

# **Annual report and accounts.**

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**2010/2011**

**NatCen**

**Social Research** that works for society

**At NatCen Social Research we believe that social research has the power to make life better. By really understanding the complexity of people's lives and what they think about the issues that affect them, we give the public a powerful and influential role in shaping decisions and services that can make a difference to everyone. And as an independent, not for profit organisation we're able to focus our time and energy on meeting our clients' needs and delivering social research that works for society.**

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# Introduction

**The Trustees present this annual report with the audited financial statements for the year to 30 June 2011. These have been prepared in accordance with the Charity Commission’s “Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities”.**



At NatCen Social Research we are driven by the belief that social research has the power to make life better. Our research works for society by providing a rich understanding of people’s views, needs and behaviours to underpin social policy making.

Considered in the round, 2010/11 has been a successful year for NatCen Social Research. We have delivered a wide range of projects across the full social policy spectrum, continuing to share our findings with decision-makers, opinion-formers and practitioners. We’re also increasingly drawing on our extensive knowledge of people and society to contribute to wider current news debates through our blogs and comment pieces.

We have continued to play a key role in building social research capacity in the UK. We are committed to methodological innovation and tackling the many research challenges the research community faces. And through NatCen Learning we have shared our skills and expertise with other researchers.

This impact has been achieved despite some challenges. Along with other research organisations we experienced the impact of the Government’s public spending cuts on research commissioning, and took the difficult decision to implement a number of redundancies. Despite this, NatCen Social Research has delivered very strong financial results and we are confident that as a result of the changes made and ongoing improvement initiatives the organisation is now in a much stronger position financially, and that it continues to be well-placed to build on its reputation for delivering high quality and impactful research.

Our role as Trustees is to provide stewardship of the organisation and I would like to thank three Trustees who have retired over recent months for their invaluable contributions to NatCen Social Research over many years: Professor Christine Hallett, Professor Denise Lievesley and Michael O’Higgins. We have been delighted to welcome six new Trustees since July 2010: Ken Caldwell, Professor Paul Wiles and Alison Wright who joined in September 2010; Alan Botterill in April 2011; and from autumn 2011 Professor Ian Diamond and Dr Jennifer Dixon.

A handwritten signature in black ink that reads "Janet Finch".

Professor Dame Janet Finch  
Chair of Trustees

# **Structure, governance & management**

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# Section 1. Structure, governance and management

## Our legal structure

The National Centre for Social Research (NatCen Social Research) was founded in 1969 as a registered charity governed by a Trust Deed. In July 2002 it became a company limited by guarantee (number 4392418) with a new charity registration number in England and Wales (1091768) and Scotland (SCO38454).

NatCen Social Research's governing document is its Memorandum and Articles of Association. This sets out that governance is the responsibility of the Board of Trustees who are the directors of the company as well as being the members.

## Key activities

The charity objects of NatCen Social Research are "the advancement of education through research into the social, political and economic sciences, the dissemination to the public of the results of such research and for educational purposes incidental thereto".

In line with these formal objects, NatCen Social Research's principal activity over the past year has been the delivery of a large number of research projects into all areas of social policy, with a particular focus on health and well-being, children and young people, crime and justice, income and work and society and social change, to inform public policy. Many of the projects we have undertaken have included quantitative surveys or qualitative studies carried out throughout Great Britain. The Scottish Centre for Social Research (ScotCen Social Research) is an integral part of NatCen Social Research that undertakes research reflecting the distinct characteristics of the social and political environment in Scotland. We also carry out a number of projects in Wales. We do not have a field presence in Northern Ireland, but regularly partner with the Northern Ireland Statistics and Research Agency (NISRA) on major projects.

Our aim is a society better informed through high quality research. All NatCen Social Research's

substantive research has direct, practical application in terms of understanding social behaviour and informing policy. It is used by policy makers and political representatives, the media, academics, university students and social researchers.

**"We provide detailed understanding of social issues relevant to the lives of everyone in Britain today"**

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Also important to the delivery of our mission is NatCen Learning's work delivering training in research skills, and the Research department's work to develop research methodologies. These activities have enabled NatCen Social Research to build expertise and promote research quality amongst the wider community of researchers across the UK and to ensure that research methods evolve and transform to solve information needs in new ways, while retaining scientific rigour.

A key aim of all of our work is to deliver public benefit. We set out how we work to achieve this in Section 2. How we delivered public benefit in 2010/11.

## Board of Trustees

NatCen Social Research is governed by its Board of Trustees which during 2010/11 comprised the following members:

- Professor Dame Janet Finch (Chair of Trustees and Chair of Nominations and Remuneration Committees)
- Alan Botterill (Trustee from 11 April 2011; member of Remuneration Committee; Pension Scheme Trustee)
- Ken Caldwell (Trustee from 1 September 2010; member of Audit Committee)
- Sir Robert Culpin (Member of Audit Committee until 20 February 2011)

- Steve Egan (Chair of Audit Committee)
- Sally Ford-Hutchinson (Member of Nominations Committee)
- Professor Christine Hallett (Member of Remuneration Committee; retired as Trustee on 31 August 2011)
- Professor Denise Lievesley (Member of Audit Committee; retired as Trustee on 31 August 2011)
- Michael O'Higgins (Member of Remuneration Committee; retired as Trustee on 21 May 2011)
- Professor Paul Wiles (Trustee from 1 September 2010)
- Alison Wright (Trustee from 1 September 2010; member of Nominations Committee)

Two further Trustees joined the Board in September and October 2011 respectively: Professor Ian Diamond and Dr Jennifer Dixon.

The last year has been one of transition for the Board as a number of long-serving members have retired and six new members joined. A process has recently been completed to appoint a new Chair to replace Professor Dame Janet Finch who is due to retire before the AGM in February 2012 at the end of her nine year term. We are delighted that Professor Sir Robert Burgess will be joining the Board as our new chair in due course. Sir Robert Culpin is also due to retire by the February AGM. Biographies of all Trustees are available at [www.natcen.ac.uk](http://www.natcen.ac.uk).

The Articles of Association allow for a minimum of 4 and a maximum of 15 Trustees. Trustees have a Nominations Committee which undertakes an open recruitment process and recommends new candidates for appointment when necessary, and ensures appropriate recruitment and succession plans and policies are in place.

On appointment, each Trustee completes a register of interests which is updated annually. There is an induction programme for new Trustees which includes information about NatCen Social Research and its work, and a programme of meetings with senior staff and

other Trustees. The Board undertook its first formal board evaluation in summer 2010 which looked at how the Board is performing and working, and highlighted areas for development. The Chair conducted follow-up discussions with Trustees in June 2011.

We meet formally as a Board three times a year plus an away day, with further meetings as and when needed. We receive a monthly report on NatCen Social Research's financial position and current activity and are kept informed by management, at other times, on organisational news or of significant issues affecting NatCen Social Research.

Three committees (Audit, Nominations and Remuneration) report to the Board. Committee members are all Trustees with the exception of Andrew Farrell, Director of Finance and Facilities at the London School of Economics who was appointed to the Audit Committee in September 2009 and is not a Trustee.

As a Board we are responsible for setting the aims and direction of NatCen Social Research and each year we approve the business plan and budget. We also have the power to appoint a chief executive and to delegate day to day management of NatCen Social Research to them. A clear distinction exists between our responsibilities as Trustees and the delegated responsibilities of management.

