



Arts & Humanities Research Council Annual Report & Accounts 2015-16



Arts & Humanities
Research Council



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The Arts and Humanities Research Council (AHRC) is incorporated by Royal Charter and came into existence on 1 April 2005 under the terms of the Higher Education Act 2004. It took over the responsibilities of the Arts and Humanities Research Board (AHRB). On that date all the AHRB's activities, assets and liabilities transferred to the AHRC.

The AHRC is a non-departmental public body (NDPB) sponsored by the Department for Business, Innovation and Skills, along with the other six Research Councils. It is governed by its Council, which is responsible for the overall strategic direction of the organisation.

Arts and Humanities Research Council, Polaris House,
North Star Avenue, Swindon SN2 1FL

Performance Report

Overview

Performance Analysis





Chairman's FOREWORD



It has been a fantastic year of celebration for the AHRC, reaching its tenth anniversary. Reflecting as well as celebrating, I have been impressed by the commitment of the arts and humanities research community in making the case for sustained and targeted investment. We still have a number of challenges to face in order for the AHRC to deliver excellent in today's fast-moving research environment, not least in the context of the Nurse and spending reviews.

To respond to these challenges we will need to be more strategic in the way that we invest our resources and to operate more in partnership. The research that we support is increasingly collaborative, with a significant growth in working with other organisations across all of our funding schemes. Since 2010-11, for example, there have been over 1,100 different partner organisations involved in AHRC-supported projects. Increasingly, these are partners from outside of academia, including heritage organisations such as the National Trust and English Heritage, major museums, archives, libraries and galleries, and local, regional and national media, including the BBC. In 2015-16, 46% of the grants that were awarded by the AHRC included non-academic partners.

In a more constrained funding environment, it is also important that we continue to show what an important contribution we make in supporting the UK's artistic and creative sectors, which are among the most vibrant in the world. Much of the work that the AHRC supports, in every subject area, feeds (directly or indirectly) into this creative activity and the economy it drives – through design, the performing arts, museums, libraries, galleries, publication and heritage. And with the UK's creative industries expanding rapidly, both driving new regional investment and also becoming increasingly important for the UK's global influence and reputation, this in turn is generating greater demand for arts and humanities research.

As well as these more obvious contributions to the UK economy, we need to continue to make the case for the many other kinds of value that the arts and culture provide. The ground-breaking AHRC-funded Cultural Value project, which came to an end in 2015, examined many different kinds of benefit that are associated with the arts and culture, from supporting education and contributing to individual health and wellbeing, to producing engaged citizens and raising a country's international standing.

We in the AHRC must continue to face outwards – ongoing public engagement initiatives for 2015-16 have included the launch of the second phase AHRC World War One at Home stories, the work of the AHRC's World War One Engagement Centres, and the AHRC/BBC New Generation Thinkers programme, which brings the best in university research to a broad audience. In addition, as part of the AHRC's tenth anniversary celebrations, ten public debates were hosted across the UK on the broad theme of 'The Way We Live Now', with topics ranging from 'The Challenge of Change' in Newcastle to 'Beyond the Digital', held simultaneously in Londonderry and London.

There have been too many high quality projects to list, but we might highlight the AHRC-funded Magna Carta project, which brought together the UK's leading medieval experts to apply the latest research techniques to Magna Carta in its 800th anniversary year, and the 'Connecting with the Past' project, which saw arts and humanities researchers working with the International Committee of the Red Cross (ICRC) in Geneva, to provide a historical perspective on the ICRC's Fundamental Principles.

We need to continue supporting the next generation of Postgraduate and Early Career researchers, as we do through our Doctoral Training Partnerships. The AHRC is the UK's foremost public funder of high-quality doctoral work in the arts and humanities, with some 40% of our funding going to nurture the research talent of the future.

Finally, and a great credit to Professor Rick Rylance, who stood down as Chief Executive in 2015, the AHRC is seen on its tenth birthday as an integral part of the UK's overall research effort. Our best wishes go with Rick – and a warm welcome to Professor Andrew Thompson who has stepped in as interim CEO.

Professor Sir Drummond Bone
Chair, AHRC



Chief Executive's STATEMENT

Our anniversary year was a good time to think about the AHRC's future direction of travel. The arts and humanities are about changing how we see the world – its past, present and future. They're about nurturing artistic and creative talent. They help us to understand the fabric of our society, to learn from our complex and contested pasts, and to question who we are and how we want to live. In essence they encourage us to think critically about our possible futures.

The AHRC's role in this is to support the highest quality research, helping society to benefit from the unique perspectives that the arts and humanities can give us. And for that, you need the most innovative research ideas. That's why I think it's important that we sustain our commitment to open call and responsive mode funding: supporting research, which is driven by the curiosity and expertise of the research community, and recognising the need for researchers to have the freedom to pursue an investigation wherever it may lead. Uncharted terrain can often be the richest field for making valuable discoveries.

At the same time, as a Research Council, we need to be more than just a funder, we need to take a strategic view of research in the arts and humanities and we need to have the capacity to do that. Increasingly, the AHRC has been involved in horizon-scanning, picking up on new and emerging ideas, identifying promising trends and clusters of research. We've been developing a fuller picture of arts and humanities research, and gathering intelligence on existing strengths, gaps in capability and new fields of interest.

Take for example the Cultural Value Project, which the AHRC commissioned, and which came to a highly successful conclusion in the last year. The project looked into the question of why the arts and culture matter, and how we capture the effects that they have. The most comprehensive research of its kind ever undertaken, the project will be of great value to policymakers and Arts organisations, as well as to the AHRC, in helping us understand the many kinds of benefits that the arts and culture bring.

Or look at our impressive portfolio of work around human rights. To celebrate the AHRC's tenth anniversary we created a timeline, showcasing a selection of the human rights-related research that we have supported over the years. Individually, there have been many outstanding projects which have helped to inform national and international policymaking. For example the Parliaments and Human Rights project, which is about enhancing the role of parliaments around the world in protecting human rights and developing internationally agreed principles

to help them do so. But more than this, in relation to human rights, there is the collective effect of the various AHRC-funded Fellowships, Research Networks, and project grants: over time, they have had a far-reaching impact in the UK and beyond .

Looking to the future, we have a number of big, ambitious initiatives that are in the offing. Taking forward what we have learned from the Knowledge Exchange Hubs, Brighton Fuse, Bristol-Bath by Design and Creative Fuse North East, we will launch a plan for a new Creative Economy funding, to enhance the contribution of the arts and humanities to this vital and rapidly growing area of the UK economy.

Another major new opportunity is the creation of the Global Challenges Research Fund, which aims to harness the expertise of UK research to help meet international development goals. We are currently developing opportunities for the arts and humanities community through distinct funding calls. We will be working with other Research Councils to enable UK researchers to tackle problems faced by developing countries such as public health and epidemic disease, environmental change, refugee crises, recovery from conflict, the protection of cultural heritage, and the promotion of the creative and digital industries.

In every area of the arts and humanities, we will continue to generate the new knowledge that inspires innovation, places culture at the heart of economic growth, that improves policy-making and that makes the world a richer place in which to live. We will build on the achievements of the last decade, during which the AHRC has established itself as a distinctive organisation globally. And we will ensure that the UK retains its world-leading position in Arts and Humanities research.

Finally, the fact that the AHRC has this world-leading position, and is such a distinctive organisation, is due in large part to the work of Professor Rick Rylance, who came to the end of his term as the AHRC's Chief Executive Officer in November 2015. All of us at the AHRC owe Rick a huge debt of gratitude. I would like to thank my colleagues at the AHRC and our governing Council, its committees and Boards, for their excellent work over the last year.

Professor Andrew Thompson
Interim Chief Executive Officer, AHRC

Overview



Brief history and statutory background

The Arts and Humanities Research Council (AHRC) was founded as a Research Council and received its Royal Charter in 2005, having been in existence as a Research Board, the AHRB, since 1998. In 2010 it moved from premises in central Bristol to Polaris House in Swindon from which it operates alongside the other Research Councils and RCUK. It marked its tenth anniversary as a Research Council in 2015 with a series of activities designed to highlight its role over a decade as a funder of world-class arts and humanities research. The AHRC is a Statutory Non-Departmental Public Body established by Royal Charter.

Nature of the organisation

The AHRC funds world-class research in a wide range of subjects: ancient history, modern dance, archaeology, digital content, philosophy, English literature, design, the creative and performing arts, and much more. The quality and range of research supported by this investment of public funds provides economic, social and cultural benefits to the UK.

Financial Highlights

Statement of Comprehensive Net Expenditure	2015-16 £000	2014-15 £000
Administration	4,607	5,174
Programme	98,323	104,016
Net Expenditure	102,930	109,190
Total Comprehensive Net Expenditure	102,930	109,190

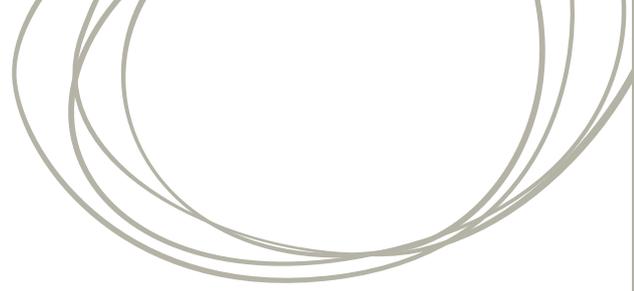
Statement of Financial Position	As at March 2016 £000	As at March 2015 £000
Total Non-Current Assets	70	122
Total Current Assets	15,597	14,097
Total Current Liabilities	(6,031)	(4,578)
Total Non-Current Liabilities	(120)	(133)
Total Taxpayers' Equity	9,516	9,508

Statement of Cash Flows	2015-16 £000	2014-15 £000
Net Cash Outflow from Operating Activities	(100,713)	(109,109)
Net Cash Outflow from Investing Activities	(16)	-
Net Cash Flow from Financing Activities	102,938	105,622
Net Increase/(Decrease) in Cash and Cash Equivalents in the period	2,209	(3,487)
Cash and Cash Equivalents at the beginning of the period	3,973	7,460
Cash and Cash Equivalents at the end of the period	6,182	3,973

The full financial statements for 2015-16 can be found on pages 43-46.

AHRC 2015-16 deliverables and milestones at a glance

Priority/theme	Deliverables/milestones	Progress
Supporting world-class arts and humanities research	<ul style="list-style-type: none"> Support research excellence across the UK 	<ul style="list-style-type: none"> Continued good progress in supporting excellent arts and humanities research; on 31 March 2016, the AHRC was supporting 588 awards and 1,232 Principal and Co-Investigators at 120 UK Higher Education Institutions and Independent Research Organisations.
AHRC priority areas	<ul style="list-style-type: none"> Develop major new initiatives in AHRC's strategic priority areas of Design, Heritage and Modern Languages 	<ul style="list-style-type: none"> Open World Research Initiative (OWRI) commissioning process completed with a £15.75m investment to support capacity building within modern languages. Call launched for Priority Area Leadership Fellows.
AHRC themes	<ul style="list-style-type: none"> Sustaining the legacy of the AHRC's four research themes 	<ul style="list-style-type: none"> The four themes have continued to make good progress and the AHRC's Theme Leadership Fellows have been renewed to consolidate the achievements of the four theme areas.
Supporting new generations of postgraduates and early career researchers	<ul style="list-style-type: none"> Doctoral funding and enhanced provision for training, international opportunities, postdoctoral work and networking 	<ul style="list-style-type: none"> Continued good progress by the 18 Doctoral Training Partnerships and Centres for Doctoral Training and the Collaborative Doctoral Partnerships. Additional opportunities provided through the 10th Anniversary Cultural Engagement Fund, the Public Policy Skills funding, and new partners within the International Placement Scheme.
Enhancing the creative economy	<ul style="list-style-type: none"> Further development of the KE Hubs model for knowledge exchange in the creative economy New initiatives to support the creative economy 	<ul style="list-style-type: none"> Good progress in exploring the legacy of the KE Hubs model. New initiatives supported such as the £3m Creative Fuse North East project.
Addressing complex challenges through cross-Council working	<ul style="list-style-type: none"> Supporting existing cross-Council programmes Developing new cross-Council initiatives 	<ul style="list-style-type: none"> Continued good progress within cross-Council programmes, e.g. Connected Communities (AHRC-led), the Partnership for Conflict, Crime and Security (PaCCs), Valuing Nature (NERC-led) and others. Good progress in scoping and development work relating to the RCUK/Innovate UK Urban Living Partnership and Anti-microbial Resistance.



Chief Executive

On 30 November 2015 Professor Rylance came to the end of his term as Chief Executive Officer of AHRC. Professor Andrew Thompson was appointed Interim Chief Executive from 1 December 2015. Professor Andrew Thompson has joined AHRC on secondment from the University of Exeter on a fixed term appointment until a new Chief Executive is recruited.

Performance and position of the organisation

The AHRC is unique among international funding bodies in its focus on arts and humanities research. The AHRC is a global leader as a funder and in supporting arts and humanities researchers across all four nations and regions. Comprising over 30% of the UK's research base,¹ arts and humanities research has a major impact on the knowledge economy, the UK's creative and cultural offering, preserving culture and heritage, and supporting legal and ethical frameworks. AHRC's support is key to this offering. It enables researchers to form new collaborations and break new boundaries, and provides training for a new generation of researchers to contribute to a more collaborative approach to research and to engage with partners across all sectors with a particular relevance to the UK's rapidly expanding creative and digital economy.

