



**National Centre
for Social Research**

Annual Report and Accounts

Year Ended 30 June 2023

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

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

Legal and administrative details

Registered name:	National Centre for Social Research
Trading name:	NatCen Social Research
Legal status:	Company limited by guarantee and registered charity
Company registration number:	04392418
Charity registration number:	1091768
Scottish charity registration number:	SCO38454
Registered office:	35 Northampton Square London EC1V 0AX
Trustees:	Sir Stuart Etherington (Chair of Trustee Board) Stephen West Peter Havelock Jude England Professor Sue Heath (Resigned 8 November 2022) Phyllis Macfarlane Mark Duke Desirée Lopez Bruce Gordon Helen Jane Barnard Oliver James Foster Saratha Rajeswaran Professor John Mohan (Appointed 1 May 2023) Sundari Anitha (Appointed 20 July 2023)
Statutory Auditor:	MHA 2 London Wall Place London EC2Y 5AU
Solicitor:	Bates Wells 10 Queen Street Place London EC4R 1BE
Banker:	National Westminster Bank Plc Cavell House 2A Charing Cross Road London WC2H 0NN

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Introduction by Chair of the Trustee Board

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1. Introduction by Chair of the Trustee Board

Emerging from the shadow of the COVID-19 pandemic, adapting to the “new normal” and dealing with the effects of external factors – including the war in Ukraine, the resulting price rises and cost-of-living issues – have been familiar themes for many organisations this year and the National Centre for Social Research (NatCen) is no exception.

It is against that backdrop of this period of transition following the pandemic that I introduce this year’s annual report, along with the audited financial statements, covering the year ending 30 June 2023.

The last year has been one of consolidation and investment at NatCen. It has also been an atypical year with the organisation stretched in meeting high demand and a backlog for our social surveys, especially those with face-to-face interviewing components, following the restrictions of the pandemic. At the same time, we have had to invest significantly to reflect changing customer requirements and to ensure we remain relevant. Getting back to a new normal has involved adapting to new survey methods and data collection, whilst picking up “business as usual” by restarting those previous research projects that were put on hold during the pandemic. During this time, investment in NatCen’s processes and systems has been a key focus.

Building up our face-to-face field force of interviewers back to and then above pre-pandemic levels has been and continues to be a priority for NatCen, following the years when our surveys were “paused”. I am pleased to report that we now have more interviewers in the field than we had before the pandemic started. These individuals represent NatCen on the ground and are vital in the collection of valuable data. In the last year, to support the delivery of our social research, we have adapted our model to take on a number of permanent, contracted interviewers, to supplement the hundreds that work for us on a freelance basis. This provides our field force with a strong foundation to enhance the number of research interviews we can deliver for customers in the future.

Our investment in 2022-23 has included the transition to a new, integrated online survey platform. We have conducted successful trials of Computer Assisted Web Interviewing (CAWI), Computer Assisted Telephone Interviewing (CATI) and multi-mode surveys. Developments to enable Computer Assisted Personal Interviews (CAPI) only surveys are in full swing and we look forward to seeing the benefits of these new technical capabilities and the efficiencies they bring to our work into 2023-24.

We have also invested in the implementation of our plans for growth and diversification as set out in our new strategy “[Making Life Better](#)”. This has meant additional headcount in developing NatCen International, expanding our evaluation offer and building our Centre for Deliberation. I am delighted to see this diversification take shape and am grateful for the staff team’s hard work and expertise.

In February 2023, NatCen launched its new website. This was made available in parallel with the refreshed look and feel of our branding, to better reflect our strategic aims and objectives of being *the* National Centre for Social Research. The new website provides new functionality and is accessible for different audiences, with the aim of ensuring our research is more engaging and digestible.

While in total the investment this year has been significant and exceptional, we do recognise that there will always be years where we do need to invest some of our savings and we should expect and plan for that. The additional costs we have incurred in the 2022-23 financial year, both due to higher costs and the need for investment, drove us to an operating deficit for the first time in seven years, despite revenues remaining close to the high levels seen in the previous year. However, this has also been a relatively good time for our investments, following two years of higher-than-expected surpluses, and we have managed to both invest and retain a healthy cash balance. We have already taken some prudent additional steps to address this year’s deficit and are not expecting it to continue in 2023-24.

Finally, I am delighted to report that NatCen continues to do well in attracting new work and repeat commissioning from our customers. For example, I am pleased to report that NatCen will be continuing its long-standing partnership with the Department for Levelling Up, Housing and Communities, who have renewed our contract for delivering the English Housing Survey for the next 5 years. In addition to this, we were especially proud to be asked to conduct two new longitudinal studies for the Department for Education, exploring education and outcomes across different age groups.

And we continue to have impact through our research as demonstrated by the case studies in this report. In early July 2023, we launched the fourth of our annual Society Watch reports at an event sponsored by the Nuffield Foundation titled "[The Price you Pay – the social impact of the pandemic](#)" – bringing together evidence on the experiences of people during the cost-of-living crisis. In September 2023, we celebrated the 40th anniversary of British Social Attitudes, our flagship survey of public attitudes to key social issues.

My thanks, as always, goes to the Board of Trustees for the excellent support they provide to NatCen, and to NatCen's Chief Executive, Guy Goodwin, and his Leadership Team in stewarding the organisation through, and out of, the pandemic. Together we have worked successfully to ensure NatCen meets its charitable objectives whilst delivering the social research it is known and respected for. Early in 2023, we gathered together for our first Trustee Away-Day for some time and held an important session discussing NatCen's strategic growth and particular areas for future investment and expansion. Considering the depth and breadth of research that NatCen covers, there are certainly some very exciting times for all of us ahead and we remain ambitious as an organisation.

I would also like to thank our staff for everything they do for NatCen. The staff team's hard work and expertise is the lifeblood of NatCen and we are grateful for their continued dedication and contribution to our mission. At the beginning of the financial year, in July 2022, they got together for a celebratory summer event in Regent's Park in London to toast successfully negotiating the pandemic and to meet each other after the restrictions. It was a well-deserved recognition of their contribution.

I am aware of the number of studies that are going into field, involving thousands of members of the public who voluntarily give their time to help us and shine a light on Britain today. As ever, NatCen couldn't deliver its research without their contribution. On behalf of the organisation, its staff team and Trustees, my sincere thanks to all those who agree to participate in our research and share their views.

The public's voice is at the heart of our research so that we can help policy makers make the right choices about the big societal issues of the day and, by doing so, make life better for all of us.

Sir Stuart Etherington
Chair of the Board of Trustees

Structure, governance and management

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2. Structure, governance and management

Our legal structure

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

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

Charitable objectives

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

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

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

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

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

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

Board of Trustees

NatCen is governed by its Board of Trustees who are also its Directors. During 2022/23 the Board comprised the following members, who were acting as Trustees as at the date of this report unless otherwise noted:

- Sir Stuart Etherington: Chair of the Board of Trustees and Chair of Remuneration and Governance Committee.
- Stephen West: Chair of the Audit and Risk Committee and member of the Remuneration and Governance Committee.
- Peter Havelock: Chair of the Business Development Committee.
- Jude England: Member of the Audit and Risk and the Remuneration and Governance Committee.
- Professor Sue Heath: (Resigned 8 November 2022)
- Phyllis Macfarlane: Member of the Audit and Risk Committee
- Mark Duke: Member of the Remuneration and Governance and the Business Development Committee and Pension Scheme Trustee
- Desirée Lopez
- Helen Jane Barnard
- Oliver James Foster: Member of the Business Development Committee.
- Saratha Rajeswaran: Member of the Business Development Committee.
- Bruce Gordon: Member of the Audit and Risk and the Business Development Committee
- Professor John Mohan (Appointed 1 May 2023)
- Sundari Anitha (Appointed 20 July 2023)

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.

