

Annual Report and Accounts

Year Ended 30 June 2024

NATIONAL CENTRE FOR SOCIAL RESEARCH
Company Registration Number: 04392418
Charity Registration Number: 1091768
Scotland Charity Registration Number: SC038454

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

Legal and administrative details

Registered name:	National Centre for Social Research
Trading name:	NatCen Social Research
Legal status:	Company limited by guarantee and registered charity
Company registration number:	04392418
Charity registration number:	1091768
Scottish charity registration number:	SCO38454
Registered office:	35 Northampton Square London EC1V 0AX
Trustees:	Sir Stuart Etherington (Chair of Trustee Board) Stephen West Peter Havelock Jude England Phyllis Macfarlane Mark Duke Desirée Lopez Bruce Gordon Helen Jane Barnard Oliver James Foster Saratha Rajeswaran Professor John Mohan Professor Sundari Anitha (Appointed 20 July 2023)
Statutory Auditor:	MHA 2 London Wall Place London EC2Y 5AU
Solicitor:	Bates Wells 10 Queen Street Place London EC4R 1BE
Banker:	National Westminster Bank Plc Cavell House 2A Charing Cross Road London WC2H 0NN

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Introduction by Chair of the Trustee Board

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1. Introduction by Chair of the Trustee Board

The previous 12 months have been a successful period for rebuilding the National Centre for Social Research (NatCen)'s finances after last year's investments into strengthening our technology and property, and in further developing our field force. It is during this period of consolidation, where we are reaping the rewards of these investments, that I introduce this year's annual report, along with the audited financial statements, covering the year ending 30 June 2024.

NatCen continues to deliver a wide variety of significant and timely social research projects to help inform policy on key issues, as well collecting data for a number of government surveys to produce official statistics. Through the technological investments made last year, we are introducing efficiencies across our operations in how we collect and manage this data at different stages of the process. These investments also include the innovations we are developing in our survey design. For instance, in 2023, NatCen was awarded the contract to develop the Welsh National Travel Survey. This will be delivered as a multi-mode web-first survey, which we hope will be the first to be granted National Statistics status. This method of data collection is more cost-effective than the traditional face-to-face mode and so will provide the organisation with some useful lessons.

In this reporting period, we were pleased to renew our contracts for long-running government surveys, including the Scottish Health Survey, the National Diet and Nutrition Survey and the Family Resources Survey. We are proud of our positive working relationships with key government departments and we look forward to continuing this with the new government in the year ahead.

In addition to these projects, our Longitudinal Surveys team has also been successful in continuing its work on the latest wave of data collection for Understanding Society. These long-running surveys, including those we conduct on behalf of government, represent a significant area of work for NatCen. The data collected on these surveys helps to track trends over time, helping researchers to really understand the complexity and reality of people's lives, sharing the public's voice to inform policy to better support society.

We have now also completed our first year of involvement in a three-year research project, entitled Survey Futures, which aims to deliver a step change in survey research, to ensure that it will remain possible in the UK to carry out high quality social surveys of the kinds required by the public and academic sectors to monitor and understand society, and to provide an evidence base for policy. Our Director of Methods sits on the Senior Leadership Team of the consortium leading this project, with various NatCen colleagues also involved with a number of associated projects. The innovation and developments coming out of this collaboration will help to inform how we will further strengthen our research methods to respond to a changing environment in social research.

In parallel to this work, we have also been exploring our wider use of AI in our research. Earlier this year, a number of Trustees and staff members visited the Hartree Centre, a UKRI Science and Technology Facilities Council investment, with a mission to transform UK industry. This provided some useful insights on the potential of such technology. We are harnessing the power of AI tools and services in responsible ways to help us deliver high quality research that contributes to making a better society. Our AI plan guides our activities within rigorous AI governance standards, as we develop partnerships and apply established and more experimental approaches to our work. For example, NatCen's data analysts are using machine learning to generate insights for clients including the BBC, the Department for Transport, and the Financial Conduct Authority. We are also trialling a range of off-the-shelf solutions that utilise machine learning to speed up and improve the accuracy of our research processes, alongside trials of different large language models for data classification and assessments. The coming year will see NatCen upscaling promising AI-powered solutions and undertaking further trials.

In January 2024, our operations teams, including External Field, Survey Logistics, IT and Systems and Data Operations, were relocated to a modern fit-for-purpose facility in Romford, a few miles from the former location. These new offices provide an all-in-one space for our entire operations, with a dedicated warehouse and a more spacious environment. The offices are open plan to support collaborative working with flexible break-out spaces and an improved environment.

Our field force, comprising face-to-face interviewers, telephone interviewers and biomedical fieldworkers delivered over 82,000 household interviews in the last 12 months. Through our improvements in technology, systems and processes, we have increased the number of interviews throughout the year, with a 16% increase between January and June 2024, compared with July and December 2023. We are extremely grateful for the hard work from these valued colleagues who bring an exceptional suite of skills, in listening to and engaging with members of the public to capture their vital feedback in the delivery of our social research.

To support our central staff team, we have launched our coaching and mentoring initiative, NatCen Prime, to provide opportunities for professional development to all colleagues, at every stage of their career. This initiative forms part of our dedicated People Approach, to create a stimulating and rewarding workplace. Alongside this programme, NatCen launched its two new apprenticeship schemes in May and June 2024, providing alternative routes to those interested in working in social research and business administration. From the hundreds of applications received, we look forward to working with the successful candidates who will join NatCen this Autumn.

NatCen's strategy, Making Life Better, outlines our plans for growth and we have seen various successes in meeting the commitments we set out. In particular, our global arm, NatCen International, was awarded a £1.3m grant from the Wellcome Trust for a project involving partners in Vietnam, shining a light on the impacts of climate change on vulnerable labour.

During this reporting period, we also established a new Centre for Gambling Research. Given the upcoming reforms to gambling legislation and the likelihood of larger and more research commissions in the field, especially around gambling harms, it is timely to ensure NatCen is clearly flagged as a leader in this field.

Ahead of the 2024 General Election, NatCen published a series of relevant research reports and insights to inform the public, politicians and the media, to support a healthy debate. These outputs included Society Watch, which focused on 'Understanding the new generation of voters', providing an analysis of Generation Z (those born between 1997 and 2012) attitudes towards law and order, social care and housing. A second project was led by NatCen's Analysis Unit, creating a new classification of British voters. These insights informed the development of the BBC's 'Undercover Voters' project to understand how social media was targeting the public during the election period. And, lastly, on 12th June, NatCen's annual British Social Attitudes survey (BSA) was launched which reported that 45% of the public now "almost never" trust government to put the needs of the nation above the interests of their party, up from 34% in 2019.

At the beginning of our financial year, we were pleased to welcome Professor Sundari Anitha, Chair of Sociological Studies at the University of Sheffield, and John Mohan, Professor of Social Policy at the University of Birmingham, to NatCen's Board of Trustees. Both bring excellent expertise and value to the governance of the organisation.

My thanks, as always, goes to the entire Board of Trustees for the enduring support and guidance they provide to NatCen, to ensure the organisation achieves its vision for growth, whilst meeting its charitable objectives, and delivering the high-quality social research it is known and respected for.

More recently, NatCen's Chief Executive of some eight years, Guy Goodwin, left the organisation in May 2024 to enjoy semi-retirement. We are immensely grateful for everything he achieved whilst leading NatCen, for navigating the organisation through the COVID-19 pandemic and advancing the organisation. During his leadership, we have consolidated our business and grown different areas of

policy research and strengthened our operations, whilst continuing to innovate in our survey methodologies.