Forward performance

The AHRC is committed to funding excellent research across the breadth of the arts and humanities, facilitating partnerships and initiatives to enable researchers to collaborate nationally and internationally and to engage with a wide range of non-university organisations. The Council's research strategies will be increasingly driven by emerging themes and trends identified by the research community. Our support to postgraduates will continue to shape the nature of research training in the arts and humanities, offering doctoral opportunities that provide training in collaboration and partnership building, and broader transferable skills. This will ensure that the UK's arts and humanities graduates are armed with the agility to continue to contribute to the UK's rich knowledge, creative and digital economies across the public, private and third sectors.

Understanding the centrality of the human experience is essential to addressing all global challenges. Arts and humanities research has a vital role in furthering this understanding of the human experience. In recognition of the leadership shown by the research community and the benefits of excellent AHRC-funded arts and humanities research to addressing global challenges, the AHRC will draw on its Council specific allocation from the Global Challenges Research Fund (GCRF) to support these endeavours. The Council will work closely with its community to identify further opportunities to lead, and contribute to, multi-funder and multi-partner GCRF funding programmes.

Performance against key performance indicators

The AHRC's performance is measured against its Royal Charter objectives to promote and support high quality research and postgraduate training, to advance knowledge and understanding of the arts and humanities in order to provide trained personnel, to contribute to economic competitiveness and effective public services and policy and to enhance the quality of life and creative output. The Council provides research funding to academics carrying out excellent research at every stage of their career across the range of disciplines within the arts and humanities. Our Key Performance Indicators (KPIs) ensure that AHRC funding responds to the requirements of the research community and results in research that fosters new collaborations with non-academic partners, informs public policy and ensures UK researchers are key players on the international stage. Selected highlights are referenced below.

Supporting the health of the arts and humanities and national capability including the AHRC's priority and thematic areas, postgraduate training and multidisciplinary research

On 31 March 2016, the AHRC was supporting 588 live awards and 1,232 Principal and Co-Investigators at 120 UK Higher Education Institutions (HEIs) and Independent Research Organisations. It is a testament to research excellence that AHRC-funded researchers are sought after for collaborative projects with academic and non-academic partners both in the UK and overseas. The live

¹ Based on the researchers submitted to the Research Excellence Framework to relevant disciplines assessed by REF2014's Main Panel D and Main Panel C.

awards on 31 March 2016 included 59 International Co-Investigators at 52 overseas HEIs in Europe, North America, South America, Asia, Africa and Oceania. In 2015-16, 46% of the new grants awarded by AHRC included non-academic partners. Collaboration with non-university organisations on training grants is at 67%, compared with 59% in 2014-15. This is an important continuing trend, signifying a new generation of arts and humanities researchers gaining experience of engagement with non-academic partners at the outset of their careers. The size of the AHRC student cohort makes this figure particularly significant; it stood at 2,426 at the end of the 2015-16 financial period. In total, collaboration on AHRC grants awarded at all career stages resulted in over £5.5m of leveraged funding from over 800 different organisations during 2015-16. The total amount leveraged from all of the research grants that were active at the end of the 2015-16 financial period stood at over £14.6m.

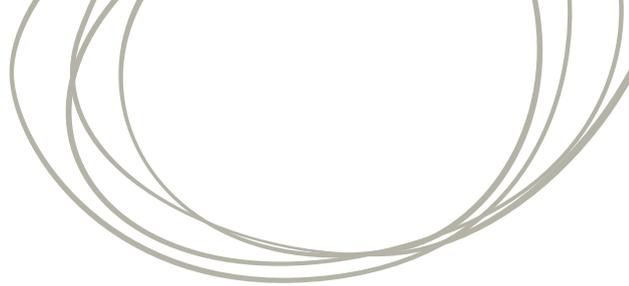
Through the AHRC's open call schemes, the AHRC awarded 129 Research Grants, 40 Leadership Fellowships and 53 Research Networks in 2015-16 covering a wide breadth of disciplines within the arts and humanities. A selection of the awards made include: 'A new Literary Geography: Establishing a Digital Literary Atlas of Wales and its Borderlands' led by Cardiff University working with Swansea University exploring the intersections between people, literature and land to better understand literary geography; 'In Dialogue with the Mahabharata' at Lancaster University offering the first comprehensive analysis of dialogue within the Sanskrit narrative poem and demonstrating the contemporary relevance of the text to current debates in philosophy, politics, ethics and religion; the 'Creating Earth Futures: Exploring GeoHumanities Approaches to Global Environmental Change' Leadership Fellowship at Royal Holloway University, which will analyse the value of arts and humanities approaches to understanding global environmental change; the 'First Hebrew Shakespeare Translations', an Early Career Leadership Fellowship at University College London which will provide the first in-depth analysis of the earliest complete translations of Shakespeare plays into Hebrew in the 19th century; the 'Role Ethics Network' at the Open University, which will explore the ethical significance of social roles; and the 'Corruption in (Non-)Criminal Commercial Enterprise: Law, Theory and Practice' network led by the University

of Edinburgh working with the University of Manchester exploring issues relating to transnational organised crime by bringing together expertise from law and criminology alongside other arts, humanities and science disciplines.

The AHRC has taken further steps in its priority areas of Modern Languages, Heritage and Design. For example, in relation to Modern Languages, four awards were made within the AHRC's new Open World Research Initiative (OWRI), which will see research undertaken in 22 languages over 18 academic disciplines and engage with over 100 partners ranging from schools and sixth form colleges to the BBC and government departments, in the UK and internationally and involving 18 UK universities and seven overseas universities in the USA, Mexico, Spain, Italy, China and Hong Kong. The OWRI programme will build on the success of the Language-Based Area Studies (LBAS) centres. In 2015-16, the second and final funding periods to the five LBAS centres came to an end. Over the year, the centres continued to deliver a broad range of activities, which included the development of new research networks with international partners in areas such as East European Critical Theory, the Chinese Reception of Indian Religious and Intellectual Practices, and Human Rights in the Post-Communist World; and the development of new language learning tools such as online courses in Polish, Romanian, Serbian/Croatian, intensive Japanese language summer schools, and teacher training in Arabic. To further support the AHRC's priority areas, a call has been launched for Leadership Fellows in Design, Heritage and Modern Languages to be appointed in 2016-17.

The AHRC's four thematic areas - Care for the Future, Digital Transformations, Science in Culture and Translating Cultures - and the AHRC-led cross-Council Connected Communities programme have made significant progress in 2015-16. The Theme Leadership Fellows have been renewed in order to support further activities until 2019. Their range of activities in 2015-16 has included building new international partnerships, running specific workshops and calls for Early Career Researchers and the development of new collaborative activities between the four theme areas.

In 2015-16, the AHRC has continued to support ongoing cross-Council collaborative initiatives such as the Digital Economy and the Partnership for Conflict, Crime and Security Research in addition to taking an active role in



the scoping of two new initiatives, the RCUK-Innovate UK Urban Living Partnership and the RCUK Anti-Microbial Resistance Initiative. The AHRC has significantly extended its activities through the Newton programme securing additional funding for arts and humanities research with partners in Brazil, China, Egypt and India on issues relating to cultural heritage and rapid urbanisation to the exploration of social change through creative practices. The UK has also continued to perform well through the HERA (Humanities in the European Research Area) programme with UK Principal Investigators (PIs) involved in 14 of the 17 projects awarded in 2015-16 through the HERA Uses of the Past programme.

The AHRC's 18 Doctoral Training Partnerships (DTP) and Centres for Doctoral Training have recruited their second cohorts. In anticipation of the next round of doctoral funding the AHRC published draft proposals to engage views from across the research and user communities. The AHRC continues to offer additional training opportunities for postgraduates and early career researchers through the International Placement Scheme, through the award of funding for public policy skills training to the DTPs and the launch of the 10th Anniversary Cultural Engagement Fund, which has involved 95 cultural engagement projects at 35 research organisations.

Advancing knowledge and understanding of the arts and humanities including the promotion and support of the exploitation of research outcomes

The AHRC's four Knowledge Exchange (KE) Hubs for the Creative Economy are nearing the completion of their activities. In 2015-16, they have focused on consolidating their activities, a better understanding of the impact of the KE Hubs and building a sustainable legacy. This year has also seen the completion of the three-year Cultural Value project with the final report highlighting the different methodologies to be developed for the measuring and conceptualising of the benefits of arts and culture. Knowledge exchange initiatives with an international dimension have included the AHRC Centre for Digital Copyright and IP Research in China (supported via the Newton Fund), which became fully operational in 2015-16. Taking forward the AHRC's support of understanding regional creative economies and clusters through the Brighton Fuse project, the AHRC has supported the

Creative Fuse North East project to explore how the creative, digital and IT (CDIT) sector in the North East can be further developed. Creative Fuse North East is a consortium of five universities, Newcastle, Northumbria, Durham, Sunderland and Teesside, in partnership with 12 local authorities, arts and cultural organisations and businesses.

To celebrate the AHRC's tenth anniversary, a special highlight notice was launched within the AHRC's Follow-on Fund for Impact and Engagement. In total, 39 Follow-on Fund awards were made in 2015-16, which included: 'Madagascar in the World: the impact of music on global concerns' at the University of Southampton, which will see the co-production of a full-length documentary film 'Songs for Madagascar' involving researchers, an independent film company and Malagasy musicians; 'The Nazi Concentration camps: an online resource' at Birkbeck College with the UCL Centre for Holocaust Education, which will provide the first major online resource about the Nazi concentration camps; and 'Creating a virtual pilgrimage trail in the Isle of Man: faithscape, landscape and heritage' at the University of the West of England, which involves a project in collaboration with Manx National Heritage and other Manx organisations to identify pilgrimage routes and create online, print and audio guides with links to maps and historic interpretation material to support faith-heritage tourism.

Ongoing public engagement initiatives for 2015-16 have included the second launch of the AHRC World War One at Home stories, the activities of the AHRC's World War One Engagement Centres and the AHRC/BBC New Generation Thinkers programme. In addition as part of the AHRC's tenth anniversary celebrations, ten public debates were hosted across the UK on the broad theme of The Way We Live Now with topics ranging from the 'The challenge of change' in Newcastle in October to a focus on 'Beyond the Digital', a debate held simultaneously in Londonderry and London.

Equality and diversity

Ensuring equality and diversity across awards is of key importance to the Council. Of our current grant portfolio, 44% of all funded researchers (PIs and Co-investigators) are female. This number remains the same when looking at the gender breakdown amongst PIs who currently hold

grants, and has increased during 2015-16, where 48% of the PIs on all successful grants were female. The proportion among students with AHRC funding is higher still, with 58% of AHRC studentships being awarded to female applicants in 2015-16.

In 2015-16, AHRC targeted its Peer Review College recruitment exercise (March 2015–July 2015) to specifically encourage Early Career Researchers to join the College. From 207 applications, 110 Early Career Researchers were admitted to the Peer Review College on 1 October 2015.

Key issues facing the entity

AHRC's risk management process is designed to manage risk and not eliminate it. The quarterly review process allows risk owners to comment on mitigation actions and provide assurance that risks are being managed.

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

The principal operational risks for AHRC are the challenges posed by the current change agenda and the shared services environment (for more detail refer to the Governance Statement p17) while the principal strategic risks are those involving AHRC's need to provide an appropriately robust evidence base of the value of current activities and the sustained impact of previously funded work and the need to enable researchers to deliver their full potential for excellent research and wide benefits to society and the economy.

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.

Performance Analysis

Financial performance

AHRC's source of financing is through Grant in Aid from BIS, which is based on the annual DEL allocation (outlined in the table below). Income contributions are derived from arrangements with third parties both within and external to central government.

Grant in Aid received from BIS for 2015-16 was £101.9m compared to £104.6m for 2014-15. This represents a decrease of 3%. The majority of the reduction was due to the removal of capital funding from BIS as there was no planned expenditure in 2015-16. Programme and

administration allocations were also decreased within the current financial year.

The accounts for the year ended 31 March 2016 recorded net expenditure of £102.9m compared with £109.2m for 2014-15, which is an overall decrease of 6% and consistent with the overall reduction in funding from BIS.

Expenditure on Research, Postgraduate and Fellowships equate to 92% of AHRC's total expenditure, which is aligned with 2014-15. The ratio of postgraduate to research spend has also been maintained to that of the preceding year.

Outturn £000	Resource	Capital	Total
Allocation	102,102	-	102,102
Outturn	101,969	(51)	101,918
In Year Underspend	133	51	184

Reconciliation of Net Resource Expenditure Between Allocation, Outturn and Accounts

BIS Allocation

Administration	3,607
Programmes	98,287
Capital	-
Depreciation	208
Sub Total Allocation	102,102
Administration Expenditure	3,511
Programmes Expenditure	98,390
Capital Expenditure	(51)
Depreciation Expenditure	68
Actual Expenditure	101,918
Capital Additions	(16)
Provision Payments	(16)
SBS Notional Charges	1,044
Total Comprehensive Net Expenditure	102,930

The Outturn section of the table above illustrates the distribution of expenditure against allocation in respect of resources and capital. Overall, AHRC has a total underspend of £184k made up of Resource (£133k) and Capital (£51k). The second half of the table analyses the allocation and actual in greater detail, which is reconciled to the financial statements.