Four committees (Previously five including Finance and General Purposes Committee in the prior year) (Audit and Risk, Nominations, Remuneration and Governance and Fundraising) report to the Board with responsibility for the following areas:

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

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

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

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

NatCen's Investment Team chose to conduct a review of investment managers who specialised in Ethical Investment Funds primarily run for Charities as returns on cash savings had fallen to an all-time

low and seeking consistent and inflation beating returns on any investment funds would clearly be in NatCen's best interests. All of the investment funds reviewed had consistently delivered inflation beating returns over the previous decade. Having completed the review of investment managers, the Investment Team chose to recommend the CCLA fund due to its high ethical standards, which align with NatCen's and the funds' consistently high returns over the previous decade. The Trustees in approving this recommendation automatically updated the asset allocation of the Investment Policy.

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

The performance of the Fund has been +5.51% (2022:-2.93%) in the last 12 months against a benchmark of +3.14% (2022:-2.92%).

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

The Trustees and Leadership team met twice during the 2019/20 financial year to specifically discuss plans to align NatCen to the Charity Governance Code during the 2020/21 financial year. As part of these meetings the Trustees matched NatCen's current systems and processes to the seven core principles of the code. The result of this mapping was that 61 of the 76 items on the checklist for the seven principles have been complied with or are not applicable to NatCen of which 10 of these items have room for improvement leaving 15 items requiring implementation. The planning and implementation to align NatCen to the codes was deferred by the COVID-19 pandemic and Trustees restarted planning towards alignment in this financial year with implementation expected by the start of the 2023/24 financial year.

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

Consideration of Directors' responsibilities

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

The likely consequences of any decision in the long term

The Trustees routinely review and sign off NatCen's strategy and rolling three-year business plans to ensure they understand and agree with the expected long-term outcomes from all strategic decisions. They delegate daily operational decisions to the Leadership Team but are required to approve all decisions which have contractual values over certain limits that could materially affect NatCen's financial performance in any given year. Trustees review performance annually, including the organisation's impact and finances. They formally review corporate risks each year and individual risks more frequently, as necessary.

The interest of NatCen's employees

The Trustees routinely review the organisation's people plans, including for training and development, as well as scrutinising staffing levels, turnover and the affordability of pay awards. The Trustees are updated on the bi-annual staff surveys and the action plans developed by the Leadership Team that

arise from the survey. If release or redundancy schemes are necessary, they are referred to the Audit and Risk Committee.

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

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

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

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

The environmental impact of NatCen is limited. We have an environmental policy and have established a staff environment committee regularly reviewing how we can improve energy usage and other environmental impacts. In recent years we have introduced LED lighting across a number of our office spaces, reduced paper and single use plastic consumption by over 50% and have a commitment to reducing vehicle journeys across our organisation through smarter technology and planning of travel. We 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 HR	Lola Olujobi
Director of Diversification and Business Development	Kris Hicks

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 389 full-time equivalent staff (including 69 research interviewers) for the year ended 30 June 2023 (2022: 314 including 18 research interviewers).

NatCen is organised in two Centres to further strengthen our capability to deliver quality and impactful research. Our Policy Research Centre is focused on delivering mixed method qualitative and quantitative policy research studies and evaluations, and our Survey Research Centre has expertise in large-scale and complex surveys across the full spectrum of data collection modes.

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

NatCen also has a panel of interviewers and nurses covering England, Scotland and Wales, and a panel of telephone interviewers based in our Harold Hill office from January 2024 and previously 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, monthly directorate meetings, CEO updates and a monthly newsletter.

Our approach to our work

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

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

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

Environmental impact

NatCen's key environmental impacts are:

1. the electricity consumed at 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 2023 was as follows:

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

*We have excluded the London office's electricity consumption of 78,879 kWh when calculating our CO2 emissions because it comes exclusively from renewables and nuclear power.

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

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

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

*We have excluded the London office's electricity consumption of 65,510 kWh when calculating our CO2 emissions because it comes exclusively from renewables and nuclear power.

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

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

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

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

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

Associated greenhouse gases

Based on the conversion factors given in:

Conversion_Factors_2023_-_Condensed_set_for_most_users published on:

<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023>,

we estimate that the total amount of CO2 NatCen created in 2022/23 was 1,017 tons (1,379 tons: 2021/22). This is a 26% decrease on the preceding year.

Intensity ratio

The intensity ratio we are using is the number of tons of CO2 emitted per FTE member of staff as counted on the mid-point of the reporting period (2022/23: 382, 2021/22: 316). This measure is less likely to vary due to factors other than genuine changes in NatCen’s level of emissions. These numbers give us an intensity ratio of 2.66 tons of CO2 per FTE, a decrease of 1.7 ton per FTE on last year.

In comparison, NatCen employed 389 FTEs during the year ended 30 June 2023 (2021/22: 314 FTE). This gives us an intensity ratio of 2.61 tons of CO2 per FTE, a decrease of 1.78 ton per FTE on last year.

Comparative figures

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

CO ₂ tons	2020/21		2021/22		2022/23	
Gas	23	+2	24	+1	23	-1
Electricity	13	-28	19	+6	21	+2
Driving	930	+242	1,336	+406	973	-363
Total	966	+216	1,379	+413	1,017	-362
<i>Intensity ratio</i>	<i>3.73</i>	<i>+1.02</i>	<i>4.36</i>	<i>+0.63</i>	<i>2.61</i>	<i>-1.78</i>

2020/21 and 2021/22 were not typical years for NatCen as the offices were either closed or only partially used between March 2020 and February 2022 and the interviewer field force was diverted to assist with a large-scale government health contract between June 2020 and April 2022. Our energy consumption pattern decreased as expected in 2022/23.

Impact reduction measures

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

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

Auditor

Following a rebranding exercise on 15 May 2023 the trading name of the company's independent auditor changed from MHA MacIntyre Hudson to MHA.

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

Activities and public benefit

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3. Activities and public benefit

How we delivered public benefit in 2022/23

Our approach

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

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

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

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

Our achievements and performance

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

High quality research

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

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

The data from most of the major surveys that we collect is submitted to the UK Data Archive so that 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 2022-23 and collected impact case studies, a selection of which appear below.

Impact case study 1

Project title: Accelerating the Transition to Net Zero

What we did: This research was commissioned by the British Standards Institution (BSI). It involved an extensive literature review and qualitative interviews with a range of stakeholders around the world representing government, national standards bodies, charities, businesses, media and consumer bodies. The aim was to identify what does 'Net Zero' really mean for individual organisations, companies, charities and financial institutions? What are the main barriers these organisations face in achieving Net Zero? How can we create an aligned global approach to reducing emissions?

What we found: The research identified seven key dimensions of variation in the way that Net Zero is understood. Of these seven dimensions, the key definitional issue was the role of offsetting – the practice of paying for emissions cut or removed to 'compensate' for emissions which are not eliminated. We also identified that national and international standards can play a greater role in accelerating the transition to Net Zero by creating consistency in target setting, and measuring and reporting emissions; providing consistency over time and across geographies to better enable long-term decision making; altering the landscape of financial incentives and disincentives for emitting; and embedding decarbonisation throughout businesses' operations.

What happened next: This research informed the development of a new BSI initiative, Our 2050 World, the focus of their presentation at COP26. This was followed by the development of new ISO Net Zero guidelines, informed by the BSI research findings, and launched at COP27. One of the biggest companies to adopt these new ISO Net Zero guidelines to date is Netflix.

Impact case study 2

Project title: Health Survey for England

What we did: The Health Survey for England (HSE) is a survey designed to be representative of adults and children living in England. 5,880 adults and 1,240 children were interviewed by telephone. A subsample of participants were also interviewed in their homes by a biomedical fieldworker who measured blood pressure and took samples of blood, saliva and urine. Fieldwork took place between January 2021 and June 2022.

What we found: The findings show that 77% of adults reported good or very good general health, with 6% reporting bad or very bad health. 40% of adults had at least one longstanding illness or condition. A higher proportion of men (70%) than women (59%) aged 16 and over met the 2011 aerobic guidelines of at least 150 minutes of moderate activity or 75 minutes of vigorous activity per week or an equivalent combination of both, in sessions of 10 minutes or more. Key headlines indicated that a quarter of adults in England are now obese, and the survey findings have also shown a strong link between poor health and loneliness.