We have appointed Guy's successor, Michael Davis, who has joined NatCen from Kantar in August 2024. The Board of Trustees and I are excited for NatCen's future and we are looking forward to working with Michael to help us further realise our ambitious plans for growth and impact.

My continued appreciation goes to the hard-working and dedicated staff team who come together under NatCen's strong sense of purpose and belief that social research has the power to make life better. Thank you to each and every one of our colleagues for their valued expertise and teamwork in achieving our objectives.

And finally, NatCen simply could not continue without the contribution of the thousands of members of the public who agree to participate in our research studies and surveys. As an organisation, we are committed and passionate about sharing their voice with those who have the power and influence to inform and change policy to improve society. On behalf of the organisation, its staff team and Trustees, my sincere thanks to everyone who has contributed their views to our work.

Sir Stuart Etherington
Chair of the Board of Trustees

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’.

Board of Trustees

NatCen is governed by its Board of Trustees who are also its Directors. During 2023/24 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.
- Stephen West: Chair of the Audit and Risk Committee and member of the Remuneration and Governance Committee.
- Peter Havelock: Chair of the Business Development Committee.
- Jude England: Member of the Audit and Risk and the Remuneration and Governance Committee.
- Phyllis Macfarlane: Member of the Audit and Risk Committee and the Remuneration and Governance Committee.
- Mark Duke: Member of the Remuneration and Governance and the Business Development Committees and Pension Scheme Trustee
- Desirée Lopez
- Helen Jane Barnard
- Oliver James Foster: Member of the Business Development Committee.
- Saratha Rajeswaran: Member of the Business Development Committee.
- Bruce Gordon: Member of the Audit and Risk and the Business Development Committee
- Professor John Mohan
- Professor Sundari Anitha (Appointed 20 July 2023)

Biographies of all current Trustees are available at www.natcen.ac.uk/who-we-are/leadership

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.

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, Business Development 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.
- **Nominations Committee:** The duties of this committee are to recruit new Trustees, review applications and nominations, arrange interviews and appoint new Trustees. The Committee is chaired by Sir Stuart Etherington but only sits when required.
- **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 and d) 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.
- **Business Development Committee.** This Committee provides advice on NatCen's future diversification plans and projects contributing to the 'Making Life Better' strategic plan. The Committee is chaired by Peter Havelock.
- **Fundraising Committee.** This Committee has been inactive in the past year and previously 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. We do not work with any commercial fundraisers but all donations are regularly monitored. Currently we do not undertake any direct personal marketing to raise funds nor contact individuals directly. 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 Team 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, bonds and cash deposits) managed by CCLA Investment Management in November 2021, proposed to the Board by the Investment Team.

The Trustees' original intention was to retain the Ethical Investment Fund long term and for longer than 12 months. However, the financial loss recognised in 2022/23 resulted in a net current liability position. In May 2024, Trustees reviewed and approved the potential option of drawing on these investments, including converting all or some of the investment to cash within the next year to meet short-term cash commitments as they fall due. As a result, the Ethical Investment Fund has been re-classified from a Fixed Asset Investment to a Current Asset Investment in 2023/24. The decision to draw on or invest further long term funds within the Investment Fund shall be kept under annual review by the Investment Team, reporting to the Board.

NatCen's Investment policy is to seek the best return/growth on any investment funds within an acceptable level of risk and within socially acceptable guidelines.

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. As the investment is a unit fund this offers full liquidity in a short space of time.

The performance of the Fund has been +12.59% (2023: +5.51%) in the last 12 months against a benchmark of +16.73% (2023: +3.14%).

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 restarted planning towards alignment in the previous financial year with implementation expected by the start of the 2025/26 financial year.

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. 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 biennial 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. NatCen is working together with NSPCC to review and develop current safeguarding procedures to ensure they are of the highest standard. 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 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 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 – Appointed 19 th August 2024	Michael Davis
Deputy Chief Executive	Gillian Prior
Director of Finance and Chief Commercial Officer	Robert Swinchatt
Director of Methods	Gerry Nicolaas
Director of HR	Lola Olujobi

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 an average of 410 full-time equivalent staff (including 54 research interviewers) for the year ended 30 June 2024 (2023: 389 including 69 research interviewers).

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.

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 Harold Hill office from January 2024 having previously been based in Brentwood. 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, monthly directorate meetings, 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 all offices
2. the gas consumed at its London and Ashton Gate offices
3. the miles driven by its staff and fieldworkers

The amount of energy consumed for each of NatCen's offices and based on bills for the year ended 30 June 2024 was as follows:

	Gas (kWh)	Electricity (kWh)
London	120,746	*
Ashton Gate** (from September 2023)	50,544	63,259
Brentwood (to January 2024)	-	23,601
Edinburgh***	-	14,022
Sub-totals	171,290	100,882
Grand total	272,172	

*We have excluded the London office's electricity consumption of 76,547 kWh when calculating our CO2 emissions because it comes exclusively from renewables and nuclear power.

**Usage at the Ashton Gate office was higher in the first few months following the office move due to the power required during the fit out period.

*** Our letting agent for the Edinburgh office changed in the year and the amount of electricity recharged to NatCen was significantly lower. Prior year usage was an estimate based on bills available pre-pandemic.

The amount of energy consumed for each of NatCen's three offices and based on bills for the year ended 30 June 2023 was as follows:

	Gas (kWh)	Electricity (kWh)
London	130,099	*
Brentwood	-	59,322
Edinburgh**	-	41,417
Sub-totals	130,099	100,739
Grand total	230,838	

*We have excluded the London office's electricity consumption of 78,879 kWh when calculating our CO2 emissions because it 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 five of the 12 months so assumed they were typical and derived the full-year total from their average.

The miles driven by NatCen’s staff and fieldworkers for the year ended 30 June 2024 were:

Staff	6,265
Fieldworkers	3,876,773
Grand total	3,883,038

The miles driven by NatCen’s staff and fieldworkers for the year ended 30 June 2023 were:

Staff	31,287
Fieldworkers	3,529,209
Grand total	3,560,496

Associated greenhouse gases

Based on the conversion factors given in:

Conversion_Factors_2024_-_Condensed_set_for_most_users published on:

<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024>,

we estimate that the total amount of CO2 NatCen created in 2023/24 was 1,113 tons (1,017 tons: 2022/23). This is a 9.4% 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 (2023/24: 416, 2022/23: 382). 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 2.68 tons of CO2 per FTE, an increase of 0.02 ton per FTE on last year.

In comparison, NatCen employed 410 FTEs during the year ended 30 June 2024 (2022/23: 389 FTE). This gives us an intensity ratio of 2.71 tons of CO2 per FTE, an increase of 0.1 ton per FTE on last year.

Comparative figures

The table below shows how NatCen's performance has changed in terms of the number of tons of CO2 created by its activities in the past three years.

CO ₂ tons	2021/22		2022/23		2023/24	
Gas (Scope 1)	24	+1	23	-1	31	+8
Electricity (Scope 2)	19	+6	21	+2	21	-
Driving (Scope 1)	1,336	+406	973	-363	1,061	+88
Total	1,379	+413	1,017	-362	1,113	+96
<i>Intensity ratio</i>	4.36	+0.63	2.61	-1.78	2.71	+0.1

2021/22 was not a typical year 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.