Net Administration expenditure fell from £5.2m (2014-15) to £4.6m (2015-16), representing a reduction of 11%. Whilst over the last three years the administration budget has been around 3% of the total BIS allocation, AHRC continues to try to make efforts to minimise back office costs but at the same time ensuring the provision of front line research services is maintained.

Financial Position

As at 31 March 2016, non-current assets had a carrying value of £0.07m (31 March 2015 £0.12m), the reduction largely consisted of the annual depreciation and amortisation charges, which are outlined within the financial statements (pages 43-46).

As at 31 March 2016 the value of current assets was £15.6m, which is a 10% increase from the preceding year. This is almost entirely due to an increase in the cash balance held at the end of the financial year.

Current liabilities have increased from £4.6m to £6.0m, representing a 30% increase. Movement in non-current liabilities is due to the utilisation of the provision held.

Creditor's payment policy

AHRC observes HM Treasury Guidance and makes every effort to pay creditors within five days of receipt of invoice. Where this is not possible, the AHRC 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 2015-16 an average of 87% of payments were made within five days (2014-15 86%).

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 20.

Environmental policy

The Natural Environment Research Council (NERC) has developed a cross-Council Environment Policy, which is supported by AHRC, who 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 87% 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.

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



Professor Andrew Thompson
Interim Chief Executive, AHRC
30 June 2016

Accountability Report

Corporate Governance Report

Remuneration and Staff Report

Parliamentary Accountability and Audit Report



Corporate Governance Report

Directors Report

Governance

AHRC is an independent non-departmental public body of the Department for Business, Innovation and Skills (BIS), established by Royal Charter. AHRC's working relationship and lines of accountability with its sponsor department BIS are defined through a Management Statement and Financial Memorandum, which are subject to periodic review. AHRC's Chief Executive, in his role as Accounting Officer, is accountable to the public via Parliament.

Council and Management Board

The membership of AHRC Council and main advisory boards are listed on pages 14-15. Council members' remuneration is listed in the Remuneration Report (page 28) along with their remuneration for 2014-15. The chairman of AHRC Council is Professor Sir Drummond Bone and the Chief Executive Officer is Professor Andrew Thompson.

Council

The Council must ensure that the AHRC operates in accordance with the objects enshrined in its Royal Charter.

It is also responsible for ensuring that the AHRC complies with requirements contained in the Management Statement and Financial Memorandum, which set out the relationship between the Research Council and BIS. In relation to the Financial Memorandum, Council has responsibility for the overall financial management of the AHRC. The Chief Executive of the AHRC is the Accounting Officer and as such is accountable to the Permanent Secretary for BIS.

Members of Council, including the Chair and Chief Executive, are appointed by BIS. Professor Sir Drummond Bone is the Chairman and Professor Andrew Thompson is the interim AHRC Chief Executive. Further information about them and other members of Council can be found in the Remuneration Report. Appointments are made in accordance with the Code of Practice for Public Appointments. The Director of Research Base at BIS attends Council meetings as the representative of the Secretary of State for BIS.

Council is advised by its Committees, Boards, peer-review

panels and working groups. Council has formally delegated responsibility for decisions on granting awards to the relevant subject panels, which operate through a system of rigorous peer review.

Members of Council and senior staff in AHRC are required to declare any potential conflicts of interest in the Register of Interests, which is available on request. Council members' details can be reviewed on the AHRC website: www.ahrc.ac.uk/about/visionstrategygovernance/governancestructure/

Committee members

Council Members

- Professor Sir Drummond Bone** (Balliol College, Oxford)
- Professor Andrew Thompson** (University of Exeter)
- Ms Deborah Bull** (Kings College London)
- Ms Jan Dalley** (Financial Times)
- Professor Sir David Eastwood** (University of Birmingham)
- Mr Anthony Lilley** (Magic Lantern Productions)
- Professor Bernard Silverman** (Chief Scientific Adviser, Home Office)
- Mr Trevor Spires** (Retired, ex-Royal Navy)
- Professor Greg Walker** (University of Edinburgh)
- Professor Svenja Adolphs** (University of Nottingham)
- Professor Fiona Macpherson** (University of Glasgow)
- Professor Tom Inns** (Glasgow School of Art)
- Mr Robert Dufton** (University of Sheffield)
- Ms Julia Grant** (Impetus Private Equity Foundation)
- Professor Simon Goldhill** (University of Cambridge)
- Ms Lucy Winskell** (Northumbria University)

Audit Committee

- Professor Mike Braddick** (University of Sheffield)
- Ms Jan Dalley** (Financial Times)
- Dr Catherine Martin** (University of Edinburgh)
- Mr Trevor Spires** (Retired, ex-Royal Navy) Chair
- Mr Robert Williams** (University of Oxford)



Remuneration Committee

Professor Sir Drummond Bone (Balliol College, Oxford)
Chair

Ms Jan Dalley (Financial Times)

Professor Sir David Eastwood (University of Birmingham)

Professor Andrew Thompson (University of Exeter)

Advisory Board

Professor Svenja Adolphs (University of Nottingham)

Ms Rebecca Bailey (Historic Environment Scotland)

Professor Lin Foxhall (University of Liverpool)

Mr Dominic Gray (Opera North)

Professor Barry Godfrey (University of Liverpool)

Professor Matthew Hilton (University of Birmingham)

Professor Stephen Hoskins (University of the West of
England)

Professor Karen Lury (University of Glasgow)

Professor Andrew McRae (University of Exeter)

Professor Sita Popat (University of Leeds)

Professor Stephen Shute (University of Sussex)

Ms Laura Sillars (Site Gallery, Sheffield)

Professor Claire Taylor (University of Liverpool)

Professor Greg Walker (University of Edinburgh)

Conflict of interest

The potential conflicts of interest for AHRC are fully disclosed in note 14 to the accounts on page 57.

Personal data related incidents

There were no protected personal data related incidents formally reported to Information Commissioner’s Office in 2015-16.

Please note that AHRC data security policy and controls are disclosed in the Governance Statement on page 17.

Freedom of information

Since its formation AHRC has been subject to the Freedom of Information Act. During 2015-16 AHRC provided information in response to 50 requests.

Summary of other protected data related incidents in 2015-16.

Category	Nature of incident	Total (number)
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	-
II	Loss of inadequately protected electronic equipment, devices or paper documents	-
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	-
IV	Unauthorised disclosure	5
V	Other	1

Accounts Direction

These accounts have been prepared in accordance with the Accounts Direction, issued by the Secretary of State for Business, Innovation and Skills, in accordance with Section 6.3 of the Higher Education Act 2004. The accounts follow best commercial practice having due regard to the Council’s status.

Statement of Accounting Officer's Responsibility

Under the Higher Education Act 2004, the Secretary of State with the consent of HM Treasury has directed AHRC to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of AHRC and its net expenditure, changes in taxpayers' equity, and cash flows for the financial year.

In preparing the Accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (www.gov.uk/government/publications/government-financial-reporting-manual-2015-to-2016) and in particular to:

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

The Department for Business, Innovation and Skills has appointed the Chief Executive as Accounting Officer of AHRC. 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 AHRC assets, are set out in the NDPB Accounting Officers' Memorandum issued by HM Treasury and published in 'Managing Public Money'.

As far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware. The Accounting Officer has taken all the steps that ought to have been taken to be made aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The Annual Report and Accounts as a whole is fair, balanced and understandable and the Accounting Officer takes personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

Governance Statement



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

Scope of Responsibility

On 1 December I was appointed as Interim Chief Executive in succession to Professor Rick Rylance. I have received the appropriate level of induction and as a newly appointed CEO, I attended the Introduction to Accounting Officer Responsibilities course in February 2016, which was run by Civil Service Learning on behalf of HM Treasury. All newly appointed Accounting Officers are required to attend the course, whose aim is to enable Accounting Officers to discharge effectively their responsibilities for the use of public money and accounting to Parliament.

As Accounting Officer, I have personal responsibility for maintaining a sound system of governance and internal control, which supports the achievement of AHRC's policies, aims and objectives. I also safeguard the public funds and AHRC 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 AHRC 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.

Governance Framework

AHRC is governed by its Council, which establishes and agrees the overall corporate strategy, key strategic objectives and deliverables of AHRC, 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

also reviews regular financial reports on the management and performance of AHRC ensuring that appropriate action is taken to address any concerns identified, thus ensuring the good financial management of AHRC. The Council also monitors the overall AHRC risk profile as well as individual risks carrying a high degree of threat.

In carrying out this work the Council is advised by two standing committees, the Audit Committee and the Remuneration Committee, as well as an Advisory Board and other sub-groups. The Council sets the vision and strategic direction for AHRC. The responsibility for carrying out key strategy is delegated to me as the Chief Executive. A diagram of AHRC's organisational structure, including the lines of reporting between the Council and other organisational functions, is shown on pages 14-15.

In 2015-16 the Council met five times and amongst the issues discussed were:

- Comprehensive Spending Review, including
 - AHRC's evidence and analysis work
- Nurse Review and its recommendations
- consideration and approval of annual budget, including
 - review of quarterly management accounts and forecasts
- monitoring Risk and Assurance reports from the Audit Committee, including
 - monitoring the performance of UK SBS
- quarterly reports from the Advisory Board
- an update on plans for future research priorities, including
 - Postgraduate – Doctoral Training Partnerships 2 commission
 - future engagement with the Creative Economy
 - interdisciplinary research
 - the Creative Economy strategy
 - public policy work
- annual report on the performance of the Peer Review College
- review of activities relating to equality and diversity issues
- delivery of the AHRC's 10th Anniversary programme.

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 AHRC's committees are listed on pages 14-15.

The Council carried out an effectiveness review in 2016 in the form of a questionnaire. The overall conclusions were that strong governance was in place with effective working between the Council and the AHRC Executive to implement the agreed strategic aims and objectives. The Council was receiving good assurance from the Audit Committee and was satisfied with the financial reporting being presented. The review highlighted that some consideration should be given to the size and shape of Council particularly in light of the recommendations from the Nurse Review.

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

The Audit Committee provides assurance to Council and me, as Accounting Officer, by reviewing the adequacy and effectiveness of AHRC'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 also supports discussion at Council through updates and briefings from the Chair of Audit Committee, who is also a Council member.

During the year the Audit Committee carried out a self-evaluation review in the form of a questionnaire,

Name	Attendance at Council	Attendance at Audit Committee
Professor Svenja Adolphs	5 out of 5	
Professor Sir Drummond Bone	4 out of 5	
Professor Mike Braddick		4 out of 4
Ms Deborah Bull	4 out of 5	
Ms Janet Dalley	5 out of 5	4 out of 4
Mr Robert Dufton	4 out of 5	
Professor Sir David Eastwood	4 out of 5	
Professor Simon Goldhill	4 out of 4	
Ms Julia Grant	3 out of 4	
Ms Felicity Harvest	0 out of 1	
Professor Tom Inns	4 out of 5	
Mr Anthony Lilley	2 out of 5	
Dr Catherine Martin		2 out of 4
Professor Fiona Macpherson	5 out of 5	
Professor Rick Rylance	2 out of 2	
Professor Bernard Silverman	4 out of 5	
Mr Trevor Spires (AC Chair)	4 out of 5	4 out of 4
Professor Andrew Thompson	4 out of 5	
Professor Greg Walker	5 out of 5	
Mr Robert Williams		4 out of 4
Ms Lucy Winskell	4 out of 4	
Total 2015-16	84%	90%
Total 2014-15	(83%)	(84%)



the results of which were discussed at the Committee's March meeting. The review concluded that the Committee was discharging its responsibilities effectively overall and received a good professional support from AHRC in respect of papers and meeting support. A small number of improvements were agreed, which will be taken forward in 2016-17.

The attendance of members at Council and the Audit Committee, for which they were eligible to attend, can be found in the table on the previous page with a 2014-15 comparative percentage for the total shown in brackets.

The Senior Management Team (SMT) comprises myself as Chief Executive, Directors and Associate Directors and is the Executive body for AHRC. It meets weekly with governance responsibilities to manage AHRC operations and finances in line with AHRC's 2015-16 delivery plan, as well as monitoring associated risks.

The Remuneration Committee is chaired by the Chair of Council and comprises two further members of Council and myself as CEO, with the Head of HR in attendance. It is responsible for advising the Council on matters relating to the remuneration of Directors.

The Risk Management Committee (RMC) comprises AHRC staff representatives from across the organisation. It reports to SMT and meets quarterly to identify and review risks to the achievement of AHRC's plans and objectives.

The Advisory Board, comprising a number of senior academic researchers and non-academic members, advises Council on the development and implementation of AHRC strategy; monitors outcomes from AHRC's funding portfolio; and acts as a quality assurance body to oversee the procedures regulating the Peer Review College.

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

AHRC continues to comply with the policies set out in the Cabinet Office 'Principles of Good Corporate Governance in Executive Non-Departmental Public Bodies'.

