

NatCen

Social Research that works for society

Annual Report and Accounts

Year Ended 30 June 2021

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:	Professor Sir Robert Burgess (Chair of Trustee Board) (resigned 24 February 2021) Sir Stuart Etherington (Chair of Trustee Board) (appointed 24 February 2021) Barbara Noble James Thickett (Deputy Chair of Trustee Board) Dame Jil Matheson Stephen West Peter Havelock Jude England Professor Sue Heath Phyllis Macfarlane Mark Duke Desirée Lopez
Statutory Auditor:	MHA MacIntyre Hudson LLP 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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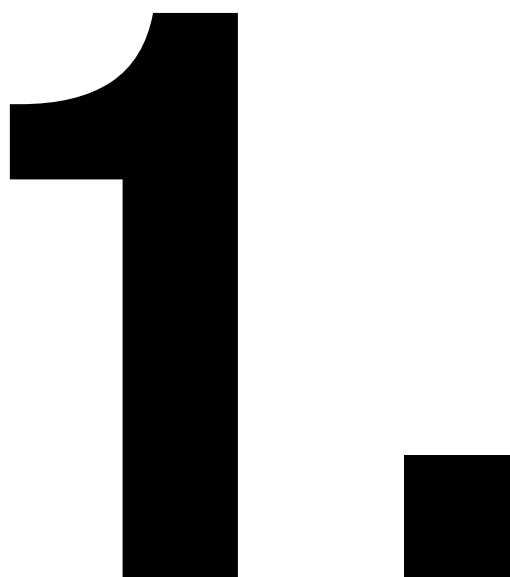
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Introduction by Chair of Trustee Board



1. Introduction by Chair of the Trustee Board

As the Chair of the Board of Trustees, it is my pleasure to deliver the 2020/21 annual report, along with the audited financial statements for the year ended 30 June 2021.

This annual report period covers my first few months in post as the new Chair of the Trustee Board, a role I was delighted to take on. National Centre for Social Research (NatCen) has such a crucial part to play in collecting, analysing and disseminating the evidence needed to inform policy makers on issues affecting people's lives today. I would also like to thank my predecessor, Professor Sir Robert Burgess, for his tenure and leaving NatCen a strong and stable organisation.

The COVID-19 pandemic has continued to have a major impact on the economy and individuals in the UK and across the world. I am extremely proud to see how NatCen and its staff team have responded to the pandemic and, specifically, the role we have played in collecting data to understand infection rates and conducting reporting on the pandemic's wider effects on society.

A significant part of NatCen's work during this financial year has been its contribution to the Office for National Statistics' COVID-19 Infection Survey. We have been one of the partners responsible for the data collection that has been essential for calculating the R infection rate and informing government on vaccine efficacy. This work has also helped to provide financial stability to NatCen at a time when many other research projects have been paused. The additional benefit of this work has been in supporting UK employment during this time, recruiting and retaining interviewers around the country.

During the last 12 months, NatCen has successfully transitioned to alternative survey methods for much of our regular work, taking advantage of developments in technology, as well as developing new modes. This important work has ensured we have been able to transform a number of surveys, including the British Social Attitudes Survey which was conducted completely online for the first time; the findings of which will be reported in Autumn 2021.

As a result of the pandemic, there has been increasing interest in mental health, particularly in relation to the lockdown restrictions and the impact these may have had on individuals and specific community groups. A report published in April 2021, entitled 'Mental health – Should we be worried?', provided an overview of the public's mental health, with new analysis by NatCen from the Understanding Society longitudinal study showing the impacts of the pandemic on the public's financial and mental health.

Our financial results for 2020/21 report an annual surplus, the fifth in succession. This is an extraordinary achievement given so much of our face-to-face work was paused in March 2020 and has yet to resume since. It reflects the significance of the pandemic-related projects that have been commissioned that have kept the team busy. NatCen continues to be ambitious in the number and variety of projects it leads on. It has also been reassuring to see our pensions' deficit reduce significantly this year and we retain an agreed long-term plan to reduce this further.

The Board of Trustees provides stewardship of NatCen and we oversee changes to improve, modernise and streamline the organisation, so that we can offer high quality, independent research at the best possible value. We are confident that NatCen is in a strong position for the future to continue delivering impactful social research for the benefit of society.

Our 'Towards 2025' strategy sets out a path to establishing the organisation as the National Centre for Social Research, the first port of call for those who want to commission social research or to find out about our society. To achieve this, we are identifying new opportunities for growth and development in line with changing customer expectations. As leaders in the social research community, we are building on our methodological excellence, developing Centres of Excellence such as on Social Survey Transformation, and supporting the next generation of researchers with our

portfolio of training courses and online events. Over the next few years, we will see continued investment into new and innovative data collection methods and will diversify our work programme into new topic areas, whilst also looking to expand our research and services internationally.

Working with the general public to understand what people think about important social issues is at the heart of what NatCen stands for. Ensuring that our work is effectively communicated and reaches the widest number of stakeholders is key to helping shape policy-making and inform decisions to make life better. Our strategy focuses on how we can improve the way we communicate our research findings and grow our conversation with the public further, for example through our ground-breaking Centre for Deliberative Research.

Our staff team remain our greatest resource in delivering the social research we conduct and we will continue to invest in developing an engaged and passionate workforce. To achieve our strategic objectives, we will provide mentorship to staff, providing a clear career path for development, as well as recruit talented individuals with the skills we need to increase our resources as we grow.

I would like to take this opportunity to thank the Trustees for their commitment in serving NatCen, as well as the staff team for their passion, resilience and contribution to NatCen's success. A specific mention also goes to the hundreds of field workers who have collected data throughout the year, and to the many thousands of members of the public who support our work through their active participation in our studies.

As for many organisations, this has been a challenging time, including for our commissioners and our staff, and it is with the strength and stability brought by our Leadership Team and the Chief Executive, Guy Goodwin, that NatCen has been able to successfully navigate and thrive over this period.

There is no doubt that the work that NatCen has achieved in the last 12 months has played a crucial role in understanding the pandemic and its effects. At the time of writing, we enter a new period where the UK has seen government restrictions on COVID-19 relaxed. NatCen will inevitably play an essential role in collecting research evidence to increase understanding of what is the 'new normal' and to inform stakeholders in shaping the future of society.



Sir Stuart Etherington
Chair of the Board of Trustees

Date: 3 November 2021

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 2020/21 the Board comprised the following members, who were acting as Trustees as at the date of this report unless otherwise noted:

- Professor Sir Robert Burgess: formerly Chair of the Board of Trustees and Chair of the Nominations, Remuneration and Fundraising Committees. Sir Robert chaired the Board of Trustees for 10 years and resigned 24 February 2021.
- Sir Stuart Etherington: Appointed 24 February 2021. Chair of the Board of Trustee and Chair of Remuneration and Governance Committee.
- Barbara Noble: Member of the Finance and General Purposes Committee.
- James Thickett: Deputy Chair of the Board of Trustees, Chair of the Finance and General Purposes Committee
- Dame Jil Matheson: Member of the Fundraising committee
- Stephen West: Chair of the Audit and Risk Committee and member of the Remuneration and Governance Committee
- Peter Havelock: Member of the Audit and Risk and Fundraising Committees
- Jude England: Member of the Audit and Risk and the Remuneration and Governance Committee.
- Professor Sue Heath: Member of the Finance and General Purposes Committee
- Phyllis Macfarlane: Member of the Audit and Risk Committee
- Mark Duke: Member of the Finance and General Purposes Committee, the Remuneration and Governance Committee and Pension Scheme Trustee
- Desirée Lopez

Biographies of all current Trustees are available at www.natcen.ac.uk/about-us/people/Trustee.