## Senior Management Team

The Chief Executive is responsible for appointing senior managers who are collectively responsible for the management and operation of NatCen Social Research and for reporting to Trustees on the organisation's financial position. It comprises:

- Chief Executive: Penny Young
- Director of Corporate Affairs: Chris Cregan
- Director of Performance & Operations: Steven Finch
- Director of Innovation & Development: Carli Lessof
- Director of Research: William O'Connor

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The Senior Management Team is responsible for implementing the strategy and policies agreed with Trustees and reporting to the Board on performance. Its agreed strategic priorities are:

- research quality and policy relevance and impact
- strategic business development and innovation
- business and operational delivery
- organisational transformation

## Our funding and resources

NatCen Social Research is funded by income from its research and educational activities. Its clients are a wide range of public and charitable bodies including government departments and agencies, research councils, regulatory bodies, grant foundations, universities and charities. All of NatCen Social Research's funding is project-related; it receives no core funding from any source.

## “Our aim is a society better informed through high quality research”

NatCen Social Research employed 272 full-time equivalent staff at 30 June 2011.

London-based research staff are organised into five London-based integrated market-facing research groups focused on particular policy areas:

- Children and Young People
- Crime and Justice
- Health and Well-Being
- Income and Work
- Society and Social Change

The Scottish Centre for Social Research (ScotCen Social Research) is an integral part of

NatCen Social Research that serves the research needs of its distinct market (see Section 2). External training is delivered through NatCen Learning. The organisation has in place an equal opportunities and dignity at work policy to ensure that it meets its obligations as an employer.

NatCen Social Research also has a panel of 1,100 freelance interviewers and 165 freelance nurses covering England, Scotland and Wales, and a panel of 80 telephone interviewers based in our Brentwood office. The management of these freelance workers is co-ordinated through our Operations department based in Brentwood and supported by 9 regional home-based area managers.

# **How we delivered public benefit in 2010/11**

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# Section 2. How we delivered public benefit in 2010/11

## Our approach to delivering public benefit

As a charity, NatCen Social Research's work must deliver public benefit. In this section we briefly describe how NatCen Social Research does this using the Charity Commission's criteria for assessing the public benefit of research as our framework. We then review our performance in 2010/11 against the objectives we set management last year, with examples of how we delivered benefit.

The Charity Commission's criteria set out that charities providing research should ensure that their work is useful, is shared with a wide audience and is conducted for public benefit. At NatCen Social Research we do this by:

- Providing detailed understanding of vitally important social issues and themes that are directly relevant to the lives of everyone in Britain today. These include health and nutrition, poverty, travel, social care, education, crime and justice.
- Undertaking the most technically demanding research contracts that commercial organisations might not do: challenging perhaps because of the methodological approach, or because of the characteristics of the participants or research environment.
- Our reputation for robust, high quality and independent data means that our research is used with confidence by a wide range of users to inform, influence and evaluate policy – directly impacting on the lives of people across the UK.
- Seeking to share and communicate what we learn about people and society as widely as possible, for example, with policy makers and their advisers, select committees and other advisory bodies, research foundations and charities, industry bodies and practitioners, participants and people in the target group, the press and media commentators, academics and the wider research community via data archives.

- Tackling some of the challenges that the survey world is currently facing through our methodological work, and sharing our research expertise through NatCen Learning's training programme.

## Performance against 2010/11 objectives

This section reports on performance against the five corporate objectives we set management last year. These objectives reflect the vision we set for NatCen Social Research in 2008 of "being the UK's leading social research organisation, setting the standards for others in generating research findings and interpreting evidence for policy purposes" and of seeking to deliver maximum public benefit from its work.

### Objective. Delivering on the core mission

Last year we asked management to continue to deliver on the core mission by leading on methodological innovation, increasing our impact on social policy and building the UK's social research capacity.

Over the past year NatCen Social Research has continued to deliver an exciting portfolio of work across a wide range of fields that is building understanding of the lives and needs of people living in the UK today and informing policy. The range is immense: from major continuous, multi-year or longitudinal studies, such as Understanding Society (the largest social research study of its kind in the world with 40,000 UK households taking part in the first wave) and the continuous Health Surveys for England, Wales and Scotland, to one-off studies or evaluations.

### Methodological innovation

Considerable work has been undertaken over the past year to develop the ways in which we carry out our research for the benefit of our clients and others in the industry. Many of these developments are already live and being used in projects. For example, we now

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have much-improved multi mode and web survey offers. We are also using technology to offer more flexible data collection approaches, such as online focus groups, which was used for a study of transsexuality for the Equality and Human Rights Commission, social media listening for the National Citizenship Survey and the use of GPS and actigraph on the National Travel Survey. At the same time we've been experimenting with who we use to collect data (for example, interviewers are being used to collect basic bio data instead of nurses in a pilot for Understanding Society), and how we can use incentives more creatively to respond to falling response rates – an industry-wide challenge.

## “We share our skills and expertise with other researchers to help build the UK’s social research capacity”

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NatCen Social Research’s Framework approach for qualitative data analysis is widely used across the research world. In March 2011 we formed a partnership with the market leaders in qualitative analysis software, QSR, to integrate the Framework approach into its product NVivo. Management believes that this partnership will extend the range of methodological approaches available to qualitative researchers across the industry.

### Impact on social policy

Good progress has been made during the year in increasing our impact on social policy. Senior staff in our research teams have developed close links with key players in their policy areas as well as industry practitioners in order to engage in discussion about our research, its policy implications and future data needs in order to help achieve a society better informed through high quality research.

Our work is directly used by our clients whether they are in Government, other public and non-

government bodies, academics, charities or elsewhere, to contribute to theory and ideas, inform, influence and evaluate policy, which in turn impacts on people across the UK. Examples of our work directly impacting on policy development during the past year include our work for the Department for Work and Pensions on attitudes to pensions and retirement decision which fed into the new government’s policy development in this area; our gambling prevalence survey for the Gambling Commission provided the first data on the impact of the Gambling Act 2005 on gambling behaviour; our work with young people with youth justice experience directly influenced the Independent Commission on Youth Crime’s recommendations for the reform of the way society responds to youth crime and antisocial behaviour.

But we are also seeking a wider range of opportunities to draw on the wealth of data we hold to inform wider social policy, for example by engaging in topical news debates. During May-June alone, staff published 15 blogs in response to the news agenda on a wide range of topics, including attitudes to Scottish independence and assisted suicide, the impact of pension age changes on women, the plight of children living in poor housing and abuse in care homes. Data from our analysis of the impact of the recession on first-time home ownership for the Halifax was presented at the First Time Buyers’ Summit which was chaired by Housing Minister Grant Shapps MP, and attended by senior figures from the housing world, the Financial Services Authority and the Treasury.

The launch of our own annual survey of public attitudes, British Social Attitudes, provides the opportunity for us to engage opinion formers with data on a range of topical issues. The launch of the 27th report in December 2010 focused on our insights on changing attitudes to welfare, health and education and trust in different institutions and attracted widespread coverage. Our dataset was made available via the *Guardian*, with online chapter summaries available via our website.

We seek to ensure that our data has maximum potential impact on social policy by making it available in data archives for others to analyse.

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In 2010/11, 15 datasets were deposited in the UK Data Archive, and over 16,500 requests to access NatCen Social Research's datasets were made via a range of databases – up by nearly 80% on the previous year. Thirty of our datasets were in the top 100 downloaded from the Data Archive during July–December 2010.

As an organisation we are committed to the role of social research in informing social policy and are taking an increasingly active role in encouraging industry debate about this role at a time when cuts to public spending are posing real challenges and choices for commissioners and suppliers. Our summer event for stakeholders, clients and industry leaders in July 2010 launched this drive, with our 2011 event featuring a debate chaired by the BBC's Mark Easton between our Chief Executive Penny Young and Ray Poynter of the Future Place on "Is the social survey an endangered species?" As part of this work, management is actively contributing to consultations on plans for major social surveys, such as ONS' General Lifestyle Survey and the National Statistician's review of crime statistics, with a view to ensuring that the UK evidence base is protected.

