

# **NatCen**

**Social Research** that works for society

# **Annual Report and Accounts**

**Year Ended 30 June 2022**

**NATIONAL CENTRE FOR SOCIAL RESEARCH**

**Company Registration Number: 04392418**

**Charity Registration Number: 1091768**

**Scotland Charity Registration Number: SC038454**

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At **NatCen**, we believe that social research has the power to make life better.

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## Legal and administrative details

<b>Registered name:</b>	National Centre for Social Research
<b>Trading name:</b>	NatCen Social Research
<b>Legal status:</b>	Company limited by guarantee and registered charity
<b>Company registration number:</b>	04392418
<b>Charity registration number:</b>	1091768
<b>Scottish charity registration number:</b>	SCO38454
<b>Registered office:</b>	35 Northampton Square London EC1V 0AX
<b>Trustees:</b>	Sir Stuart Etherington (Chair of Trustee Board) Barbara Noble (Resigned 22 February 2022) James Thickett (Resigned 22 February 2022) Dame Jil Matheson (Resigned 22 February 2022) Stephen West Peter Havelock Jude England Professor Sue Heath Phyllis Macfarlane Mark Duke Desirée Lopez Bruce Gordon (Appointed 21 June 2022) Helen Jane Barnard (Appointed 21 June 2022) Oliver James Foster (Appointed 21 June 2022) Saratha Rajeswaran (Appointed 21 June 2022)
<b>Statutory Auditor:</b>	MHA MacIntyre Hudson LLP 2 London Wall Place London EC2Y 5AU
<b>Solicitor:</b>	Bates Wells 10 Queen Street Place London EC4R 1BE
<b>Banker:</b>	National Westminster Bank Plc Cavell House 2A Charing Cross Road London WC2H 0NN

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# Introduction by Chair of Trustee Board

# 1

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# 1. Introduction by Chair of the Trustee Board

We have seen many of the pandemic-related restrictions relaxed or removed over the last year, marking the beginning of a period of living with COVID-19. Whilst many people in Britain have moved on from social distancing and the wearing of face masks, the impact of the pandemic on people's lives has continued to be the focus of a large part of our research.

It is against that backdrop that I introduce this year's annual report, along with the audited financial statements, covering the year to end June 2022. I am pleased to report another successful year for the National Centre for Social Research (NatCen) with revenue growth and many examples of our studies having positive impact.

The work that NatCen conducted in supporting the Office for National Statistics' COVID-19 Infection Study (CIS) concluded at the end of April 2022 and we have been proud to have contributed to a better understanding of COVID-19, infection rates and vaccination efficacy. The study was also an invaluable source of work and revenue for NatCen while our regular face-to-face interviewing studies were paused or moved to alternative modes of data collection.

The pandemic has still been front of mind, particularly when considering the short-term effects of COVID-19 on society. This has included new reports from the Survey of Childcare and Early Years Providers, the Study of Early Education and Development and the Mental Health of Children and Young People, as well as the regular reporting from surveys on family resources, health, diet and nutrition, travel and housing. Other research conducted in 2021-22 has explored the impact of the pandemic on LGBTQ+ communities, as well as focusing on how our mental health has been impacted at different life stages.

The British Social Attitudes (BSA) survey, published in October 2021, also had a COVID-19 related theme, exploring public attitudes towards work, health and trust and confidence in government, along with a range of other topics. The report was launched at an online event and achieved significant national media coverage. This was followed up with new BSA data, commissioned by the King's Fund and published in March 2022, which reported that public satisfaction in the NHS was at its lowest level for 25 years.

We are bringing together the findings from the various research studies related to COVID-19 to paint a picture of the pandemic's impact on people's lives across the life course as well as its legacy in our Society Watch 2022 report "They Think It's All Over". The report will be published in mid-July, alongside a launch event at the British Academy, and provides a compendium of evidence to inform those policy makers challenged to address many of the resulting health and social issues as we return to a "new normal".

Looking ahead, the economic outlook for the United Kingdom is relatively bleak in the wake of Brexit, the COVID-19 pandemic, and the war in Ukraine. There have been cost-of-living challenges in recent months, as prices have risen, and predictions by the Bank of England of potentially a long period of recession from later this year. We believe we are well placed at NatCen to navigate any such recession with a strong cash balance and a higher than usual level of already commissioned research on relevant topics.

In terms of our finances this year, I am delighted to report another successful year with positive financial results including a healthy annual surplus. Our revenues have risen to a record £49m with a net surplus in excess of £2 million. This rise in our income is largely due to the work NatCen has undertaken in supporting the COVID-19 Infection Study. Our role in this work has finished and, as the country navigates its way through the pandemic and the period of economic uncertainty, this allows NatCen to firmly return to its business as usual.

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In recent months, NatCen has been focused on picking up its regular large-scale studies that were previously put on hold during 2020. The majority of this fieldwork has now resumed. The transition back to our regular surveys has not been straightforward with the need to recruit interviewers in a difficult and competitive recruitment market. We have been grateful for commissioners' patience over this period as we continue to right-size our panel to meet increased demands and new boosts to our surveys.

On the financial side, I am also pleased to see the progress we are making in tackling the NatCen pension deficit. NatCen's strategy and finances are based on achieving an annual surplus which supports the repayment of this deficit in full, whilst also providing resources to reinvest in the growth and development of the charity. We are doing that currently and it has been good to see the pension deficit fall significantly again this year.

We have been trialling a new hybrid model of working for our staff, combining in-office days with working from home. We have also seen a great deal of growth in the last year, increasing our staff team to 380 colleagues and our field interviewer workforce to 700, with a view to reaching over 1000 interviewers by the end of 2022 as demand for our field services increase.

As part of NatCen's strategy for growth, a new Centre for Social Survey Transformation and Centre for Children and Families have been launched. These new Centres of excellence represent specific areas of development within our portfolio. We are also excited to have launched NatCen International, taking our research offer more widely to global commissioners.

Our Centre for Social Survey Transformation has been particularly crucial in setting out a framework for assessing the effectiveness of social surveys, a process for remodelling them and in developing experiments of new methods, providing leadership and guidance in alternative methods of data collection at a time when some commissioners have been revisiting future specifications for social surveys.

Trustees and the executive leadership team have also spent time in 2021-22 looking at how best to develop and refresh NatCen in the coming years to maintain its relevance and impact in the period to end 2029. In the light of these discussions, we expect to revise our organisational strategy shortly, building on and enhancing our existing strategy "Towards 2025".

We remain ambitious for our organisation and expect to be able to offer more new services and products in the coming years, including over the next year in supporting commissioners with larger evaluations and more routine data collections.

There is no doubt, in my view, that NatCen has an important role to play in the future in collecting and analysing data from the general public, to provide evidence on social issues, and to inform and guide policy to improve society. This could not be achieved without the excellent support and dedication from our entire staff team, from our field interviewers and biomedical workers, researchers, analysts, to our operational colleagues who keep everything working smoothly in the background.

On behalf of the Board of Trustees, my heartfelt thanks also go to NatCen's Leadership Team, and its Chief Executive, Guy Goodwin, who continue to steer the organisation well at a time of numerous external influences and challenges.

The Board of Trustees provides stewardship of NatCen and we oversee changes to improve, modernise and streamline the organisation, so that we can offer high quality, independent research at the best possible value. We are continuing to strengthen our Board each year, enhancing our expertise especially in business development, social research, and public affairs, in line with our ambitions for the organisation. I would like to thank all of our Trustees for their support this year, which they give freely to NatCen to help us achieve our goals.

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Lastly, but certainly not least, I want to acknowledge the vital contribution by the thousands of members of the public who agree to be interviewed and complete our surveys. Every year we run numerous surveys, each with different levels of involvement and engagement, and their response ensures the data that NatCen collects is relevant, current, and reflective of society. We will continue to take the public's voice to those in power so that it is heard in decision-taking.



**Sir Stuart Etherington**  
**Chair of the Board of Trustees**

Date: 8th November 2022



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# Structure, governance and management

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## 2. Structure, governance and management

### Our legal structure

National Centre for Social Research (which also trades under the name “NatCen Social Research”/“NatCen”) was founded in 1969 as a registered charity governed by a Trust Deed. In July 2002, it became a company limited by guarantee (04392418) with a new charity registration number in England and Wales (1091768) and Scotland (SCO38454).

NatCen’s governing document is its Memorandum and Articles of Association, last amended in July 2017. This establishes the governance of NatCen as the responsibility of the Board of Trustees who are the directors of the company as well as being its members.

### Charitable objectives

The charitable objects of NatCen 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’s principal activity over the past year has been the delivery of a large number of research projects in all areas of social policy, with a particular focus on health and well-being, children and young people, education, crime and justice, income and work, welfare and disadvantage, social attitudes and equalities to inform public policy and wider debate.

Many of the projects we have undertaken included quantitative surveys or qualitative studies carried out throughout the UK. The Scottish Centre for Social Research (ScotCen) is an integral part of NatCen and undertakes research reflecting the distinct characteristics of the social and political landscape in Scotland. We also carry out projects in Wales but do not currently have a field presence in Northern Ireland, although NatCen partners with the Northern Ireland Statistics and Research Agency (NISRA) on some projects.

Our aim is to contribute to a better society, as a result of high quality research. All of NatCen’s substantive research has direct practical application in terms of understanding social behaviour and informing policy and/or practice. It is used by policy makers and political representatives, the media, academics, university students and social researchers, as well as by charities, industry associations and commercial companies. Increasingly, informed members of the public also take an interest in our research findings.

We have a distinct role to play as a charity in helping to ensure that research is commissioned most effectively for the public good and is of an appropriate quality. At a time when there is more and more information available, increasingly instantaneous and of mixed quality, NatCen has an important function in promoting fit-for-purpose research that can inform and guide policy makers and influencers in making the best decisions for society. We actively engage in the Social Research Association, with Government Social Research, the Economic and Social Research Council (ESRC), and we also respond to public consultations, to improve the commissioning, conduct and use of social research.

A key aim of all of our work is to deliver public benefit. We set out how we work to achieve this in Section 3: ‘Activities and public benefit’.

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## Board of Trustees

NatCen is governed by its Board of Trustees who are also its Directors. During 2021/22 the Board comprised the following members, who were acting as Trustees as at the date of this report unless otherwise noted:

- Sir Stuart Etherington: Chair of the Board of Trustees and Chair of Remuneration and Governance Committee.
- Barbara Noble: Member of the Finance and General Purposes Committee up until dissolution in February 2022. (Resigned 22 February 2022)
- James Thickett: Deputy Chair of the Board of Trustees, Chair of the Finance and General Purposes Committee up until dissolution in February 2022 (Resigned 22 February 2022)
- Dame Jil Matheson: Member of the Fundraising committee (Resigned 22 February 2022)
- Stephen West: Chair of the Audit and Risk Committee and member of the Remuneration and Governance Committee
- Peter Havelock: Member of the Audit and Risk and Fundraising Committees and Chair of the Business Development Committee.
- Jude England: Member of the Audit and Risk and the Remuneration and Governance Committee.
- Professor Sue Heath: Member of the Finance and General Purposes Committee up until dissolution in February 2022
- Phyllis Macfarlane: Member of the Audit and Risk Committee
- Mark Duke: Member of the Finance and General Purposes Committee up until dissolution in February 2022, the Remuneration and Governance Committee and Pension Scheme Trustee
- Desirée Lopez
- Helen Jane Barnard (Appointed 21 June 2022)
- Oliver James Foster (Appointed 21 June 2022)
- Saratha Rajeswaran (Appointed 21 June 2022)
- Bruce Gordon (Appointed 21 June 2022)

Biographies of all current Trustees are available at [www.natcen.ac.uk/about-us/people/Trustee](http://www.natcen.ac.uk/about-us/people/Trustee).

The Articles of Association allow for a minimum of four and a maximum of 15 Trustees. The Board has a Nominations Committee, chaired by the Chair, which undertakes an open recruitment process for Trustees and recommends new candidates for appointment when necessary, and ensures appropriate recruitment and succession plans are in place. Trustees are appointed for three-year terms and may serve a maximum of three such terms.

On appointment, each Trustee completes a declaration of interests which is held within a register of interests and updated annually. All conflicts are actively managed during the course of all NatCen Trustee business through the early identification of potential areas of conflict and taking actions where necessary to manage this. There is an induction programme for new Trustees that includes information about NatCen and its work, and a programme of meetings with senior staff. Additionally, Trustees are offered a range of training opportunities relating to charity governance and finance to help them meet their responsibilities as directors of a charity. Existing Trustees are also assisted with continuing professional development on an ongoing basis.

Trustees meet formally as a Board with the executive Leadership Team four times a year plus an away day and with further meetings as and when needed. They receive regular reports on NatCen's financial position and current activity, and are kept informed by the management at other times on organisational news or of significant issues affecting NatCen.

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As a Board, Trustees regularly review organisational performance to identify the need and opportunities for new ways of working and also training, which is conducted as required.

