MINUTES OF THE THIRTY SECOND MEETING HELD ON 22 JUNE 2010 AT CARDIFF UNIVERSITY

Council Members present: Michael Sterling (Chairman)
Gill Ball
Martin Barstow
Keith Burnett (by phone)
Marshall Davies
Philip Greenish
Mike Healy
Peter Knight
Keith Mason
James Stirling
Will Whitehorn

Business, Innovation & Skills (BIS)
Paul Williams

In Attendance: Sharon Cosgrove
Terry O’Connor
Jane Tirard
Jenny Thomas
Gordon Stewart
Richard Wade
Colin Whitehouse
Ruth Jeans (Minute Secretary)

Apologies: Tony Ryan, Philip Kaziewicz

1. WELCOME
1.1 The Chairman welcomed members and attendees to the meeting.
1.2 On behalf of Council the Chairman warmly thanked Cardiff’s Vice Chancellor David Grant, Walter Gear (Head of School of Physics and Astronomy), Tim Wess (Head of School of Optometry and Vision Sciences), their science colleagues, and Kate Thomas (Tim’s PA), for hosting a very enjoyable and informative visit.
1.3 Jenny Thomas was attending her last formal Council meeting as Chair of the Science Board, and the Chairman on behalf of Council thanked her for all her
hard work over many years on behalf of the science community, STFC, and previously PPARC, and wished her well for the future.

2. MINUTES OF THE LAST MEETING
2.1 Subject to minor changes, the minutes were agreed to be a correct record of the meeting and were signed by the Chairman.

3. ACTIONS AND MATTERS ARISING
3.1 (Minute 2.5 April meeting) Oxford Group proposal: At the April meeting, Council had recommended that the Oxford Group should continue to work with the executive to produce a balanced scorecard. However, following advice from Keith Mason, Council agreed that due to the current financial restraints STFC should not proceed for the time being. Instead, other more cost effective means of achieving this were being considered.

3.2 (Minute 7.4 February meeting) ISIC Presentation: Keith Mason reported that progress in establishing the International Space Innovation Centre was rapid and ongoing, with the ISIC Board meeting every 6 weeks to scrutinise progress. Council agreed that the September joint Council/EB Strategy Day would be an appropriate time to receive the presentation, and also requested that a formal structure should be available by that date.

Action: K Mason

4. CSR PLANNING
4.1 The Chairman and Keith Burnett, (Chairman of the CSR Group), thanked the members of the CSR Group and the executive team for meeting the tight timescales in responding to Adrian Smith’s letter of 2 June, regarding the development of Delivery Plans for 2011-2015.

4.2 Keith Burnett stressed the importance of now responding to the original remit from Council, by proactively engaging with the key stakeholders and science communities in an international as well as national debate on the issues and priorities, and developing a detailed plan for doing so. It was essential the community understood the severity of the financial challenges the Council faced in the CSR & the impact these would have on science.

4.3 Keith Mason emphasised the importance to STFC of its capital allocation, noting that this underpinned the international subscriptions as well as the capital component of grants to universities and facilities funding.

4.4 Keith stressed the need for STFC to ensure that its CSR planning delivered both a financially sustainable plan and also one that maximised the benefit of STFC funded research. In that connection Keith noted that STFC’s research base was a “connected organism” with fundamental research in one area benefiting others.

4.5 Paul Williams outlined the current BIS timeline for the CSR exercise. Government Departments were currently preparing their high level bids for submission to the Treasury by 15 July, including their contribution to the recently announced cuts. *(This would involve three major budgets within BIS - Science; Universities; and Skills).*
4.6 Following the announcement of the CSR on 20 October, the Minister would make a decision on how the allocation would be divided between the three main components, followed by a decision on the division between the various bodies, research councils etc. However other components of the process would be continuing in parallel, and the executive and Council should expect to be asked for additional information at short notice during the next few months.

4.7 Paul stated that the initial response to Adrian Smith’s letter provided by the team had received positive feedback. However to ensure that the Minister and his team understood at a headline level the consequences of the various scenarios, more clarification may be required at the meeting between the DG and the CEO on 29 June, and there would be continuous discussion on the process between BIS and the Research Councils until at least 20 October. The Minister would also be consulting with Vice Chancellors, and other advisory bodies.

4.8 Paul confirmed that the scenarios STFC had been asked to prepare were confidential but pointed out that the recent budget announcement contained statements as to the overall level by which public spending would be reduced.

