REDACTED MINUTES OF THE 68TH MEETING OF STFC COUNCIL HELD AT
10:30 HOURS ON 21 JULY 2015, LECTURE THEATRE, UK ASTRONOMY
TECHNOLOGY CENTRE, EDINBURGH

Council Members present: Sir Michael Sterling (Chair)
John Womersley (CEO)
Gill Ball
Brian Bowsher
Gerard Connell
Dame Julia Goodfellow
Carole Mundell
Jordan Nash
David Price
Ian Taylor
Richard Worswick

Apologies: Sharon Ellis, (Deputy Director of Research Council Unit, Department for Business, Innovation & Skills (BIS)
Sharon Cosgrove (Executive Director Strategy, Planning & Communications)

In Attendance: Adam Baker (Assistant Director, Department for Business, Innovation & Skills (BIS)
Alison Davenport (Chair, Science Board)

Executive: Tim Bestwick (Executive Director Business & Innovation)
Grahame Blair (Executive Director Programmes)
Neil Phimister (Executive Director Finance)
Gordon Stewart (Executive Secretary to Council & Executive Director Corporate Services),
Andrew Taylor (Executive Director National Laboratories),
Zena Davis (Minute Secretary)
INTRODUCTION

1. WELCOME AND OPENING COMMENTS

1.1 The Chair welcomed everyone to the meeting which was held at the UK Astronomy Technology Centre (UKATC), Edinburgh.

2. INTRODUCTION

2.1 Apologies were received from Sharon Ellis and Sharon Cosgrove.

2.2 The Chair welcomed Adam Baker, who had recently become Assistant Director at BIS with responsibility for STFC sponsorship as well as that for UKAEA. Adam was attending in place of Sharon Ellis who had been called to a Select Committee hearing.

2.3 Council had attended a dinner with stakeholders the evening before this Council meeting. The objective of the dinner was to provide STFC Council and the executive with an informal opportunity to conduct high-level policy discussions with key external stakeholders in industry, academia and politics in Scotland so as to inform and improve STFC’s decision-making processes. Attendees had included representatives from Scottish Universities, industry and government. Council agreed that the event had been successful and agreed to forward their views on the dinner to be used for planning future similar events.

Action: Council members to forward any feedback from the dinner to Zena Davis.

2.4 The Chair thanked Gillian Wright, Director UKATC, for hosting a tour of UKATC for Council members prior to this meeting.

3. CONFLICT OF INTEREST

3.1 The Chair asked Council members to declare any conflicts of interest and Jordan Nash informed the meeting that he was in receipt of STFC Particle Physics grants which were to be discussed at item 6 of the agenda. The Chair agreed that it would not be necessary for Jordan to leave the meeting during this discussion. The Chair reminded members to keep the Executive Secretary informed of any changes to their personal register of interests.

ITEMS FOR DISCUSSION

4. CEO REPORT - STFC(2015)44

TEXT FROM THIS SECTION HAS BEEN REDACTED: OFFICIAL SENSITIVE

John Womersley reported on STFC activities since the last meeting of Council in May 2015.

4.1 Open Days at Harwell 9, 10 & 11 July 2015
John reported that the Harwell Open Days had proved to be a great success, with 16,000 members of the public attending, and HRH Prince Andrew and the new Minister for Universities and Skills, Jo Johnson attending other events during the week. Feedback on the event had been extremely positive. The aim of the open days had been to raise awareness of STFC science and technology, to highlight the impact of the work of STFC and to engage with industry and stakeholders. There will be a full evaluation of the day by the project team but the immediate outcomes included great publicity in local media and with the local neighbourhood and a huge morale boost for staff. Council congratulated STFC on this success and acknowledged the tremendous amount of work and dedication shown by the STFC Executive and staff.

4.2 UK Neutron and Muon Science and User Meeting, 19-21 May 2015 Leicestershire
The UK neutron and muon science and user meeting was an opportunity for users and students to hear about the latest science from ISIS and ILL, plus updates from the facilities and other matters of interest to facility users. The event included a student day, dedicated to neutron and muon science in key areas and a user meeting including facility updates.