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. Fully offset our emissions each year since 2019/20 through the purchase of carbon credits and committed to NatCen remaining carbon neutral
4. Nominated a senior manager to lead NatCen's work to minimise its environmental impact
5. Created an internal staff-led Environmental Group which meets regularly
6. Achieved ISO 14001 accreditation
7. Reduced the number of laser printers in our three offices from 16 to 9
8. Switched the supplier of electricity in our London office to one which doesn't create CO2 in the course of generating that electricity

Auditor

MHA have been re-appointed as the charitable company's external auditors.

Activities and public benefit

3.

3. Activities and public benefit

How we delivered public benefit in 2023/24

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 such as health and education, and to evaluate the success of these interventions. In this way, our research interacts directly with the policymaking process.

Our Social Surveys Directorate 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 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 2023-24 and collect impact case studies, a selection of which appear below.

Impact case study 1

Project title: Dividing Lines: a classification of British voters

What we did: Based on just 12 questions from the British Social Attitudes (BSA) survey, we generated a powerful grouping that allows us to engage with more concrete and more dimensional voter types. This classification of British voters into six types was created using machine learning. The method takes people's answers across a series of questions and looks for groups of voters with similar views. The foundation for this work was our NatCen's left-right and libertarian-authoritarian scales, first introduced in 1986.

What we found: Based on who voters are and what values they uphold, this research identified the six key types of voters in Britain today and the issues that divide them. These insights helped to inform the BBC's Undercover Voters project, where the BBC's Disinformation and Social Media Correspondent, created 24 Undercover Voters based in eight constituencies around the UK. The BBC then used the social media accounts of these fictional voters to understand how the election was unfolding on people's social media feeds up and down the country.

What happened next: This research provided detailed insights into the issues that divide voters and helped develop a more nuanced understanding of British politics ahead of the General Election. As well as the BBC using this to inform their own Undercover Voters project, our analysis was widely shared amongst policy stakeholders. It was covered by a number of national media outlets and political sub stacks. Due to the additional interactive tools we developed to disseminate the findings, including a parliamentary constituency look-up and quiz to see where and how your own opinions align with the electorate, we saw a significant uplift in our website traffic during the pre-election period. More significantly, through the BBC's own investigations via their Undercover Voters, they identified a number of social media accounts responsible for smearing UK politicians. As a result, the social media platform, X (formerly Twitter), launched their own investigation into these users and accounts that were responsible.

Impact case study 2

Project title: Public Confidence in Official Statistics

What we did: The Public Confidence in Official Statistics (PCOS) survey provides insight into the opinions of the British public on official statistics. Commissioned by the UK Statistics Authority, the research aims to explore the public's knowledge of, and trust in these statistics, as well as how they are produced and used. Fieldwork took place between 4th October and 17th December 2023. Interviews were conducted with a representative sample of 2,364 adults aged 18 and over in Britain from 1,695 households.

What we found: The findings showed that 74% of respondents had heard of the Office for National Statistics (ONS) and 87% of respondents indicated they trust the ONS, the same proportion as 2021. There was strong support for the idea that statistics produced by ONS are important to understand our country. In 2023, 90% agreed this was the case, similar to 2021 and 2018, when levels of agreement with this statement were already very high. The main reason people gave for trusting ONS was that they did not have a vested interest in or manipulate the results. The main reasons people gave for not trusting ONS related to how statistics were used by the media and politicians.

What happened next: NatCen conducts this research every two years, providing a benchmark for trust in official statistics. The latest findings were published on 14th May 2024. The aim of the research is to support the UK Statistics Authority's objective of promoting and safeguarding the

production and publication of official statistics. The research highlighted that public awareness and trust in official statistics remains high. However, a key message picked up by the media was that 49% of respondents who didn't trust ONS statistics said this because they felt the statistics are misrepresented by politicians.

Impact case study 3

Project title: Gambling Survey for Great Britain

What we did: NatCen was awarded the contract by the Gambling Commission to conduct the first Gambling Survey for Great Britain (GSGB). In total, 4,801 individuals participated in the survey, with 66% of respondents completing the survey online and 34% completing a postal questionnaire. The aim of this research is to collect data on a wide range of gambling behaviours, including participation and the impact of gambling (both positive and negative), from adults aged 18 years and over.

What we found: Following the experimental phase of this project, we discovered that 48% of adults in Great Britain had gambled in a four-week period (27% when excluding those who only played the National Lottery or other charity lottery draw based games). In the four-week period, 38% of adults had gambled online and 29% had gambled in person.

What happened next: This research marks the first wave of data collection, and this research will continue to provide a rolling programme of data collection. The aim is to provide the Gambling Commission with the ability to gain timely insights and respond to emerging trends, as well as produce and publish gambling participation and prevalence statistics as official statistics, in accordance with the standards set out by the Government Statistical Service in the Code of Practice for Statistics.

Impact case study 4

Project title: Evaluation of Family Drug and Alcohol Courts (FDAC)

What we did: Family Drug and Alcohol Courts (FDAC) offer an alternative to standard care proceedings involving parental drug or alcohol misuse, using a “problem-solving” approach to justice to support parents to reduce their misuse issues. The primary aim is to improve outcomes for children and families, ensuring that children can either live safely with parents at the end of care proceedings or have the best chance for permanency and stability outside the family home. NatCen were commissioned to assess and understand the impact of FDAC and to assess how FDAC has been implemented to date in England. The evaluation was commissioned by Foundations and was part of the Department for Education’s Supporting Families: Investing in Practice programme.

What we found: We found that children with a primary carer in FDAC care proceedings were more likely to be reunified with their primary carer at the end of the care proceedings in comparison to children with a primary carer in non-FDAC care proceedings. A higher proportion of FDAC parents than non-FDAC parents had ceased to misuse drugs or alcohol by the end of the proceedings. Overall, there was a strong sense that FDAC was meeting with participants’ expectations, that it was providing a supportive process for parents and led to better outcomes.

What happened next: Coinciding with the publication of the report, the then Minister for Children, Families and Wellbeing, Claire Coutinho MP, wrote a thought leadership piece for The Times newspaper, reflecting on the positive findings from this evaluation.

Impact case study 5

Project title: The health impacts of climate change on precarious outdoor workers in urban megacities in Vietnam

What we did: NatCen International, in collaboration with the University of Bristol, and partners based

in Vietnam, Social Life Research Institute and Institute for Development and Community Health "Light", received a grant from the Wellcome Trust to investigate vulnerabilities and multiple health exposures of outdoor workers in urban areas in Vietnam. This is an on-going project focusing on street vendors, riders, porters and construction workers in Hanoi, Da Nang, Ho Chi Minh City and Can Tho (Mekong Delta Region).

What we found: Given Vietnam's significant informal sector, this project is co-constructing a new evidence base through multi-stakeholder collaboration, addressing fundamental knowledge gaps about the vulnerabilities of outdoor urban workers. The project will enhance the ability of Vietnamese policy makers to devise interventions attuned to the unique conditions and concerns of workers. From the research conducted to date, we have discovered that these types of workers are among the world's most climate-exposed demographics, contending with challenging working conditions, adverse weather, and inadequate protections.

What happened next: This project will conclude in 2024-25 and there will be several outputs to share these findings on a global scale, including pulling together the research evidence to deliver policy papers for the city governments in Vietnam. We have also begun to share this work in academic journal articles and will be presenting the research at an international conference, to increase awareness of these considerations as climate change remains high on the global policy agenda.

Delivering methodological excellence

NatCen has an enviable reputation for methodological expertise and 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 Survey of Sexual Attitudes and Lifestyles and the first study of gambling prevalence.