4.9 During discussion, the following points were made:

- Key stakeholders within the academic communities needed to be made aware at the earliest opportunity of the debate taking place within STFC, in order to understand the difficult issues and decisions involved, and to work with STFC to decide ‘what to do with less’;

- It was essential that the communities took a positive line and establish a vision for each individual area of science, (for example, based on the percentage cuts that have already been announced in the recent Emergency Budget);

- It was the responsibility of Council, not BIS, to decide the relative importance of physics and astronomy, and three key areas needed to be considered when discussing the way forward – near cash; facilities; and international subscriptions. A very detailed plan showing the consequences of the various funding scenarios would need to be developed;

- Ensure that industrial stakeholders were included in the debate at an appropriate time;

- To help inform BIS/Treasury in a meaningful way, it was proposed that ‘Decision Conferencing’ techniques could be used as a proven and effective means of debating and decision making, providing that the appropriate data analysis was available;

- Ensure that the Government was made aware of the relevance and importance of the new Campus model which brings the academic communities and industry together to work more effectively;

- Careful consideration needed to be given, not only to the tensioning of activities within STFC, but to the effect of possible decisions on other Research Councils. There needed to be a strategy looking across the Councils which takes a view on what the science base should look like by the end of the CSR period.

4.10 Council agreed:
To consider the use of Decision Conferencing techniques at the next meeting of Council on 27 July, and identify an appropriate facilitator;

Action: RW

To prepare a briefing note for Council members, as basis for discussion with stakeholders;

Action: T O'Connor

That appropriate data would also be required, in order to have a meaningful debate within Council and with stakeholders;

Action: RW

To consider holding a Council meeting at the beginning of September to discuss the outcome of the stakeholder consultations;

Action: Secretariat

To continue the CSR sub group under the chairmanship of Keith Burnett

4.11 Council noted the developments in preparing for the CSR, and the agreed actions.

5 ANNUAL BUDGET OVERVIEW 2010/11

5.1 Jane Tirard advised Council of the serious position of the 2010/11 budget (in particular the £15m capital budget gap); the risks involved; and the actions being taken to resolve the shortfall, by providing a high level summary of the slides provided to Council with the relevant Council paper.

5.2 As previously reported, £11M of internal savings were required to balance the operational budget, and following several rounds of discussions with Directors; the Operations Board; the Programme Board; and the Executive Board, a gap of only £0.6M remained. This would be met by restricting travel, attendance at conferences etc.

5.3 Referring to the capital shortfall and ISIS, Jane pointed out that there was insufficient funding for operating staff and obsolescence capital. As a result, the current budget allowed ISIS to operate for 80 days only. It was therefore of the highest priority to hold a further review of activities across the facilities operations and other areas to find the additional funding required by late summer, to increase operations by a further 40 days.

5.4 Also, as a result of the increase level of VAT from 17.5% to 20% announced in the Budget, a further £250K would need to be found. However Jane assured Council that a balanced budget for 2010/11 would be achieved.

5.5 Referring to the recommendations from the Executive Board on how the majority of the shortfall would be achieved, Council asked if data was available to provide assurance that the targets were being met, particularly the ‘aspirational’ figures.

5.6 Council was concerned that the financial information received to date had not been satisfactory. However Jane assured Council that although there was still a lack of management information from SSC, quarterly updates (would be provided to the Audit Committee and Council in line with the new quarterly formal Council meeting programme.
5.7 Marshall Davies confirmed that although Audit Committee has expressed concern over the quality of management information provided in the past, the quality of information made available had improved.

5.8 Marshall Davies also reported that the SSC budget for delivering the project was likely to overrun by a further £5.9M. STFC would be liable for 20.4% of this amount, and Marshall, at a meeting of the SSC Project Audit Committee, had made it clear that any additional funding would require the agreement of each of the Research Councils.

6 DSIC JV

6.1 Colin Whitehouse commenced by highlighting the outcome of three recent reviews – The Hauser Report *(proposing funding a number of new technology centres)*; the Dyson Report *(citing Daresbury Laboratory as a successful model for technology centres)*, and similar recommendations from a NESTA report – which all placed STFC Campuses in a strong position to benefit from their recommendations.

6.2 Colin went on to update Council on the DSIC bidding process and associated negotiations. He was not yet in a position to present a final recommendation to Council due to last minute complications, although the final bids had now been received. The formal evaluation by the DSIC partners would now take place on 24 June, followed by final recommendations to the Executive Steering Group and separately to Marshall Davies and Michael Sterling in order for them to give assurance to Council on the EB recommendation.

6.3 It is planned that the recommendations would then be presented to Council for its approval by correspondence within the next 2-3 weeks. Key background documentation would be posted to the Xtranet for information. Also, as part of the process, confirmation regarding Private Sector classification would be required from the Office of National Statistics.

6.4 Paul Williams pointed out that before seeking the Minister's final approval for the DSIC JV, he would require a clear statement from STFC to present to the Minister on where DSIC fitted in to the long term plans for STFC, for example by demonstrating that this would be an opportunity to use a public asset more efficiently.

6.5 Council noted the report and approved the actions being taken.

7 ESO COUNCIL UPDATE

7.1 Discussion on this matter was commercial in confidence and has been redacted from the public version of the minutes.

8 ANNUAL REPORTS AND ACCOUNTS

*Annual Accounts*

8.1 Jane Tirard reported that the final audited accounts were due to be approved by the Audit Committee on behalf of Council at its July meeting and placed before Parliament before the summer recess on 29 July. However Jane warned that as a result of difficulties in the auditing of the SSC accounts
affecting the accounts of all the Research Councils, as well as consolidation-related issues which affected STFC’s accounts, this deadline may not be achievable.