What happened next: The findings from the part one and two of the 2021 study were published on 15th December 2022 and 16th May 2023. These official national statistics are collected for NHS England and are used to estimate the proportion of people in England who have health conditions, and the prevalence of risk factors and behaviours associated with certain health conditions. Since publication, we have seen hundreds of articles and news stories mentioning the study. These headlines have largely focused on the number of problem gamblers and increasing levels of obesity in England.

Following the publication of these reports, on 6th June 2023, the UK Government announced a new drugs pilot to tackle obesity and cut waiting lists. Up to £40 million is being invested to explore ways to make obesity drugs accessible to patients living with obesity outside of hospital settings. Previous findings were also referenced in and informed the Gambling White Paper in terms of the scale of gambling-related harms.

Impact case study 3

Project title: Let's Read Fluently!

What we did: Let's Read Fluently! (LRF) is an intervention in Jordan, led by the Queen Rania Foundation, that aims to support pupils in grades 1-3 in developing foundational literacy skills. NatCen's Centre for Evaluation conducted a pilot evaluation to explore LRF's feasibility, evidence of promise and assess readiness for trial by evaluating the whole-class and catch-up models in 8 schools respectively, with an additional 8 schools acting as a control group. This evaluation was supported by the Global Trials Fund, a strand of the Education Endowment Foundation's 'Building a global evidence ecosystem for teaching' project.

What we found: From the completed pilot evaluation, the team identified that the whole-class model did show evidence of promise. Specifically, a positive difference was evidenced in the identification of letter sounds, syllables and reading comprehension.

What happened next: A presentation of the pilot evaluation findings was made to 20-30 stakeholders from the Ministry of Education in Jordan, the Queen Rania Foundation, Queen Rania Teacher Academy, Al Qasimi Foundation and the Education Endowment Foundation. Additional recommended changes have been made to the catch-up model and a new evaluation will be designed and carried out by NatCen that takes into account the considerations for adaptations to the catch-up model.

Impact case study 4

Project title: Understanding the impact of bereavement during COVID-19

What we did: This qualitative research, funded by the Arts and Humanities Research Council, was published in February 2023. Interviews were conducted with bereaved people, funeral directors, and other stakeholders. From the key findings, the team were able to put forward recommendations for support for bereaved people, funeral industry staff, and digitalisation and new technologies.

What we found: Not being able to see and be physically present with a loved one before or after their death (in hospitals, care homes, or Chapels of Rest) worsened feelings of grief. The inability to carry out cultural or religious practices, and the lack of a wake or commemoration were also distressing. Access to formal support such as bereavement counselling, or bereavement peer support groups was impacted by the move to online delivery and longer waiting lists. Among funeral industry staff, the first phase of the pandemic was characterised by a pronounced uncertainty requiring frequent adjustments, and an increased workload. Funeral arrangers had to keep themselves constantly up-to-date given the importance of public health guidance and restrictions to their industry and delivery of their services.

What happened next: Once the report was published, this was shared with relevant policy stakeholders, NGOs, charities and members of the All-Party Parliamentary Group on Bereavement Support. This stakeholder engagement resulted in Jeremy Balfour MSP, co-convenor of the Cross-Party Group in the Scottish Parliament on Funerals and Bereavement, requesting a 1:1 meeting to discuss these research findings in more detail. The meeting was followed by an official invitation to present to the Cross-Party Group in June 2023.

Impact case study 5

Project title: Asylum Seeker Decision-Making in Journeys to the United Kingdom

What we did: NatCen International, in collaboration with the University of Westminster, was commissioned by the Home Office to complete a project examining why asylum seekers decide to travel to the UK. This work was funded by the EU Asylum, Migration and Integration Fund. The project included an in-depth rapid evidence assessment (REA) of 200 documents and 29 in-depth stakeholder interviews with Home Office officials, academics, and civil society organisations in the UK, the Middle East, and North Africa. The research is the first of its kind in applying behavioural insight methods to the asylum space.

What we found: This research established the complexity of the act of seeking asylum. We identified that there are a number of factors, some of them unknowable, that affect the choice of country in which an individual claims asylum. These include factors such as personal agency, imagined experiences in different destinations, cognitive and/or emotional readiness to begin the journey, as well as macro-level factors, including conflicts or other difficulties in countries of origin prompting movement, asylum policies, and border management methods.

What happened next: Findings from the study fed into the development of a multidimensional decision-making model based on the findings of the REA and interviews. This model considered the macro-, meso-, and micro-dimensions of asylum seeker decision-making and explored interdependencies between these different factors. The model adds to existing behavioural models such as COM-B and EAST to account for the complexity and fluidity of asylum seeker decision-making, supporting policy makers and analysts to design suitable interventions on these topics.

Impact case study 6

Project title: Mental Health of Children and Young People

What we did: This report presents findings from the third wave of the Mental Health of Children and Young People (MHCYP) survey, conducted in 2022. The sample includes 2,866 of the children and young people who took part in the MHCYP 2017 survey. The mental health of children and young people aged 7 to 24 years living in England was examined, as well as their household circumstances, and their experiences of education, employment and services and of life in their families and communities.

What we found: These research findings show rates of probable mental disorders have increased since 2017 in both age groups of children aged 7 to 16 years and in young people aged 17 to 19 years. We also identified that girls aged between 11-16 years were more likely to experience deterioration in their mental health than boys of the same age. The rate of possible eating problems has also significantly increased.

What happened next: On 29th November 2022, a report presenting the findings from the third wave of this survey was published. The findings from this research were referenced in a report from the government's Health and Social Care Committee in regards to the impact of body image on mental and physical health. This report also recommends a comprehensive cross-government strategy that brings together multiple departments to tackle the current growing problem of body dissatisfaction and its related health, educational and social consequences.

There have also been articles published by the Telegraph, the BBC, Times Education Supplement and other education, schools and parenting titles. Their headlines have focused on the increase of probable mental health disorders amongst young people.

This study is now transitioning into a longitudinal survey which will provide a useful and significant resource of studying young people's mental health over time.

Impact case study 7

Project title: British Social Attitudes

What we did: In September 2022, NatCen presented the findings from the 39th British Social Attitudes (BSA) research report. Topics from the survey included attitudes to taxation and inequality, constitutional reform, the ‘culture wars’, regional difference in values, the NHS and social care, disabled people at work and the environment. The data collected also included public attitudes to the monarchy. Ahead of the publication of the full report, this data was shared as part of the debate about the institution around the death of HM The Queen Elizabeth II.

What we found: Amongst the research, we found that Britain was more politically polarised than ever over Scottish independence. Similarly, we identified a growing divide between Scotland, England and Northern Ireland over the future of the United Kingdom. This data was collected in 2021 and it also showed that, despite the marked increase in public expenditure during the pandemic, support for increased taxation and spending is relatively high, even among Conservative supporters.

What happened next: An online event was held to launch the 39th report, which was attended by over 350 stakeholders. NatCen's Gillian Prior, Sir John Curtice, Sarah Butt and Alex Scholes were joined by Charlotte Pickles, Director at the Reform think tank and Andrew Harrop, General Secretary of the Fabian Society, to discuss the findings and their implications for politicians and policymakers in Britain. The BSA findings were featured on TV and radio, with more than 200 stories published online. The focus of the headlines were around levels of public satisfaction with the NHS, liberalisation of Britain, Scottish independence, constitutional reform, and rising support for increased taxes and public spending.

Following the publication of this year’s BSA, the Health Secretary launched a new plan for patients, focusing on backlogs, ambulances, GPs and care – reflecting key findings from this year’s report. The findings also exposed a majority amongst Labour supporters for electoral reform. In line with additional support for proportional representation, it was confirmed at the Labour Party conference that this would be added to their manifesto ahead of the next General Election.

