Policy and Social Gerontology and New Dynamics of Ageing Director, University of Sheffield; Director of the New Dynamics of Ageing Programme and former Director of the ESRC Growing Older Programme. For services to social science.

# Highlighting Social Sciences

## Key highlights of the year

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### Boost for Big Data and the information economy

The government has committed up to £75 million additional funding for social science research as outlined in the Science Capital Roadmap. The Roadmap sets out the scientific infrastructure necessary to meet the goals of the Science and Innovation Strategy, announced by the Universities, Science and Cities Minister Greg Clark.

This new funding builds on previous investment of £64 million for the social sciences announced in 2012 and will help to secure the internationally leading position of the UK's social sciences.

The latest funding will allow the ESRC to:

- Establish a new international interdisciplinary centre in real-time data analytics.
- Support the information economy by providing a secure and seamless means of access to a growing global data infrastructure.
- Develop an integrated programme of biosocial data resources to ensure innovative use of existing biosocial data collections for longitudinal studies.

The ESRC will work closely with the Department for Business, Innovation and Skills and partners in putting together the investment plans in these areas, announcing further details as they become available.

### The future of Armed Forces reservists

In August the ESRC awarded £1.35 million to four universities – Edinburgh, Exeter, Lancaster and Newcastle – to undertake innovative research projects to help inform some of the pressing issues facing the armed forces in the process of integrating regular and reserve components into a 'Whole Force' structure.

The research is being undertaken in collaboration with the British Army and the Ministry of Defence (MOD) and will help to identify, explain and understand the cultural, social and

economic issues that affect both regular and reserve personnel, and to identify additional external factors which may have an influence on the successful integration.

Major General Kevin Abraham, Director General of Army Reform, which commissioned the work said: "This partnered research project is an important piece of work that will contribute towards the shaping of decisions and policy affecting the Reserves for years to come."



### ESRC welcomes REF results

The ESRC welcomed the results of the 2014 Research Excellence Framework (REF), the system for assessing the quality of research in UK higher education institutions.

Of the research submitted, 30 per cent was judged to be 'world-leading' and a further 46 per cent was judged to be 'internationally excellent'. The assessment took into account not only the quality of the research outputs, but also the social, economic and cultural

impact of research – a first for an exercise of this kind. The REF revealed that the quality of research was found to have improved significantly since the last exercise in 2008.

The REF was undertaken by the Higher Education Funding Council for England (HEFCE), the Higher Education Funding Council for Wales (HEFCW), the Scottish Funding Council (SFC), and the Northern Ireland Department for Employment and Learning (DEL).

# Delivering the strategy

Social science helps us to understand how societies work, and how we can help institutions and individuals to flourish. The ESRC supports research which tackles major issues, and makes a real difference to people's lives, both in the UK and globally.

# Fostering research and innovation

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We are committed to identifying and funding the very best research. This includes innovative and potentially transformative research, and work that synthesises and evaluates existing research to provide evidence to guide decision-makers in policy and practice.

From large new research centres to small urgency grants, we have over the course of 2014/15 remained committed to supporting the very best and most innovative research and to ensuring that it has the maximum impact on our society. This has involved both major new strategic investment in targeted areas alongside the funding of a broad and diverse portfolio of projects driven by our Research Grants scheme.

## Strategic Research

We invested over £24 million in new centres and a large grant in a number of key strategic areas. We have renewed our support for the Centre for the Microeconomic Analysis of Public Policy based at the Institute for Fiscal Studies. The Centre will continue to provide robust and independent evidence to support economic policy analysis. Further funding has also been awarded to the Centre for Economic Performance which will focus on how best to achieve policies for inclusive growth.

We will seek to tackle the complex question of how to achieve sustainable growth, through the launch of a new Centre. The interdisciplinary Centre for Understanding Sustainable Prosperity will engage in a major programme of public dialogue and stakeholder engagement to explore the aspirations that people have for meeting environmental challenges in modern society. The Centre will look at what pragmatic steps that can be taken toward sustainability by businesses, government and civil society.

A second new investment, the Centre for Global Higher Education, involves leading researchers from eight countries and will conduct major new research on international, national and local problems in higher education. Working with key stakeholders, the Centre will look at issues such as teaching and learning, research, management and system organisation and financial sustainability.

A new large grant will look to unravel the consequences of rapid developments in new technology as they create unprecedented opportunities for the development of 'big data'. Whilst this offers huge benefits it may also pose a potential threat to individuals and their human rights. Through engaging with major international stakeholders, the research team will seek to develop, improve understanding and assist

the development of law to deal with and maximise the positive and minimise the negative impacts of big data.

We continued to fund a number of targeted initiatives which address some of the most crucial issues facing the UK today. Our Future of the UK and Scotland programme provided a high-quality and independent source of expertise and evidence during the fiercely partisan Scottish independence debate. Analyses of the key issues informing the debate were widely used by the international and national media as well as the voting population, supported by public dialogue events and downloadable materials which proved hugely popular in the run up to the referendum itself.

With the promise of an in/out referendum on EU membership, we have commissioned a similar evidence hub, as an authoritative and independent reference point for research on the UK's relationship with Europe. The first phase of the UK in a Changing Europe initiative is focused on synthesising and disseminating existing research findings through a number of senior academic fellows and a series of networking events across the UK. They will cover such topics as immigration, the economic impact of Britain's exit from the EU, public opinion on the EU, and UK's role and influence in EU institutions.

## Responsive Research

Alongside these major strategic investments, we have maintained the breadth and vitality of our portfolio by spending just under £24 million on our Research Grants (responsive mode) scheme. This scheme funds excellent research ideas generated from individuals and research teams from across the social science community and this year we have supported over 50 projects.

We have further fuelled the drive for innovative research by launching a third call of our Transformative Research scheme, which is designed to fund pioneering, theoretical and methodological work, novel applications of theory and methods in new contexts and the unusual use of disciplinary and interdisciplinary perspectives. Our aim is to fund up to 20 new projects.

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Our Urgency Grants scheme has continued to provide a novel and agile means for quickly reacting to unforeseen events. The rapid assessment process has enabled researchers to quickly enter the field to gather data and generate analysis. A record 20 new grants have been supported in 2014/15 on topics as varied as the Ebola crisis, sexual abuse and genocide in Myanmar.

### Interdisciplinarity

We have also driven forward our commitment to interdisciplinary research by extending our collaboration with other Research Councils. This has helped us address what are increasingly complex societal challenges which lie well beyond the reach of a single discipline or method. During 2014/15 we added on what is already an impressive array of cross-Council initiatives, by, for example, co-funding with NERC, EPSRC, BBSRC and AHRC a new £12-million research programme on UK Droughts and Water Scarcity. The programme will support improved decision-making in relation to droughts and water scarcity by providing research that identifies, predicts and responds more effectively to underlying causes and consequences.

We have also renewed our investment in the UK Energy Research Centre working with EPSRC and NERC, providing further high-quality multi-disciplinary analysis on sustainable future energy systems. In addition, the ESRC, AHRC and EPSRC have funded a programme of seven interdisciplinary projects looking at the role of ethics and rights in a security environment. The projects address issues such as ethics and rights in cyber-security, digital citizenship, nuclear ethics and the regulation of mobility and borders.

Beyond the Research Councils, we have collaborated with a variety of other partners. For example, along with the Food Standards Agency (FSA), we are investing close to £2 million to understand risks to the UK food system, such as the impact of weather disasters, conflicts, disease outbreaks, food fraud and crime, and contamination of the food chain.

Our collaboration with the Department for International Development has been further strengthened during 2014/15, with the commissioning of £27 million-worth of new research across an increasing range of international development issues. Over 40 new projects have been funded under the Poverty Alleviation, Economic Growth Research and China Africa Research Programmes, along with a new initiative on Education and Learning Outcomes that explores effective teaching and tools in education provision in the developing world. On health issues, the ESRC has worked with DfID and the MRC on a new £5-million initiative, funding a further 15 projects to help improve the



effectiveness of health systems in developing countries. And to help maximise the policy and practice impact of a very large and growing portfolio of projects, ESRC and DfID have established a new £3-million Evidence and Policy Directorate (EPD), which will roll out a programme of activity designed to encourage the uptake of research outcomes.

### Quality

All our funding decisions continue to be fundamentally driven by quality. Robust and transparent peer review remains at the heart of all we do. But growing pressures on the academic community have meant that peer review response rates are in decline, now dropping to below 50 per cent. This is an issue of concern to us and to try to address this challenge we intend to re-fresh and re-structure our Peer Review College over the coming year working with Learned Societies. We also wish to work in direct partnership with HEIs to enhance peer review response rates, sharing with them data on their own performance.

### Demand Management

We remain committed to managing application volume, with the aim of focusing sector-wide efforts on the submission of a fewer number of higher quality proposals with a genuine chance of funding. General progress is positive. Application volume is down by 48 per cent on pre-demand management levels – close to our target of 50 per cent. Quality is improving with the proportion of applications now in the ‘fundable range’ up by 13 per cent on pre-demand management levels, to 42 per cent.

This trend may not continue, as there are clear signs that in some of our responsive schemes – such as Research Grants and Future Research Leaders – volume is again rapidly increasing. As a consequence, success rates are now beginning to fall in these schemes. We are discussing ways of

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enhancing performance with those HEIs where application volume is high and quality is relatively weak. However, our expectation is that every HEI will seek both to improve quality and regulate volume across all ESRC schemes so we can prevent very poor quality applications. Despite significant progress, this still represents 25 per cent of overall volume.

### International

ESRC remains strongly committed to providing UK input into Horizon 2020 (the European Union's funding instrument for research and innovation from 2014-2020) and the other European issues. The ESRC acts as an Expert advisor to the Department for Business, Innovation and Skills on the sixth societal challenge – Europe in a changing world – and also engages across the societal challenges in Horizon 2020 providing informal input and advice around the embedding of social sciences within them. The ESRC currently hosts UK National Contact Points (NCPs) for the Social Science and Humanities across Horizon 2020 as well as Science with and for society, and Spreading Excellence and Widening Participation. Through these we have highlighted European funding through events, meetings and a helpdesk facility.

We also engage with a number of multilateral activities across Europe. We are active partners within JPIs in Climate, Urban Europe and More Years Better Lives, and we lead engagement for the research councils on the latter. We are also heavily involved in the New Opportunities for Research Funding Agency Co-operation in Europe (NORFACE) – a collaborative partnership of national research funding agencies from 17 European countries in the area of social and behavioural sciences. Through these the ESRC has:

- Participated in an 18-million euro research programme 'Welfare State Futures' through NORFACE and will fund 15 transnational research projects that will start in 2015.
- Committed £1 million to a joint call through JPIs Climate in the area of Societal Transformation in the Face of Climate Change through which three projects involve a UK collaboration.

We have continued to play a leading role in the Trans-Atlantic Platform (T-AP) which involves collaboration between 14 research funding and support organisations across Europe, Canada, Brazil, Mexico, Chile along with associate partners from the USA. In 2014-15 through TAP the ESRC participated in an inter-agency learning workshop in September 2014 in Paris and organised a workshop on Digital Scholarship in the Social Sciences and Humanities: New Forms of Data for Research in January 2015 in Washington DC.

This year also saw the inauguration of the EU India Platform for the Social Sciences and Humanities. This 1.5-million euro project funded under FP7 sees the ESRC leading a 13-partner consortium of European and Indian funding bodies to enhance SSH collaboration between the two regions. The highlight of the project's first year was the official launch meeting held in New Delhi in October 2014 where a large audience of Indian academics and policymakers gathered to hear more about the project and discuss what its success might look like.

The ESRC has also run a number of collaborations beyond Europe engaging our European partners. In 2014 the ESRC funded UK participation in eight projects funded through a joint call between ANR (France), DFG (Germany), NSFC (China) and NWO (Netherlands) in the areas of Green Economy and Understanding Population Change.

This year saw the beginning of the ESRC's programme of Newton Fund activities and with it a number of workshops taking place in India, China and South Africa. These workshops were intended to help build relationships between the relevant research communities and to identify priority topics for future collaboration, with many of the outputs of these workshops informing calls that will be released throughout 2015-16. To date the ESRC has successfully funded a number of partnership awards with CONFAP in Brazil to provide flexible short-term support for small-scale research and networking activities in a number of challenge areas. The ESRC also funded a number of longer term projects in Brazil through a FAPESP-NWO-ESRC joint call on sustainable urban development. This joint call (total expenditure 5.2 million euros) aimed to strengthen research co-operation between researchers from the state of São Paulo (Brazil), the UK and the Netherlands by funding joint research projects.

# Creating and maximising data infrastructure for research

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The ESRC has continued to lead investment in a world-class social science data infrastructure, maintaining and developing its portfolio of surveys, data services and investments in Big Data.

Developing and exploiting the ESRC's data infrastructure remains a core part of the ESRC's mission. The data landscape has continued to change rapidly over the past year with new opportunities and challenges, particularly around new forms of data. We have operated at the heart of this landscape, exploiting the benefits of our data infrastructure through new partnerships and funding opportunities, and ensuring that the existing portfolio of investments remains innovative and responsive to emerging priorities.

## Supporting data-driven research

### *UK Data Service*

The UK Data Service continues to provide users with a seamless and flexible access to a wide range of data resources to enable high-quality social and economic research. The service has over 25,000 registered users who are able to access over 6,000 datasets. As the national data service for the social sciences, the UKDS holds data that unlock new discoveries in research, provide evidence for policy decisions and help train the next generation in core data skills.

The service is also constantly developing and responding to new challenges. This year a UKDS Innovation Fund supported four projects with a range of new partners to develop new ideas and rapid advancements to be incorporated into the core service. As an established centre of expertise in data access and curation, the service has also become an integral part of the ESRC's Big Data Network, encouraging the sharing of best practice and enabling the co-ordination of services and standards.

### *Big Data – development and use*

The UK is grasping the opportunity to become a world leader in research using big data through the development of its Big Data Network. This includes enabling access to de-identified administrative data, data held by local government, commercial and civil society organisations, as well as new forms of data such as those derived from social media and other online interactions.

Over this year the ESRC-funded Administrative Data Research Network (ADRN) completed its design and set-up phase and, since November 2014, has started to make such data safely accessible for research in ways that prevent the identification of individuals. Safe, secure and efficient systems

for linking, managing and analysing administrative data are in place, being delivered through a partnership between the 19 universities, three national statistical agencies, devolved administrations and government. The ADRN Board has overseen the strategic direction of the ADRN for the last year and an independent Approvals Panel is in place to assess applications for access to data.

The three Business and Local Government Data Research Centres, funded as the second Phase of the ESRC's Big Data Network, are also making good progress in realising the potential of data held by commercial and local government organisations. Officially launched in October 2014, the Centres have completed their set-up phases and now have much of the infrastructure, processes and panels in place to accept applications from external researchers to exploit, in a secure environment, the data being made available. At the same time each centre is developing its own programmes of research, training and knowledge exchange and forging relationships with new data owners.

Over the course of this year the ESRC has also developed plans and investments for Phase 3 of the Big Data Network, focused on civil society and new forms of data. Four Civil Society Data Partnership awards have been made to demonstrate the value of improved data infrastructure, analysis and skills to civil society organisations and to enable the sector to better utilise its own data. An allocation for a new centre focused on new forms of data, and the real-time analytical capability required to exploit them properly, was also confirmed this year and will help push forward





the boundaries of research using these data through the provision of data services, support, training and engagement with data providers.

### **Maintaining and enhancing our data resources**

#### ***Longitudinal studies***

The ESRC's portfolio of world-leading longitudinal data resources provides a unique hotbed of evidence upon which researchers can inform decision-making, by exploring changes in social processes over time and causal effects at an individual, generational and societal level.

In 2014, the Understanding Society household panel study made its fourth wave of data available to researchers, including new information on areas such as mental health, wealth and assets. The potential for increasing the value of these datasets (which make repeated contacts with the same individuals or households) by linking them to other forms of data is exponential. Biomarker and genetic data from over 10,000 Understanding Society participants was added to the existing social and economic data, making it possible to support researchers from a variety of disciplines to produce groundbreaking interdisciplinary analysis.

Aspirations for data linkage go well beyond researcher-led data to data originally intended for administrative and business use. This can create an exciting range of new research possibilities. In 2014-15 data from Understanding Society was linked to administrative data held by the Department for Education (The National Pupil Database), allowing researchers to study the household-level determinants of educational outcomes in much more detail than was previously possible.

The Understanding Society Policy Unit was launched in 2014, aimed at enabling evidence-based decision-making to improve policy and practice based on insights from an unrivalled longitudinal survey of UK households and individuals. It will innovate and operate as host for knowledge-gathering and brokering between research producers and users.

The ESRC Centre for Longitudinal Studies (CLS) this year hosted the Cohort Studies Research Conference. The conference showcased outstanding longitudinal research from the UK and abroad, demonstrating the significant contribution cohort studies make to the academic

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community in addressing key social issues such as child development, health, labour markets, social mobility and education; and methodological topics including mixed mode, administrative data consent rates, and the collection of time use diaries. In the past year the launch of new teaching datasets from these studies is helping to train the next generation of leading researchers in use of longitudinal data.

Life Study, the new UK-wide birth cohort study funded by the ESRC, MRC and UCL, has started to recruit more mothers and their babies into the UK's largest national birth cohort study. The study is now inviting mothers-to-be to visit special Life Study centres, the first of which has opened in East London. The study intends to start UK-wide recruitment to its nationally representative survey which will collect data over the same time period as the Life Study centres. This ensures that the unique and interdisciplinary dataset created on participants' experiences in pregnancy, at six and 12 months old, will enable exciting and important new insights. The objectives of this study are innovative and ambitious and to ensure success it will be subject to review and regular monitoring.

At the heart of the ESRC's investment in this area, Cohort and Longitudinal Studies Enhancement Resources (CLOSER) has continued to forge links with policymakers and audiences from outside the immediate field of existing longitudinal researchers, to maximise the use and value of the studies. In its second year, CLOSER launched its new website in October 2014 which offers a range of resources aimed both at those interested in using the data and those who might benefit from the findings. This includes an online evidence bank, with plain English summaries of evidence from across the CLOSER studies on different topics such as breastfeeding, higher education, inequalities in adult physical capability, obesity, women's employment, working mothers and worklessness.