Five committees (Audit and Risk, Nominations, Remuneration and Governance, Finance and General Purposes and Fundraising) report to the Board with responsibility for the following areas:

- **Audit and Risk Committee:** This Committee reviews financial reporting, the effectiveness of internal controls, risks and risk management processes. It monitors the terms of appointment and the work of both the internal and external auditors and receives and reviews audit reports. The Committee is chaired by Stephen West.
- **Remuneration and Governance Committee:** The duties of this committee are a) approve the remuneration package of the Chief Executive, including bonuses and any other awards informed by a review of his/her performance against the objectives agreed by the Board; b) determine the remuneration of other Leadership Team members based on the Chief Executive's recommendation; c) advise the Chief Executive on affordability of annual staff pay review; d) undertake all Trustee Nominations and Recruitment and e) undertake all necessary board governance in accordance with statutory requirement and voluntary codes the trustee board has approved for adoption. The Committee is chaired by Sir Stuart Etherington.
- **Finance and General Purposes Committee:** This Committee was dissolved in February 2022 and previously provided assurance and advice on NatCen's finances, business planning and other key issues that significantly affect the finances or general wellbeing of NatCen which are now covered by the Audit and Risk Committee going forward.
- **Business Development Committee.** This Committee was set up in the year and will provide advice on NatCen's future diversification plans and projects contributing to the 'Towards 2025' strategic plan.
- **Fundraising Committee.** This Committee is specifically focussed on identifying, engaging and generating new sources of funds for NatCen, both from traditional charity funding sources such as donations or endowments and commercial sources such as sponsorships or membership schemes.

The fundraising currently undertaken by NatCen is limited to collecting donations from the public and selected corporate sponsors and we use the Just Giving website to collect donations on our behalf or they can be remitted directly to NatCen. We also have a page on our website informing users how they can support NatCen. We do not work with any commercial fundraisers but all donations are regularly monitored using the reporting supplied by Just Giving. Currently we do not undertake any direct personal marketing to raise funds nor contact individuals directly. A complaints policy approved by the Trustees is in place and published on our website. We have received no complaints to date. Our practices are compliant with recognised standards of the Fundraising Regulator.

In addition to the above committees there is also an Investment Team, which reports to the Audit and Risk Committee. This Team maintains an investment strategy for the Charity's cash assets to maximise return within a risk framework approved by all Trustees. The committee is chaired by the chair of the Audit and Risk Committee and comprises one other Trustee and two members of the leadership team, one of which is the Director of Finance and Chief Commercial Officer.

The Trustees approved a £5m investment in an Ethical Investment Fund (a mixed portfolio of Equities, and cash deposits) managed by CCLA Investment Management in November 2021 proposed to the Board by the Investment Team. NatCen's Investment policy set in 2019 is to seek the best return/growth on any investment funds within an acceptable level of risk and within socially acceptable guidelines. The initial investment pot of £5m was set aside in 2019 but limited to immediate access

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savings accounts and therefore recorded on the Balance Sheet as Cash at Bank until any changes to the asset allocation of the investment funds was reviewed and proposed by the Investment Team and approved by the Board.

The Investment Team was deferred during the Covid-19 pandemic but restarted in 2021 to review the investment strategy in line with the investment policy as had been the intention pre-pandemic. To this end, NatCen's Investment Team chose to conduct a review of investment managers who specialised in Ethical Investment Funds primarily run for Charities as returns on cash savings had fallen to an all-time low and seeking consistent and inflation beating returns on any investment funds would clearly be in NatCen's best interests. All of the investment funds reviewed had consistently delivered inflation beating returns over the previous decade. Having completed the review of investment managers, the Investment Team chose to recommend the CCLA fund due to its high ethical standards, which align with NatCen's and the funds' consistently high returns over the previous decade. The Trustees in approving this recommendation automatically updated the asset allocation of the Investment Policy.

NatCen has adopted a social investment policy to ensure that its investments do not conflict with its charitable objectives. The Charity retains a low appetite for investment risk because of the importance of ensuring cash liquidity in a volatile market and with a significant pension deficit repayment liability and being a unit fund this option offers full liquidity in a short space of time.

The performance of the Fund has been -2.93% in the last 12 months against a benchmark of -2.92% and due to the global circumstances which have led to soaring inflation and the policy response by the Central Banks. The performance of the Fund post year-end up until 31 August 2022 has however improved by 5.7%.

The Board is responsible for setting the aims and direction of NatCen and each year approves the business plan and budget. It also has the power to appoint a Chief Executive and to delegate day to day management of NatCen to him/her. A clear distinction exists between the responsibilities of Trustees and those responsibilities that are delegated to the Leadership Team.

The Trustees and Leadership team met twice during the 2019/20 financial year to specifically discuss plans to align NatCen to the Charity Governance Code during the 2020/21 financial year. As part of these meetings the Trustees matched NatCen's current systems and processes to the seven core principles of the code. The result of this mapping was that 61 of the 76 items on the checklist for the seven principles have been complied with or are not applicable to NatCen of which 10 of these items have room for improvement leaving 15 items requiring implementation. The planning and implementation to align NatCen to the codes was deferred by the COVID-19 pandemic and Trustees now expect to restart the work towards alignment in early 2023 following the appointment of four new Trustees in 2022.

Trustees are required to disclose all relevant interests and register them with the Chief Executive and in accordance with the charity's policy withdraw from decisions where a conflict of interest arises. Details of Trustee expenses and related party transactions are disclosed in note 5 to the accounts. Terms of reference exist for all committees and are reviewed by the Trustee board periodically.

## Consideration of Directors' responsibilities

Section 172 of the Companies Act 2006 requires the Board of Trustees as Company Directors to act in the way they consider, in good faith, would be most likely to promote the success of NatCen to achieve its charitable purposes. The Trustees consider:

### **The likely consequences of any decision in the long term**

The Trustees routinely review and sign off NatCen's strategy and rolling three-year business plans to ensure they understand and agree with the expected long-term outcomes from all strategic decisions.

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They delegate daily operational decisions to the Leadership Team but are required to approve all decisions which have contractual values over certain limits that could materially affect NatCen's financial performance in any given year. Trustees review performance annually, including the organisation's impact and finances. They formally review corporate risks each year and individual risks more frequently, as necessary.

### **The interest of NatCen's employees**

The Trustees routinely review the organisation's people plans, including for training and development, as well as scrutinising staffing levels, turnover and the affordability of pay awards. The Trustees are updated on the bi-annual staff surveys and the action plans developed by the Leadership Team that arise from the survey. If release or redundancy schemes are necessary, they are referred to the Audit and Risk Committee.

### **The need to foster NatCen's business relationships with suppliers, customers and others**

The organisation maintains and fosters a diverse network of customers and suppliers, which is documented and subject to routine checks and internal audit. We have a published "customer promise" and the Trustees are updated annually on NatCen's customer feedback survey, as well as being engaged in discussions about strategic partnerships, particularly with academic institutions both as suppliers and customers. Trustees regularly attend events hosted by NatCen disseminating research conclusions to relevant parties as well as engaging internally with staff on new research methods and findings.

### **The impact of NatCen's operations on the community and the environment**

NatCen has a duty to observe the highest standards when dealing with the community it serves, including the general public who provide the data that drives our research, and as a consequence project work is subject to review by a research ethics committee. The research projects that NatCen undertakes are routinely reviewed by the Trustees to ensure they meet the purposes of our charitable objectives. The Trustees are also mindful of the organisation's place in the local community, whether in its close relationship with City, University of London, or in holding meetings and awaydays locally, for example at a local Community Centre.

The environmental impact of NatCen is limited. We have an environmental policy and have established a staff environment committee regularly reviewing how we can improve energy usage and other environmental impacts. In recent years we have introduced LED lighting across a number of our office spaces, reduced paper and single use plastic consumption by over 50% and have a commitment to reducing vehicle journeys across our organisation through smarter technology and planning of travel. We now have ISO 14001 accreditation. Trustees have discussed and inputted into these plans.

### **The desirability of NatCen maintaining a reputation for high standards of business conduct**

The nature and high quality of NatCen's work, delivering a number of UK National Statistics along with key research for long term planning and policy making of both Government and the charity sector, make maintenance of high standards, both in the work we do and our overall conduct, of key importance. We give great weight to information security, including annual staff training, maintain and refresh policies, including for our quality system (Q-Pulse); and are annually audited to maintain accreditation to ISO-20252. Routine reports on such matters are made to Trustees and discussed at Audit and Risk Committee, as necessary. The value to decision making and improving knowledge of our society is fundamental to NatCen's objectives and to our customers and supply chain.

### **The need to act fairly**

We aim to be a fully inclusive organisation which is relevant and accessible for anyone working for NatCen or benefitting from our work. NatCen is an equal opportunities employer and values diversity, for example in welcoming applications to recruitment exercises from all sections of the community. We maintain an active Equality and Diversity Group and LGBT+ network. The organisation is signed up to the Market Research Society's CEO pledge, the Race at Work Charter and is committed to key recommended actions from Stonewall's LGBT in Britain: Work report. We have improved the



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communication and transparency in this area in recent years, both with staff and more widely, for example in holding and making staff survey results available and in publishing gender pay gap statistics. Trustees are presented routinely with such information, providing appropriate challenge as necessary.

## Leadership Team

The Chief Executive is the key leader and manager with oversight across the organisation.

He is responsible for reporting to Trustees on the operation of the organisation, including its financial position. He is also responsible for appointing the Leadership Team who oversee the everyday operations at NatCen and help him deliver his functions.

The Leadership Team at the date of this report comprises of:

Chief Executive	Guy Goodwin
Deputy Chief Executive	Gillian Prior
Director of Finance and Chief Commercial Officer	Robert Swinchatt
Director of Methods	Gerry Nicolaas
Director of Operations	Paul Roberts
Director of Policy Research Centre	Martina Vojtkova

The Chief Executive, supported by his Leadership Team, is responsible for implementing the strategy and policies agreed with Trustees, including the 3 year business plan, and reporting on its performance to the Board.

## Key management personnel remuneration

The Trustees consider the Board of Trustees and the Chief Executive as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis. All Trustees give of their time freely and no Trustee remuneration was paid in the year.

The pay of the charity's Chief Executive is reviewed annually and normally increased in accordance with average earnings. The remuneration is also bench-marked with charities of a similar size and activity to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles.

## Our funding and resources

NatCen is funded by grants and income from its research activities. Its clients are a wide range of organisations, including government departments and agencies, research councils, regulatory bodies, universities, charities and (on occasion) the corporate social responsibility divisions of commercial organisations. All of NatCen's funding is contract or grant-related; currently it receives no core funding from any source.

NatCen employed 314 full-time equivalent staff for the year ended 30 June 2022 (2021: 264). NatCen is organised in two Centres to further strengthen our capability to deliver quality and impactful research. Our Policy Research Centre is focused on delivering mixed method qualitative and quantitative policy research studies and evaluations, and our Survey Research Centre has expertise in large-scale and complex surveys across the full spectrum of data collection modes.

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The Scottish Centre for Social Research (ScotCen) is a unique but integral part of NatCen that serves the research needs of Scotland. ScotCen is not a separate organisation but delivers the same survey and policy research and survey research for Scotland using NatCen's central organisational resources and systems. It has a local management team reporting to the Leadership team.

NatCen also has a panel of interviewers and nurses covering England, Scotland and Wales, and a panel of telephone interviewers based in our Brentwood office. The management and training of our interviewers is co-ordinated through our Data Collection and Field Division and supported by a network of Regional and Field Managers.

All staff are communicated to about organisational updates and successes via a variety of channels including regular roadshows, the intranet, CEO updates and a monthly newsletter.

## Our approach to our work

NatCen is an equal opportunities employer. We recognise that everyone should be treated with respect and dignity and that a working environment, including training provision, must be provided which is free of any form of discrimination, harassment, bullying or victimisation. In addition, we provide access arrangements at each of our permanent sites in order to allow unrestricted employment of individuals who have special access needs. We give full and fair consideration in our recruitment practices to applications for employment received from disabled persons, having regard for their aptitudes and abilities. Staff who become disabled during employment are treated fairly and with respect, having due regard to The Equality Act. NatCen is committed to the effective implementation of this policy and will not condone any form of discrimination, whether engaged in by employees or by outside third parties who interact with the organisation.

We apply these work policies to those staff who we employ directly and also to those workers to whom we sub-contract on an associate, temporary, freelance or casual worker basis. We do not currently use volunteer staff.

Staff are invited to attend regular leadership team meetings in the year to involve, consult and encourage them and also to make them aware of the organisation's performance.



## Environmental impact

NatCen's key environmental impacts are:

1. the electricity consumed at its three offices
2. the gas consumed at its London office
3. the miles driven by its staff and fieldworkers

The amount of energy consumed for each of NatCen's three offices and based on bills for the year ended 30 June 2022 was as follows:

	Gas (kWh)	Electricity (kWh)
London	133,863	65,510
Brentwood	-	59,799
Edinburgh	-	33,421
Sub-totals	133,863	93,220
Grand total	227,083	

We have excluded the London office's electricity consumption when calculating our CO2 emissions because it now comes exclusively from renewables and nuclear power.

We have had to estimate the amount of electricity consumed in our Edinburgh office because too few electricity bills are available from the landlord. We had bills for three of the 12 months so assumed they were typical and derived the full-year total from their average.

The amount of energy consumed for each of NatCen's three offices and based on bills for the year ended 30 June 2021 was as follows:

	Gas (kWh)	Electricity (kWh)
London	125,698	52,132
Brentwood	-	53,744
Edinburgh	-	11,501*
Sub-totals	125,698	65,245
Grand total	190,943	

\*We have had to estimate the amount of electricity consumed in our Edinburgh office because too few electricity bills are available from the landlord. The London office consumed 36% less electricity in 2020/21 as it did the previous year so we have assumed that the pattern in the Edinburgh office will have been the same.

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The miles driven by NatCen’s staff and fieldworkers for the year ended 30 June 2022 were:

Staff	7,833
Fieldworkers	4,910,753
Grand total	4,918,586

The miles driven by NatCen’s staff and fieldworkers for the year ended 30 June 2021 were:

Staff	1,425
Fieldworkers	3,423,590
Grand total	3,425,015

### **Associated greenhouse gases**

Based on the conversion factors given in:

Conversion\_Factors\_2021\_-\_Condensed\_set\_for\_most\_users published on:

<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021>,

we estimate that the total amount of CO2 NatCen created in 2021/22 was 1,379 tons (966 tons: 2020/21). This is a 43% increase on the preceding year.

