1. **INTRODUCTION** [Secretary’s note: the meeting was taken in a different order to the agenda. The minutes have been recorded in the actual order of the meeting.]

1.1. The Chair, Prof Sir Michael Sterling welcomed all attendees to the meeting. Apologies had been received from Martin Barstow, Julia Goodfellow, David Price, Tim Bestwick and Gordon Stewart.

2. **CONFLICTS OF INTEREST AND REGISTER OF INTERESTS**

2.1. The Chair asked Council members to declare any conflicts of interest and reminded members to keep the Executive Secretary informed of any changes to their personal register of interests.

2.2. Alison Davenport mentioned that she was a Director of the Harwell Imaging Partnership, which was referred to in the Impact section of the Programmatic Review.
3. SCIENCE BOARD REPORT AND PROGRAMMATIC REVIEW UPDATE

SCIENCE BOARD REPORT

3.1. Matt Griffin reported that Science Board had considered five Statements of Interest at its meeting on 17 and 18 June 2013. These included a report on the mid-term review of the Institute for Particle Physics Phenomenology, where the Board had recommended a review of STFC’s support of phenomenology by the end of 2014.

3.2. In addition, the Board had considered and commented on the NERC draft strategy for Space Weather. The Board had noted that the case for a national strategy was clear but recommended that it was within the remit of Government and Industry rather than the Research Councils. Science Board also recommended that should a Space Weather Strategy Board (SWSB) be convened, STFC should contribute and Science Board should be represented on the SWSB.

3.3. In discussion, John Womersley noted that the Meteorological Office (Met. Office) was the national space weather risk holder and that he expected RAL Space to contribute in this area. It was noted in discussion that the Met. Office now came under BIS and that this should lead to better integration of work in this area. Graeme Reid added that the Science Budget included provision for High-Performance Computing for the Met. Office.

3.4. Matt Griffin also reported that Science Board had highlighted a number of capital investment priorities through to 2021. John Womersley added that STFC’s views on priorities had been fed into RCUK and BIS but it was not currently clear whether the recent Spending Review announcement on capital investment made by the Chief Secretary to the Treasury had included these.

PROGRAMMATIC REVIEW REPORT
REFERENCES IN THIS SECTION HAVE BEEN REDACTED AS PROTECT:POLICY – MOST OF THESE REFERENCES WILL BE UNREDACTED FOLLOWING PUBLICATION OF THE PROGRAMMATIC REVIEW

4. CEO REPORT & SCIENTIFIC HIGHLIGHTS

4.1. John Womersley invited Council to note the Scientific Highlights paper which provided an update on science programmes and scientific highlights; and provided an oral report on the following items:

Campuses

SOME REFERENCES IN THIS SECTION HAVE BEEN REDACTED AS PROTECT: COMMERCIAL/ POLICY/ MANAGEMENT

4.2. In the Chancellor’s Autumn Statement, £35m of capital funding had been earmarked for the Harwell campus, of which £33.6m had been allocated to STFC and the remaining £1.6m to UKAEA. This money needed to be spent during the CSR period. New buildings were planned for the Satellite Applications Catapult and RAL Space.

4.3. Regarding the Regional Growth Fund (RGF), £7m had been pre-approved for an Amenity and Innovation Building at Harwell, to be pursued via the JV.
4.4. Regarding the RGF at Sci-Tech Daresbury, £7.4m of funding for STFC had been confirmed as part of a wider £20m of funding. Among the planned key deliverables was the new TechSpace building, a power upgrade and transport and environmental works. A Steering Group had been set up to deliver the projects.

4.5. Ian Taylor commented that this was a ‘good news’ story in terms of STFC attracting inward investment and should be publicised appropriately.

Select Committee Inquiries

4.6. John Womersley reported that he had attended the House of Lords Select Committee inquiry on Science Infrastructure, at which long-term sustainability had been a primary concern. He had also given evidence to the House of Commons select Committee on the Public Understanding of Climate Change.

Management Update

4.7. At BIS’s request, the appointment of a new Finance Director had been put on hold pending the outcome of the Triennial Review.

4.8. Two new Council members were being sought from financial and business/industrial backgrounds; much work had gone into attracting applications from a diverse background.

