



MINUTES OF THE TWENTY FOURTH COUNCIL MEETING HELD ON 15 DECEMBER 2009 AT RAL

Council Members present: Michael Sterling (Chairman)
Martin Barstow
Keith Burnett
Marshall Davies
Mike Edmunds
Philip Greenish
Philip Kaziewicz
Peter Knight
Keith Mason
James Stirling

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

In Attendance: Sharon Cosgrove (Director, Strategy) *for item 3 only*
Jenny Thomas (Chair, Science Board)
Tony Ryan (Deputy Chair, Science Board)
Richard Wade (Chief Operating Officer)
Jane Tirard (Director, Finance)
Colin Whitehouse (Director, Campus Strategy)
John Womersley (Director, Science Programmes)
Gordon Stewart (Director, Corporate Affairs)
Terry O'Connor (Executive Secretary)
Ruth Jeans (Minute Secretary)

1. WELCOME

- 1.1 The Chairman welcomed members and attendees to the meeting by stressing the importance of the debate to take place, and reminded Council of the need to declare an interest if appropriate.
- 1.2 The Chairman went on to report on his meeting on 14 December with the Minister, Lord Drayson, at his request. The discussion had proved very helpful, with the Minister expressing his confidence in the prioritisation process so far.

2. MINUTES OF MEETING HELD 24 NOVEMBER 2009 AND MATTERS ARISING

- 2.1 The minutes were agreed to be a correct record of the meeting and signed by the Chairman.
- 3.1 A number of communications had been received from members of the neutron community concerned at the wording in paragraphs 3.4 and 3.5 of the minutes of the meeting held on 24 October 2009, which referred to Council's discussion on the Neutron Review Report. For clarity, the minute has now been amended to read "*During discussion, **Council** pointed out that there were many parts of STFC's activities that were relevant to the future needs of the power industry, (including the nuclear power industry) - for example neutrons; materials; accelerators etc. and there was a major programme of work that STFC could offer. **Council** also pointed out that there was a *perceived* shortage of expertise nationally in nuclear spectroscopy, and *suggested that* RAL/ISIS could play a vital role in this area.*"
- 2.2 The recent Ministerial announcement on the creation of the Space and Satellite Agency was discussed, including the timing of the announcement and the Minister's statement that the creation of the Agency would be cost neutral with no additional funding for space. Council members stressed the importance of ensuring STFC and its staff had no perceived conflicts of interest in relation to the creation of the Agency.
- 2.3 The Chief Executive assured Council that he would keep members fully informed as details regarding the structure of the Agency became clearer. He also emphasised that whichever agency model was used, it would be in STFC's interest to be fully engaged and retain its influence, particularly in relation to Campus development.
- 2.4 Keith Mason stated that a meeting of the BNSC Space Board and other interested stakeholders, including possible industrial partners, would be convened to address planning issues within two weeks, and reminded Council that STFC had an existing SLA with BNSC covering space science..
- 2.5 Paul Williams said it had been the Minister who, following full consultation, had made the announcement.
- 2.6 Council **agreed** to form a sub-group of Council to provide governance oversight to the executive in planning the transition to the new Agency . **Action: Exec Secretary**

3. STFC CORPORATE STRATEGY

- 3.1 Sharon Cosgrove attended to report on the development of STFC's corporate strategy .
- 3.2 Council in September agreed to develop the Plan around three long-term goals: a) world class research, b) world class innovation and c) world class skills. To achieve these goals, the strategy would include six strategic themes: *providing research leadership; solutions to global challenges; inspiring and involving; effective knowledge exchange; strengthening strategic partnerships, and building international influence.*
- 3.3 Sharon explained the principles underlining the body of evidence which had informed the Plan, and drew attention to the ambitions, objectives and priorities for the three core goals. Further development of the objectives would follow Council's discussion on the prioritisation exercise. Providing the emerging principles were the appropriate

ones, they would be used to guide the organisation in its future planning and investment decisions.

Council acknowledged the draft document to be clear and concise with the key points well made, and endorsed the Plan so far. However, it was suggested that there needed to be a stronger reflection of STFC's partnership with universities.

Action: S Cosgrove

- 3.4 The full revised version of the Strategy would be presented at the January meeting of Council. A further round of consultations would then be conducted and the final draft would be presented at the February meeting **Action: S Cosgrove**

4. PRIORITISATION OUTCOME

- 4.1 Keith Mason provided an overview of the prioritisation exercise and timeframe by which the Advisory Panels and Committees had made their recommendations to the Science Board, which had met on 7/8 December to discuss the input, and prepare its final recommendations.
- 4.2 Marshall Davies, as a representative of Council, had been in attendance at the meeting of the Science Board, and reported that a very difficult meeting had been chaired well; the discussion had been detailed, positive, and objective; and the conclusions reached - though difficult and taken with great regret - had been unanimously accepted by the Board.
- 4.3 The Chairman on behalf of Council warmly thanked the Chair, Jenny Thomas and members of the Science Board, the Advisory Panels and Committees for the immense amount of very hard work that had gone in to the process. Council fully understood how difficult many of the decisions had been, and thanked them for their professionalism and commitment.