8.2 It was also pointed out that the membership of the Remuneration Committee needed correction. **Action: J Tirard**

**Annual Report**

8.3 The draft Management Commentary had been completed, and a sample layout, (which meets government requirements), had been presented for Council’s approval.

8.4 Council was asked to provide Terry O’Connor with any comments on the layout or changes to the text as soon as possible.

8.5 Jenny Thomas pointed out that while the Report had been designed to demonstrate the excellence of STFC’s science and technology, it was unacceptable to have the content on ‘World Class Science’ appearing in section 9 (out of 12). Terry agreed to re-consider the ‘message’ being presented.

8.6 Terry also agreed to circulate the final draft CEO’s Introduction when signed by Keith.

8.7 Council noted and approved the proposed Annual Report and layout, subject to the changes requested.

8.8 Council also noted that the Audit Committee would need to consider the SSC Ltd resolutions and responses to the NAO issues with their accounts, and provide a recommendation to the Accounting Officer.

**9 ECOAB- REVISED TERMS OF REFERENCE**

9.1 Council agreed the revised Terms of Reference of the Education and Communications Outreach Board.

**10. ANNUAL DELIVERY REPORT 2009-10**

10.1 Council agreed the draft Annual Delivery Report.

10.2 Council also agreed the Scorecard Quarter1 Report for 2010/11.

**11. SCIENCE BOARD REPORT**

11.1 Jenny Thomas presented the Science Board Report, highlighting a number of recommendations including: Hartree and future High Energy Computing requirements; the need for synergy between PPAN’s science roadmap and the Space Agency; and the need to resolve the capital funding issues relating to ISIS.

11.2 The Science Board had also discussed the lessons learned from the prioritisation exercise. In particular, to strengthen some of the currently weakened areas (e.g. nuclear physics, particle astrophysics), there was seen to be a need for developing new initiatives, such as university consortia-led institutes for strategic science areas.
11.3 There was also the danger that as a result of the UK financial situation, there was a risk of losing highly talented researchers. The Board had suggested that STFC should develop a high-visibility fellowship scheme, with the goal of supporting and retaining such individuals.

11.4 Paul Williams stated that it was this type of positive suggestion that the Minister would want to see included in STFC’s proposals for going forward.

11.3 Council noted the Science Board Report.

12. OPERATIONS REPORT

12.1 Council noted the Operations Report.

12.2 Richard invited Council to consider the re-appointment of the Chairman of the Diamond Board, Lord Broers, whose term of office was due to end shortly.

12.3 Following discussion, Council agreed to recommend that Sir Alec’s appointment be renewed, and invite him to look at ways of strengthening the links between Diamond and STFC.

Action: R Wade

12.4 Council also agreed the proposed new membership of the Science Board.

13. LARGE FACILITIES CAPITAL FUND PRIORITISATION

13.1 Council noted the current process for the prioritisation of bids from STFC to the LFCF, and the status of the bids.

14. RCUK FACILITY FUNDING UPDATE

14.1 Richard Wade updated Council on the progress so far in developing a funding model for the large facilities. RCUK would be required to include the project in its CSR bid, and then agree the funding model and establish the mechanisms to be in place by 1 April 2011.

14.2 Council noted the progress so far in developing an RCUK Facility Funding model.

15. STRATEGY UPDATE

15.1 Sharon Cosgrove reported on the development of STFC’s Corporate Strategy and the plan for implementation.

15.2 In order to ensure a broad perspective and visible ownership of the Strategy, Sharon proposed that Council members should be assigned as Theme Champions alongside the current leaders and Director Champions. Members who were prepared to take on this role were invited to contact Sharon outside the meeting to discuss further.

Action: Members

15.3 Council noted the status and timetable for the Corporate Strategy; approved the changes to the Strategic Framework; and approved the implementation approach.
15.4 Council also discussed the programme for the Council Strategy Day on 28 September. The details would be considered further outside the meeting but it was agreed that because of the timing of the CSR exercise, the meeting should concentrate on the development of STFC’s Delivery Plan, rather than the Strategy which would be dealt with following the CSR announcement.

16. **SSC UPDATE**

16.1 Jane Tirard updated Council on STFC’s migration to the Shared Services Centre. Because of continuing uncertainties regarding functionality of the fixed assets and management information, a two-phase data migration strategy had been adopted. Special support arrangements had been put in place, and issues arising were being carefully monitored.

16.2 Council noted the status of the migration exercise.

17. **AUDIT COMMITTEE REPORT**

17.1 Council noted the minutes of the Audit Committee held on 26 March and the business items highlighted.

18. **PRIORITISATION IMPLEMENTATION UPDATE**

18.1 Council noted the progress in implementing the Prioritisation Programme.

19. **CHIEF EXECUTIVE’S REPORT**

19.1 Council noted the Chief Executive’s Report

20. **SAFETY, HEALTH & ENVIRONMENT REPORT**

20.1 Council noted the quarterly Safety, Health & Environment Report

*The meeting closed at 17.00*