4.9. Andrew Harrison had been appointed as the new CEO of Diamond Light Source and would commence on 1 January 2014.

4.10. A number of Staff Forums had recently been held and fronted by the CEO.

4.11. The annual appraisal round had been completed and the Senior Staff Review had taken place.

ILL 5th Protocol

4.12. Noting that Council had discussed this issue at their last meeting, John Womersley said that he had written to the Director General Research and Innovation to put STFC’s concerns on record.

Science News/Events

4.13. The annual STFC Astronomy Town meeting had been held at St Andrews.

4.14. A research agreement had been signed with nVIDIA, a global technology company manufacturing graphics processing units. The agreement would see nVIDIA staff based at RAL.

4.15. The International Neutron Scattering Conference had been held at Edinburgh, with 800 delegates attending. Sharon Cosgrove had hosted an Impact workshop on the benefits of neutron scattering at this meeting.

4.16. A catalysis hub had been established at the Research Complex at Harwell, with neutron scattering being used to aid understanding of processes including
synthetic oil development.

4.17. RIKEN staff had visited RAL as part of a long-standing collaboration with ISIS which attracted investment and support for staff.

4.18. Europractice Contract: this covered training for micro-electronics engineers using a package developed at RAL with EU funding.

4.19. Goniometer for DLS: this £2m project undertaken by the UKATC provided a good example of successful inter-disciplinary working.

5. WELCOME BACK FROM LUNCH AND COMMENTS.

5.1. During the lunch break Council members attended a ‘poster session’ on RCUK activities. Council wished to record their thanks to the RCUK staff for hosting a very informative session.

6. TRIENNIAL REVIEW/SPENDING REVIEW

Triennial Review


6.2. Following a ‘challenge’ meeting with Cabinet Office, the BIS TR team’s substantially unchanged phase 1 report had been endorsed by the BIS Executive Board on 2 July 2013.

6.3. The report had been signed off by David Willetts, the Science Minister, and submitted to Francis Maude, the Minister for the Civil Service. There were expected to be some inter-departmental iterations over the report’s recommendations.

6.4. Meanwhile, preliminary work had begun on Phase 2 - governance aspects - with a first draft being required by BIS by 6 August 2013.

6.5. Graeme Reid said that, given the Government’s wish to reduce the number of public bodies, he expected that Cabinet Office would challenge the TR report’s recommendation that the 7 Research Councils should be retained. However, using the creation of STFC as an example of the cost of change, the report concluded that there was no evidence that having fewer Research Councils would improve efficiency or effectiveness. So there was the certainty of additional cost but no evidence of prospective offsetting savings; and he believed the Science Minister and Treasury supported this view. However, if inter-departmental agreement could not be reached, the TR report would need to be escalated to a Cabinet Committee for decision.

6.6. Council noted the current position on the Triennial Review.

Spending Review

SOME REFERENCES IN THIS SECTION HAVE BEEN REDACTED AS PROTECT:POLICY

6.7. Sharon Cosgrove updated Council on progress with the Spending Review.
6.8. The Chancellor’s recent Spending Review (SR) announcement for 2015/16 showed a requirement for a further £11.5bn of public expenditure savings, with £5bn of that to come from Government efficiency savings. BIS was faced with a 6% cut.

6.9. More positively, the R&D resource budget had once again been ring-fenced with the Research Base funding for the financial year 15/16 being held at £4.6 billion, i.e. a ‘flat cash’ settlement. In addition the Chancellor announced headline capital spending allocations plans, including £1.1 billion for the research base in each of the years 2015/16 - 2020/21, adjusted for inflation, which is an increase on the current levels of investment. The Harwell Oxford campus had been on the list of projects specifically mentioned by the Chief Secretary to the Treasury.

6.10. So, overall, Science had done relatively well – but was still faced with a significant real-terms reduction in funding.

6.11. In addition, there would need to be a real-terms reduction of 8.3% in Administration costs, though the knock-on Impact for STFC was not yet known.

6.12. Picking up the latter point, Graeme Reid said that BIS would need to make £59m of savings in 2015/16, which would, as noted, produce a requirement for further ‘Wakeham’ savings across the Research Councils. BIS had not yet received further detail on SR outcomes from the Treasury. Once received and digested, planning assumptions would be passed on to the Research Councils for the development of their Delivery Plans.