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

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

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

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

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

- **Audit and Risk Committee:** This Committee reviews financial reporting, the effectiveness of internal controls, risks and risk management processes. It monitors the terms of appointment and the work of both the internal and external auditors and receives and reviews audit reports. The Committee is chaired by Stephen West.
- **Nominations Committee:** Disbanded July 2021 and former duties now covered by the Remuneration and Governance Committee.
- **Remunerations Committee:** Disbanded July 2021 and former duties now covered by the Remuneration and Governance Committee.
- **Remuneration and Governance Committee:** This committee was approved in July 2021 and merges the previous Remuneration and Nominations Committees. The duties of this committee are a) approve the remuneration package of the Chief Executive, including bonuses and any other awards informed by a review of his/her performance against the objectives agreed by the Board; b) determine the remuneration of other Leadership Team members based on the Chief Executive's recommendation; c) advise the Chief Executive on affordability of annual staff pay review; d) undertake all Trustee Nominations and Recruitment and e) undertake all necessary board governance in accordance with statutory requirement and voluntary codes the trustee board has approved for adoption. The Committee is chaired by Sir Stuart Etherington.
- **Finance and General Purposes Committee:** This Committee provides assurance and advice on NatCen's finances, business planning and other key issues that significantly affect the finances or general wellbeing of NatCen. The committee is chaired by James Thickett.
- **Fundraising Committee.** This committee is specifically focussed on identifying, engaging and generating new sources of funds for NatCen, both from traditional charity funding sources such as donations or endowments and commercial sources such as sponsorships or membership schemes.

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

In addition to the above committees there is also an Investment Committee, which is a sub-committee of the Audit and Risk Committee. This new committee was approved by the Trustees in July 2019 and was intended to sit twice a year to develop and maintain an investment strategy for the Charities cash assets to maximise return within a risk framework approved by all Trustees. The committee is chaired by the chair of the Audit and Risk Committee and comprises one other Trustee and two members of the leadership team, one of which is the Director of Finance and Chief Commercial Officer. The committee was suspended in April 2020 due to the COVID-19 pandemic having only met once but was reconvened in August 2021.

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

The Trustees and Leadership team met twice during the 2019/20 financial year to specifically discuss plans to align NatCen to the Charity Governance Code during the 2020/21 financial year. As part of these meetings the Trustees matched NatCen's current systems and processes to the seven core principles of the code. The result of this mapping was that 61 of the 76 items on the checklist for the seven principles have been complied with or are not applicable to NatCen of which 10 of these items have room for improvement leaving 15 items requiring implementation. The planning and implementation to align NatCen to the codes was deferred by the COVID-19 pandemic and Trustees now expect to restart the work towards alignment in 2021/22.

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 bi-annual staff surveys and the action plans developed by the Leadership Team that arise from the survey. Recently this has also included a separate staff survey on the impacts of COVID-19 and the change to most staff working from home as well as the needs and issues with a return to office working during 2020 and into 2021. If release or redundancy schemes are necessary, they are referred to the Audit and Risk Committee.

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

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

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

NatCen has a duty to observe the highest standards when dealing with the community it serves, including the general public who provide the data that drives our research, and as a consequence project work is subject to review by a research ethics committee. The research projects that NatCen undertakes are routinely reviewed by the Trustees to ensure they meet the purposes of our charitable objectives. The Trustees are also mindful of the organisation's place in the local community, whether

in its close relationship with City, University of London, or in holding meetings and awaydays locally, for example at a local Community Centre.

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

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

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

The need to act fairly

We aim to be a fully inclusive organisation which is relevant and accessible for anyone working for NatCen or benefitting from our work. NatCen is an equal opportunities employer and values diversity, for example in welcoming applications to recruitment exercises from all sections of the community. We maintain an active Equality and Diversity Group and LGBT+ network. The organisation is signed up to the Market Research Society's CEO pledge, the Race at Work Charter and is committed to key recommended actions from Stonewall's LGBT in Britain: Work report. We have improved the communication and transparency in this area in recent years, both with staff and more widely, for example in holding and making staff survey results available and in publishing gender pay gap statistics. Trustees are presented routinely with such information, providing appropriate challenge as necessary.

Leadership Team

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

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

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

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

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

Key management personnel remuneration

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

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

Our funding and resources

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

NatCen employed 264 full-time equivalent staff for the year ended 30 June 2021 (2020: 274). 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 Brentwood office. The management and training of our interviewers is co-ordinated through our Data Collection and Field Division and supported by a network of Regional and Field Managers.

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

Our approach to our work

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

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

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

Environmental impact

NatCen's key environmental impacts are:

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

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

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

We have excluded the London office's electricity consumption when calculating our CO2 emissions because it now comes exclusively from renewables and nuclear power. As a result, the figures for this year are not directly comparable with the previous year.

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

The amount of energy consumed for each of NatCen's three offices and based on bills for the year ended 30 June 2020 was as follows:

	Gas (kWh)	Electricity (kWh)
London	116,255	81,592
Brentwood	-	81,940
Edinburgh	-	18,000**
Sub-totals	116,255	181,532
Grand total	297,787	

**The usage in our Edinburgh office is based on actual usage to January 2020 and then estimates based on prior year usage as no meter readings were taken after January due to Covid-19.

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

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

Because of the movement restrictions imposed to manage the spread of Coronavirus, the total number of miles driven by staff is less than 10% of what it was in the previous year. However, the total distance driven by fieldworkers has increased by almost 900,000 miles. Although much of NatCen's fieldwork was suspended during the lockdowns, a great deal of resource was committed to visiting people in their homes to collect data and swab samples as part of our involvement in the Covid Infection Study for the Office for National Statistics, the principal study used to calculate the 'R' rate of infection.

The miles driven by NatCen's staff and fieldworkers for the year ended 30 June 2020 were:

Staff	17,824
Fieldworkers	2,534,605
Grand total	2,552,429

Associated greenhouse gases

Based on the conversion factors given in:

Conversion_Factors_2021_-_Condensed_set_for_most_users published on:

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

we estimate that the total amount of CO2 NatCen created in 2020/21 was 981,859kg (966 tons) (762,182kg (750 tons): 2019/20). This is a 29% increase on the preceding year, which correlates to the 25% increase in income from charitable activities driven by our involvement in the Covid Infection Study.

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 (2020/21: 259, 2019/20: 277). 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 3.73 tons of CO2 per FTE, an increase of 1.02 ton per FTE on last year.

In comparison, NatCen employed 264 FTEs during the year ended 30 June 2021 (274 FTE: 2019/20). This gives us an intensity ratio of 3.66 tons of CO2 per FTE, an increase of 0.92 ton per FTE on last year.

Comparative figures

This is the second year in which NatCen has reported its emissions. The table below shows how NatCen's performance has changed in terms of the number of tons of CO2 created by its activities.

CO2 tons	2019/20	2020/21	Change
Gas	21	23	+2
Electricity	41	13	-28
Driving	688	930	+242
Total	750	966	+216
Intensity ratio	2.71	3.73	+1.02

2020/21 was not a typical year for NatCen. Its offices were only partially used and its interviewer field force was diverted to assist with Covid Infection Study. Looking ahead, we don't expect our energy consumption pattern to return to closer to normal until 2022/23.

Impact reduction measures

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

- Produced an environmental policy and published it on NatCen's external-facing website
- Nominated a senior manager to lead NatCen's work to minimise its environmental impact
- Created an internal staff-led Environmental Group which meets regularly
- Achieved ISO 14001 accreditation
- Fully offset our 2019/20 emissions and committed to NatCen remaining carbon neutral
- Reduced the number of laser printers in our three offices from 16 to 9
- Switched the supplier of electricity in our London office to one which doesn't create CO2 in the course of generating that electricity

Auditor

Following a tender process, MHA MacIntyre Hudson LLP, were appointed as the charitable company's external auditor.

Activities and public benefit

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3. Activities and public benefit

How we delivered public benefit in 2020/21

Our approach

Delivering public benefit is at the core of NatGen'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 NatGen's tradition of methodological innovation.

High quality research

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

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

The data from all 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 2020/21 and collect impact case studies, a selection of which appear below.

Impact case study 1

Project title: COVID-19 Infection Survey (CIS)

What we did: The CIS project continued in 2020/21 to track infection rates, working with IQVIA on behalf of the Office for National Statistics (ONS). As the pandemic developed and a vaccine roll-out programme was put in place, the study grew to include tracking the efficacy of the vaccines administered. We contributed to the development of efficient data collection and fieldwork monitoring practices. With this study, we provided work opportunities across England, Scotland and Wales in response to the project's need to rapidly increase the workforce and the management of that workforce. We also contributed to the Schools Infection Survey (SIS) arm of the study, providing workers to teams involved in surveillance testing of pupils and staff in schools during term time, which again contributed to the ONS data reported to the UK government.

