Mr Andrew Miller, MP
Chairman
Science and Technology Committee
House of Commons
London SW1A 0AA

22 March 2011

Dear Mr Miller,

MRC Annual Report and Accounts 2009/10

Thank you for your letter dated 9 March 2010 seeking an explanation for the delay in the publication of the MRC Annual Report and Accounts for 2009/10.

I am pleased to be able to inform you that the report has today been laid before the House and I understand that copies will be made available to the Committee shortly. The report describes the significant progress the MRC made during 2009/10 in delivering against priorities outlined in our Strategic Plan, Research Changes Lives. The report also outlines the value to the MRC of strong partnerships with government, industry and academia which play a key role in the support of significant, long-term research, and in translating scientific findings into public benefits.

The delay in the publication of the MRC Annual Report and Accounts resulted from two issues, firstly relating to the implementation of new structures supporting the delivery of front-line services and secondly relating to the requirement imposed by the National Audit Office for the MRC to consolidate the accounts of MRC Technology.

During 2009/10 the seven research councils, working together as Research Councils UK, established RCUK Shared Services Centre Ltd to provide front-line services to all of the Research Councils for Human Resources, Finance, Procurement, IT IS and Grants administration. RCUK SSC Ltd is key element of the Research Councils’ long term efficiency plans, delivering joint systems and harmonising processes, and in delivering savings through strategic procurement. A delay in the finalisation of the accounts of RCUK SSC Ltd for 2009/10 had a knock-on effect on the approval processes for the MRC Accounts during the summer of 2010.

As this issue was resolved (and the account ready for final sign-off, with a version prepared for publication), the National Audit Office identified the requirement for the MRC to present consolidated group accounts incorporating MRC Technology (MRCT). MRCT is an MRC associate company, which works to translate cutting-edge scientific discoveries into commercial products, focusing on intellectual property from research in the MRC’s research units and institutes.
The accounts of MRCT had not previously been consolidated as it had not been considered that a controlling relationship existed between the two parties. As MRCT has become increasingly successful and income and assets have become more significant, the auditors' view changed. Consolidation of the MRCT accounts required a substantial revision of the group account, followed by a further lengthy approval process. The MRC group accounts were finally approved by the National Audit Office and signed by the Comptroller and Auditor General on 15 March 2011.

I hope this letter provides adequate explanation of the delays experienced by the MRC however, please do let me know if the Committee requires any further information or has any further questions relating to the report.

Yours Sincerely

[Signature]

Professor Sir John Savill  
Chief Executive