#### ***Cross-sectional studies***

The ESRC has continued its commitment to the British Election Study as one of the longest running election studies worldwide and has made a major contribution to the understanding of political attitudes and behaviour over nearly 60 years. The 2015 Study, themed Voters in Context, is currently underway and is designed to improve our understanding of long-term political change as well as how variations in the political and social context shape citizens' attitudes and behaviour.

At an international scale, the ESRC also supports the European Social Survey (ESS), a cross-national survey which provides critical comparative data on changing social, economic and political attitudes, beliefs and behaviours. More than 30 countries across Europe have participated in the ESS and its findings have shed light on a wide range of social issues including attitudes to welfare, climate change and energy, ageing and wellbeing, and democracy. The seventh round of data collection was completed this year and will add to the substantial resource already available through the ESS Data Archive, utilised by almost 80,000 users worldwide.

#### **Exploiting our data infrastructure**

A core commitment for the ESRC is to ensure that the world-class data infrastructure it supports and develops is visible and exploited to its full potential by a broadening range of researchers. As a result we have continued funding the Secondary Data Analysis Initiative (SDAI) which supports high-quality, high-impact research through the deeper exploitation of existing data resources. This year, building on the success of Phase 1, under Phase 2 of the initiative 21 further projects were funded and have started. These cover topics that range from the analysis of the experience of living with dementia to the behavioural characteristics of cyber-criminals in online trading. A third phase is also being commissioned, with steers both to exploit the richness of major ESRC data resources in particular, and to include early career researchers in all applications. The aim is to ensure that capacity is built in the community to make the most of the ESRC's world-leading data infrastructure.

# Building capability

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A crucial role for the ESRC is to enhance social science capability and build capacity in priority areas. A major achievement in the five years from 2010-2015 has been to create a national Doctoral Training Network as part of a new Postgraduate Framework. In addition, for the first time the ESRC started to provide support for excellent undergraduate training in quantitative methods by partnering on the Q-Step initiative with the Nuffield Foundation and HEFCE.

## Delivering excellence in doctoral training

This year has seen the fourth cohort of PhD students start their training across our network of 21 Doctoral Training Centres (DTCs). The DTCs were commissioned in 2010-11 under our new Postgraduate Training Framework. They are major centres of excellence covering the full disciplinary range of the social sciences, and promoting interdisciplinary research.

In 2014 an independent evaluation of the DTC network was completed. The evaluation concluded that the DTCs are making very good progress in improving the quality and flexibility of training, fostering greater interdisciplinarity and building a strong sense of a national cohort of highly skilled and motivated social science researchers. Moreover, that the leveraging of co-funding, primarily from the DTC institutions themselves, has been a significant achievement, increasing significantly the total number of students benefiting from ESRC awards. The findings from the evaluation are being used to inform the commissioning of the next round of the network.

## Partnerships and people exchange

Since many of our PhD graduates will take up careers outside of academia, we ensure that they have opportunities to spend some time during their PhD in a non-academic environment. We have set a target that at least 20 per cent of each student cohort should include a collaborative element which involves a non-academic organisation in the public, private or civil society sector, creating partnerships with the users of research to ensure that we build a skilled and adaptable workforce.

This can include taking part in our internships scheme, or through initiatives that the DTCs themselves have developed, such as collaborative studentships, where they work in partnership with user organisations to co-develop innovative PhD projects, or their own internship initiatives. In 2014 our DTCs exceeded the target with 26 per cent of studentships across the network including a collaborative element. Moreover, since 2011 we have leveraged £3.8 million in co-funding from public, private and voluntary sector partnerships.

## International partnerships

In 2014 we devolved our Overseas Institutional Visit Scheme to our Doctoral Training Centres and increased the flexibility in how the funding can be distributed. The scheme enables individual students to establish international research networks, disseminate early research findings, take part in seminars and other academic activities, and undertake specialist training that is not available in the UK.

Meanwhile, activities taking place under our PhD Partnering scheme are underway, with students and supervisors from our DTCs developing research collaborations with counterparts in overseas universities. For example, three students from the Warwick DTC have visited Charles University in the Czech Republic, participating in the annual Philosophy and Social Science Conference, with a return visit by two academic members of staff and two PhD Students from Charles University to the Warwick Institute for Advanced Studies vacation school.

At the Kings College DTC, students from the Defence Studies Department are working with students from Jawaharlal Nehru University and have successfully developed a joint publication of project-related research by the Institute of Defence Studies and Analyses, New Delhi and East West Center, Washington DC, and in the August 2014 issue of *Survival* and Autumn 2014 *Comparative Strategy Journal*. Our aim is to encourage reciprocal, sustainable, strategic linkages between our DTC students and supervisors, and those in developing and emerging centres of social science excellence overseas. This initiative has so far supported 79 partnerships with 30 countries.

## Developing a cohort

Our PhD students are the social science researchers of the future and we are keen that they feel part of a cohort. Our student conferences have been instrumental in developing shared knowledge and experience. The ESRC is providing funding for 12 conferences over a six-year period – six of which are aimed at first-year and six at final-year students



– and each will be hosted by one of our DTCs. In the past year, conferences have been hosted by the Scottish DTC (in April 2014) for final year students, and, for first year students, by Welsh DTC (in January 2015). The conferences were enthusiastically received, with students particularly valuing opportunities for networking outside of their own institutions.

#### **Maintaining the health of the social sciences and developing capacity in crucial areas**

Around 793 new ESRC-funded PhD students began their studies in October 2014. The leveraging of co-funding from elsewhere by our DTCs has contributed significantly to this number. In allocating studentships to our DTCs, we have balanced the desire to allow as much flexibility as possible to recruit the best students, with the need to build capacity across the social science.

We have identified specific areas as a particular priority, such as Advanced Quantitative Methods (AQM), Economics, Management and Business, Language-Based Area Studies and Interdisciplinary Studies. To this end, DTCs identified as having particular strengths in these disciplines have been set a target for the number of students they must support in these areas. In all cases this target has been exceeded again this year. To further encourage top-quality applicants to study AQM and Economics to PhD level and beyond, we have opened up eligibility to international students, and offer an enhanced stipend in these disciplines.

#### **Q-STEP Programme**

The ESRC has partnered with the Nuffield Foundation and HEFCE on Q-STEP – a £19.5-million programme designed to promote a step-change in quantitative social science

skills for undergraduates. Fifteen Q-Step Centres across the UK will support the development and delivery of specialist undergraduate programmes, including new courses, work placements and pathways to postgraduate study. The Centre awards started in October 2013 and since then have been working to set up new courses, and recruiting to fill 52 new teaching positions generated by the funding of the Centres.

There has been a great deal of student interest in the Q-Step programme and in September the first students started on Q-Step courses. With additional funding from the Nuffield Foundation, this year the Q-Step programme has been expanded and Q-Step Affiliate status has been awarded to groups of departments at the Universities of Essex, Nottingham and Southampton. The Q-Step Affiliates will broaden the reach of the programme and are implementing strategic plans to strengthen curriculum content and teaching of quantitative methods for their undergraduates.

#### **Investing in future leaders**

Our Future Research Leaders Scheme, which was launched in June 2011, has two aims: to partner with host institutions to enable outstanding early researchers to acquire the skills to become the future world leaders in their field, and to fund an excellent research project. The scheme is open to high-quality candidates from anywhere in the world who have a maximum of four years' post-doctoral experience and the support of an eligible UK research organisation, and provides funding for activities including a research project, and skills development for research and knowledge exchange. A total of 40 awards were funded in 2014.

# Facilitating partnerships and realising impact

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Engagement, partnership working and effective communication of research are all essential for maximising the impact of social science.

## Impact Acceleration Accounts

In 2014-15 we finished the planned changes in the way we support Knowledge Exchange (KE) and impact activities. We remain committed to fully supporting project-specific pathways to impact across all of our investments and this year invested in a system that builds on this, enabling the Research Organisations in receipt of most of our research funding to develop strategic KE activity to suit their institutional opportunities. We now fund 24 Impact Acceleration Accounts which support:

- Relationships with new stakeholders to facilitate new impacts.
- Deeper existing relationships, leading to more and bigger impacts.
- Co-production and co-funding of research with new partners.
- Non-academic partners ability to engaging with social science evidence to inform practice.
- Staff better equipped to achieve impact (at all career stages).
- Movement of staff, through secondments, placements and visits.

## POST

Our investment in the creation of a Social Science Section in the Parliamentary Office for Science and Technology was validated this year as demand for its services outstripped supply. Nine PhD students from ESRC Doctoral Training Centres had the opportunity to develop their public policy skills by researching topics for parliamentarians, with one project leading to a publication on alternative currencies which will appear in the House of Commons' library publication Key Issues for the New Parliament 2015.

The Social Science Section has enabled doctoral students to support other research functions across parliament and has been instrumental in setting up and delivering training in research methods for House staff. Separately our enhanced relationship with parliament enabled through the Social Science Section has led to the development of the Constituency Explorer Tool (Durham University and the House of Commons Library) which helps prospective MPs understand the practical meaning of data relating to their constituency.

## Broader public sector

The Tax Administration Research Centre (TARC) is a co-funded venture between ESRC, Her Majesty's Revenue and Customs (HMRC) and Her Majesty's Treasury (HMT). The Centre, undertakes research on tax administration to strengthen the theoretical and empirical understanding of tax operations and policies.

As well as having access to HMRC's datalab, which provides a secure environment for researchers to access and analyse UK tax administration data, the centre also has direct links to specialist teams within HMRC to exchange knowledge and jointly develop research ideas, increasing the likelihood of research that directly affects UK tax policies. The funding of TARC is the culmination of a successful collaboration between the ESRC and HMRC to develop the evidence base on tax policy and operations, and builds on a number of previous jointly funded initiatives.

We continue to support social science engagement with emerging public policy issues. This year we worked closely with SARIC (the BBSRC-NERC Sustainable Agriculture Research and Industry Club) to ensure access to cutting-edge social-science thinking across its work, and commissioned joint projects with the Food Standards Agency on food crime and public perception surrounding our food supply.

At the end of 2014 we established a brand new initiative to provide cutting-edge innovation research insights into Innovate UK's support for our innovation ecosystem. We supported a nationwide exhibition presenting the latest results of cutting edge population research in an easy-to-understand format, with the aim of raising awareness among interested non-scientific audiences of the pressing issues surrounding demographic change. The exhibition showed visitors how demographic research is applicable within the context of their own lives, making the findings easier to understand, and was featured on BBC Breakfast.

## What works

We collaborated with public sector partners across the UK to establish further What Works investments, which complement our centres for Local Economic Growth and Crime Reduction. We joined forces with the Scottish Government to establish What Works Scotland which brings together academic and civil society partners investigating how to refocus public services to be citizen-centred and prevention-focused.

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We supported the Welsh Government's priority to know what works in tackling poverty by enabling the Public Policy Institute for Wales at Cardiff University to invest in four groundbreaking projects which will examine the role of housing and housing providers in tackling poverty as experienced by young people, alternatives to payday loans, new approaches to analysis poverty and vulnerability, and what works to reduce poverty through sustainable employment and progression opportunities. We have also led the commissioning of a new What Works Centre on Wellbeing aimed at trying to build a better understanding of what government, communities business and individuals can do to improve wellbeing. ESRC investments formed a core part of the Cabinet Office showcase of What Works projects held in November 2014 which included contributions from international experts.

#### Local government

Our Local Government Knowledge Navigator team worked with the Society of Local Authority Chief Executives to establish the use of evidence amongst local authorities, and presented results at leading professional conferences in the Autumn. In response to calls from the sector for academic research to be available in more accessible formats, six Need to Know Reviews that were co-produced with representatives from local government were received positively by professional associations and elected members. Our Navigator has also established contact between local governments and our new Impact Acceleration Accounts to enable direct partnership-building.

#### Civil society

Over the last 12 months we have actively pursued emerging opportunities for engagement between our academic community and civil society in the use of new data. As part of our Big Data Network we have funded four collaborative demonstrator projects enabling joint work to collate, curate and manage datasets. Our £7-million funding of WISERD (the Wales Institute for Social and Economic Research, Data and Methods) over the next five years will deliver research relating to: Locality, Community and Civil Society; Individuals, Institutions and Governance; Economic Austerity, Social Enterprise and Equality; and Generation, Life Course and Social Participation. Our investments with AHRC through the Connected Communities Programme focus on the role of civil society in community decision-making. Beyond this we continue to explore broader opportunities for our world-leading social science to address the needs of this sector; for example through our focus on civil society in the new strategic theme element of our Seminars Competition; by ensuring our methods and data management investments offer services and skills development opportunities to the sector; and by continuing



our support for the data analysis underpinning NCVO's Civil Society Almanac, a resource widely used by and beyond civil society.

#### Business

The Enterprise Research Centre (ERC) was launched in January 2013 to undertake research which develops our theoretical and empirical understanding of the factors affecting business investment performance and growth, and to develop a robust evidence base on the barriers to businesses starting-up and growing. We co-fund the ERC with the Department for Business, Innovation and Skills, Innovate UK, and the Royal Bank of Scotland PLC, HSBC Bank PLC, Barclays Bank PLC and Lloyds Bank PLC, through the British Bankers' Association.

Within the core research programme the Centre has undertaken a wide range of engagements with policymakers and the private sector, and this has led to the development of a number of collaborative projects and activities. Notable examples include:

- **LEP Dashboard:** Based primarily on ONS data and in partnership with GrowthAccelerator; the dashboard provides each Local Enterprise Partnership (LEP) with a set of simple metrics on the growth of existing firms and start-ups in their area.
- **Nation of Angels – Business angels project:** This report, commissioned by the UK Business Angels Association and the Centre for Entrepreneurs, provided new insights into the scale and success factors of UK business angel investments.

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■ **Business Support Evaluation:** ERC has been providing expertise to the design and implementation of quasi-experimental evaluation methodologies related to business support.

This year we've worked with BAE Systems to jointly run a series of five seminars drawing in a range of businesses and academics to exchange knowledge around cutting-edge social science research relevant to current challenges of business including: coupled service and product systems, business models and customer requirements, and organisational culture and sustainability.

### Communications and engagement

Showcasing ESRC's research and its impact, and disseminating knowledge are integral to the ESRC's mission. Our communication and engagement activities make our research more accessible to our stakeholders and the wider public and highlight and generate impact to inform policy.

We help the public understand our work and research through our publications, our annual Festival of Social Science and providing up-to-date and accessible information through our digital communications. Our successful annual magazine *Britain* is available at major high street newsagents and our regular magazine *Society Now* continues to reach over 17,000 readers. The ESRC website receives over 3.5 million page views per year, our videos have been watched almost 91,000 times and our twitter feed now attracts 30,000 followers. The 2014 ESRC Festival of Social Science featured 230 free events held in 47 UK towns and cities, and remains popular attracting a total audience of over 20,000.

During 2014-15 we also ran an active media campaign generating extensive national and international broadcast, print and online coverage. ESRC Scoop.it! – a social media platform for curating content, has featured 2,400 ESRC-related articles with over 17,600 views.

The ESRC continues to manage an active and effective public affairs campaign providing timely information and research to help inform decision-making and policy. This includes publishing our highly successful evidence briefings and working with the All Party Group for Social Science and Policy and the Global Uncertainties All Party Group. For the 18th year running we also hosted the ESRC and IFS pre-budget briefings.

We also help our academic community to reach new audiences and to achieve the maximum impact for their research. In 2014-15 we rewarded researchers for their outstanding economic and social impact in the second



Celebrating Impact Prize. The winners and runners-up were announced at the awards ceremony held at The Royal Society in June 2014 by *Times* columnist and award-winning journalist, David Aaronovitch.

In 2015 the ESRC turned 50 and throughout 2015 we will highlight that over the last five decades research funded by the ESRC has had positive real-world impact and will continue to do so into the future.

The year began with politicians and business leaders gathering with some of the country's leading social scientists and the Minister for Universities, Science and Cities the Rt Hon Greg Clark MP at an event to launch our 50th anniversary celebrations. As part of our celebrations our second photographic competition asked children aged 14 to 18 to think about how the world has changed over the last 50 years, and imagine how it may continue to change in the future. The quality of the entries was outstanding, with over 1,600 entries from 270 schools.

These are just two activities in a series to mark the anniversary year, highlighting the positive real-world impact of social science research over the last five decades and into the future.