What we found: Participants were invited to take part in the study and blood samples and swabs were collected from across the country. The CIS was a very demanding data collection operation due to the daily delivery and reporting requirements. Innovative and responsive solutions to workforce management have been implemented as a result. This work increased significantly in 2020/21, from delivering 3,000 days per month in field to 7,500 days per month. Many individuals from a wide range of industry backgrounds were keen to turn their skills to data collection work, which has created a pool of talent for current and potential future data collection work. Schools who signed up to the SIS were pleased to be involved in the study and enabled many staff and children who consented to be tested, during the required testing periods, when teams were present.

What happened next: The data collected from NatCen contributes to the wider programme which has presented a total of >150K swabs from unique individuals every fortnight, and 179K blood tests every month. This data is received by government and has been used to inform lockdown, restrictions and their mechanisms for release throughout the pandemic. NatCen's involvement in the CIS is currently expected to continue until at least end March 2022.

Impact case study 2

Project title: Wellcome Monitor 2020: COVID-19 Study

What we did: The Wellcome Monitor is a study of the British adult population's attitudes towards science and health research. In the run-up to the fifth wave of this study, an additional module was added to ask about the public's experiences at the start of the first national UK lockdown in April 2020. Fieldwork for this wave was conducted using the random-probability NatCen Panel. A total of 2,651 people took part.

What we found: The report findings were published in August 2020 by Wellcome. A large minority (40%) reported finding lockdown restrictions difficult to follow. Most people (93%) said that information about what to do to minimise their risk of getting or spreading the coronavirus was quite or very clear.

What happened next: The first of three reports for Wellcome looked at the experiences of people in Black, Asian and Minority Ethnic (BAME) groups during the first lockdown and were presented to the Scientific Advisory Group for Emergencies (SAGE) and the Mayor of London, Sadiq Khan. Lord Taylor of Warwick also asked the government for its assessment of the report, particularly that the BAME population were less likely to receive clear information about staying safe from COVID-19 that they could trust. The research was also covered as an exclusive news story by The Guardian.

Impact case study 3

Project title: Isle of Wight NHS Test and Trace App Survey

What we did: The government launched a trial of a new smartphone app on the Isle of Wight designed to support the testing and tracing of COVID-19 symptoms. In order to support the evaluation of the trial rollout of the app, the Department of Health and Social Care (DHSC) commissioned NatCen to conduct a representative survey of Isle of Wight residents during the app's trial period. We designed and delivered a mixed-mode random probability survey. To achieve this, we had to develop a new methodological approach: push-to-web with Computer Assisted Telephone Interviewing (CATI) opt-in.

What we found: The survey was set-up and launched in under seven working days. Ordinarily, we would expect such set-up to take up to two months. The rapid pace continued with data checking, data management and weighting, with a written report delivered three days after fieldwork closed. This survey covered 1,361 telephone interviews and 16,910 web surveys. A response rate of 22% in twelve days of fieldwork was achieved and provided the DHSC with a robust dataset which was used to refine and re-design the app.

What happened next: This project provided timely and high-profile data to a key part of the government strategy to help contain the COVID-19 pandemic, playing an important role in the fight against the virus. This project was achieved in a matter of weeks, redefining NatCen's turnaround to fast response surveys. NatCen was subsequently commissioned to conduct a follow-up survey, a new survey of NHS volunteers and a qualitative evaluation of the app.

Impact case study 4

Project title: What do 'Comfortable Leavers' want from Brexit?

What we did: This project was funded by the UK in a Changing Europe (UKICE), to consider the attitudes and aspirations of 'Comfortable Leavers' – a term given to the more affluent Leave voters living in areas with relatively high levels of wealth. Eight online deliberative workshops involving 130 people who voted both Leave and Remain were held in June and July 2020. These participants were principally recruited from the NatCen Panel and by using the Telephone Unit (TU), a methodology we are beginning to develop and use for other projects. This deliberative approach allowed us to build a rounded and in-depth understanding of the views of these voters.

What we found: The findings clearly demonstrated that, for these Leave voters, issues of governance and immigration were of greatest significance in their decision to leave the EU. When discussing priorities for the UK after Brexit, Leave voters signalled a desire to rebuild Britain based on a clear sense of identify and investment in certain types of industry. Both Leavers and Remainers identified the likelihood that there would be short-term negative economic consequences to Brexit.

What happened next: Our deliberative workshops were attended by invited journalists, with coverage of the workshops and the findings in The Economist, Financial Times, The Guardian, Daily Express, The Times, New Statesman and The i-Newspaper. Following completion of our final report, UKICE developed their own briefing paper and both were published. These reports were then launched at an online event in April 2021 with a panel including The Economist journalist Matt Holehouse. The event has subsequently been viewed over 1000 times on YouTube. These findings were also presented at the Political Studies Association Conference in March 2021 on a 'Researching Brexit' Panel.

We originally planned for these workshops to be delivered face-to-face but had to implement a rapid design change with the introduction of social distancing measures in March 2020. The customer was impressed with the speed and quality of these changes, which led to subsequent opportunities to share this work at two seminars for the Wales Institute for Social and Economic Research in July

2020 and August 2020. Findings from the study are informing ongoing academic research into electoral behaviour and the political expectations of Leave voters.

Impact case study 5

Project title: Mental Health of Children and Young People (MHCYP) in England

What we did: This study was funded by the Department of Health and Social Care (DHSC) and commissioned by NHS Digital. The research was carried out by NatCen, in collaboration with the Office for National Statistics (ONS), the University of Cambridge and the University of Exeter. We followed up with 3,570 children and young people who took part in the MHCYP 2017 survey. This follow-up report explored the mental health of children and young people in July 2020, during the COVID-19 pandemic. This project involved comparing mental health between 2017–2020 and examining the circumstances and experiences of children and young people in July 2020 and the preceding months.

What we found: The report findings were published in October 2020. The rates of probable mental disorders have increased since 2017. One in six children aged 5 to 16 years were identified as having a probable mental disorder, increasing from one in nine in 2017. The increase was evident in both boys and girls. The likelihood of a probable mental disorder increased with age with a noticeable difference in gender for the older age group (17 to 22 years), with more young women identified as having a probable mental disorder.

What happened next: The report findings were published and circulated widely, including to the Department for Education, DHSC, NHS England and Public Health England. NatCen staff presented the findings at a media briefing hosted by NHS Digital, with the research covered by outlets including the BBC, Sky News, Channel 4 News, The Times, Daily Mail and The Guardian. A wide range of policy and charity stakeholders responded to the research findings, including the Children's Commissioner, the Mental Health Foundation, the Centre for Mental Health, Young Minds and Place2Be. The findings featured in the Children's Commissioner's annual report on the state of children's mental health services in England and were referenced in the House of Lords in January 2021 during a debate on the reopening of educational settings.

Impact case study 6

Project title: Contact following placement in care, adoption or special guardianship: implications for children and young people's wellbeing

What we did: An evidence review was commissioned by the Nuffield Family Justice Observatory (Nuffield FJO), which was conducted by NatCen in collaboration with the University of Sussex, to examine what is known about the implications of contact for the wellbeing of children and young people who have been separated from their birth parents in public-law contexts. At the start of the COVID-19 pandemic, Nuffield FJO commissioned a second rapid evidence review focusing on the effects of digital contact on the wellbeing of children and young people who have been separated from their birth families in public and private law contexts.

What we found: Both evidence reviews demonstrated the importance of well-facilitated and child-centred approaches to contact. Specifically, on digital contact, the rapid evidence review identified several benefits, including overcoming physical distance and facilitating more immediate, less formal relationships between looked after children and their birth families. However, the reviewed evidence indicated that digital contact should be used to enhance, and not replace, face-to-face contact.

What happened next: The reviews were positively received and shared widely amongst policy makers and practitioners. The findings of these reviews were presented at an East Sussex Quality Circle online event, four online Nuffield FJO events (which were attended by 745 participants across academic, policy and practitioner audiences) and at a CoramBAAF seminar. Nuffield FJO have used

the findings to produce multiple outputs as part of their Modernising Contact initiative, including a briefing paper and an animation to communicate key messages to wider audiences.

Impact case study 7

Project title: Society Watch 2021: Mental Health – Should we be worried?

What we did: The annual Society Watch series provides a snapshot of what life is like for people in Britain today. The 2021 report provided an overview of the public's mental health, including Economic and Social Research Council (ESRC) funded analysis by NatCen from the Understanding Society longitudinal study showing the impacts of the COVID-19 pandemic on the public's financial and mental health.

