MINUTES OF THE THIRTY SEVENTH MEETING HELD ON 14 DECEMBER 2010 AT THE RUTHERFORD APPLETON LABORATORY

Council Members present: Michael Sterling (Chairman)
Gill Ball – by telcon
Martin Barstow
Marshall Davies
Philip Greenish
Philip Kaziewicz
Peter Knight
Keith Mason
James Stirling
Will Whitehorn – by telcon

Dept Business, Innovation & Skills (BIS): Paul Williams

In Attendance: Tony Ryan (Chair, Science Board)
Richard Wade (Chief Operating Officer)
Gordon Stewart (Director, Corporate Affairs & Executive Secretary to Council)
Jane Tirard (Director, Finance)
John Womersley (Director, Science Programmes)
Sharon Cosgrove (Director, Strategy)
Terry O’Connor (Director, Communications)
Mark Foster (Minutes Secretary)

Apologies: Keith Burnett
Mike Healy
Colin Whitehouse (Director, Campus Strategy)

1. WELCOME AND INTRODUCTION

1.1. Keith Burnett, Mike Healy and Colin Whitehouse had all passed on their apologies due to travel abroad and other commitments.

1.2. Attendees were reminded that they needed to complete, sign and return the form provided if they intended to use the RAL wireless access connection to the internet.

2. CONFLICTS OF INTEREST AND REGISTER OF INTERESTS

2.1. The Chairman asked for any new conflicts that the members needed to declare since previous meetings. None were received.

3. MINUTES OF THE LAST MEETING – STFC(10)67
3.1. **(minute 8.2):** The wording of this paragraph was corrected to accurately describe the relevant Large Facilities Working Group chaired by Richard Wade.

3.2. Subject to this amendment, the minutes were agreed to be a correct record of the meeting and were signed by the Chairman.

4. **CSR PLANNING – PROGRESS REPORT -**

4.1. Michael Sterling invited a detailed report from Keith Mason, Paul Williams, Jane Tirard, Sharon Cosgrove and Terry O’Connor.

4.2. Keith Mason reported STFC had received its indicative allocation from BIS on Wednesday 8 December and the Executive had revised the draft Delivery Plan accordingly. A draft had been circulated to Council for consideration on Friday 10 and changes to this would be considered later in the meeting. It was explained that the expected immediate timetable was for a final draft to be sent to BIS the following day (Wednesday 15) – including revisions sought by Council today and including factors that had become clearer since 8 December – BIS would ensure alignment with the plans of other Councils before public release on Monday 20 December.

4.3. Professor Mason described the overall settlement as a good one which allowed an optimistic forward plan for STFC to be created.

4.4. An Executive Summary had been circulated separately, and Keith outlined the key headline facts:

4.5. Professor Mason identified that the overall Resource settlement for all RCs (excluding MRC) resulted in a 1.5 per cent allocation reduction in year one and a 3 per cent reduction in the subsequent three years (non-cumulative, in cash terms). This provided a sustainable baseline on which to move forward, including:

   4.5.1. A modest reduction in the overall resource allocation for grants by 2 per cent but that the volume of grants would be retained.

   4.5.2. A new flagship fellowship scheme would be introduced to support future research leaders which would effectively constitute a new budget line of £3m by the end of a five year period.

   4.5.3. An expanded package of measures to promote innovation, including targets to increase the numbers of spin-outs, industry collaboration and support for the STFC Futures programme.

   4.5.4. A cross working group of the Research Councils – who fund facility users through grants – had made recommendations to BIS on the level of access required to STFC large facilities. These requirements were fully funded.

4.6. In contrast, the Capital allocation was less positive, although this was expected, given the reductions across Government. BIS had received a 52 per cent reduction in their capital budget and a 44 per cent reduction across the research councils was planned. For STFC, the implications of this included:

   4.6.1. International subscriptions, which are legal and treaty obligations, are
fully funded

4.6.2. There will be a significant reduction in the capital element of grants, increasing the burden on Universities for headline capital expenditure items such as computer equipment.

4.7. Finally, a separate Administration Allocation will be given although it is not expected before the final delivery plan is published. It will reflect administrative savings reductions, 25 per cent (or 15 per cent in real terms) is likely to be a good indicator of the final figure.

4.8. Overall, Keith reported that he believed that this was a solid settlement and certainly a good position in comparison to some expectations only a few months previously.

4.9. Keith noted the continued impetus CSR10 provided to move ahead with organisational reform, as previously discussed at Council and as outlined in the Corporate Strategy that had been circulated to Council on 11 December.