### **Intensity ratio**

The intensity ratio we are using is the number of tons of CO2 emitted per FTE member of staff as counted on the mid-point of the reporting period (2021/22: 316, 2020/21: 259). This measure is less likely to vary due to factors other than genuine changes in NatCen’s level of emissions. These numbers give us an intensity ratio of 4.36 tons of CO2 per FTE, an increase of 0.63 ton per FTE on last year.

In comparison, NatCen employed 314 FTEs during the year ended 30 June 2022 (264 FTE: 2020/21). This gives us an intensity ratio of 4.39 tons of CO2 per FTE, an increase of 0.73 ton per FTE on last year.

## Comparative figures

This is the third year in which NatCen has reported its emissions. The table below shows how NatCen's performance has changed in terms of the number of tons of CO<sub>2</sub> created by its activities.

CO <sub>2</sub> tons	2019/20		2020/21		2021/22	
Gas	21	-	23	+2	24	+1
Electricity	41	-	13	-28	19	+6
Driving	688	-	930	+242	1,336	+406
Total	750	-	966	+216	1,379	+413
<i>Intensity ratio</i>	<i>2.71</i>	<i>-</i>	<i>3.73</i>	<i>+1.02</i>	<i>4.36</i>	<i>+0.63</i>

None of the three years above were typical years for NatCen as the offices were either closed or only partially used between March 2020 and February 2022 and the interviewer field force was diverted to assist with a large-scale government health contract between June 2020 and April 2022. We expect our energy consumption pattern to normalise in 2022/23.

## Impact reduction measures

We have taken the following measures to reduce the impact of our work on the environment:

1. Produced an environmental policy and published it on NatCen's external-facing website
2. Created and published a Carbon Reduction Plan
3. Nominated a senior manager to lead NatCen's work to minimise its environmental impact
4. Created an internal staff-led Environmental Group which meets regularly
5. Achieved ISO 14001 accreditation
6. Reduced the number of laser printers in our three offices from 16 to 9
7. Switched the supplier of electricity in our London office to one which doesn't create CO<sub>2</sub> in the course of generating that electricity

## Auditor

MHA MacIntyre Hudson LLP, have been re-appointed as the charitable company's external auditor.

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# Activities and public benefit

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## 3. Activities and public benefit

### How we delivered public benefit in 2021/22

#### Our approach

Delivering public benefit is at the core of NatCen's mission. We aim to do this by:

- **Producing high quality research**, using the most robust methods, and talented researchers to create the evidence that shapes policy and practice, ultimately making society better.
- **Communicating what we learn** about society to policymakers and practitioners so they have the best information on which to base their decisions. Activities undertaken to communicate our findings include identifying and making use of opportunities to present at conferences, to relevant and specific policy makers, practitioners and interest groups
- **Reflecting what we find back to the public** so people have the information they need to make informed decisions.
- **Tackling the methodological challenges** facing quantitative and qualitative approaches to improve the quality of all social research.

The above framework is informed by the Charity Commission's criteria that charities providing research should ensure that their work is useful, is shared with a wide audience and is conducted for public benefit.

The Trustees confirm that they have had regard to the Charity Commission's public benefit guidance as required by section 17 of the Charities Act 2011.

#### Our achievements and performance

Last year we asked management to deliver our charitable objects by continuing to deliver high-quality research projects, ensuring this research is communicated to relevant policy audiences and the public, and continuing NatCen's tradition of methodological innovation.

##### High quality research

One of the central ways in which NatCen has impact is as a supplier of high quality social research. We are commissioned by many customers, including government, to collect data that makes it both possible to track the effectiveness of policies, to see where interventions are needed in areas like health and education, and to evaluate the success of these interventions. In this way, our research interacts directly with the policymaking process.

Our Survey Research Centre conducts most of the UK and Scottish governments' major social surveys. These studies provide robust and reliable data across a wide range of policy areas and include the English Housing Survey, the Health Survey for England, the National Travel Survey, the National Diet and Nutrition Survey, the Scottish Crime and Justice Survey and the Family Resources Survey.

The data from most of the major surveys that we collect is submitted to the UK Data Archive so that

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non-commercial researchers and institutions can analyse the data freely, maximising its potential impact on social policy.

As an organisation, we monitored our impact over 2021-22 and collect impact case studies, a selection of which appear below.

### **Impact case study 1**

**Project title:** Health and health-related behaviours of Lesbian, Gay and Bisexual adults

**What we did:** Data collection for the Health Survey for England was paused in 2020-21 due to the COVID-19 pandemic. In the absence of this annual report, NHS Digital commissioned NatCen to analyse data collected between 2011-18 from adults who had participated in the survey and identified as lesbian, gay or bisexual (LGB).

**What we found:** This report was the first to present nationally representative data on the health of LGB adults in England. The prevalence of limiting longstanding illness was higher among LGB adults (26%) than heterosexual adults (22%). A lower proportion of LGB adults (51%) were overweight or obese than heterosexual adults (63%). LGB adults had lower average mental wellbeing scores on the Warwick-Edinburgh Mental Wellbeing Scale (48.9) than heterosexual adults (51.4).

**What happened next:** This data analysis was the first of its kind and was published by NHS Digital. The findings received media coverage from BBC News Online, The Daily Telegraph, Open Access Government and Pink News. The research was also featured during NHS Pride Week. The NHS England's LGBT team will be working on a summary version of the report, highlighting the key findings in an easy read format to inform future policy in this area.

### **Impact case study 2**

**Project title:** Current and past trends in tobacco and e-cigarette use and the impact of control measures: an analysis of survey data and other evidence

**What we did:** This programme of work was commissioned and funded by the National Institute for Health Research (NIHR). It explored the impact and consequences of policy changes relating to tobacco consumption and supply in England and Scotland over the last decade, as well as the characteristics of e-cigarette use. Data from four national surveys – the Health Survey for England, the Scottish Health Survey, the Smoking Drinking and Drug Use among Young People Survey, and the Scottish Schools Adolescent Lifestyle and Substance Use Survey – were analysed alongside analysis of the impact of specific pieces of tobacco control legislation enacted between 2007-2011.

**What we found:** This report was published in November 2021 and found that men are more likely to smoke when compared with women. The rate of smoking has decreased more steeply in women between 2008 and 2016, although differences were found between England and Scotland. The greatest decline in smoking over time was seen in the 16-24 age group. The proportion of young people smoking had fallen over the last decade, although young people in Scotland seemingly smoked more heavily than those in England. The number of children being able to purchase cigarettes halved between 2006 and 2016.

**What happened next:** Following the publication of this research, the Department for Health and Social Care (DHSC) requested a presentation of the findings to help inform the government's work on a new Tobacco Control Plan. NatCen was also invited to present these findings to the Addictions and Inclusions directorate. Shortly after the publication, the DHSC and PR agency Freud Communications featured this research in the government's new year Better Health: Smoke Free public health campaign to quit smoking, which highlighted that children whose parents smoke are more likely to take up smoking themselves. The findings were also discussed on BBC Radio 4's

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Today programme, on BBC Radio 2, BBC Radio Scotland, and on over twenty regional BBC radio stations and on GB News. There was further coverage in The Guardian and The Sun newspapers.

### **Impact case study 3**

**Project title:** Low Traffic Neighbourhoods

**What we did:** NatCen carried out deliberative research on behalf of the European Climate Foundation (ECF), focusing on how low traffic neighbourhoods (LTNs) in England are being used to promote active travel as an alternative to car use. The aim of this research was to understand experiences of LTN schemes introduced in 2020 from different perspectives and to explore how consensus on any future implementation could be built. Three case study areas (located in Lambeth, Wandsworth and Lozells in Birmingham) were selected and people who live and work in each area were invited to take part in online deliberative workshops, hearing evidence about LTNs and engaging in conversations with each other. A sub-set of participants were brought back together across areas to share their discussions and agree a clear set of recommendations to inform future LTN implementation.

**What we found:** Workshop participants from across the three geographical areas made recommendations for future LTNs implementation, centred around consultation and engagement, implementation and complementary measures to promote alternatives to car use.

**What happened next:** This research and ten key recommendations were presented at an online event in January 2022. There were 240 registered attendees, representing different local authorities around the country. At a Lambeth Council meeting following the event, councillors acknowledged the recommendations for further improving the roll-out of their Low Traffic Neighbourhood Plan to increase engagement with local residents. Additionally, a Councillor from Canterbury Council who attended the presentation of this research has also declared their intention to use these findings to build a case for implementation of an LTN in their ward. The research report and accompanying infographics was published by NatCen with media coverage in the Daily Express, Times Red Box, Conservative Home and in local and sector media including Radio Jackie, Brixton Buzz and Transport Xtra.

### **Impact case study 4**

**Project title:** Alternatives to detention

**What we did:** The United Nations High Commissioner for Refugees (UNHCR) commissioned NatCen to evaluate Action Access – the first alternative to detention (ATD) being piloted in the UK under the Home Office’s Community Engagement Pilot (CEP) series. The Action Access pilot was designed by the Home Office and Action Foundation, a charity based in Newcastle, with input from UNHCR and other stakeholders working in the field of asylum and migration management. It aimed to support female asylum seekers in a community-based, engagement-focused ATD through the provision of one-to-one support from a support worker, shared accommodation, and legal counselling from a qualified legal professional. The evaluation comprised desk research, in-depth interviews with women who took part in the pilot, follow-up interviews with delivery and strategic stakeholders, interviews with key informants from civil society working in asylum and immigration, and an online workshop with key informants.

**What we found:** The evaluation showed that women participating in the pilot were in a better place emotionally and mentally to work with legal counsellors and support workers. The cost of the pilot was less expensive per participant per night than holding an individual in detention. Reductions in rent on longer-term leases and running the project at capacity could mean that a future ATD programme could be less than half the cost of holding an individual in detention.

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**What happened next:** It is hoped that that the Action Access pilot will be used as evidence that ATD can offer an effective way to support people seeking case resolution, without reducing compliance with the requirements of the system. The findings of NatCen’s evaluation were covered by BBC News, BBC News Online, The Guardian and The Newcastle Chronicle. NatCen has also been commissioned to evaluate the second pilot in the CEP series, the Refugee and Migrant Advice service, delivered by the King’s Arms project in Bedfordshire. The findings from this second evaluation are due to be delivered in September 2022.

### **Impact case study 5**

**Project title:** Living through the COVID-19 pandemic: Experiences of people approaching later life

**What we did:** The Centre for Ageing Better commissioned NatCen to undertake two longitudinal waves of survey research using the NatCen Panel, qualitative analysis and reporting and qualitative depth interviews to explore the effects of the pandemic on the general population of England, with a focus on people aged 50 to 70. The qualitative study consisted of 30 in-depth telephone or online interviews with people on lower incomes who agreed to be contacted after the survey. People with a broad range of characteristics were purposively sampled by age, gender, urban/rural, housing tenure, household composition, and people with and without long-term health conditions or disabilities.

**What we found:** The findings from this research explored social connections, formal voluntary and informal support, online activity and connections, and experience of housing and home. During the pandemic, most people got to know others locally who they could turn to. But this happened less for people who were struggling financially. This research also showed that well-connected people reported higher quality of life than less-connected people; isolated people had worse emotional health outcomes than others during the pandemic, and this gap increased with age. While people aged 50 to 70 welcomed online connections during the pandemic, they returned to aspects of the face-to-face interactions they valued as restrictions were relaxed.

**What happened next:** This research has been published by the Centre for Ageing Better in a series of reports: Community spirit, No place like home, Community connectedness in the COVID-19 outbreak, and Volunteering and helping out in the COVID-19 outbreak. The Centre for Ageing Better used some of these findings in their annual flagship report, The State of Ageing, and also published a number of short blog articles. A summary of these findings were presented at an online event of community groups and stakeholders, which included the University of the Third Age (U3A), The Salvation Army, Age UK, the Department for Health and Social Care and a number of local councils. The research was also covered in Care Management Matters.

### **Impact case study 6**

**Project title:** Patterns of Play

**What we did:** The Patterns of Play research project, commissioned by GambleAware, was designed to improve understanding of the online gambling market and how the characteristics of gamblers and patterns of play relate to harmful gambling. This mixed methods programme comprised a scoping qualitative study, collection and analysis of industry data, and a survey of gamblers.

**What we found:** Online bettors with the largest losses over the year were disproportionately likely to be male and their average age was around 40. Slots games accounted for the majority of spending (60.1%) on gaming activities, reflecting its dominance in the whole online gambling sector. 1.2% of holders of accounts used for gaming (close to 50,000 individuals) spent the equivalent of eight full days playing over the study year. Similar to online betting, less than a quarter of casino and poker customers were women. However, in slots, the proportion of females was somewhat higher, about



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one-third, and women made up the majority (62%) of those who took part in online bingo. As with betting, the online gaming sector had a heavy dependence on a “vital few” customers. The ‘top-20%’ of customers by volume generated just over 90% of revenue.

**What happened next:** The final research findings were published in June 2022. The findings were requested by the Department for Digital, Culture, Media and Sport and are also expected to inform the government’s review of current gambling legislation. The report was covered in over 200 news articles in national, regional and trade media. This included The Guardian, The Times, Daily Telegraph, The Independent, Daily Mail, Evening Standard, The Herald and The National. Broadcast coverage came from Sky News and BBC Good Morning Scotland.