### **Building the UK's social research capacity**

Work has also continued delivering public benefit beyond core research projects. NatCen Learning delivered 48 external training events which reached a total of 565 delegates from government departments and the public sector, as well as charities and the third sector. NatCen Learning has seen its client base expand internationally over the past years with clients including the OECD in Paris, Institute for Regional Research in Milan and the Danish Evaluation Institute in Copenhagen. The training includes workshops delivered by NatCen Learning as part of the ESRC's Survey Skills Programme, which offer insights and practical training in survey practice for early career researchers. Research teams also provide training directly to clients.

Staff are also regular speakers at conferences, seminars or other events, sharing insights and expertise with research industry colleagues as

well as policy makers. Last year, staff spoke or presented at 82 events. We also share our findings and research through journal articles and other reports.

## **Objective. Defining and realising the strategic ambition**

We asked management to use the new management structure to make real inroads on new product and business development, diversification and policy relevance.

As we've outlined above, considerable work has been undertaken over the past year to develop the ways in which we carry out our research for the benefit of our clients and others in the industry. This work has been driven by new product development and technology strategies which set out our organisational priorities. At the same time, a business development strategy has been agreed articulating plans for our future markets and product offer and recognising the opportunity to diversify. To support this work we've also been giving thought to how we present ourselves as an organisation both internally and externally, and our organisational values.

Our Research teams are now firmly focused on policy relevance and as we've detailed under the above objective, real progress has been made in terms of increasing the social impact of our work. The new policy-based team structure of the Research department supports this drive.

## **Objective. Ensuring financial sustainability**

Last year, in the context of the negative net assets position as a result of the pension scheme deficit, we asked management to ensure ongoing financial sustainability and that performance in 2010/11 contributed to the longer term restoration of NatCen Social Research's balance sheet.

As the financial review reports, NatCen Social Research delivered a net surplus of £0.7m in 2010/11. This surplus was a result of significant efforts to achieve more efficient ways of working and was achieved despite increased payments of £1.2m made during the year into the pension scheme for the past service deficit, and the costs of the restructure.

The past year has been a challenging one for the organisation which faced a forecast downturn in business from 2011/12 as a result of the government's spending cuts. In early 2011 management undertook a redundancy programme to reduce the workforce by just under 20%. This involved an extensive programme of consultation and was achieved to a large extent through voluntary redundancy. The departure of staff has obviously been difficult for the individuals concerned as well as those remaining but we believe that it was essential action to help ensure the future sustainability of NatCen Social Research.

As Trustees we receive regular reports on NatCen Social Research's financial position and will continue to review management's business plans to ensure that these are contributing to the longer term restoration of its balance sheet. We are delighted that as a result of a significant fall in the pension scheme deficit to £9.4m at the June 2011 valuation from £16.6m in June 2010, the organisation has reported a balance sheet surplus of £0.6m this year, but recognise that the pension scheme deficit remains a long-term challenge, markets are volatile and it is possible that the pension deficit will show a significant increase next year.

For further information on our business priorities for 2011/12 see Section 3. Looking ahead.

## Objective. Delivering on internal change

We asked management to deliver a programme of change and improvement to ensure that our processes, structures, skills, capabilities and systems are focused on delivering our mission effectively and efficiently.

This objective has been management's key focus during the past year:

- Major restructures of the two largest departments (Research, Operations) have been completed to improve both effectiveness and efficiency.
- Improvements have been made to financial systems and processes.
- Considerable work has been undertaken to prepare the organisation for ISO 20252 accreditation (the standard for social and market research) early in 2012.
- Work has been undertaken to build on our largely strong field performance.

These achievements will allow management's attention in 2011/12 to focus on its people; ensuring that our staff have the right skillsets and that NatCen Social Research offers appropriate reward and recognition, learning and development packages to attract and retain the key talent, with opportunity for staff engagement and involvement.

## Objective. Corporate governance

We asked management to facilitate the Board's evaluation and implement any changes as a result.

Last autumn the Board undertook its first board evaluation exercise. This reflected on whether we as a Board have the skills and expertise we need to lead the organisation. The Board was strengthened during 2010 by the appointment of five new Trustees, three of whom joined in September 2010; the remaining two joined in autumn 2011. Following the evaluation, we recognised the need for a further Trustee with pensions experience to assist us with responding to one of our biggest challenges, the pension scheme and its deficit. We were therefore delighted to welcome Alan Botterill to the Board in April 2011.

As a result of the evaluation we are also identifying opportunities for Trustees to engage

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with the organisation and its work outside formal meetings. We've also introduced a programme of lunchtime briefings around the Board meetings and management is providing us with more detailed and frequent reports on key priorities.

## ScotCen Social Research – the Scottish Centre for Social Research

NatCen Social Research first established an office in Edinburgh following devolution in 1999 and, in 2004, this was relaunched as the Scottish Centre for Social Research (ScotCen Social Research). ScotCen Social Research has a dedicated team of researchers and has established itself as Scotland's leading supplier of applied social research and evaluation – clearly embedded in and impacting on Scottish policy and research networks but also drawing on and contributing to NatCen Social Research as a whole. It had total income amounting to £3.6m in 2010/11.

ScotCen Social Research works across the full range of policy domains but has a particular focus and expertise in delivering impact in three: children and families, health, and crime and criminal justice. Its clients include the Scottish Government as well as other public bodies including the NHS, and it undertakes work funded by charitable foundations and the research councils.

ScotCen Social Research's profile has been partly built on the back of a high quality and highly visible survey of social attitudes – the Scottish Social Attitudes survey. This launched in 1999 as a sister survey to British Social Attitudes. With over 10 years of data, Scottish Social Attitudes is now the foremost source of robust information on changing social and political attitudes in Scotland. The 2010 survey covered issues from discrimination to devolution. The survey regularly receives widespread media coverage and had a significant profile in the build up to the 2011 Scottish elections in May. Its detailed focus on attitudes towards national identity and constitutional change mean that it

will continue to play a key role in informing public debate in advance of the planned referendum on independence for Scotland.

Another flagship project has been the Growing Up in Scotland (GUS) study, funded by the Scottish Government. This is a panel study following a large group of Scottish children and their families through the early years and into later childhood which ScotCen Social Research has been commissioned to run through to 2013. It is especially geared to the needs of policy and is widely used by ministers and their advisers to monitor, evaluate and formulate policy. The study has a very active engagement strategy, which aims to make the findings accessible and used in a wide range of settings, including policy, practice and academia. All research findings are also available from the publicly accessible GUS website to increase public benefit.

ScotCen Social Research's third major survey is the Scottish Health Survey, which we have been running on a continuous basis for the Scottish Government since 2008 to provide rigorous data on public health characteristics, attitudes and behaviours. Earlier this year we were delighted to win the contract for the next four years of the survey which will run from 2012 to 2016 against stiff competition from the commercial sector.

As well as the large scale quantitative surveys highlighted above, ScotCen Social Research also works across a wide range of other methodological approaches, including desk research, qualitative and mixed method evaluation. Increasingly ScotCen Social Research is using tools such as logic modelling and system mapping to enhance understanding of how programmes and systems work and to aid in identifying and monitoring outcomes. Recent projects that have drawn on such approaches include an evaluation of a programme that supports people to stop smoking through a combination of financial incentives and other support, and a study examining the operation of fines enforcement in Scotland.