4.3 Rutherford International Fellowship Programme
A new post-doctoral fellowship programme is due to be launched and will involve all National Laboratory departments and Diamond. It will be funded by the EU in Horizon 2020 via a €2.5M grant and the funding provides 50% of post-doc costs. The contract has now been signed with the EU and the first call for Fellowship applications will be 1st September 2015.

4.4 Special Envoy Mr Meng Jianzhu visits ISIS
Special Envoy Mr Meng Jianzhu visited ISIS on 2nd July 2015. The visit had gone well and STFC believe it might be a precursor to a higher-level Chinese visit in the future.

4.5 Cobalt wins Queen’s Award
The Central Laser Facility (CLF) spinout Cobalt Light Systems won the Queen’s Award for Enterprise. The “see through” instruments are currently used by nine of the ten largest global pharmaceutical companies to qualify materials at the point of entry to a pharmaceutical plant.

4.6 Using Geo-bacteria to clean-up radioactive waste
A team from Manchester University is using CLF’s Octopus imaging techniques to study the properties of uranium compounds in special soil bacteria to provide important information on both the micro-environment and chemical reaction processes. The research aims to understand the long-term storage, environmental behaviour and mobility of waste radioactive material and associated disposal by these special bacteria.

4.8 STFC Corporate Risk Register
John provided Council with the latest Corporate Risk Register listing
the current top risks facing STFC.

4.8.2 Hartree Phase 3
Hartree Phase 3 was indicated as ‘amber’ as this risk has diminished following the signing of the agreement with IBM. The project is entering a new phase to design and deliver work packages.

4.8.3 Square Kilometre Array (SKA)
SKA was marked ‘amber’ following the securing of the SKA HQ in UK. There remain major decisions to be made and the project needs to be properly managed. The SKA Programme Board is meeting on 3rd August 2015 and John agreed to bring a status report to next meeting of Council.

Action: John Womersley to bring a SKA status report to 29th September meeting of Council.

4.8.4 Harwell Campus Development
The development was marked as ‘green’ as planning consent has been secured, but the Planning Authority has asked for further information.

4.8.5 European Extremely Large Telescope (E-ELT)
This was marked as ‘green’. The UK has full involvement in the project with independent oversight and independent audits.

4.8.6 Capital Projects (Delivery)
This was marked as ‘amber’ because the projects are not completely on schedule. STFC is monitoring progress.

4.8.7 Government reviews (Nurse Review)
This was marked as ‘amber’ as the outcome remains unknown. The risk will continue to be monitored.

4.8.8 Staffing
This risk was marked as ‘black’ as competition with private sector and the international research sector continues to make recruitment and retention of staff difficult in the context of ongoing government pay restraints. STFC is hoping that the pay freedom and flexibility announced by the Chancellor will ameliorate the situation and is working with other Research Councils to identify consistencies and target areas for pay increases. There is no extra money to do this however, but STFC will aim to use the existing budget creatively.

4.8.9 European Spallation Source (ESS)
ESS was indicated as ‘amber’ as the recommendations from the Gateway review has been implemented and the governance framework established.

4.9 Emerging Issues
John brought Council’s attention to emerging issues affecting STFC and that will continue to be monitored.

4.9.1 **Harwell Campus**
The slowness of planning consent for the new developments remains a concern.

4.9.2 **Institut Laue-Langevin (ILL)**
An acceptable way forward in the immediate term has been identified, but there remains the issue of purchasing fuel elements at an acceptable price in the longer term.

4.9.3 **National Audit Office (NAO) audit of BIS investment in scientific infrastructure**
The NAO is carrying out an audit of investment in scientific infrastructure to ascertain if there has been appropriate return on investment.

4.11 **STFC’s New Scorecard**
Council was informed that the new STFC Scorecard will form the basis of STFC’s 6-monthly and quarterly update meetings with BIS. STFC is strengthening its capability on strategic risk as result of the recent ‘light touch review’ and locating that capability firmly in the Strategy team. STFC is awaiting BIS approval for this new ‘dashboard’ style report.