## Impact case study 7

**Project title:** Loneliness and mental health: Investigating factors associated with loneliness in adults in England

**What we did:** The Department for Digital, Culture, Media and Sport (DCMS) commissioned NatCen to deliver two projects exploring the relationship between loneliness and mental health. The quantitative research analysed data collected in the Community Life Survey and Understanding Society to explore the relationship between loneliness and mental wellbeing and other risk factors for loneliness amongst adults in England. The qualitative project complemented this research by conducting a diary study and in-depth interviews with people with pre-existing mental health conditions to explore their experiences of loneliness across different life stages.

**What we found:** Findings from the quantitative study support previous research into loneliness: that women, young people, people who live alone and those who were widowed are at a greater risk of loneliness. In addition, this analysis found that gay, lesbian, and bisexual people and those who identified as an ‘other’ sexual orientation were at a greater risk of loneliness than heterosexual people. There is a unique set of risk factors for loneliness in young people. Unlike in older age groups, income and sex were key determinants of loneliness for people aged 18-34 years old. Mental wellbeing and loneliness are closely associated: 4% of people without mental distress but 28% of people with mental distress experienced chronic loneliness. Insights from the qualitative research showed the bidirectional and cyclical nature of the relationships between loneliness and mental health, with poor mental health leading to difficulties connecting with others and social withdrawal, and loneliness exacerbating negative thought patterns. The findings also highlighted a number of key life events, such as moving away from home, miscarriage, changes in work environments or retirement that were linked by participants to periods of poor mental health and loneliness. Findings from both projects highlight the need to target interventions at people from different age and social groups and the value of providing support to people at key points in their life, for example when they first experience loneliness or after particular life events.

**What happened next:** This research was published during Loneliness Awareness Week and findings from both projects will be presented at DCMS’ Evidence on Loneliness stakeholder group. The findings were also covered in the Sunday Express and in regional media outlets North East Post, Cumbria Times, The Yorkshire Times and Lancashire Times.

## Delivering methodological excellence

At NatCen we have a reputation for methodological expertise. Our innovative approach to research has benefits for the wider research community, both in the UK and internationally. Our researchers developed the now widely used framework approach to qualitative research and have written key academic texts on research methodology. We have been behind the creation of some of the most ground-breaking and, sometimes, controversial research in the UK, including the National Study of Sexual Attitudes and Lifestyles and the first study of gambling prevalence.

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During the COVID-19 pandemic, face-to-face fieldwork was impacted across all of our surveys and this has continued to affect a large part of our research conducted last year. In the absence of face-to-face fieldwork, in 2021-22 we have seen an increase in online or push-to-web questionnaires, alongside other methods of data collection. The transition to these alternative methods happened quickly due to necessity and, as society slowly returns to a new normal, NatCen has been exploring which methods are here to stay, and how these methods can be improved.

The Survey Data Collection Network (SDC-Net) was established in 2021 which brings together academic and non-academic organisations from across the UK that are involved in the design and co-ordination of social surveys. Gerry Nicolaas, NatCen's Director of Methods, is a co-investigator on this project, which aims to gather and share information about how the pandemic has affected data collection practices and to better understand the current and future survey data collection landscape.

In January 2022, NatCen also launched its Centre for Social Survey Transformation. This Centre brings together a team of survey research specialists with a particular focus on transitioning surveys from face-to-face to web-first or mixed-mode designs. Different experiments are being conducted across a variety of NatCen research studies, in collaboration with survey commissioners, to make social research surveys more flexible, responsive and efficient. This includes our flagship British Social Attitudes survey, which we are using to test and trial responses to different survey methods.

NatCen is proud to set the standard in social survey research. As a not-for-profit organisation, we endeavour to share our best practice as part of our charitable aims. We achieve this as a leading provider of social research and survey methods training. Through our partnerships with the Social Research Association and the National Centre for Research Methods, we have continued to deliver a range of online courses, covering a variety of topics and techniques. We also partner with the European Social Survey and City University in the delivery of a monthly survey methodology seminar series.

None of this could be achieved without the rich collaborative opportunities from working with survey specialists, industry and academics as well as our own colleagues to develop NatCen's methodological innovation and leadership in social survey research.

### **Measuring our impact**

We use case studies in our annual report to demonstrate impact because they give descriptive detail around what impact looks like. We also routinely monitor feedback on:

- 1) Customer satisfaction – are our customers happy with the quality of our research?
- 2) Policy or other impact – where our research has interacted with the policy making process.
- 3) Impact with the public – either directly or through the media.

This impact monitoring is reported back to Trustees to review and comment on each year and allows us to critically assess how we as an organisation are improving people's lives.

### **Communicating and reflecting back to the public**

In addition to communicating with policy makers, data users and practitioners, we are committed to reflecting back our findings to the public so they have the information they need to make informed decisions, including offering a window on the performance of government itself.

Our research almost invariably requires some cooperation from the British public. They take part in our surveys. They are the teachers or students in education evaluations and the users of the

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government programmes we want to better understand. They give us an extraordinary amount of information about their daily lives; for example, filling in our diaries with what they eat and what they are doing. They let us weigh them, measure their children and take their blood. We are committed, therefore, to reflect back to the public what we find out about them, especially on the issues that affect them directly.

One of the main ways in which we do this is through the media. This year, NatCen's work has been mentioned in the media 2,147 times, with an estimated reach of 880M. These numbers do not include the additional mentions of research we have conducted in the name of our customers.

Our Twitter following has grown by 4.4%, achieving 959.9K impressions. The most popular tweet we posted announced the publication of new lesbian, gay and bisexual (LGB) health statistics, published in July 2021, with 28.2K impressions.

The NatCen website has also achieved 105,611 unique page views and 1,770 report downloads over the year. The website for the British Social Attitudes survey received 225,451 unique page views and 24,475 report downloads throughout the same period.

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## ScotGen Social Research

ScotGen is an integral part of NatCen, leading on social research and evaluations in Scotland from its Edinburgh-based office. It has an excellent reputation for high quality work and is firmly embedded in Scottish research, policy and media networks with researchers regularly presenting and discussing findings with policymakers in central and local government, the voluntary sector and academia.

Similar to NatCen, there has been a focus during 2021-22 on COVID-19 related research. The Scottish Government commissioned ScotGen to deliver the study 'Compliance with Test and Protect Isolation Period: Barriers and Incentives to Compliance'. This mixed methods project explored compliance with self-isolation rules amongst those who tested positive, their contacts and international travellers.

After a pause in fieldwork, the latest report from Growing Up in Scotland was published in February 2022. This longitudinal study tracks the lives of thousands of children and their families and this latest publication explores life at age 14. To support the dissemination of these findings, an online conference was held in June 2022. This was a half-day event chaired by Bruce Adamson, Children and Young People's Commissioner for Scotland. It was a very well attended and highly engaged event, providing a valuable opportunity to promote the rich GUS dataset and increase its profile amongst relevant stakeholders in Scotland, and across social media.

Distress Brief Interventions (DBI) is a Scottish Government funded programme which aims to provide a framework for improved inter-agency coordination, collaboration and cooperation across a wide range of care settings, interventions and community supports for people who present in distress. ScotGen evaluated this programme in May 2022 with colleagues from the University of Stirling, Glasgow Caledonian University and the Mental Health Foundation. Following this project, ScotGen were proud to be awarded funding from the National Institute of Health Research to lead the DBI Impact Evaluation on Suicide and Self-harm project, which specifically assess whether DBI is effective in addressing suicidal ideation, suicidal behaviour and self-harm.

In June 2022, findings from a module of the Scottish Social Attitudes survey were published, exploring people's attitudes towards Gaelic in Scotland. This work was funded by Bòrd na Gàidhlig, the non-departmental public body which works to facilitate access to the Gaelic language and culture, and to encourage the use and learning of the Gaelic language. The research showed an increase in the use of Gaelic over the last ten years and the findings were covered both in print and online. Additional research conducted as part of the Scottish Social Attitudes survey, for the Scottish Government, is expected in the autumn.

Additional research projects conducted during this reporting period have included survey development and analysis for YouthLink Scotland, exploring views on what it means to be a boy or young man in Scotland. Qualitative research for Cancer Research UK was also conducted to inform the development of their Youth Obesity Policy Survey. This study exposed lockdown's varied effects on young people's exposure to high fat, salt and sugar foods, with TikTok and food delivery apps highlighted as new sources of advertising.

### Impact case study 8

**Project title:** COVID-19 Support Study: experiences of and compliance with self-isolation

**What we did:** The Scottish Government commissioned ScotGen to conduct a research study with those asked to self-isolate. The aim of this project was to better understand people's experiences of self-isolation, including any incentives and barriers to compliance to enable the government to decide how support can be targeted in the best possible way for specific groups.

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**What we found:** Overall, compliance with self-isolation was high among survey participants with a positive test, close contacts of a positive test case and international travellers. However, variance between self-assessment of compliance and the behavioural measure of compliance suggests that some participants may have lacked the knowledge, willingness and/or capability to self-isolate successfully. Half of survey participants expressed that the experience of self-isolation had impacted negatively upon their mental health. Younger people, those in managed isolation (defined as those isolating as part of a hotel quarantine package after returning from international travel) and those experiencing repeated self-isolation were particularly affected.

**What happened next:** This mixed methods project was fast-paced and addressed a topic of considerable political sensitivity. Interim findings were presented to the project's steering group, consisting primarily of representatives from various Scottish Government departments and Public Health Scotland, including senior public health officials. One key presentation was delivered to a wider COVID response team which also included representatives from local health boards, the Convention of Scottish Local Authorities, Deputy Chief Medical Officers and the Police. Findings from this research were instrumental in informing a change in scripts within the contact tracing system. With evidence showing that compliance was higher when support was accessed, the script was adapted to provide extended examples of the available support to encourage greater uptake. This work also strengthened the argument for maintaining a robust support system for those isolating.

The findings from the published research report were also covered by The Times, Daily Mail, the i newspaper, The Herald, Edinburgh Evening News, Daily Record, The Scotsman, The Press and Journal, The Courier and The Sunday Post.

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# Financial Review

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## 4. Financial Review

### Overview

Following on from the financial years 2020 and 2021, NatCen's routine survey fieldwork was still partially impacted by COVID-19 restrictions in 2022. In spite of this, our income rose to over £49m. NatCen continued to contribute to the Covid Infection Study "CIS" for the Office for National Statistics up until the end of April 2022 and face to face survey work delayed over the past two years resumed fully without restrictions in the latter half of the year. A net income of £2.1m was achieved in the year. The pension deficit has also reported a gain of £9.0m in the year and an unrealised loss has been recognised on investments of £0.4m resulting in a positive net movement of funds of £10.6m.

The income target for 2021/22 had been set at £56m, to account for our expected return to the delayed fieldwork in the year and our involvement in CIS. There were £1.5m of one off investment costs to grow and strengthen our interviewer panel factored into an increased level of overheads which also included IT investment and the recruitment and staff costs related to the planned growth in staff numbers previously paused because of the pandemic resulting in an expected net income of £2m.

During the year 2021/22 NatCen generated total incoming resources of £49,269k up from £43,051k in 2020/21. Of this £49,241k (2020/21: £41,414k) was from charitable activities, with a further £8k (2020/21: £5k) from investment income. 47% of total income in 2021/22 related to research carried out for UK Central Government (41% in 2020/21). Pre-pandemic, the percentage of UK Central Government funded work was higher. The levels in the last two years is as a result of our work on CIS as despite it ultimately being Government funded we are a sub-contractor to the principal organisation contracted to deliver this project. We expect this percentage to rise again in 2023 without the impact of CIS and as normal fieldwork resumes in full for the year.

Both Survey and Policy Research income have increased in the year as the impact of COVID-19 lessened and supported by the increased staff numbers. Survey Research income rose to £26,768k (2021:£17,279k) and Policy Research income rose to £7,289k (£5,323k) Other charitable income decreased to £15,184k (2021:£18,812k) and relates largely to CIS as NatCen's involvement ended in April 2022 as well as the decrease in the Coronavirus Job Retention Scheme (CJRS) Grant income received. NatCen received £20k (2021: £1,633k) which was used to pay our hourly paid interviewer field force who were unable to work during the first two months of the year due to face to face interviewing not taking place and who would have not received any income had we not retained them on the scheme.

Total expenditure during the year was £47,179k (2020/21: £37,722k) all of which related to research studies. This resulted in net income for the year of £2,089k (2020/21 £5,329k).

Direct project costs for all activities have increased to £28,945k (2021:£21,464k) and are consistent with the increased income, staff numbers and staff costs. Other costs related mostly to CIS within charitable expenditure have remained almost the same at £13,024k in 2022 (2021: £13,023k) and include £1,257k of one-off future investment costs in field within direct project costs. The CJRS costs included in other costs in 2021, have fallen out in 2022.

The charity's freehold London properties were valued on a "Fair Value" basis by BNP Paribas Real Estate as at 30 June 2020 at £6,040k. The annual Trustee review of the carrying value of the properties for impairment or re-valuation purposes agreed that no revaluation or impairment was required. The next valuation is due to take place in 2025 as per our accounting policy.

The charity benefitted from an actuarial gain on its defined benefit pension scheme of £8,955k in the year (2020/21: £5,130k actuarial gain) which is also included in the statement of financial activities on



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page 45. We have an established long-term plan in place to address our pension deficit as defined in our reserves policy and more detail on the actuarial movements can be found in the going concern and pension notes.

The overall net movement in funds in 2021/22 was an increase of £10,638k (2020/21: increase of £10,459k).