# Looking ahead

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# Section 3. Looking ahead

## Introduction

In 2011/12 we have asked management to build upon our progress and achievements during the past year. The external market will undoubtedly continue to be challenging but NatCen Social Research has the expertise, product offer and reputation to continue to deliver the social research that we believe is essential for better informed social policy. The emphasis will continue to be on delivering maximum impact from this work, and by continuing activities to build the UK's social research capacity through methodological innovation and training initiatives.

Continuing to strengthen NatCen Social Research's improved balance sheet health must, however, also remain a key focus for management. Surpluses of substance will continue to be critical here. We will also be working with management to respond to the 2011 triennial actuarial pension valuation which we expect to receive later this financial year.

## Priorities for 2011/12 and beyond

In May 2011 Trustees approved management's business plan and budget for 2011/12. This included a number of strategic priorities on which we have based our management priorities for the year. The key themes of these are:

- Continuing to deliver our charity object and core mission "to be the UK's leading social research organisation – the one which sets the standards for others in generating research findings and interpreting evidence for policy purposes", by ensuring our research is useful and has impact and public benefit, rebuilding our reputation as a methodological leader, and building the UK's social research capacity. In particular: further increase the availability and impact of British Social Attitudes; and continue to develop NatCen Social Research's online presence and impact upon the media.
- Making a reality of our strategic ambition for the business. In particular, strengthening

the NatCen Social Research "brand"; and making demonstrable inroads into business diversification.

- Ensuring NatCen Social Research's financial sustainability: continuing to improve the underlying health of the organisation by delivering an agreed surplus and payments to offset the past pension service deficit.
- Delivering a programme of internal change and improvement. In particular, achieving ISO 20252 accreditation and planning to update the London offices.
- Facilitating strong corporate governance that supports and challenges the business, including recruiting and welcoming a new chair, following Professor Dame Janet Finch's intended retirement.

## Statement of public benefit

As Trustees we confirm that we have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit when reviewing NatCen Social Research's aims and objectives and in planning future activities.

**"We give the public a powerful role in shaping decisions and services"**

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# **Financial reports and accounts**

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# Section 4. Financial review

## Overview of our financial position in 2010/11

NatCen Social Research delivered an operating surplus of £748k in 2010/11, above that delivered in 2009/10 (£280k). This was a significant achievement given the increased payments into the pension scheme for the past service pension deficit which amounted to £1,200k during the year, and the one-off cost of the redundancy programme (£1,012k).

Income from research and educational activities during the year was £41,921k. This was up by 4% on the previous year. A strong order book meant that we were able to maintain our work rate during the year despite a decrease in government commissioning following the government's announced public spending cuts in summer and autumn 2010. Further sundry income amounted to £133k. Total expenditure was £41,305k of which £40,131k was spent directly on charitable activities, £1,012k on restructuring (the redundancy programme) and £162k on governance.

This surplus was affected by a small increase in the estimated value of our property of £43k. This estimate was based on the index provided by the Independent Property Databank in line with our revaluation policy. This resulted in an increased net surplus of £791k for the year.

## Balance sheet position

Cash in hand increased to £9,734k (2009/10 - £7,987k) and non designated reserves before the pension deficit increased to £7,982k. These reserves are required for the day to day working capital of the organisation and, of course, to enable NatCen Social Research to continue its charitable mission in the event of a downturn in funding or fall in liquidity. This is especially significant in light of the challenging situation in the wider economy.

Given the pension scheme deficit, the annual FRS17 valuation is key to NatCen Social Research's balance sheet position - FRS17

requires that the deficit is included in the balance sheet. The June 2011 valuation showed a significant fall in the deficit to £9,391k (2010 - £16,580k); the note to the accounts (note number 16) explains the background to this and the assumptions behind the valuation. As a result of the reduced deficit, and in combination with the operating surplus, our overall balance sheet now shows a small surplus of £615k (2010 - a deficit of £7,366k). Given the current volatility of the stock markets and also the discount rate used for calculation of the present value of the pension fund liabilities, we recognise it is possible that the pension deficit will show a significant increase next year.

## Pension scheme

As noted above, the FRS17 valuation at 30 June 2011 showed that the pension deficit had fallen to £9,391k, compared to £16,580k at June 2010. This was a result of both a rise in the value of assets due to market conditions and a fall in the scheme's liabilities, and the annual payment to reduce the past service deficit.

Following the last triennial actuarial valuation in 2008, we increased payments to the pension scheme for past service benefits from July 2010 and following consultation closed the defined benefit scheme to new entrants and reduced future benefits to existing members to manage future costs of the scheme.

The 2011 triennial actuarial valuation was undertaken in July 2011 and we expect to receive its results during 2011/12, following which we will then need to agree a revised funding plan with the pensions regulator.

## Reserves policy

The Trustees aim to maintain a level of reserves that is sufficient to meet the ongoing operational and investment needs of NatCen Social Research and also to maintain its long-term financial stability by allowing it to respond to significant short term fluctuations in income or costs. All funds generated are invested back into the organisation in furtherance of its objectives.

These target reserves comprise:

1. Designated funds for property that are sufficient funds to provide the organisation's staff with the assets necessary to carry out its objectives.
2. Unrestricted funds that are sufficient to meet other operational needs of the organisation in the event of a substantial short-term curtailment of its income or increase in its costs. We have determined that most foreseeable risks would be covered by maintaining reserves equivalent to two months operating costs.
3. The additional funds necessary to meet payments for NatCen Social Research's pension scheme over a 12 month period.

Our aim is to maintain our reserves within a range of +/- 10% of the estimated amounts required to cover these three needs.

The value of total net assets before the pension liability at June 2011 was £10,006k against a target range of £9,000k-11,000k. Trustees have therefore determined that reserves are currently sufficient to meet the aims of the policy and that no further action is required.

As Trustees we will review the level of reserves against this policy at least twice a year to ensure that it meets NatCen Social Research's changing needs and circumstances. The policy will be reviewed as part of our annual review of our accounting policies with a full formal review every three years.

## Revaluation policy

It is our policy to revalue freehold properties every three years. Between these formal valuations, interim valuations will be based on the index provided by the Independent Property Databank which has been operating in the UK for many years. However if market conditions suggest that values have changed materially a new formal valuation will be undertaken ahead of this. The last three year valuation was undertaken in June 2010.

## Investment powers

The Memorandum and Articles of Association of NatCen Social Research authorise the Trustees to make and hold investments using the general funds of the charity. Surplus funds are held on deposit in accordance with an investment policy which is reviewed once per annum by the Trustees. A revised investment policy was agreed in February 2011 which adopts a low risk investment approach in view of the challenging market environment.

## Risk management

As Trustees we recognise our responsibility for the management of the risks NatCen Social Research faces. During the year we have reviewed the risk register to ensure that all the key risks facing the organisation have been identified, that their likelihood and impact have been appropriately assessed, and controls to eliminate or mitigate these are in place.

Day to day management of risks is delegated to the Chief Executive and Senior Management Team. Risks are identified by the Senior Management Team during the regular reviews of the risk register and through the course of business.

NatCen Social Research employs an Internal Auditor to provide the Trustees and management with assurance on internal control. An audit plan is developed based on the risk register and the Internal Auditor's analysis of need. This plan is approved by the Audit Committee annually. Reports are issued at the end of each assignment. These include agreed actions to improve controls as necessary. The Internal Auditor provides an opinion on the quality of internal control found during each audit and these are collated in an annual opinion on internal control for Trustees. The Internal Auditor's independence is maintained by a direct reporting line to the Chair of the Audit Committee.

The Audit Committee routinely meets with risk sponsors to better understand the key

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operational, financial and reputational risks in different parts of the organisation, and the practical application of risk mitigation by key staff across the business to satisfy itself that risk management processes are working effectively.