What we found: This report presented a picture of mental health in Britain before and since the pandemic and was launched at a webinar attended by an invited audience of over 200 stakeholders. The analysis showed that increases in mental distress occurred across all groups, but the largest increases by far were felt by those needing financial support after their income was hit by the pandemic. People from Black, Asian and Minority Ethnic (BAME) backgrounds were similarly more than twice as likely as white people to be members of this economically vulnerable group.

What happened next: Attendees at the launch event of the report, supported by the ESRC, included parliamentarians from the House of Commons and Lords and officials from several government departments including the Cabinet Office, Department of Health and Social Care, NHS Digital, Public Health England, Health & Safety Executive, Department for Work and Pensions, Department for Education, Home Office, Scottish Government Health and Social Care Directorate and the Ministry for Justice. The webinar generated lively discussion and engagement on social media, with NatCen achieving over 75K impressions. We also published a research paper to sit alongside Society Watch exploring trajectories in mental and financial health during the pandemic. This new research was covered widely by the media, with a feature interview on BBC Newsnight and stories published in The Guardian, Daily Mail and over 150 regional outlets.

Tackling methodological challenges

At NatCen we have a reputation for methodological leadership and 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 Study of Sexual Attitudes and Lifestyles and the first study of gambling prevalence.

The outbreak of COVID-19 meant that face-to-face fieldwork on all of our surveys, and specifically on our national statistics surveys, was officially paused in March 2020. That meant that data collection ceased entirely on many of our projects, some of which have run continuously for years.

All existing survey modes were considered and found not to be suitable: moving to an online or push-to-web design would take too long (whole questionnaires would need to be re-designed, shortened and reprogrammed); Random Digit Dialling would suffer from wide coverage error, response would be too low, and the questionnaires would need to be shortened; non-probability approaches, such as using an online panel, would not produce sufficiently robust data.

In response to this, we used a new survey mode: push-to-telephone. This mixed contact approach was used in push-to-web surveys: sending invitations and reminder mailings to a randomly selected sample of addresses; asking households to opt-in to a telephone survey, which would be conducted by a face-to-face interviewer; achieving a random probability sample and ensuring that surveys would continue to be interviewer-administered, minimising the risk of mode effects.

Ultimately, this new mode was the only way to continue to collect essential data without the disruption caused by a fundamental re-design of the surveys. It also demonstrated excellent teamwork between research and operational teams required to make such a quick transition.

Among the COVID-19-focused survey methods innovations this year, the introduction of Computer Assisted Video Interviewing (CAVI) in the British Cohort Study (BCS70) was among the most promising for enabling high-quality data collection to return during the pandemic.

NatCen has been a leading provider of social research and survey methods training in the UK for decades. The COVID-19 pandemic provided an opportunity to trial online course delivery, not only as a means to continue teaching during the pandemic, but to test the market and gain experience with modest investment for the longer-term delivery of online courses.

While online teaching may not be new for many organisations, it was new for NatCen and it took some adjustment to transition courses that had originally been designed for face-to-face delivery. Within weeks, NatCen Learning had delivered its first online course on questionnaire design and we look forward to developing more hybrid learning opportunities going forward.

Measuring our impact

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

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

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

Communicating and reflecting back to the public

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

Our research almost invariably requires some cooperation from the British public. They take part in our surveys. They are the teachers or students in education evaluations and the users of the government programmes we want to better understand. They give us an extraordinary amount of information about their daily lives; for example, filling in our diaries with what they eat and what they are doing. They let us weigh them, measure their children and take their blood. We are committed, therefore, to reflect back to the public what we find out about them, especially on the issues that affect them directly.

One of the main ways in which we do this is through the media. This year, NatCen has been mentioned in 1,851 articles, with 220 mentions in print or online national newspapers and national broadcast mentions including from BBC Newsnight, Channel 4, RT UK, Euronews, BBC Radio 4, BBC World Service, LBC and Times Radio.

Our Twitter following has grown by 3%, achieving 1.76 million impressions. The most popular tweet we posted announced the publication of a new What UK Thinks report five years on from the EU referendum, published in June 2021, with 115,000 impressions.

The NatCen website had 98,574 unique page views and 2,767 report downloads over the year. The website for the British Social Attitudes survey received 218,378 unique page views and 26,318 report downloads in the same period.

ScotCen Social Research

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

Similar to NatCen, there has been a focus during 2020/21 on COVID-19 related research. The Scottish Government commissioned ScotCen to deliver the study 'Compliance with Test and Protect Isolation Period: Barriers and Incentives to Compliance'. This mixed methods project explored compliance with self-isolation rules amongst those who tested positive, their contacts and international travellers.

Funding from the Scottish Government was also provided in 2020 to support a module on the Scottish Social Attitudes survey exploring people's attitudes to a wide range of forms of violence against women. This module covered domestic abuse, rape, sexual harassment and commercial sexual exploitation, with the aim of strengthening understanding of the nature of violence against women to ensure appropriate responses to those affected.

A second report from the Scottish Social Attitudes survey was published with What Scotland Thinks. This research revealed how the pursuit of Brexit was undermining public support in Scotland for staying in the UK.

We have continued to remain at the heart of debate on Scottish politics with our What Scotland Thinks project led by Professor Sir John Curtice, Senior Research Fellow at NatCen. This is funded by the Economic and Social Research Council (ESRC) as part of its research initiative, UK in a Changing Europe. Opinion polls, commentary and analysis are regularly published, with accompanying podcasts, covering Scotland's governance, the changing role of identity and values in Scottish politics.

As a result of the pandemic, for the first time ever, the Scottish Health Survey was conducted via telephone between August and September 2020, with the findings published by the Scottish Government. This research found people advised to shield were more likely to have reported mental distress and loneliness during the pandemic. The survey also suggested that men were less likely than women to keep in frequent contact with friends, neighbours and relatives during lockdown.

Towards the end of 2020, ScotCen reported on the most recent phase of the Scottish Study of Early Learning and Childcare for the Scottish Government. The aim of this project is to assess the extent to which the expansion of government-funded early learning and childcare improved outcomes for children and parents, particularly those who are at risk of disadvantage. The first three 'baseline' phases of the project have taken place with several follow-up phases expected to be commissioned in the coming years.

Impact case study 8

Project title: Optimising general public uptake of a COVID-19 vaccine: a mixed methods study (OPTIMUM)

What we did: This was a ESRC-funded project, in collaboration with the University of Stirling, which comprised a mixed method study using the NatCen Panel and qualitative interviews to explore public attitudes to COVID-19 vaccination.

What we found: The survey covered general attitudes to vaccination, experience of COVID-19

infection, attitudes and beliefs towards a COVID-19 vaccine and people's intentions about agreeing to be vaccinated in Britain. Following this, 30 in-depth interviews were conducted with survey respondents, exploring the views of those who reported that they did not intend or were unsure about accepting the offer of COVID-19 vaccination. In addition to this, Public Health Scotland commissioned the same research team to conduct 20 more in-depth interviews with the Scottish sample, again focusing on those who said that they would not or were unsure as to whether they would consent to receive the COVID-19 vaccine.

What happened next: The results have been very well received and we have been asked to share this work with Public Health Scotland to help inform their own evaluation plans for examining COVID-19 vaccine delivery in Scotland. A briefing document was also produced and circulated to around 80 stakeholders from the UK, Scottish and Welsh governments and public health, Royal Colleges, NHS and media experts. The First Minister also received a briefing on these findings and additional presentations have been made to the Flu Vaccination and COVID Vaccination group, comprising members of Public Health Scotland, Scottish Government and National Services Scotland.

Similarly, findings from OPTIMUM have been shared with vaccination policy groups across the UK, and three journal articles are being prepared at the time of writing.

Financial Review

4.

4. Financial Review

Overview

2020/21 was significantly impacted by the COVID-19 pandemic and required NatCen to shift from the rolling three-year business plan that had become our standard target model and introduce an emergency budget for the year aimed at minimising the financial impact of the pandemic and delivering no worse than a neutral net income for the year. The expectations when this budget was set however were based on the projections for the UK to come out of the pandemic over the summer of 2020 and the subsequent pandemic waves and further lockdowns in late 2020 and into 2021 have required flexible management and constantly revised projections and has resulted in a year that was widely different to the budget.

The result in the year has delivered a record net income for NatCen principally due to our increasing involvement over the year in the Covid Infection Study “CIS” for the Office for National Statistics. Our income rose to over £43m as a result, with a net income of over £5m. The pension deficit has also reported a gain of over £5m in the year resulting in a positive net movement of funds of over £10m.