4.12 **Corporate Strategy refresh**
STFC is in the process of refreshing its corporate strategy in advance of the Comprehensive Spending Review (CSR). STFC has reviewed the success and relevance of its themes and has identified three new strategic themes that resonate better with STFC’s capabilities. These themes are Data Intensive Science, Strategic Technology and Campuses. A Working Group has been established with leads and deputies for each goal and theme. Over the summer, the Corporate Strategy Project Team will help Working Group members to develop initial thinking and to produce a first draft of the narrative. Initial ideas will be bought to Council at its September 2015 meeting. During the Autumn, STFC’s ideas will be tested with its stakeholders.

**Action:** Sharon Cosgrove to present initial ideas for the Corporate Strategy Refresh to Council at its meeting of 29th September 2015.

5. **SCIENCE BOARD PRESENTATION & REPORT – (Verbal)**

5.1 **Science Highlights**
Alison Davenport gave a presentation to Council on recent STFC science highlights. The presentation focussed on observation of a 5-quark state at the LHC - a new form of matter - hunting dark matter and new thermoelectric materials.

5.2 **Science Board report**
Alison gave a verbal report on the most recent meeting of Science Board which took place on 15 & 16 July 2015 at Polaris House. A
written report will be brought to Council in September. The main discussion points at the July meeting had been the Particle Physics (Experiment) Grants Panel, Large Facilities Scenarios and Computing Strategy. The next meeting of Science Board will take place 22-23 October 2015 at RAL.

**Action:** Written report of 15/16 July Science Board meeting to be brought to Council in September.

**ITEM FOR DECISION**


**TEXT FROM THIS SECTION HAS BEEN REDACTED: OFFICIAL SENSITIVE**


6.2 **2014-15 Annual Report and Accounts**
The 2014-15 Annual Report and Accounts were signed by John Womersley on 23rd June in his capacity as Accounting Officer and certified by the Comptroller and Auditor General (C&AG) of the National Audit Office on 26th June. The C&AG certified the Accounts with an unqualified audit opinion. The Report and Accounts were laid before Parliament on 2nd July 2015.

6.3 **Hartree 3 Capital Project**
BIS wrote to John Womersley on 28th April to confirm the total funding had been earmarked and increased from £113M to £115.5m over five years, with £24.446M in 2015-16, and for the project to commence. This amount has not yet been formally allocated to STFC pending a review by BIS of the overall 2015-16 capital budget.

6.4 **2015-16 Budgets, 2015-16 Financial Performance to 30 June 2015 and 2015-16 Outturn Forecast**
Council noted a number of changes had been made to the 2015-16 Resource and Capital budgets which had been approved by Council in March, to reflect recent developments. Council also noted the report of STFC’s Financial Performance to 30 June and the 2015-16 Outturn Forecast. Details of each were contained in the report presented to Council.

6.5 **ING Disposal Update**
At its November meeting, Council had asked Audit Committee to review the financial implications of the proposed arrangements for transfer of the ING telescopes in La Palma. Audit Committee noted the important structural difference from the ING disposal originally approved by Council. The latest proposal is that STFC will become managing agent of the remaining facilities. Ownership of the facilities
will pass to IAC (the Canary Islands research institute) as planned. The Audit Committee concluded that the modified arrangements represented an improvement in STFC’s financial position and a definitive path to reduction of the staff related liability. Council approved the plan and agreed that STFC should proceed with obtaining final BIS approval for the revised transaction.

6.6 ESS Necessary ‘Pre-Work’
Neil informed Council that in order to meet the project timeline for building parts of the UK’s in kind infrastructure contribution to ESS, it is necessary that work starts this year, notwithstanding the fact that the planned capital funding from BIS (£165m in total) will only come on line in 2016-17. Up to £3m of such expenditure is likely to be incurred this financial year. Executive Board has agreed that ISIS will forgo an equivalent amount of external revenue this financial year and be recompensed in future years when the relevant BIS capital funding is available. BIS has been fully consulted on these arrangements.