6.13. The decline in sterling was increasing the cost of international subscriptions and there were limited options for addressing the resulting financial pressure. The budget for UK Large Facilities would need an increase of 19.8% in resource funding to achieve sustainable operations; failure to do so would cause serious problems for the UK which could though be resolved with a relatively small injection of resource funding. The Core Programme budget would need an increase of 3.2% in resource funding to maintain volume.

6.14. Brian Bowsher suggested that, with staffing reductions in BIS, secondments might be one way of maintaining an appropriate understanding within BIS of the wider economic benefits of spending on Science. Graeme Reid said that secondments, including one from STFC, had already been used to good effect in this way.

6.15. Council noted the reports on the Triennial and Spending Reviews and the points made in discussion.

7. FINANCE UPDATE: 13/14 QUARTER 1 REPORT & 14/15 BUDGET

7.1. Philippa Foster presented the finance update.


7.2. The 2012-13 Annual Report and Accounts had been signed by John Womersley on 28th June 2013 and certified by the Comptroller and Auditor General (C&AG) of the NAO on 2nd July 2013. The C&AG certified the Accounts with an unqualified audit opinion. The Annual Report and Accounts would be laid before Parliament on 17th July 2013.
Budget to June 2013

7.3. Budgets had been set corresponding in total to the 2013-14 STFC allocation from BIS of £389.7M Near-cash Resource (including £13.4 Administration) and £131.3M Capital (including £34.9M from the Autumn Statement funding).

7.4. The internal budgets include £4.2M unallocated resource funding at the end of quarter one. However, there are known commitments against this funding and this balance will be allocated to the respective Departments later in the year. On capital there is an over-allocation of £2.2M but this will be offset by the known capital underspend of £5M arising from the reversal of the International Subscription switch.

7.5. The first forecast exercise of the year was currently underway and is expected to be completed by the end of July. The results of this exercise would be reported to Council in September.

7.6. The June position indicated an overspend of £6.9M (5%) on Resource and an underspend of £6.6M (22%) on capital. This was substantially accounted for by the reversal of the £5.0M adjustment in 2012-13 between resource and capital on International Subscriptions. Whilst it had been hoped to reverse the switch in 12-13 this was not possible and therefore the effect of the reversal would impact on 2013-14.

7.7. Actuals cost and revenue compared with budget variances for 2013-14 were set out in the tables in paper 36. The budgets took account of the recent revisions from BIS, including the addition of Autumn Statement capital, adjustments to the Administration budget and additional restructuring for the Island Sites.

Programme

7.8. STFC total: the net resource position was approximately £6.9M over budget, mainly because of: the reversal of the adjustment in 2012-13 between resource and capital on International Subscriptions (£5.0M) - reflected in the actuals but not in the budget; expenditure of approximately £1.3M that had occurred earlier in the year than budgeted for; and slippage in bringing earned revenue (approx. £1.9M) to account. These were all offset by accrual adjustments, amounting to approximately £0.7M, from 2012-13 which were reversed in Q1 but had not been profiled in the correct period in the departmental budgets.

7.9. Capital: at the STFC level, the net capital position was approximately £6.5M under budget, arising predominantly from: the reversal of the £5.0M adjustment in 2012-13 between resource and capital on International Subscriptions, reflected in the actuals but not in the budget; and Telephony project slippage, £0.4M - budgeted for May but now expected in December.

Administration

7.10. £0.8m under budget, although the year-to-date actuals did not include the DLS Administration costs of £0.5m. DLS Administration was new for 2013-14 and the process for consolidating this information had only recently been resolved. The £0.5m would be transferred from Programme to Admin. in July and then automatically processed each month going forward.
## 2014-15 Budgetary Position

7.11. As reported at the May Council meeting, EB had begun to look at the 2014-15 budgetary position. The current position was as shown below. The funding required was based on the Delivery Plan objectives.

### Resource

7.12. Aspirations were currently £18.2 m over allocation (£6.8m core, £8.8m facilities, £1.8m International Subscriptions (STFC can only buy forward 90% currency), £0.8m administration)

### Capital

7.13. Aspirations were currently £9.8m over allocation, although this did not include £8m STFC were expecting to receive re E-ELT (£3.8m core, £6.0m facilities, £0 international subs).