Risk Management

a. Approach to Risk Management

In 2015-16 a new risk management policy and process was introduced across AHRC, EPSRC and ESRC (the three PSU Councils). This is based on the guiding principles of managing risk within the public sector, representing best practice whilst being proportionate to the level of risk exposure and risk appetite within the three PSU Councils. The changes for AHRC were, however, minimal.

AHRC's role is to support independent, high quality research and postgraduate training, as well as the impact that arts and humanities 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 organisations such as major museums. Some research, by its pioneering and innovative nature, carries risk, but we have a very low risk appetite in terms of the way we conduct our business. We work only with eligible research organisations and make our investment decisions using a transparent peer review process, details of which can be found at: www.rcuk.ac.uk/funding/peerreview.

AHRC's risk management process is designed to manage risk and not eliminate it. The quarterly review process allows risk owners to comment on mitigation actions and provide assurance that risks are being managed.

Strategic risks are identified through the RMC and SMT and reviewed by Audit Committee and Council at each meeting, who pay particular attention to those highlighted as significant high-level risks. It is through this process that AHRC manages the key headline risks that impact on the delivery of the AHRC's programmes and operations and enables mitigating actions to be agreed and implemented.

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

b. Significant risks in 2015-16 and key mitigating factors

This section covers the most significant risks faced in 2015-16 and the key mitigations in place. These risks are either of a long-term, ongoing nature and require continued risk management or have yet to be managed down sufficiently.

- **UK Shared Business Service (UK SBS)**

The announcement to transfer all services provided by UK SBS to other service providers and disband UK SBS within the next three years has created uncertainty around the ability of UK SBS to continue to maintain service delivery during this period of change. If there is prolonged uncertainty and the ongoing issues regarding the stability, security and resilience of the 12.0.6 Oracle platform remain unaddressed then this may result in severe operational risks and directly impact on AHRC's ability to conduct its core business. The need to have in place processes and plans to cover any system failure is therefore required, which is dealt with in more detail under the UK SBS section. AHRC is also engaged with UK SBS at different levels and across various groups to help manage effectiveness and the stability of services.

- **Higher Education White Paper**

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

While announcements were awaited on the recommendations made in the Nurse Review, the Research Councils collectively looked at operational efficiency in 2015-16 through the Operational Cost Reduction Programme (OCRP), as covered later in this statement. This will continue into 2016-17 through the RCUK Change Programme, which has succeeded OCRP. The risk remains that uncertainty may affect staff and place additional demands on resource. This may in turn make it difficult to maintain 'business as usual' in the transition leading to the new structure

unless mitigations are in place. AHRC is fully engaged in the RCUK Change Programme at both strategic and operational levels and will continue to influence the agenda where possible.

- **Funding**

With a reduction to programme budgets and stretched administrative resources the risk of delivery pressures exists. There is also the reputational risk that the rationale for difficult funding decisions taken in response to the Spending Review is not sensitively communicated to the wider AHRC community. Steps have been taken to develop commitment plans to accommodate revised budgets with a clear widespread communication strategy to reach out to the research community and the wider stakeholder base.

- **CEO Succession**

With the delay in appointing a successor to the previous CEO, who left in November 2015, there was a risk that AHRC could not fully engage and influence the strategic activities taking place e.g. the Nurse Review, BIS 2020, the Spending Review and the RCUK's own Change Programme. This was mitigated by active discussions with BIS and the eventual appointment of an interim CEO. Steps are now being taken to appoint a permanent CEO in 2016-17.

Efficiency

a. Efficiency Programme

Since 2010, in response to Sir William Wakeham's report *Financial Sustainability and Efficiency in Full Economic Costing of Research in UK Higher Education Institutions*, 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.

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



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

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

The Research Council Chief Executives have agreed to take a collective, Research Council-wide, programme approach to operational efficiency and through an OCRP targeting savings over a three year period.

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

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

c. Professional Support Unit (PSU)

The PSU, hosted by AHRC, provides professional services to AHRC, Engineering and Physical Sciences Research Council and Economic and Social Research Council (the PSU Councils) in: Finance; Human Resources; Information Technology (hosts services on behalf of non-PSU Councils); Project Management; and Reprographics. The Head of PSU received the appropriate 2015-16 delegations from the PSU Councils, which allowed the services to be delivered.

During 2015-16 the Head of PSU attended Audit Committee and SMT, which allowed governance issues to be discussed and challenged. The PSU is overseen by a Management Board comprising the Chief Executive Officers (CEOs) and a Director from each of the PSU Councils, which meets quarterly. The Management Board

received regular reports and an annual report from the Head of PSU, which provided assurance on the level of service being delivered, the financial position and the risks being managed.

The Head of PSU produced an Annual Assurance Statement covering 2015-16. The statement provides assurance to the CEOs that the PSU has in place appropriate systems and controls to support the services being delivered.

In 2015-16, the PSU finance function undertook a Financial Management Review by way of a self-assessment using the CIPFA Financial Management Model in accordance with BIS and HM Treasury best practice. The finance support provided to the PSU Councils was found to be generally strong with recognition of the efforts invested in developing a strong common financial reporting and final accounts process. The creation of the PSU was also seen as a commitment by the PSU Councils to collaborate to develop better and more value-for-money solutions to the provision of their services.

The PSU recognises that future developments in respect of the RCUK Change Programme and the implementation of the Nurse Review will impact on its future. These are reflected in the PSU Risk Register with the Head of PSU fully engaged in the wider Research Council discussions during 2015-16.

Other key governance activities

a. Pay Remit

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

b. Information Management

The PSU Information Management Team is responsible for:

- Records Management
- Freedom of Information
- Data Protection
- Information Security.

This service is provided for AHRC alongside the other PSU Councils providing a common approach and a body of expertise.

During 2015-16 AASG conducted an audit on Information Security, which identified a number of weaknesses in dealing with potential data breaches. The identified areas have now been strengthened by the PSU Information Team.

AHRC has in place a system of control for Information Risk, which is reflected in the annual Information Security Health Check submitted to BIS. The health check requires organisations to have plans in place to deliver full compliance with mandatory security outcomes. AASG reviewed the health checks of all Research Councils prior to submission to BIS and were satisfied that the appropriate plans were in place.

AHRC is committed to safeguarding information and personal data. In 2015-16, there were no significant incidents where a lapse in the security of personal data resulted in the need to report an incident to the Information Commissioner's Office.

During 2015-16 e-learning training covering Information Assurance has been rolled out to all AHRC staff.

c. Health and Safety

PSU have produced a Health and Safety report for 2015-16, which contains no issues that need to be reported in this statement.

d. Transparency

AHRC 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

the AHRC covers:

- AHRC organisation structure
- salary bands and senior posts
- credit card transactions
- all expenditure.

e. Ministerial Directions

There were no Ministerial directions given in 2015-16.

f. Tax arrangements of public sector appointees

The Alexander Review, published in May 2012, made a number of recommendations to ensure that the highest standards of integrity could be demonstrated in the tax arrangements of senior public appointees. I can confirm that all of the AHRC's Directors 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 2015-16 the AHRC identified three contractors who fell within the Alexander Review criteria. The AHRC has sought and gained assurance that the appropriate tax arrangements were in place for the contractors identified.

As detailed in the Remuneration Report on page 27, as a Council member I provided AHRC with part-time strategic support, up to 30 November 2015, whilst the previous Chief Executive, Professor Rick Rylance, undertook his duties as Chair of RCUK. From 1 December I was appointed as Interim Chief Executive in succession to Professor Rick Rylance. Exeter University, as my employer, has invoiced AHRC for my time in undertaking these roles. The payment includes employer National Insurance and pension contributions as well as VAT. There have been no other appointments requiring AHRC to seek assurance regarding the income tax and National Insurance obligations of the appointee. Council members are 'office holders', as defined within HMRC guidance, and their remuneration is subject to Pay as you Earn with income tax (PAYE) and employee National Insurance Contributions (NICs) deducted at source through the payroll.

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



g. MacPherson Review

The review of quality assurance of Government analytical models undertaken by Sir Nicholas MacPherson, published by HM Treasury in March 2013, made a number of recommendations for government departments and their Arm's Length Bodies. To comply with the review and the BIS requirements AHRC have reviewed their use of analytical modelling in 2015-16 and have not identified any that were considered to be business critical.

h. Austerity Measures

AHRC 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. This includes all expenditure being approved through a formal process of delegated authority and monthly reporting to budget holders.

i. Regularity and Propriety

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

AHRC follows the harmonised Counter Fraud & Bribery policy, which was adopted by all seven Research Councils in 2014-15 and which is subject to annual review by the PSU Head of Risk & Governance. All staff are reminded of the policy on an annual basis, which is available through the PSU portal, thus ensuring that there is an awareness of their responsibilities to report fraud and the process by which to do so. All staff are also required to undertake annual e-learning awareness training covering counter fraud and bribery and in 2015-16 this was completed by 100% of staff.

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

Consistent with the other Research Councils AHRC has established a harmonised Whistleblowing Policy. The Whistleblowing Policy encourages and enables employees to speak out when they encounter or suspect malpractice. It guarantees whistle-blowers protection consistent with the Public Interest Disclosure Act (PIDA) and facilitates whistleblowing through a number of routes.

I can confirm that for 2015-16:

- neither I nor my staff authorised any 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 cases of whistleblowing
- there were no instances of fraud identified within AHRC or within UK SBS, which impacted on AHRC.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of governance, risk management and other internal controls at AHRC to ensure a sound system of internal control is being maintained. In 2015-16 this review has been informed by the work of AHRC's Directors, the Audit Committee, the internal audit service provided by the AASG, from the work of the external auditors and cross-Council assurance programmes. The conclusion of my review is covered below.

a. AHRC Directors

AHRC Directors have responsibility for the development and maintenance of the internal control framework and provide me with quarterly reports on their stewardship and management of internal control. The main issues raised by my Directors were as follows:

- the uncertainties and opportunities created by the Nurse Review
- the challenges created by the RCUK Change Programme
- the uncertainties created by the BIS 2020 Review of UK SBS
- the Spending Review process.

These issues are already reflected in the AHRC corporate risk register and will therefore be managed through the existing risk management process. I am content that the 2015-16 reports provide me with reasonable assurance that a sound internal control framework is in place.

b. Audit Committee

I have examined the reports of AHRC Audit Committee meetings including their review of internal controls,

governance and risk management processes. I and my predecessor attended Audit Committee meetings and other than the UK SBS issues, covered below, no issues have been raised with me by the Committee.

c. Internal Audit

The Internal Audit function is provided by AASG. The Director of AASG is required to provide me with an opinion on the overall adequacy and effectiveness of AHRC'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 AHRC activities and cross-Council activities with an AHRC involvement.

In 2015-16, based on the audit work covered below, AASG was able to provide AHRC with an overall Moderate Level of assurance on the adequacy and effectiveness of the AHRC's controls and governance processes. The definition is:

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

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

• Core AHRC Audits

The Core audits undertaken in 2015-16 were:

- Private Sector Engagement – Moderate Assurance
- Management Information – Substantial Assurance
- Public Policy and Independence – Substantial Assurance
- PSU - Disaster Recovery and Business Continuity – Unsatisfactory Assurance
- PSU – Information Security – Policy and Action Planning – Limited Assurance
- Follow up of Audit Recommendations.

All accepted recommendations in relation to the above audits have implementation plans in place. The most

significant issue raised in the Disaster Recovery and Business Continuity audit was the lack of an adequate disaster recovery plan within UK SBS. The activities of the Research Councils in respect of Disaster Recovery and Business Continuity are covered within the UK SBS section. The issues raised within the Information Security audit are covered above within the section on Information Management.

• Cross-Council Audits

In 2015-16, AASG carried out 18 cross-Council audits that were relevant to AHRC.

Where recommendations relate specifically to AHRC their implementation is closely monitored by PSU. The implementation of recommendations of a cross-Council nature is monitored through the cross-Council Risk & Assurance Network or through the appropriate functional governance group within the Councils.

The control frameworks for business continuity and disaster recovery alongside the detection of cyber security threats have been subject to audits. Whilst controls already exist these areas should always be subject to a plan of continuous improvement and as such resilience will be strengthened. Work took place in 2015-16 to take this forward and will continue into 2016-17.

d. Cross Research Council Funding Assurance Programme

Across the RCUK community research funding in the 2015-16 draft accounts totals £2.9bn of which £98.9m relates to AHRC. The AHRC funding landscape has two cash funding streams: firstly, grants administered through the SIEBEL system (£91.9m) and awarded to eligible Research Organisations (ROs) and secondly, funding distributed outside the SIEBEL system (c£5m) including Strategic Partnerships.

SIEBEL Grants

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

- The Funding Assurance Programme (FAP) is a common activity which all Research Councils place reliance upon in relation to the use of grant funding



- ISA 260 reports from Russell Group Universities and other top ranked HEIs. To date 22 institutions have provided a return and no major errors or concerns in relation to Research Council funding have been identified
- A letter from HEFCE providing an Annual Assurance Statement confirming that they have reviewed 24 institutions during the year and provide assurance on:
 - o the financial stability of the institutions
 - o the absence of material threats to Research Council funds
 - o that HEIs work within sound governance frameworks and
 - o that they are unaware of any improper or irregular expenditure in the use of Research Council funds.
- Final Expenditure Statements submissions – each grant holder is required to submit a Final Expenditure Statement at the end of the grant. These are checked and reconciled (100%) by UK SBS. These did not raise any significant or material issues.