6.7 ISIS Resourcing update
Council gave its approval to the request that ISIS be permitted to continue recruitment to a planned level of 420 staff only, representing the planned headcount as at 31st March 2016. Council noted that, as detailed in the accompanying paper, this will help to de-risk delivery of 2015/16 commitments while limiting STFC’s future risk.

ITEM FOR DISCUSSION

7. BIS UPDATE – Verbal

7.1 Adam Baker informed Council of the emerging issues and potential future direction of BIS following the General Election in May. Adam said that the new Science Minister, Jo Johnson, appeared to be very supportive of science. There is an emerging emphasis on ‘place’ and a renewed focus on free-markets. The Science Minister is also committed to improving the diversity of membership of senior boards of BIS Partner Organisations.

7.2 Adam updated Council on the Comprehensive Spending Review (CSR) and Nurse Review. BIS is expecting to receive its allocation in November 2015. It is expected that the allocation will be over 3 years, rather than 5 years. It is likely that the pressures on cutting Admin spend will remain. The findings of the Nurse Review are expected to be published around Christmas, and the Research Councils will be contacted during the summer to look at the emerging findings. Council noted that the findings of the Nurse Review are likely to have a direct impact on how the science budget is allocated. Adam agreed and said that BIS is considering this.

ITEMS FOR DECISION

8. i. MINUTES OF THE LAST MEETING – STFC(2015)46
   ii MATTERS ARISING – STFC(2015)47
8.1 Council agreed that the minutes of the meeting held 19th May 2015 were a true record of that meeting. Council approved the redacted minutes for publication on the STFC website.

8.2 Council noted the matters arising and the progress recorded against each action. It was agreed that Andrew Harrison, the Chief Executive of Diamond will be invited to the September Council meeting to discuss the Diamond Review Thematic reports. Matthew Johnson, SKA Programme Manager will be invited to the September Council meeting for discussions on the SKA status report.

**Action:** Andrew Harrison to attend September Council meeting for discussions on the Diamond Review Thematic reports.

**Action:** Matthew Johnson to attend September Council meeting for discussion on the SKA status report.


9.1 Grahame Blair introduced this report which provided an update on the annual call for applications and nominations to STFC Science Board. He confirmed that James Stirling, as outgoing council member, had represented Council in the process and had confirmed that in his view the process was properly conducted. The nominations and applications committee had proposed the appointment of a replacement deputy chair and core and non-core membership of Science Board for 2015-16. Council endorsed the appointment of a deputy chair, and core and non-core Science Board membership as proposed in the report.

10. WELCOME BACK

10.1 The chair welcomed everyone back to the meeting.

ITEMS FOR DISCUSSION (continued)

11. ESS UPDATE (Verbal)

11.1 Andrew Taylor updated Council on ESS reporting that the ESS Project Board had met on 14th July 2015 and that Treasury sign-off was awaited for the ESS Business Case. At the international level, once the ERIC is signed, the project will rework the current baseline with scientific work expected to begin in 2023.

12. CORPORATE SERVICES DIVISION (CSD) CHANGE PROGRAMME: UPDATE - STFC(2015)49

**TEXT FROM THIS SECTION HAS BEEN REDACTED: OFFICIAL SENSITIVE**

13. STFC AND CAMPUSES (Verbal)

13.1 Tim Bestwick led a discussion on STFC and campuses, giving a presentation which outlined the Government’s newly emerging emphasis on ‘place’ and the state of play in STFC.
13.2 Tim summarised a report by the Economist Intelligence Unit which focussed on innovation-led clusters, and also the BIS/HMT Science and Innovation Strategy published in 2014. These reports both explained that clusters are about collaboration and work best when they are focused and can compete.

13.3 The Government acknowledged that the UK science base is a vital national asset and that new ideas are needed to spread and be used as widely as possible. The Government will therefore invite universities, cities, Local Enterprise Partnerships (LEPs) and business to map the strengths of different regions through a series of science and innovation audits.