During the COVID-19 pandemic, face-to-face fieldwork was impacted across all of our surveys, as well as our qualitative research, and this continued to affect a large part of our research conducted last year. 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.

NatCen colleagues have always been actively engaged with a number of formal and informal groups and networks, bringing together academic and non-academic organisations from across the UK that are involved in the design and co-ordination of social surveys. The aim of these groups and networks has been to explore ideas for alternative survey methods and exchange knowledge. In June 2023, the ESRC awarded a grant of £3.3 million to the UK Survey Data Collection Methods Collaboration. The first stage of this project, named Survey Futures, involves seven specific research strands to explore in-depth over the next three years. Additional research strands will be developed throughout the life of the project. Gerry Nicolaas, NatCen's Director of Methods, is a co-investigator on this project, and NatCen is proud to be leading two of the research strands, as well as examining training and capacity building for the social surveys research sector.

In February 2024, NatCen published the first report under the Survey Futures programme, entitled 'The post-pandemic role of face-to-face fieldworkers'. The role of the face-to-face social survey interviewer is changing as mixed mode survey data collection becomes more common. This research identified the potential challenges that lie ahead for survey research organisations in the recruitment and retention of skilled face-to-face interviewers and presented the work at a webinar to share the findings.

Another example of where NatCen remains at the forefront of new developments in social research is our involvement in two projects funded under the UKRI's 'Transforming data collections infrastructure for social science'. This initiative will scope the potential for two innovative and transformative additions to the UK's social and economic data infrastructure: firstly, physical and digital interactions between people (led by Nigel Gilbert, University of Surrey), and secondly, large-scale in-depth narrative material from individuals (led by Jane Elliott from the London School of Economics).

Our Methodology and Innovation Hub also provides a focus for constantly reviewing and developing good practice around different aspects of social research: from sample design, questionnaire design, response rates, use of incentives, to accessible and inclusive practices in conducting qualitative interviews. The Hub has also supported NatCen's development of additional qualitative approaches, such as rapid ethnography and journey mapping that broadens our qualitative offer.

NatCen is proud to set the standard in social 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 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 regular survey methodology seminar series.

None of this could be achieved without the rich collaborative opportunities from working with methods 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 our findings back 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 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 reflecting 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 regular engagement with the media. This year, NatCen's work has been mentioned in the media 9,677 times, with an estimated reach of 6.5 billion. This media coverage is an increase of 83% on the previous year. These mentions also includes references to our flagship survey, British Social Attitudes, as well as work conducted by the Scottish Centre for Social Research (ScotCen) and NatCen International, however, these numbers do not include the additional mentions of research we have conducted in the name of our customers.

Compared to last year's numbers, our X / Twitter following has grown by 2.6%, achieving 768K impressions. The post that attracted the most engagement was around the publication of the 40th anniversary of British Social Attitudes. This was posted on 21 September 2023 and achieved 18K impressions.

With the launch of NatCen's new website early in 2023, traffic and engagement has increased, with 975K unique page views and 40K report downloads achieved over the 2023-24 financial year (350K and 2,719 respectively in the previous year).

Following the launch of our new website last year, we have seen a significant increase, of more than 178%, in the volume of traffic and visitors to our site. This was achieved with the investment towards developing a more functional and engaging platform. This, combined with our refreshed branding, and focused marketing and communications efforts, has seen an uplift in the quality of the media coverage and engagement we receive with our research findings.

Scottish Centre for Social Research (ScotGen)

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.

A core element of their day-to-day work is the delivery of large-scale social surveys to help inform policy. This includes the Scottish Health Survey, conducted on behalf of the Scottish Government. This research provides information about how healthy people are and examines the health and health-related behaviours of a representative sample of the Scottish population. The data we collect also informs the Scottish Government National Performance Framework and feeds into the nationwide health strategy.

The latest wave of fieldwork for the longitudinal Growing Up in Scotland study was concluded in June 2023 and more data will be collected from this cohort as we go into field in early 2025. This longitudinal study tracks the lives of thousands of children and their families, and the latest wave of research explores life at age 18, providing important information on our participants as they enter early adulthood. This data continues to help policy and decision makers understand what matters to young people in Scotland as they navigate the changes in life that early adulthood can bring.

Additional research projects conducted during this reporting period include the fifth wave of the Behaviour in Scottish Schools Research (BISSR), first undertaken in 2006. This research – which used surveys and qualitative interviews – explored headteachers', teachers' and support staff members' views of relationships and behaviour in publicly-funded mainstream schools, as well as the views of key local authority representatives across Scotland. The overall aim of this study was to provide a robust and clear picture of relationships and behaviour in publicly-funded mainstream schools, and of current policy and approaches aimed at supporting relationships and behaviour. We discovered that, although the majority of pupils were still said to behave well and cause teaching staff few difficulties, there was a general deterioration in the behaviour of pupils in primary and secondary schools in Scotland since 2016.

Impact case study 6

Project title: Why are disabled people among those most likely to need food banks?

What we did: The Trussell Trust commissioned ScotGen to conduct a study exploring drivers of food insecurity among disabled people across the UK. A key focus of the research was the potential impact of the design and delivery of the disability benefits system on disabled people's food insecurity and food bank use. To better understand the relationship between food bank use, disability and the disability benefits system, ScotGen carried out a rapid evidence review and in-depth interviews with a range of people with physical and mental health conditions and facing financial insecurity across the UK.

What we found: While the specific circumstances driving participants need for food aid were personal and complex, the common factor in food bank use was a lack of money. Participants identified a range of issues with the design and delivery of the disability benefits that were driving financial insecurity: study participants identified changes to improve disabled people's financial security, including increased promotion of disability benefits and the provision of well-funded, easily available and independent support to access entitlements. Involving disabled people in a person-centred redesign of the disability benefits system and an increase in the amount of financial support available were vital changes that were urgently needed.

What happened next: The report included proposals for a range of evidence-based policy changes to help bring about a more compassionate, person-centred and fairer disability benefits system which prevents disabled people from falling into financial hardship and needing to turn to a food bank. The Trussell Trust have used these findings to set out their five building blocks to ensure dignified, accessible support for disabled people and people with health conditions to strengthen their campaigning around this issue.

Financial Review

4.

4. Financial Review

Overview

This financial year was the second full year where NatGen's face to face survey work resumed without any restrictions following the pandemic and without the Covid Infection Study (CIS) and total income grew to £51.7m from £48.7m in the prior year. During the year NatGen completed a restructuring of its Operations area to address the difficulties it had experienced in the prior year with interviewer panel recruitment and higher staffing levels. Following these changes and reaping the benefit of the significant investment made in the prior year expenditure in the year fell to £50.8m from £51.2m returning NatGen to a position of Net Income for the year.

During the year 2023/24 NatGen generated total incoming resources of £51,718k (2022/23: £48,743k). Of this £51,354k (2022/23: £48,550k) was from charitable activities, with a further £360k (2022/23: £118k) from investment income. 73% of total income in 2023/24 related to research carried out for UK Central Government (69% in 2022/23). The percentage of UK Central Government funded work is in line with the levels pre-pandemic with fieldwork fully resumed this year.

Both Survey and Policy Research income have increased in the year with the full return of fieldwork previously paused because of the impact of COVID-19. Survey Research income rose to £42,417k (2023: £40,691k) and Policy Research income rose to £8,475k (2023: £7,709k) Other charitable income rose to £461k (2023: £149k).