# Vital statistics

# Who's who at the ESRC

## Council members and senior staff

### Members of Council 2014-15

The following Council Members were appointed by the Secretary of State for Business, Innovation and Skills and normally serve for terms of two to six years. The dates given show their term of appointment. **Secretary:** Vicki Crossley, ESRC



**Dr Alan Gillespie CBE**  
Chair, ESRC  
2009-2017



**Dr James Richardson**  
Director, Fiscal and Deputy  
Chief Economic Adviser  
2013-2017

### Senior Staff at the ESRC

(in post at 31 March 2015)



**Professor Paul Boyle**  
Chief Executive, ESRC  
2010-2014



**Mark Robson**  
Head of Statistics and  
Regulatory Data,  
Bank of England  
2015-2019



**Chair**  
Dr Alan Gillespie CBE



**Professor Jane Elliott**  
Chief Executive, ESRC  
2014-



**Martin Rosenbaum**  
BBC Executive Producer  
2012-2018



**Chief Executive**  
Professor Jane Elliott



**Professor-Dame Glynis Breakwell**  
Vice Chancellor,  
University of Bath  
2011-2017



**Professor Judith Squires**  
Pro-Vice Chancellor for  
Education and Students,  
University of Bristol  
2014-2018



**Director of Policy,  
Resources and  
Communications**  
Phil Sooben



**Martin Coleman**  
Head of Competition Law  
Group, Norton Rose LLP  
2010-2016



**Professor Linda Woodhead**  
Professor of Sociology of  
Religion, Lancaster University  
2013-2016



**Deputy Director of  
Policy, Resources and  
Communications**  
Dr Fiona Armstrong



**Professor Simon Collinson**  
Dean, Birmingham Business  
School, Professor of  
International Business and  
Innovation 2011-2018



**Professor Alan Winters**  
Professor of Economics,  
University of Sussex  
2015-2019



**Director of Research,  
Partnerships and  
International**  
Adrian Alsop



**Professor Tara Fenwick**  
Professor of Education at  
the University of Stirling  
2013-2016



**Karin Woodley**  
Chief Executive, Cambridge  
House  
2015-2019



**Deputy Director of  
Research, Partnerships and  
International**  
Jeremy Neathey



**Paul Grice**  
Clerk and Chief Executive of  
the Scottish Parliament  
2009-2015



**Dr Sharon Ellis**  
Representative of the  
Secretary of State for Business,  
Innovation and Skills



**Professor David Martin**  
Professor of Geography,  
University of Southampton  
2010-2016



**Jenny Dibden  
Rebecca Endean**  
BIS Joint Directors for  
Research Base

# Who's who at the ESRC

## Members of Committees 2014-15

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### Methods and Infrastructure Committee

Paul Grice  
Professor Edward Fieldhouse  
Professor Svenja Adolphs  
Professor Andy Furlong  
Mary Hickman  
Professor Allan Hill  
Professor Malcolm Williams  
Professor Robert Wright  
Neil Serougi  
Professor Andrew Henley  
Dr David Marshall  
Dr Paul Williamson  
Professor Ros Edwards  
Dr Paul Meller, ESRC (Secretary)

### Evaluation Committee

Professor Simon Collinson (Chair)  
Professor Brian Francis (left August 2014)  
Dr Suzanne King  
Steven Marwick  
Jeremy Mayhew (left August 2014)  
Professor Sandra Nutley  
Professor Paul Milbourne (left August 2014)  
Professor Gill Valentine  
Professor Anna Vignoles  
Professor Nyovani Madise  
Dr Andrew Stafford, ESRC (Secretary)

### Training and Skills Committee

Professor John Beath (Chair) (left September 2014)  
Professor Tara Fenwick (Chair) (from September 2014)  
Sheryl Burton  
Professor Timothy Clark (Vice-Chair)

Professor Judi Ellis  
Dr Stuart Fancey  
Professor Maia Green  
Professor Simon Handley  
Professor Irene Hardill  
Professor John Holmwood  
Professor Peter Jackson  
Professor Susan McVie  
Professor Peter Smith  
Dr Sally Stares  
Professor Chris Taylor  
Frances Burstow (Secretary)

### Research Committee

Professor Dame Glynis Breakwell (Chair)  
Professor Michael Bradshaw  
Martin Cooke  
Daniel Corry  
Diane Coyle (left August 2014)  
Professor Hilary Graham  
Professor James Love  
Professor Steve Machin  
Professor Jennifer Mason (Vice Chair)  
Professor Claire O'Malley (left August 2014)  
Rosalie Ward  
Jeremy Neathey, ESRC (Secretary)

### Audit Committee

Martin Coleman (Chair)  
Professor Dave Martin  
Professor Linda Woodhead  
Meryl Hayward  
Allan Spencer  
Phil Sooben, ESRC (Secretary)

# Progress against targets and milestones

The ESRC Scorecard for 2014-15 included 174 Key Deliverables divided further into 44 Milestones. Achievements against the milestones can be summarised as follows:

Milestones fully achieved	Milestones partly achieved	Milestones delayed for the next reporting period	Milestones delayed due to the change in the strategic focus	TOTAL
39	1	2	2	44

The progress on one milestone is reported annually over the CSR period 2011-15.

■ **17a in Q4:** Work to reduce our administrative costs by 23 per cent in real terms over the CSR period 2011-15, particularly through: greater streamlining of our processes; greater RCUK harmonisation and integration and; a reduction in Shared Services Centre (SSC) costs.

Commentary: Administration savings are on target.

The following milestone has been **partly achieved**:

■ **9b in Q2:** Commission a Knowledge Exchange Fellowship in the area of 'Urban Transformations'.

Commentary: Commissioning was put on hold whilst the Future Cities Catapult published its Strategy. Discussions are now underway to commission a fellow.

The following milestones have been **delayed for the next reporting period**:

■ **9a in Q2:** Launch a call for up to six innovative research projects in the area of Urban Transformations (UT), addressing the priorities identified in recent scoping work on 'Cities'.

Commentary: A call for research proposals as part of the Urban Transformations priority theme was delayed due to competing demands on limited resources. In total, 34 proposals were submitted and the panel meeting is scheduled for July 2015. The outcomes of the call will be reported in the next reporting year.

■ **16a in Q4:** Continue to develop linkages with the private sector in the area of Extending Working Lives through a call for partnership building awards.

Commentary: This remains a priority area for the Lifelong Health and Wellbeing programme. However, staff resourcing issues mean that this area will now not be pursued this financial year and will be rescheduled to Autumn 2015.

The following milestones have been **delayed due to change in corporate focus**:

■ **13c in Q4:** Appoint a Knowledge Exchange (KE) Fellow to identify the research, evidence and data needs of Voluntary and Community Sector Organisations (VCSOs), to maximise the impact of ESRC-funded research and existing data resources, to increase the strength of relationships between academics and VCSOs, and to scope the possibility of further strategic investment in this area.

Commentary: Due to the decision to fold the development of the KE strategies into ESRC's broader strategic approach, further scoping and development of the KE fellowship will be aligned with the strategic approach timelines.

■ **16f in Q4:** Work with partners in the RCUK Energy Programme to develop a whole systems research challenge addressing issues associated with unconventional hydrocarbon resources.

Commentary: The project has been postponed due to lack of available budget.

# Data protection and information security

## 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 information legislation.

### Summary of protected personal data-related incidents formally reported to the information commissioner's office in 2014-15

Date of incident	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
N/A	N/A	N/A	N/A	N/A

Actions to ensure compliance include:

- Audit of controls and procedures for handling information and data
- Regular review of the ESRC risk register to ensure it is appropriate in relation to risks to personal data
- A rolling programme of information security monitoring and assurance under the council's risk management and Internal Audit Assurance Strategy
- Data protection training for all new starters
- Freedom of information training for all new starters
- Regular updates and reminders to all staff about information security.

### Summary of other protected personal data-related incidents in 2014-15

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.

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	0
II	Loss of inadequately protected electronic equipment, devices or paper documents	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper document	0
IV	Unauthorised disclosure	7
V	Other	6

### Year-on-year total numbers of protected personal data-related incidents prior to 2014-15

Total number of protected personal data-related incidents formally reported to the Information Commissioner's Office by category number

	I	II	III	IV	V	Total
2014-15	0	0	0	0	0	0
2013-14	0	0	0	0	0	0
2012-13	0	0	0	0	0	0

Total number of other protected personal data-related incidents, by category number

	I	II	III	IV	V	Total
2014-15	0	0	0	7	6	13
2013-14	0	0	0	4	1	5
2012-13	0	0	0	0	1	1

# Research and training

## Research grants

### Applications and awards by discipline 2014-15

Primary discipline	Applications	Awards	Success rate %
Psychology	122	18	15
Sociology	59	5	8
Economics	41	4	10
Political Science and International	32	7	22
Education	22	3	
Human Geography	21	2	
Management and Business Studies	21	1	
Social Policy	18	2	
Linguistics	16	1	
Socio Legal Studies	16	4	
Science and Technology Studies	11	1	
Economic and Social History	10		
Area and Development Studies	9		
Social Anthropology	8	2	
Social Work	6	1	
Environmental Planning	4		
Demography	2	1	
Social Statistics, Computation and Methods	1	1	
Statistics, Methods& Computing	1		
<b>Grand total</b>	<b>420</b>	<b>53</b>	<b>13</b>

### Application success rates overall 2014-15

	Applications	Awards	Success rate %	Value £
Research grants (open call)	420	53	13	23,928,376

Open call research grants exclude schemes such as the Secondary Data Analysis Initiative, the Transformative Research scheme and Future Research Leaders scheme

### Application success rates by region 2014-15

	Number of applications			Number of awards			Success rate %		
	12-13	13-14	14-15	12-13	13-14	14-15	12-13	13-14	14-15
England	266	282	350	73	73	43	27	26	12
Northern Ireland	4	6	3	1	2	0	25	33	0
Scotland	32	36	48	6	5	8	19	14	17
Wales	13	10	19	4	2	2	31	20	11
<b>Total</b>	<b>315</b>	<b>334</b>	<b>420</b>	<b>84</b>	<b>82</b>	<b>53</b>	<b>27</b>	<b>25</b>	<b>13</b>

## Applications and awards by institution 2014-15

Data includes all research (standard) grant proposals processed to a funding decision in Financial Year 2014-15.

Research organisation	Applications	Awards	Total £	Success rate %
Anglia Ruskin University	2	0	0	0
Aston University	2	0	0	0
Bangor University	1	0	0	0
Birkbeck College	4	1	510,460	25
Bournemouth University	2	0	0	0
Brunel University London	3	1	205,844	33
Cardiff University	13	2	1,359,310	15
City University London	10	2	542,303	20
Coventry University	1	0	0	0
De Montfort University	2	1	373,470	50
Durham University	10	0	0	0
Edinburgh Napier University	1	0	0	0
Goldsmiths College	2	0	0	0
Heriot-Watt University	4	0	0	0
Imperial College London	3	0	0	0
Institute for Fiscal Studies	1	1	206,850	100
Institute of Development Studies	1	0	0	0
Institute of Education	7	1	276,744	14
Keele University	1	0	0	0
King's College London	11	1	328,096	9
Kingston University	2	0	0	0
Lancaster University	8	2	657,056	25
Leeds Beckett University	1	0	0	0
Liverpool John Moores University	1	0	0	0
London Business School	1	0	0	0
London School of Hygiene and Trop Medicine	2	0	0	0
London School of Economics and Political Science	12	3	1,772,952	25
London South Bank University	2	0	0	0
Loughborough University	2	0	0	0
Manchester Metropolitan University	2	0	0	0
Middlesex University	5	0	0	0
National Institute of Economic and Soc Res	1	0	0	0
Newman University	1	0	0	0
Northumbria University	1	0	0	0
Open University	12	3	1,290,738	25
Oxford Brookes University	1	0	0	0
Queen Margaret University Edinburgh	2	0	0	0
Queen Mary, University of London	8	2	940,838	25
Queen's University of Belfast	3	0	0	0
Roehampton University	2	0	0	0

Percentages are only indicative given the small numbers of applications per institution in any one year

# Research and training

## Research grants

### Applications and awards by institution 2014-15 continued

Research organisation	Applications	Awards	Total £ (at 80%)	Success rate %
Royal Holloway, University of London	11	3	896,903	27
Royal Veterinary College	1	0	0	0
School of Oriental and African Studies	1	0	0	0
Sheffield Hallam University	1	0	0	0
St Mary's University Twickenham	1	0	0	0
Swansea University	3	0	0	0
The University of Manchester	8	0	0	0
University College London	15	1	347,340	7
University of Aberdeen	10	3	684,691	30
University of Bath	6	0	0	0
University of Bedfordshire	1	0	0	0
University of Birmingham	8	1	328,240	13
University of Bradford	2	0	0	0
University of Brighton	1	0	0	0
University of Bristol	10	3	2,902,664	30
University of Cambridge	10	4	1,898,686	40
University of Central Lancashire	3	0	0	0
University of Dundee	4	0	0	0
University of East Anglia	9	2	528,964	22
University of East London	1	0	0	0
University of Edinburgh	6	1	222,195	17
University of Essex	8	1	784,519	13
University of Exeter	11	2	1,125,709	18
University of Glamorgan	2	0	0	0
University of Glasgow	12	3	1,234,573	25
University of Greenwich	1	0	0	0
University of Hertfordshire	1	0	0	0
University of Hull	5	0	0	0
University of Kent	3	0	0	0
University of Leeds	8	1	487,411	13
University of Leicester	2	0	0	0
University of Lincoln	2	0	0	0
University of Liverpool	12	2	1,363,890	17
University of Northampton	1	0	0	0
University of Oxford	11	2	895,214	18
University of Plymouth	4	0	0	0
University of Portsmouth	2	0	0	0
University of Reading	4	1	408,192	25
University of Salford	2	0	0	0
University of Sheffield	11	0	0	0
University of Southampton	12	0	0	0
University of St Andrews	1	0	0	0

## Applications and awards by institution 2014-15 continued

Research organisation	Applications	Awards	Total £ (at 80%)	Success rate %
University of Stirling	4	0	0	0
University of Strathclyde	4	1	259,916	25
University of Surrey	5	0	0	0
University of Sussex	6	0	0	0
University of the West of England	2	0	0	0
University of Warwick	4	1	532,350	25
University of Westminster	4	0	0	0
University of Worcester	1	0	0	0
University of York	13	1	562,262	8
<b>Total</b>	<b>420</b>	<b>53</b>	<b>23,928,376</b>	<b>13</b>

# Research and training

## Expenditure

### Regional spend 2014-15

Region	Research (£000)	Training (£000)	2014-15 Spend (£000)
East Midlands	2,942	1,587	4,529
Eastern	21,575	3,555	25,129
London	44,656	10,830	55,486
North East	2,821	2,029	4,850
North West	8,539	4,790	13,328
Northern Ireland	2,872	74	2,945
Scotland	13,976	5,005	18,981
South East	21,120	7,553	28,673
South West	6,475	3,125	9,600
Wales	5,678	2,807	8,485
West Midlands	6,579	3,269	9,848
Yorkshire and Humberside	7,000	3,681	10,681
Other*	3,480	0	3,480
<b>Total</b>	<b>147,712</b>	<b>48,304</b>	<b>196,016</b>
<b>Other net distributions</b>	<b>17,258</b>	<b>-1,265</b>	<b>15,993</b>
<b>Total programme investment</b>	<b>164,970</b>	<b>47,039</b>	<b>212,009</b>

\*Awards made outside the UK

### Top 11 institutions by research and training expenditure

Research organisation	2014-15 spend (£000)
University of Essex	18,417
University College London	17,372
University of Edinburgh	11,788
Institute of Education	11,449
London School of Economics and Political Science	10,292
University of Oxford	9,798
University of Southampton	8,442
University of Warwick	5,584
Cardiff University	5,555
The University of Manchester	5,513
University of Liverpool	5,401
<b>Total</b>	<b>109,611</b>
<b>% of overall total</b>	<b>55.92%</b>

### Top 11 institutions by research expenditure

Research organisation	2014-15 spend (£000)
University of Essex	17,046
University College London	14,506
Institute of Education	9,446
London School of Economics and Political Science	7,440
University of Edinburgh	7,162
University of Southampton	7,006
University of Oxford	6,486
The University of Manchester	5,332
University of Warwick	3,539
University of Glasgow	3,295
Institute for Fiscal Studies	3,272
<b>Total</b>	<b>84,530</b>
<b>% of overall total</b>	<b>57.23%</b>

### Top 11 institutions by training expenditure

Research organisation	2014-15 spend (£000)
University of Edinburgh	4,625
University of Liverpool	4,391
University of Sheffield	3,330
University of Oxford	3,312
University of Bristol	3,046
University College London	2,866
London School of Economics and Political Science	2,852
Cardiff University	2,751
University of Cambridge	2,076
University of Warwick	2,045
Institute of Education	2,003
<b>Total</b>	<b>33,298</b>
<b>% of overall total</b>	<b>68.93%</b>

# Research and training

## Evaluation

All ESRC research grant end-of-award and impact reports are peer-reviewed and graded. A summary of evaluation grades by academic discipline follows. Following a change in approach to evaluation from September 2014 the ESRC will no longer be evaluating all grants in isolation and as such this will be the final year for the inclusion of this evaluation data.

Discipline	Total evaluated	O	VG	G	S	W	U
Area Studies	11	18%	36%	45%	0%	0%	0%
Economic and Social History	7	43%	43%	14%	0%	0%	0%
Economics	30	20%	50%	23%	7%	0%	0%
Education	9	33%	44%	22%	0%	0%	0%
Environmental Planning/Sciences	4	0%	100%	0%	0%	0%	0%
Human Geography	15	27%	60%	13%	0%	0%	0%
Linguistics	5	20%	60%	20%	0%	0%	0%
Management and Business Studies	13	0%	46%	54%	0%	0%	0%
Political Science and International Relations	19	21%	42%	32%	5%	0%	0%
Psychology	44	25%	55%	20%	0%	0%	0%
Science and Technology Studies	5	40%	20%	40%	0%	0%	0%
Social Anthropology	4	50%	50%	0%	0%	0%	0%
Social Policy	11	18%	55%	27%	0%	0%	0%
Social Work	3	33%	67%	0%	0%	0%	0%
Socio-Legal Studies	8	0%	75%	25%	0%	0%	0%
Sociology	28	25%	64%	4%	7%	0%	0%
Statistics, Computing and Methodology	11	9%	64%	27%	0%	0%	0%
<b>Total</b>	<b>227</b>	<b>22%</b>	<b>54%</b>	<b>22%</b>	<b>2%</b>	<b>0%</b>	<b>0%</b>

### Grade definitions

*Outstanding (O)* – Research of the highest international quality and impact, with publications submitted to (or published in) leading journals or other academic outlets; and/or high-quality research with evidence of major impact on policy and practice.

*Very Good (VG)* – Research of strong international quality and strong impact within its field, with publications submitted to (or published in) leading journals or other academic outlets; and/or high-quality research with evidence of substantial impact on policy and practice.

*Good (G)* – Research of international quality and good impact within its field, with publications submitted to (or published in) well-regarded journals or other academic outlets; and/or high-quality research with some evidence of impact on policy and practice.

*Satisfactory (S)* – Research of good national standard and some impact within its field, with publications submitted to (or published in) good research outlets; and/or high-quality research with likely future impact on policy and practice.

*Weak (W)* – Research of sub-national standard and no impact within its field, with no publications submitted to (or published in) good research outlets. Or work that has failed to address some of the objectives agreed with the ESRC for reasons within the grant holder's control.

*Unacceptable (U)* – Research of poor standard, with no publications submitted to (or published in) good research outlets. Or work that has failed to address most of the objectives agreed with the ESRC for reasons within the grant holder's control.