4.10. Paul Williams outlined the principles by which the settlement for STFC had been derived. In previous CSRs the STFC allocation had been one ‘line’ within the ‘Science Budget’. The process for allocations for this CSR had three components. 1. Administration, 2. Programme Resource and 3. Capital.

4.11. The Programme Resource relates to the £4.6bn figure which had been protected in the 20 October Government CSR announcement.

4.12. The Capital allocation was very difficult across Government as overall BIS had received a 52 per cent reduction in real terms across the piece. The impact for science was a 44 per cent cut which would take immediate effect from year one of CSR10.

4.13. Paul went on to describe in some detail how the allocations had been assigned across the research councils and with specific reference to STFC. In particular, the cross Council work into the short and long term requirements for large facilities operations was taken into account during the allocation process, as were the principles of the Drayson partitions.

4.14. Paul made it clear that following the Drayson partition principles for the capital allocations had not been possible in full because the BIS capital reduction was so large. As a result only the International Subscriptions capital liabilities had been met in full.

4.15. It was further noted that Capital was outside the Science Budget ring fence in the Government’s 20 October announcement, and therefore potentially subject to revision within the CSR period if the Government’s finances changed. The Capital allocation in the first year of the settlement would be guaranteed, the remaining three years are indicative.

4.16. In general it was explained that Ministers didn’t think any major structural changes of the Research Councils were required at the current time. The allocation process had been quite formulaic once the funds available had become apparent.

4.17. Paul emphasised that although the Drayson partitions had been used to help calculate the STFC Resource allocation, STFC would receive a single
allocation. With regard to the Capital allocation, Ministers had taken the view that the obligations to the major four international subscriptions must be maintained and commitments to ESRF and ILL maintained on the basis of the ongoing renegotiations.

4.18. Marshal Davies asked if the consequence of capital potentially varying could mean a threat to DLS phase III. Paul reported that this was a potential risk, but that it was politically probably quite a low one and the maximum impact in such circumstances would likely be e.g. a delay in commissioning one or two beamlines.

4.19. Paul informed Council of the Projects that would go ahead under the Large Facilities Capital Fund (LFCF). He further noted that capital could increase as well as decrease during the CSR period, e.g. through a significant Government asset sale, a proportion of the proceeds of which the Research Councils may want to bid for.

4.20. With regard to the LFCF Keith Mason and the Executive pressed that, despite capital reducing in this spending round, STFC and the Research Councils would strongly recommend that the LFCF itself be retained as a mechanism as this was vital for securing funding for major projects in the long term and to lose its function completely would be a retrograde step. Paul acknowledged the point and stated that LFCF would go into abeyance rather than be dismantled, in his opinion.

4.21. Richard Wade suggested a “lesson to be learned” session would be useful in reference to future deliberations. In this respect he noted that the notification of the allocation to STFC from BIS the previous week had been somewhat difficult to understand and had taken some days to accurately interpret.

4.22. The importance of the 120 day ISIS operating commitment having been made after cross-Council discussions was welcomed by Tony Ryan. Paul Williams noted that this process would be described in the accompanying booklet to the public announcement.

4.23. Richard Wade, John Womersley and others welcomed the effective use of the Drayson partitions in the process described.

4.24. Jane Tirard gave a detailed explanation of how the CSR allocation would be spent. The tables to be published in the delivery plan – which are based on a standard BIS template – were reviewed in detail. As above, Jane noted that Administration allocation would be made at a later date, but that appropriate assumptions had been made in the figures for planning purposes, and that an appropriate explanatory note would accompany the tables in the published Delivery Plan to show that administration was not included.

4.25. Keith Mason observed that the publication of information in the tables reviewed by Council must align exactly with the content of the Delivery Plan.

Action: S. Cosgrove

4.26. Paul Williams recommended that advice be sought from the relevant internal Human Resources experts with regard to any statements that may have financial or legal implications.
4.27. Jane concluded by noting that a very detailed set of Q&As were under development, addressing all aspects of the detailed financial plans for STFC. Jane noted that the relevant spreadsheets would be re-circulated as part of the final draft plan sent to Council.

**Action: J. Tirard**

4.28. Some aspects of the detailed figures with regard to CLF, ESRF, particle and nuclear physics generally, and grants were queried and discussed in detail, as was the overall balance of the internal allocations.

