MINUTES OF THE FORTY FOURTH MEETING HELD AT 2.00PM ON 25 OCTOBER 2011 AT THE COSENER’S HOUSE, OXON

Council Members present: Michael Sterling (Chairman)  
Martin Barstow  
Gill Ball (by phone)  
Marshall Davies  
Keith Mason  
James Stirling  
Ian Taylor

Dept Business, Innovation & Skills (BIS): Graeme Reid (by phone)

In Attendance: John Womersley (CEO Designate)  
Gordon Stewart (Director, Corporate Affairs & Executive Secretary to Council)  
Jane Tirard (Finance Director)  
Mark Foster (Minutes Secretary)  
Hina Padhiar (PA to Gordon Stewart)

Apologies: Julia Goodfellow  
Mike Healy  
Peter Knight  
Will Whitehorn  
Tony Ryan (Chair, Science Board)

1. WELCOME AND INTRODUCTION

1.1. The Chairman welcomed attendees to the meeting and noted that Gill Ball and Graeme Reid were attending by phone. Apologies were received from Julia Goodfellow, Mike Healy, Peter Knight, Will Whitehorn and Tony Ryan.

1.2. The Chairman notified Council that, since the last meeting, John Womersley had been publicly confirmed as the next Chief Executive Officer of STFC and would be taking up his position from 1 November. Michael also noted that this would therefore be Keith Mason’s final Council meeting as CEO.

2. CONFLICTS OF INTEREST AND REGISTER OF INTERESTS

2.1. The Chairman asked for any declaration of conflicts of interest and reminded members of the need to keep the Executive Secretary
informed of any changes to their personal register of interests.

2.2. Ian Taylor reminded Council that he was a member of the ESA Integrated Applications Programme Committee, and had attended one of its meetings on Friday 21 October.

3. MINUTES OF THE LAST MEETING – STFC(2011)54

3.1. The minutes were approved subject to required clarification of the wording with regard to the Science Roadmap and whether the matter needed to be brought before Council for further approval, as noted by John Womersley. The Executive Secretary and Chairman will agree appropriate wording with Tony Ryan and John following the meeting.

3.2. The redacted minutes circulated with the papers for the meeting were also approved by Council.

3.3. It was noted that an update on the Action List will be provided at the next business meeting, which takes place on 22 November.

4. ADDITIONAL BUSINESS ITEMS

4.1. Three additional items of business to those on the agenda previously circulated were highlighted by Chairman: Joint Venture Board Appointments, VISTA and Investors in People. The last was addressed immediately.

4.2. John Womersley reported that STFC's Investors in People certification had been due for renewal in autumn, following previous accreditation in 2009. Informal feedback had been received from the external assessor, who had interviewed 130 staff during the review process, indicating that STFC was likely to be awarded Silver accreditation, and that confirmation of this would be received in the next month.

5. COUNCIL SKILLS AUDIT

5.1. Gordon Stewart delivered a slide presentation summarising the headline results of the Skills Audit which Council members had completed following the results of the Council Assessment process undertaken earlier in the year.

5.2. Members had been asked to self-assess the extent to which they each possessed the skills/attributes identified as important in the Council Assessment questionnaire. All members had identified primary expertise in senior management experience, including three with multiple sector experience, and in organisational strategy. There was high representation in communications; Government relations and public policy; project and change management; and risk and performance management. Overall Council was well balanced in
composition and any requirement for change was only at the margin.

5.3. Gordon reported that a 'gap analysis' of the results raised the following questions:

5.3.1. *Science, Technology, Facilities and Innovation*
- Is it sufficient that just over 50 per cent of Council have primary research expertise?
- Is the balance between 'PPAN' and 'PALS' subject areas appropriate?
- Is there sufficient innovation and IP exploitation expertise?

5.3.2. *Corporate Expertise*
- Does Council have sufficient financial expertise?
- Would Council benefit from having primary expertise in VC with links to the innovation agenda, or from an economist, with links to impact agenda more generally?)

5.4. Michael Sterling asked whether, as there was significant money to be spent in the area of high performance computing (HPC), there was benefit in having increased expertise in that area. John Womersley noted that this might be more appropriate at e.g. Science Board level, and that this would further be of assistance in avoiding having to wait until the Council vacancies became available, in particular given the fast moving nature of current issues. Gill Ball agreed that it was important to look across the whole organisation in balancing expertise, not just Council. James Stirling and Martin Barstow noted that they both had significant experience with regard to HPC, though they would not necessarily classify themselves as technical experts. This was welcomed by the Chairman.