# Management commentary and accounts

# Strategic Report

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## Fair Review of ESRC Business

### Brief History and Statutory Background

The Economic and Social Research Council (ESRC) is an independent organisation, established by Royal Charter in 1965, and funded mainly by the Government through the Department for Business, Innovation and Skills (BIS). It is the UK's largest funder of social and economic research, supports the development and training of the UK's future social scientists and also funds major studies that provide the infrastructure for research.

### Nature of Organisation

The ESRC spends approximately £200 million on research and training, supports over 5,000 researchers and students, and has around 140 staff. The ESRC also works collaboratively with six other UK Research Councils, RCUK and Innovate UK to fund cross-disciplinary research and innovation addressing major societal challenges. ESRC funded research informs policymakers and practitioners and helps make businesses, voluntary bodies and other organisations more effective.

### Performance and Position of Organisation

ESRC is the UK's largest organisation funding research on economic and social issues, supporting independent, high quality research which influences business, the public sector and the charity and voluntary sector.

**Quality:** All ESRC research awards are made in open competition, subject to transparent peer assessment at the outset and evaluation on completion. Rigorous standards are applied to all the training we support. Our research often involves multidisciplinary teams, collaboration with other councils, and frequently takes a long-term view. Our datasets, longitudinal and panel studies are internationally acclaimed resources.

**Impact:** Our research makes a difference: it shapes public policies and makes businesses, voluntary bodies and other organisations more effective as well as shaping wider society. Our knowledge exchange schemes are carefully devised to maximise the economic and social impacts of the research that we fund.

**Independence:** Although publicly funded, our Royal Charter emphasises the importance of independence and impartial research. We have no in-house researchers, but distribute funds to academics in universities and other institutes throughout the UK.

### Future Performance

The past 50 years have seen a marked increase in global interdependencies with many of the current challenges we face having a global reach, and increasingly the best work is being done by research teams working across national boundaries. The international dimension of our work therefore needs to be in even stronger focus in the years to come. We will work with international funding partners to enable UK researchers to collaborate with the best scholars in their field across the globe, and support research that is world class and informs prosperity, wellbeing and justice on an international scale.

The research we support is all peer-reviewed and only the highest quality work is supported. Decisions about what and who to fund are independent from government and sectional interests of any kind. Maintaining the excellence of the social sciences in the UK is vital to maximising its impact and encourages international collaborations and investment.

We are committed to driving innovation and maximising the impact of all the work that we support, ensuring research outcomes are open and accessible to research users and the public. Impact can be immediate or realized over the longer term, but it is most effective where social scientists are supported to build relationships with relevant stakeholders from the earliest stages of the research process.

Much social science requires high-quality data and a robust infrastructure. We will continue to support a coherent portfolio of data resources, including our world-class longitudinal studies, to allow researchers to answer the fundamental questions facing our society. The ESRC will also play a key role in making new sources and forms of data available to researchers. Analysis of data in real time will dramatically increase the pace of both discovery and application, enabling researchers to respond quickly to new challenges and opportunities.

Excellent social science needs people with the skills, curiosity and creativity to be truly innovative. It also requires people with the ability to work in interdisciplinary teams and to communicate research ideas and findings clearly. We are committed to working with universities and other research organisations to develop the next generation of social scientists. Together we will ensure that they are equipped to undertake high-quality analytical work, to handle different forms of data, and to collaborate with others.

Over the coming years we will continue to collaborate closely with a wide range of stakeholders – including the other research councils and Innovate UK, learned societies, universities and other research organisations, and those from business, government and the third sector. Together we will identify key priorities for social science research and work to maximise the benefits of that research for society.

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## Principal Risks and Uncertainties

ESRC's risk management process is designed to manage risk and not eliminate it. Indeed in terms of our commitment to supporting innovative and transformative research our appetite for risk is high. Our internal process allows individual risk owners and the ESRC Directors' Group to review and revise our corporate risks on a regular basis, to agree on appropriate mitigation actions and provide assurance that risks are being managed.

Strategic risks are also regularly reviewed by Audit Committee and Council, who pay particular attention to those highlighted as significant high-level risks. These are also reported to BIS on a regular basis. It is through this process that ESRC is able to manage the key headline risks that impact on the delivery of our programmes and operations and enables mitigating actions to be agreed and implemented.

The principal operational risks for ESRC are the challenges posed by continuing pressures on administration and programme delivery budgets and by the shared services environment while the principal strategic risks are our inability to fund as much high quality work as we would wish as well as the continuing need to provide an appropriately robust evidence base to demonstrate the value and impact of both current activities and previously funded work.

## Performance Against Key Performance Indicators (KPIs)

The ESRC's performance is measured against objectives across a large number of areas, helping the Council to provide funding across the range of disciplines within the social sciences to academics carrying out excellent research at every stage of their career. Our KPIs ensure that ESRC funding responds to the requirements of the research community and results in research which fosters new collaborations with non-academic partners, informs public policy and ensures UK researchers are key players on the international stage.

In 2014-15 28% of the grants awarded by ESRC included non-academic partners, an increase of 23% over the previous year. During this period, authorised research grants leveraged £8 million from 223 different organisations. The total amount leveraged from all of the research grants which were active at the end of the 2014-15 financial period stood at over £16 million from over 394 different organisations. In total, 42% of all funded researchers on research grants Principal Investigators (PIs) and Co-Investigators (Co-Is) are female of which 47% of PIs are female. In 2014-15 49% of the PIs on research grants only are awarded by ESRC to females.

ESRC provides funding for 600 studentships per annum, with co-funding from both academic and non-academic partners this result in nearly 800 new studentships being awarded each year. The amount of co-funding leveraged by our Doctoral Training Centres has increased every year since they were introduced in 2011, for studentships starting in October 2014 this was in around of £6.9 million (please note that this is only indicative as the data used is not necessarily a true reflection of what all of the DTCs have been doing in this area). At any one time ESRC funds approximately 2800 studentships in total. 58% of ESRC studentships with funding starting in 2014-15 were female applicants (814 awards).

## Going Concern

The financial statements have been prepared on a Going Concern basis. For full disclosure please refer to Note 1(a) of the Accounts.

## Financial Performance

The accounts for the year ended 31 March 2015 record gross expenditure of £225m compared with £223m for 2013-14. The Government Funds as at 31 March 2015 showed a deficit of £5.5m compared to a deficit of £7.5m in 2013-14. Total Grant in Aid drawn down was £207m of which £45m related to capital expenditure.

Outturn £000	Resource	Capital	Total
Allocation	159,258	44,700	203,958
Outturn	159,174	44,694	203,868
In year Underspend	84	6	90

a. Reconciliation of net resource expenditure between allocation, outturn and accounts.

# Strategic Report

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## BIS Allocation

Administration	3,296
Programmes	155,782
Capital	44,700
Depreciation	180
Administration Expenditure	3,292
Programme Expenditure	155,741
Capital Expenditure	44,694
Depreciation Expenditure	141
Final ESRC Underspend	90
DEL Expenditure	203,868
Notional Charges	1,477
<b>Total Comprehensive Net Expenditure</b>	<b>205,345</b>

## Creditor Payment Policy

The ESRC observes HM Treasury Guidance and makes every effort to pay creditors within 5 days of receipt of invoice. Where this is not possible, the ESRC observes the CBI's Prompt Payers' Guide, and adheres to the Principles of the Prompt Payers' Code, endeavouring to ensure compliance with the agreed terms of payment of creditors' invoices and to pay them within 30 days of receipt of goods and services. During 2014-15 an average of 91% of payments were made within 5 days (2013-14 87%).

## Efficiency

As set out as part of the 2010 spending review settlement, the Research Councils have been implementing an efficiency programme to drive down the costs and overheads associated with research. The efficiency savings derived from this programme are being re-invested in research. For further details on the RCUK efficiency programme please refer to the Governance Statement on page 60.

The Professional Support Unit (PSU) was established in 2013 to provide professional services in Facilities, Finance, Human Resources, Information Technology, Project Management and Reprographics to three Research Councils: AHRC, EPSRC and ESRC.

The purpose of the PSU is to deliver economies of scale, reduce costs and harmonise the policies and processes it operates on behalf of the three Councils. In order to achieve its aims, the PSU will not only receive direction from the PSU Management Board to implement change but also possess the authority to propose and create efficiencies and harmonisation to benefit the three Councils, which will include:

- value for money;
- synergies of shared resource;
- improvement and streamlining of policies and procedures through the pooling of best practice

## UK Shared Business Services UK (UK SBS)

UK SBS Ltd provides operational and transactional services to ESRC covering Finance, Human Resources, Information Systems, Procurement and Payroll. A review of UK SBS Ltd service delivery and the associated assurance issues are covered in the Governance Statement.

## Diversity and Equality

ESRC policy on recruitment and selection is based on the Equality Act 2010 and focuses on the ability of the candidate to perform the job regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. If disability should occur during employment, the Research Council would make every effort to maintain employment and to ensure the availability of adequate retraining and career development facilities.

ESRC holds 'two ticks' Positive About Disabled People status which is awarded to employers who have made a commitment to employ, keep and develop the abilities of disabled staff. The annual review was successful and retention of the award was confirmed for a further year.

ESRC has agreed to embrace the Mindful Employer initiative. PSU HR attends seminars and networking events involving other organisations. The initiative indicates a positive attitude about mental health, and demonstrates ESRCs commitment to improving the working lives of its employees.

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PSU HR is working with the three Councils it supports to source, develop and introduce unconscious bias training for employees, board and committee members and external reviewers. This training commenced at the end of the 2014-15 reporting year and will continue through 2015.

ESRC has worked closely with other Research Councils on Equality and Diversity during the year. As part of this dialogue a common format for reporting on Equality and Diversity statistics is being discussed which will ensure a consistent approach to the publication of cross-Council data by RCUK.

## Employee Engagement

Employee involvement in management and policy matters continues through on-going dialogue between all colleagues within ESRC. The Professional Support Unit (PSU) which was formed in 2013-14 and hosted by AHRC continues to engage with colleagues to facilitate management and policy matters for HR, Finance, IT and Project work in support of AHRC, ESRC and EPSRC.

ESRC continues to recognise, and consults with, the Public and Commercial Services Union and Prospect on issues relating to pay and terms and conditions of employment. Consultation takes place through the Joint Negotiation Consultative Committee meeting on a quarterly basis. During the year the move to a harmonised set of non-pay employment terms and conditions has continued.

## Health and Safety

ESRC is a joint member of a cross Research Council Health and Safety Committee. This committee considers and manages health and safety for EPSRC, ESRC and AHRC, and is supported and managed by PSU HR. The committee has developed and implemented a common health and safety policy across the 3 Research Councils and has a continuous programme of inspections and engagement with employees in the 3 Research Councils. Joint Building and Office Services continues to provide health and safety support and administration across the 7 Research Councils, relating to induction of new starters, first aid and fire safety.

## Staff Report

The number of persons of each gender who were employed by ESRC shown as average full time equivalents over the year ended 31 March 2015 are as follows:

	Male	Female
Directors	3	2
Senior managers	4	11
Other employees	32	88
<b>Total</b>	<b>39</b>	<b>101</b>

## Environmental Policy

Due to its headcount and the floor area it occupies, ESRC is out of scope and has received an exemption from BIS for reporting against the Greening Government and Sustainability requirements.

The Natural Environment Research Council (NERC) has developed a Cross Council Environment Policy which is supported by ESRC. ESRC continues to work with other Research Councils and tenants of Polaris House, Swindon in ensuring the building's impact on the environment is as limited as possible. Currently 91% of waste is recycled – paper, metal, plastic, wood, food waste, old PCs and printers, mobile phones, toner cartridges, batteries and spectacles are all routinely recycled. An environmental plan for the site contains a number of objectives including ongoing waste reduction, introducing solar electricity and water heating, promoting and encouraging a site culture of recycle, reduce and reuse and enhancing the natural environment on site through introducing flora and fauna.

A Green Travel Plan for Polaris House has also been written and endorsed by RCUK's Executive Group to promote sustainable travel and reduce the environmental and social impacts of travel – both commuting and business travel. The plan outlines a number of short, medium and long term objectives, including promoting car share schemes and working with Swindon Borough Council to open park and ride schemes and improve bus facilities.

NERC takes overall responsibility for the environmental policy in Polaris House and a fuller Sustainability Report is given in their Annual Report and Accounts at [www.nerc.ac.uk](http://www.nerc.ac.uk).

Professor Jane Elliott  
Accounting Officer  
9 June 2015

# Directors Report

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## Council and Management Board Members

The membership of ESRC's Council and main advisory boards, methods and infrastructure committee, training and skills committee, and research committee are listed on page 32. Council members' remuneration is listed in the Remuneration Report (page 53) along with their remuneration for 2014-15. The chairman of ESRC's Council is Dr Alan Gillespie and the Chief Executive Officer is Professor Jane Elliott.

## Auditors

The accounts have been audited by the Comptroller and Auditor General, who has been appointed under statute and is responsible to Parliament. The cost of the audit was £47,000. No remuneration was paid to the external auditors in respect of non-audit work in 2014-15. Internal audit was provided independently by the Research Councils' Audit and Assurance Services Group (AASG). AASG reports annually to the Audit Committee. The cost of internal audits and funding assurance undertaken during 2014-15 was £69,694. No remuneration was paid to the internal auditors in respect of non-audit work during 2014-15.

The Accounting Officer has taken all reasonable steps to ensure that she is aware of all relevant audit information and to ensure that the Council's auditors are aware of that information. As far as the Accounting Officer is aware, there is no relevant audit information of which ESRC auditors are unaware.

## Directors' Review

We as management have insured that the National Audit Office team have been given all that they need in order to complete their audit.

## Conflicts of Interest

The potential conflicts of interest for ESRC are fully disclosed in note 16 to the accounts on page 83.

## Sickness Absence Data

PSU Human Resources and the ESRC management monitor staff sick absences on an on-going basis with all sickness absences followed up by a return to work interview in line with the harmonised Research Council Sickness Absence Policy. Short-term and long-term absences are managed on a case-by-case basis with appropriate support from an Occupational Health Physician.

	2014-15	2013-14
Average number of staff during year	140	142
Total days lost to sickness	1,123	795
Average working days lost	8	6
Days lost to long term absences	465	383

Common Cause of Absence	Days Lost	%
Anxiety/Stress Related	388	35
Cough/Cold/Flu	154	14
Accident/Injury	103	9
Surgery	63	6
Gastrointestinal	52	5

## Pension Liabilities

The accounting treatment of pension liabilities and details of ESRC's pension schemes are fully disclosed in the Remuneration Report (page 52), accounting policy note 1(o) (page 73) and note 3(b) to the accounts (page 75).

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## Personal Data Related Incidents

ESRC had no protected personal data related incidents that were formally reported to Information Commissioner's Office in 2014-15.

### Summary of other protected personal data related incidents in 2014-15.

Category	Nature of incident	Total (number)
1	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	0
2	Loss of inadequately protected electronic equipment, devices or paper documents	0
3	Insecure disposal of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	0
4	Unauthorised disclosure	7
5	Other	6

Please note that ESRC data security policy and controls is disclosed in the Governance Statement on page 59.

## Freedom of Information

Since its formation ESRC has been subject to the Freedom of Information Act. During 2014-15 ESRC provided information in response to 25 requests.

Professor Jane Elliott  
Accounting Officer  
9 June 2015

# Remuneration Report 2014-15

## Unaudited Information

### Remuneration Policy

The remuneration of the Chief Executive of ESRC is decided by a Remuneration Panel chaired by the BIS Director General of Knowledge and Innovation and approved by the BIS Permanent Secretary.

The performance of ESRC Directors is assessed annually by the Directors Remuneration Committee chaired by the Chair of Council with the ESRC Chief Executive and the Chair of ESRC Audit Committee serving as members. Assessments are made using ESRC's Staff Performance Management process taking into the account the following:

- Bench marking against comparators in other Research Councils;
- Annual increases agreed for other staff pay grades within ESRC;
- BIS and Government pay policy guidelines and constraints.

There is no separate Remuneration Committee that considers the pay of other senior staff.

All remuneration increases are subject to a satisfactory performance assessment. The amount of any non-consolidated one off bonus payments is determined by the level of performance rating within the year.

The remuneration of ESRC's Council members and Chairman is reviewed annually by BIS.

### Contracts of Employment

#### Chief Executive

The Chief Executive Officer is contracted for the period 1 October 2014 to 30 September 2018. This is a part-time appointment at 0.95 of 1 full time equivalent.

#### Directors

All Directors are employees of the ESRC.

The Chief Executive and all Directors are subject to a notice period of 3 months and any compensation awarded for early termination is subject to the terms and conditions of the Research Council's Joint Superannuation Early Severance Scheme. The Chairman and Council members receive a letter of appointment from BIS and are not employees of the ESRC although remuneration is made through the ESRC payroll. The terms of appointment allow for members to resign from office by notice in writing to the Secretary of State. Members may also be removed from office by the Secretary of State on grounds of incapacity or misbehaviour or a failure to observe the terms and conditions of appointment.

## Audited Information

### Salary and Pension Entitlements

The following sections provide details of the remuneration of the Council Chair; Council Members, Chief Executive and Directors of ESRC and the pension benefits of the Chief Executive and Directors of ESRC.

Remuneration	2014-15				2013-14			
	Salary (£000)	Bonus (£000)	Pension benefits* (£000)	Total (£000)	Salary (£000)	Bonus (£000)	Pension benefits* (£000)	Total (£000)
Prof P Boyle, Chief Executive <sup>3</sup>	50-55	5-10	-	55-60	120-125	5-10	60-65	190-195
Prof B J Elliott, Chief Executive <sup>2</sup>	55-60	-	20-25	75-80	-	-	-	-
Mr A Alsop, Director	70-75	0-5	25-30	100-105	70-75	0-5	40-45	115-120
Mr N Bird, Director <sup>1</sup>	-	-	-	-	10-15	-	0-5	10-15
Mr P Sooben, Director	70-75	0-5	30-35	105-110	70-75	0-5	45-50	120-125

\* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

<sup>1</sup> Part-year – Left 03-06-13. Full year equivalent 13-14 £60k-65k.