4.29. Phil Kaziewicz welcomed the settlement for Innovations.

4.30. Sharon Cosgrove gave a detailed summary of the changes that had already been made to the Delivery Plan since its circulation to Council on Friday 10 December, specifically paragraphs 1.4.2, 2.1.1, 2.1.2, 2.2, 2.3, and 4.13. Detailed discussions were held about presentational aspects of the document and there was agreement that some areas need not be referred to in detail.

**Action: R. Wade, S. Cosgrove**

4.31. Council was invited to make comments on the detailed Executive Summary circulated separately that day, by email.

**Action: Council Members**

4.32. Michael Sterling asked Council whether it endorsed the Delivery Plan, subject to the revisions discussed having been made. Council unanimously agreed.

4.33. The timeline to publication was explained by Paul Williams and Terry O’Connor. BIS would receive the amended research council Delivery Plans on Wednesday 15 December and the STFC Delivery Plan as submitted would be forwarded to Council for final reference the same day. Minor revisions were possible between the 15 December and the envisaged publication date, and Council would be notified. A specific note would highlight if there were any substantive changes to the draft approved at Council during its deliberations today.

**Action: S. Cosgrove, G. Stewart**

4.34. An embargoed BIS press conference will take place at 9.00am at the Science Media Centre on Monday 20 December comprising David Willetts, Adrian Smith, Alan Thorpe (RCUK) and Alan Langlands (HEFCE), prior to a written Ministerial statement being made to both Houses of Parliament at 9.30am. BIS will produce a 20 page document outlining the overall result of the allocation and Research Councils will publish their own Delivery Plans on their respective websites with a short statement. The RCUK website will host a Research Council press statement.

4.35. Terry O’Connor reported on the associated stakeholder engagement plan, which in many ways mirrored the previous year’s Re-Prioritisation plan and included specific, co-ordinated RC-wide outreach to VCs, PIs, learned societies, IoP, RAS, relevant constituency MPs and other relevant audiences. RCUK was running a cross council press operation in advance of publication.
and on 20 December.

4.36. Staff forums would take place at RAL, Daresbury, Swindon and UKATC at the same time as the public announcement.

4.37. Gordon Stewart asked for Council’s approval of the STFC Corporate Strategy which had been circulated 17 December. Council unanimously endorsed the document, which would be published alongside the Delivery Plan, and praised it for being a very high quality piece of work.

4.38. Michael Sterling, on behalf of Council, thanked the Executive, and the teams in STFC and BIS, for the intensive work over the CSR period and thanked Council for its active engagement in the whole process.

5. **UPDATE ON VISTA**—(some references in this section have been redacted as commercial in confidence)

5.1. John Womersley reported that he had presented ESO with the proposal agreed at the previous Council meeting and that the outcome had been successful.

5.2. Council confirmed that it was content to proceed on the basis of the proposal that had been made.

5.3. Michael Sterling congratulated the whole team who had worked to deliver this successful outcome.

6. **ISIC UPDATE** - (some references in this section have been redacted as commercial in confidence)

6.1. Keith Mason reported that a very successful ISIC Information Day had taken place on 2 December, despite the two keynote speakers (David Willetts and Jean-Jacques Dordain) pulling out due to adverse weather disrupting travel. There had been 200 guests.

6.2. Keith reported that each ISIC participant had to meet minimum commitments for in-kind contributions, and work was being undertaken to identify how STFC can meet this threshold once it is in a position to decide whether it wishes to become a full partner. The nature of this commitment by STFC is likely to be high value but low cost.

6.4. The project continues to be on track to meet its 31 March deadline.

7. **Daresbury Science and Innovation Campus**

7.1. Gordon Stewart reported that the JV agreement had been completed and signed that day, and confirmed that the University of Liverpool had signed the Cockcroft Institute lease. Michael and Keith congratulated the team.

7.2. Keith noted that the Harwell Science and Innovation Campus had been rebranded Harwell Oxford by the Harwell JV team and that new signage and other materials were being rolled out.
7.3. **FINANCE UPDATE – (some references in this section have been redacted as commercial in confidence)**

7.4. Jane Tirard made a short report with regard to forecast overspend as described at the last Council meeting. Jane highlighted that a lack of management reporting though SSC was still challenging the robustness of forecasts, but that the situation was steadily improving.

7.5. Due to DLS being reclassified as an educational institution they had received a rates rebate which the Board had agreed should go back to the shareholders. This together with a downward revised forecast from Corporate Services and the continued freeze on recruitment, the overspend forecast was lower than reported at the last Council meeting.

7.6. Liaison with BIS had continued to be very close and, while BIS recognised the challenges faced, the imperative of maintaining downward pressure on the potential overspend had been made very clear.