STFC(2010)50

MINUTES OF THE THIRTY THIRD MEETING HELD ON 27 JULY 2010 AT RAL (INFORMAL MEETING)

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

Business, Innovation & Skills (BIS)

In Attendance: Paul Williams
Sharon Cosgrove (for Item 5)
Terry O’Connor
Tony Ryan (by phone for item 5)
Jane Tirard
Jenny Thomas
Gordon Stewart
Richard Wade
Colin Whitehouse
John Womersley (for Item 5)
Ruth Jeans (Minute Secretary)

Apologies: Marshall Davies, Will Whitehorn

1. WELCOME AND INTRODUCTION

1.1 The Chairman welcomed members and attendees to the meeting.

1.2 The Chairman began by reporting on his earlier meeting with the non-executive members of Council. The meeting had been convened to discuss Council’s response to the communities’ concerns which had been communicated in a letter to the Chairman on 12 July, (although no reasons had been specified).

1.3 As part of the discussion it had been noted that Keith’s appointment would end in March 2012, and that he had confirmed that he would not be seeking a further term. BIS is responsible for the formal appointment exercise, but taking into account the length of the process, Council agreed that work should commence on
the process as soon as was reasonably practicable.

1.4 As a prequel, Council had also agreed the importance of consulting with senior members of the scientific community and other key STFC stakeholders for their views on developing the role and person specification for Keith’s successor which, in due course, could be submitted as input to BIS.

1.5 A working group of three non-executive Council members - James Stirling, Peter Knight and chaired by Marshall Davies - had been established with the remit to develop the role, in particular to consider the optimal balance of leadership experience and scientific excellence, in order to provide advice through Council to the Chairman, who will provide input to BIS which conducts the appointment process.

1.6 Council agreed Terms of Reference for the Group, and a statement which would be included in the News from Council to be published on the STFC website.

2. MINUTES OF THE LAST MEETING

2.1 (minute 4.10 – CSR planning, use of decision conferencing): Consider the use of decision conferencing techniques, and identify an appropriate facilitator. Action: R Wade/K Burnett

2.2 (minute 12.2): ‘Sir Alex Broers’ should read Lord Broers.

2.3 Subject to these amendments being made, 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 (DSIC JV): Council had unanimously endorsed the final draft DSIC JV by correspondence.


3.3 Jane reported some progress in the migration of the finance systems to the SSC. The number of outstanding invoices was reducing, and the new version of the reporting tool had been installed and testing was underway. However, management reporting data was still not available.

3.4 As noted in her paper, Jane also reported that STFC’s Annual Accounts had been agreed with the National Audit Office except for the SSC-related elements (this was the case for all Research Councils). The Annual Report and Accounts would be submitted to the Audit Committee in October, and then to BIS for placing before Parliament later that month.

4. INTERNATIONAL SPACE INNOVATION CENTRE (ISIC)

4.1 At the commencement of discussion, Mike Healey declared an interest in ISIC through his company, Astrium which is an ISIC partner.

4.2 Keith Mason summarised the vision for the ISIC project. The intention was to provide a novel environment for government, universities and industry to work together, to capitalise on scientific opportunities and create new technologies,
applications, IP etc., to exploit national and international space programmes, and attract inward investment.

4.3 The aim was to complete the first phase by April 2011, and a total investment of £41M had been made by government and industry for this phase.

4.4 Keith believed that the unique selling point for ISIC, sited on the Harwell Science & Innovation Campus (HSIC), was its close proximity to multidisciplinary research establishments including MRC; ESA Centre; Health Protection Agency as well as STFC’s large facilities (ISIS; Diamond and the CLF).

4.5 The current ‘hub and spoke’ model for HSIC reflected the proposed ISIC model, and would provide ISIC with access to the best researchers and encourage cross-disciplinary and cross-sector working; innovation; economic impact; investment and funding, and world leading science and technology.

4.6 Partnership in ISIC would be open to all space-related organisations, nationally and internationally, and the concept had already generated considerable interest from large and medium-sized companies, universities and innovation clusters.

4.7 Keith pointed out that ISIC was an STFC contract with BIS. Once operational, the intention was to establish ISIC as a not-for-profit company within the private sector, limited by guarantee. STFC would be the sole member of the Company, with control ceded to the Management Board.

4.8 It was anticipated that the partnership agreements with the initial set of partners would be firmed up during September and October. The company would be formally established by the end of October and operational by April 2011.

4.9 Keith was confident that this new form of vehicle would enable STFC and other public bodies to implement their programmes more effectively, while leveraging funding from the private sector. (IP would remain with the partners). ISIC would be funded by the partners’ programmes and charging access to other users, with the partners sharing the operating costs.

During Discussion:

4.10 Council declared its support for the ISIC concept. However serious concern was expressed at the complexity of the arrangements being proposed, and strongly recommended that they be reconsidered and simplified. It was noted that there were a number of potentially effective models that should be considered, including the sponsorship route. Action: K Mason

4.11 Phil Kaziewicz also pointed out that Council had established the EIAB specifically to advise on such business and commercial issues, particularly where there were assets and in-kind investments involved. As many of the assertions made in the presentation were untested, it was proposed that the draft business case, including estimated running costs; forecasts; and options for governance structures should be sent to the EIAB by the beginning of September, in order that the Board could consider the plan and provide recommendations to the September Council meeting. Action: K Mason

4.12 In response to the concerns regarding the complexity of the governance structure, Gordon Stewart noted that his legal team had drawn up the plan to reflect the
requirements received from the ISIC Establishment Board, (consisting of ISIC stakeholders).