The FAP methodology provides assurance on the control environment in operation within ROs and vouches a targeted sample of transactions to confirm compliance with grant terms and conditions. The results (ie very low level of current and historic errors identified) are for all Councils consistent with our key assertion regarding the robustness of the overall Research Council funding system. In his report the Head of Funding Assurance provides 'Moderate Assurance' based upon the programme of work undertaken in 2015-16 and the previous two years. In 2015-16 the main outcomes of this programme were:

- 19 assurance assignments covering 42 AHRC grants
- c£21m of AHRC expenditure reviewed
- ineligible expenditure of £2,199 identified on the funding reviewed in 2015-16. No payments in advance of need were identified.

Combined with the other layers of assurance such as the processes around grant application, approval and payment plus the independent ISA 260 audit reports for universities (reinforced by the HEFCE framework for control of HEIs), I am able to make positive assertions around the regularity of spend by ROs.

Non-SIEBEL awards/funding

Collaborative research to BIS and BIS Partner Organisations represents the major part of AHRC non-SIEBEL-funding (£3m) and these organisations already have a well-managed control and audit regime in accordance with 'Managing Public Money'. No issues were identified in 2015-16.

The remaining areas include AHRC's contribution to the Humanities in the European Research Area (£800k) and individual subscriptions, which are covered by specific conditions and agreements. No issues were identified in 2015-16.

Again when I reflect on the aggregation of all these sources of assurance I conclude on a strong framework that provides adequate assurance on the efficient and effective expending of public resources. In conjunction with the other Research Councils, AHRC will be considering a programme of improvement for 2016-17 and future years.

e. UK SBS Assurance

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

The Executive Director of UK SBS has written to me stating that the overall assurance status for UK SBS at the end of Quarter 4 was Amber. This mainly reflects the position on Disaster Recovery, which UK SBS have classified as Red within their own Internal Control Assurance and which is covered below.

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

- Payroll – Moderate Assurance
- GPC & iExpenses – Moderate Assurance
- Purchase to Pay – Moderate Assurance
- Strategic Procurement – Limited Assurance.

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

• Cyber Security

AHRC recognises the ongoing and increased Cyber

Security threats and the challenges to managing them. We have a commitment to continually improve our controls, training and awareness. There were no cyber incidents involving data loss or classed as high risk.

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

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

- **Business Continuity and Disaster Recovery**

In 2015, the Research Councils and UK SBS collectively started a number of initiatives to mitigate the most serious risks that were faced. In this context it was recognised that the business systems employed by the Research Councils and UK SBS are currently out of support. Additionally, UK SBS is entering into a transition period over the next two years, as new business systems are implemented and UK SBS disbanded. These factors pose a significant risk to the Research Councils, which materialised with the loss of systems for a period of up to two weeks towards the end of 2015-16. This resulted in business continuity plans being successfully activated by UK SBS, the Research Councils and the RCUK Executive.

The RCUK community has introduced a number of measures to maintain oversight of ongoing performance, including further monitoring of services, setting up a Finance Rapid Response Group and in the case of Business IT, the Research Councils have significant ICT in-house capability. UK SBS, in liaison with the Research Councils, will also carry out a lessons learnt exercise for the most recent loss of service.

To date, there have been no material errors or omissions reported to me, although the risk of error has increased. Whilst the resolution of the above system issues could be seen as a positive outcome, I

am concerned there is a need to assess and stabilise the platform in order to minimise the risk of further disruption. AHRC, the other Research Councils and the RCUK Executive will continue to strengthen the business continuity plans already in place, taking into account the above lessons learnt exercise.

The Chair of RCUK Executive Group has written to the BIS Principal Accounting Officer alerting him of the collective concerns of the Research Councils regarding the ongoing vulnerability and fragility of UK SBS systems.

- **Future Operations**

BIS announced in 2015 that the UK SBS is to be disbanded within the next three years, which will require AHRC to move to alternative provider/s within that time. BIS have indicated that these providers will be a combination of private sector, other parts of government or retained functions within BIS organisations. UK SBS acknowledge risks to continued resilience including reliance on legacy systems, capacity and capability. The ability of UK SBS to maintain service delivery, prepare for and transfer services over the next three years will be highly dependent on capacity and capability. Decisions on the BIS Shared Service strategy and other programmes will impact on their ability to manage change and retain key skills.

f. External Audit

The AHRC Annual Report and Accounts is audited by the National Audit Office who produce an Audit Completion Report.

Conclusion

The conclusion of my review is that AHRC'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 AHRC's policies, aims and objectives and that an effective plan for continuous improvement is in place.

Remuneration and Staff Report 2015-16

Council Chair and Council Members except Chief Executive

Unaudited Information

Policy

The Chair and Council Members receive a letter of appointment from the Department for Business, Innovation and Skills (BIS) and are not employees of the AHRC although remuneration is made through the AHRC 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.

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 is in accordance with guidelines set out by the Cabinet Office Centre for Public Appointments (<https://publicappointments.cabinetoffice.gov.uk>). This is available at <http://publicappointmentscommissioner.independent.gov.uk>. In accordance with the Code, vacancies are advertised nationally and a panel, including independent members, oversees the process. The panel reviews all applications, shortlists and interviews, then forwards names of appointable candidates to the Secretary of State for selection. 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 four years. In exceptional cases Members may be offered the possibility of reappointment for a further four 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 AHRC, Council Members are refunded for reasonable expenses. Members of Council who are civil servants are not entitled to receive an honorarium. The remuneration of AHRC's Council Members and Chairman is reviewed annually by BIS.

Audited Information

Remuneration

Council Chair and Council Members	Period of Appointment	2015-16 Remuneration £000	2014-15 Remuneration £000
Professor Sir Drummond Bone (Council Chair)	01/02/14 – 28/02/18	15–20	15–20
Professor Ellen Douglas-Cowie	01/09/08 – 31/08/14	-	0–5
Dame Lynne Brindley	01/09/08 – 31/08/14	-	0–5
Professor Roger Kain	01/09/08 – 31/08/14	-	0–5
Professor Ewan McKendrick	01/09/10 – 31/08/14	-	0–5
Professor John Butt	01/09/10 – 31/08/14	-	0–5
Ms Felicity Harvest	01/09/11 – 31/08/15	0–5	5–10
Professor Andrew Thompson ¹	01/09/10 – 30/11/15	15–20	35–40
Professor Bernard Silverman ²	01/09/12 – 31/08/16	-	-
Miss Deborah Bull	01/09/13 – 31/08/17	5–10	5–10
Ms Janet Dalley	01/09/13 – 31/08/17	5–10	5–10
Mr Anthony Lilley	01/09/13 – 31/08/17	5–10	5–10
Professor Svenja Adolphs	22/09/14 – 31/08/18	5–10	0–5
Mr Robert Dufton	22/09/14 – 31/08/18	5–10	0–5
Professor Tom Inns	22/09/14 – 31/08/18	5–10	0–5
Professor Fiona Macpherson	22/09/14 – 31/08/18	5–10	0–5
Mr Trevor Spires	01/09/10 – 31/08/18	5–10	5–10
Professor Sir David Eastwood	01/09/11 – 31/08/19	5–10	5–10
Professor Simon Goldhill	01/09/15 – 31/08/19	0–5	-
Ms Julia Grant	01/09/15 – 31/08/19	0–5	-
Professor Greg Walker	01/09/11 – 31/08/19	5–10	5–10
Ms Lucy Winskell	01/09/15 – 31/08/19	0–5	-

1 From 01-12-2011 to 31-08-2015 Professor Andrew Thompson supported AHRC's Chief Executive whilst he undertook his Chair of RCUK duties. The above amount for 2015-16 reflects this role and his Council membership. The AHRC has recompensed Exeter University for Professor Thompson's time plus VAT, national insurance and pension contributions. On 01-12-2015 Professor Andrew Thompson was appointed the interim Chief Executive of AHRC until the recruitment of a new CEO to replace Professor Rylance. Therefore Professor Thompson no longer receives a separate honorarium for his Council membership.

2 Professor Bernard Silverman, Chief Scientific Adviser to the Home Office, does not receive an honorarium as a civil servant.



Unaudited Information

Chief Executive and AHRC Directors

The remuneration of the Chief Executive of AHRC 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 AHRC Directors is assessed annually by the Directors' Remuneration Committee. This Committee is chaired by the Chair of Council and other membership comprises the Chief Executive and a member of AHRC Council. Assessments are made using AHRC'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 AHRC
- 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 payment is determined by the level of performance rating within the year.

Contracts of Employment

Chief Executive

Professor Andrew Thompson took up the post of interim Chief Executive of AHRC on 1 December 2015 on a nine-month contract, seconded from the University of Exeter.

Directors

All Directors are employees of the AHRC. The Chief Executive and all Directors are subject to a notice period of three months and any compensation awarded for early termination is subject to the terms and conditions of the Research Councils' Joint Superannuation Early Severance Scheme.

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 in the table at the top of the following page.

Audited Information Remuneration of Directors

Chief Executive and Directors	2015-16				2014-15			
	Salary	Bonus	Pension Benefits*	Total	Salary	Bonus	Pension Benefits*	Total
	(£000)	(£000)	(£000)	(£000)	(£000)	(£000)	(£000)	(£000)
Professor Rick Rylance, Chief Executive	105-110	10-15 ¹	(28)	85-90	150-155 ²	25-30 ¹	30-35	210-215
Professor Andrew Thompson, Interim CE	25-30 ³	-	5 ⁵	30-35	-	-	-	-
Mr Graham Raikes, ⁴ Director	100-105	0-5	34	140-145	100-105	0-5	30-35	135-140
Professor Mark Llewellyn, Director	80-85	0-5	24	105-110	80-85	0-5	15-20	100-105

* 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.

1 The 2014-15 bonus for Professor Rylance is made up of an end of term performance bonus of up to 10% of annual pay payable one year after he completed his first 4-year term in 2013, and an annual and RCUK performance bonus for 2013-14. The 2015-16 bonus is paid up to 30-11-2015.

2 Professor Rylance's salary included an allowance of £35,000 p/a with effect from 01-07-2013 in recognition of his responsibilities as Executive Group Chair of RCUK. In addition Professor Rylance received a detached duty lodging allowance capped at £1,250 per month. Professor Rylance left on 30-11-2015. His full year equivalent salary is in the salary band 150-155.

3 Professor Andrew Thompson is an employee of the University of Exeter and is on secondment to AHRC from 01-12-2015. The values shown above are the amounts reimbursed (excl Pension & NI contributions) to the University of Exeter and only reflect his duties as the interim CEO. VAT is payable on the total amount invoiced, but is not included in the figure above. AHRC also cover the cost of travel and accommodations cost between Exeter and AHRC. This is a 9 month part-time contract of 0.80 of 1FTE. Full year FTE equivalent salary £100k-105k.

4 Mr Raikes' salary includes a responsibility allowance of 10% for his work as head of PSU.

5 The pension benefit disclosure for Professor Thompson is not equivalent to the pension benefit disclosure of the other AHRC directors, it is the re-imbursment of the contributions AHRC makes to the University of Exeter in respect of Professor Thompson's pension.

	2015-16	2014-15
Banded remuneration of highest paid director (£000)	105-110	175-180 ¹
Median remuneration of AHRC workforce (£)	30,650	29,271*
Range of staff remuneration (£)	16,987-121,706	14,650-177,915
Ratio	3.51 ²	6.06*

1 Professor Rylance's salary includes an allowance of £35,000 p/a with effect from 01-07-2013 in recognition of his responsibilities as Executive Group Chair of RCUK, which is included above.

2 The significant variance in ratios is due to the payment of an end of term performance bonus of up to 10% of annual salary paid to Professor Rylance in 2014-15, which was contractual and included in his remuneration.

* 2014-15 restated to include the allowances and bonuses of all staff and this has affected both the median and ratio calculations.

Salary paid in 2015-16 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, re-imbursment of expenses, employer pension contributions and the cash equivalent transfer value (CETV) of pensions. There has been an increase to the average annual earnings (excluding bonuses) for these members of staff of 2% between 2014-15 and 2015-16.

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

in kind paid to any of the AHRC Executive in 2015-16.

In 2015-16 a contractor received remuneration in excess of the highest-paid director (2014-15, 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. Mr G Raikes, Director of Resources for AHRC, is also the Head of the PSU. In 2015-16 he was the Director responsible for service provision 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. A proportion of Mr Raikes' salary is recharged across the PSU Councils as part of the agreed PSU charging process. The remuneration of the Head of PSU is determined by the employing Council's Remuneration Committee. A PSU recharge is necessary to ensure each of the Council's costs fairly reflect the services received.