<sup>2</sup> Professor Elliott became CEO of ESRC with effect from 01-10-14. This is a part-time contract of 0.95 of 1FTE. Full Year FTE equivalent £120k-125k.

<sup>3</sup> Professor Boyle left 31-08-14. This is the 2013-14 performance bonus. Full year equivalent salary £120k-125k.

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

	<b>2014-15</b>	<b>2013-14</b>
	<b>£000</b>	<b>£000</b>
Band of Highest Paid Director Total Remuneration <sup>1</sup>	125-130	125-130
Median Remuneration of ESRC's staff	29	29
Ratio	4.19	4.45

Salary paid in 2014-15 includes gross salary, overtime, recruitment and retention allowances, responsibility allowances and any other allowance to the extent that it is subject to UK taxation.

It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

There has been an increase to the average annual earnings (excluding bonuses) for these members of staff of 3% between 2013-14 and 2014-15.

There were no benefits in kind paid to any of these members of staff in 2014-15.

In 2014-15 no employees received remuneration in excess of the highest-paid director (2013-14, 0).

Decisions on whether to award non-consolidated performance awards to Directors are made by the CEO in conjunction with the Remuneration Committee. Decisions are strictly performance based and made in accordance with Cabinet Office Guidance 'Senior Civil Service pay 2013-14' document published in March 2013 and Non-Consolidated Performance Related Pay (NCPRP) guidance set out in the Government's announcement in May 2010. Directors were awarded non-consolidated awards based on how well they achieved or exceeded their personal objectives given to them at the beginning of the appraisal period by the CEO and approved by the Remuneration Committee.

The Professional Support Unit (PSU) was created in the year 2013-14. The Head of the PSU, Mr G Raikes, is the Director responsible to each Research Council for all PSU services provided to that Council, and he reports to the CEO of each of the Councils supported by PSU. Mr Raikes' salary is paid by his employing Council (AHRC) and is disclosed in its Annual Report. A proportion of Mr Raikes salary is recharged across the PSU Councils as part of the agreed charging process. A PSU recharge is necessary to ensure each of the Council's costs fairly reflect the services received.

The Remuneration of the Head of PSU is determined by the employing Council's Remuneration Committee.

## Pension Benefits

(Audited Information)

Chief Executive and Directors	Accrued pension at pension age as at 31.3.15 and related lump sum		Real increase in pension and related lump sum and related lump sum at pension age		CETV at 31.3.15	CETV at 31.3.14	Real increase in CETV
	£000		£000		£000	£000	£000
Prof P Boyle Chief Executive**	1	No lump sum	9.7	No lump sum	13	120	118
Prof B J Elliott Chief Executive	1	No lump sum	1.3	No lump sum	15	-	10
Mr A Alsop Director*	33	Plus lump sum 98	1.5	Plus lump sum 4	715	656	27
Mr P Sooben Director	28	Plus lump sum 39	1.8	Plus lump sum 0.9	439	396	20

\*A payment for added pension and buy out on retirement was effective from 31/03/15. The value was £99,428.

\*\* Professor Boyle left the ESRC 31/08/14.

# Remuneration Report 2014-15

## Pensions

Details of the Research Councils' Pension Scheme (RCPS) are included in Note 3 to the Accounts.

### Research Council Pension Scheme (Unaudited Information)

The employees of ESRC are offered membership to the Research Councils' Pension Scheme (RCPS) which is an unfunded defined benefit scheme paid for by employee and employer contributions as well as annual Grant-in-Aid on a pay-as-you-go basis. 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.

All public service pension schemes have been required to deliver savings following a review of public service pensions by Lord Hutton. These savings are equivalent to an average increase of 3.2% in employee contributions paid by most RCPS members. These increases were spread over three years, the first applied in April 2012, the second in April 2013 and the last due in April 2014.

Employee contribution rates are as follows:

Annual Pensionable Earnings (full-time equivalent basis)	Classic Scheme Contribution from 1 April 2014 %	Premium, Classic Plus and Nuvos schemes Contribution from 1 April 2014 %
Up to £15,000	1.50	3.50
£15,001-£21,000	3.00	5.00
£21,001-£30,000	4.48	6.48
£30,001-£50,000	5.27	7.27
£50,001-£60,000	6.06	8.06
Over £60,000	6.85	8.85

### The Cash Equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Research Councils' pension arrangements and for which the RCPS has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### The Real Increase in the Value of the CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

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## Council Member's Remuneration

Remuneration rates for Council Chair and Council Members are the same across Research Councils. BIS advise Research Councils of the rates they are required to pay following an annual review.

Council Chair and Council Member appointments are ministerial appointments made by the Secretary of State for BIS. The process for new appointments to the Council Chair and Council Members follows the best practice outlined in the Code of the Commissioner for Public Appointments. This is available at [www.publicappointmentscommissioner.independent.gov.uk](http://www.publicappointmentscommissioner.independent.gov.uk). In accordance with the Code, vacancies are advertised nationally and a panel, including independent members, oversee the process. The panel reviews all applications, shortlists and interviews 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 BIS on his behalf to the successful candidate.

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

As well as an honorarium in recognition of their service to ESRC, Council members are refunded for reasonable expenses. Members of Council who are civil servants are not entitled to receive an honorarium.

Council Chair and Council Members (Audited Information)	Period of Appointment	2014-15 Remuneration £k	2013-14 Remuneration £k
Dr Alan Gillespie – Chair of Council	01/06/09 – 09/06/17	15 -20	15-20
Professor John Beath – Chair, Training & Skills Committee	01/08/09 – 31/07/14	0-5	5-10
Professor Dame Glynis Breakwell – Chair Research Committee	01/08/11 – 31/07/17	5-10	5-10
Mr Martin Coleman – Chair, Audit Committee	01/04/10 – 31/07/16	5-10	5 -10
Professor Simon Collinson	01/04/11 – 31/03/18	5-10	5-10
Professor Stuart Croft	01/08/11 – 31/07/14	0-5	5-10
Professor Tara Fenwick	01/08/13 – 31/07/16	5-10	5-10
Mr Paul Grice	26/10/09 – 31/07/15	5-10	5-10
Professor David Martin	01/08/10 – 31/07/16	5-10	5-10
Professor Judith Squires	01/09/14 – 31/08/18	0-5	-
Dr James Richardson*	01/08/13 – 31/07/17	-	-
Mr Martin Rosenbaum	01/08/12 – 31/07/15	5-10	5-10
Professor Linda Woodhead	01/08/13 – 31/07/16	5-10	0-5

\* Remuneration not payable as member works in the Civil Service.

Professor Jane Elliott  
Accounting Officer  
9 June 2015

# Statement of Council's and Chief Executive's Responsibilities

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Under paragraph 3 of Schedule 1 to the Science and Technology Act 1965 the Secretary of State for Business, Innovation and Skills (BIS) with the consent of the Treasury has directed the Council to prepare for each financial year a statement of account in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Council and of its income and expenditure, changes in tax payers equity and cash flows for the financial year.

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

- Observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make 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 disclosed and explain any material departures in the financial statements; and
- Prepare the financial statements on a going concern basis.

The Accounting Officer for BIS has designated the Chief Executive of the Economic and Social Research Council as the Accounting Officer for the ESRC. 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 Council's assets, are set out in *Managing Public Money* published by the HM Treasury.

# Governance Statement 2014-15

This Governance Statement sets out my assessment of ESRC's potential vulnerabilities and capability to deal with the challenges facing us in our operating environment.

## Scope of Responsibility

As Accounting Officer, I have personal responsibility for maintaining a sound system of governance and internal control, which supports the achievement of ESRC's policies, aims and objectives. I also safeguard the public funds and ESRC assets for which I am responsible, ensuring they are properly accounted for and used economically, efficiently and effectively, in accordance with 'Managing Public Money' and the requirements set out in the Management Statement and Financial Memorandum agreed between ESRC and its sponsoring department, the Department for Business, Innovation and Skills (BIS). I am supported in my role as Accounting Officer by a governance framework, which includes the Council, its Committees and Senior Management.

In forming my assessment I have examined the following sources of information:

- All Council and committee meeting minutes;
- The work of internal audit, including work undertaken to evaluate funding assurance in UK universities;
- The assessments of my individual directors as covered in their stewardship reports;

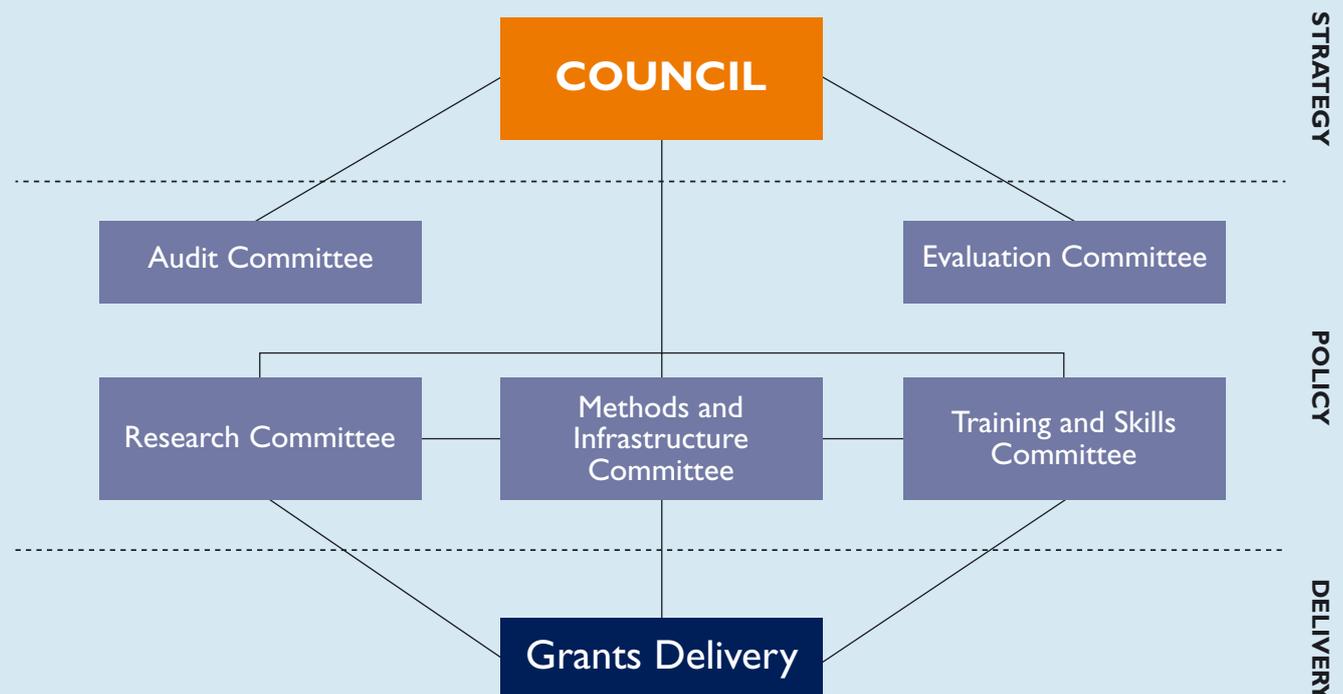
As a new CEO, I attended the one-day Accounting Officer training in January 2015.

## Governance Framework

ESRC is governed by its Council, which establishes and agrees the overall corporate strategy, key strategic objectives and deliverables of ESRC, as set out in its Strategic and Delivery Plans. The responsibility for implementing the decisions of Council is delegated to me as the Chief Executive and Accounting Officer. The Council reviews regular reports on the management and performance of ESRC ensuring that appropriate action is taken to address any concerns identified, thus ensuring the good financial management of the ESRC. The Council also monitors the overall ESRC risk profile as well as individual risks carrying a high degree of threat.

In carrying out this work, the Council is advised by a structure of committees that work alongside a Peer Review College and grant assessment panels, and also by the Audit Committee. Our committees lead key aspects of our corporate strategy and oversee the development of our investments. All of these committees are chaired by Council members.

The Council sets the vision and strategic direction for ESRC. The responsibility for carrying out key strategy is delegated to me as the Chief Executive. A diagram of ESRC's current governance structure follows:



# Governance Statement 2014-15

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In 2014-15 Council met four times and discussion, amongst other matters, included:

- **ESRC Strategic Consultation.** Council discussed the findings of the ESRC's consultation with key stakeholders to inform the development of its Strategic Plan 2015.
- **ESRC Strategic Plan 2015.** Council discussed and agreed a new Strategic Plan which was published in January 2015.
- **ESRC Business Changes and Delivery of the Strategic Plan.** Council discussed and agreed a revision to the ESRC committee structure to support the delivery of the new Strategic Plan. Council also endorsed changes to evaluation processes and the strategy for engaging with Research Organisations.
- **The ESRC's 50th Anniversary.** Council agreed the communications strategy for the celebration of the ESRC's 50th anniversary in 2015.
- **The Future of the UK and Scotland Programme.** Council received regular updates on its programme of work around the 2014 Scottish independence referendum. Following the outcome of the referendum Council discussed broader work on constitutional change and a new programme of work on Europe (The UK in a Changing Europe).
- **The 'What Works' Centres.** Council discussed the current portfolio of 'What Works' centres and received a presentation from the Director of the Programme on Crime Reduction, Professor Gloria Laycock.
- **The Life Study.** Council continued to monitor closely progress on this business critical project and received a presentation on the study from the Principal Investigator (Professor Carol Dezateux) and Chair of the Strategic Advisory Committee (Dame Janet Finch) at the September 2014 meeting.
- **The Direction of Travel for Postgraduate Training.** Council reviewed evidence from the review of the ESRC Doctoral Training Centres Network and discussed a new strategy for postgraduate training which had been developed by the Training and Skills Committee.
- **ESRC International Strategy.** Council received an update on the ESRC's International Strategy and discussed the Newton Fund.
- **Demand Management and Peer Review Efficiency.** Council continued to monitor application levels and success rates as part of its regular review of the ESRC's demand management strategy.
- **UK Shared Business Services Ltd.** Council discussed issues raised by the Audit Committee regarding the service provided by UK Shared Business Services Ltd.

Council members are recruited through advertisement in the national press, with oversight provided by the Office of the Commissioner for Public Appointments (OCPA), and final appointments are subject to Ministerial approval. Members of Council and the ESRC's committees are listed on pages 32.

Members undertook an annual review of Council effectiveness, which will be finalised at the next Council meeting in April. Interim comments from members suggest that the balance of academic and non-academic members works well and non-academic members are fully involved; in meetings, critical questioning is encouraged and debates on key issues are given full hearing and members considered the ESRC to be well led and its staff were efficient, engaged, responsive and enthusiastic.

The Audit Committee, which includes independent members in addition to Council members, met three times during the year. Members are appointed by Council.

The Committee provides assurance to Council and to me, as Accounting Officer, by reviewing the adequacy and effectiveness of ESRC's framework of governance, risk management and controls; reviewing the annual accounts, and accounting policies, on behalf of Council and overseeing the outcomes of work by the internal and external auditors.

The Audit Committee supports discussion at Council through updates and briefings from the Chair of Audit Committee.

In October 2013, NAO facilitated an Audit Committee effectiveness workshop and produced a report and action plan. The outcome of the workshop confirmed that there were many areas where the Audit Committee is already effective and operating in line with current requirements and good practice. Following the review, an action plan that was put in place to address the recommendations arising from the workshop has been implemented during 2014-15. The next effectiveness review will take place in 2015-16.

The attendance of members at Council and Audit Committee meetings, for which they were eligible to attend, can be found in the following table with 2013-14 comparative figures for the total shown in brackets.

Name	Attendance at Council	Attendance at Audit Committee
Dr Alan Gillespie	4 out of 4	
Professor Paul Boyle	1 out of 1	
Professor Jane Elliott	2 out of 2	
Professor John Beath	1 out of 1	
Professor Dame Glynis Breakwell	4 out of 4	
Mr Martin Coleman	3 out of 4	2 out of 3
Professor Simon Collinson	2 out of 2	
Professor Stuart Croft	1 out of 1	
Professor Tara Fenwick	3 out of 4	
Mr Paul Grice	4 out of 4	
Professor David Martin	4 out of 4	3 out of 3
Dr James Richardson	2 out of 4	
Mr Martin Rosenbaum	4 out of 4	
Professor Judith Squires	2 out of 3	
Professor Alan Winters	1 out of 1	
Professor Linda Woodhead	4 out of 4	3 out of 3
Ms Karin Woodley	1 out of 1	
Ms Meryl Hayward		2 out of 3
Mr Allan Spencer		3 out of 3
<b>Total 2014-15</b>	<b>90%</b>	<b>87%</b>
Total 2013-14	85%	83%

The Directors' Group comprises myself as Chief Executive, Directors and Deputy Directors and is the executive body for ESRC. It meets regularly, at least monthly, and is responsible for managing ESRC operations and finances in line with ESRC's 2011-15 delivery plan, as well as monitoring associated risks.

The Remuneration Committee is responsible for advising the Council on matters relating to the remuneration of Directors and other pay-related matters for senior staff. BIS determine my salary for my role as Chief Executive Officer.

ESRC's Committees lead key aspects of our corporate strategy and oversee the development of our research and training investments. They work together to help in the delivery of corporate objectives with an emphasis on delivering excellent social science with societal and economic impacts. A review of the committee structure was undertaken during 2014-15 and a change to the governance structure was agreed by Council at its meeting in February. The revised structure, consisting of two Committees plus an Audit Committee, will be introduced during 2015-16. There will be a renewed and modified Research Committee, and a Capability Committee which will cover the areas of responsibility currently held by the Methods and Infrastructure Committee and the Training and Skills Committee.

In 2012-13 the Audit and Assurance Services Group (AASG) undertook a review of ESRC's compliance with the policies set out in the Cabinet Office 'Principles of Good Corporate Governance in Executive Non-Departmental Public Bodies', and received *Substantial Assurance*. ESRC continues to comply with the principles identified by the Cabinet Office with due recognition of the recommendations made within the report.

# Governance Statement 2014-15

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

UK SBS Ltd provides operational and transactional services to ESRC covering Finance, Human Resources, Information Systems, Procurement and Payroll. A review of UK SBS Ltd service delivery and the associated assurance issues are covered elsewhere within the Governance Statement.