In preparing this annual report, senior managers have been required to complete self-assurance statements regarding the risks they take ownership for. These have been collated and reviewed to inform this statement, along with the Internal Auditor's opinion.

The risk register currently identifies 32 risks. Of these, three are significant in terms of potential impact and probability:

- Pension deficit: While a significant fall in the pension scheme deficit at the June 2011 FRS17 valuation means that we have reported a balance sheet surplus, the pension scheme deficit remains a long-term risk. Action has been taken to address the deficit by making increased payments into the scheme for the past service deficit and by making changes to the Pension Scheme in 2010 for existing and new members of staff. A number of external and non-controllable factors such as investment returns and longevity impact on this risk in the shorter term, and the deficit repayment schedule will also be reviewed following receipt of the triennial actuarial valuation during 2011/12.
- Business development: A new and stretching business development strategy is in place. Management must ensure that it does deliver the new opportunities and new sources of funding being sought. Management has put in place processes to ensure that tenders are competitive on both price and quality to retain existing funders and gain new opportunities outside NatCen Social Research's traditional customer base.
- Product risk: A new product development strategy is similarly in place but management needs to continue to ensure that its portfolio has the range of products that existing and potential clients want. Management

is seeking to further strengthen capacity for identifying potential new products and following through on their development.

**“Our reputation for robust, high quality independent data means that our research is used with confidence by a wide range of users”**

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# Section 5. Statement of the responsibilities of Trustees

The Trustees (who are also directors of NatGen Social Research for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

Company law requires Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the outgoing resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue to remain in business.

The Trustees are responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) regulations 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**This report was approved by the Trustees and signed on their behalf by Professor Dame Janet Finch, Chair of the Trustees**



**Date: 22 December 2011**

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# Section 6. Independent Auditors' Report to the Trustees and Members of the National Centre for Social Research

We have audited the financial statements of the National Centre for Social Research for the year ended 30 June 2011 which comprise the Statement of Financial Activities (the Summary Income and Expenditure Account), the Balance Sheets, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members and Trustees those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us 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 charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition we

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read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on the financial statements

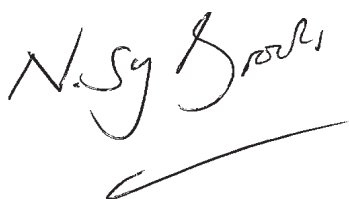
In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2011 and of the charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures or Trustees' remunerations specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Nicholas Brooks, Senior Statutory Auditor**  
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House, 60 Goswell Road,  
London EC1M 7AD

**Date: 26 January 2012**

Kingston Smith LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

# Section 7. Financial statements

## Statement of financial activities including the income and expenditure account for the year ended 30 June 2011

	Notes	2011 £	2010 £
<b>Incoming Resources</b>			
Incoming Resources from Charitable Activities:			
Income from Research Studies	2	41,920,540	40,240,128
Incoming Resources from Generated Funds:			
Investment Income		86,583	44,260
Other Income		46,183	81,725
<b>Total Incoming Resources</b>		<u>42,053,306</u>	<u>40,366,133</u>
<b>Resources Expended</b>			
Charitable Activities		40,130,539	39,684,629
Exceptional Item – Restructuring Costs	15	<u>1,012,423</u>	<u>299,260</u>
		41,142,962	39,983,889
Governance of the Charity		<u>161,908</u>	<u>101,753</u>
<b>Total Resources Expended</b>	3	<u>41,304,869</u>	<u>40,085,642</u>
<b>Net Incoming Resources</b>		748,437	280,471
<b>Exceptional Items:</b>			
<b>Revaluation of Property</b>		42,689	(198,998)
Actual Gains/(losses) on Defined Benefit Pension Scheme		7,189,000	(3,079,000)
<b>Net Movement in Funds</b>		<u>7,980,125</u>	<u>(2,997,527)</u>
<b>Reconciliation of Funds</b>			
Funds Balances Brought Forward		(7,365,621)	(4,368,094)
Prior Year Adjustment		<u>-</u>	<u>-</u>
		(7,365,621)	(4,368,094)
<b>Fund Balances Carried Forward</b>		614,505	(7,365,621)

All amounts relate to continuing activities.

## Balance sheet as at 30 June 2011

	Notes	2011 £	2011 £	2010 £	2010 £
<b>Fixed Assets</b>					
Tangible Fixed Assets	6		2,870,260		3,134,969
<b>Current Assets</b>					
Debtors and Prepayments	7	10,170,926		10,356,873	
Cash at Bank and in Hand		9,734,275		7,986,758	
		<u>19,905,201</u>		<u>18,343,631</u>	
<b>Creditors: Amounts Falling Due Within One Year</b>	8	<u>(12,769,955)</u>		<u>(12,264,220)</u>	
<b>Net Current Assets</b>			<u>7,135,246</u>		<u>6,079,412</u>
			10,005,505		9,214,381
<b>Creditors: Amounts Falling Due After One Year</b>			-		-
<b>Net Assets Excluding Pension Liability</b>			<u>10,005,505</u>		<u>9,214,381</u>
<b>Defined Benefit Pension Scheme Liability</b>	16		(9,391,000)		(16,580,000)
<b>Net Assets incl. Pension Scheme Liability</b>			<u>614,505</u>		<u>(7,365,619)</u>
<b>Unrestricted Funds</b>					
General Fund	10	7,981,676		7,082,189	
<b>Designated Funds</b>					
Property Fund	10	<u>2,023,829</u>		<u>2,132,192</u>	
			10,005,505		9,214,380
<b>Pension Reserve</b>	16		(9,391,000)		(16,580,000)
			<u>614,505</u>		<u>(7,365,621)</u>

Approved by the Trustees and signed on their behalf by:



Professor Dame Janet Finch, Chair of the Trustees

Date: 22 December 2011

## Cash flow statement for the period ended 30 June 2011

	2011	2011	2010	2010
	£	£	£	£
<b>Net Cash (Outflow)/Inflow from Operating Activities</b>		2,010,359		3,175,652
<b>Returns on Investments and Servicing of Finance</b>				
Bank Interest Received	86,583		44,260	
Bank Interest Paid	-		-	
Hire Purchase Interest	(5,252)		(8,928)	
		<u>81,331</u>		<u>35,332</u>
<b>Fixed Assets</b>				
Cost of Purchasing Tangible Fixed Assets	(327,190)		(270,964)	
Proceeds From Sale of Tangible Fixed Assets	-		-	
		<u>(327,190)</u>		<u>(270,964)</u>
<b>Financing</b>		1,764,499		2,940,019
<b>Changes in Financing</b>				
Repayments to Hire Purchase Creditors		(16,982)		(15,302)
<b>Equivalents</b>		<u>1,747,517</u>		<u>2,924,717</u>