13.4 STFC has skilled people, experience in entrepreneurship and networks. These elements are evidenced, for example, in the space cluster at Harwell, with 20 of 55 Space companies currently at Harwell classed as Foreign Direct Investments. STFC owns and operates national-scale science infrastructure that underpins its role in innovation and economic development. The questions are whether STFC should be involved in other locations and how it can best develop a relationship with the other organisations in this area, e.g. Innovate UK. Council agreed that excellence attracts excellence and asked whether the focus on ‘place’ is a chance for STFC to show that it is different from the other Research Councils.

13.5 Tim said that a lot of investment was being made into the Harwell Campus joint venture and there is still more to be developed. It was noted that the EU has made attempts to develop clusters in the past but this was less than successful and STFC need to refer to this in its narrative and to ensure lessons are learned. Council agreed that talent is the most important factor in development of successful clusters. Council noted that the Government’s focus is on cities and that counties appear to have been excluded.

13.6 Council noted that the views expressed at this meeting would feed into strategy refresh work that is currently underway.

ITEMS FOR NOTING


14.1 Julia Goodfellow, outgoing SEAB Chair reported on the SEAB meeting of 9 July 2015. SEAB considered a number of Skills review items including four reports from the STFC Head of Skills and Engagement and STFC Head of Education, Training & Grants Policy.

14.2 Progress towards an STFC Skills Strategy
SEAB considered the outline skills strategy and recommended that an additional strategy theme be added to the STFC Corporate Strategy which would highlight STFC’s unique and distinct global collaborations and how UK industry has benefited from this in terms of finance,
growth and skills expertise.

14.3 **Skills Gap Survey**
SEAB reviewed the skills gap survey and noted that software engineering and programming were top of the list. SEAB suggested that STFC work more with Universities to encourage the appropriate training at undergraduate and also at postgraduate level. SEAB also suggested collaboration with the Turing Institute when this is developed.

14.4 **STFC Public Engagement and Skills**
SEAB recommended that STFC advocate its scalability of activity and its uniqueness. SEAB was content that there was a review of the current programme and endorsed the need for analysis of the effectiveness of different schemes.

14.5 **STFC PhD Studentship Funding Models**
SEAB agreed to the Education, Training and Careers Committee (ETCC) recommendation that Departments eligible for STFC studentships are to be accredited on a simple pass fail assessment. SEAB advised that ETCC consult and seek legal advice from BIS in regard to whether STFC should proceed with piloting an extension of eligibility for fees-only studentships to non-EU students. SEAB endorsed the recommendation from ETCC that the notional funding duration of STFC studentship should be increased from 3.5 years to 4 years.

15. **INNOVATION ADVISORY BOARD (IAB) UPDATE - STFC(2015)51**

15.1 Richard Worswick reported on the first IAB meeting which was held on 17 June 2015. IAB reviewed its Terms of Reference and noted it will be asked to provide STFC with advice on the content, balance and priorities of STFC’s existing innovation programmes and new approaches to delivering innovation within STFC. IAB will also advise on how STFC can capitalise on its expertise and experience in innovation, and how STFC’s contribution to innovation can best be promoted to stakeholders and Government.

15.2 IAB was invited to comment on the draft report of the review of the governance of Diamond Light Source. IAB suggested several areas which could be explored in more detail, including closer working with InnovateUK, UKTI and other government departments, and facilitating business access to the large facilities.

15.3 IAB will meet twice a year; the next meeting will be in September 2015 and will focus on the refresh of the Corporate Strategy and progress with the CSR.

16. **COUNCIL SURVEY 2015 (VERBAL)**

16.1 Gordon Stewart informed Council that the 2015 Council self-assessment survey will go live in the next few days. The survey forms part of the STFC Council appraisal process and the questionnaire sets out questions relevant to performance of Council members, STFC
supporting processes and key relationships, e.g. BIS, stakeholders etc.