## Professional Support Unit (PSU)

The PSU, which is hosted by AHRC, came into being on 2 April 2013 and is responsible for providing the following professional services to AHRC, EPSRC and ESRC (the three Councils):

- Finance;
- Human Resources;
- Information Technology (hosts services on behalf of non-PSU Councils);
- Project Management;
- Reprographics.

In addition to providing a professional service in the above areas, the purpose of the PSU is to deliver economies of scale, reduce costs and harmonise policies and processes on behalf of the three Councils.

Also, with the creation of UK SBS, the small number of retained Council staff in Finance and HR left them vulnerable to single points of failure. The creation of the PSU has led to the establishment of a critical mass of professional support to the three Councils as well as helping to create meaningful professional career paths and opportunities.

The Head of PSU acts as the Director responsible for service provision to each of the three Councils. During 2014-15 reports were presented by the Head of PSU to the Audit Committee, which discussed governance issues and provided the opportunity for Audit Committee to raise issues and ask questions. The Head of PSU also attended Directors' meetings where he was able to raise any issues of a governance nature and also address any governance issues raised by the ESRC CEO and Directors. Delegation letters were issued to the PSU Senior Management Team in 2014-15.

The professional services provided by PSU in 2014-15 were managed by the PSU Senior Management Team (SMT) with the level and scope of support covered in the PSU Service Agreement.

In 2014-15 the PSU was overseen by a Management Board comprising the Chief Executive Officers of the three Councils and they met three times in the year. A Risk Register for the PSU is in place which is maintained by the PSU SMT and reviewed regularly by the PSU's SMT and the Management Board. The Head of PSU submits quarterly reports and updates to the Management Board to provide assurance on the level of service being delivered, the financial position and the risks being managed. The headline issues discussed by the Board during 2014-15 were:

- An initial and a follow-up internal audit report reviewing the PSU's Governance and management's responses;
- PSU Management Board Terms of Reference with additions, as necessary, resulting from the internal audit reports;
- PSU Business Plan for 2014-16 including budget and other financial matters;
- PSU Service Delivery for all functions and clients, both historic and future, including the harmonisation of policies and processes and the delivery of greater efficiencies such as risk, information management and non-consolidated pay awards;
- Areas for possible expansions in terms of clients and services.

During 2014-15, AASG produced a PSU Governance follow up report, which stated that good progress had been made in establishing effective governance in PSU and that action had been taken on all recommendations made in AASG'S 2013-14 report. AASG concluded that the two main challenges now facing PSU were to build on its success to date and to ensure its sustainability which will be considered by PSU SMT in 2015-16.

The Head of PSU has produced an Annual Assurance Statement covering 2014-15 which provides assurance to the ESRC Chief Executive that the PSU has in place appropriate systems and controls to support the services delivered to ESRC.

During 2014-15, the PSU has provided a high level of professional support to the three Councils and work will continue in 2015-16 to ensure that the high standard of professional support continues and that the PSU fully engages with the three Councils to develop further the partnership arrangement and to explore and maximise the available benefits.

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## Risk Management

ESRC's Risk Management Framework is based on the guiding principles of managing risk within the public sector but takes into account ESRC's structure, processes and culture. ESRC operates in a low risk environment in terms of its day to day operations with an internal control framework appropriate for a public sector organisation. ESRC has established a risk register which is reviewed regularly against the level of risk that ESRC is prepared to accept, having regard to its aims and objectives. Risks considered to be at the highest level are escalated to Council for consideration.

Our role is to support independent, high quality research and postgraduate training, as well as the impact that economic and social research can have in the business, public and third sectors. At any one time we support a significant number of researchers and postgraduate students in academic institutions and independent research institutes. One of our strategic objectives is to ensure that much of the research we fund is pioneering and innovative which carries with it a risk of failure so we have a high risk appetite in terms of our funded activities but a very low risk appetite in terms of the way we conduct our business. For example, we work only with eligible research institutions and make our investment decisions using a transparent peer review process, details of which can be found at: [www.rcuk.ac.uk/funding/peerreview](http://www.rcuk.ac.uk/funding/peerreview)

Strategic risks are identified through Directors' Group and regularly reviewed by Audit Committee and Council who pay particular attention to those highlighted as significant high-level risks. It is through this review process that ESRC is able to manage the key headline risks that impact on the delivery of ESRC's programmes and operations and enables mitigating actions to be agreed and implemented.

Risk reports have been regularly reviewed by Council and Audit Committee, who have been satisfied with the management of ESRC risk during 2014-15. In addition, during 2014-15, both Council and Audit Committee received specific reports covering a number of ESRC business critical projects, including LifeStudy, the Administrative Data Research Network and the Future of the UK & Scotland, enabling strategic discussions about progress and future direction.

Operationally, the most significant risks for ESRC are grouped around the challenges to ESRC's operations and the ability to achieve the organisation's aims and objectives. Pressures on ESRC's resources require careful monitoring to ensure that key deliverables continue to be achieved. The ability of UK SBS to deliver an effective and efficient service is key to ESRC's ability to work effectively. The issues covered later in this statement represent a key risk which is reflected by its inclusion in ESRC's risk register as a high risk.

The allocation of flat cash to programme budgets over the current spending review period represents a real terms reduction in funding which has created additional delivery pressures.

With limited spare capacity and reducing administrative budget, ESRC will find it difficult to continue its business of funding world leading research in a timely fashion if these issues are not carefully managed. ESRC closely monitors developments in these areas with strong representation on the appropriate governance groups. Developments are regularly reported to Audit Committee and Council.

In 2015-16 a new risk management process will be introduced. This will be a harmonised policy across the three PSU Research Councils which represents best risk practice whilst being proportionate to the level of risk exposure and risk appetite within the three Research Councils.

Overall, I am satisfied that, with effective input from Audit Committee and Council, risk is being managed effectively within ESRC.

## Other Key Governance Activities

### Pay Remit

Pay setting arrangements throughout the civil service are set out in guidance issued by HM Treasury, I can confirm that ESRC is compliant with the requirements.

### Data Security

ESRC is committed to safeguarding information and personal data. There were two incidents of lapses in the security of personal data in 2014-15 that were reported to BIS but were deemed by the BIS Data Controller not to fall within the criteria for report to the Information Commissioner's Office.

ESRC has in place a system of control for information risk with exceptions and areas of concern being noted in our annual return to BIS. ESRC is compliant with the relevant requirements set out in the Security Health Check that feeds into the Government's Security Policy Framework. The return properly reflects an assessment of specific Information Assurance risk areas that are consistent with ESRC's risk appetite as recorded in the Council's Risk Register. All review processes and outcomes have been validated by the Audit and Assurance Services Group. During 2014-15 eLearning covering information assurance has been rolled out to all ESRC staff.

# Governance Statement 2014-15

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## Transparency

ESRC is committed to the transparency agenda introduced by the Government to allow visibility of how public funds are used and managed. I can confirm compliance with all the disclosure requirements which are made on our website and which are referenced on the DATA.GOV.UK website. The transparency disclosure made by ESRC covers:

- ESRC organisation structure;
- Staff salaries and senior posts;
- Government Procurement Card transactions;
- All expenditure.

## Ministerial Directions

There were no Ministerial directions given in 2014-15.

## Tax arrangements for public sector appointees

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

In 2014-15, ESRC identified four contractors who fell within the Alexander Review criteria. ESRC has sought and gained assurance that the appropriate tax arrangements are in place for the contractors identified.

Council members are 'office holders' as defined within HMRC guidance and their remuneration is subject to Pay As You Earn (PAYE) with income tax and employee National Insurance Contributions (NICs) deducted through the payroll.

As such, ESRC is in compliance with the recommendations in HM Treasury 'Review of the tax findings of public sector appointees', published in May 2012.

## Macpherson Review

The review of quality assurance of Government analytical models undertaken by Sir Nicholas MacPherson and published by HM Treasury in March 2013 made a number of recommendations for government departments and their Arm's Length Bodies. To comply with the review and the requirements set out in Howard Orme's letter dated 15 May 2013, ESRC has reviewed their use of analytical modelling in 2014-15 and have not identified any that were considered to be business critical. This was communicated to BIS through the RCUK office on behalf of all Research Councils.

## Austerity Measures

ESRC has robust control processes, checks and reporting arrangements in place to review and manage expenditure in keeping with the austerity measures introduced by Government in May 2010. Examples include a change to ESRC's governance structure as covered above, which has resulted in significant savings.

## Efficiency

As set out as part of the 2010 spending review settlement, the research councils have been implementing an efficiency programme to drive down the costs and overheads associated with research. The efficiency savings derived from this programme are being re-invested in research.

In the spring of 2011 RCUK published Efficiency 2011-15: Ensuring Excellence with Impact describing how the Research Councils would implement the recommendations in Sir William Wakeham's report Financial Sustainability and Efficiency in Full Economic Costing of Research in UK Higher Education Institution. The efficiency savings are being applied to both research grants and fellowships awarded via competitive routes to research organisations and also to research council institutes. The combined savings across all Research Councils for the first three years of the programme (2011-12, 2012-13 and 2013-14) have exceeded the planned £251.2m target with details provided in the programme's annual report at [http://www.rcuk.ac.uk/RCUK-prod/assets/documents/documents/RCUK\\_Efficiency\\_Savings\\_Report\\_2013-14.pdf](http://www.rcuk.ac.uk/RCUK-prod/assets/documents/documents/RCUK_Efficiency_Savings_Report_2013-14.pdf)

The programme continues to be on target to meet the overall four year target of £427.8m across all Research Councils. Additionally, the Efficiency Programme will be extended by an extra year to include 2015-16.

Alongside these measures the Research Councils also introduced changes to the requests for equipment on grants, including asking applicants to demonstrate how the usage of the equipment will be maximised. RCUK has worked with university partners to develop options to promote and assist equipment sharing, including exploring the issues around asset registers. There is good anecdotal evidence of significant progress by universities to promote sharing, and of very efficient usage of large pieces of experimental equipment.

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## Regularity and Propriety

ESRC is committed to establishing and applying appropriate regularity and propriety standards, including applying appropriate cultures and behaviours and does not tolerate any form of fraud, bribery and/or corruption. It is important that we are able to withstand both internal and external scrutiny and key components in this regard are the Council's existing policies on:

- Counter Fraud;
- Whistle-Blowing;
- Conflicts of Interest;
- Gifts and Hospitality.

ESRC requires all staff, including Council and groups within the governance structure, to act honestly and with integrity and to safeguard the public resources for which they are responsible.

In 2014-15 a harmonised cross Council Fraud & Bribery policy was developed and made available to all ESRC staff thus ensuring that there is an awareness of staff responsibilities to report fraud and the process by which to do so. The Civil Service E-Learning awareness training covering counter fraud and bribery is undertaken by all staff annually.

The PSU Head of Risk and Assurance also attends the BIS Counter Fraud Working Group where best practice is shared and current fraud issues discussed.

I can confirm that for 2014-15:

- Neither I nor my staff authorised a course of action, the financial impact of which is that transactions infringe the regulatory requirements as set out in Managing Public Money;
- There were no novel, contentious or repercussive transactions that required BIS or Treasury approval;
- There were no instances of fraud identified within ESRC or within UK SBS which impacted on ESRC.

## Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of governance, risk management and other internal controls at the ESRC to ensure a sound system of internal control is being maintained. In 2014-15 this review has been informed by the work of the ESRC's Directors, the Audit Committee, the internal audit service provided by AASG, comments from the external auditors and cross-Council assurance programmes.

## ESRC Directors

ESRC Directors have responsibility for the development and maintenance of the internal control framework and provide me with an annual report on their stewardship and management of internal control. Whilst some issues have been raised, which will be addressed during 2015-16, I am content that the 2014-15 reports provide me with reasonable assurance that a sound internal control framework is in place.

## Audit Committee

I have examined the reports of ESRC Audit Committee meetings including their review of internal controls, governance and risk management processes. Other than the UK SBS issues, which are covered below, no issues have been raised with me by the committee.

## Internal Audit

Internal Audit is provided by AASG. The Director of AASG is required to provide me with an opinion on the overall adequacy and effectiveness of the ESRC's framework of governance, risk management and internal control. This opinion is informed by the internal audit work completed during the year, in line with the internal audit plan agreed by management and the Audit Committee. The work of AASG provides assurance in two areas: core ESRC activities and cross-Council activities with an ESRC involvement.

In 2014-15 AASG was able to provide ESRC with an overall moderate level of assurance on the adequacy and effectiveness of ESRC's controls and governance processes. The assurance categories used by AASG changed for 2014-15 and a moderate rating can be broadly aligned to the previous substantial rating. The definition is:

- Some improvements are required to enhance the adequacy and effectiveness of the framework of Governance, Risk Management and Control.

The level of realised assurance in 2014-15 was 86% compared to 76% the previous year. Realised assurance is the number of audits which receive either a substantial or moderate level of assurance.

During the year a number of audits and assurance work were undertaken within the two blocks of activity. The implementation of recommendations that relate specifically to ESRC are monitored by PSU with progress reports presented to each Audit Committee meeting.

# Governance Statement 2014-15

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## Block 1 - Core ESRC Audits

The Core audits undertaken in 2014-15 were:

- PSU Governance: Follow Up;
- Risk Management;
- Corporate Governance and Delegation;
- Impact Accelerator Accounts in ESRC;
- Follow up to 2013-14 Recommendations.

All recommendations in relation to the above audits have been accepted with implementation plans in place.

## Block 2 – Cross Council Audits

In 2014-15, AASG carried out 19 cross Council activities that were relevant to ESRC. Whilst three of the audits received Limited Assurance, it is the view of AASG that none of these represented significant control weaknesses requiring disclosure within the Governance Statement. Where recommendations relate specifically to ESRC, their implementation is closely monitored by PSU. The recommendations of a cross council nature are monitored through the cross Council Risk & Assurance Network or through the appropriate functional governance group within the Councils.

## Cross Research Council Funding Assurance Programme (FAP)

Funding assurance activities, which are part of the AASG's remit, focus on the regularity of expenditure for research grants. These activities focus on substantive testing of the control environment within research organisations and its effectiveness in ensuring compliance with the Research Councils' terms and conditions that accompany funding streams. In 2014-15, 27 assignments were undertaken, comprising 7 visits, 3 enhanced desk based reviews and 17 desk based reviews. This programme is an important element in the risk management framework for ESRC and findings for the year indicate that a satisfactory level of assurance can be reported based on the work undertaken.

## UK SBS Assurance

The UK SBS provides processing services in human resources, procurement, payroll, finance, grants and IT to all seven Research Councils. Last year my Annual Governance Statement noted that ownership and control of UK SBS passed from the Research Councils to BIS.

In 2014-15 there have been significant changes in the UK SBS assurance provision. The Government Internal Audit Agency (GIAA) now has the responsibility for the UK SBS audit programme. The GIAA reports provide input to UK SBS CEO's Quarterly Assurance Letter which provide the cornerstone of the assurance I receive regarding UK SBS.

Through the quarterly UK SBS Chief Executive Assurance Letters and the outcome of the GIAA audits I note a limited assurance opinion for the effectiveness of internal controls within the Company as a whole. In addition I note moderate assurance opinion for the effectiveness of internal controls relating to customer processes.

As a result of the assurance provided by the UK SBS Chief Executive, I note that UK SBS has continued to deliver in a number of areas and improvements have been noted in some areas. I do however highlight the following as key areas of risk:

- UK SBS continues to operate in a challenging environment with often changing and sometimes conflicting priorities. During the year this has included and continues to include:
  - o uncertainty relating to future staff reductions;
  - o the planned transfer of some transactional services to Shared Services Connected Limited (SSCL), although a decision has now been made to discontinue on this path;
  - o the upgrade of the Oracle 12.0.6 Platform for old customers;
  - o uncertainty around the resilience of the 12.0.6 platform for existing customers and its ability to provide the necessary levels of support, even allowing for the ongoing support arrangements that have been negotiated with Oracle;
  - o the transfer of the Peer Review Process back to the Research Councils, and
  - o uncertainty about the future of UK SBS pending the outcome of the BIS 2020 Review.
- Whilst some progress has been made in improving the control framework in UK SBS over the last 12 months the controls have yet to become sufficiently embedded in the organisation. The scope and scale of improvements required across parts of the framework for the Company are significant, particularly in relation to:

- 
- o IT Governance and Management;
  - o Procurement;
  - o Payroll; and
  - o Disaster recovery planning and capability

I particularly highlight procurement which received an Unsatisfactory Assurance level from GIAA.

In addition to the assurances provided by UK SBS I am informed by a wider review with cross-council customer governance groups and other cross-council groups. These reviews highlight:

- A number of improvements in performance and control but also highlights a challenging and changing business environment and the loss of experienced staff. This is coupled with a decline in the pace at which change and improvements are being delivered;
- The need to revisit the continued relevance of the Master Service Agreement (MSA) and Critical Performance Indicators (CPIs) across all services. Action is in hand to review CPIs relating to HR/Payroll, Procurement and ISS system bandwidth;
- Shortfalls on a significant number of existing CPIs across all services, with a caveat, that performance within Finance Service Delivery and Grants Service Delivery have, overall, been fairly steady with some exceptions;
- Across service areas councils continue to work with UK SBS and seek improvements in relation to:
  - o Procurement;
  - o Recruitment;
  - o Debt management;
  - o The Fixed Asset module;
  - o Service Requests;
  - o Business Continuity and Disaster Recovery.

I accept the general picture provided by the UK SBS Chief Executive in that the organisation has undergone significant change and reorganisation in 2014-15, I note that UK SBS has clearly recognised that problems and issues exist and has been transparent and open in reporting these in the most recent assurance letter. Even so, the current assurance picture clearly highlights the need for continued improvement. This may be indicative of resource issues, the impact of which we have yet to fully feel as personnel continue to leave.

There is no room for complacency and I will expect a significant improvement in the assurance levels, the active management of the key areas of risk and the level of service through 2015-16. ESRC, in concert with the other Research Councils will support UK SBS going forward and continue to monitor ongoing performance both by UK SBS and within Research Council operations.