5.5. James Stirling noted that it was important to retain the current 50 per cent science representation on Council as a minimum. Gordon noted that an appointment process was currently underway to seek a physical sciences Council member replacing Sir Peter Knight.

5.6. There was discussion around whether an economist might be a useful addition to Council. Marshall Davies thought that an economist of the right kind could be a significant asset to STFC given the challenges ahead. Graeme Reid observed that an economist could have a role with the 'internal' HMT agenda and also with regard to communicating with the wider world 'externally'. However, he was of the belief that there would only be significant additional value if the individual was a specialist in economics with regard to science, not least to avoid much effort being expended in trying to understand the STFC issues at hand. It was noted that there were groups at some institutions e.g. Imperial which specialised in such work.

5.7. Ian Taylor noted that VC expertise could be very beneficial with regard to the increasing demand for improved exploitation and securing non-
Government revenue, albeit being a very wide area. There would be a decision to be made whether the individual might be from an entrepreneurial background or have an e.g. a business school academic expertise.

5.8. Michael Sterling and Gordon Stewart noted that the next appointment process would begin in 2012 for appointments starting in April 2013 and that discussion would continue with Council as to how best to proceed.

5.9. It was noted that two members had been put forward for reappointment but that no official information from BIS had yet been received. Graeme agreed that an update should be provided at the November meeting.

**ACTION: Gordon Stewart**

5.10. Gordon agreed to re-circulate the dates of membership terms of all Council members.

**ACTION: Gordon Stewart**

5.11. Members agreed to continue to study what is required to balance the expertise on Council and fill any skills gaps. John Womersley noted that it was also the intention for Council’s existing skills to be more effectively utilised e.g. in ambassadorial capacities.

6. **FINANCE – some references in this section have been redacted as commercial-in-confidence or staff-in-confidence**


6.2. Jane reminded Council that the Hyperion budgeting, forecasting and reporting system had been implemented and that the first useful data was now being generated by the system and could be relied upon. Jane reported that, at period 6, Resource spending was £213m (54 per cent) of the £395m allocated for the year and Capital £57m (46 per cent of the) £124m allocation. These both represented an overspend against the phased budget of 6 per cent. Jane detailed the reasons for the variances and reported that there was no significant cause for concern with regard to full year spend. The causes of the observed Resource and Capital underspends were explained in some detail.

6.3. Michael Sterling asked whether there were sufficient staff incentives in place to resolve the effort reporting problems that Jane had reported. Jane said that there had been a shift of systems from reporting hours to reporting percentage of chargeable time and this had created difficulties in itself, and while penalties may be a useful measure in the future, this was not yet appropriate and STFC were seeing a trend to
complete time sheets in a timely manner.

6.4. Following questioning by Ian Taylor with regard to Business Development staff underspend, it was noted by John Womersley that this was due to unfilled vacancies, and was therefore a potential problem – rather than benefit in reducing overall staffing costs – because the posts were required to help secure external funding in future years.

6.5. Marshall Davies expressed serious concern that DLS might underspend once again over the full year, despite assurances in each of the previous three years that this would not happen. Keith and John advised Council that any DLS underspend would be managed across the facilities and this would be discussed at the Cross Council Facilities Funding Group. Jane is already having discussions with DLS to confirm the likely underspend prior to these cross Council discussions.

6.6. Michael Sterling requested that now SSC was reaching a more stable state that Council be provided with more standardised financial reports in future. Council did not have any preconceived ideas as to exactly what form this might take, and the pros and cons of alternative systems, e.g. dashboards or traffic light issue flagging, was discussed along with the granularity of detail required. It was recognised that the timing of Council meetings with available financial reports could create difficulties, and that formal reports were already provided at quarterly business meetings. It was agreed that the purpose of such reporting was primarily to help Council understand potential financial risks of significant variances as soon as possible.

6.7. Marshall acknowledged the need to avoid too much bureaucracy in creating a reporting pack and suggested Jane and John should discuss an appropriate makeup of standardised reports that would help to meet their own needs as well as Council’s. This was agreed and Michael asked that Marshall and Audit Committee subsequently looked at the proposed solution with a view to making a recommendation to Council.