Impact case study 8

Project title: End Furniture Poverty

What we did: Fieldwork for this study was conducted using the random-probability NatCen Panel. The NatCen Panel is a panel of people recruited from high-quality, random probability surveys such as the British Social Attitudes survey. The survey was conducted between 21st July and 21st August 2022, with a total of 5,537 panel members invited to take part.

What we found: Survey respondents were asked if their household had each of the following 11 essential items: dining table and chairs; flooring; freezer; clothing storage (wardrobe or drawers); curtains or blinds; sofa or easy chairs; a place in a bed for each child; washing machine; cooker or oven; a bed for an adult; and fridge. Respondents were considered to be in furniture poverty if they said they needed one of these items but could not afford or otherwise obtain it. This research identified that nearly 1 in 10 adults are living in furniture poverty in the UK and that those on a low-income, living in social housing or from a minority ethnic background are more likely to be in furniture poverty

What happened next: The media coverage surrounding the release of these findings has directly supported the campaigning objectives of the customer, End Furniture Poverty, by using evidence to highlight where households may be struggling to attain a basic standard of living. This research was also incorporated into NatCen’s Society Watch 2023 report, focused on exploring the social impact of the cost-of-living crisis.

Delivering methodological excellence

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

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

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

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

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

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

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

Measuring our impact

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

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

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

Communicating and reflecting back to the public

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

Our research almost invariably requires some cooperation from the British public. They take part in our surveys. They are the teachers or students in education evaluations and the users of the government programmes we want to better understand. They give us an extraordinary amount of information about their daily lives; for example, filling in our diaries with what they eat and what they are doing. They let us weigh them, measure their children and take their blood. We are committed, therefore, to 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 regular engagement with the media. This year, NatCen's work has been mentioned in the media 5,250 times, with an estimated reach of 4.9 billion. This media coverage is an increase of 144% on the previous year. These mentions also include work conducted by the Scottish Centre for Social Research (ScotCen) and NatCen International, however, these numbers do not include the additional mentions of research we have conducted in the name of our customers.

Compared to last year's numbers, our Twitter/X following has grown by 3.5%, achieving 822K impressions. The tweet that attracted the most engagement was around the publication of the latest British Social Attitudes, and specifically new research sharing the public's attitudes towards whether transgender people should be able to change the sex recorded on their birth certificate. This was posted in January 2023 and achieved 118K impressions.

With the launch of NatCen's new website early in 2023, traffic and engagement has increased, with 350K unique page views and 2,719 report downloads achieved over the 2022-23 financial year (105K and 1,770 respectively in the previous year). The separate microsite for the British Social Attitudes survey received 345K unique page views and 24K report downloads throughout the same period (225K and 24K respectively in 2021-22).

Scottish Centre for Social Research (ScotGen)

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

In 2022-23, the focus was on returning to the delivery of large-scale social surveys to help inform policy. This included the Scottish Health Survey, conducted on behalf of the Scottish Government. This research provides information about how healthy people are and examines the health and health-related behaviours of a representative sample of the Scottish population. The data we collect also informs the Scottish Government National Performance Framework and feeds into the nationwide health strategy.

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

Additional research projects conducted during this reporting period include understanding more about the experiences of, and available evidence on, estranged students in Scottish further education (FE) and higher education (HE) institutions. This study consisted of both desk-based research and qualitative interviews and the research aligns with the Scottish Government's 2021 manifesto commitment to improve the support available to estranged students. Another project, grant-funded by Cancer Research UK, explored the reasons why dual use (tobacco and e-cigarettes) is significantly higher in those aged 45-64 years in Scotland. Secondary analysis of the Scottish Health Survey data and in-depth qualitative interviews with dual users were conducted. Recommendations were shared with policy makers in the Scottish Government's Tobacco Control team and with Public Health Scotland.

Impact case study 9

Project title: Scottish Social Attitudes

What we did: Following on from the previous Scottish Social Attitudes report published in June 2022, exploring attitudes towards Gaelic, two additional reports were published in November 2022, and a third report in January 2023. These covered Public Views of Telephone and Video Appointments in General Practice, Attitudes to Scotland's handling of the pandemic and Public Attitudes to Alcohol, Tobacco Use and Weight.

What we found: A higher percentage of people thought that they would be more comfortable with a face-to-face appointment than a remote appointment. People with self-reported good general health were more likely to be comfortable with phone and video appointments. The two biggest concerns for choosing to accept a remote appointment over face-to-face appointments were how worried someone was about their condition and how quickly someone could get an appointment.

In the second report, addressing attitudes towards Scotland's handling of the pandemic, around two thirds (67%) trusted the data provided in Scotland during the pandemic about the spread of coronavirus 'a great deal/quite a lot'. Just under two-thirds (65%) felt that the Scottish Government understood the impact of the restrictions on people's lives 'very/fairly well'. Women were more likely than men to have this perception (70% compared with 59%). When controlling for other variables,

party political affiliation was found to be a key driver of confidence in whether Scotland would be properly prepared for another pandemic.

The third report showed that large majorities agreed that ‘It’s in all our interests to give help and support to people who have serious drinking problems’ (91%) and ‘people who are overweight or obese’ (84%). People most commonly thought that responsibility for reducing the number of people who are overweight or obese in Scotland should fall with ‘individuals who are overweight and obese themselves’ (88%), ‘parents and carers’ (84%), and ‘food and drink manufacturers’ (70%).

What happened next: There were numerous mentions of this research recorded across the media during this reporting period. These reports coincided with on-going debate in the media regarding Scottish independence which these studies have previously run questions on.

The previous Scottish Social Attitudes report, published at the end of our financial year in June 2022, was referenced in Scottish Parliament in a debate in November 2022 around the use of Gaelic language skills. These findings have also helped inform the Scottish Government’s consultation of the Gaelic and Scots and Scottish Languages Bill.

Financial Review

4.

4. Financial Review

Overview

This financial year was the first full year where NatCen's face to face survey work resumed without any restrictions following the pandemic and without the Covid Infection Study (CIS) and total income remained similar to the prior year at £48.7 million. At the same time NatCen suffered as many organisations did in the last year with labour shortages which negatively impacted the capacity of NatCen's interviewer Panel and resulted in significant investment in recruitment and retention plus IT to rebuild the panel. In addition NatCen also incurred significant extra staff and recruitment costs growing our staff numbers to manage the expected increase in Survey and Policy work. As a result expenditure in the year increased by £4 million to £51.2 million. This has resulted in a total operating deficit of £2.4m being incurred in the year. Due to the challenging year, cost reduction measures were introduced mid-year and a restructuring programme undertaken in June 2023 to attempt to alleviate the deficit.

During the year 2022/23 NatCen generated total incoming resources of £48,743k (2021/22: £49,269k). Of this £48,550k (2021/22: £49,241k) was from charitable activities, with a further £118k (2021/22: £8k) from investment income. 69% of total income in 2022/23 related to research carried out for UK Central Government (47% in 2021/22). The percentage of UK Central Government funded work is in line with the levels pre-pandemic with fieldwork fully resumed this year. Last year, the percentage was lower due to our work on (CIS) as despite it ultimately being Government funded we were a sub-contractor to the principal organisation contracted to deliver the project.

Both Survey and Policy Research income have increased in the year with the full return of fieldwork previously paused because of the impact of COVID-19. Survey Research income rose to £40,691k (2022: £26,768k) and Policy Research income rose to £7,709k (£7,289k) Other charitable income decreased to £149k (2022: £15,184k) as NatCen's involvement in CIS ended in April 2022.

Total expenditure during the year was £51,159k (2021/22: £47,179k) all of which related to research studies. This resulted in net expenditure for the year of £2,416k (2021/22 £2,089k net income).

Direct project costs for all activities have decreased to £25,281k (2022:£28,965k). Interviewer costs have decreased as CIS work had a much higher interviewer cost component than our survey work but have been offset by other increased fieldwork related direct costs. Other costs within charitable expenditure have decreased to £1,815k in 2023 (2022: £13,024k) as they included costs on CIS in the previous year within direct project costs. One-off future investment costs in field, website development costs and redundancy costs have been included in other costs in 2023.