4.13 Gordon also mentioned that an independent review of proposed arrangements had been carried out by Manches, (who had been instructed to advise on the project), and a useful interim report had been received. Gordon agreed to circulate to Council for information. **Action: G Stewart**

4.14 Jane Tirard noted that the ISIC team, given the recent kick-off of the project, were currently focusing mainly on the short term issues related to the launch of the Centre next April, and so far she had received insufficient information to be able to provide assurance to Council on the ongoing financial implications of ISIC.

4.15 Council **noted** Jane’s concern and **requested** cash flow forecasts as well as a fully developed business plan and processes to be made available before the October Council meeting, when they would be reviewed. **Action: K Mason**

4.16 Council also advised that when drawing up the terms of the individual Partnership Agreements, they should fully reflect the legal and financial requirements of the company involved, as well as their technical requirements. **Action: K Mason**

5 VISTA UPDATE

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

6 CSR PLANNING UPDATE

6.1 Keith Burnett on behalf of the CSR Group welcomed the recent progress report provided by the executive team, and expressed satisfaction with the clear direction and instructions for the way forward.

6.2 Richard Wade, Sharon Cosgrove and John Womersley presented a summary of the current situation; the preparations being made for the next Delivery Plan iteration to BIS; and the preparation for the September strategy meeting of Council.

6.3 Sharon reported that the key issues arising from the latest bi-lateral with BIS included the need to focus on the cross-Council agenda, and the interface with the funding councils and strategic partners to achieve savings and increase the economic impact. The cross-Council work with HEFCE would include modelling the impact on university departments of a number of illustrative scenarios such as major changes to particle physics and business studies funding.

6.4 Emphasis had also been placed on developing an effective funding model for the large facilities.

6.5 In considering these issues, there would also be the need to re-assess the role of STFC’s departments and the location of operations. In doing so, it would be necessary to address STFC’s distinctive role within the wider funding landscape, and determine how to manage risk to leveraged funding and future demand.
During discussion the following points were made:

6.6 Council stressed the importance of exposing the facts and implications of the scenarios, in detail. There needed to be a process which examined every aspect of the programme including value for money, and should also include debate with the science community.

6.7 A number of innovative ideas and radical questions needed to be developed for the Science Board to consider how best to deliver savings while managing the science programme and the organisation more efficiently.

6.8 By the end of August there needed to be a plan to address the profound ramifications of Scenario C in particular, including analyses of the consequences of the various options, and a risk assessment of what would not be achieved. The plan should also include timelines and projections covering the 4 year CSR period.

6.9 Keith Mason emphasised that only options that were realistic should be considered, and that a 30% reduction in international subscriptions was unrealistic.

6.10 Paul Williams pointed out that planning should not be made on the assumption that the current financial stringency would be followed by a period of growth that would return science funding to its previous trajectory.

6.11 An Astronomy Forum meeting was due to be held on 28 July at the RAS, and a joint STFC/EPSRC meeting with physics professors was to be held on 29 July. It was agreed that this would be a useful opportunity to debate the question ‘what would be consequences if ‘X’ project or programme were withdrawn’.

In conclusion, it was agreed:

a) That the CSR Group and working group should examine all the Scenario C options noting Keith Mason’s comment above, and if possible attempt to establish the relevant government strategy - if one existed.  
   Action: R Wade

b) That the Groups should also consider the options and consequences for the rest of the programme, if international subscriptions were to be reduced by 10%.  
   Action: R Wade

c) To set up weekly meetings during August to drive the process forward.  
   Action: Secretariat/R Wade

d) To continue to communicate with the key stakeholders as planned.

7 ANY OTHER BUSINESS

DSIC

7.1 Colin Whitehouse regretfully reported that Alan Gilbert VC of Manchester, who had been deeply involved with the development of the new campus model, had died that morning, after a long illness.

7.2 Colin went on to report that following approval by STFC Council, the JV had also been approved by the NWDA Board, and the DSIC Executive Steering Group was now preparing the legal documentation for final signatures, and submission to the Minister.
7.3 Paul Williams stated that the BIS Ministers’ preferred option for Daresbury was still the Joint Venture, and it had been formally agreed that NWDA and STFC should proceed with preparing the legal documentation.

7.4 Although it was unlikely that the process would be completed until after the CSR Exercise had been completed, Council welcomed the news that the JV would proceed.

7.5 Colin also announced that Executive Board had agreed that, for continuity, he would be the STFC nominated Director of the DSIC Board, with further Directors of the public sector boards being announced in September.

RAE Report

7.6 Jenny Thomas requested a statement from Council on STFC’s position regarding the RAE Report to BIS.

7.7 The Chairman stated that, on behalf of Council, he had already responded to Brian Foster’s communications. A statement re-affirming that members undertake, (as a condition of their appointment by the Government), to act independently and impartially in their work for STFC, would also be published in the News from Council.

The meeting ended at 17.30