**ACTION: John Womersley, Jane Tirard, Marshall Davies**

6.8. Jane Tirard went on to describe the Mid Year Forecast that will be reported to BIS, noting that there was a £2m anticipated underspend which it will be requested is carried forward; this appears to be possible under more flexible new arrangements. In addition there was a £0.5m underspend on Administration, but it has been established that this will not result in a further reduction in the Admin baseline, understanding that there are a number of vacancies to be filled.

6.9.

6.10. Jane Tirard presented an outline of the 2012/13 budget process, reporting that Directors had been provided with indicative allocations during w/c 17 October, which included a 2 per cent efficiency saving in line with the Wakeham principles which needed to be applied within STFC. The over-riding aim was to ensure that final allocations could be
provided to Directors in readiness for the new financial year. Directors now have 4-5 weeks to work with Finance and build a detailed phased budget in the Hyperion system, before Jane then compiles the figures for preliminary review before Christmas and formal consideration by Council at its January meeting.

6.11. Jane Tirard presented an update on the 2010/11 Annual Report and Accounts. The draft report had been issued to Council members with papers for the meeting and Jane thanked members for their initial feedback. Following the publication of the National Audit Office Value for Money Report on SSC published on 21 October, the Statement on Internal Control would need to be reviewed. The NAO had received a latest draft of the Annual Report and Accounts on 24 October and this is now being reviewed by the NAO Director. Jane reported that the report is aiming to be laid before Parliament before 19 December and that the current schedule requires John to sign off on 18 November after Audit Committee approval on 15th November.

6.12. Marshall Davies reported that Audit Committee had now seen the Report and Accounts also and will review in detail.

6.13. Council agreed the Report and Accounts in principle and, subject to review by Audit Committee, agreed to delegate formal approval to Audit Committee, subject to any minor changes to the draft circulated that it may recommend to John.

ACTION: Audit Committee

6.14. Jane reminded Council that the Accounts will be submitted with a technical qualified due to differences in the accounting practices of ILL with UK Government requirements. However, changes at ILL indicate that this may be the last year this constraint is faced and STFC is working very closely with Finance staff at ILL and KPMG to make this happen.

6.15. Ian Taylor asked that the Report should include a single ‘punchy’ paragraph on the organisations goal and achievements. Council agreed and Jane’s team will work with John Womersley, Terry O’Connor and Sharon Cosgrove to include the required addition.

ACTION: Jane Tirard, John Womersley

7. BIS CAPITAL INJECTION – some references in this section have been redacted as commercial–in–confidence

7.1.

8. ADDITIONAL BUSINESS – some references in this section have been redacted as commercial–in–confidence

8.1. Council Secretariat. Gordon Stewart notified Council that Andy Boyd would be moving to a new post and that Claire Vaisey would be taking
over Andy's duties, working with Hina Padhiar.

8.2. Forthcoming meetings. Gordon Stewart noted that the next meeting of Council would be a Business Meeting on 22 November, which would begin with a tour of ISIC, the meeting itself starting after lunch at 1.30pm and likely ending no sooner than 5.00pm. Gordon anticipated that the 15 December meeting may be cancelled, but asked members to keep the date in their diaries until further notice. Gordon proposed that the UK ATC tour and stakeholder event be scheduled for 24/25 January 2012. The event will be followed by dinner and an overnight stay in Edinburgh, with return home the following morning. Council agreed. Gordon reminded members that the February Business Meeting would be held in Cambridge, also possibly with a possible overnight stay.

8.3. As this was Keith Mason’s final meeting of Council as CEO, the Chairman presented him with a photo montage to record his achievements as CEO of both STFC and PPARC. Michael highlighted some of the many achievements of STFC and PPARC under Keith’s stewardship and Council warmly thanked him for his dedication and contribution. Graeme Reid added specific thanks on behalf of BIS for Keith’s work in successfully establishing STFC and very importantly having steered the Drayson Review through to successful implementation.

9. CLOSED SESSION

9.1. Council received a presentation from John Womersley in closed session outlining the key issues and priorities that he had identified moving forward which Council discussed and commented on. Council looked forward to further iteration with John on these during forthcoming meetings.

9.2. Council discussed board vacancies at the Harwell Oxford JV and Daresbury JV and agreed to John Womersley’s recommendations that Dr Tim Bestwick be appointed to succeed Keith Mason at Harwell Oxford and that Gordon Stewart be appointed as an additional director at the Daresbury public/private JV (taking the seat vacated by NWDA).

The meeting closed at 4.30pm.