The Trustees review NatCen's performance annually against a number of financial and non-financial Key Performance Indicators (KPI's) including income and surplus, cashflow and cash at bank, headcount development and staff turnover, new business development (value of work won and win rate), forward order book, customer satisfaction, media circulation and reporting impact. At the last review, the Trustees declared they were pleased with the performance in the year.

## Balance Sheet and Reserves

Net assets before the pension scheme liability decreased to £14,379k at June 2022 from £17,288k at June 2021. The Trustees approved a £5m investment in an Ethical Investment Fund in November 2021 (page 13). NatCen's investments totalled £4,593k at 30 June 2022 (2021:£nil). The pension liability decreased in the year to £18,094k (2021: £31,641k). In addition to the regular deficit reduction payments, NatCen paid an additional one off amount of £3,750k in the year towards the defined benefit pension scheme deficit in return for the release of a charge held over NatCen's London property granted to the Pension Scheme Trust in relation to the 30 month pension payments holiday that commenced in October 2016. NatCen's net liabilities, including the pension scheme liability decreased to £3,715k (2021: £14,353k).

## Going Concern

The Trustees are aware of their responsibilities to ensure that NatCen remains a going concern. NatCen has negative net assets due to its pension scheme liability but NatCen has an existing "deficit contribution" scheme agreed with the Pension Scheme Trustees (PST) which ensures that the liability can be repaid over a period of the next 12 years.

The Trustees recognise that the key target for the going concern basis is to generate sufficient net income each year to deliver cash generation, after investment, that will more than cover the agreed payments under the deficit contribution scheme. These payments started in April 2019 and total £1,218,000 per annum with a 2% inflationary uplift each April. NatCen updates financial targets each year with a revised rolling three-year plan which is now projected to the 2024/25 financial year. The current long-term strategy and rolling 3-year business plans support the achievement of this target. The latest three-year plan was approved by Trustees in July 2022.

The pension scheme liability, which is required to be recorded in NatCen's balance sheet under FRS102 can cause large movements in NatCen's net assets. The valuation of the pension scheme liability results from a number of factors including actuarial assumptions used such as corporate bond yields, and the movement in these assumptions are largely outside of the control of the charity. As a result, the liability to the pension scheme has moved up and down as follows (including the costs of curtailment in 2016):

	£K
2011:	(9,391)
2012:	(14,538)
2013:	(7,000)



2014:	(11,639)
2015:	(13,880)
2016:	(23,910)
2017:	(23,785)
2018:	(21,174)
2019:	(26,986)
2020:	(37,133)
2021:	(31,641)
2022:	(18,094)

The pension scheme liability is very sensitive to a number of assumptions used in the calculation of the liability but equally has been left exposed by the falling returns in bond yields over recent years, something particularly exacerbated in 2016 by the market volatility experienced following the EU referendum. The most recent valuation has been impacted by changes in assumptions to long term inflation plus improved asset performance of the scheme in the last 12 months. The actuarial assumptions have been derived based on market conditions at the year end, The discount rate has increased from 1.90% at 30 June 2021 to 3.84% at 30 June 2022. RPI inflation decreased from 3.30% at 30 June 2021 to 3.20% at 30 June 2022. There was no change in the CPI inflation assumption of 2.60% from the prior year.

The Trustees believe that the 3 year business plan to continue to deliver annual surpluses in excess of pension deficit contributions is achievable, and that NatGen has built adequate cash reserves and will make the necessary investments to deliver this. A continued uplift in survey fieldwork is expected in 2022/23 with an increased interviewer panel capacity and contribution levels are expected to return to pre-pandemic levels, the first full year without COVID-19 restrictions and the CIS. As a result, the company remains able to pay its liabilities and remains a going concern. The Trustees do not consider there are any material uncertainties concerning future activities or events that would create going concern difficulties.

## Reserves

Total funds held by NatGen at 30 June 2022 were negative £3,714,889 (2021 - £14,352,732). £47,339 relates to restricted funds as at 30 June 2022 (2021 - £91,064) All other funds are unrestricted.

Of the total funds held by NatGen of negative £3,714,889, there is one fund materially in deficit, the Pension Reserve, which has a deficit of £18,094,348. The deficit has arisen in common with most defined benefit schemes over the last two decades due to falling future investment yields and increasing life expectancy which has left the majority of such schemes under-funded. The scheme was closed to future accrual in March 2016 in agreement with the Pension Trustees and the scheme members and an agreed contribution payment plan was put in place. Payments resumed as of April 2019 at £1,218,000 per year with a 2% uplift in payments effective each April and this payment schedule will remain in place until March 2023 before revisions. As Trustees, we review the level of funds against our reserves policy at least twice a year to ensure that it meets NatGen Social Research's changing needs and circumstances. The policy itself is reviewed as part of our annual review of accounting policies with a full formal review conducted at least once every three years.

Free reserves are defined by NatGen as the general fund (including the fixed asset investment funds) less tangible fixed assets not already represented by separate designated funds (property funds of £6,040,000 including the revaluation reserve of £3,025,539), before the FRS102 pension liability.

The Trustees have determined that the pension liability should not be included as part of free reserves as the relationship with the pension trust is good and they are supportive of the business model making it highly unlikely that there will be a demand for this liability to be repaid outside of the agreed deficit reduction plan. Free reserves are therefore only considered at an operational level.

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The Trustees consider it desirable to hold free reserves based on operating cash flow to cover fixed overhead. This policy was adopted in 2017/18 to reflect the fundamental costs of sustaining the business without the variable costs related directly to projects.

The Trustees consider that free reserves equating to two months operating cash flow for fixed overhead (2022: £3.5 million 2021: £3.2 million) is in their opinion a reasonable initial target reserve level to mitigate any business interruption due to unforeseen events. The Trustees have set a target to grow the free reserves level to six months operating cash flow for fixed overhead over the medium term as they consider this to be the desirable position to meet all current short term obligations.

Operating cash flow for fixed overhead is defined as the cash requirements to cover all costs not incurred solely for the purposes of delivering client projects and principally includes staff salaries, building and office costs, IT equipment, software and licences, professional fees and any other overhead which cannot be terminated without further cost due to the termination of a project. In addition, the operating cash flow for fixed overhead includes all scheduled cash payments against the defined benefit pension scheme deficit.

At 30 June 2022, we held positive free reserves of £6,293,887 which constitutes 3.6 months budgeted operating cash flow (2021 – positive £10,103,408, 6.4 months). The free reserves at 30 June 2022 have decreased because of the one off cash payment of £3,750k in the year to the Pension Scheme but are still in line with the initial target and on track to meet the long term plan to build reserves to the ultimate target of 6 months. Based on our revised business plan for 2022-2025 we plan to generate sufficient surplus and positive cash flow to support both the scheduled pension scheme deficit reduction payments and future investment from 2022/23 at which point we would expect to maintain free reserves at the target level.

This plan has been approved by the Trustees and forms the basis for the continued going concern status confirmed in the financial review section.

## Risk Management

The Trustees recognise their responsibility for the oversight of key risks facing the organisation. During the year Trustees have reviewed and approved a risk register, which is updated regularly, to ensure that all of the key risks facing the organisation have been identified, that their likelihood and impact have been appropriately assessed, and that controls are in place to mitigate the effects of these risks. The risk register covers both direct financial risks but also non-financial risks, such as the risk of falling response rates or other quality issues.

Day to day identification and management of risks is delegated to the Chief Executive and the Leadership Team. The register is maintained by the Director of Finance and Chief Commercial Officer and risks are regularly reviewed by the Leadership Team in the ordinary course of business.

Key risks and mitigations identified on the risk register are:

### Going Concern/Financial Sustainability

The Trustees recognise that following several years of deficit NatCen has net liabilities and operates in an increasingly competitive marketplace with severe margin pressure. This has placed a strain on the financial reserves and the financial sustainability of NatCen.

The Trustees believe that both the 3 year rolling plan approved in 2017, and its annual rolling revisions and the longer term strategy “Towards 2025”, with the aim of building the charity to consistently deliver an annual surplus in excess of the annual pension scheme deficit contributions, allied to the cash reserves built during the pension deficit contribution holiday, will provide NatCen with the financial

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resources to deliver the plan and cover all foreseeable future obligations. The Trustees believe that the period of suppressed net income excluding the CIS Study that we have now entered due to COVID-19 will not affect NatCen's ability to remain a going concern.

**Market risk, Competition and Covid impacts** – NatCen competes for business and contracts with other significant providers of social research. It is dependent for its financial sustainability on its ability to tender for, and win, contracts in the future. This is part of its normal course of business. NatCen is therefore subject to the risk that either the market shrinks, or that it fails to maintain its market share. NatCen is highly reliant on Government contracts and therefore is at risk from reductions in spending by relevant Government departments, especially in light of the long term financial impact of Covid-19, the current cost of living crisis and the associated Government borrowing.

NatCen is actively seeking to widen its client base, diversify its work streams, invest in new technology and methodology and work within more strategic partnerships with other agencies on major projects to share capacity and risk.

**Pensions** – the defined benefit pension scheme liability is large by comparison with its other assets. The pension scheme position needs to be fully understood and managed so that its effect on NatCen's financial position can be managed.

NatCen restarted deficit repayment contributions of £1,218,000 per annum to the scheme in April 2019 with a 2% uplift each April. Under the current agreed deficit reduction plan payments will be paid monthly over a period of 14 years and 2 months from April 2019.

## Plans for Future Periods

As part of the fundamental revision of the business plan first approved in 2017 the plans for future periods were to focus on two key areas:

- Income growth. This key area will always remain but is currently focussed on diversification into new areas of methodology and client base but also on forging strategic partnerships across academia and similar not for profit institutions as ourselves.
- Quality and excellence. This key area principally covers working practices and efficiency improvements but has a wider remit to improve quality across the organisation in not only how we do things but what we offer the client.

Cost containment remains a constant part of the organisation's working practices and is not a unique key focus area.

The revised plan and annual revisions form the communicated targets throughout the organisation and the metrics by which organisational performance is measured.

We achieved our first target in the plan which was to grow income whilst improving margins through our transformation goals and bring the organisation to levels of annual surplus by the start of the 2019/20 financial year that will support the cash generation required to cover both the defined benefit pension scheme deficit reduction payments and necessary investment in new technology. The focus for 2021/22 obviously shifted due to Covid-19 but the future aim remains to grow both income, but particularly surplus, to levels far exceeding the pension scheme payments and provide not only for the investment which will ensure NatCen's future but to also broaden the scope to deliver our charitable aims.

Alongside the annually revised three-year business plan, the Leadership Team has set a longer-term strategy "Towards 2025" which has been publicly communicated to reposition NatCen for the future to ensure relevance and the platform to continue to grow and deliver its charitable aims.

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The plan has had to be altered to deal with the impacts of COVID-19 during the 2021/21 and 2021/22 financial years but we remain confident post-pandemic NatCen will deliver the planned levels of income and growth of its core income streams in the Towards 2025 strategy from the 2022/23 financial year onwards.

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# Trustees' statement of responsibilities

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## 5. Trustees' statement of responsibilities

The Trustees, who are also the Directors of National Centre for Social Research for the purposes of company law, are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate 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.

As 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.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report, which also contains a directors' report as required by company law and including the strategic report (shown under the following headings; Charitable Objectives (included within Structure Governance and Management), Activities and Public Benefits and Financial Review) was approved by the Trustees in their capacity as Directors and signed on their behalf by Sir Stuart Etherington, Chair of the Board of Trustees.



Sir Stuart Etherington  
8 November 2022

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# Independent Auditor's report

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## 6. Independent Auditor's report to the Trustees and Members of National Centre for Social Research

### Opinion

We have audited the financial statements of National Centre for Social Research (the 'charitable company') for the year ended 30 June 2022 which comprise the Statement of Financial Activities including summary income and expenditure account, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- 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 (as amended).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report.

We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Trustees' assessment of the entity's ability to continue to adopt the going concern basis of accounting included critical reviews of budgets and forecasts provided.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.