Total expenditure during the year was £50,775k (2022/23: £51,159k) all of which related to research studies. This resulted in net income for the year of £942k (2022/23 £2,416k net expenditure).

Direct project costs for all activities increased to £26,038k (2023: £25,281k) as delivery efficiencies took effect post restructure. Other costs within charitable expenditure have decreased to zero in 2024 (2023: £1,815k). Previously one-off future investment costs in field, website development costs and redundancy costs were material and therefore included in other costs They have decreased substantially in 2024 and are now allocated across Policy and Survey research.

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 purposes agreed that no impairment was required. Trustees considered the carrying value of the freehold properties and compared with the higher of value in use and market value. Trustees' intentions are to sell the property in the future for residential development rather than for commercial purposes. Their expectations are that the market value would be substantially higher as at 30 June 2024 based on research and third party advice. This sale would be subject to obtaining the necessary planning permission for change of use.

The charity recognised an actuarial loss on its defined benefit pension scheme of £2,889k in the year (2022/23: £3,876k actuarial loss) which is also included in the statement of financial activities on page 43. 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.

An investment gain of £610k was recognised in the year (2022/23: £253k gain) Therefore, the overall net movement in funds in 2023/24 was a decrease of £1,337k (2022/23: decrease of £6,038k).

The Trustees review NatGen's performance annually against a number of financial and non-financial Key Performance Indicators (KPI's) including income and net income, 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.

Balance Sheet and Reserves

Net assets before the pension scheme liability increased to £13,011k at June 2024 from £11,655k at June 2023. The Trustees approved a £5m investment in an Ethical Investment Fund in November 2021 (page 12). NatCen’s investments totalled £5,457k at 30 June 2024 (2023: £4,846k). The pension liability increased in the year to £24,101k (2023: £21,409k). NatCen’s net liabilities, including the pension scheme liability increased to £11,090k (2023: £9,753k).

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. A revised repayment plan was agreed in March 2023.

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, which will more than cover the agreed payments under the deficit contribution scheme. These payments started in April 2019 and totalled £1,218,000 per annum with a 2% inflationary uplift each April. As of April 2023 this contribution changed to £1,300,000 per year with a 2.5% inflationary uplift each April. NatCen updates financial targets each year with a revised rolling three-year plan which is now projected to the 2025/26 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 2023. The next plan is scheduled to be reviewed and approved by Trustees in early 2025.

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)
2023:	(21,409)
2024:	(24,101)

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 5.18% at 30 June 2023 to 5.21% at 30 June 2024. RPI inflation increased from 3.30% at 30 June 2023 to 3.44% at 30 June 2024. CPI inflation increased from 2.80% at 30 June 2023 to 2.94% at 30 June 2024.

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 NatCen has built adequate cash reserves and will make the necessary investments to once again deliver this by the end of the current 3-year planning cycle. A continued uplift in survey fieldwork is expected in 2024/25 with an increased interviewer panel capacity following the 2023/24 investment supporting a sustained improvement and return to net income. 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 NatCen at 30 June 2024 were negative £11,090,011 (2023 – negative £9,753,343). £10,760 relates to restricted funds as at 30 June 2024 (2023 - £10,833) All other funds are unrestricted.

Of the total funds held by NatCen, there is one fund materially in deficit, the Pension Reserve, which has a deficit of £24,100,694. 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 remained in place until March 2023. From April 2023 the payment of annual contributions was revised to £1,300,000. These payments will increase annually on each 1 April by 2.5% per annum, with the first increase on 1 April 2024. An additional contribution may be payable prior to 31 March each year, contingent on financial performance and NatCen's free reserves being greater than 3 months operating cashflow for fixed overheads as at 30th June the previous year. The payment shall be 30% of the excess free reserves over 3 months. As Trustees, we review the level of funds against our reserves policy at least twice a year to ensure that it meets NatCen 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 NatCen as the general fund (including the fixed and current 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.

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 (2024: £4.5 million, 2023: £4 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 2024, we held positive free reserves of £4,267,086 which constitutes 1.9 months budgeted operating cash flow (2023 – positive £3,668,566, 1.8 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 and 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 “Making Life Better”, with the aim of building the charity to consistently deliver an annual surplus in excess of the annual pension scheme deficit contributions will provide NatCen with the financial resources to deliver the plan and cover all foreseeable future obligations.

Market risk, Competition and Government spending – 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, an increased risk since the Covid Pandemic 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 revised to £1,300,000 per annum from April 2023 with a 2.5% uplift each April. Under the latest agreed deficit reduction plan payments will be paid monthly over a period of 17 years and 6 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 although has been an area of increased focus during the current difficult trading conditions.

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

Having achieved our initial goals from the 2017 plan delivering continued surpluses from the 2017/18 financial year NatCen encountered a difficult period in 2019/20 due to Covid but was able to trade very successfully and record healthy surpluses in both the 2020/21 and 2021/22 financial years due to our involvement in CIS. 2022/23 was expected to be another year surplus wise but trading proved very difficult due to factors already outlined. The current 3-year plan focusses on returning NatCen initially to surplus in the 2023/24 and 2024/25 financial years and to the previous surplus levels by 2025/26 and beyond. This aim has been achieved for the first of these three years and trading looks set to deliver to plan for the remaining years. The future aim remains to grow both income, but particularly surplus, to levels far exceeding the pension scheme payments and provide not only for 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 “Making Life Better” 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.

Trustees' statement of responsibilities

5.

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
21 November 2024

Independent Auditor's report

6.

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 2024 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 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 2024 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.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained with the Annual Report. 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.

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.

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:

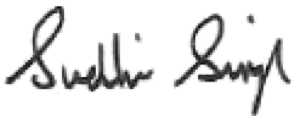
- Obtaining an understanding of the legal and regulatory frameworks that the entity operates in, focusing on those laws and regulations that had a direct effect on the financial statements;
- Enquiry of management and those charged with governance to identify any instances of known or suspected instances 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.

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: www.frc.org.uk/auditorsresponsibilities. 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

Statutory Auditor

London, United Kingdom

Date: 28 November 2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).

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 2024

	Notes	2024 Restricted Funds £	2024 Unrestricted Funds £	2024 Total Funds £	2023 Total Funds £
Income					
<i>Income from charitable activities:</i>					
Income from research studies	2	355,335	50,998,426	51,353,761	48,550,186
Other income		-	3,599	3,599	74,283
<i>Investment income:</i>					
Interest receivable		-	360,182	360,182	118,303
Total income		355,335	51,362,207	51,717,542	48,742,772
Expenditure					
<i>Expenditure on charitable activities</i>					
Research studies	3	355,408	50,419,820	50,775,228	51,158,699
Total expenditure		355,408	50,419,820	50,775,228	51,158,699
Net income/(expenditure)/ for the year		(73)	942,387	942,314	(2,415,927)
Other recognised gains and losses					
Gain on investments	7	-	610,259	610,259	253,072
Remeasurement of defined benefit pension scheme liability	15	-	(2,889,241)	(2,889,241)	(3,875,599)
Net movement in funds		(73)	(1,336,595)	(1,336,668)	(6,038,454)
Reconciliation of funds					
Fund balances brought forward	11	10,833	(9,764,176)	(9,753,343)	(3,714,889)
Fund balances carried forward	11	10,760	(11,100,771)	(11,090,011)	(9,753,343)

The Statement of Financial Activities includes all gains and losses recognised in the year. The notes on pages 47 to 68 form part of these financial statements.