## Notes to the Cash Flow Statement for the year ended 30 June 2011

<b>1</b>	<b>Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities</b>	<b>2011 £</b>	<b>2010 £</b>	
	Operating Surplus	748,437	280,471	
	Loss on disposal of Fixed Assets	2,359	10,671	
	Interest Paid – Bank	–	–	
	Finance Charges Paid	5,252	8,928	
	Interest Received	(86,583)	(44,260)	
	Repayments on Finance Lease	16,982	15,302	
	Depreciation Charges	632,230	815,887	
	Decrease/(Increase) in Debtors	185,947	461,276	
	Increase/(Decrease) in Creditors	505,735	1,627,376	
	Prior Year Adjustment	–	–	
		<u>2,010,359</u>	<u>3,175,650</u>	
<b>2</b>	<b>Reconciliation of Net Cashflow to Movement in Cash and Cash Equivalents</b>	<b>2011 £</b>	<b>2010 £</b>	
	Increase/(Decrease) in Cash in the Year	1,747,517	2,924,717	
	<b>Change in Cash and Cash Equivalents Resulting from Cashflow</b>	1,747,517	2,924,717	
	Cash and Cash Equivalents at 1 July 2010	7,986,758	5,062,041	
	<b>Cash and Cash Equivalents at 30 June 2011</b>	<u>9,734,275</u>	<u>7,986,758</u>	
<b>3</b>	<b>Analysis of Charges in Cash and Cash Equivalents During the Year</b>	<b>At 1 July 2010 £</b>	<b>Movements £</b>	<b>At 30 June 2011 £</b>
	<i>Net Cash</i>			
	Cash at Bank and in Hand	<u>7,986,758</u>	<u>1,747,517</u>	<u>9,734,275</u>
	Balance at 30 June 2010	<u>7,986,758</u>	<u>1,747,517</u>	<u>9,734,275</u>

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# Notes to the financial statements for the period ended 30 June 2011

## 1. Accounting Policies

### a. Basis of Accounting

The financial statements have been prepared under the historical cost convention, modified for the revaluation of certain fixed assets and in compliance with the relevant Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities", the Companies Act 1985 and the Charities Act 1993. The Statement of Financial Activities discloses more analysis than is required under the provisions of the SORP but is necessary in order to give a true and fair view. All policies are consistent with prior year.

### b. Depreciation

Depreciation of fixed assets has been provided for at the following rates which will, in the opinion of the Trustees, have the effect of writing the assets off over their useful life. This takes account of the date of the original acquisition of the assets which may have been by the previous entity.

Freehold Property	Stated at fair value
Leasehold Property	Over the term of the relevant lease
Fixtures and Fittings	10% or 33% per annum on cost
Computers and Software	20% or 25% per annum on cost

### c. Project Accrued Income

Project Accrued Income represents the income due from work carried out on research projects in advance of invoicing funders.

### d. Income

Income is accounted for on an accruals basis, with project income being spread over project lives to ensure matching with costs incurred in respect of those projects. Amounts billed in advance represent deferred income and are carried forward in the Balance Sheet.

### e. Administrative and Financial Overheads

All administrative and financial overheads are charged against income as incurred.

### f. Input VAT

Input VAT is subject to partial exemption rules and guidance from HM Revenue & Customs. The irrecoverable element applicable to administrative and financial overheads is not specifically allocated to expenditure headings.

### g. Foreign Exchange

Receipts in foreign currencies are recorded in sterling at the rate of exchange applicable at the time of transaction. Any balances outstanding at the period end are translated at the closing rate.

### h. Pension Contributions

Contributions to the National Centre for Social Research Retirement Benefit Scheme, a defined benefits scheme, are charged to the income and expenditure account when incurred. The defined benefit scheme closed to new entrants from 1st July 2010, with a defined contribution scheme now on offer to new staff.

**i. Leases**

Photocopiers are held under finance leases. The present value of the leased item is recognised in the balance sheet as an asset and liability at the same time. Subsequently, lease payments are apportioned between the finance charge and the reduction of the liability. Rental payments in respect of operating leases are charged to the income and expenditure account when they become due.

**j. Governance Costs**

The Statement of Financial Activities includes governance costs and these are defined as follows:

- Audit Fees
- Legal and professional costs relating to the charity and governance in general
- Ten percent of staff costs of three employees who are engaged in governance issues and a proportion of the overheads relevant to these staff costs
- Trustee indemnity insurance
- Trustee expenses being travel costs for attending meetings.

## 2. Income from Research Studies

Project income relates to research funding from which all specific project costs and other expenditure is financed. NatCen Social Research receives no donations, payments in kind or core funding towards the general pursuit of its charitable aims.

Included in Project income is an amount of £4,109,762 (2010 - £4,516,792) received on behalf of other institutions in respect of major collaborative projects. The corresponding payments are included in "Resources Expended".

<b>Research Income Arose from the Following Sources:</b>	<b>2010 £</b>	<b>2009 £</b>
UK Government	28,308,004	30,776,895
Research Councils and Foundations	2,015,606	2,117,155
European Union	–	–
Universities and Other	11,596,930	7,346,077
<b>Total Income from Research Studies</b>	<b>41,920,540</b>	<b>40,240,127</b>

### 3. Resources Expended

	Staff Costs £	Depreciation £	Other Costs £	2011 Total £	2010 Total £
<i>Charitable Activities</i>					
Carrying out Research Studies	13,665,194	600,618	25,136,025	39,401,838	38,951,052
Disseminating Research Results	301,071	31,611	75,212	407,894	472,550
Improving Capacity of Research Community	164,538	–	156,269	320,807	261,026
<i>Exceptional Item – Restructuring costs</i>	–	–	1,012,423	1,012,423	299,260
<i>Governance of the Charity</i>	29,817	–	132,091	161,908	101,753
<b>Total Resource Expended</b>	<b>14,160,620</b>	<b>632,230</b>	<b>26,512,020</b>	<b>41,304,869</b>	<b>40,085,642</b>

Auditors remuneration for the year is estimated at £23,200 (2010 – £25,315).

### 4. Staff Costs

	2011 £	2010 £
Salaries	11,060,025	11,311,256
Employer's National Insurance	876,034	963,160
Employer's Pension Contributions	2,018,327	1,860,560
Permanent Health Insurance Premiums	158,379	108,940
Other Staff Costs incl. Temporary and Freelance Staff	47,855	212,592
	<u>14,160,620</u>	<u>14,456,508</u>

	2011	2010
The Average Number of Employees During the Year Was as Follows: (Full Time Equivalents)		-
Research	128	159
Operations	95	105
Other Support	74	72
	<u>297</u>	<u>336</u>

	2011	2010
The Number of Higher Paid Employees Was as Follows:		
Taxable emoluments band		
£60,000 - £69,999	8	8
£70,000 - £79,999	2	2
£80,000 - £89,999	3	3
£130,000 - £139,999	1	1
	<u>14</u>	<u>14</u>

All the above higher paid staff were accruing benefits under the National Centre for Social Research Retirement Benefits Scheme.

Note: Staff costs include redundancy payments.

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## 5. Trustee expenses, related party and other Trustee transactions

Indemnity insurance has been taken out on behalf of the Trustees at an annual cost of £4,366 (2010 - £4,331).

Travel and accommodation expenditure incurred by the Trustees associated with attendance at Trustee Meetings held in London and Edinburgh during the year was reimbursed where claimed. The total expenses for eight Trustees reimbursed this year amounted to £7,428 (2010 - £3,048).

The Trustees are involved in a variety of organisations, some of which are either suppliers to, or clients or partners of, NatCen Social Research. During the year NatCen Social Research had transactions with the organisations shown below to which the indicated Trustees are related. The Trustees were not personally involved in these contractual decisions, they received no personal gain from the transactions and nor do they exert a controlling interest in either party. Whilst these transactions do not represent related party transactions per FRS8, the Board feels it is important to disclose these transactions for transparency and good governance.

- Higher Education Funding Council for England: Steve Egan (Deputy Chief Executive). Payments amounting to £80,000 received for work undertaken for the Ross Case study 2009/10 commissioned by Ross Group of Development Directors.
- Nottingham Trent University: Sally Ford-Hutchinson (member of the Board of Governors). Payment of £5,000 made to a collaborator at the university for work commissioned on the British Gambling Prevalence Survey 2010.
- King's College London (KCL): Professor Denise Lievesley (Head of the School of Social Science & Public Policy). Payment of £31,520 received for work undertaken on British Social Attitudes. Also payments totalling £31,750 made to collaborators at KCL for work on two projects.
- Sentencing Council: Professor Paul Wiles (Advisor). Payments amounting to £18,253 were received for work commissioned by the Sentencing Council.