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## Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report (incorporating the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report (incorporating the Strategic Report and the Directors' Report) has been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

- adequate accounting records have not been kept by the charitable company, 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 of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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## Responsibilities of Trustees

As explained more fully in the Trustees' statement of responsibilities included in the Trustees' Annual Report, 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the entity operates in, focusing on those laws and regulations that had a direct effect on the financial statements;
- Enquiry of management and those charged with governance to identify any instances of known or suspected instances of fraud;
- Enquiry of management and those charged with governance concerning actual and potential litigation and claims;
- Enquiry of management about any instances of non-compliance with laws and regulations;
- Reviewing the control systems in place and testing the effectiveness of the controls;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness;
- Evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Challenging assumptions and judgements made by management and Trustees on significant accounting estimates;
- Reviewing minutes of meetings of those charged with governance; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

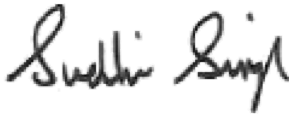
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Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

## Use of our report

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 Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Sudhir Singh FCA (Senior Statutory Auditor)**

For and behalf of

**MHA MacIntyre Hudson**

Statutory Auditor

London, United Kingdom

Date: 2 December 2022

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# Financial statements

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## 7. Financial statements

### Statement of financial activities including the summary income and expenditure account for the year ended 30 June 2022

	Notes	2022 Restricted Funds £	2022 Unrestricted Funds £	2022 Total Funds £	2021 Total Funds £
<b>Income</b>					
<i>Income from charitable activities:</i>					
Income from research studies	2	559,370	48,681,400	49,240,770	41,413,967
<i>Other income:</i>					
Coronavirus Job Retention Scheme (CJRS) grant		-	19,832	19,832	1,632,696
<i>Investment income:</i>					
Interest receivable		-	7,951	7,951	4,571
<b>Total income</b>		<b>559,370</b>	<b>48,709,183</b>	<b>49,268,553</b>	<b>43,051,234</b>
<b>Expenditure</b>					
<i>Expenditure on charitable activities</i>					
Research studies	3	603,095	46,556,133	47,159,228	36,089,726
<i>Other expenditure:</i>					
Coronavirus Job Retention Scheme (CJRS) grant		-	19,832	19,832	1,632,696
<b>Total expenditure</b>		<b>603,095</b>	<b>46,575,965</b>	<b>47,179,060</b>	<b>37,722,422</b>
<b>Net income for the year</b>		<b>(43,725)</b>	<b>2,133,218</b>	<b>2,089,493</b>	<b>5,328,812</b>
<b>Other recognised gains and losses</b>					
Loss on investments		-	(406,771)	(406,771)	-
Remeasurement of defined benefit pension scheme liability	15	-	8,955,121	8,955,121	5,130,163
<b>Net movement in funds</b>		<b>(43,725)</b>	<b>10,681,568</b>	<b>10,637,843</b>	<b>10,458,975</b>
<b>Reconciliation of funds</b>					
<b>Fund balances brought forward</b>	11	<b>91,064</b>	<b>(14,443,796)</b>	<b>(14,352,732)</b>	<b>(24,811,707)</b>
<b>Fund balances carried forward</b>	11	<b>47,339</b>	<b>(3,762,228)</b>	<b>(3,714,889)</b>	<b>(14,352,732)</b>

The Statement of Financial Activities includes all gains and losses recognised in the year. The notes on pages 49 to 71 form part of these financial statements.

# Balance Sheet as at 30 June 2022

Company number: 04392418

	Notes	2022 £	2022 £	2021 £	2021 £
<b>Fixed assets</b>					
Tangible fixed assets	6		8,038,173		7,093,861
Investments	7		<u>4,593,229</u>		<u>-</u>
			12,631,402		7,093,861
<b>Current assets</b>					
Stocks	8	1,068,745		545,085	
Debtors	9	9,876,217		8,756,606	
Cash at bank and in hand		<u>16,441,622</u>		<u>22,064,042</u>	
		27,386,584		31,365,733	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	10	<u>(25,315,602)</u>		<u>(20,370,718)</u>	
<b>Net current assets</b>					
			<u>2,070,982</u>		<u>10,995,015</u>
<b>Total assets less current liabilities</b>					
			14,702,384		18,088,876
Provisions	10		<u>(322,925)</u>		<u>(800,543)</u>
<b>Net assets excluding pension scheme liability</b>					
			14,379,459		17,288,333
<b>Defined benefit pension scheme liability</b>					
	15		<u>(18,094,348)</u>		<u>(31,641,065)</u>
<b>Net liabilities including pension scheme liability</b>					
			<u>(3,714,889)</u>		<u>(14,352,732)</u>
<b>The funds of the charity</b>					
<b>Unrestricted funds</b>					
General fund	11	8,292,120		11,157,269	
<b>Unrestricted designated funds</b>					
Property fund (including revaluation reserve £3,025,539)	11	<u>6,040,000</u>		<u>6,040,000</u>	
<b>Total Unrestricted Funds</b>					
			14,332,120		17,197,269
<b>Restricted Funds</b>					
	11		47,339		91,064
<b>Pension reserve</b>					
	11		<u>(18,094,348)</u>		<u>(31,641,065)</u>
<b>Total funds</b>					
			<u>(3,714,889)</u>		<u>(14,352,732)</u>

The notes on pages 49 to 71 form part of these financial statements.

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The financial statements on pages 45 to 71 were approved and authorised for issue by the Trustees and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'S. Etherington', with a long horizontal stroke extending to the right.

**Sir Stuart Etherington, Chair of the Board of Trustees**  
**Date:** 8 November 2022

## Statement of Cash Flows for the Year Ended 30 June 2022

	Notes	2022 £	2022 £	2021 £	2021 £
<b>Cash provided by operating activities</b>	16		822,873		8,869,304
<b>Cash flows from investing activities</b>					
Bank interest received		7,951		4,571	
Cost of purchasing tangible fixed assets		(1,444,099)		(201,892)	
Cost of purchasing investments		(5,000,000)		-	
<b>Net cash used in investing activities</b>			(6,436,148)		(197,321)
<b>Cash flows from financing activities</b>					
Repayments of finance lease commitments		(9,145)		(36,579)	
<b>Net cash used in financing activities</b>			(9,145)		(36,579)
<b>Increase in cash and cash equivalents in the year</b>			(5,622,420)		8,635,404
Cash and cash equivalents at the beginning of the year			22,064,042		13,428,638
Cash and cash equivalents at the end of the year			16,441,622		22,064,042
<b>Analysis of changes in net debt</b>					
		<b>1 July 2021</b>	<b>Cash flows</b>	<b>Foreign exchange movement</b>	<b>30 June 2022</b>
Total cash and cash equivalents		22,064,042	(5,613,633)	(8,787)	16,441,622
Total		22,064,042	(5,613,633)	(8,787)	16,441,622



## 1. Accounting policies

### General information

NatCen is a charity registered in England and Wales (charity number: 1091768) and Scotland (SC038454), it is also a private company limited by guarantee without share capital. It was incorporated on 12 March 2002 (company number: 04392418) and registered as a charity on 26 April 2002. Details of the registered office can be found on page 3 and details of the principal activities can be found in the Trustees' Annual Report.

### Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

NatCen meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements are prepared in sterling, which is the functional currency of the entity. Monetary amounts in the financial statements are rounded to the nearest £.

### Key judgements and estimates

Key judgements and estimates that NatCen have made include:

The valuation of the defined benefit pension plan has been determined by updating the results of the 31 March 2019 full actuarial valuation to 30 June 2022. This was carried out by a qualified actuary independent of the charity. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of the scheme, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, the management considers the market yields of AA corporate bonds consistent with the currency and term of the defined benefit obligation. The mortality rate is based on publicly available mortality tables, which uses data for UK self-administered pension schemes and allows for expected future improvements in longevity. Future salary increases and pension increases are based on expected future inflation rates as determined by the Bank of England interest rate with a consistent term of the defined benefit obligation at the valuation date. Further details are given in Note 15.

Freehold land and property are valued every five years by a qualified external surveyor, the most recent of which was carried out in June 2020. Interim valuations are only carried out in the intervening years where it is judged and agreed by the Trustees that it is likely that there has been a material change in value.

In order to conclude whether it is appropriate to treat NatCen as a going concern when preparing these financial statements, the Trustees apply judgement, having considered the current and future business activities as well as NatCen's key risks. In arriving at this judgement there are assumptions and estimates involved in calculating future cash flow projections. This includes expectations of revenue, estimates and cost of future funding and pension deficit repayments.

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The recognition of project income is based on the percentage of completion method which is the actual total costs incurred to date as a proportion of the total budgeted costs.

The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

### **Going concern**

As stated in the Financial Review, Trustees regularly review the charity's financial position to ensure that it remains a going concern.

The Trustees do not anticipate that any material uncertainties exist that will impact the charity's ability to continue as a going concern. Trustees believe NatCen will continue to have the cash reserves to meet all liabilities as they fall due.

The Trustees believe that the pension deficit shown on the balance sheet will not crystallise in the short term but it is expected to be funded as necessary over the service lives of the related employees, through annual contributions. The Trustees consider that the 3 year business plan shall fulfil the revenue required to generate sufficient future cash balances to allow this position to be maintained and will be adequate for NatCen to meet its liabilities as they fall due.

The Trustees have therefore concluded that it is appropriate to treat the charity as a going concern when preparing these financial statements.

### **Income recognition**

Income is recognised when the Charity has entitlement to the funds, any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably.

Income is recognised in the accounts as follows:

**Project income including grants.** Project income, whether derived from contracts or grants and net of VAT where applicable, is recognised on an accruals basis based on stage of completion. Project expenditure is also accounted for on an accruals basis based on stage of completion. This satisfies the requirement to account for revenue and costs in accordance with performance under the contract or performance related grant. Where independent work streams are delivered by NatCen and third party contract collaborators under one contract the costs and income for each work stream are recognised independently but on the same accruals basis based on stage of completion. Invoices presented in advance of costs being incurred are recorded as project deferred income within creditors. Income for work completed but not yet invoiced is recorded as project accrued income within debtors.

**Government grants** Government grants are recognised at fair value when there is reasonable assurance that NatCen will comply with the conditions attaching to them and the grants will be received. Grants related to the Coronavirus Job Retention Scheme are treated as income in the period to which each grant claim relates and treated as other income in the Statement of Financial Activities. There are no unfulfilled conditions and other contingencies attaching to grants that have been recognised in income.

### **Expenditure recognition**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of obligation can be measured reliably.

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Expenditure is included in the accounts as follows:

- a) **Respondent incentives.** Respondents are given cash and voucher incentives for survey participation. At the point at which a fixed incentive is provided to the respondent, an expense is recorded against the relevant project. Where NatCen issues incentive vouchers which can be reclaimed if not cashed, the expense booked is an estimate based on historical encashment rates and adjusted to actual cost once un-cashed vouchers are reclaimed.
- b) **Operating leases.** Rental payments for operating leases are charged to expenditure on a straight line basis over the term of the lease.
- c) **Charitable activity expenditure.** All expenditure is classified in the Statement of Financial Activities as research studies.
- d) **Governance costs.** Governance costs are included in support costs. They include:
  - 10% of staff costs of the employees who are engaged in governance activity;
  - All direct costs for governance activities including Trustee expenses and indemnity insurance, legal, external audit and professional support costs; and
  - 2% of overhead costs pertinent to these governance activities.
- e) **Support costs.** Support costs are those functions that assist the work of the Charity but do not directly undertake charitable activities. Support costs are apportioned based on revenue between charitable activities of Policy Research and Survey Research undertaken in the year.

## Fund accounting

- a) **Unrestricted Funds** can be used on the charitable objects as the Trustees see fit, and are further subdivided into **general funds and designated funds** which are earmarked for a particular purpose by the Trustees.

NatCen's only **designated fund** is the value of our freehold London properties. (2022: £6,040,000 and 2021: £6,040,000).

- b) **Restricted Funds** are funds which are grants to be used in accordance with specific restrictions imposed by the funder. The nature and purpose of the restricted funds are set out in note 11 of the financial statements.

## Tangible fixed assets

- a) **Capitalisation.** Tangible fixed assets are capitalised where they exceed £5,000 as single or grouped assets. With the exception of freehold property and land, tangible fixed assets are initially recorded at cost and subsequently measured at cost less depreciation and any impairment. Freehold property and land is initially recognised at cost and subsequently recorded at market value, based on a full third party valuation every five years or more frequently when the Trustees judge it likely that there has been a material change in value, less any subsequent impairment. Gains and losses on valuation are recognised in the Statement of Financial Activities.
- b) **Depreciation.** Depreciation of fixed assets is provided at annual rates which will write down the assets to their residual value over their useful lives, as follows:

Freehold property and land

Land has an indefinite life and therefore no annual depreciation charge. The expected

	useful economic life of the freehold property results in immaterial depreciation and therefore no annual charge is made.
Leasehold improvements	Costs spread equally over 5 years from date of installation or remainder of lease if less than 5 years.
Fixtures, fittings and non-electronic equipment	Costs spread equally over 5-10 years from date of installation.
Computers, software and electronic equipment	Costs spread equally over 5 years from date of installation or useful life if less than 5 years
Assets under construction	No annual depreciation is charged until the asset is brought into use and transferred into the relevant asset heading above.

Fixed asset impairment reviews on all tangible fixed assets are conducted by the management when changes in circumstances indicate that impairment may have occurred in accordance with FRS 102, section 27 "Impairment of Assets".

**Finance leases.** Assets under finance leases are capitalised in the balance sheet and depreciated over the shorter of the lease term or their useful economic lives. The cost of interest under the terms of the finance lease is charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

**Foreign currency.** Income and expenditure in foreign currencies are recorded in Sterling at the exchange rate applicable at the time of the transaction. Any outstanding balances at the end of the accounting period are translated at the closing rate. Exchange gains and losses are recognised in the Statement of Financial Activities.

**Stock.** The value of stock relates to items held to be used as respondent incentives and is stated at the lowest of cost and net realisable value. Cost is determined on a First In First Out (FIFO) basis.

**Financial instruments.** NatCen only has financial assets (investments, trade debtors, project accrued income and other debtors) and financial liabilities (trade creditors, accruals, finance lease and other liabilities) of a kind that qualify as basic financial instruments which are initially measured at cost and subsequently recognised at their settlement amount. NatCen has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

**Creditors and provisions.** Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation.

**VAT.** On 1 August 2013, the exemption of business research supplied between eligible bodies was removed. Research contracts signed after that date have attracted VAT at the UK standard rate. Research grants remain outside the scope of VAT and educational activities remain exempt. Input VAT on overheads and mixed-income projects is subject to the standard partial exemption method agreed with HM Revenue & Customs. Irrecoverable VAT has been included within the relevant expenditure or asset category.

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**Taxation.** NatCen is a registered charity within the meaning of Part 4 of the Charities Act 2011 and Section 6 of the Finance Act 2010. Accordingly, NatCen is exempt from taxation in respect of income or capital gains received within categories covered by Section 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes for public benefit.

**Termination benefits.** Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The charity recognises termination benefits when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

**Retirement benefits.** For the defined benefit retirement plan, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date.