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

The charity recognised an actuarial loss on its defined benefit pension scheme of £3,876k in the year (2021/22: £8,955k actuarial gain) which is also included in the statement of financial activities on page 43. We have an established long-term plan in place to address our pension deficit as defined in our reserves policy and more detail on the actuarial movements can be found in the going concern and pension notes.

An investment gain of £253k was recognised in the year (2021/22: £407k loss) Therefore, the overall net movement in funds in 2022/23 was a decrease of £6,038k (2021/22: increase of £10,638k).

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.

Balance Sheet and Reserves

Net assets before the pension scheme liability decreased to £11,655k at June 2023 from £14,379k at June 2022. The Trustees approved a £5m investment in an Ethical Investment Fund in November 2021 (page 11). NatCen’s investments totalled £4,846k at 30 June 2023 (2022:£4,593k). The pension liability increased in the year to £21,409k (2022: £18,094k). NatCen’s net liabilities, including the pension scheme liability increased to £9,753k (2022: £3,715k).

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 13 years. A revised repayment plan was agreed in March 2023.

The Trustees recognise that the key target for the going concern basis is to generate sufficient net income each year to deliver cash generation, after investment, which will more than cover the agreed payments under the deficit contribution scheme. These payments started in April 2019 and totalled £1,218,000 per annum with a 2% inflationary uplift each April. As of April 2023 these contribution have changed to £1,300,000 per year with a 2.5% inflationary uplift each April. NatCen updates financial targets each year with a revised rolling three-year plan which is now projected to the 2025/26 financial year. The current long-term strategy and rolling 3-year business plans support the achievement of this target. The latest three-year plan was approved by Trustees in July 2023.

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

	£K
2011:	(9,391)
2012:	(14,538)
2013:	(7,000)
2014:	(11,639)
2015:	(13,880)
2016:	(23,910)
2017:	(23,785)
2018:	(21,174)
2019:	(26,986)
2020:	(37,133)
2021:	(31,641)
2022:	(18,094)
2023:	(21,409)

The pension scheme liability is very sensitive to a number of assumptions used in the calculation of the liability but equally has been left exposed by the falling returns in bond yields over recent years, something particularly exacerbated in 2016 by the market volatility experienced following the EU referendum. The most recent valuation has been impacted by changes in assumptions to long term inflation plus improved asset performance of the scheme in the last 12 months. The actuarial assumptions have been derived based on market conditions at the year end. The discount rate has increased from 3.84% at 30 June 2022 to 5.18% at 30 June 2023. RPI inflation increased from 3.20% at 30 June 2022 to 3.30% at 30 June 2023. CPI inflation increased from 2.60% at 30 June 2022 to 2.80% at 30 June 2023.

The Trustees believe that the 3-year business plan to continue to deliver annual surpluses in excess of pension deficit contributions is achievable, and that NatCen has built adequate cash reserves and will make the necessary investments to once again deliver this by the end of the current 3-year planning cycle. A continued uplift in survey fieldwork is expected in 2023/24 with an increased interviewer panel capacity following the 2022/23 investment supporting a sustained improvement and return to operating surpluses. As a result, the company remains able to pay its liabilities and remains a going concern. The Trustees do not consider there are any material uncertainties concerning future activities or events that would create going concern difficulties.

Reserves

Total funds held by NatCen at 30 June 2023 were negative £9,753,343 (2022 – negative £3,714,889). £21,781 relates to restricted funds as at 30 June 2023 (2022 - £47,339) All other funds are unrestricted.

Of the total funds held by NatCen, there is one fund materially in deficit, the Pension Reserve, which has a deficit of £21,408,616. The deficit has arisen in common with most defined benefit schemes over the last two decades due to falling future investment yields and increasing life expectancy which has left the majority of such schemes under-funded. The scheme was closed to future accrual in March 2016 in agreement with the Pension Trustees and the scheme members and an agreed contribution payment plan was put in place. Payments resumed as of April 2019 at £1,218,000 per year with a 2% uplift in payments effective each April and this payment schedule remained in place until March 2023. From April 2023 the payment of annual contributions was revised to £1,300,000. These payments will increase annually on each 1 April by 2.5% per annum, with the first increase on 1 April 2024. An additional contribution may be payable prior to 31 March 2024, contingent on financial performance and NatCen's free reserves being greater than 3 months operating cashflow for fixed overheads. The payment shall be 30% of the excess free reserves. As Trustees, we review the level of funds against our reserves policy at least twice a year to ensure that it meets NatCen Social Research's changing needs and circumstances. The policy itself is reviewed as part of our annual review of accounting policies with a full formal review conducted at least once every three years.

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

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

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

The Trustees consider that free reserves equating to two months operating cash flow for fixed overhead (2023: £4 million, 2022: £3.5 million) is in their opinion a reasonable initial target reserve level to mitigate any business interruption due to unforeseen events. The Trustees have set a target to grow the free reserves level to six months operating cash flow for fixed overhead over the medium term as they consider this to be the desirable position to meet all current short term obligations.

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

At 30 June 2023, we held positive free reserves of £3,668,566 which constitutes 1.8 months budgeted operating cash flow (2022 – positive £6,293,887, 3.6 months). Based on our revised business plan for 2022-2025 we plan to generate sufficient surplus and positive cash flow to support both the scheduled pension scheme deficit reduction payments and future investment from 2022/23 at which point we would expect to maintain free reserves at the target level.

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

Risk Management

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

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

Key risks and mitigations identified on the risk register are:

Going Concern/Financial Sustainability

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

The Trustees believe that both the 3 year rolling plan approved in 2017, and its annual rolling revisions and the longer term strategy “Making Life Better”, with the aim of building the charity to consistently deliver an annual surplus in excess of the annual pension scheme deficit contributions, 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.

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

by relevant Government departments, especially in light of the long term financial impact of Covid-19, the current cost of living crisis and the associated Government borrowing.

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

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

NatCen restarted deficit repayment contributions of £1,218,000 per annum to the scheme in April 2019 with a 2% uplift each April revised to £1,300,000 per annum from April 2023 with a 2.5% uplift each April. Under the latest agreed deficit reduction plan payments will be paid monthly over a period of 17 years and 6 months from April 2019.

Plans for Future Periods

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

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

Cost containment remains a constant part of the organisation’s working practices and is not a unique key focus area although has been an area of increased focus during the current difficult trading conditions.

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

Having achieved our initial goals from the 2017 plan delivering continued surpluses from the 2017/18 financial year NatCen encountered a difficult period in 2019/20 due to Covid but was able to trade very successfully and record healthy surpluses in both the 2020/21 and 2021/22 financial years due to our involvement in CIS. 2022/23 was expected to be another year surplus wise but trading proved very difficult due to factors already outlined. The latest 3-year plan focusses on returning NatCen initially to surplus in the 2023/24 and 2024/25 financial years and to the previous surplus levels by 2025/26 and beyond. The future aim remains to grow both income, but particularly surplus, to levels far exceeding the pension scheme payments and provide not only for investment, which will ensure NatCen’s future, but to also broaden the scope to deliver our charitable aims.

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

Trustees' statement of responsibilities

5.

5. Trustees' statement of responsibilities

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

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

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

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

As far as the Trustees are aware:

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

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

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

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



Sir Stuart Etherington
29 February 2024

Independent Auditor's report

6.

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

Opinion

We have audited the financial statements of National Centre for Social Research (the 'charitable company') for the year ended 30 June 2023 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 2023 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:

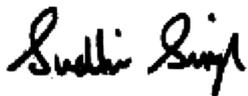
- Obtaining an understanding of the legal and regulatory frameworks that the entity operates in, focusing on those laws and regulations that had a direct effect on the financial statements;
- Enquiry of management and those charged with governance to identify any instances of known or suspected instances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

Statutory Auditor

London, United Kingdom

Date: 18 March 2024

Financial statements

7.