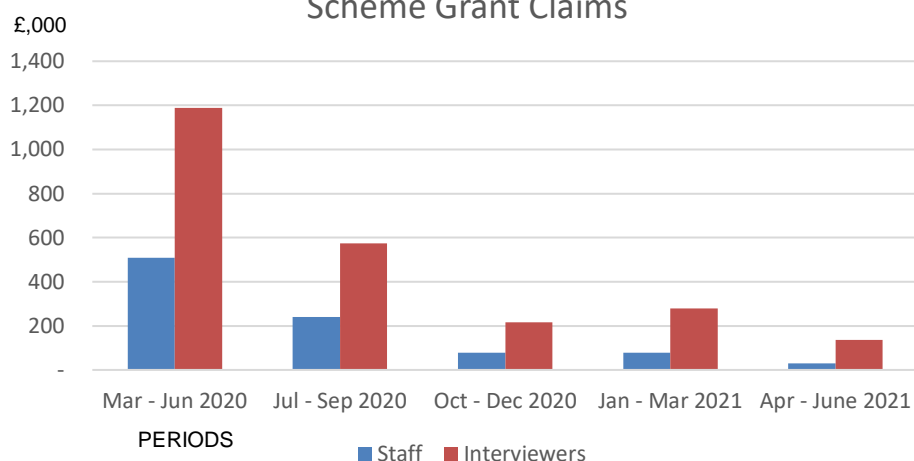
NatCen has now been able to return to its usual planning cycle updating financial targets each year with a revised rolling three-year plan which is now projected to the 2023/24 financial year. The first of these, 2021/22 is still impacted by the ongoing pandemic and involvement in the CIS with a return to a normalised trading position projected from 2022/23 onwards. Projection for all three financial years meet the previously agreed minimum targets of net income in excess of pension deficit reduction payments in the period. The latest three-year plan was approved by Trustees in July 2021.

The income target for 2020/21 had been set at £35m, level with the prior year but reflecting a reduced level of income from our existing survey and policy work compensated by our expected involvement in CIS. Overheads were planned to be reduced wherever possible and the previous planned growth in staff numbers in the pre-pandemic business plan was deferred to keep net income at break even.

NatCen traded in line with this budget between July and September 2020 however our involvement in CIS then started to increase significantly whilst continued waves of Covid and new lockdowns meant that we could not return to face to face interviewing resulting in our large continuous surveys not returning to normal delivery and limiting our income on them. This resulted in development of a number of new data collection solutions being brought into use as well as methodology changes to deliver our continuous surveys without face to face interviewing. This has proved very successful in maintaining delivery of our surveys whilst the CIS has continued to grow throughout the remainder of the financial year. Both CIS and our survey work eventually delivered substantially more income than we expected when we undertook a full bottom up reforecast for the year in January 2021. Policy work has held up through the year, delivering only slightly below budget and prior financial year.

NatCen also received £1.6m of Coronavirus Job Retention Scheme Grant income in the year which was principally used to pay our hourly paid interviewer field force who were unable to work during the period due to face to face interviewing not taking place and who would have not received any income had we not retained them on the scheme. Most permanent staff who had been put onto the scheme after the first lockdown in March 2020 had returned to work fully or were on flexible furlough by September 2020 and no permanent staff were on the scheme after May 2021.

History of NatCen Coronavirus Job Retention Scheme Grant Claims



During the year 2020/21 NatCen generated total incoming resources of £43,051k up from £34,496k in 2019/20. Of this £41,414k (2019/20: £34,453k) was from charitable activities, with a further £5k (2019/20: £44k) from investment income. 41% of total income in 2020/21 related to research carried out for UK Central Government (69% in 2019/20). The drop in UK Central Government work as a percentage is driven by our work on CIS as despite it ultimately being Government funded we are a sub-contractor to the principal organisation contracted to deliver this project.

Total expenditure during the year was £37,722k (2019/20: £34,195k) all of which related to research studies. This resulted in net income for the year of £5,329k (2019/20 £300k).

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

The charity's freehold London properties were valued on a "Fair Value" basis by BNP Paribas Real Estate as at 30 June 2020 at £6,040k. The annual Trustee review of the carrying value of the properties for impairment or re-valuation purposes recommenced in July 2021 and Trustees agreed that no revaluation or impairment was required at this time. The next valuation is due to take place in 2025 as per our accounting policy.

The charity benefitted from an actuarial gain on its defined benefit pension scheme of £5,130k in the year (2019/20: £10,571k 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.

The overall net movement in funds in 2020/21 was an increase of £10,459k (2019/20: decrease of £10,211k).

Balance Sheet and Reserves

Net assets before the pension scheme liability increased to £17,288k at June 2021 from £12,322k at June 2020. The pension liability decreased in the year to £31,641k (2020: £37,133k). NatCen's net liabilities, including the pension scheme liability decreased to £14,353k (2020: £24,812k).

Going Concern

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

The Trustees recognise that the key target for the going concern basis is to generate sufficient net income each year to deliver cash generation, after investment, that will more than cover the agreed payments under the deficit contribution scheme. These payments started in April 2019 and total £1,218,000 per annum with a 2% inflationary uplift each April. The current long-term strategy and rolling 3-year business plans support the achievement of this target.

Following the closure to future accrual of the defined benefit pension scheme in March 2016 the charity negotiated a deficit contribution holiday from October 2016 to March 2019 as part of the strategy to return NatCen to profitability and provide funding to clear down the deficit over the coming years. For this reason, the Trustees believe that it is very unlikely that NatCen will not be able to meet its obligations as a result of a demand for payment from the PST.

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)

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 Trustees believe that the 3 year business plan to continue to deliver annual surpluses in excess of pension deficit contributions is achievable, and that NatGen has built adequate cash reserves and will make the necessary investments to deliver this. Current expectations are that face to face fieldwork will resume towards the end of 2021 and that 2021/22 will be deliver another strong financial performance. NatGen is then expected to deliver levels of income and surplus in excess of those delivered pre-pandemic from the 2022/23 financial year onwards. As a result, the company remains able to pay its liabilities and remains a going concern. The Trustees do not consider there are any material uncertainties concerning future activities or events that would create going concern difficulties.

Reserves

Total funds held by NatGen at 30 June 2021 were negative £14,352,732 (2020 - £24,811,707). £91,064 (2020 - £13,347) relates to restricted funds as at 30 June 2021. All other funds are unrestricted.

Of the total funds held by NatGen of negative £14,352,732, there is one fund materially in deficit, the Pension Reserve, which has a deficit of £31,641,065. The deficit has arisen in common with most defined benefit schemes over the last two decades due to falling future investment yields and increasing life expectancy which has left the majority of such schemes under-funded. The scheme was closed to future accrual in March 2016 in agreement with the Pension Trustees and the scheme members and an agreed contribution payment plan was put in place. Payments resumed as of April 2019 at £1,218,000 per year with a 2% uplift in payments effective each April and this payment schedule will remain in place until March 2023 before revisions. As Trustees, we review the level of funds against our reserves policy at least twice a year to ensure that it meets NatGen Social Research's changing needs and circumstances. The policy itself is reviewed as part of our annual review of accounting policies with a full formal review conducted at least once every three years.

Free reserves are defined by NatGen as the general fund 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 (2021: £3.2 million 2020: £3.0 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.

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 2021, we held positive free reserves of £10,194,472 which constitutes 6.4 months budgeted operating cash flow (2020 – positive £4,941,952, 3.3 months). The free reserves at 30 June 2021 have

exceeded the initial target and now meet the long term plan to build reserves to the ultimate target of 6 months. Based on our revised business plan for 2020-2023 we plan to generate sufficient surplus and positive cash flow to support both the scheduled pension scheme deficit reduction payments and future investment from 2021/22 at which point we would expect to maintain free reserves at the target level.

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

Following the introduction of an investment committee, and the introduction of an interim investment policy, the Leadership Team invested an amount of available cash reserves in a higher rate immediate access savings account. However, the development of a full investment policy, planned for the 2019/20 financial year was put on hold due to COVID-19. The investment started meeting again in August 2021 and will be developing and implementing a long term investment strategy during the 2021/22 financial year.