The amount recognised in the balance sheet represents the present value of the defined benefit obligation, less the fair value of plan assets. The rate used to discount the benefit obligation is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligation.

Actuarial gains and losses arising are recognised immediately in other recognised gains and losses in the Statement of Financial Activities.

Net interest on the pension scheme liability is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the plan assets, and is included in expenditure in the Statement of Financial Activities.

Gains and losses on curtailments and settlements are recognised in net income/expenditure when the curtailment or settlement occurs.

For the defined contribution scheme and auto-enrolment contributions, the amount charged to the Statement of Financial Activities in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. Employer defined contribution pension costs are allocated to the unrestricted funds only.

**Investments.** Investments are initially recognised at their transaction value and subsequently measured at fair value using the closing quoted market price. Realised and unrealised gains and losses arising are combined and recognised immediately in other recognised gains and losses in the Statement of Financial Activities. It is not practicable to identify investment income and investment management costs from the investment scheme with reasonable accuracy. The investment income and investment management costs have therefore been reported net within the changes in fair value of the investments. CCLA receive 0.95% directly from the COIF Charities Ethical Investment Fund.

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## 2. Income from research studies

With the exception of investment income and the Coronavirus Job Retention Scheme grant, NatCen derives all of its income from research projects which fund all specific project costs and other administrative costs. NatCen receives a very small amount in donations and no payments in kind or core funding towards the general pursuit of its charitable aims.

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Research income arose from the following sources:		
Policy Research	7,288,717	5,323,024
Survey Research	26,768,101	17,278,594
Other research studies	15,183,952	18,812,349
Total income from research studies	49,240,770	41,413,967

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A foreign exchange loss of £8,787 has been recognised in 2022 (2021: gain of £8,700).

Policy Research is work carried out in relation to the direct and immediately identifiable impact of individual policy decisions, Survey Research is repeated measurement of social impact to observe trends across long term time frames. Other research studies include income in respect of the Coronavirus Infection Study (CIS).

£559,370 of Policy Research income was restricted (2021: £267,699 Policy Research and £110,800 Survey Research was restricted).

### 3. Analysis of expenditure on charitable activities

For the year ended 30 June 2022

	Policy Research £	Survey Research £	Other £	2022 £	2021 £
<b>Charitable activities</b>					
Direct project costs	3,044,734	12,896,272	13,023,902	28,964,908	21,464,061
Indirect project costs	736,528	4,927,669	-	5,664,197	5,191,281
Direct research costs	1,529,752	2,138,388	-	3,668,140	3,248,071
Property costs	211,892	299,589	-	511,481	1,094,401
IT costs	255,695	939,048	-	1,194,743	877,288
Non-payroll staff costs	263,905	954,461	-	1,218,366	462,284
Depreciation	106,963	392,824	-	499,787	482,082
Irrecoverable VAT	14,393	52,857	-	67,250	54,182
Service costs	99,397	1,341,257	-	1,440,654	1,276,606
Support costs	845,265	3,104,269	-	3,949,534	3,572,166
Total non-exceptional resources expended	<u>7,108,524</u>	<u>27,046,634</u>	<u>13,023,902</u>	<u>47,179,060</u>	<u>37,722,422</u>

Other costs relate to expenditure on the Coronavirus Infection Study (CIS), one off uplift incentive payments for interviewers and supervisors to rebuild the Interviewer Panel and 80% interviewer costs funded by the Coronavirus Job Retention Scheme (CJRS) The Coronavirus Job Retention Scheme (CJRS) grant relates to government funding received to cover 80% of furloughed interviewer's wages plus employer National Insurance and pension contributions. No CJRS grants were claimed relating to government funded contracts where work and government funding has continued.

£603,095 of Policy Research expenditure was restricted (2021: £221,595 Policy Research expenditure and £79,187 Survey Research expenditure was restricted)

For the year ended 30 June 2021

	Policy Research £	Survey Research £	Other £	2021 £
<b>Charitable activities</b>				
Direct project costs	2,050,546	6,816,417	12,597,098	21,464,061
Indirect project costs	185,146	5,006,135	-	5,191,281
Direct research costs	1,574,717	1,547,662	125,692	3,248,071
Property costs	488,095	606,306	-	1,094,401
IT costs	206,615	670,673	-	877,288
Non-payroll staff costs	125,124	337,160	-	462,284
Depreciation	113,538	368,544	-	482,082
Irrecoverable VAT	12,761	41,421	-	54,182
Service costs	104,312	939,873	232,421	1,276,606
Support costs	825,329	2,679,028	67,809	3,572,166
Total non-exceptional resources expended	<u>5,686,183</u>	<u>19,013,219</u>	<u>13,023,020</u>	<u>37,722,422</u>



## Support costs

	2022 £	2021 £
Management	276,797	241,148
Marketing & Comms	447,455	362,092
Human Resources	357,645	274,665
Finance	1,289,456	1,425,250
IT	1,228,810	983,627
Facilities	143,725	67,671
Governance	205,646	217,713
Total	<u>3,949,534</u>	<u>3,572,166</u>

Governance costs include staff costs, overheads including Trustee insurance, expenses, audit and legal fees.

## Net expenditure is stated after charging:

	2022 £	2021 £
Fees payable to charity's auditors for audit of annual financial statements (net of VAT)	28,500	27,000
Depreciation - owned assets	486,896	482,082
Depreciation – assets under finance lease	12,891	38,993
(Loss)/profit on asset disposal	-	(5,709)
Operating lease rentals		
- land and buildings	387,974	633,200
- other	8,770	11,759
Stock expensed	1,655,172	1,111,940
Finance lease interest	828	3,314

## 4. Staff costs

	2022 £	2021 £
<b>Wages &amp; salaries</b>		
Direct employees	12,504,349	10,326,330
Temporary, freelance and casual workers	13,218,625	11,541,030
<b>Social security costs</b>		
Direct employees	1,241,679	1,004,366
Temporary, freelance and casual workers	1,113,625	821,059
<b>Pension costs</b>		
Employer's contributions to defined contribution schemes	1,001,547	801,880
Operating costs of the defined benefit scheme	96,998	86,389
	<u>29,176,823</u>	<u>24,581,054</u>

The cost (in addition to the above) of temporary/interim staff employed through an agency or on a consultancy basis was £371,140 (2021: £59,237)

No termination payments were paid to staff in the year (2021: £92,622). There were no statutory redundancy payments and or pay in lieu of notice.

£400,000 was accrued and paid post year end in relation to discretionary, non-contractual staff bonuses related to the cost of living and performance and includes social security and pension costs (2021: £209,233)



	2022	2021
The average monthly number of employees during the year was as follows:		
<b>Direct employees</b>		
Research	176	157
Data Collection	87	68
IT	31	26
Other support including CEO	38	32
	332	283

NatCen Social Research employed 314 full-time equivalent staff during the year (2021: 264).

<b>Temporary, freelance and casual workers (average monthly)</b>		
Research and data collection	874	715

The number of higher paid employees was as follows:

	2022	2021
Taxable emoluments band		
£60,001-£70,000	12	10
£70,001-£80,000	5	5
£80,001-£90,000	2	1
£90,001-£100,000	-	1
£100,001-£110,000	1	-
£110,001-£120,000	1	-
£130,001-£140,000	1	1
£160,001-£170,000	-	1
£180,001-£190,000	1	-
	23	19

The total employee benefits (including employer pension and national insurance contributions) of the key management personnel (as detailed on page 15) of the charity were £213,294 (2021: £194,123).

NatCen made contributions to defined contribution pension schemes on behalf of all employees whose emoluments exceeded £60,000 and the total contributions payable during the year amounted to £153,702 (2021: £99,776)

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## 5. Trustee insurance, expenses and related parties

Indemnity insurance for management and corporate liability providing £5m of cover (reducing to £0.25m for Employment Practices Liability cover) has been taken out on behalf of the Trustees at an annual cost of £24,965 (2021: £19,510).

No Trustees received remuneration in the year (2021: £Nil). Travel and accommodation expenditure incurred by the Trustees associated with attendance at Trustee meetings held in London during the year was reimbursed where claimed. The total expenses for 3 Trustees reimbursed this year amounted to £1,309 (2021: £540 – 2 Trustees).

### **Trustee Transactions**

The Trustees are involved in a variety of organisations, some of which are either suppliers to, or clients or partners of, NatCen. The Trustees were not personally involved in these contractual decisions, did not have a controlling interest in either party and received no personal gain from the transactions. Whilst these transactions do not represent related party transactions for financial reporting purposes, the Board has agreed that it is important to disclose these transactions in the interest of transparency and good governance.

Sue Heath is an employee of University of Manchester. NatCen paid £nil (2021: £6,480) to the University of Manchester for project consultancy.

There were no outstanding balances at the year end in respect of Trustee transactions.

Mark Duke is a Trustee of the Defined Benefit Pension Scheme. This is a recognised conflict of loyalty that is actively managed during the course of Trustee business by the early identification of potential areas of conflict and taking any necessary actions to manage this.

NatCen engaged services from the solicitors Bates Wells. The partner of Sir Stuart Etherington who was a partner at Bates Wells, was not involved in the departments from which NatCen engaged the services. NatCen paid £19,686 to Bates Wells (2021:£18,178)

## 6. Tangible fixed assets

	Freehold land & property	Leasehold improvements	Computers, software & electronic equipment	Fixtures, fittings & non- electronic equipment	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 July 2021	6,040,000	179,741	3,915,296	324,387	10,459,424
Additions	-	-	1,444,099	-	1,444,099
Disposals	-	-	(27,774)	-	(27,774)
At 30 June 2022	<u>6,040,000</u>	<u>179,741</u>	<u>5,331,621</u>	<u>324,387</u>	<u>11,875,749</u>
<b>Depreciation</b>					
At 1 July 2021	-	151,586	3,012,638	201,339	3,365,563
Charge for the year	-	15,174	453,633	30,980	499,787
Disposals	-	-	(27,774)	-	(27,774)
At 30 June 2022	<u>-</u>	<u>166,760</u>	<u>3,438,497</u>	<u>232,319</u>	<u>3,837,576</u>
<b>Net book value</b>					
At 30 June 2022	<u>6,040,000</u>	<u>12,981</u>	<u>1,893,124</u>	<u>92,068</u>	<u>8,038,173</u>
At 30 June 2021	<u>6,040,000</u>	<u>28,155</u>	<u>902,658</u>	<u>123,048</u>	<u>7,093,861</u>

The historical cost of NatCen's freehold properties is £3,014,461. A valuation of NatCen's freehold properties (35 Northampton Square, EC1 and 14 Wyclif Street, EC1) was carried out by BNP Paribas Real Estate (an independent valuer) in June 2020. The Valuation was prepared in accordance with the Red Book, incorporating the International Valuation Standards 2020 and United Kingdom Valuation Standards ("UKVS") and assumptions made related to tenure, letting, town planning, the condition and repair of the buildings and site and ground and groundwater contamination. The fair value assigned to the properties was £6,040,000 and a revaluation gain was recognised in the year to 30 June 2020.

The carrying value of computer equipment held under a finance lease is Nil (2021: £12,890)

## 7. Investments

	2022 £	2021 £
Fair value at the start of the year	-	-
Additions at cost	5,000,000	-
Net loss on change in fair value	(406,771)	-
Fair value at the end of the year	<u>4,593,229</u>	<u>-</u>

All equity investments held are listed investments.

## 8. Stocks and work in progress

	2022 £	2021 £
Stocks	<u>1,068,745</u>	<u>545,085</u>

## 9. Debtors

	2022 £	2021 £
Trade debtors	5,371,743	4,091,931
Project accrued income	3,751,062	3,960,839
Other debtors	16,757	10,519
Prepayments	<u>736,655</u>	<u>693,317</u>
	<u>9,876,217</u>	<u>8,756,606</u>

## 10. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	1,266,232	1,493,618
Project deferred income *	18,103,113	11,956,377
Tax and social security	1,189,712	2,473,364
Accruals	4,614,203	4,291,995
Finance lease liability	-	9,143
Other liabilities	<u>142,342</u>	<u>146,221</u>
	<u>25,315,602</u>	<u>20,370,718</u>

\* Project deferred income refers to work that has been paid for by clients in advance of performance. The relevant income is recognised when the work has been performed.

**\* Project deferred income**

	2022 £	2021 £
At 1 July	11,956,377	8,481,504
Deferred during the year	18,103,113	11,956,377
Released to the Statement of Financial Activities in the year	<u>(11,956,377)</u>	<u>(8,481,504)</u>
At 30 June	<u><u>18,103,113</u></u>	<u><u>11,956,377</u></u>

## Provisions

	1 July 2021 £	Charged to the statement of financial activities £	30 June 2022 £
Dilapidation provision	225,000	-	225,000
Onerous lease provision	213,543	(115,618)	97,925
Client rebate provisions	362,000	(362,000)	-
	<u>800,543</u>	<u>(477,618)</u>	<u>322,925</u>

The dilapidation provision relates to quoted estimated dilapidation costs for a leased office required under the current lease due to expire in May 2023. The only uncertainty as to the accuracy of the estimated cost is whether there will be additional environmental surcharges on the disposal of office equipment and furniture. The onerous lease provision relates to surrender fees payable in relation to the office lease surrendered up until the end of the lease. The client rebate provisions relate to potential contractual client rebates in relation to shortfalls in interview targets and KPIs and have been fully released in the year.

## Finance lease liability

**Total minimum payments payable under finance leases which are due within:**

	2022 £	2021 £
1 year	-	9,143
2 - 5 years	<u>-</u>	<u>-</u>
Total	<u><u>-</u></u>	<u><u>9,143</u></u>

NatCen exercised the option to purchase the equipment upon expiry of the finance lease in the year by paying an option fee of £100.