In addition, Alan Botterill is a Trustee of the Pension Scheme to which payments totalling £1.2m were made during the year. This is a recognised conflict of interest which is actively managed during the course of all NatCen Social Research Trustee business through the early identification of potential areas of conflict, and taking any necessary actions to manage this, such as withholding relevant papers and other materials from Alan Botterill, and his withdrawal from meetings.

## 6. Tangible Fixed Assets

	Freehold Properties £	Leasehold Property £	Fixtures and Equipment £	Assets Under Construction £	Total £
<b>Cost or Valuation</b>					
At 1 July 2010	1,600,000	1,964,148	4,271,073	–	7,835,221
Additions	–	28,190	171,215	127,785	327,190
Disposals	–	160,475	81,609	–	242,085
Revaluation	42,689	–	–	–	42,689
At 30 June 2011	1,642,689	1,831,863	4,360,679	127,785	7,963,015
<b>Depreciation</b>					
At 1 July 2010	–	1,431,956	3,268,295	–	4,700,251
Charge for the Year	–	179,241	452,988	–	632,230
Disposals	–	160,475	79,250	–	239,725
At 30 June 2011	–	1,450,722	3,642,033	–	5,092,756
<b>Net Book Value</b>					
At 30 June 2011	1,642,689	381,140	718,645	127,785	2,870,260
At 30 June 2010	1,600,000	532,192	1,002,778	–	3,134,969

At the year end assets with a net book value of £39,906 are held on finance leases.

### Freehold Properties

All freehold properties are primarily functional. They are held to provide accommodation in which the research and administrative activities are carried out rather than as a source of income. None of the properties are held exclusively as an investment.

### Valuation of Freehold Premises

In accordance with the revaluation policy, the property value has been increased in line with the Independent Property Databank index.

## 7. Debtors and Prepayments

	2011 £	2010 £
Trade Debtors	6,230,098	6,877,113
Project Accrued Income	3,389,522	2,928,619
Other Debtors	137,466	194,472
Prepayments	413,840	356,669
	<u>10,170,926</u>	<u>10,356,873</u>

**Note** – Due to its magnitude and importance within these accounts, Project Accrued Income is separately identified above, representing income due for work completed on projects but which has not yet been invoiced to clients.

## 8. Creditors: Amounts falling due within one year

	2011 £	2010 £
Trade Creditors	482,994	428,614
Project Deferred Income	9,233,990	8,034,984
PAYE and NIC	387,724	501,298
Accruals	2,434,931	2,340,701
Provision for VAT	–	886,273
Other Liabilities	230,315	72,350
	<u>12,769,955</u>	<u>12,264,220</u>

**Note** – Project deferred income represents the amount invoiced to clients at the Balance Sheet date over and above that which is due for work done within the accounting period.

## 9. Funds

	Balance at 1 July 2010	Incoming Resources	Outgoing Resources	Transfers, Gains and Revaluations	Balance at 30 June 2011
Unrestricted Funds	£	£	£	£	£
General Fund	7,082,188	42,053,305	(41,304,869)	151,053	7,981,676
Designated Fund: Property	2,132,192	–	–	(108,363)	2,023,829
Pension Reserve	(16,580,000)	–	–	7,189,000	(9,391,000)
	(7,365,621)	42,053,305	(41,304,869)	7,231,690	614,505

## 10. Analysis of Net Assets between Funds

	Fixed Assets £	Net Current Assets £	Creditors Due After 1 Year £	Total £
Unrestricted Funds	846,430	7,135,246	–	7,981,676
Designated Funds – Property	2,023,829	–	–	2,023,829
Pension Reserve	–	–	(9,391,000)	(9,391,000)
	2,870,260	7,135,246	(9,391,000)	614,505

## 11. Company Status and Membership

The company is a company limited by guarantee and does not have a share capital. In the event of the company being wound up, the liability of each member is limited to £1. At the year-end there were ten members.

## 12. Capital Commitments

There were no capital commitments at the year-end.

## 13. Operating Leases

	1 Year £	2–5 Years £	Over 5 years £
Annual Amounts Payable for Office Premises Under Operating Leases Expiring Within:	–	1,027,072	–

## 14. Finance Leases

	1 Year £	2-5 Years £
Gross Finance Costs Within:	22,234	38,910
Net Finance Costs Within:	18,663	36,704

## 15. Restructuring costs

The cost of the restructuring exercise NatCen Social Research has undertaken within its research and support departments to improve efficiencies amounted to £1,012,423.

## 16. National Centre for Social Research (NatCen Social Research) Retirement Benefits Scheme

### FRS17 Disclosure. Period ended 30 June 2011

NatCen Social Research sponsors the National Centre for Social Research Retirement Benefits Scheme (the Scheme) which is a funded defined benefit arrangement. This is a separate Trustee administered fund holding the pension scheme assets to meet long-term pension liabilities. With effect from 1 January 2007, the benefits are accrued on a Career Average Revalued Earnings (CARE) basis. With effect from 1 July 2010 the accrual rate changed to 1.4% and the normal retirement age was changed to age 66. Member contributions were also increased to 8.75% of pensionable earnings and such contributions would be a salary sacrifice unless members opted out.

The Trustees of the scheme are required to act in the best interest of the scheme's beneficiaries. The appointment of the Trustees is determined by the scheme's trust documentation. It is policy that one third of all Trustees should be nominated by the members.

A full actuarial valuation was carried out as at 1 July 2008 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the scheme is agreed between NatCen Social Research and the Trustees in line with those requirements. These in particular require the surplus/deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

This actuarial valuation showed a deficit of £9,255,000. NatCen Social Research has agreed with the Trustees that it will aim to eliminate the deficit over a period of 13 years from 1 July 2010 by the payment of annual contributions of £1,164,000 in respect of the deficit. In addition, NatCen Social Research has agreed with the Trustees that it will pay 16.5% of pensionable earnings (including any member contributions) in respect of the cost of accruing benefits and will meet expenses of the scheme, insured death-in-service premium and levies to the Pension Protection Fund.

The next valuation is due as at 1 July 2011.

For the purposes of FRS17 the actuarial valuation as at 1 July 2008, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 30 June 2011.

## Present values of scheme liabilities, fair value of assets and surplus (deficit)

	30/06/2011 £'000s	30/06/2010 £'000s	30/06/2009 £'000s
Fair Value of Scheme Sssets	35,166	29,547	24,090
Present Value of Scheme Liabilities	44,557	46,127	37,591
Surplus (Deficit) in Scheme	(9,391)	(16,580)	(13,501)
Unrecognised Surplus	–	–	–
Asset (Liability) to be Recognised	(9,391)	(16,580)	(13,501)
Deferred Tax			
Net Asset (Liability) to be Recognised			

The present value of scheme liabilities is measured by discounting the best estimate of future cash-flows to be paid out by the scheme using the projected unit method. The value calculated in this way is reflected in the net liability in the balance sheet as shown above.

A further measure of the scheme liabilities is the solvency basis, often taken as an estimate of the cost of buying out the benefits at the balance sheet date with a suitable insurer. This amount represents the amount that would be required to settle the scheme liabilities rather than NatCen Social Research continuing to fund the ongoing liabilities of the scheme. The estimated value of liabilities at the date of the last full actuarial valuation prepared for the Trustees of the pension scheme as at 1 July 2008 was £56,068,000 compared with assets at the same date of £25,784,000.