Risk Management

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

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

Key risks and mitigations identified on the risk register are:

Going Concern/Financial Sustainability

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

The Trustees believe that both the 3 year rolling plan approved in 2017, and its annual rolling revisions and the longer term strategy “Towards 2025”, with the aim of building the charity to consistently deliver an annual surplus in excess of the annual pension scheme deficit contributions, allied to the cash reserves built during the pension deficit contribution holiday, will provide NatCen with the financial resources to deliver the plan and cover all foreseeable future obligations. The Trustees believe that the period of suppressed net income excluding the CIS Study that we have now entered due to COVID-19 will not affect NatCen’s ability to remain a going concern.

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

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

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

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

Plans for Future Periods

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

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

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

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

We achieved our first target in the plan which was to grow income whilst improving margins through our transformation goals and bring the organisation to levels of annual surplus by the start of the 2019/20 financial year that will support the cash generation required to cover both the defined benefit pension scheme deficit reduction payments and necessary investment in new technology. The focus for 2020/21 obviously shifted due to Covid-19 but the future aim remains to grow both income, but particularly surplus, to levels far exceeding the pension scheme payments and provide not only for the investment which will ensure NatCen’s future but to also broaden the scope to deliver our charitable aims.

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

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

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.



3 November 2021

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 2021 which comprise the Statement of Financial Activities including summary income and expenditure account, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2021 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 Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

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:

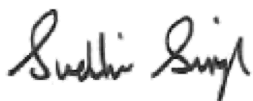
- Obtaining an understanding of the legal and regulatory frameworks that the entity operates in, focusing on those laws and regulations that had a direct effect on the financial statements;
- Enquiry of management and those charged with governance to identify any instances of known or suspected instances 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: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Sudhir Singh FCA (Senior Statutory Auditor)

For and behalf of

MHA MacIntyre Hudson

Statutory Auditor

London, United Kingdom

Date: 15 November 2021

Financial statements

7.

7. Financial statements

Statement of financial activities including the summary income and expenditure account for the year ended 30 June 2021

	Notes	2021 Restricted Funds £	2021 Unrestricted Funds £	2021 Total Funds £	2020 Total Funds £
Income					
<i>Income from charitable activities:</i>					
Income from research studies	2	378,499	41,035,468	41,413,967	32,755,302
<i>Other income:</i>					
Coronavirus Job Retention Scheme (CJRS) grant		-	1,632,696	1,632,696	1,696,705
<i>Investment income:</i>					
Interest receivable		-	4,571	4,571	43,568
Total income		378,499	42,672,735	43,051,234	34,495,575
Expenditure					
<i>Expenditure on charitable activities</i>					
Research studies	3	300,782	35,788,944	36,089,726	32,498,507
<i>Other expenditure:</i>					
Coronavirus Job Retention Scheme (CJRS) grant		-	1,632,696	1,632,696	1,696,705
Total expenditure		300,782	37,421,640	37,722,422	34,195,212
Net income for the year		77,717	5,251,095	5,328,812	300,363
Other recognised gains and losses					
Gain on revaluation of property	10	-	-	-	60,000
Remeasurement of defined benefit pension scheme liability	14	-	5,130,163	5,130,163	(10,570,902)
Net movement in funds		77,717	10,381,258	10,458,975	(10,210,539)
Reconciliation of funds					
Fund balances brought forward	10	13,347	(24,825,054)	(24,811,707)	(14,601,168)
Fund balances carried forward	10	91,064	(14,443,796)	(14,352,732)	(24,811,707)

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 2021

Company number: 04392418

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible fixed assets	6		7,093,861		7,379,760
Current assets					
Stocks	7	545,085		342,497	
Debtors	8	8,756,606		7,440,506	
Cash at bank and in hand		<u>22,064,042</u>		<u>13,428,638</u>	
		31,365,733		21,211,641	
Liabilities					
Creditors: amounts falling due within one year	9	<u>(20,370,718)</u>		<u>(15,848,546)</u>	
Net current assets			<u>10,995,015</u>		<u>5,363,095</u>
Total assets less current liabilities			18,088,876		12,742,855
Creditors: amounts falling due after more than one year	9		-		(9,143)
Provisions	9		<u>(800,543)</u>		<u>(412,000)</u>
Net assets excluding pension scheme liability			17,288,333		12,321,712
Defined benefit pension scheme liability	14		<u>(31,641,065)</u>		<u>(37,133,419)</u>
Net liabilities including pension scheme liability			<u>(14,352,732)</u>		<u>(24,811,707)</u>
The funds of the charity					
Unrestricted funds					
General fund	10	11,157,269		6,268,365	
Unrestricted designated funds					
Property fund (including revaluation reserve £3,025,539)	10	<u>6,040,000</u>		<u>6,040,000</u>	
Total Unrestricted Funds			17,197,269		12,308,365
Restricted Funds	10		91,064		13,347
Pension reserve	10		<u>(31,641,065)</u>		<u>(37,133,419)</u>
Total funds			<u>(14,352,732)</u>		<u>(24,811,707)</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:

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

Sir Stuart Etherington, Chair of the Board of Trustees

Date: 3 November 2021

Statement of Cash Flows for the Year Ended 30 June 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash provided by operating activities	15		8,869,304		7,241,412
Cash flows from investing activities					
Bank interest received		4,571		43,568	
Cost of purchasing tangible fixed assets		(201,892)		(276,286)	
Net cash used in investing activities			(197,321)		(232,718)
Cash flows from financing activities					
Repayments of finance lease commitments		(36,579)		(36,579)	
Net cash used in financing activities			<u>(36,579)</u>		<u>(36,579)</u>
Increase in cash and cash equivalents in the year			8,635,404		6,972,115
Cash and cash equivalents at the beginning of the year			<u>13,428,638</u>		<u>6,456,523</u>
Cash and cash equivalents at the end of the year			<u>22,064,042</u>		<u>13,428,638</u>

Analysis of changes in net debt

	1 July 2020	Cash flows	Foreign exchange movement	30 June 2021
Total cash and cash equivalents	13,428,638	8,626,704	8,700	22,064,042
Total	<u>13,428,638</u>	<u>8,626,704</u>	<u>8,700</u>	<u>22,064,042</u>

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 cost of the defined benefit pension plan has been determined by updating the results of the 31 March 2019 full actuarial valuation to 30 June 2021. 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 14.

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

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

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

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

Going concern

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

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

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

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

Income recognition

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

Income is recognised in the accounts as follows:

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

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

Expenditure recognition

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

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. (2021: £6,040,000 and 2020: £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 10 of the financial statements.

Tangible fixed assets

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

Freehold property and land

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

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

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

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

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

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

Financial instruments. NatCen only has financial assets (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.

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.

2. Income from research studies

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

	2021	2020
	£	£
Research income arose from the following sources:		
Policy Research	5,323,024	6,019,138
Survey Research	17,278,594	25,367,051
Other research studies	18,812,349	1,369,113
Total income from research studies	41,413,967	32,755,302

A foreign exchange gain of £8,700 has been recognised in 2021 (2020: loss of £8,777).

Policy Research is work carried out in relation to the direct and immediately identifiable impact of individual policy decisions, Survey Research is repeated measurement of social impact to observe trends across long term time frames. Other research studies include income in respect of the Coronavirus Infection Study (CIS). The prior year comparative figure for Survey Research has been adjusted to exclude £1,133,637 of CIS income now included within other research studies due to the nature and extension of the study.

£267,699 of Policy Research income and £110,800 of Survey Research income was restricted (2020: £185,789 Policy Research and £289,885 Survey Research).

3. Analysis of expenditure on charitable activities

For the year ended 30 June 2021

	Policy Research £	Survey Research £	Other £	2021 £	2020 £
Charitable activities					
Direct project costs	2,050,546	6,816,417	12,597,098	21,464,061	16,658,632
Indirect project costs	185,146	5,006,135	-	5,191,281	6,332,402
Direct research costs	1,574,717	1,547,662	125,692	3,248,071	2,964,604
Property costs	488,095	606,306	-	1,094,401	901,183
IT costs	206,615	670,673	-	877,288	773,520
Non-payroll staff costs	125,124	337,160	-	462,284	876,540
Depreciation	113,538	368,544	-	482,082	626,898
Irrecoverable VAT	12,761	41,421	-	54,182	100,709
Service costs	104,312	939,873	232,421	1,276,606	1,333,476
Support costs	825,329	2,679,028	67,809	3,572,166	3,627,248
Total non-exceptional resources expended	<u>5,686,183</u>	<u>19,013,219</u>	<u>13,023,020</u>	<u>37,722,422</u>	<u>34,195,212</u>

Other costs relate to expenditure on the Coronavirus Infection Study (CIS) and 80% staff and interviewer costs funded by the Coronavirus Job Retention Scheme (CJRS) The Coronavirus Job Retention Scheme (CJRS) grant relates to government funding received to cover 80% of furloughed staff wages plus employer National Insurance and pension contributions. No CJRS grants were claimed relating to government funded contracts where work and government funding has continued.