Pension Benefits

Chief Executive and Directors	Accrued pension as at 31-03-16 and related lump sum (£000)	Real increase in pension and lump sum at pension age (£000)	CETV at 31-03-16 (£000)	CETV at 31-03-15 (£000)	Real increase in CETV (£000)
Professor Rick Rylance, Chief Executive**	40-45 Plus lump sum 125-130	(0-2.5) Plus lump sum (2.5-5)	1,080	1,270	Information not available*
Professor Andrew Thompson, Interim Chief Executive***	-	-	-	-	-
Mr Graham Raikes, Director	15-20 No lump sum	0-2.5 No lump sum	229	182	21
Professor Mark Llewellyn, Director	10-15 Plus lump sum 30-35	0-2.5 Plus lump sum 2.5-5	137	106	Information not available*

* The USS does not provide this information.

** Professor Rylance left AHRC on 30-11-2015

*** Secondment from University of Exeter, joined 01-12-2015



Unaudited Information

Pension Schemes

The employees of AHRC are automatically enrolled 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' to the Principal Civil Service Pension Scheme (PCSPS), 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 (JSS) with the associated grant-in-aid managed by the Biotechnology and Biological Sciences Research Council (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 scheme actuary, the Government Actuary's Department (GAD) and is set at 26.0% of pensionable pay.

Employee contribution rates and the method for calculating the rates for the RCPS changed on 01-04-2015 through the by-analogy arrangement with the PCSPS. The new method is based on the employee's 'annualised earnings', which is the actual earnings in the month multiplied by 12. The employee contribution rate is tested against the 'annualised earnings' each month with the employee paying the appropriate contribution. The rates for the period 1 April 2015 to 31 March 2016 were as follows:

Annualised pensionable earnings	Classic % contribution rate before tax relief	Classic Plus, Premium and Nuvos % contribution rate before tax relief
Up to £15,000	3.00	4.60
£15,001–21,000	4.60	4.60
£21,001–47,000	5.45	5.45
£47,001–150,000	7.35	7.35
£150,001 and above	8.05	8.05

A Partnership Pension Account was made available to new staff from 1 October 2002, based on the portable Stakeholder Pension introduced by the Government in 2001. This is a defined contribution scheme. The employers pay the RCPS 0.8% of pensionable pay to cover death in service and ill health benefits. The employers pay the balance to the employee's private pension provider. The employer contribution for 2015-16 was £6,540 (2014-15 £558).

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

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. The RCPS cannot operate by analogy to the new Alpha scheme as the legislation does not automatically permit this. Reform options are being discussed with HM Treasury, and BIS have given permission for RCPS to continue 'as is' beyond April 2015 with reforms due to be implemented before March 2018.

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

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. The assets

of all schemes are held separately from those of AHRC in an independently administered scheme. It is not possible to identify the AHRC's share of the underlying assets and liabilities of any of the pension schemes. In RCPS, AHRC 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 valuation 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 has since concluded their reform policy, which enabled the Government Actuary Department to start the process of completing a revised scheme valuation. This valuation will be as at 31 March 2012 in accordance with HM Treasury revised scheme valuation directions. The conclusion of the scheme valuation is directly linked to the reform outcomes of the RCPS. It is likely that the reform process will be complete by June 2016 and any resulting changes to contribution rates likely to be effective from April 2017.

For 2015-16, employer's contributions of £817k were payable to RCPS (2014-15 £751k) at 26% of pensionable pay for all the salary bands.

Universities Superannuation Scheme

From September 2005, staff who join AHRC and have an existing pension with Universities Superannuation Scheme (USS) may be offered continued membership of this scheme. The USS is a defined benefit scheme, which is externally funded and contracted out of the State Second

Pension. Employee contributions are set at 7.5% of salary until age 65 or 40 years' pensionable service is completed, whichever is earlier. Employer contributions are 16% of salary. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition a lump sum of 3/80ths of pensionable salary for each year of pensionable service is paid tax-free on retirement. Pensions payable are increased in the same manner and subject to the same conditions as are official pensions under the Pensions (Increase) Act 1971 and subsequent amendments. The increases are currently in line with changes in the Retail Price Index.

Further details about the Universities Superannuation Scheme arrangements can be found at www.uss.co.uk

From 1 October 2011 the USS pension scheme has two sections: Final Salary Section – a final salary pension scheme, which is now closed to new entrants. Employee contributions with effect from 1 October 2011 are 7.5% (7.5% in 2013-14) and employer contributions 16% (2013-14 16%); and Career Revalued Benefits Section – a career average pension scheme available for new recruits who have not previously been members of USS from 1 October 2011. Employee contributions are 6.5%, employer contributions are 16% (2013-14 6.5% and 16%). The USS Summary Funding Statement is issued to all scheme members and beneficiaries with information on the financial position of USS updated to 31 March 2011. A copy of the complete 'Scheme Funding Report' is available on the USS website (www.uss.co.uk).

Contingent Liabilities

The AHRC has a contingent liability concerning the USS pension scheme. This scheme is currently underfunded and should the AHRC have no USS Pension Scheme members in its employment, the AHRC is liable to pay its share of the deficit. Professor Mark Llewellyn, the Director of Research, is currently the only member of the USS Pension Scheme in AHRC. At 31 March 2016 the estimated contingent liability ranges from £465,000 to £698,000.

This range is an estimate of the debt due from AHRC if it no longer has employees in the USS Pension Scheme. It is important to note that this is not a definitive figure as:

- the exact figure can only be calculated as at the



cessation event date, as it can vary widely over time, under different market conditions and membership movements

- the amount is based on a scheme solvency level. This is an assumed funding level, which represents the difference between the actuarial valuation of the scheme's assets and liabilities expressed as a percentage. The estimated figures below assume different solvency levels.

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 that 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.

Audited Information

AHRC Staff Report

Staff numbers and related costs

Staff costs	2015-16 Total £000	2014-15 Total £000
Wages and Salaries	3,666	3,429
Social Security Costs	235	246
Other Pension Costs	858	785
Temp Staff	644	1,209
Secondment Expenditure	195	162
Total Staff Costs as per Statement of Comprehensive Net Expenditure	5,598	5,831
Less recoveries in respect of outward secondments	(170)	(88)
Total staff costs after deduction of income received for secondments	5,428	5,743

Income in respect of outward secondments is included in AHRC's operating income (Note 6)

All of AHRC's senior staff are paid through a formal payroll facility and arrangements are in place through HR to provide assurance that appropriate tax arrangements are in place to cover any other appointees.

The average number of full time equivalent persons employed during the year is documented in the tables below.

Consultancy

AHRC spent £53,555 on consultancy during 2015-16. This included £28,590 Strategies for UK Learned Societies Open Access, £12,000 Extension to Dimensions Access and Support for Category Creation, £965 HESA Services, and £12,000 payment to The Chartered Institute of Public Finance & Accountancy.

The AHRC hosts the PSU on behalf of AHRC, EPSRC and ESRC, providing HR, Finance, Project, Reprographics and Information Services to the three Councils. The costs of the PSU are recharged to the Councils who receive a service. All new staff appointments across these functions are recruited to AHRC.

In AHRC, staff and other administrative costs are reported at a gross level (ie include PSU FTE) throughout the Annual Report.

Staff numbers	2015-16		2014-15		Total	
	AHRC	PSU	AHRC	PSU	2015-16	2014-15
Directly employed/core staff	61	40	63	31	101	94
Seconded in	2	1	1	1	3	2
Temporary staff	-	5	-	12	5	12
Staff numbers	63	46	64	44	109	108
Seconded out	(3)	-	(1)	-	(3)	(1)
Staff numbers	60	46	63	44	106	107

	2015-16		2014-15		Total	
	Male	Female	Male	Female	2015-16	2014-15
Directors	3	-	3	-	3	3
Senior managers	4	6	5	6	10	11
Other employees	31	57	28	52	88	80
Total directly employed/core staff	38	63	36	58	101	94

2014-15 data has been restated to more accurately reflect the average employee numbers.



Civil Service Compensation Scheme Analysis

Value	Compulsory Redundancies		Other Departures		Total Departures		Total Packages	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16 £000	2014-15 £000
<£10,000	-	-	-	-	-	-	-	-
£10,000–24,999	-	-	-	-	-	-	-	-
£25,000–49,999	-	-	-	-	-	-	-	-
£50,000–99,999	-	-	1	1	1	1	55	81
£100,000–149,999	-	-	-	-	-	-	-	-
£150,000–200,000	-	-	-	-	-	-	-	-
Total number of exit packages	-	-	1	1	1	1	55	81

Unaudited Information

Staff Policies

Sickness Absence

PSU HR and the Research Council management monitor staff sick absences on an ongoing 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.

	2015-16	2014-15
Average number of staff during year	101	94
Total days lost to sickness	777	783
Average working days lost	8	9
Days lost to long-term absences	209	454

Common cause of absence	Days lost	%
Anxiety/Stress-related	180	23
Cold/Cough/Flu	110	14
Bladder/Kidney/Genito-urinary	67	9
Post Operative	65	8
Gastrointestinal	50	6
Total	472	60

Diversity and Equality

AHRC 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.

AHRC 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.

AHRC 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 AHRC's commitment to improving the working lives of its employees.

Employee Engagement

Employee involvement in management and policy matters continues through ongoing dialogue between all colleagues within AHRC. 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.

AHRC 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.

In 2015, AHRC ran its own employee engagement survey. Findings are discussed with all employees and there is a continuous dialogue to ensure that employees are engaged on issues which affect them at work.

Health and Safety

AHRC 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 three Research Councils and has a continuous programme of inspections and engagement with employees in the three Research Councils. Joint Building and Office Services continues to provide health and safety support and administration across the seven Research Councils, relating to induction of new starters, first aid and fire.

Parliamentary Accountability and Audit Report

Audited Information

Regularity of Expenditure

I can confirm that for the financial year ended 31 March 2016, neither I nor my staff authorised a course of action, the financial impact of which is that transactions infringe the requirements of regularity as set out in Managing Public Money, and that Treasury approval has been obtained for all novel, contentious or repercussive transactions relating to 2015-16.

Special payments and losses

There were no losses or special payments that need to be reported.

Remote contingent liabilities

The contingent liabilities are fully disclosed in note 13 (page 57).

Long-term expenditure trends

The graphs highlighted in this section provide a visual representation of the critical areas that drive the performance of AHRC.

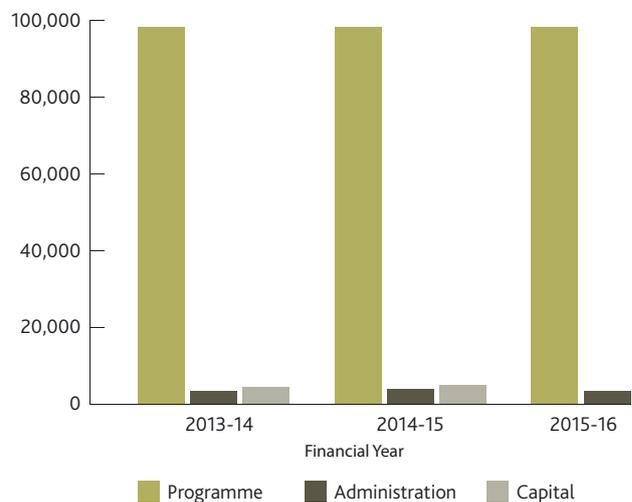
With grant in aid being determined by our sponsoring department it is vital the programme allocation element is utilised in the most effective way to ensure our medium and long term objectives are continually met.

Constraints in the administrative allocation element over the last few years have meant that it has become increasingly important to maintain high quality back office services in the most efficient way possible.

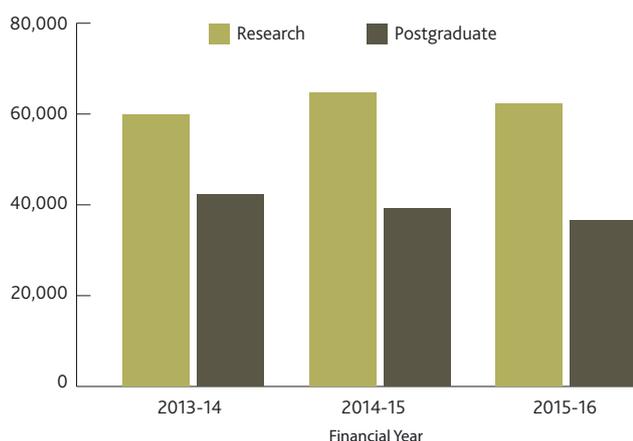
The graph below shows AHRC's allocation received from BIS over the last three financial years, split by Programme, Administration and Capital. The graph illustrates that 96% of the total allocation for 2015-16 is for programme expenditure with only 4% allocated to Administration to cover back office expenditure. AHRC had an opportunity to bid for capital allocation covering a two-year period from 2013-14. After a successful bid, AHRC received funding for two calls – 'Digital Transformation Big Data' and 'Digital Transformation Capital', which were fully utilised. There was no capital allocation for 2015-16.

Programme allocation has been static between 2013-2015 at £98m.

Grant-in-Aid allocation (£)



Programme expenditure (£000)



The graph above shows AHRC's Programme expenditure split by Research and Postgraduate over the last three financial years. Capital Grants are included within capital Research expenditure. The combined total for research and postgraduate expenditure has decreased by £4.9m compared to the previous financial year. AHRC is heavily reliant on Grant in Aid received from BIS to fund Research/Postgraduate awards, as this is AHRC's main source of income.