## Reconciliation of opening and closing balances of the present value of the scheme liabilities

	Period Ending 30/06/2011 £'000s	Period Ending 30/06/2010 £'000s
Scheme Liabilities at Start of Period	46,127	37,591
Current Service Cost	2,005	1,419
Interest Cost	2,446	2,351
Contributions by Scheme Participants	42	662
Actuarial Losses (Gains)	(4,054)	5,558
Benefits Paid, Death in Service Insurance Premiums and Expenses	(2,009)	(1,454)
Past Service Costs	–	–
Liabilities Assumed in a Business Combination	–	–
Losses (Gains) on Curtailments	–	–
Liabilities Extinguished on Settlements	–	–
Scheme Liabilities at End of Period	44,557	46,127

## Reconciliation of opening and closing balances of the fair value of scheme assets

	Period Ending 30/06/2011 (£000's)	Period Ending 30/06/2010 (£000's)
Fair Value of Scheme Assets at Start of Period	29,547	24,090
Expected Return on Scheme Assets	1,930	1,806
Actuarial Gains (Losses)	2,963	2,653
Contributions by NatCenSocial Research	2,693	1,790
Contributions by Scheme Participants	42	662
Benefits Paid, Death in Service Insurance Premiums and Expenses	(2,009)	(1,454)
Assets Acquired in a Business Combination	-	-
Assets Distributed on Settlements	-	-
Fair Value of Scheme Assets at End of Year	35,166	29,547

The actual return on the scheme assets over the period ending 30 June 2011 was £4,893,000.

## Total expense recognised in profit and loss account

	Period Ending 30/06/2011 (£000's)	Period Ending 30/06/2010 (£000's)
Current Service Cost	2,005	1,419
Interest Cost	2,446	2,351
Expected Return on Scheme Assets	(1,930)	(1,806)
Past Service Cost	-	-
Losses (Gains) on Curtailments	-	-
Losses (Gains) on Business Combinations	-	-
Losses (Gains) on Settlements	-	-
<b>Total Expense Recognised in Profit and Loss Account</b>	<b>2,521</b>	<b>1,964</b>

## Statement of total recognised gains and losses

	Period Ending 30/06/2011 (£000's)	Period Ending 30/06/2010 (£000's)
Difference Between Expected and Actual Return on Scheme Assets:		
Amount: Gain (Loss)	2,963	(2,653)
Experience Gains and Losses Arising on the Scheme Liabilities:		
Amount: Gain (Loss)	71	(60)
Effects of Changes in the Demographic and Financial Assumptions Underlying the Present Value of the Scheme Liabilities:		
Amount: Gain (Loss)	3,983	(5,498)
Total Actuarial Gains and Losses (Before Restriction Due to Some of the Surplus Not Being Recognisable)		
Amount: Gain (Loss)	7,017	(2,905)
Effect of Limit on Amount of Surplus Recognised Due to Some of the Surplus Not Being Recognisable		
Amount: Gain (Loss)	-	-
<b>Total Amount Recognised in Statement of Total Recognised Gains and Losses:</b>		
<b>Amount: Gain (Loss)</b>	<b>7,017</b>	<b>(2,905)</b>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since adoption of FRS17 is (£2,000) (a loss).

## Assets

	Period Ended 30/06/2011 (£000's)	Period Ended 30/06/2010 (£000's)	Period Ended 30/06/2009 (£000's)
Equity	22,999	18,928	15,642
Bonds	11,965	10,601	8,423
Cash	202	18	25
Total Assets	35,166	29,547	24,090

None of the fair values of the assets shown above include any of NatCen Social Research's own financial instruments or any property occupied by, or other assets used by, the organisation.

It is the policy of the Trustees and NatCen Social Research to review the investment strategy at the time of each funding valuation. The Trustees' investment objectives and the processes undertaken to measure and manage the risks inherent in the scheme investment strategy are documented in the scheme's Statement of Investment Principles.

## Assumptions

	30/06/2011 % per annum	30/06/2010 % per annum	30/06/2009 % per annum
Inflation (Based on RPI)	3.60%	3.30%	3.60%
Rate of Discount	5.50%	5.30%	6.20%
Allowance for Pension in Payment Increases of RPI or 5% p.a. if Less	3.60%	3.30%	3.60%
Allowance for Revaluation of Deferred Pensions of RPI (CPI from 2011) or 5% p.a. if less	3.10%	5.00%	5.00%
Allowance for Commutation of Pension for cash at Retirement	80% of Post a Day	None	None

The mortality assumptions adopted at 30 June 2011 are 100% of the standard tables PNxA00 Year of Birth, no age rating for males and females, projected using Long Cohort underpinned by 1.00% p.a. These imply the following life expectancies:

	Percentage %
Male Retiring at Age 65 in 2011	24.1
Female Retiring at Age 65 in 2011	26.5
Male Retiring at Age 65 in 2031	26.1
Female Retiring at Age 65 in 2031	28.4

## Expected long-term rates of return

The long-term expected rate of return on cash is determined by reference to bank base rates at the balance sheet dates. The long-term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance.

The expected long-term rates of return applicable for each period are as follows:

	Period Commencing 1/07/2010 % per annum	Period Commencing 1/07/2009 % per annum
Equity	7.10%	8.00%
Bonds	5.30%	6.20%
Cash	3.70%	3.90%
Overall for Scheme	6.45%	7.37%

## Analysis of the sensitivity to the principle assumptions of the value of the scheme liabilities

Assumption	Change in Assumption	Change in Liability
Discount Rate	Increase/Decrease of 0.5% p.a.	Decrease/Increase by 10.2%
Rate of Inflation	Increase/Decrease of 0.5% p.a.	Increase/Decrease by 8.1%
Rate of Mortality	1 Year Increase in Life Expectancy	Increase by 2.0%

## Amounts for the current and previous four years

	2011 (£000s)	2010 (£000s)	2009 (£000s)	2008 (£000s)	2007 (£000s)
Fair Value of Scheme Assets	35,166	29,547	24,090	25,795	26,507
Present Value of Scheme Liabilities	44,557	46,127	37,591	33,508	29,766
Surplus (Deficit) in Scheme	(9,391)	(16,580)	(13,501)	(7,713)	(3,259)
Experience Adjustment on Scheme Assets	2,963	2,653	(4,664)	(3,414)	1,112
Experience Adjustment on Scheme Liabilities	71	(60)	2,627	(309)	(552)

The best estimate of contributions to be paid by NatCen Social Research to the scheme for the period beginning after 30 June 2011 is £1,877,000.

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# Legal and administrative details

**Registered name:**

National Centre for Social Research

**Trading/working name:**

NatCen Social Research

**Legal status:**

Company limited by guarantee  
and registered charity.

**Company registration number:**

4392418

**Charity registration number:**

1091768

**Scottish charity registration number:**

SCO38454

**Registered office:**

35 Northampton Square  
London  
EC1V 0AX

**Auditors:**

Kingston Smith LLP  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

**Bankers:**

National Westminster Bank Plc  
Cavell House  
2A Charing Cross Road  
London  
WC2H 0NN

**Solicitors:**

Bates, Wells and Braithwaite  
2-6 Cannon Street  
London  
EC4M 6YH

**Trustees:**

Professor Dame Janet Finch (Chair)  
Alan Botterill  
Ken Caldwell  
Sir Robert Culpin  
Professor Ian Diamond  
Dr Jennifer Dixon  
Steve Egan  
Sally Ford-Hutchinson  
Professor Paul Wiles  
Alison Wright

**Chief Executive:**

Penny Young

**Company Secretary:**

Meriel Barclay

**NatCen**  
**Social Research that works for society**

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A Charity registered in England and  
Wales (1091768) and Scotland (SC038454)