I note that plans for the future of UK SBS are currently under discussion.

### **External Audit**

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

### **Conclusion**

The conclusion of my review is that ESRC's overall governance risk management and internal control structures are sound and ensure that public money is properly accounted for and used economically, efficiently and effectively. I can provide assurance that the governance and control structures in place support the achievement of the ESRC's policies, aims and objectives and that effective plans for continuous improvement are in place.

Professor Jane Elliott  
Accounting Officer  
9 June 2015

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

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I certify that I have audited the financial statements of the Economic and Social Research Council for the year ended 31 March 2015 under the Science and Technology Act 1965. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## **Respective responsibilities of the Board, Accounting Officer and auditor**

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

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Economic and Social Research Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Economic and Social Research Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Strategic and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate and report.

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 Economic and Social Research Council's affairs as at 31 March 2015 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Science and Technology Act 1965 and Secretary of State directions issued thereunder.

## **Opinion on 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 Strategic and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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### **Matters on which I report by exception**

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

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

### **Report**

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**  
**17 June 2015**

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

# Accounts

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2015

		2014-15	2013-14
	Note	£000	£000
<b>Administration</b>			
Staff Costs	3a	1,620	2,266
Other Expenditure	5	2,064	2,071
Notional Service Charges	5	1,477	1,477
Operating Income	6	(325)	(866)
		<b>4,836</b>	<b>4,948</b>
<b>Programme</b>			
Staff Costs	3	4,923	4,046
Research	4a	164,970	159,233
Postgraduate Awards	4b	47,039	52,730
International Subscriptions	4c	164	-
Other Expenditure	4d	2,391	1,044
Operating Income	6	(18,957)	(17,230)
EU Income	6	(21)	-
		<b>200,509</b>	<b>199,823</b>
<b>Net Expenditure</b>		<b>205,345</b>	<b>204,771</b>
<b>Total Comprehensive Net Expenditure</b>		<b>205,345</b>	<b>204,771</b>

The notes on pages 70 to 85 form part of these accounts

## Statement of Financial Position as at 31 March 2015

	Note	As at March 2015 £000	As at March 2014 £000
<b>Non-Current Assets</b>			
Property, Plant and Equipment	7a	1,993	2,927
Intangible Assets	7b	39	113
<b>Total Non-Current Assets</b>		<b>2,032</b>	<b>3,040</b>
<b>Current Assets</b>			
Trade and Other Receivables	9	14,920	11,772
Cash and Cash Equivalents	10	1,813	5,191
<b>Total Current Assets</b>		<b>16,733</b>	<b>16,963</b>
<b>Total Assets</b>		<b>18,765</b>	<b>20,003</b>
<b>Current Liabilities</b>			
Trade and Other Payables	11	(24,221)	(27,501)
<b>Total Current Liabilities</b>		<b>(24,221)</b>	<b>(27,501)</b>
<b>Total Assets less Current Liabilities</b>		<b>(5,456)</b>	<b>(7,498)</b>
<b>Total Assets less Liabilities</b>		<b>(5,456)</b>	<b>(7,498)</b>
<b>Taxpayer's Equity</b>			
Revaluation Reserve		1,462	2,330
General Reserve		(6,918)	(9,828)
<b>Total Taxpayer's Equity</b>		<b>(5,456)</b>	<b>(7,498)</b>

Professor Jane Elliott  
Accounting Officer  
9 June 2015

# Accounts

## Statement of Cash Flows for the year ended 31 March 2015

	Note	2014-15 £000	2013-14 £000
<b>Cash Flows from Operating Activities</b>			
Net Expenditure		(205,345)	(204,771)
Adjustments for Non-Cash Transactions:			
Depreciation	7a	67	67
Amortisation	7b	74	74
Release of Bequest Fund		-	(302)
(Increase) in Trade and other Receivables	9	(3,149)	(2,369)
(Decrease) in Trade and other Payables	11	(3,280)	(1,269)
<b>Net Cash Outflow from Operating Activities</b>		<b>(211,633)</b>	<b>(208,570)</b>
<b>Cash Flows from Financing Activities</b>			
Grant-in-Aid received from BIS - Revenue		159,078	155,900
Grant-in-Aid received from BIS - Capital		44,700	55,100
Funding received from BIS (Non-DEL)		3,000	-
Notional Service Charges		1,477	1,477
<b>Net Cash Flows from Financing Activities</b>		<b>208,255</b>	<b>212,477</b>
<b>Net (Decrease) in Cash and Cash Equivalents in the period</b>	10	<b>(3,378)</b>	<b>3,907</b>
<b>Cash and Cash Equivalents at the beginning of the period</b>	10	<b>5,191</b>	<b>1,284</b>
<b>Cash and Cash Equivalents at the end of the period</b>	10	<b>1,813</b>	<b>5,191</b>

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2015

	Restricted Reserve	Revaluation Reserve	General Reserve	Total Reserves
	£000	£000	£000	£000
Balance at 1 April 2013	302	2,236	(17,534)	(14,996)
<b>Changes in Taxpayers' Equity 2013-14</b>				
Grant-in-Aid received from BIS - Revenue	-	-	155,900	155,900
Grant-in-Aid received from BIS - Capital	-	-	55,100	55,100
Funding received from BIS (Non-DEL)	-	-	-	-
Notional Service Charges	-	-	1,477	1,477
Revaluation of PPE and Intangibles	-	94	-	94
Net Operating Costs	-	-	(204,771)	(204,771)
Release of Bequest Fund	(302)	-	-	(302)
<b>Balance at 31 March 2014</b>	<b>-</b>	<b>2,330</b>	<b>(9,828)</b>	<b>(7,498)</b>
<b>Balance at 1 April 2014</b>	<b>-</b>	<b>2,330</b>	<b>(9,828)</b>	<b>(7,498)</b>
<b>Changes in Taxpayers' Equity 2014-15</b>				
Grant-in-Aid received from BIS - Revenue	-	-	159,078	159,078
Grant-in-Aid received from BIS - Capital	-	-	44,700	44,700
Funding received from BIS (Non-DEL)	-	-	3,000	3,000
Notional Service Charges	-	-	1,477	1,477
Revaluation of PPE and Intangibles	-	(868)	-	(868)
Net Operating Costs	-	-	(205,345)	(205,345)
<b>Balance at 31 March 2015</b>	<b>-</b>	<b>1,462</b>	<b>(6,918)</b>	<b>(5,456)</b>

# Notes to the Accounts

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## I. Statement of Accounting Policies

### a. Basis of Accounting and Accounting Convention

The Accounts have been prepared in accordance with a direction given by the Secretary of State with the approval of HM Treasury in pursuance of Section 2 (2) of the Science and Technology Act 1965.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and meet the accounting and disclosure requirements of the Companies Act 2006 and the accounting and financial reporting standards issued or adopted by the International Accounting Standards Board as interpreted for Government use by the Financial Reporting Manual (FRoM) and in so far as these requirements are appropriate. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the ESRC 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. There was no material departure from IFRS or FRoM in preparation of these statements.

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

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment and intangible assets, where material.

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

### Going Concern

These Financial Statements have been prepared on the basis of a Going Concern. Any deficit shown on the Income and Expenditure Reserve will be extinguished over time, having regard to the resource and capital budgets to which ESRC can be expected to have access. 2014-15 is the final year of the current Comprehensive Spending Review period. When the financial allocations were issued for 2014-15, the Programme allocations for 2015-16 were also published alongside. An indicative Administration allocation for 2015-16 was received in October 2014. Future years' allocations have not yet been confirmed. However ESRC has no reason to believe that future funding from BIS will not be forthcoming.

The Triennial Review of the Research Councils was published by BIS in April 2014. The review has confirmed that the current number and structure of the seven Research Councils is right and Government is likely to continue with this structure. Therefore the accounts are produced on a going-concern basis.

### Adoption of Standards and Changes in Policy

All International Financial Reporting Standards, interpretations and amendments to published standards, effective at 31 March 2015, have been adopted in these financial statements, taking into account the specific interpretations and adaptations included in the FRoM.

**IFRS8 Operating Segments** – (effective for periods on or after 1 July 2014). The amendment requires entities to disclose the judgements made by management in applying the aggregation criteria to operating segments.

**IFRS 13 Fair value Measurement (effective for periods on or after 1 January 2013)** – IFRS 13 has been issued to provide a single source of guidance for fair value measurement. The standard does not include requirements on when fair value measurement is required; it prescribes how fair value is to be measured if another standard requires it.

**IAS16 Property, Plant and Equipment** – (effective for periods on or after 1 July 2014). Restatement of accumulated depreciation for revalued assets. States that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

**IAS38 Intangible Assets** – (effective for periods on or after 1 July 2014). Restatement of accumulated depreciation for revalued assets. States that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

### Effective for Future Financial Years

The IASB and IFRIC issued certain standards and interpretations with an effective date after the date of these financial statements. Where these changes are relevant to ESRC's circumstances they are listed below and will be adopted at the effective date. They have not been adopted early and their adoption is not expected to have a material impact on ESRC's reported income or net assets in the period of adoption.

**IFRS 9 Financial Instruments (effective for periods beginning on or after 1 January 2015)** – IFRS 9 is a replacement for IAS 39 and introduced new requirements for the classification and measurement of financial assets. ESRC will undertake an assessment of the impact of IFRS 9 once the full requirements are known.

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ESRC is not expecting any significant impact to future financial statements from the accounting standards that are newly issued and are not yet effective.

## **b. Financing and Income**

The FReM requires Non-Departmental Public Bodies to account for Grant-in-Aid as financing. In the ESRC's case this includes Grant-in-Aid from the Department for Business, Innovation and Skills.

Monies from other Research Councils for co-financing of various Grant programmes are recognised as income when goods or services are delivered and title has passed, and charged to the Statement of Comprehensive Net Expenditure in the accounting period in which the goods or services are rendered.

The Council receives funding for collaborative projects to support ESRC's research. The majority of this funding is received from the UK Public Sector. Some of the funding may involve payment for the collaboration a number of years in advance of the accounting period to which it relates. Where there is a variance between work done in the accounting period and received funding, income will be deferred where the contract or agreement allows.

## **c. Administration and Programme Expenditure**

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or programme follows the definition set by the Consolidated Budgeting Guidance. Administration budgets cover the costs of all central government administration other than the costs of direct frontline service provision. Activities that are directly associated with frontline service delivery are considered to be programme. In practice Administration budgets include activities such as provision of policy advice, business support services, back-office administration, advice on and administration of grant programmes, technical or scientific support, and the work of the Government's Regional Offices.

## **d. Property, Plant and Equipment (PPE)**

Capital expenditure in PPE includes the purchase of IT equipment, office equipment, fixtures and fittings, equipment and land and buildings valued at £10,000 or more.

PPE are included at cost or valuation. The basis of valuation is Open Market Value for existing use where this can be established, otherwise Current Depreciated Replacement Cost. A full month's depreciation is charged in the month of acquisition and none in the month of disposal.

Depreciation is not charged on assets under construction until the asset is brought fully into use and transferred to the appropriate asset category. They are then depreciated at the same rate as the other assets in that category.

Property, plant and equipment are depreciated at rates calculated to write off the costs or the valuation of each asset evenly over its expected useful life, as follows:

Freehold Land	Not depreciated
Freehold Buildings	60 years
IT equipment	3 years
Fixtures and Fittings	5 years

Land and buildings, and major items of equipment are professionally revalued every five years at which time the remaining useful life of each revalued asset is also reassessed. The last valuation was in March 2011, conducted by Powis, Hughes and Associates, Chartered Surveyors and the basis of the valuation was Open Market Value. Appropriate indices are used between formal valuations.

## **e. Intangible Assets**

Capital expenditure in intangible assets includes the purchase of software, software licences, data sets and website development valued at £10,000 or more.

Amortisation of intangible assets is provided at rates calculated to write off the cost of each asset in equal instalments over its expected useful life as follows:

Software	5 years
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# Notes to the Accounts

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A full month's amortisation is charged in the month of acquisition and none in the month of disposal. Amortisation is not charged on assets under construction until the asset is brought fully into use and transferred to the appropriate asset category. They are then depreciated at the same rate as the other assets in that category.

## **f. Impairment of Non-Current Assets**

The ESRC has a relatively small asset base and at any point in time, during the course of normal business, there is unlikely to be a material difference between the historic and current cost values of the Council's non-current assets. This position is however kept under review. The carrying amounts of the ESRC's assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment; an asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the Statement of Comprehensive Net Expenditure when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

## **g. Operating Segments**

The primary format used for segmental reporting is by programme expenditure as this reflects ESRC's internal management structure and reporting to senior management. ESRC's assets and liabilities are shared across the operating segments, and as segmental information on assets and liabilities is not used internally, disclosure is not needed.

## **h. Grants**

Subject to the terms and conditions under which research grants are awarded, the ESRC makes payments for grants on the basis of pre-determined quarterly profiles. Profiles are arranged, in overall terms, to reflect the rate and incidence of expenditure at the grant holding organisation. Payments are normally made in the period to which they relate, although ESRC retains some latitude in timing. Grant expenditure is accounted for on an accruals basis to reflect the usage of grant funds on work carried out. Future commitments at the Statement of Financial Position date are disclosed in Note 14.

The ESRC's policy is to accrue for the costs of work undertaken at Higher Education Institutions which remain unpaid by ESRC at the end of the reporting period. Prepayments are also recognised when they occur.

## **i. Financial Instruments**

Due to the non-trading nature of its activities and the way in which the ESRC is financed, the ESRC is not exposed to the degree of financial risk faced by non-public sector entities. Moreover, financial instruments play a much more limited role in creating or changing risk that would be typical of the listed companies to which IAS 32, 39 and IFRS 7 mainly apply. The ESRC has very limited powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day to day operational activities and are not held to change the risks facing the ESRC in undertaking its activities.

Trade receivables are not interest bearing and are carried at original invoice amount. Provision for impairment is established when there is objective evidence that the ESRC 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 Net Expenditure.

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 ESRC is established or when the corresponding assets or expenses are recognised.

## **j. Key Accounting 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. These estimates and judgements are based 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.

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the obligation, and where the amount of the obligation can be reliably estimated

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## **k. Contingent Liabilities**

Where the time value of money is material, contingent liabilities are stated at discounted amounts and the amount separately noted. Contingent liabilities that are not required to be disclosed by IAS37 are stated at the amounts reported.

## **l. Operating Leases**

ESRC currently holds no finance or operating leases.

## **m. Foreign Currencies**

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transactions. Any exchange differences arising in the ordinary course of business are taken to the Statement of Comprehensive Net Expenditure. Assets and liabilities in foreign currencies in existence at the Statement of Financial Position date are translated at the rates ruling at that date.

## **n. Value Added Tax (VAT)**

The ESRC is a member of a VAT Group along with the other Research Councils. By registering as a group there is a single VAT registration covering all of the members. All supplies made by or to group members are deemed to be made by or to the representative member. Supplies made between group members are disregarded for VAT. There is, therefore, no VAT payable on supplies made between group members, representing a saving in administration costs.

From the 1st February 2013, SBS UK Ltd is acting as a Cost Sharing Group (CSG). This allows SBS UK Ltd to provide services to the VAT group members exempt of VAT. Members of this group comprise the seven Research Councils, BIS, Higher Education Funding Council for England and Technology Strategy Board.

## **o. Pension Costs**

Retirement benefits to employees of the Council are provided by the Research Councils' Pension Scheme (RCPS). The expected costs of providing pensions are charged to the Statement of Comprehensive Net Expenditure so as to spread the cost over the service lives of employees in the schemes operated, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll. More details on pensions can be found in Note 3b.

Past and present employees are covered by the provisions of the RCPS. Then there is a paragraph about disclosing methods and assumptions used in preparing sensitivity analyses, limitations of these methods and reasons for changes in methods and assumptions.

## **p. Employee Benefits**

Employees are entitled to 30 days annual leave per year. The annual leave year for the ESRC runs from 1 January to 31 December. The cost of untaken employee leave at 31 March 2015 has been accrued for:

## **q. Early Departure Costs**

The costs of early retirement or severance are charged to the Statement of Comprehensive Net Expenditure 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.

## **r. Notional SBS Charge**

Ownership of SBS transferred from the Research Councils to BIS on 6 March 2013. The SBS monthly service charge to ESRC is now deducted from ESRC's funding from BIS. In order to accurately reflect the cost of using SBS's services in the annual accounts the charge has been shown as a notional cost on the Statement of Comprehensive Expenditure and it has then been written back to the Income and Expenditure Reserve.

## **s. Joint Service Units**

ESRC does not currently host any joint service units but utilises the services of several joint units hosted by BBSRC, MRC, AHRC and EPSRC. The costs relating to these services form parts of ESRC's administrative and programme costs.

## **t. Insurance**

In line with Government policy, ESRC carries its own risks in respect of employment of staff, buildings, equipment etc, except where there exists a statutory requirement to insure or where commercial insurance represents better value for money. Insurance premiums are charged to the Statement of Comprehensive Net Expenditure.

## **u. Cash and Cash Equivalents**

Cash and cash equivalents consist of cash at bank.

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# Notes to the Accounts

## 2 Segmental Analysis

a. Current Financial Year	Research £000	Postgraduate £000	Other Programme £000	Other Administration £000	Total £000
Staff Costs	-	-	4,923	1,620	6,543
Programme	164,970	47,039	164	-	212,173
Depreciation, Amortisation and Impairment	-	-	74	67	141
Other Costs	-	-	2,317	1,997	4,314
Notional Service Charges	-	-	-	1,477	1,477
Income	-	-	(18,978)	(325)	(19,303)
<b>Net Expenditure</b>	<b>164,970</b>	<b>47,039</b>	<b>(11,500)</b>	<b>4,836</b>	<b>205,345</b>

b. Prior Financial Year	Research £000	Postgraduate £000	Other Programme £000	Other Administration £000	Total £000
Staff Costs	-	-	4,046	2,266	6,312
Programme	159,233	52,730	-	-	211,963
Depreciation, Amortisation and Impairment	-	-	74	67	141
Other Costs	-	-	970	2,004	2,974
Notional Service Charges	-	-	-	1,477	1,477
Income	-	-	(17,230)	(866)	(18,096)
<b>Net Expenditure</b>	<b>159,233</b>	<b>52,730</b>	<b>(12,140)</b>	<b>4,948</b>	<b>204,771</b>

The ESRC's primary operating segments are Research Awards and Postgraduate Awards. Information concerning these segments is disclosed in Note 1 and expenditure is detailed in the Statement of Comprehensive Net Expenditure and broken down further in Notes 4, 5 and 6.