Research

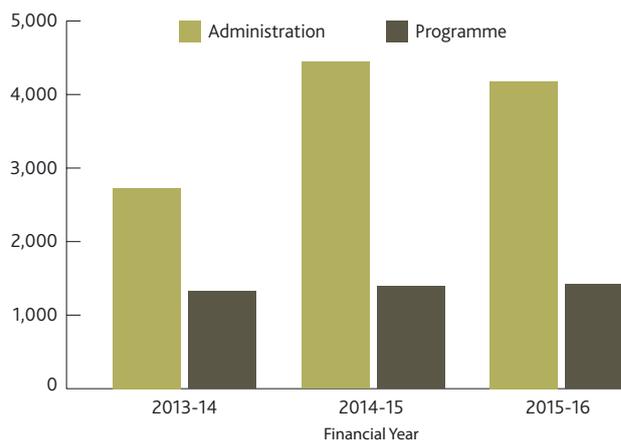
Research expenditure has reduced by £2.2m from 2014-15. Responsive grant expenditure has increased by £2.0m in 2015-16, which is in line with budget. This increase can be offset by the decrease in capital grants of £5.2m

Postgraduate

Overall Postgraduate expenditure has reduced by £2.7m compared to the previous financial year. Block Grant Partnership 2011 grant scheme came to an end in October 15. This has contributed largely to a decrease in expenditure of £2.6m compared to 2014-15.

Programme expenditure has been static over the last three years, which reflects the consistency of the Grant in Aid received from BIS.

Staff costs (£000)



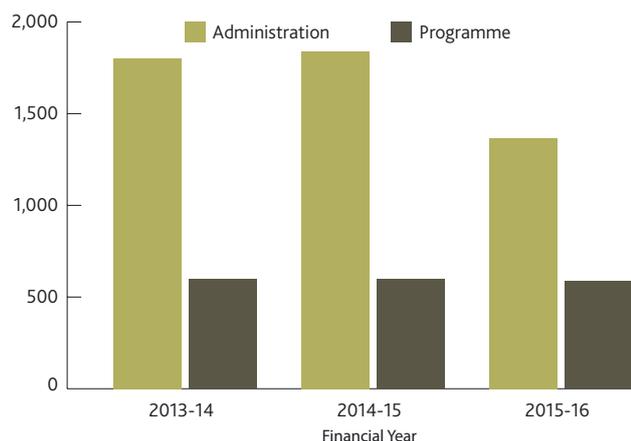
The graph above shows AHRC staff costs split by Administration and Programme over the last three financial years.

Administration costs significantly increased during 2014-15 due to the creation of the PSU that was set-up in October 2014. With AHRC being the host council, Finance, HR, IT and Project office services were taken on resulting in employees from EPSRC and ESRC moving onto AHRC's terms and conditions. The additional salary costs were then recharged back to the Councils. In 2015-16 AHRC has seen the stabilisation of the PSU, which is now benefiting from salary savings, which is evidenced by the reduction of £262k in 2015-16.

Programme salary costs have averaged at £1.3m over the last three years.



Other costs (£000)



The graph above show Other costs split by Administration and Programme.

Administration costs have reduced by £471k in 2015-16 compared to the prior financial year. Austerity measures have meant that AHRC have had to use the back office resources more efficiently. The PSU is also seeing cost savings as it continues to work in a collective and harmonised way.

Professor Andrew Thompson
Accounting Officer
30 June 2016

Programme expenditure has been consistently around £600k for the past three years.

Below is a non staff breakdown of 'Other costs' by category spend :

Category	2015-16 Administration £000	2015-16 Programme £000
Operating Expenses	382	292
Accommodation Costs	213	(9)
IT Costs	146	5
Professional Fees	113	29
Consultancy	13	41
Marketing and Advertising	275	124
External Audit Fees	45	-
Travel and Subsistence	111	103

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

I certify that I have audited the financial statements of the Arts and Humanities Research Council for the year ended 31 March 2016 under the Higher Education Act 2004. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability disclosures that is described in that report as having been audited.

Respective responsibilities of the Council, Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Council and the Chief Executive, as 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 Higher Education Act 2004. 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 Arts and Humanities Research Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Arts and Humanities Research Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Arts and Humanities Research Council's affairs as at 31 March 2016 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Higher Education Act 2004 and Secretary of State directions issued thereunder.



Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with Secretary of State directions made under the Higher Education Act 2004; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

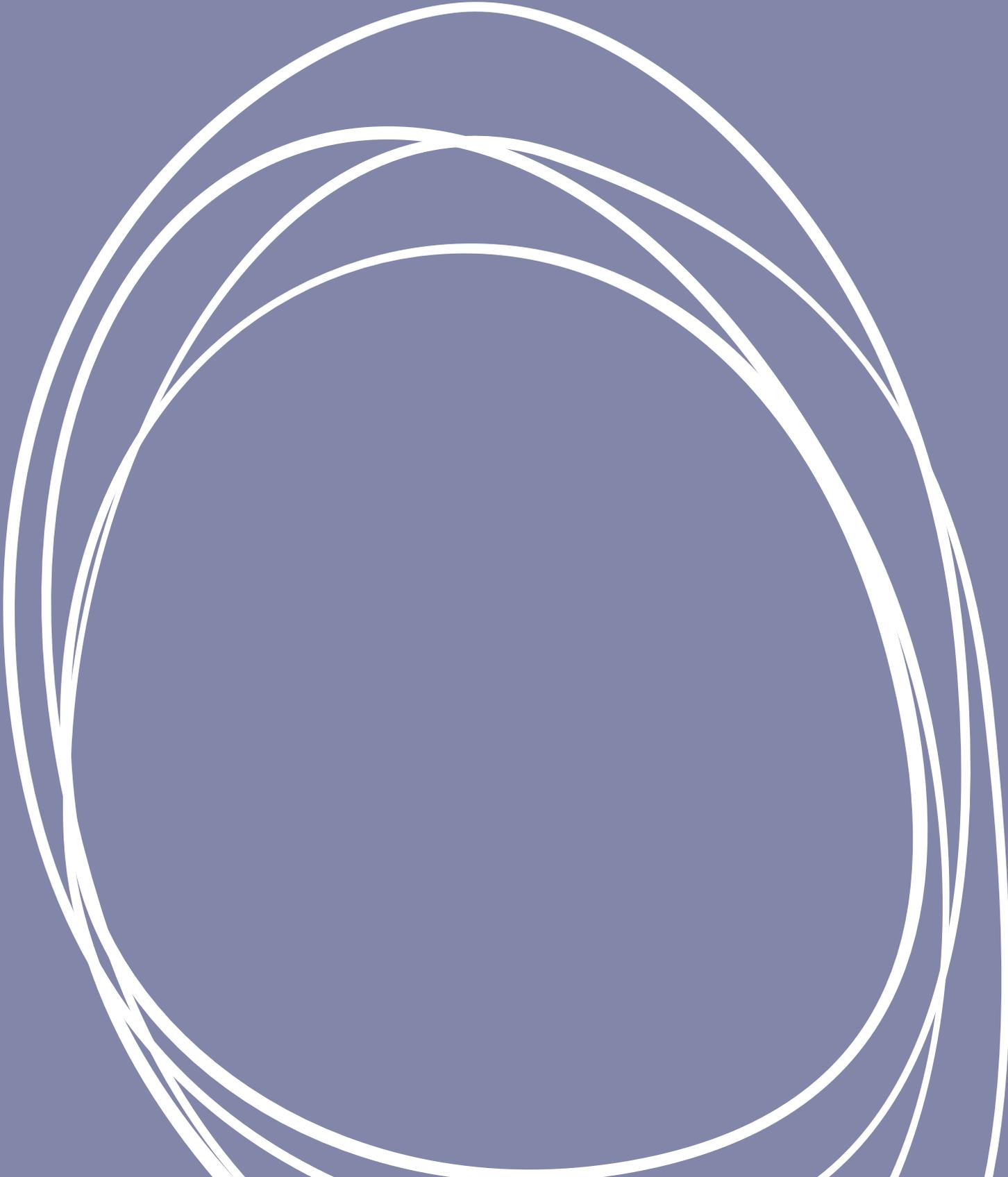
Sir Amyas C E Morse

Comptroller and Auditor General

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

6 July 2016

Financial Statements



STATEMENT OF COMPREHENSIVE NET EXPENDITURE

for the year ended 31 March 2016

	Note	2015-16 £000	2014-15 £000
Administration			
Staff Costs	3	4,179	4,441
Other Expenditure	5	1,366	1,837
Notional Service Charges	5	1,044	1,071
Operating Income	6	(1,982)	(2,175)
		4,607	5,174
Programme			
Staff Costs	3	1,419	1,390
Research	4a	62,467	64,707
Postgraduate Awards	4b	36,488	39,177
Other Expenditure	4c	585	600
Operating Income	6	(2,636)	(1,858)
		98,323	104,016
Net Expenditure		102,930	109,190
Total Comprehensive Net Expenditure		102,930	109,190

The notes on pages 47-58 form part of these accounts.

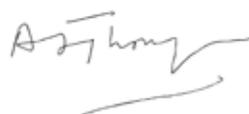
STATEMENT OF FINANCIAL POSITION

as at 31 March 2016

	Note	As at March 2016 £000	As at March 2015 £000
Non-Current Assets			
Property, Plant and Equipment		57	122
Intangible Assets		13	-
Total Non-Current Assets		70	122
Current Assets			
Trade and Other Receivables	7	9,415	10,124
Cash and Cash Equivalents	8	6,182	3,973
Total Current Assets		15,597	14,097
Total Assets		15,667	14,219
Current Liabilities			
Trade and Other Payables	9	(6,017)	(4,563)
Provisions	11	(14)	(15)
Total Current Liabilities		(6,031)	(4,578)
Total Assets less Current Liabilities		9,636	9,641
Non-Current Liabilities			
Provisions	11	(120)	(133)
Total Non-Current Liabilities		(120)	(133)
Assets less Total Liabilities		9,516	9,508
Taxpayers' Equity			
General Reserve		9,516	9,508
Total Taxpayers' Equity		9,516	9,508

The notes on pages 47-58 form part of these accounts.

The financial statements on pages 43-46 were approved by Council and signed on its behalf by:



Professor Andrew Thompson

Accounting Officer

30 June 2016

STATEMENT OF CASH FLOWS

for the year ended 31 March 2016

	Note	2015-16 £000	2014-15 £000
Cash Flows from Operating Activities			
Net Expenditure		(102,930)	(109,190)
Adjustments for Non-Cash Transactions:			
Depreciation	5	64	170
Amortisation	5	4	38
Decrease in Trade and other Receivables	7	709	2,051
Increase/(Decrease) in Trade and other Payables	9	1,454	(2,176)
(Decrease) in Provisions	11	(14)	(2)
Net Cash Outflow from Operating Activities		(100,713)	(109,109)
Cash Flows from Investing Activities			
Purchase of Intangibles		(16)	-
Net Cash Outflow from Investing Activities		(16)	-
Cash Flows from Financing Activities			
Grant-in-Aid received from BIS – Revenue		101,894	99,551
Grant-in-Aid received from BIS – Capital		-	5,000
Notional Service Charges	5	1,044	1,071
Net Cash Flows from Financing Activities		102,938	105,622
Net Increase/(Decrease) in Cash and Cash Equivalents in the period	8	2,209	(3,487)
Cash and Cash Equivalents at the beginning of the period	8	3,973	7,460
Cash and Cash Equivalents at the end of the period	8	6,182	3,973

The SBS charges are a notional cost, as they are directly funded through BIS. As such they are disclosed under Financing Activities.

The notes on pages 47-58 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

for the year ended 31 March 2016

	Note	General Reserve £000	Total Reserves £000
Balance at 1 April 2014		13,076	13,076
Changes in Taxpayers' Equity 2014-15			
Grant-in-Aid received from BIS		99,551	99,551
Grant-in-Aid received from BIS – Capital		5,000	5,000
Notional Service Charges	5	1,071	1,071
Net Expenditure		(109,190)	(109,190)
Balance at 31 March 2015		9,508	9,508
Balance at 1 April 2015		9,508	9,508
Changes in Taxpayers' Equity 2015-16			
Grant-in-Aid received from BIS		101,894	101,894
Notional Service Charges	5	1,044	1,044
Net Expenditure		(102,930)	(102,930)
Balance at 31 March 2016		9,516	9,516

At the end of each reporting period any surpluses or deficits deriving from the AHRC's normal course of business are debited or credited to the General Reserve.

The notes on pages 47-58 form part of these accounts.

NOTES TO THE ACCOUNTS

1. 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 the Higher Education Act 2004.

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 (FReM) and in so far as these requirements are appropriate. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the AHRC 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 FReM 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 AHRC.

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 General Reserve will be extinguished over time, having regard to the resource and capital budgets to which AHRC can be expected to have access.

Budget allocations were formally announced in March 2016 following the Comprehensive Spending Review. Confirmation of the 2016-17 allocation was received from BIS in April 2016 detailing AHRC ring-fenced budgets. The Research Councils have published their spending plan and priorities for 2016-20 in line with the spending review period.