Balance Sheet as at 30 June 2024

Company number: 04392418

	Notes	2024 £	2024 £	2023 £	2023 £
Fixed assets					
Tangible fixed assets	6		8,732,837		7,975,874
Investments	7		-		4,846,301
Current assets					
Stocks	8	935,849		810,612	
Debtors	9	13,090,564		13,907,194	
Cash at bank and in hand		13,428,987		12,247,295	
Investments	7	<u>5,456,560</u>		<u>-</u>	
		32,911,960		26,965,101	
Liabilities					
Creditors: amounts falling due within one year	10	<u>(28,634,114)</u>		<u>(27,907,003)</u>	
Net current assets/(liabilities)			<u>4,277,846</u>		<u>(941,902)</u>
Total assets less current liabilities			13,010,683		11,880,273
Provisions	10		<u>-</u>		<u>(225,000)</u>
Net assets excluding pension scheme liability			13,010,683		11,655,273
Defined benefit pension scheme liability	15		<u>(24,100,694)</u>		<u>(21,408,616)</u>
Net liabilities including pension scheme liability			<u>(11,090,011)</u>		<u>(9,753,343)</u>
The funds of the charity					
Unrestricted funds					
General fund	11	6,959,923		5,604,440	
Unrestricted designated funds					
Property fund (including revaluation reserve £3,025,539)	11	<u>6,040,000</u>		<u>6,040,000</u>	
Total Unrestricted Funds			12,999,923		11,644,440
Restricted Funds	11		10,760		10,833
Pension reserve	11		<u>(24,100,694)</u>		<u>(21,408,616)</u>
Total funds			<u>(11,090,011)</u>		<u>(9,753,343)</u>

The notes on pages 47 to 68 form part of these financial statements.

The financial statements on pages 43 to 68 were approved and authorised for issue by the Trustees and signed on their behalf by:



Sir Stuart Etherington, Chair of the Board of Trustees

Date: 21 November 2024

Statement of Cash Flows for the Year Ended 30 June 2024

	Notes	2024 £	2024 £	2023 £	2023 £
Cash provided by operating activities	16		2,247,356		(3,692,391)
Cash flows from investing activities					
Bank interest received		360,182		118,303	
Cost of purchasing tangible fixed assets		(1,425,846)		(620,239)	
Net cash used in investing activities			(1,065,664)		(501,936)
Increase in cash and cash equivalents in the year			1,181,692		(4,194,327)
Cash and cash equivalents at the beginning of the year			12,247,295		16,441,622
Cash and cash equivalents at the end of the year			13,428,987		12,247,295
Analysis of changes in net debt					
		1 July 2023	Cash flows	Foreign exchange movement	30 June 2024
Total cash and cash equivalents		12,247,295	1,181,745	(53)	13,428,987
Total		12,247,295	1,181,745	(53)	13,428,987

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 2022 full actuarial valuation to 30 June 2024. 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 by a qualified external surveyor 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.

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.

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.

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. (2024 and 2023: £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 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.

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 measured based on a mark to market policy, 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 distinguish 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 charges based on 0.95% of the value of funds under management directly from the COIF Charities Ethical Investment Fund.

Investments are classified as current assets when the charity does not intend to hold the cash or cash equivalents as part of its on-going investment activities for more than one year from the reporting date.

Investments are classified as fixed assets when the charity intends to hold the cash or cash equivalents as part of its on-going investment activities for more than one year from the reporting date.

2. Income from research studies

With the exception of investment income, 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.

	2024	2023
	£	£
Research income arose from the following sources:		
Policy Research	8,475,210	7,709,465
Survey Research	42,417,488	40,691,305
Other research studies	461,063	149,416
Total income from research studies	51,353,761	48,550,186

A foreign exchange loss of £53 has been recognised in 2024 (2023: loss of £1,207).

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 Methods projects and income in respect of NatCen Learning.

£355,335 of Policy Research income was restricted (2023: £254,190 Policy Research income was restricted).

3. Analysis of expenditure on charitable activities

For the year ended 30 June 2024

	Policy Research £	Survey Research £	Other £	2024 £	2023 £
Charitable activities					
Direct project costs	3,663,788	22,374,581	-	26,038,369	25,281,036
Indirect project costs	984,042	6,255,690	-	7,239,732	8,369,913
Direct research costs	2,399,939	1,818,933	-	4,218,872	4,522,830
Property costs	409,877	496,167	-	906,044	728,609
IT costs	263,785	1,313,640	-	1,577,425	1,415,348
Non-payroll staff costs	372,342	1,810,312	-	2,182,654	1,650,376
Depreciation	111,854	557,029	-	668,883	682,538
Irrecoverable VAT	27,087	134,890	-	161,977	114,470
Service costs	106,133	1,478,027	-	1,584,160	3,256,312
Support costs	1,036,311	5,160,801	-	6,197,112	5,137,267
Total resources expended	<u>9,375,158</u>	<u>41,400,070</u>	-	<u>50,775,228</u>	<u>51,158,699</u>

Recruitment and agency staff costs of £292,195 supporting the Interviewer Panel have been included within non-payroll staff costs in 2024 but had been reallocated under other costs in 2023 due to their material value.

Field HR staff costs have been included within support costs in 2024 due to a restructure and had previously been recorded as £348,508 within service costs in 2023.

£355,408 of Policy Research expenditure was restricted (2023: £290,696 Policy Research expenditure was restricted)

For the year ended 30 June 2023

	Policy Research £	Survey Research £	Other £	2023 £
Charitable activities				
Direct project costs	4,256,487	19,554,190	1,470,359	25,281,036
Indirect project costs	917,506	7,452,407	-	8,369,913
Direct research costs	2,523,701	1,999,129	-	4,522,830
Property costs	269,450	459,159	-	728,609
IT costs	209,927	1,108,014	97,407	1,415,348
Non-payroll staff costs	274,415	1,375,961	-	1,650,376
Depreciation	108,717	573,821	-	682,538
Irrecoverable VAT	18,233	96,237	-	114,470
Service costs	160,524	2,869,953	225,835	3,256,312
Support costs	814,913	4,301,189	21,165	5,137,267
Total resources expended	<u>9,553,873</u>	<u>39,790,060</u>	<u>1,814,766</u>	<u>51,158,699</u>

Other costs relate to one off uplift incentive payments for interviewers and supervisors to rebuild the Interviewer Panel, website development costs and redundancy costs. (2024: nil)

Support costs

	2024 £	2023 £
Management	381,175	289,184
Marketing & Comms	467,388	485,139
Human Resources	930,694	588,761
Finance	1,083,638	1,047,951
Defined Benefit Pension	1,333,124	875,390
IT	1,525,827	1,441,918
Facilities	198,725	137,658
Governance	276,541	271,266
Total	<u>6,197,112</u>	<u>5,137,267</u>

Governance costs include staff costs of £34,309 (2023: £34,465) , overheads of £106,249 (2023: £89,026) including Trustee insurance, expenses, audit and legal fees of £135,981 (2023: £147,775).