16.2 Gordon outlined some of the outcomes from the 2014 Survey and STFC response to those outcomes. These included efforts to improve the ambassadorial role of Council members and the Secretariat is working with Communications team to provide crib-sheets, the first of these was the provision of briefing for the Scottish Stakeholder dinner 20 July 2015. The Council Finance Committee, a sub-committee of Council, was formed to address the observation that Council need to better understand the key risks facing the organisation. The Finance Committee will make operational and financial impacts on major projects clearer to Council.

16.3 The 2015 on-line survey will go live in the next few days. All responses will be anonymous. The survey will close 7th September and the results will be reported to Council at 29th September meeting.

Action: Outcomes of 2015 Council Survey to be brought to Council in September 2015

17. AUDIT COMMITTEE REPORT & ANNUAL REPORT – STFC(2015)52

17.1 Gill Ball introduced the Audit Committee Annual Report and a report of the meeting held 23rd June 2015.

17.2 Audit Committee Meeting Summary – 23rd June 2015
The overall Assurance Map was agreed by Audit Committee. Audit Committee noted generally positive outcomes from internal audits but STFC must ensure that momentum is instilled to improve assurance ratings, particularly where limited or moderate assurance. It was agreed that where Limited Assurance is provided for future audits the STFC Audit Sponsor will be asked to present the report and any remediation to a future Audit committee meeting. Audit Committee will continually assess the key items for its agenda by reference to key reporting mechanisms and engagement with Council and Executive Board to identify potential topics.

17.3 Audit Committee Annual Report
The Terms of Reference for Audit Committee require an annual assessment of the Committee’s effectiveness and a report to Council. Membership has been refreshed during the year following the retirement of Marshall Davies; Gill Ball succeeded Marshall Davies as Chair and Gerard Connell joined the committee. The Audit Committee recognised that whilst there is a strong governance framework with well-defined plans, policies and processes, some improvements are required in prepayments, collation and submission of Pay Remits and constructing Business Cases. A number of areas continue to carry risks and will continue to receive Audit Committee scrutiny. These include staffing, funding pressures, compliance with delegated authority and UKSBS service delivery.

ANY OTHER BUSINESS (AOB)
18. **FINANCE COMMITTEE: AMENDED TERMS OF REFERENCE**

18.1 Brian Bowsher, Chair of the Finance Committee asked Council to note and approve the revised terms of the reference for the Committee. The amendments were as follows:

i. Membership will be no more than 4 non-executive members of Council, with the option of 1 additional co-opted independent external member (total 5).

ii. Council will appoint Members to the Committee on the recommendation of the Council Chair and will be appointed for an initial period of 3 years with scope for one extension of up to 3 years.

iii. The Committee will periodically review performance of major activities (e.g. Hartree Phase II and ISIS operation and resourcing) against Council-approved Business Plans.

iv. The Committee’s work may occasionally overlap with that of the STFC Audit Committee. Any potential conflicts or duplication will be resolved by the respective Chairs of the Audit and Finance Committees, advised by the Executive Director, Finance.

Council approved the revised terms of reference.

19. **STFC ETHICS COMMITTEE: TERMS OF REFERENCE**

19.1 Gordon Stewart asked Council to approve the terms of reference for the newly formed STFC Ethics Committee. The Ethics Committee will act in an advisory capacity on such issues that arise under the Ethics Policy and will be responsible to STFC’s Executive Board of Directors. Ian Taylor, Council member, has been appointed Chair. Four members are from different departments within STFC, and Council was asked to approve an amendment to the original draft terms by increasing the number of lay and academic members from one each to two each, a total of four external members plus the chair. Following interviews, Ian noted the importance of having a balance of internal and external members at least for an initial period. Recognising that the committee’s membership requirements may change after an initial period, terms of appointment would be for an initial period of a year with the option to extend members for a further period. The Committee will meet as often as is reasonably necessary but not less than once a year and it will provide an annual summary of its activities to Council.

Council approved the Ethics Committee’s terms of reference.

20. **MEETING CLOSE**

20.1 The Chairman thanked everyone for their contributions to the meeting and reminded members that the next Council meeting will take place at RAL on 29th September 2015.

20.2 The Chairman brought the meeting to a close.