7. Financial statements

Statement of financial activities including the summary income and expenditure account for the year ended 30 June 2023

	Notes	2023 Restricted Funds £	2023 Unrestricted Funds £	2023 Total Funds £	2022 Total Funds £
Income					
<i>Income from charitable activities:</i>					
Income from research studies	2	254,190	48,295,996	48,550,186	49,240,770
Other income		-	74,283	74,283	19,832
<i>Investment income:</i>					
Interest receivable		-	118,303	118,303	7,951
Total income		254,190	48,488,582	48,742,772	49,268,553
Expenditure					
<i>Expenditure on charitable activities</i>					
Research studies	3	290,696	50,868,003	51,158,699	47,159,228
Other expenditure		-	-	-	19,832
Total expenditure		290,696	50,868,003	51,158,699	47,179,060
Net (expenditure)/income for the year		(36,506)	(2,379,421)	(2,415,927)	2,089,493
Transfers between funds		10,948	(10,948)	-	-
Other recognised gains and losses					
Gain/(Loss) on investments	7	-	253,072	253,072	(406,771)
Remeasurement of defined benefit pension scheme liability	15	-	(3,875,599)	(3,875,599)	8,955,121
Net movement in funds		(25,558)	(6,012,896)	(6,038,454)	10,637,843
Reconciliation of funds					
Fund balances brought forward	11	47,339	(3,762,228)	(3,714,889)	(14,352,732)
Fund balances carried forward	11	21,781	(9,775,124)	(9,753,343)	(3,714,889)

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 2023

Company number: 04392418

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible fixed assets	6		7,975,874		8,038,173
Investments	7		<u>4,846,301</u>		<u>4,593,229</u>
			12,822,175		12,631,402
Current assets					
Stocks	8	810,612		1,068,745	
Debtors	9	13,907,194		9,876,217	
Cash at bank and in hand		<u>12,247,295</u>		<u>16,441,622</u>	
		26,965,101		27,386,584	
Liabilities					
Creditors: amounts falling due within one year	10	<u>(27,907,003)</u>		<u>(25,315,605)</u>	
Net current (liabilities)/assets			<u>(941,902)</u>		<u>2,070,979</u>
Total assets less current liabilities			11,880,273		14,702,381
Provisions	10		<u>(225,000)</u>		<u>(322,925)</u>
Net assets excluding pension scheme liability			11,655,273		14,379,456
Defined benefit pension scheme liability	15		<u>(21,408,616)</u>		<u>(18,094,345)</u>
Net liabilities including pension scheme liability			<u>(9,753,343)</u>		<u>(3,714,889)</u>
The funds of the charity					
Unrestricted funds					
General fund	11	5,593,492		8,292,120	
Unrestricted designated funds					
Property fund (including revaluation reserve £3,025,539)	11	<u>6,040,000</u>		<u>6,040,000</u>	
Total Unrestricted Funds			11,633,492		14,332,117
Restricted Funds	11		21,781		47,339
Pension reserve	11		<u>(21,408,616)</u>		<u>(18,094,348)</u>
Total funds			<u>(9,753,343)</u>		<u>(3,714,889)</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: 29 February 2024

Statement of Cash Flows for the Year Ended 30 June 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Cash provided by operating activities	16		(3,692,391)		822,873
Cash flows from investing activities					
Bank interest received		118,303		7,951	
Cost of purchasing tangible fixed assets		(620,239)		(1,444,099)	
Cost of purchasing investments		-		(5,000,000)	
Net cash used in investing activities			(501,936)		(6,436,148)
Cash flows from financing activities					
Repayments of finance lease commitments		-		(9,145)	
Net cash used in financing activities			-		(9,145)
Increase in cash and cash equivalents in the year			(4,194,327)		(5,622,420)
Cash and cash equivalents at the beginning of the year			16,441,622		22,064,042
Cash and cash equivalents at the end of the year			12,247,295		16,441,622
Analysis of changes in net debt					
		1 July 2022	Cash flows	Foreign exchange movement	30 June 2023
Total cash and cash equivalents		16,441,622	(4,193,120)	(1,207)	12,247,295
Total		16,441,622	(4,193,120)	(1,207)	12,247,295

1. Accounting policies

General information

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

Basis of preparation

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

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

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

Key judgements and estimates

Key judgements and estimates that NatCen have made include:

The valuation of the defined benefit pension plan has been determined by updating the results of the 31 March 2022 full actuarial valuation to 30 June 2023. This was carried out by a qualified actuary independent of the charity. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of the scheme, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, the management considers the market yields of AA corporate bonds consistent with the currency and term of the defined benefit obligation. The mortality rate is based on publicly available mortality tables, which uses data for UK self-administered pension schemes and allows for expected future improvements in longevity. Future salary increases and pension increases are based on expected future inflation rates as determined by the Bank of England interest rate with a consistent term of the defined benefit obligation at the valuation date. Further details are given in Note 15.

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

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

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 were 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. (2023 and 2022: £6,040,000).

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

Tangible fixed assets

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

Freehold property and land

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Income from research studies

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

	2023	2022
	£	£
Research income arose from the following sources:		
Policy Research	7,709,465	7,288,717
Survey Research	40,691,305	26,768,101
Other research studies	149,416	15,183,952
Total income from research studies	48,550,186	49,240,770

A foreign exchange loss of £1,207 has been recognised in 2023 (2022: loss of £8,787).

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).

£254,190 of Policy Research income was restricted (2022: £559,370 Policy Research income was restricted).

3. Analysis of expenditure on charitable activities

For the year ended 30 June 2023

	Policy Research £	Survey Research £	Other £	2023 £	2022 £
Charitable activities					
Direct project costs	4,256,487	19,554,190	1,470,359	25,281,036	28,964,908
Indirect project costs	917,506	7,452,407	-	8,369,913	5,664,197
Direct research costs	2,523,701	1,999,129	-	4,522,830	3,668,140
Property costs	269,450	459,159	-	728,609	511,481
IT costs	209,927	1,108,014	97,407	1,415,348	1,194,743
Non-payroll staff costs	274,415	1,375,961	-	1,650,376	1,218,366
Depreciation	108,717	573,821	-	682,538	499,787
Irrecoverable VAT	18,233	96,237	-	114,470	67,250
Service costs	160,524	2,869,953	225,835	3,256,312	1,440,654
Support costs	814,913	4,301,189	21,165	5,137,267	3,949,534
	<u>9,553,873</u>	<u>39,790,060</u>	<u>1,814,766</u>	<u>51,158,699</u>	<u>47,179,060</u>

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

£290,696 of Policy Research expenditure was restricted (2022: £603,095 Policy Research expenditure was restricted)

For the year ended 30 June 2022

	Policy Research £	Survey Research £	Other £	2022 £
Charitable activities				
Direct project costs	3,044,734	12,896,272	13,023,902	28,964,908
Indirect project costs	736,528	4,927,669	-	5,664,197
Direct research costs	1,529,752	2,138,388	-	3,668,140
Property costs	211,892	299,589	-	511,481
IT costs	255,695	939,048	-	1,194,743
Non-payroll staff costs	263,905	954,461	-	1,218,366
Depreciation	106,963	392,824	-	499,787
Irrecoverable VAT	14,393	52,857	-	67,250
Service costs	99,397	1,341,257	-	1,440,654
Support costs	845,265	3,104,269	-	3,949,534
	<u>7,108,524</u>	<u>27,046,634</u>	<u>13,023,902</u>	<u>47,179,060</u>

Other costs relate to expenditure on the Coronavirus Infection Study (CIS) and one off uplift incentive payments for interviewers and supervisors to rebuild the Interviewer Panel.