The Higher Education & Research Bill received its first reading in May 2016 setting out the government's intention regarding the research councils future, with the creation of a single executive non-department public body operating at arm's length from Government – UK Research and Innovation (UKRI). The Bill states the Government will ensure the seven research discipline areas continue to have strong and autonomous leadership, and that UKRI will incorporate the functions of the seven Research Councils, Innovate UK, and HEFCE's research funding functions. The names and brands of the Research Councils and Innovate UK will be retained amongst a number of other protections. On the strength of this information, the accounts have been prepared 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 2016, have been adopted in these financial statements, taking into account the specific interpretations and adaptations included in the FReM.

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.

NOTES TO THE ACCOUNTS

IFRS 13 Fair value measurement (adopted by the FReM for 2015-16) – IFRS 13 provides a single source of guidance for fair value measurement.

Simplifying and Streamlining Accounts Project (implemented by the FReM for 2015-16) – Staff-related disclosures have relocated to the Remuneration and Staff Report (page 34) in line with the guidance issued by HM Treasury. Accounting policies or disclosure notes are only required in relation to material items.

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 AHRC'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 AHRC's reported income or net assets in the period of adoption.

IAS 1 Presentation of Financial Statements (effective for periods beginning on or after 1 January 2016) – The amendment clarifies that information should not be obscured by aggregating or providing immaterial information. Materiality consideration applies to all part of the financial statements and even when a standard requires a specific disclosure.

IAS 7 Cashflow (effective for periods beginning on or after 1 January 2016) – Requires that the following changes in liabilities should be disclosed within financing activities: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

IAS 16 Property, Plant and Equipment (effective for periods on or after 1 January 2016) – The amendment to IAS 16 provides additional guidance on how the depreciation of property, plant and equipment should be calculated.

IAS 38 Intangible assets (effective for periods on or after 1 January 2016) – The amendment to IAS 38 provides additional guidance on how the amortisation of intangible assets should be calculated.

AHRC 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 AHRC'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 AHRC'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 Budgetary 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 and equipment valued at £1,000 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:

IT Equipment	3 years
--------------	---------

Fixtures and Fittings	5 years
-----------------------	---------

e. Intangible Assets

Capital expenditure on intangible assets includes the purchase of software, software licences, data sets and website development valued at £1,000 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:

Internally Developed Software	3–5 years
-------------------------------	-----------

Licences	Over length of licence
----------	------------------------

Internally Developed Websites	2 years
-------------------------------	---------

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 amortised at the same rate as the other assets in that category.

f. Impairment of Non-Current Assets

The AHRC 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 AHRC'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 AHRC's internal management structure and reporting to senior management. AHRC'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.

NOTES TO THE ACCOUNTS

h. Ownership of Equipment or Facilities Purchased with Council Grants

Equipment purchased by an organisation with research grant funds supplied by the AHRC belongs to the organisation and is not included in the AHRC's property, plant and equipment. Through the Conditions of Grant applied to funded organisations, the AHRC must be informed if, during the life of the research grant, the need for the equipment diminishes substantially or it is not used for the purpose for which it was funded. The AHRC reserves the right to determine the disposal of such equipment and to claim the proceeds of any sale.

i. Grants

Subject to the terms and conditions under which research grants are awarded, the AHRC 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 AHRC 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 12.

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

j. Financial Instruments

Due to the non-trading nature of its activities and the way in which the AHRC is financed, the AHRC 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 listed companies. The AHRC 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 AHRC 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 AHRC 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 AHRC is established or when the corresponding assets or expenses are recognised.

k. 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 (see Note 11).

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events (see Note 13).

l. Contingent Liabilities

Where the time value of money is material, contingent liabilities are stated at discounted amounts and the amount separately noted. Where a potential liability does not meet the criteria outlined in the relevant standards, separate amounts are not disclosed.

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. Taxation

The AHRC 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.

Members of this group comprise the seven Research Councils, BIS, Higher Education Funding Council for England, Innovate UK and UK SBS Ltd.

o. Pension Costs

Retirement benefits to employees of the Council are provided by the Research Councils' Pension Scheme (RCPS), the Standard Life partnership and the Universities Superannuation Scheme. 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 the Remuneration and Staff Report.

p. Employee Benefits

Employees are entitled to 30 days' annual leave per year. The annual leave year for the AHRC runs from 1 January to 31 December. The cost of untaken employee leave at 31 March 2016 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 AHRC is now deducted from AHRC'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. Insurance

In line with Government policy, AHRC 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.

NOTES TO THE ACCOUNTS

t. Cash and Cash Equivalents

In February 2013, it was agreed that AHRC would take over the coordination responsibility for the Humanities in the European Research Area (HERA) network, which has resulted in AHRC holding cash funds on behalf of a third party. The funds will not be managed in a separate bank account as HM Treasury approval is required to open new bank accounts. AHRC has separated the funds into a distinct GL account and will not cross-subsidise between AHRC funds and HERA funds in either direction.

2. Statement of Operating Costs by Operating Segment

	Research £000	Postgraduate £000	Other Programme £000	Administration £000	2015-16 Total £000
Staff Costs	-	-	1,419	4,179	5,598
Programme	62,467	36,488	-	-	98,955
Depreciation, Amortisation and Impairment	-	-	-	68	68
Other Costs	-	-	585	1,298	1,883
Notional Costs	-	-	-	1,044	1,044
Income	-	-	(2,636)	(1,982)	(4,618)
Net Expenditure	62,467	36,488	(632)	4,607	102,930

	Research £000	Postgraduate £000	Other Programme £000	Administration £000	2014-15 Total £000
Staff Costs	-	-	1,390	4,441	5,831
Programme	64,707	39,177	-	-	103,884
Depreciation, Amortisation and Impairment	-	-	-	208	208
Other Costs	-	-	600	1,629	2,229
Notional Costs	-	-	-	1,071	1,071
Income	-	-	(1,858)	(2,175)	(4,033)
Net Expenditure	64,707	39,177	132	5,174	109,190

The AHRC'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.

3. Staff Costs

	2015-16 £000	2014-15 £000
Wages and Salaries	4,505	4,800
Social Security Costs	235	246
Other Pension Costs	858	785
Total	5,598	5,831

For further information on staff costs and numbers, please see the Remuneration and Staff Report on page 34

4a. Research	2015-16	2014-15
	£000	£000
Responsive	34,721	32,692
Themed/Directed Research	19,277	19,289
Knowledge Transfer	5,685	5,739
Capital Grants	(67)	5,265
International Engagement	541	185
RCUK Operations	140	192
Open Access	916	796
Cross-Council Responsive Mode Awards	300	278
Newton	954	271
Total Expenditure on Research	62,467	64,707

4b. Postgraduate Awards	2015-16	2014-15
	£000	£000
Doctorial Funding	31,432	33,621
Non BGP Competition	(58)	(21)
Collaborative Doctoral Awards	4,906	4,595
Skills Development & Collaborative Research Training	(104)	(79)
International Mobility	252	262
Language Based Area Studies	-	742
Clore Leadership Programme	60	57
Total Expenditure on Postgraduate Awards	36,488	39,177

Language based area studies is classed as themed/directed within research from April 2015.

4c. Other Programme Expenditure	2015-16	2014-15
	£000	£000
Operating Expenses	292	262
Accommodation Costs	(9)	37
IT Costs	5	-
Professional Fees	29	58
Consultancy	41	29
Marketing and Advertising	124	96
Travel and Subsistence	103	118
Total Expenditure on Other Programme Costs	585	600

NOTES TO THE ACCOUNTS

5. Administration Expenditure and Notional Costs	2015-16	2014-15
	£000	£000
Operating Expenses	382	561
Accommodation Costs	213	281
IT Costs	146	223
Professional Fees	113	213
Consultancy	13	11
Marketing and Advertising	275	144
External Auditors Fees	45	46
Travel and Subsistence	111	150
Depreciation	64	170
Amortisation	4	38
Sub-Total	1,366	1,837
SBS Notional Service Charge	1,044	1,071
Total Other Administrative Costs	2,410	2,908

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

6. Income	2015-16	2014-15
	£000	£000
Income From Other Research Councils	(3,461)	(3,537)
Income From Central Government	(1,024)	(228)
Income From Other Bodies	(133)	(268)
Total Operating Income	(4,618)	(4,033)
EU Income	(95)	(223)
Cofunded Grants Income	(2,466)	(1,635)
PSU Income	(1,844)	(2,012)
Income from Services Provided	(213)	(163)
Total Operating Income	(4,618)	(4,033)

AHRC hosts the PSU and pays and recharges costs relating to the PSU to the relevant Research Council. The recharges appear as revenue.

7. Trade Receivables and Other Current Assets**31 March 2016**
£000**31 March 2015**
£000**Amounts falling due within 1 year:**

Trade Receivables	129	926
Other Receivables	(1)	2
Prepayments	8,874	8,915
Accrued Income	413	281
Total	9,415	10,124

8. Cash and Cash Equivalents**31 March 2016**
£000**31 March 2015**
£000

Balance at 1 April	3,973	7,460
Net Change in Cash and Cash Equivalents	2,209	(3,487)
Balance at 31 March held in Government Banking Service	6,182	3,973

9. Trade Payables and Other Current Liabilities**31 March 2016**
£000**31 March 2015**
£000**Amounts falling due within 1 year:**

Creditors VAT	(10)	-
Trade Payables	(485)	(217)
Other Payables	(142)	(91)
Accruals	(5,178)	(4,151)
Deferred Income	(202)	(104)
Total	(6,017)	(4,563)

NOTES TO THE ACCOUNTS

10. Financial Instruments

The AHRC is committed to pay a total of € 983,467 towards the Humanities in the European Research Area Joint Project from 2016 to 2017 and so could potentially be exposed to currency exchange risk in the future. This is not a financial instrument as this commitment is not a financial liability on the AHRC's Statement of Financial Position at 31 March 2016. Policy Note 1j explains how AHRC is not exposed to financial risk to any significant degree. As at March 2016 there is no material difference between the fair value and the book value of the financial assets and liabilities.

11. Early Retirement Provision	31 March 2016	31 March 2015
	£000	£000
At April 2015	(148)	(150)
Payment/Utilisation of Provision	16	17
Increase in Provision	(2)	(15)
At March 2016	(134)	(148)

	31 March 2016	31 March 2015
	£000	£000
Not later than one year	(14)	(15)
Later than one year and not later than five years	(120)	(133)
Later than five years	-	-
Total	(134)	(148)

The AHRC relocated its offices from Bristol to Polaris House, Swindon in June 2010. As a result of the relocation of offices and internal restructuring an early retirement provision has been recognised in these financial statements.

12. Other Financial Commitments

	31 March 2016	Restated 31 March 2015
	£000	£000
Research Awards		
Not later than one year	59,274	60,108
Later than one year and not later than five years	53,135	44,452
Later than five years	-	-
	112,409	104,560
Postgraduate Awards		
Not later than one year	26,597	26,255
Later than one year and not later than five years	69,617	61,220
Later than five years	5	10
	96,219	87,485

13. Contingent Liabilities

The AHRC has a contingent liability concerning the USS pension scheme. The AHRC offers staff the ability to continue contributing to this scheme, but it is currently underfunded and should the AHRC have no USS Pension Scheme members in its employment, the AHRC is liable to pay its share of the deficit. Professor Mark Llewellyn, the AHRC's Director of Research, is currently the only member of the USS Pension Scheme. At 31 March 2016 there is an estimated contingent liability of £582,000 (£340,000, 2014-15), which will crystallise should Professor Mark Llewellyn leave the AHRC.

14. Related Party

AHRC is a Non Departmental Public Body sponsored by BIS. It complies 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, AHRC has had various material transactions with BIS and with other entities for which BIS is regarded as their parent department, as follows: Biotechnology and Biological Sciences Research Council; Economic and Social Research Council; Engineering and Physical Sciences Research Council; Higher Education Funding Council for England; Medical Research Council; Natural Environment Research Council; Science and Technology Facilities Council; and Innovate UK. In addition, AHRC 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 in relation to the following individuals/groups:

- AHRC senior executive staff
- AHRC Council members
- AHRC Audit committee members.

Material transactions where the individual/group had a direct interest in the award concerned have been disclosed in Table A with Table B outlining financial transactions with a related party of the individual/group.

Table C outlines transactions with Institutions where Council and Audit committee members are also members of staff or members of governing bodies. Members are considered if they are recognised as key management personnel within their employed Institution.

Table A

Individual	Institution	No. of Awards	Amount £000
Professor Andrew Thompson	University of Exeter	1	601

Table B

There were no material financial transactions with any related party of AHRC senior staff, Council and Advisory Board members.

NOTES TO THE ACCOUNTS

Table C

Individual	Institution	Aggregate Amount £000
Professor Sir David Eastwood	University of Birmingham	2,575
Ms Deborah Bull	King's College London	1,902
Ms Lucy Winkell	Northumbria University	507
Mr Robert Dufton	University of Sheffield	2,072
Professor Tom Inns	Glasgow School of Art	111
Dr Catherine Martin	University of Edinburgh	2,527
Mr Robert Williams	University of Oxford	5,887
Dr Emma Wakelin	Royal College of Art	701

15. Events after the Reporting Period

In accordance with the requirements of IAS10 '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 Report of the Comptroller and Auditor General.

The result of the referendum held on 23 June 2016 was in favour of the UK leaving the European Union. This is a non-adjusting event. A reasonable estimate of the financial effect of this event cannot be made.



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