There has been a significant move in the reporting of staff costs between admin and programme from the previous period. This is a result of more accurate allocation of staff roles between the two categories that identified more staff performing roles which directly support the programme objectives of ESRC. The outcome provides greater consistency with other research councils.

### 3a Staff costs

	Permanently Employed Staff £000	Others £000	2014-15 Total £000	2013-14 Total £000
Wages and Salaries	4,630	484	5,114	4,963
Social Security Costs	320	-	320	299
Other Pension Costs	1,109	-	1,109	1,050
<b>Total Net costs</b>	<b>6,059</b>	<b>484</b>	<b>6,543</b>	<b>6,312</b>

No exit packages have been paid in 2014-15.

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### 3b Pension Schemes

Staff members of ESRC belong to one of two multi-employer defined benefit pension schemes. The assets of all schemes are held separately from those of ESRC in independently administered funds. It is not possible to identify the ESRC's share of the underlying assets and liabilities of any of the pension schemes and therefore contributions to the scheme are accounted for as if they were defined contribution schemes. The pension cost charge represents contributions payable by ESRC to the funds.

#### The Research Councils' Pension Scheme (RCPS)

The employees of ESRC are offered membership to the Research Councils' Pension Scheme (RCPS) which is an unfunded defined benefit scheme paid for by employee contributions and employer contributions with additional annual grant-in-aid on a pay-as-you-go basis. The RCPS is 'by-analogy' to the Principal Civil Service Pension Scheme. The RCPS 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 currently set at 26.0% of pensionable pay. During 2014-15 the employee contribution rates ranged between 1.5% and 8.85% depending on scheme and pensionable earnings. The employee contribution rates changed on 1 April 2015 in line with changes to the PCSPS employee contribution rates.

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 0.08% 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 2014-15 was £962.30.

On 1 April 2015 PCSPS launched a new pension scheme called Alpha. This scheme is similar to the Nuvos career average scheme but with the retirement age aligned to the state pension age. RCPS cannot at present create a by analogy Alpha scheme as the legislation does not currently permit this. Reform options are currently being discussed with HM Treasury and BIS have given permission for RCPS to continue "as is" beyond 1 April 2015.

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

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

The RCPS is an unfunded multi-employer defined benefit State scheme which is paid for on a pay-as-you-go basis. Contributions are set at a level that is expected to be sufficient to pay the required benefits falling due in the same period with future benefits earned during the current period to be paid out of future contributions. In RCPS, ESRC has no legal or constructive obligation to pay those future benefits. Its only obligation is to pay the contributions as they fall due and if the entity ceases to employ members of RCPS, it will have no obligation to pay the benefits earned by its own employees in previous years. For this reason, RCPS is treated as a defined contribution plan as stated in IAS 19.

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

Formal actuarial valuations are used to determine employer and employee contribution rates. The last actuarial evaluation undertaken for the RCPS, as at 31 March 2006, was completed in 2008-09. An actuarial valuation as at 31 March 2010 was initiated but not completed due to HM Treasury suspending all public sector pension scheme valuations whilst reform policies were being developed. HM Treasury have since concluded their reform policy which enabled the Government Actuary Department to start the process of completing a revised scheme valuation. This valuation is as at 31 March 2012 in accordance with HM Treasury revised scheme valuation directions. The conclusion of the scheme valuation is directly linked to the reform outcomes of the RCPS. It is likely that the reform process will be complete by June 2015 and any resulting changes to contribution rates likely to be effective from April 2016.

For 2014-15, employer's contributions of £1,109k were payable to RCPS (2013-14 £1,050k) at 26% of pensionable pay for all the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

# Notes to the Accounts

## 3c Staff numbers

	Permanently Employed Staff FTE	Other Staff FTE	2014-15 Total FTE	2013-14 Total FTE
Directly Employed	136	4	140	140
Other	-	-	-	5
<b>Total</b>	<b>136</b>	<b>4</b>	<b>140</b>	<b>145</b>
PSU staff included in above	7	-	7	7

## Professional Support Unit

The Arts and Humanities Research Council (AHRC) hosts the Professional Support Unit (PSU) on behalf of ESRC, the EPSRC and AHRC themselves, providing the following services to the three Councils: Human Resources, Finance, Programme Office, Information Services, and Joint Reprographics Service (JRS).

A cost recharge across the functions relating to the support provided was applied in the year.

All new staff appointments across these functions are recruited to AHRC.

ESRC currently supports 11 annual graduate placements. These are included in the permanently employed figure for 2014-15 (2013-14 10).

## 4a Research

	2014-15 £000	2013-14 £000
Responsive	43,248	39,410
Strategic & Collaborative	48,560	52,013
Methods & Infrastructure	48,956	57,039
International & Others	1,876	3,166
Training & Skills	11,363	-
Knowledge Exchange	8,524	7,605
Newton & Other	2,443	-
<b>Total Expenditure on Research</b>	<b>164,970</b>	<b>159,233</b>

## 4b Postgraduate awards

	2014-15 £000	2013-14 £000
Training & Skills	47,039	52,730
<b>Total Expenditure on Postgraduate Awards</b>	<b>47,039</b>	<b>52,730</b>

## 4c International subscriptions

	2014-15 £000	2013-14 £000
International & Others	164	-
<b>Total Expenditure on International Subscriptions</b>	<b>164</b>	<b>-</b>

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#### 4d Other programme expenditure

	2014-15	2013-14
	£000	£000
Operating Expenses	625	343
Accommodation Costs	10	7
IT Costs	13	(9)
Professional Fees	250	141
Consultancy	35	3
Marketing and Advertising	1,075	197
Travel and Subsistence	309	288
Amortisation	74	74
<b>Total Expenditure on Other Programme Costs</b>	<b>2,391</b>	<b>1,044</b>

#### 5 Other administration expenditure and notional costs

	2014-15	2013-14
	£000	£000
Operating Expenses	1,144	655
Accommodation Costs	300	289
IT Costs	255	440
Professional Fees	115	460
Consultancy	-	8
Marketing and Advertising	85	13
External Auditors Fees	47	57
Travel and Subsistence	51	82
Depreciation	67	67
<b>Sub-Total</b>	<b>2,064</b>	<b>2,071</b>
SBS Notional Service Charge	1,477	1,477
<b>Total Other Administrative Costs</b>	<b>3,541</b>	<b>3,548</b>

Please note that the SBS annual service charge is now made via an allocation reduction by BIS.

# Notes to the Accounts

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## 6 Income

	2014-15	2013-14
	£000	£000
Income From Other Research Councils	(3,792)	(5,152)
Income From Central Government	(14,816)	(11,819)
Income From Other Bodies	(695)	(1,125)
Non-Operating Income	-	-
<b>Total Income</b>	<b>(19,303)</b>	<b>(18,096)</b>
<hr/>		
Cofunding Grant Income	(18,927)	(17,162)
Income for Services Provided	(355)	(934)
EU Income	(21)	-
<b>Total Income</b>	<b>(19,303)</b>	<b>(18,096)</b>

## 7a Property, Plant and Equipment

	Land	Buildings	IT, Furniture & Fittings	Total
<b>Cost or Valuation at 1 April 2014</b>	<b>1,103</b>	<b>2,030</b>	<b>22</b>	<b>3,155</b>
Additions	-	-	-	-
Disposals	-	-	(6)	(6)
Impairments	-	-	-	-
Revaluations	37	68	-	105
Reclassification	-	-	(13)	(13)
<b>At 31 March 2015</b>	<b>1,140</b>	<b>2,098</b>	<b>3</b>	<b>3,241</b>
<b>Depreciation at 1 April 2014</b>	<b>-</b>	<b>206</b>	<b>22</b>	<b>228</b>
Charge in the year	-	67	-	67
Reclassification	-	972	(13)	959
Disposal	-	-	(6)	(6)
<b>At 31 March 2015</b>	<b>-</b>	<b>1,245</b>	<b>3</b>	<b>1,248</b>
<b>Net book value at 31 March 2015</b>	<b>1,140</b>	<b>853</b>	<b>-</b>	<b>1,993</b>

	Land	Buildings	IT, Furniture & Fittings	Total
<b>Cost or Valuation at 1 April 2013</b>	<b>1,008</b>	<b>2,030</b>	<b>52</b>	<b>3,090</b>
Additions	-	-	-	-
Disposals	-	-	(36)	(36)
Impairments	-	-	-	-
Revaluations	95	-	-	95
Transfers	-	-	6	6
<b>At 31 March 2014</b>	<b>1,103</b>	<b>2,030</b>	<b>22</b>	<b>3,155</b>
<b>Depreciation at 1 April 2013</b>	<b>138</b>	<b>-</b>	<b>52</b>	<b>190</b>
Charge in the year	67	-	-	67
Disposals	-	-	(36)	(36)
Adjustments	-	1	6	7
<b>As 31 March 2014</b>	<b>-</b>	<b>206</b>	<b>22</b>	<b>228</b>
<b>Net book value at 31 March 2014</b>	<b>1,103</b>	<b>1,824</b>	<b>-</b>	<b>2,927</b>

During the year an exercise was undertaken to correct the accumulated depreciation for previous years on the ESRC share of Polaris House. After consultation with our auditors an adjustment was made from the revaluation reserve to the reclassification account of £972k as shown above. The total movement in reserves is shown in the Statement of Changes in Taxpayers Equity Statement (page 69).

# Notes to the Accounts

## 7b Intangible assets

	Software	Licences	Total
Cost or Valuation at 1 April 2014	241	173	414
At 31 March 2015	241	173	414
Amortisation at 1 April 2014	190	111	301
Charge in the year	38	36	74
At 31 March 2015	228	147	375
Net book value at 31 March 2015	13	26	39

	Software	Licences	Total
Cost or Valuation at 1 April 2013	241	173	414
At 31 March 2014	241	173	414
Amortisation at 1 April 2013	152	75	227
Charge in the year	38	36	74
At 31 March 2014	190	111	301
Net book value at 31 March 2014	51	62	113

## 8 Investment in UK SBS Ltd

ESRC holds one Non-Government Department (NGD) share (nominal value £1) in UK SBS Ltd, as do eight other NGD shareholders. These NGD shares together carry 49% of the votes in UK SBS Ltd. BIS holds one Government Department (GD) share (nominal value £1) carrying 51% of the votes. BIS also owns 100% of the non-voting shares in UK SBS Ltd with a nominal value of £62,016,358 which entitles it to 100% of the profits of that company.

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## 9 Trade Receivables and Other Current Assets

	31 March 2015	31 March 2014
	£000	£000
<b>Amounts falling due within 1 year:</b>		
Trade Receivables	7,322	3,519
Other Receivables	7,033	7,041
Prepayments	132	9
Accrued Income	433	1,203
<b>Total</b>	<b>14,920</b>	<b>11,772</b>

### Analysis by Provider:

Department for Business Innovation and Skills	1,794	2,154
Other Central Government Bodies	2,035	136
Public Corporations and Trading Funds	37	41
Bodies External to Government	11,054	9,441
<b>Total</b>	<b>14,920</b>	<b>11,772</b>

## 10 Cash and Cash Equivalents

	31 March 2015	31 March 2014
	£000	£000
Balance at 1 April	5,191	1,284
Net change in Cash and Cash Equivalents	(3,378)	3,907
<b>Balance at 31 March</b>	<b>1,813</b>	<b>5,191</b>

### The following balances were held at:

Government Banking Service	1,813	5,191
Commercial Banks and cash-in-hand	-	-
<b>Balance at 31 March</b>	<b>1,813</b>	<b>5,191</b>

# Notes to the Accounts

## 11 Trade payables and other current liabilities

	31 March 2015	31 March 2014
	£000	£000
<b>Amounts falling due within 1 year:</b>		
VAT	(52)	(24)
Trade Payables	(2,367)	(1,375)
Other Payables	(132)	(147)
Accruals	(20,349)	(21,800)
Deferred Income	(1,321)	(4,155)
<b>Total</b>	<b>(24,221)</b>	<b>(27,501)</b>

### Analysis by Provider:

Department for Business Innovation and Skills	(2,754)	(2,965)
Other Central Government Bodies	-	-
Public Corporations and Trading Funds	(82)	(126)
Bodies External to Government	(21,385)	(24,410)
<b>Total</b>	<b>(24,221)</b>	<b>(27,501)</b>

## 12 Third party asset

	31 March 2015	31 March 2014
	£000	£000
At April 2014	-	-
Gross Inflow	674	-
Gross Outflow	-	-
<b>At 31 March 2015</b>	<b>674</b>	<b>-</b>

In 2014-15, €824,117 was transferred to ESRC who has been appointed coordinator of the EU-India Platform for the Social Sciences and Humanities (EqUIP), European Union Grant Agreement Number 613236.

The funds held on behalf of the third party are recognised and recorded in £, ESRC's functional currency. These are not ESRC assets and are not included in the Financial Statements.

## 13 Losses

During the year UK SBS undertook an exercise on behalf of all the Research Councils to collate any bad debts and present them to BIS for approval to write off. As a result of the exercise, ESRC have received permission to write off a total of £11,517 representing 1 invoice. The invoice concerned had formerly been provided for.

## 14 Other financial commitments

The payments to which the ESRC is committed during 2014-15, analysed by the fiscal period during which the commitment expires are as follows;

<b>Research Awards</b>	<b>2014-15 £000</b>	<b>2013-14 £000</b>
2014-15	-	129,331
2015-16	132,287	90,805
2016-17	91,809	105,500
Later Years	88,611	325,636
<b>Postgraduate Training</b>		
2014-15	-	39,527
2015-16	39,220	25,697
2016-17	28,092	18,133
Later Years	16,527	83,357
<b>Knowledge Exchange</b>		
2014-15	-	3,926
2015-16	7,374	1,912
2016-17	8,340	907
Later Years	7,790	6,745
<b>Other</b>		
2014-15	-	10,489
2015-16	12,688	9,499
2016-17	9,712	3,055
Later Years	9,028	6,110

## 15 Contingent liabilities

The ESRC has no contingent liabilities as at 31 March 2015.

## 16 Related party transactions

ESRC is a Non Departmental Public Body sponsored by BIS. It complied with the International Accounting Standard on Related Party Transactions (IAS 24) as amended for Central Government use by HM Treasury.

For the purpose of IAS 24, BIS and its partner organisations are regarded as related parties. During the year, ESRC has had various material transactions with BIS and with other entities for which BIS is regarded as their parent department, as follows: Arts and Humanities Research Council; Biotechnology and Biological Sciences Research Council; Engineering and Physical Sciences Research Council; Higher Education Funding Council for England; Medical Research Council; Natural Environment Research Council; Innovate UK Ltd; UK Space Agency. In addition the ESRC has had various material transactions with the UK Shared Business Services Limited (Formerly Research Councils' Shared Services Centre).

These Accounts provide disclosure of all material financial transactions with senior executive staff and all Council members.

During the year, ESRC did not enter into any transactions with any senior executive staff. However, it did enter into a number of material transactions with Institutions employing Council and Committee Members, who had a direct interest in the award concerned, the values shown are the total awarded values. (Table A). None of the Council or Committee Members were involved in the recommendation of awards to the Institution where they are a senior member of staff or member of the Governing body.

Information is disclosed on material financial transactions with any related party of these senior staff or Council members (Table B).

In addition, ESRC made a number of payments in respect of ESRC funded awards to Institutions where Council members are also members of staff or members of Governing bodies. None of the disclosed Council members were involved in the recommendation of the awards to the Institution where they are a member of staff or member of the Governing body (Table C). The figures stated are for Research and Awards.

Professor Jane Elliot took up the position of Chief Executive of ESRC on 1 October 2014. She also continues her role, on a part-time basis, as Professor of Sociology at University College, London. She will absent herself from all ESRC and RCUK discussions and meetings that relate to decisions on new or continued funding involving University College, London.

A Full register of interest for the ESRC Council, Committee members and Audit Committee can be found here [http://www.esrc.ac.uk/\\_images/Register-of-Interests\\_tcm8-4775.pdf](http://www.esrc.ac.uk/_images/Register-of-Interests_tcm8-4775.pdf) on the ESRC website.

# Notes to the Accounts

## Awards and fellowships

**Table A**

Council/Advisory Board Members	Institution	No of Awards	Amount £000
Professor Andy Furlong	University of Glasgow	1	83,100
Professor Andy Stirling	University of Sussex	1	126,983
Professor Brian Francis	Lancaster University	1	23,255
Professor Edward Fieldhouse	The University of Manchester	2	489,272
Professor Hilary Graham	University of York	1	108,365
Professor John Stillwell	University of Leeds	1	401,370
Professor Kathleen Rastle	Royal Holloway, University of London	1	126,774
Professor Paul Nightingale	University of Sussex	1	78,750
Professor Susan Mcvie	University of Edinburgh	1	819,698

**Table B**

Senior Staff Member/Council Member/ Advisory Board Members	Related Party	Amount
Sheryl Burton	Sister	1 Doctoral Training Centre Allocation
James Hamilton Love	Daughter	1 Doctoral Training Centre Allocation

**Table C**

Council Member	Institution	Aggregate Amount
Professor Dame Glynis Breakwell	University of Bath	824,900
Professor Simon Collinson	University of Birmingham	3,471,476
Professor Jane Elliott	UCL	14,673,328
Professor Leonard Alan Winters	University of Sussex	3,408,485
Professor Tara Fenwick	University of Stirling	400,942
Professor Judith Ann Squires	University of Bristol	5,189,267
Professor Linda Woodhead	Lancaster University	2,972,961
Professor David Martin	University of Southampton	9,171,620
Professor John Arnott Beath	University of St Andrews	564,398

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## **17 Financial Instruments**

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

## **18 Events after the reporting period**

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







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