Net expenditure is stated after charging:

	2024 £	2023 £
Fees payable to charity's auditors for audit of annual financial statements (net of VAT)	36,500	33,000
Depreciation - owned assets	668,883	682,538
Operating lease rentals		
- land and buildings	457,487	399,848
- other	6,228	6,493
Stock expensed	2,463,546	2,220,467

4. Staff costs

	2024 £	2023 £
Wages & salaries		
Direct employees	16,029,405	15,744,461
Temporary, freelance and casual workers	7,604,871	7,736,986
Social security costs		
Direct employees	1,606,775	1,589,324
Temporary, freelance and casual workers	386,554	391,802
Pension costs		
Employer's contributions to defined contribution schemes	1,134,411	1,077,673
Operating costs of the defined benefit scheme	34,970	61,361
	<u>26,796,986</u>	<u>26,601,607</u>

The cost (in addition to the above) of temporary/interim staff employed through an agency or on a consultancy basis was £74,724 (2023: £257,044)

Non-contractual termination payments of £43,537 were paid in the year relating to a settlement payment and pay in lieu of notice (2023:£19,536) Contractual termination payments of £85,275 were paid or accrued at the year-end relating to statutory redundancy payments and pay in lieu of notice (2023: £247,000).

£80,400 discretionary, non-contractual staff bonuses including social security and pension costs were accrued in the year (2023: £283,885)

2024**2023**

The average monthly number of employees during the year was as follows:

Direct employees

Research	226	200
Data Collection	123	124
IT	32	35
Other support including CEO	53	50
	<u>434</u>	<u>409</u>

NatCen Social Research employed 410 full-time equivalent staff during the year (2023: 389). Full-time equivalent staff includes 54 contracted research interviewers employed (2023:69)

Temporary, freelance and casual workers (average monthly)

Research and data collection	<u>731</u>	<u>759</u>
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The number of higher paid employees was as follows:

	2024	2023
Taxable emoluments band		
£60,001-£70,000	20	16
£70,001-£80,000	7	9
£80,001-£90,000	4	2
£90,001-£100,000	2	1
£110,001-£120,000	-	1
£120,001-£130,000	1	-
£130,001-£140,000	1	1
£170,001-£180,000	1	-
£190,001-£200,000	-	1
	<u>36</u>	<u>31</u>

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 £228,421 (2023: £229,131).

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 £190,576 (2023: £149,661)

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 £24,248 (2023: £23,121).

No Trustees received remuneration in the year (2023: £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 2 Trustees reimbursed this year amounted to £ 1,941 (2023: £1,154 – 3 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.

There were no payments made in the year or 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.

Guy Goodwin was appointed Trustee of Youth Futures Foundation Limited on 1 December 2023. NatCen received £123,096 from Youth Futures Foundation Limited in the year.

6. Tangible fixed assets

	Freehold land & property	Leasehold improvements	Computers, software & electronic equipment	Fixtures, fittings & non- electronic equipment	Total
	£	£	£	£	£
Cost or valuation					
At 1 July 2023	6,040,000	179,741	5,569,849	329,992	12,119,582
Additions	-	788,066	611,745	26,035	1,425,846
Disposals	-	(84,694)	(604,603)	-	(689,297)
At 30 June 2024	6,040,000	883,113	5,576,991	356,027	12,856,131
Depreciation					
At 1 July 2023	-	179,741	3,709,247	254,720	4,143,708
Charge for the year	-	52,746	598,143	17,994	668,883
Disposals	-	(84,694)	(604,603)	-	(689,297)
At 30 June 2024	-	147,793	3,702,787	272,714	4,123,294
Net book value					
At 30 June 2024	6,040,000	735,320	1,874,204	83,313	8,732,837
At 30 June 2023	6,040,000	-	1,860,602	75,272	7,975,874

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.

7. Investments

	2024 £	2023 £
Fair value at the start of the year	4,846,301	4,593,229
Additions at cost	-	-
Net gain/(loss) on change in fair value	610,259	253,072
Fair value at the end of the year	<u>5,456,560</u>	<u>4,846,301</u>

Investments had been classified as fixed assets in the prior year due to the Trustees intention to retain the investment longer than 12 months. Investments have been reclassified to current assets in the year due to the Trustees' intention to draw on the investment within the 2025 financial year.

All equity investments held are listed investments.

8. Stocks and work in progress

	2024 £	2023 £
Stocks	<u>935,849</u>	<u>810,612</u>

9. Debtors

	2024 £	2023 £
Trade debtors	6,444,929	5,898,386
Project accrued income	5,903,943	7,163,566
Other debtors	27,741	21,625
Prepayments	713,951	823,617
	<u>13,090,564</u>	<u>13,907,194</u>

10. Creditors: amounts falling due within one year

	2024 £	2023 £
Trade creditors	1,191,488	2,049,611
Project deferred income *	22,290,048	20,026,249
Tax and social security	1,514,296	832,996
Accruals	3,453,836	4,817,813
Other liabilities	184,446	180,334
	<u>28,634,114</u>	<u>27,907,003</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**

	2024	2023
	£	£
At 1 July	20,026,249	18,103,113
Deferred during the year	22,290,048	20,026,249
Released to the Statement of Financial Activities in the year	<u>(20,026,249)</u>	<u>(18,103,113)</u>
At 30 June	<u><u>22,290,048</u></u>	<u><u>20,026,249</u></u>

Provisions

	1 July 2023	Charged to the statement of financial activities	30 June 2024
	£	£	£
Dilapidation provision	<u>225,000</u>	<u>(225,000)</u>	-
	<u><u>225,000</u></u>	<u><u>(225,000)</u></u>	-

The dilapidation provision related to estimated dilapidation costs for a leased office required under a lease which expired in January 2024. The dilapidation costs have been settled in full in the year.

11. Funds

	Balance at 1 July 2023	Income	Expenditure	Gains/ (losses) and revaluations	Balance at 30 June 2024
	£	£	£	£	£
<i>Unrestricted funds</i>					
General fund	5,604,440	51,362,207	(50,616,983)	610,259	6,959,923
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	(21,408,616)	-	197,163	(2,889,241)	(24,100,694)
	<u>(9,764,176)</u>	<u>51,362,207</u>	<u>(50,419,820)</u>	<u>(2,278,982)</u>	<u>(11,100,771)</u>
<i>Restricted Funds</i>	10,833	355,335	(355,408)	-	10,760
Total Restricted	<u>10,833</u>	<u>355,335</u>	<u>(355,408)</u>	<u>-</u>	<u>10,760</u>
Total Funds	<u>(9,753,343)</u>	<u>51,717,542</u>	<u>(50,775,228)</u>	<u>(2,278,982)</u>	<u>(11,090,011)</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 £1,110,962 are offset by the defined benefit pension contributions payable of £1,308,125 resulting in total negative expenditure of £197,163.

Total restricted funds at 1 July 2023 have been restated as they had been overstated in error in the prior year accounts.

Restricted funds relate to grant funded research projects for The Royal Society for the Encouragement of Arts, GambleAware and Cancer Research UK .

The Royal Society for the Encouragement of Arts research project relates to Rethinking Public Dialogue. Fund balances carried forward at 30 June 2024 were nil (2023: £345).

The GambleAware research projects relate to Stigmatisation and Discrimination of experiencing Gambling Harms in Great Britain, Gambling Harms amongst People living with Disabilities, Neurodiversity, and/or Mental Health Challenges, Gambling Harm interventions and Exploring the relationship between gambling behaviour, suicidality and treatment support . There were six GambleAware projects undertaken in the year. Fund balance carried forward at 30 June 2024 was £9,229 (2023: £10,488).

The Cancer Research UK research project relates to use and appeal of disposable vapes among adults. Fund balances carried forward at 30 June 2024 were £1,531.