## 11. Funds

### Movement in funds for the year ended 30 June 2022

	Balance at			Gains/(losses) and revaluations	Balance at
	1 July 2021	Income	Expenditure		30 June 2022
<i>Unrestricted funds</i>	£	£	£	£	£
General fund	11,157,269	48,709,183	(51,167,561)	(406,771)	8,292,120
Designated fund-property:					
at cost	3,014,461	-	-	-	3,014,461
revaluation	3,025,539	-	-	-	3,025,539
	<u>6,040,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,040,000</u>
Pension reserve	(31,641,065)	-	4,591,596	8,955,121	(18,094,348)
	<u>(31,641,065)</u>	<u>-</u>	<u>4,591,596</u>	<u>8,955,121</u>	<u>(18,094,348)</u>
Total Unrestricted	<u>(14,443,796)</u>	<u>48,709,183</u>	<u>(46,575,965)</u>	<u>8,548,350</u>	<u>(3,762,228)</u>
<b>Restricted Funds</b>	91,064	559,370	(603,095)	-	47,339
	<u>91,064</u>	<u>559,370</u>	<u>(603,095)</u>	<u>-</u>	<u>47,339</u>
Total Restricted	<u>91,064</u>	<u>559,370</u>	<u>(603,095)</u>	<u>-</u>	<u>47,339</u>
Total Funds	<u>(14,352,732)</u>	<u>49,268,553</u>	<u>(47,179,060)</u>	<u>8,548,350</u>	<u>(3,714,889)</u>

The Property fund has been set up to recognise the freehold property and land owned by the Charity and is equivalent to the net book value of the freehold property and land. Any revaluations or impairments of the freehold property and land are added to this fund.

The Pension reserve has been created to separately identify the pension deficit from the Defined Benefit Pension Scheme, and through which all the pension scheme movements are recognised. The fund is in deficit, but given the nature of the liability, this is not payable immediately. Plans are in place to meet the deficit. The defined benefit pension costs of £649,406 are offset by the defined benefit pension contributions payable of £5,241,002 resulting in total negative expenditure of £4,591,596. The defined benefit pension contributions include a one off payment of £3,750,000 to release the property charge held by the Pension Scheme.

Restricted funds relate to grant funded research projects for GambleAware, What Works Centre for Children's Social Care and Cancer Research UK.

The GambleAware research projects relate to the effect of marketing & advertising on children, young people and vulnerable people, treatment delivery gap analysis and patterns of play and consumer vulnerability. Fund balance carried forward at 30 June 2022 was £25,276 (2021: £37,065).

What Works Centre for Children's Social Care relates to family drug and alcohol court evaluation, placing an advisory teacher in children's social care, affordable maths tuition evaluation and evaluation of transition support. Fund balances carried forward at 30 June 2022 were £22,064 (2021: £48,405).

Cancer Research UK relates to youth obesity policy survey. Fund balance carried forward at 30 June 2022 was £nil (2021: £5,594).

## Movement in funds for the year ended 30 June 2021

	Balance at 1 July 2020	Income	Expenditure	Gains and revaluations	Balance at 30 June 2021
	£	£	£	£	£
<b><i>Unrestricted funds</i></b>					
General fund	6,268,365	42,672,735	(37,783,831)	-	11,157,269
Designated fund- property:					
at cost	3,014,461	-	-	-	3,014,461
revaluation	3,025,539	-	-	-	3,025,539
	<u>6,040,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,040,000</u>
Pension reserve	(37,133,419)	-	362,191	5,130,163	(31,641,065)
	<u>(37,133,419)</u>	<u>-</u>	<u>362,191</u>	<u>5,130,163</u>	<u>(31,641,065)</u>
Total Unrestricted	<u>(24,825,054)</u>	<u>42,672,735</u>	<u>(37,421,640)</u>	<u>5,130,163</u>	<u>(14,443,796)</u>
<b><i>Restricted Funds</i></b>	13,347	378,499	(300,782)	-	91,064
Total Restricted	<u>13,347</u>	<u>378,499</u>	<u>(300,782)</u>	<u>-</u>	<u>91,064</u>
Total Funds	<u>(24,811,707)</u>	<u>43,051,234</u>	<u>(37,722,422)</u>	<u>5,130,163</u>	<u>(14,352,732)</u>

## 12. Analysis of net assets between funds

For the year ended 30 June 2022

	Fixed assets	Net current assets less creditors due after one year and provisions	Defined benefit pension scheme liability	Total
	£	£	£	£
General unrestricted fund	1,998,173	6,293,947	-	8,292,120
Restricted funds	-	47,339	-	47,339
Property fund	6,040,000	-	-	6,040,000
Pension reserve	-	-	(18,094,348)	(18,094,348)
	<u>8,038,173</u>	<u>6,341,286</u>	<u>(18,094,348)</u>	<u>(3,714,889)</u>

For the year ended 30 June 2021

	Fixed assets	Net current assets less creditors due after one year and provisions	Defined benefit pension scheme liability	Total
	£	£	£	£
General unrestricted fund	1,053,861	10,103,408	-	11,157,269
Restricted funds	-	91,064	-	91,064
Property fund	6,040,000	-	-	6,040,000
Pension reserve	-	-	(31,641,065)	(31,641,065)
	<u>7,093,861</u>	<u>10,194,472</u>	<u>(31,641,065)</u>	<u>(14,352,732)</u>



## 13. Company status and membership

The company is a private 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 12 members who were all Trustees.

## 14. Operating leases

Total minimum payments payable for land and buildings under operating leases due within:

	2022 £	2021 £
1 year	473,428	512,867
2 - 5 years	75,540	553,230
<b>Total</b>	<b>548,968</b>	<b>1,066,097</b>

Total minimum payments payable for other operating leases due within:

	2022 £	2021 £
1 year	7,260	7,260
2 - 5 years	21,173	28,433
<b>Total</b>	<b>28,433</b>	<b>35,693</b>

## 15. Retirement benefit schemes

### Overview of schemes in operation

NatCen operates two retirement benefit schemes: the first is a defined contribution scheme that was opened to new members on 1 July 2010. The second is a defined benefit scheme which was closed to all new NatCen employees at the same date and all future accrual in March 2016. In addition, NatCen also contributes to two pension schemes following the commencement of auto enrolment.

### Defined contribution scheme

The defined contribution scheme is a Group Personal Pension Plan with staff contributions being invested with Scottish Widows. Employee and employer contributions are paid directly to Scottish Widows who hold the funds in a personal account for the employee. Contributions invested by Scottish Widows are invested in funds selected by the employee from a range on offer. NatCen, as the employer, contributes 7.5% of the employee's salary with employees contributing a minimum of 4%. There were 200 members at 30 June 2022 (2021: 177) The contributions payable by NatCen charged to profit or loss totalled £547,735 (2021: £492,037) of which £48,395 are included in creditors at the year end (2021: £41,270).

The default retirement age is 66, although benefits may be taken from age 55. The level of benefits at retirement is dependent on the value of the funds accrued, retirement age and type of retirement benefits selected.

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## Auto enrolment

To encourage greater pension savings, the Government has introduced auto enrolment. This requires employers to enrol eligible employees into a pension scheme automatically. Eligible staff and freelancers working with NatCen have been enrolled automatically from 1 October 2013. The staff scheme is operated by Scottish Widows, and the freelancer scheme is operated by The People's Pension. There were 120 members of staff contributing to the Scottish Widows auto-enrolment scheme at 30 June 2022 (2021: 86) and 323 freelancers contributing to The People's Pension auto-enrolment scheme at 30 June 2022 (2021: 324). NatCen's contribution to both schemes in 2022 was £453,812 (2021: £316,921) of which £26,642 are included in creditors at the year end (2021: £31,307).

## Defined benefit scheme

NatCen 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 were 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 by Salary Sacrifice unless members have opted otherwise. The scheme was closed to future accrual in March 2016.

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 31 March 2019 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the scheme is agreed between NatCen 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.

The actuarial valuation showed a deficit of £49,449,000. NatCen has agreed with the Trustees that it will aim to eliminate the deficit over a period of 14 years from 1 April 2019 by the payment of annual contributions of £1,218,000 in respect of the deficit. These payments will increase annually on each 1 April by 2%. The scheme ceased accrual on 31 March 2016 and at that time incurred one off curtailment costs in 2016 of £3,281,625 to reflect that the accrued benefits of members of the pension scheme who remain active employees of NatCen will be revalued annually at the same rate that applied before the scheme was closed to future accrual (which is in line with increases in RPI with a cap of 5%), which is normally higher than statutory requirements. NatCen will also pay amounts into the scheme equal to the levy payments made by the scheme to the Pension Protection Fund, insurance premiums for death in service benefits/management and administration expenses.

The next full actuarial valuation is being prepared as at 31 March 2022 and the valuation expected by the end of the calendar year 2022.

For the purposes of FRS102 the actuarial valuation as at 31 March 2019, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 30 June 2022.

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

	2022	2021
	£	£
Fair value of scheme assets	54,529,916	66,518,079
Present value of scheme liabilities	(72,624,261)	(98,159,144)
Deficit in scheme recognised as a liability	(18,094,345)	(31,641,065)

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 credit 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 continuing to fund the ongoing liabilities of the scheme.

## Changes in the present value of the defined benefit obligation

	2022	2021
	£	£
Defined benefit obligation at 1 July	98,159,141	103,172,935
Expenses	96,998	86,389
Interest cost	1,848,449	1,625,746
Actuarial gains	(25,635,193)	(4,787,843)
Benefits paid, death in service premiums & expenses	(1,845,134)	(1,938,086)
<b>Defined benefit obligation at 30 June</b>	<b>72,624,261</b>	<b>98,159,141</b>

## Changes in the fair value of the plan assets

	2022	2021
	£	£
Plan assets at 1 July	66,518,079	66,039,516
Interest income	1,296,041	1,042,830
Return on plan assets less interest income	(16,680,072)	342,320
Contributions by NatCen Social Research	5,241,002	1,031,499
Benefits paid, death in service premiums & expenses	(1,845,134)	(1,938,086)
<b>Plan assets at 30 June</b>	<b>54,529,916</b>	<b>66,518,079</b>

Contributions of £5,241,002 include a one off payment of £3,750,000 to release the property charge held by the Pension Scheme.

The actual return on the scheme assets in the year ending 30 June 2022 was negative £15,384,031.

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## Total expense recognised in the Statement of Financial Activities

	30 June 2022	30 June 2021
	£	£
Expenses	96,998	86,389
Net interest cost	552,408	582,916
<b>Total expense recognised in the Statement of Financial Activities</b>	<b>649,406</b>	<b>669,305</b>

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## Statement of other recognised gains and losses

	30 June 2022	30 June 2021
	£	£
Return on plan assets less interest income	(16,680,072)	342,320
Actuarial gains	25,635,193	4,787,843
<b>Total amount recognised in other recognised gains and losses</b>	<b>8,955,121</b>	<b>5,130,163</b>

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## Assets

	30 June 2022	30 June 2021
	£	£
Equity	14,041,485	23,640,817
Cash	1,226,556	(540,650)
Debt Instruments	28,365,598	28,354,697
Other (Infrastructure, Private Debt)	10,896,277	15,063,215
<b>Total assets</b>	<b>54,529,916</b>	<b>66,518,079</b>

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

It is the policy of the Trustees and of the NatCen pension scheme 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

Weighted-average assumptions to determine defined benefit obligation

	2022 % per annum	2021 % per annum
Rate of discount	3.84	1.90
Inflation (RPI)	3.20	3.30
Inflation (CPI)	2.60	2.60
Deferred pension valuation		
-CPI max 5%	2.60%	2.60%
-RPI max 5%	3.20%	3.30%
Pension increases		
-RPI max 5% min 3%	3.70%	3.70%
-CPI max 3%	2.10%	2.10%
Mortality table		
-Base table	102% of S3PMA tables for males 102% of S3PFA_M tables for females	102% of S3PMA tables for males 102% of S3PFA_M tables for females
-Future improvements	CMI 2021 model (Sk = 7.5, A = 0) with long term improvement rate of 1.25% p.a. for males and females and no weight placed on 2020 or 2021 experience	CMI 2020 model (Sk = 7.5, A = 0) with long term improvement rate of 1.25% p.a. for males and females and no weight placed on 2020 experience
Commutation	80% of Post A Day	80% of Post A Day

The mortality assumptions adopted at 30 June 2022 imply the following life expectancies:

	Life expectancy at age 65 (Years)	
Male retiring in 2022	26.6	26.6
Female retiring in 2022	28.6	28.5
Male retiring in 2042	28.1	28.1
Female retiring in 2042	30.1	30.1

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The best estimate of contributions to be paid by NatCen to the scheme for the year commencing 1 July 2022 is £1,505,253.

## 16. Reconciliation of net income to net cash flow from operating activities

	2022 £	2021 £
<i>Net income for the year (as per the statement of financial activities)</i>	2,089,493	5,328,812
Loss on disposal of fixed assets	-	5,709
Interest received	(7,951)	(4,571)
Depreciation charges	499,787	482,082
Increase in stocks	(523,660)	(202,588)
Increase in debtors	(1,119,612)	(1,316,100)
Increase in creditors	4,476,412	4,938,154
Defined benefit pension costs (Note 15)	649,406	669,305
Defined benefit pension contributions payable (Note 15)	(5,241,002)	(1,031,499)
	_____	_____
<b>Net cash provided by operating activities</b>	<b><u>822,873</u></b>	<b><u>8,869,304</u></b>

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