Support costs

	2023 £	2022 £
Management	289,184	276,797
Marketing & Comms	485,139	447,455
Human Resources	588,761	357,645
Finance	1,923,341	1,289,456
IT	1,441,918	1,228,810
Facilities	137,658	143,725
Governance	271,266	205,646
Total	<u>5,137,267</u>	<u>3,949,534</u>

Governance costs include staff costs of £34,465, overheads of £89,026 including Trustee insurance, expenses, audit and legal fees of £147,775.

Net expenditure is stated after charging:

	2023 £	2022 £
Fees payable to charity's auditors for audit of annual financial statements (net of VAT)	33,000	28,500
Depreciation - owned assets	682,538	486,896
Depreciation – assets under finance lease	-	12,891
Operating lease rentals		
- land and buildings	399,848	387,974
- other	6,493	8,770
Stock expensed	2,220,467	1,655,172
Finance lease interest	-	828

4. Staff costs

	2023 £	2022 £
Wages & salaries		
Direct employees	15,744,461	12,504,349
Temporary, freelance and casual workers	7,736,986	13,218,625
Social security costs		
Direct employees	1,589,324	1,241,679
Temporary, freelance and casual workers	391,802	1,113,625
Pension costs		
Employer's contributions to defined contribution schemes	1,077,673	1,001,547
Operating costs of the defined benefit scheme	61,361	96,998
	<u>26,601,607</u>	<u>29,176,823</u>

The cost (in addition to the above) of temporary/interim staff employed through an agency or on a consultancy basis was £257,044 (2022: £371,140)

Non-contractual termination payments of £19,536 were paid in the year relating to a settlement payment and pay in lieu of notice. Contractual termination payments of £247,000 were accrued at the year end relating to statutory redundancy payments and pay in lieu of notice (2022: £Nil).

£283,885 discretionary, non-contractual staff bonuses relating to the cost of living and including social security and pension costs were accrued in the year (2022: £400,000)

2023**2022**

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

Direct employees

Research	200	176
Data Collection	131	87
IT	35	31
Other support including CEO	43	38
	<u>409</u>	<u>332</u>

NatCen Social Research employed 389 full-time equivalent staff during the year (2022: 314). Full-time equivalent staff includes 69 contracted research interviewers employed (2022:18)

Temporary, freelance and casual workers (average monthly)

Research and data collection	<u>759</u>	<u>874</u>
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The number of higher paid employees was as follows:

	2023	2022
Taxable emoluments band		
£60,001-£70,000	16	12
£70,001-£80,000	9	5
£80,001-£90,000	2	2
£90,001-£100,000	1	-
£100,001-£110,000	-	1
£110,001-£120,000	1	1
£130,001-£140,000	1	1
£180,001-£190,000	-	1
£190,001-£200,000	1	-
	<u>31</u>	<u>23</u>

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 £229,131 (2022: £213,294).

NatCen made contributions to defined contribution pension schemes on behalf of all employees whose emoluments exceeded £60,000 and the total contributions payable during the year amounted to £149,661 (2022: £153,702)

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 £23,121 (2022: £24,965).

No Trustees received remuneration in the year (2022: £Nil). Travel and accommodation expenditure incurred by the Trustees associated with attendance at Trustee meetings held in London during the year was reimbursed where claimed. The total expenses for 3 Trustees reimbursed this year amounted to £1,154 (2022: £1,309 – 3 Trustees).

Trustee Transactions

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

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

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

NatCen engaged services from the solicitors Bates Wells. The partner of Sir Stuart Etherington who was a partner at Bates Wells, was not involved in the departments from which NatCen engaged the services. NatCen paid £22,369 to Bates Wells (2022: £19,686)

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 2022	6,040,000	179,741	5,331,621	324,387	11,875,749
Additions	-	-	614,634	5,605	620,239
Disposals	-	-	(376,406)	-	(376,406)
At 30 June 2023	6,040,000	179,741	5,569,849	329,992	12,119,582
Depreciation					
At 1 July 2022	-	166,760	3,438,497	232,319	3,837,576
Charge for the year	-	12,981	647,156	22,401	682,538
Disposals	-	-	(376,406)	-	(376,406)
At 30 June 2023	-	179,741	3,709,247	254,720	4,143,708
Net book value					
At 30 June 2023	6,040,000	-	1,860,602	75,272	7,975,874
At 30 June 2022	6,040,000	12,981	1,893,124	92,068	8,038,173

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

7. Investments

	2023 £	2022 £
Fair value at the start of the year	4,593,229	-
Additions at cost	-	5,000,000
Net gain/(loss) on change in fair value	253,072	(406,771)
Fair value at the end of the year	<u>4,846,301</u>	<u>4,593,229</u>

All equity investments held are listed investments.

8. Stocks and work in progress

	2023 £	2022 £
Stocks	<u>810,612</u>	<u>1,068,745</u>

9. Debtors

	2023 £	2022 £
Trade debtors	5,898,386	5,371,743
Project accrued income	7,163,566	3,751,062
Other debtors	21,625	16,757
Prepayments	<u>823,617</u>	<u>736,655</u>
	<u>13,907,194</u>	<u>9,876,217</u>

10. Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	2,049,611	1,266,232
Project deferred income *	20,026,249	18,103,113
Tax and social security	832,996	1,189,712
Accruals	4,817,813	4,614,203
Other liabilities	<u>180,334</u>	<u>142,345</u>
	<u>27,907,003</u>	<u>25,315,605</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**

	2023	2022
	£	£
At 1 July	18,103,113	11,956,377
Deferred during the year	20,026,249	18,103,113
Released to the Statement of Financial Activities in the year	<u>(18,103,113)</u>	<u>(11,956,377)</u>
At 30 June	<u><u>20,026,249</u></u>	<u><u>18,103,113</u></u>

Provisions

	1 July 2022	Charged to the statement of financial activities	30 June 2023
	£	£	£
Dilapidation provision	225,000	-	225,000
Onerous lease provision	97,925	(97,925)	-
	<u>322,925</u>	<u>(97,925)</u>	<u>225,000</u>

The dilapidation provision relates to quoted estimated dilapidation costs for a leased office required under the current lease due to expire in January 2024. 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 related to surrender fees payable in relation to an office lease surrendered up until the end of the lease.

11. Funds

	Balance at					Balance at
	1 July	Income	Expenditure	Transfers	Gains/(losses) and revaluations	30 June
<i>Unrestricted funds</i>	2022	£	£	£	£	2023
	£	£	£	£	£	£
General fund	8,292,120	48,488,582	(51,429,331)	(10,948)	253,072	5,593,492
Designated fund-property:						
at cost	3,014,461	-	-	-	-	3,014,461
revaluation	3,025,539	-	-	-	-	3,025,539
	<u>6,040,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,040,000</u>
Pension reserve	(18,094,348)		561,328	-	(3,875,599)	(21,408,616)
		<u>-</u>				
Total Unrestricted	<u>(3,762,228)</u>	<u>48,488,582</u>	<u>(50,868,003)</u>	<u>(10,948)</u>	<u>(3,622,527)</u>	<u>(9,775,124)</u>
Restricted Funds	47,339	254,190	(290,696)	10,948	-	21,781
Total Restricted	<u>47,339</u>	<u>254,190</u>	<u>(290,696)</u>	<u>10,948</u>	<u>-</u>	<u>21,781</u>
Total Funds	<u>(3,714,889)</u>	<u>48,742,772</u>	<u>(51,158,699)</u>	<u>-</u>	<u>(3,622,527)</u>	<u>(9,753,343)</u>

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 £732,675 are offset by the defined benefit pension contributions payable of £1,294,003 resulting in total negative expenditure of £561,328.

Restricted funds relate to grant funded research projects for Royal Society for the Encouragement of Arts, GambleAware and What Works Centre for Children's Social Care .

The Royal Society for the Encouragement of Arts research project relates to Rethinking Public Dialogue. Fund balances carried forward at 30 June 2023 were £345 (2022: nil).