7.14. The budget allocation figures for resource were firm but the capital allocation figures were indicative only. An additional £8m capital funding had been anticipated in 2014-15 in respect of the E-ELT. This amount was to cover the 2014-15 payment and to recompense STFC for the 2013-14 payment that was being covered by accelerating capital spend in other areas of the programme.

7.15. EB were actively exploring options with RCUK Executive Group and BIS to address the Facilities funding position. Alongside this EB were looking at options to balance the budgetary position in the other partitions including a couple of iterations with budget holders to push down on budgets (which were in the main constant volume + inflation, so very difficult to achieve).

7.16. John Womersley commented that the various funding shortfalls were not unexpected and the situation was manageable. EB would report back to Council on a proposed way forward in due course. In the meantime, EB wished to inform Council of the position.

7.17. Council:

   i) Congratulated Philippa Foster and her Finance team on the successful completion of the 2012/13 Annual Report & Accounts.

   ii) Noted the Finance update on 2013/14 and 2014/15.

   iii) Invited John Womersley to provide a progress update to Council at their September meeting.

   **Action: John Womersley/ Philippa Foster**

8. **CORPORATE SERVICES DIRECTORATE (CSD) CHANGE PROGRAMME**
8.1. Marshall Davies, Chair of the Programme Board, provided the following update on the CSD Change Programme:

**Estates**

8.2. Acceptance criteria were being agreed with OB/EB for the Full Business Case (FBC). This included a Gateway 3 type independent review, which Brian Bowsher had agreed to chair. User and CSD staff workshops were in hand, with the first user workshop held and detailed user specification work continuing. Resource issues and timing for workshops would delay completion of the FBC until later in the year. Council would be informed of a revised date once this was firmed up. Staff and TU engagement efforts were continuing and Allen Elston, formerly Change Leader, had been appointed STFC Head of Estates and Facilities Management following an external recruitment process.

**ICT**

8.3. Following the EB decisions on 1 May 2013, work was progressing to map out ICT interfaces across STFC. This was not expected to be completed until after summer and the FBC would be delayed to end October 2013.

8.4. Any solution must address issues of efficiency as well as effectiveness.

**Other**

8.5. HR, Legal and SHE would continue to pursue efficiency gains outlined in the OBC.

8.6. Peter Thompson had been appointed Head of Human Resources for STFC following an external recruitment process. Peter was previously HR Director for Northgate Information Solutions (now Capita), a specialist software, outsourcing and IT services company.

8.7. Council noted the update on the CSD Change programme.

9. **MINUTES OF LAST MEETING**

9.1. Subject to a minor correction in para. 7.11, Council agreed the minutes of the last meeting. The Chairman signed the minutes.

9.2. Council were satisfied that the redacted minutes presented to Council would be suitable for publishing on the STFC website. In response to a query from James Stirling, the Chairman confirmed that the unredacted minutes would be published once the Programmatic Review report had been published.

10. **ACTIONS & MATTERS ARISING**

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FOLLOWING PUBLICATION OF THE PROGRAMMATIC REVIEW

28 May 2013 Meeting

CEO Report

10.1. Minute 4.7: John Womersley circulated a note setting out some principles on options for appropriate campus partnerships, which Council might wish to comment on and/or discuss at a future meeting. 
Action: Council members/ Secretariat.

10.2. Minute 4.19: Council noted that the ILL 5th Protocol had now been signed. (Note: issue covered in more detail in the CEO Report for the present meeting.)

CSD Review

10.3. Minute 6.14: briefing note provided to BIS. Graeme Reid confirmed that this had been circulated within BIS.

10.4. Minute 6.15: Council’s request re Full Business Case noted.

CSR/TR Sub-group

10.5. Minute 7.2: Work was in hand to identify a suitable date for Mark Walport to attend a future Council meeting.

Vista Update

10.6. Minute 9.7: 6-monthly updates added to forward Council meeting plan.

28 March 2013 Meeting

Advisory Committees to Council

10.7. Minutes 9.3 & 10.4: the requested review of all Council advisory committees and their terms of reference would be carried out later in 2013.