£221,595 of Policy Research expenditure and £79,187 of Survey Research expenditure was restricted (2020: £191,928 Policy Research expenditure and £287,220 Survey Research expenditure was restricted)

For the year ended 30 June 2020

	Policy Research £	Survey Research £	Other £	2020 £
Charitable activities				
Direct project costs	2,593,249	12,887,327	1,178,056	16,658,632
Indirect project costs	451,182	5,881,220	-	6,332,402
Direct research costs	1,399,774	1,362,147	202,683	2,964,604
Property costs	413,287	487,896	-	901,183
IT costs	143,172	630,348	-	773,520
Non-payroll staff costs	169,354	707,186	-	876,540
Depreciation	116,033	510,865	-	626,898
Irrecoverable VAT	18,640	82,069	-	100,709
Service costs	89,200	984,636	259,640	1,333,476
Support costs	660,947	2,909,975	56,326	3,627,248
Total non-exceptional resources expended	<u>6,054,838</u>	<u>26,443,669</u>	<u>1,696,705</u>	<u>34,195,212</u>

Support costs

	2021 £	2020 £
Management	241,148	222,417
Marketing & Comms	362,092	394,758
Human Resources	274,665	231,061
Finance	1,425,250	1,454,124
IT	983,627	936,029
Facilities	67,671	160,914
Governance	217,713	227,945
Total	3,572,166	3,627,248

Net expenditure is stated after charging:

	2020 £	2021 £
Fees payable to charity's auditors for audit of annual financial statements (net of VAT)	27,000	32,450
Fees payable to charity's auditors for consultancy (net of VAT)	-	13,000
Depreciation - owned assets	482,082	587,905
Depreciation - assets under finance lease	38,993	38,993
(Loss)/profit on asset disposal	(5,709)	35
Operating lease rentals		
- land and buildings	633,200	668,203
- other	11,759	23,947
Stock expensed	1,111,940	988,910
Finance lease interest	3,314	3,314

4. Staff costs

	2021 £	2020 £
Wages & salaries		
Direct employees	10,326,330	10,553,798
Temporary, freelance and casual workers	11,541,030	5,724,236
Social security costs		
Direct employees	1,004,366	1,007,536
Temporary, freelance and casual workers	821,059	231,576
Pension costs		
Employer's contributions to defined contribution schemes	801,880	719,052
Operating costs of the defined benefit scheme	86,389	144,218
	24,581,054	18,380,416

The cost (in addition to the above) of temporary/interim staff employed through an agency or on a consultancy basis was £59,237 (2020: £112,896)

£92,622 of termination payments were paid to eight staff in the year (2020: £40,169) which are included in wages and salaries above. £33,384 related to statutory redundancy payments and £59,238 related to pay in lieu of notice.

£209,233 was accrued and paid post year end in relation to discretionary, non-contractual staff bonuses related to performance and includes social security and pension costs.

	2021	2020
The average monthly number of employees during the year was as follows:		
Direct employees		
Research	157	165
Data Collection	68	73
IT	26	23
Other support including CEO	32	32
	283	293

NatGen Social Research employed 264 full-time equivalent staff during the year (2020: 274).

Temporary, freelance and casual workers (average monthly)		
Research and data collection	715	822

The number of higher paid employees was as follows:

	2021	2020
Taxable emoluments band		
£60,001-£70,000	10	10
£70,001-£80,000	5	3
£80,001-£90,000	1	1
£90,001-£100,000	1	1
£100,001-£110,000	-	1
£120,001-£130,000	1	1
£160,001-£170,000	1	-
£170,001-£180,000	-	1
	19	18

The total employee benefits (including employer pension and national insurance contributions) of the key management personnel (as detailed on page 14) of the charity were £194,123 (2020: £202,118).

NatGen 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 £99,776 (2020: £96,588)

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 £19,510 (2020: £10,254).

No Trustees received remuneration in the year (2020: £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 £540 (2020: £2,135 – 4 Trustees).

Trustee Transactions

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

Sue Heath is an employee of University of Manchester. NatCen paid £6,480 (2020: £Nil) to the University of Manchester for project consultancy.

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

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

NatCen engaged services from the solicitors Bates Wells in the year. The partner of Sir Stuart Etherington who is a partner at Bates Wells, is not involved in the department from which NatCen engaged the services. NatCen paid £18,178 (2020: £1,123) to Bates Wells for property lease advice.

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 2020	6,040,000	180,719	3,890,146	324,387	10,435,252
Additions	-	-	201,892	-	201,892
Disposals	-	(978)	(176,742)	-	(177,720)
Transfers	-	-	-	-	-
At 30 June 2021	<u>6,040,000</u>	<u>179,741</u>	<u>3,915,296</u>	<u>324,387</u>	<u>10,459,424</u>
Depreciation					
At 1 July 2020	-	137,165	2,747,968	170,359	3,055,492
Charge for the year	-	15,399	435,703	30,980	482,082
Disposals	-	(978)	(171,033)	-	(172,011)
At 30 June 2021	<u>-</u>	<u>151,586</u>	<u>3,012,638</u>	<u>201,339</u>	<u>3,365,563</u>
Net book value					
At 30 June 2021	<u>6,040,000</u>	<u>28,155</u>	<u>902,658</u>	<u>123,048</u>	<u>7,093,861</u>
At 30 June 2020	<u>6,040,000</u>	<u>43,554</u>	<u>1,142,178</u>	<u>154,028</u>	<u>7,379,760</u>

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

The Trustees of the defined benefit pension scheme hold a charge over the properties as security for the pension liability.

The carrying value of computer equipment held under a finance lease is £12,890 (2020: £51,883)

7. Stocks and work in progress

	2021 £	2020 £
Stocks	545,085	342,497

8. Debtors

	2021 £	2020 £
Trade debtors	4,091,931	2,512,673
Project accrued income	3,960,839	4,172,885
Other debtors	10,519	18,498
Prepayments	693,317	736,450
	<u>8,756,606</u>	<u>7,440,506</u>

9. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	1,493,618	1,357,060
Project deferred income *	11,956,377	8,481,504
Tax and social security	2,473,364	2,126,927
Accruals	4,291,995	3,726,670
Finance lease liability	9,143	36,579
Other liabilities	146,221	119,806
	<u>20,370,718</u>	<u>15,848,546</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

	2021 £	2020 £
At 1 July	8,481,504	6,113,496
Deferred during the year	11,956,377	8,481,504
Released to the Statement of Financial Activities in the year	<u>(8,481,504)</u>	<u>(6,113,496)</u>
At 30 June	<u>11,956,377</u>	<u>8,481,504</u>

Creditors: amounts falling due after more than one year

	2021 £	2020 £
Finance lease liability	-	9,143
	<u>-</u>	<u>9,143</u>

Provisions

	1 July 2020 £	Charged to the statement of financial activities £	30 June 2021 £
Dilapidation provision	300,000	(75,000)	225,000
Onerous lease provision	-	213,543	213,543
Client rebate provisions	112,000	250,000	362,000
	<u>412,000</u>	<u>388,543</u>	<u>800,543</u>

The dilapidation provision relates to quoted estimated dilapidation costs for a leased office required under the current lease due to expire in May 2023. £75,000 has been paid in the year as part of the office lease was surrendered in February 2021. The only uncertainty as to the accuracy of the estimated cost is whether there will be additional environmental surcharges on the disposal of office equipment and furniture. The onerous lease provision relates to surrender fees payable in relation to the office lease surrendered up until the end of the lease. The client rebate provisions relate to potential contractual client rebates in relation to shortfalls in interview targets and KPIs. £250,000 has been provided for in the year in relation to the CIS study and KPI's applied from October 2020 and under negotiation with the client.