Movement in funds for the year ended 30 June 2023

	Balance at 1 July 2022	Income	Expenditure	Transfers	Gains/(loss es) and revaluations	Balance at 30 June 2023
<i>Unrestricted funds</i>	£	£	£	£	£	£
General fund	8,292,120	48,488,582	(51,418,386)	(10,948)	253,072	5,604,440
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>-</u>	<u>6,040,000</u>
Pension reserve	(18,094,348)		561,331	-	(3,875,599)	(21,408,616)
		<u>-</u>				
Total Unrestricted	<u>(3,762,228)</u>	<u>48,488,582</u>	<u>(50,857,055)</u>	<u>(10,948)</u>	<u>(3,622,527)</u>	<u>(9,764,176)</u>
<i>Restricted Funds</i>	47,339	254,190	(301,644)	10,948	-	10,833
Total Restricted	<u>47,339</u>	<u>254,190</u>	<u>(301,644)</u>	<u>10,948</u>	<u>-</u>	<u>10,833</u>
Total Funds	<u>(3,714,889)</u>	<u>48,742,772</u>	<u>(51,158,699)</u>	<u>-</u>	<u>(3,622,527)</u>	<u>(9,753,343)</u>

12. Analysis of net assets between funds

For the year ended 30 June 2024

	Fixed assets	Net current assets less creditors due after one year	Defined benefit pension scheme liability	Total
	£	£	£	£
General unrestricted fund	2,692,837	4,267,086	-	6,959,923
Restricted funds	-	10,760	-	10,760
Property fund	6,040,000	-	-	6,040,000
Pension reserve	-	-	(24,100,694)	(24,100,694)
	<u>8,732,837</u>	<u>4,277,846</u>	<u>(24,100,694)</u>	<u>(11,090,011)</u>

For the year ended 30 June 2023

	Fixed assets	Net current assets less creditors due after one year and provisions	Defined benefit pension scheme liability	Total
	£	£	£	£
General unrestricted fund	1,935,874	3,668,566	-	5,604,440
Restricted funds	-	10,833	-	10,833
Property fund	6,040,000	-	-	6,040,000
Pension reserve	-	-	(21,408,616)	(21,408,616)
	<u>7,975,874</u>	<u>3,679,399</u>	<u>(21,408,616)</u>	<u>(9,753,343)</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 13 members who were all Trustees.

14. Operating leases

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

	2024 £	2023 £
1 year	263,391	329,814
2 - 5 years	1,073,055	333,630
Greater than 5 years	31,078	-
Total	1,367,524	663,444

Total minimum payments payable for other operating leases due within:

	2024 £	2023 £
1 year	7,260	7,260
2 - 5 years	6,654	13,914
Total	13,914	21,174

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 213 members at 30 June 2024 (2023: 220) The contributions payable by NatCen charged to profit or loss totalled £696,575 (2023: £690,509) of which £56,809 are included in creditors at the year end (2023: £56,218).

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.

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 167 members of staff contributing to the Scottish Widows auto-enrolment scheme at 30 June 2024 (2023: 158) and 348 freelancers contributing to The People's Pension auto-enrolment scheme at 30 June 2024 (2023: 394). NatCen's contribution to both schemes in 2024 was £437,836 (2023: £387,164) of which £36,635 are included in creditors at the year end (2023: £37,418).

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 2022 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 £44,550,000. NatCen has agreed with the Trustees that it will aim to eliminate the deficit over a period of 14 years from 1 April 2023 by the payment of annual contributions of £1,300,000 in respect of the deficit. These payments will increase annually on each 1 April by 2.5% per annum, with the first increase taking place on 1 April 2024. An additional contribution may be payable prior to 31 March each year, contingent on financial performance and NatCen's free reserves being greater than 3 months operating cashflow for fixed overheads. The payment shall be 30% of the excess free reserves.

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.

For the purposes of FRS102 the actuarial valuation as at 31 March 2022, which was carried out by a qualified independent actuary, has been updated on an estimated basis to 30 June 2024.

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

	2024	2023
	£	£
Fair value of scheme assets	40,867,798	40,349,044
Present value of scheme liabilities	(64,968,492)	(61,757,660)
Deficit in scheme recognised as a liability	(24,100,694)	(21,408,616)

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

	2024	2023
	£	£
Defined benefit obligation at 1 July	61,757,660	72,624,261
Expenses	34,970	61,361
Interest cost	3,142,855	2,740,054
Actuarial gains/(losses)	2,237,557	(11,052,205)
Benefits paid, death in service premiums & expenses	(2,204,550)	(2,615,811)
Defined benefit obligation at 30 June	64,968,492	61,757,660

Changes in the fair value of the plan assets

	2024	2023
	£	£
Plan assets at 1 July	40,349,044	54,529,916
Interest income	2,066,863	2,068,740
Return on plan assets less interest income	(651,684)	(14,927,804)
Contributions by NatCen Social Research	1,308,125	1,294,003
Benefits paid, death in service premiums & expenses	(2,204,550)	(2,615,811)
Plan assets at 30 June	40,867,798	40,349,044

Total expense recognised in the Statement of Financial Activities

	30 June 2024	30 June 2023
	£	£
Expenses	34,970	61,361
Net interest cost	1,075,992	671,314
Total expense recognised in the Statement of Financial Activities	1,110,962	732,675

Statement of other recognised gains and losses

	30 June 2024	30 June 2023
	£	£
Return on plan assets less interest income	(651,684)	(14,927,804)
Actuarial gains	(2,237,557)	11,052,205
Total amount recognised in other recognised gains and losses	(2,889,241)	(3,875,599)

Assets

	30 June 2024	30 June 2023
Cash and Cash Equivalents	3.4%	3.1%
Equity Instruments	16.1%	22.9%
Debt Instruments	56.2%	50.9%
Other	24.3%	23.1%
Total assets	100%	100%

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

	2024 % per annum	2023 % per annum
Rate of discount	5.21%	5.18%
Inflation (RPI)	3.44%	3.30%
Inflation (CPI)	2.94%	2.80%
Pension increases		
-RPI max 5% min 3%	3.75%	3.70%
-CPI max 3%	2.34%	2.10%
Mortality table		
-Base table	96% of S3PMA tables for males 99% of S3PFA_M tables for females	96% of S3PMA tables for males 99% of S3PFA_M tables for females
-Future improvements	CMI 2023 projections, with a long term improvement rate of 1.25% p.a. from 2013	CMI 2022 projections, with a long term improvement rate of 1.25% p.a. from 2013
Cash Commutation	80%	80%

The mortality assumptions adopted at 30 June 2024 imply the following life expectancies:

	Life expectancy at age 60 (Years)
Male currently aged 60	26.3
Male currently aged 40	27.8
Female currently aged 60	28.2
Female currently aged 40	29.7

The best estimate of contributions to be paid by NatCen to the scheme for the year commencing 1 July 2024 is £ 1,340,828.

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

	2024 £	2023 £
<i>Net income for the year (as per the statement of financial activities)</i>	942,314	(2,333,749)
Interest received	(360,182)	(118,303)
Depreciation charges	668,883	682,538
Decrease/(increase) in stocks	(125,237)	258,133
Decrease/(Increase) in debtors	816,630	(4,030,977)
Increase in creditors	502,111	2,411,295
Defined benefit pension costs (Note 15)	1,110,962	732,675
Defined benefit pension contributions payable (Note 15)	(1,308,125)	(1,294,003)
	_____	_____
Net cash provided by operating activities	<u>2,247,356</u>	<u>(3,692,391)</u>

National Centre for Social Research
A company limited by guarantee
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