The GambleAware research projects relate to Patterns of Play and consumer vulnerability, Stigmatisation and Discrimination of experiencing Gambling Harms in Great Britain and Gambling Harms amongst People living with Disabilities, Neurodiversity, and/or Mental Health Challenges. There were five GambleAware projects undertaken in the year. Fund balance carried forward at 30 June 2023 was £10,488 (2022: nil).

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 and affordable maths tuition evaluation. Fund balances carried forward at 30 June 2023 were nil (2022: £22,064). There were three What Works Centre for Children's Social Care projects undertaken in the year. The transfer of £10,948 from unrestricted funds relates to one project in deficit which was completed in the year.

Movement in funds for the year ended 30 June 2022

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

12. Analysis of net assets between funds

For the year ended 30 June 2023

	Fixed assets	Net current assets less creditors due after one year and provisions	Defined benefit pension scheme liability	Total
	£	£	£	£
General unrestricted fund	1,935,874	3,657,618	-	5,593,492
Restricted funds	-	21,781	-	21,781
Property fund	6,040,000	-	-	6,040,000
Pension reserve	-	-	(21,408,616)	(21,408,616)
	<u>7,975,874</u>	<u>3,679,399</u>	<u>(21,408,616)</u>	<u>(9,753,343)</u>

For the year ended 30 June 2022

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

13. Company status and membership

The company is a private company limited by guarantee and does not have a share capital. In the event of the company being wound up, the liability of each member is limited to £1. At the year end there were 12 members who were all Trustees.

14. Operating leases

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

	2023 £	2022 £
1 year	329,814	473,428
2 - 5 years	333,630	75,540
Total	663,444	548,968

Total minimum payments payable for other operating leases due within:

	2023 £	2022 £
1 year	7,260	7,260
2 - 5 years	13,914	21,173
Total	21,174	28,433

15. Retirement benefit schemes

Overview of schemes in operation

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

Defined contribution scheme

The defined contribution scheme is a Group Personal Pension Plan with staff contributions being invested with Scottish Widows. Employee and employer contributions are paid directly to Scottish Widows who hold the funds in a personal account for the employee. Contributions invested by Scottish Widows are invested in funds selected by the employee from a range on offer. NatCen, as the employer, contributes 7.5% of the employee's salary with employees contributing a minimum of 4%. There were 220 members at 30 June 2023 (2022: 200) The contributions payable by NatCen charged to profit or loss totalled £690,509 (2022: £547,735) of which £56,218 are included in creditors at the year end (2022: £48,395).

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 158 members of staff contributing to the Scottish Widows auto-enrolment scheme at 30 June 2023 (2022: 120) and 394 freelancers contributing to The People's Pension auto-enrolment scheme at 30 June 2023 (2022: 323). NatCen's contribution to both schemes in 2023 was £387,164 (2022: £453,812) of which £37,418 are included in creditors at the year end (2022: £26,642).

Defined benefit scheme

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

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

A full actuarial valuation was carried out as at 31 March 2022 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the scheme is agreed between NatCen and the Trustees in line with those requirements. These in particular require the surplus / deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

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

The scheme ceased accrual on 31 March 2016 and at that time incurred one off curtailment costs in 2016 of £3,281,625 to reflect that the accrued benefits of members of the pension scheme who remain active employees of NatCen will be revalued annually at the same rate that applied before the scheme was closed to future accrual (which is in line with increases in RPI with a cap of 5%), which is normally higher than statutory requirements. NatCen will also pay amounts into the scheme equal to the levy payments made by the scheme to the Pension Protection Fund, insurance premiums for death in service benefits/management and administration expenses.

For the purposes of FRS102 the actuarial valuation as at 31 March 2022, which was carried out by a qualified independent actuary, has been updated on an estimated basis to 30 June 2023.

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

	2023	2022
	£	£
Fair value of scheme assets	40,349,044	54,529,916
Present value of scheme liabilities	(61,757,660)	(72,624,261)
Deficit in scheme recognised as a liability	(21,408,616)	(18,094,345)

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

A further measure of the scheme liabilities is the solvency basis, often taken as an estimate of the cost of buying out the benefits at the balance sheet date with a suitable insurer. This amount represents the amount that would be required to settle the scheme liabilities rather than NatCen continuing to fund the ongoing liabilities of the scheme.

Changes in the present value of the defined benefit obligation

	2022	2021
	£	£
Defined benefit obligation at 1 July	72,624,261	98,159,141
Expenses	61,361	96,998
Interest cost	2,740,054	1,848,449
Actuarial gains	(11,052,205)	(25,635,193)
Benefits paid, death in service premiums & expenses	(2,615,811)	(1,845,134)
Defined benefit obligation at 30 June	61,757,660	72,624,261

Changes in the fair value of the plan assets

	2023	2022
	£	£
Plan assets at 1 July	54,529,916	66,518,079
Interest income	2,068,740	1,296,041
Return on plan assets less interest income	(14,927,804)	(16,680,072)
Contributions by NatCen Social Research	1,294,003	5,241,002
Benefits paid, death in service premiums & expenses	(2,615,811)	(1,845,134)
Plan assets at 30 June	40,349,044	54,529,916

Total expense recognised in the Statement of Financial Activities

	30 June 2023	30 June 2022
	£	£
Expenses	61,361	96,998
Net interest cost	671,314	552,408
Total expense recognised in the Statement of Financial Activities	732,675	649,406

Statement of other recognised gains and losses

	30 June 2023	30 June 2022
	£	£
Return on plan assets less interest income	(14,927,804)	(16,680,072)
Actuarial gains	11,052,205	25,635,193
Total amount recognised in other recognised gains and losses	(3,875,599)	8,955,121

Assets

	30 June 2023	30 June 2022
	£	£
Equity	9,230,013	14,041,485
Cash	1,239,413	1,226,556
Debt Instruments	20,543,364	28,365,598
Other (Infrastructure, Private Debt)	9,336,254	10,896,277
Total assets	40,349,044	54,529,916

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

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

Assumptions

Weighted-average assumptions to determine defined benefit obligation

	2023 % per annum	2022 % per annum
Rate of discount	5.18%	3.84%
Inflation (RPI)	3.30%	3.20%
Inflation (CPI)	2.80%	2.60%
Deferred pension valuation		
-CPI max 5%	2.80%	2.60%
-RPI max 5%	3.30%	3.20%
Pension increases		
-RPI max 5% min 3%	3.70%	3.70%
-CPI max 3%	2.10%	2.10%
Mortality table		
-Base table	96% of S3PMA tables for males 99% of S3PFA_M tables for females	102% of S3PMA tables for males 102% of S3PFA_M tables for females
-Future improvements	CMI 2022 model (Sk = 7, A = 0) with long term improvement rate of 1.25% p.a. for males and females, with no weight placed on 2020 or 2021 experience and 25% weight placed on 2022 experience.	CMI 2021 model (Sk = 7.5, A = 0) with long term improvement rate of 1.25% p.a. for males and females and no weight placed on 2020 or 2021 experience
Commutation	80% of Post A Day	80% of Post A Day

The mortality assumptions adopted at 30 June 2023 imply the following life expectancies:

	Life expectancy at age 60 (Years)	
Male currently aged 60	26.3	26.6
Male currently aged 40	27.9	28.1
Female currently aged 60	28.2	28.6
Female currently aged 40	29.8	30.1

The best estimate of contributions to be paid by NatCen to the scheme for the year commencing 1 July 2023 is £1,300,000.

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

	2023 £	2022 £
<i>Net income for the year (as per the statement of financial activities)</i>	(2,333,749)	2,089,493
Interest received	(118,303)	(7,951)
Depreciation charges	682,538	499,787
Decrease/(increase) in stocks	258,133	(523,660)
Increase in debtors	(4,030,977)	(1,119,612)
Increase in creditors	2,411,295	4,476,412
Defined benefit pension costs (Note 15)	732,675	649,406
Defined benefit pension contributions payable (Note 15)	(1,294,003)	(5,241,002)
	_____	_____
Net cash provided by operating activities	<u>(3,692,391)</u>	<u>822,873</u>

National Centre for Social Research
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