Finance lease liability

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

	2021 £	2020 £
1 year	9,143	36,579
2 - 5 years	-	9,143
Total	<u>9,143</u>	<u>45,722</u>

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

10. Funds

Movement in funds for the year ended 30 June 2021

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

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 £669,305 are offset by the defined benefit pension contributions payable of £1,031,499 resulting in total negative expenditure of £362,191.

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

The GambleAware research projects relate to the effect of marketing & advertising on children, young people and vulnerable people, treatment delivery gap analysis and patterns of play and consumer vulnerability. Fund balance carried forward at 30 June 2021 was £37,065 (2020: £12,525)

What Works Centre for Children's Social Care relates to family drug and alcohol court evaluation, placing an advisory teacher in children's social care, affordable maths tuition evaluation and evaluation of transition support. Fund balances carried forward at 30 June 2021 was £48,405 (2020: £822)

Cancer Research UK relates to youth obesity policy survey. Fund balance carried forward at 30 June 2021 was £5,594 (2020: £Nil)

Movement in funds for the year ended 30 June 2020

	Balance at 1 July 2019	Income	Expenditure	Gains and revaluations	Balance at 30 June 2020
<i>Unrestricted funds</i>	£	£	£	£	£
General fund	6,388,480	34,019,901	(34,140,016)	-	6,268,365
Designated fund- property:					
at cost	3,014,461	-	-	-	3,014,461
revaluation	2,965,539	-	-	60,000	3,025,539
	<u>5,980,000</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>6,040,000</u>
Pension reserve	(26,986,469)	-	423,952	(10,570,902)	(37,133,419)
	<u>(14,617,989)</u>	<u>34,019,901</u>	<u>(33,716,064)</u>	<u>(10,510,902)</u>	<u>(24,825,054)</u>
Total Unrestricted	(14,617,989)	34,019,901	(33,716,064)	(10,510,902)	(24,825,054)
Restricted Funds	16,821	475,674	(479,148)	-	13,347
	<u>16,821</u>	<u>475,674</u>	<u>(479,148)</u>	<u>-</u>	<u>13,347</u>
Total Restricted	16,821	475,674	(479,148)	-	13,347
Total Funds	(14,601,168)	34,495,575	(34,195,212)	(10,510,902)	(24,811,707)

11. Analysis of net assets between funds

For the year ended 30 June 2021

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

For the year ended 30 June 2020

	Fixed assets	Net current assets less creditors due after one year and provisions	Defined benefit pension scheme liability	Total
	£	£	£	£
General unrestricted fund	1,339,760	4,928,605	-	6,268,365
Restricted funds	-	13,347	-	13,347
Property fund	6,040,000	-	-	6,040,000
Pension reserve	-	-	(37,133,419)	(37,133,419)
	<u>7,379,760</u>	<u>4,941,952</u>	<u>(37,133,419)</u>	<u>(24,811,707)</u>

12. 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 11 members who were all Trustees.

13. Operating leases

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

	2021 £	2020 £
1 year	512,867	819,525
2 - 5 years	553,230	1,651,332
Total	1,066,097	2,470,857

Total minimum payments payable for other operating leases due within:

	2021 £	2020 £
1 year	7,260	12,632
2 - 5 years	28,433	-
Total	35,693	12,632

14. 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 177 members at 30 June 2021 (2020: 176) The contributions payable by NatCen charged to profit or loss totalled £492,037 (2020: £490,954) of which £41,270 are included in creditors at the year end (2020: £40,769).

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 86 members of staff contributing to the Scottish Widows auto-enrolment scheme at 30 June 2021 (2020: 91) and 324 freelancers contributing to The People's Pension auto-enrolment scheme at 30 June 2021 (2020: 222). NatCen's contribution to both schemes in 2021 was £316,921 (2020: £228,098) of which £31,307 are included in creditors at the year end (2020: £21,014).

Defined benefit scheme

NatCen sponsors the National Centre for Social Research Retirement Benefits Scheme (the Scheme) which is a funded defined benefit arrangement. This is a separate Trustee administered fund holding the pension scheme assets to meet long term pension liabilities. With effect from 1 January 2007, the benefits were accrued on a Career Average Revalued Earnings (CARE) basis. With effect from 1 July 2010 the accrual rate changed to 1.4% and the Normal Retirement Age was changed to age 66. Member contributions were also increased to 8.75% of pensionable earnings and such contributions would be by Salary Sacrifice unless members have opted otherwise. The scheme was closed to future accrual in March 2016.

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

A full actuarial valuation was carried out as at 31 March 2019 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the scheme is agreed between NatCen and the Trustees in line with those requirements. These in particular require the surplus / deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

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

The next full actuarial valuation is due to be prepared as at 31 March 2022.

For the purposes of FRS102 the actuarial valuation as at 31 March 2019, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 30 June 2021.

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

	2021	2020
	£	£
Fair value of scheme assets	66,518,079	66,039,516
Present value of scheme liabilities	(98,159,144)	(103,172,935)
Deficit in scheme recognised as a liability	(31,641,065)	(37,133,419)

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

	2021	2020
	£	£
Defined benefit obligation at 1 July	103,172,935	88,928,945
Current service cost	-	-
Expenses	86,389	144,218
Interest cost	1,625,746	2,184,758
Actuarial (gains)/losses	(4,787,843)	13,732,644
Benefits paid, death in service premiums & expenses	(1,938,086)	(1,817,630)
Defined benefit obligation at 30 June	98,159,141	103,172,935

Changes in the fair value of the plan assets

	2021	2020
	£	£
Plan assets at 1 July	66,039,516	61,942,476
Interest income	1,042,830	1,528,838
Return on plan assets less interest income	342,320	3,161,742
Contributions by NatCen Social Research	1,031,499	1,224,090
Benefits paid, death in service premiums & expenses	(1,938,086)	(1,817,630)
Plan assets at 30 June	66,518,079	66,039,516

The actual return on the scheme assets in the year ending 30 June 2021 was £1,385,150.

Total expense recognised in the Statement of Financial Activities

	30 June 2021	30 June 2020
	£	£
Current service cost	-	-
Expenses	86,389	144,218
Net interest cost	582,916	655,920
Past Service Cost	-	-
Total expense recognised in the Statement of Financial Activities	669,305	800,138

Statement of other recognised gains and losses

	30 June 2021	30 June 2020
	£	£
Return on plan assets less interest income	342,320	3,161,742
Actuarial gains/(losses)	4,787,843	(13,732,644)
Total amount recognised in other recognised gains and losses	5,130,163	(10,570,902)

Assets

	30 June 2021	30 June 2020
	£	£
Equity	23,640,817	33,170,333
Corporate Bonds	10,624,321	9,414,204
Cash	(540,650)	5,671,411
Liability Driven Investments	17,730,376	17,783,568
Other (Infrastructure, Private Debt)	15,063,215	-
Total assets	66,518,079	66,039,516

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

	2021 % per annum	2020 % per annum
Rate of discount	1.90	1.59
Inflation (RPI)	3.30	3.00
Inflation (CPI)	2.60	2.30
Salary increases	n/a	n/a
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.60	2.30
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.30	3.00
Allowance for pension in payment increases of CPI or 3% p.a. if less	2.10	2.00
Allowance for pension in payment increases of RPI or 5% p.a. if less, minimum 3% p.a.	3.70	3.60
Allowance for commutation of pension for cash at retirement	80% of Post A Day	80% of Post A Day

The mortality assumptions adopted at 30 June 2021 imply the following life expectancies:

	Life expectancy at age 60 (Years)
Male retiring in 2021	26.6
Female retiring in 2021	28.5
Male retiring in 2041	28.1
Female retiring in 2041	30.1

The best estimate of contributions to be paid by NatCen to the scheme for the year commencing 1 July 2021 is £1,491,002.

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

	2021 £	2020 £
<i>Net income for the year (as per the statement of financial activities)</i>	5,328,812	300,363
Loss on disposal of fixed assets	5,709	35
Interest received	(4,571)	(43,568)
Depreciation charges	482,082	626,898
(Increase)/Decrease in stocks	(202,588)	199,530
(Increase)/Decrease in debtors	(1,316,100)	2,338,341
Increase in creditors	4,938,154	4,243,765
Defined benefit pension costs (Note 14)	669,305	800,138
Defined benefit pension contributions payable (Note 14)	(1,031,499)	(1,224,090)
	_____	_____
Net cash provided by operating activities	<u><u>8,869,304</u></u>	<u><u>7,241,412</u></u>

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