E-ELT Update

10.8. Minute 11.7: Marshall Davies’ review of the E-ELT governance arrangements was covered as a separate agenda item.

Audit Committee Report

10.9. Minute 16.4: John Womersley had raised Audit Committee’s concerns regarding the cross-Council energy programme audit with RCUK EG. RCUK EG had clarified that the lead Council audit committee (EPSRC in this case) were solely responsible for addressing the recommendations from the AASG Audit. Marshall Davies informed Council that he would take this matter to STFC Audit Committee to discuss their view.
10.10. **Minute 16.6:** Philippa Foster reported that the draft AASG audit report was with Diamond Light Source for comment. The report looking at the organisation’s financial management, and readiness and ability to adapt to BIS directives and had made a number of recommendations for addressing perceived shortcomings.

10.11. Noting the differences of view on DLS’s ONS classification, Marshall Davies suggested arranging a meeting of the shareholders to ‘clear the air’. Council felt this was a helpful suggestion and invited John Womersley to progress the proposed meeting, taking into account the imminent appointment of a new Wellcome Trust CEO.

  **Action:** John Womersley.

22 January 2013 Meeting

Science Board

10.12. John Womersley reported that he had discharged the action to discuss the Impact of the Large Facility Funding Model on STFC’s core budget with the RCUK EG but the matter was not concluded and progress on this matter would be reported to future Council meetings.

  **27 November 2012 Meeting**

Campuses

10.13. Council noted that the Harwell Space Cluster would be discussed at their November 2013 meeting. The ESA building along with the Satellite Applications Catapult and the UKSA would be on the agenda.

11. **SCIENCE BOARD NOMINATIONS**

11.1. In introducing paper 39, Grahame Blair noted that the proposed nominations had not yet been considered by EB.

11.2. Matt Griffin commented that some Science Board members ideally needed to be replaced by September 2013.

11.3. In light of these points, and noting that approval of Science Board membership rested with Council, the Chairman proposed that EB’s views should be sought; and that Council members should provide him with any comments on the proposed nominations and give him delegated authority to approve the nominations on their behalf. John Womersley added that a tele-conference could be arranged over the summer to discuss the nominations if necessary.

11.4. Council agreed the Chairman’s proposed way forward.

  **Action:** Secretariat/Chairman
12. AUDIT COMMITTEE ANNUAL REPORT TO COUNCIL

12.1. Council noted paper 40, which provided details of Audit Committee’s performance activities during the 2012/13 financial year; and thanked Marshall Davies and Audit Committee members for their work.

13. COUNCIL MEETING DATES 2014

13.1. Council approved the proposed dates for meetings in 2014, noting that the venue of the January meeting remained to be confirmed. For the September 2014 meeting, they felt that Swindon Office would be a more appropriate venue but agreed that a meeting at the UKATC in 2015 should be considered in due course.

13.2. Council agreed that the possibility of inviting the new Diamond CEO to a future Council meeting should be borne in mind.

Action: Secretariat

CLOSED SESSION FOR COUNCIL MEMBERS ONLY (MEMBERS OF THE EXECUTIVE AND ATTENDEES LEFT THE ROOM

14. ANY OTHER BUSINESS

Harmonisation of Key Council Documents

14.1. John Womersley explained that, at RCUK ERG’s instigation, work had been going on to produce common high-level governance documentation across the Research Councils. Ideally, this documentation should be signed off by Council and he suggested that the Chairman be asked to do this on the Council’s behalf.

14.2. Council agreed that the Chairman should have delegated authority to sign off the key Council documents on their behalf once they had been given time to review them on the Council extranet.

Action: Secretariat

Annual Council Self-Assessment Survey

14.3. John Womersley said that as part of STFC’s governance arrangements, Council members needed to be invited to complete an annual assessment survey of Council’s performance and effectiveness. They would be provided shortly with the hyperlink to enable them to complete the survey.

14.4. Brian Bowsher asked to be provided with the results of the last survey and John Womersley agreed to arrange this.

Action: Secretariat to arrange for Brian Bowsher to be provided with the results of the 2012 Council self-assessment survey.

Safety

14.5. Brian Bowsher noted that the agenda had not included anything on safety issues. John Womersley replied that Council took periodic reports on health and safety and said he would arrange for Dr Bowsher to be provided with the most recent report.
Action: Secretariat to arrange for Brian Bowsher to be provided with the latest health and safety report to Council.

15. **MEETING CLOSE**

15.1. The meeting closed at 16.00 hrs.