5. SCIENCE BOARD REPORT

- 5.1 Jenny Thomas explained the Science Board strategic decision to make a small adjustment to the balance between the PPAN and PALS areas, and highlighted the key outcomes from the prioritisation exercise and some of the consequences of the decisions..
- 5.2 There had been unanimous agreement by all the communities involved that the international subscriptions must be retained, in order to exploit the access they gave to world class science, even although it would inevitably mean very painful losses to some areas of science.
- 5.3 The PPAN Committee had made the decision to fund only the top priority projects, but deep cuts would have to be made to even these projects. Out of the current 70 projects, 45 would have to be cut, i.e. 25-30% of the science programme. As a result, PPAN's focus in the future would be on 'big science' rather than on subject areas.
- 5.4 Jenny stressed the need to manage the withdrawal from projects carefully and sensitively. Also, to avoid confusion within the science communities, the term '*exploitation*' grants needed clarification.
- 5.5 The PALS Committee had reluctantly decided to not proceed with the New Light Source project, and not to proceed as planned with the UK's involvement in XFEL.

However it had been agreed that if the financial position changed, these projects could be revisited.

- 5.6 The Science Board had agreed to find the additional costs required for Diamond Phase 3 running costs by, if necessary, reducing the ESRF subscriptions after 2016 if additional funding had not been found, once the new Diamond instruments had come on line.
- 5.7 Regarding the ground based astronomy programme, Jenny stated that PPAN had taken into account the recommendations from the Ground Based Astronomy Review, and those were reflected in their prioritisation list. The recommendations also reflected the decision for a planned withdrawal from other telescopes which had been made when the UK joined ESO.
- 5.8 Council noted that by focussing STFC's programme on large facilities and international subscriptions, over the years an increasing percentage of the budget would have to be allocated to the subscriptions to the detriment of the science programme overall, as the consequence would mean that STFC would have decreasing control over its budget.
- 5.9 During discussion it was also recognised that, for completeness, Council should be provided with information on the planned non-programme savings (*e.g. STFC staff costs; operational support; site services; overheads etc*). However, it was pointed out that there had been a misconception that, irrespective of the prioritisation plan, STFC staff would not be affected. In fact, if a project had to be cut, staff would either be moved to another funded programme, external funding sought, or staff numbers would have to be reduced.

6. OUTCOME FROM PROGRAMME BOARD/PROJECT BOARD

- 6.1 On 11 December, the Executive Board and Programme Board had met to review in detail the prioritisations assigned by the Science Board. Following lengthy discussion, the executive had accepted that the recommendations presented by the Science Board would provide STFC with an affordable, sustainable programme (*although within a tightly constrained budget*), and provided a firm basis for planning. However, it had also accepted with regret that there would be painful reductions in all areas of science supported by the Council.
- 6.2 The Programme Board would now proceed with the development of the implementation plan, taking account of the decisions taken by the advisory boards, the Executive Board and Council.
- 6.3 Council **agreed** that if possible international subscriptions should be held at flat cash from 2013. In the meantime, it was understood that two additional countries would soon become members of CERN. The Council **unanimously agreed** that the UK position in relation to any international organisation to which the UK paid a subscription would be to oppose new membership, unless it led to a real decrease in the UK contribution.
- 6.4 Council **endorsed** the recommendation to withdraw from the Gemini telescope partnership with effect from 31 December 2012. This would provide the community with access to the telescope for the next three years.
- 6.5 It was also confirmed that all grant holders would be receiving a re-announcement of their current grants, to take account of the cuts applied. John Womersley also explained the algorithm used by PPAN when calculating cuts to grants.

7. FINANCIAL PLAN AND IMPLICATIONS

- 7.1 Jane Tirard presented a draft summary of the financial plan for 2010-11 to 2018/19, including the planned programme savings, and details of the internal savings which amounted to £11m or 20% of the required savings in 2010-11.
- 7.2 Richard Wade assured Council that a full ‘bottom up’ review of support services had been carried out involving all Directors/Departments, with resulting cuts across the board of 10% in 2008/9, and an additional 10% in 2009/10 – before the new 2010-11 reductions.
- 7.3 Council noted that the forward plan included a 2.5% reduction to the support lines each year for the next 5 years, over and above the identified internal cuts, but that reductions would need to be carefully managed to ensure that cuts to critical support services did not adversely affect the science programme.
- 7.4 Jane Tirard stated that there was still significant work to be carried out to identify specific staff savings but this would be done over the next 2 to 3 months, and details would be available by the time the Implementation Plan had been completed. In the meantime, every effort would be made to either find alternative posts or external funding for the staff involved.
- 7.5 Council noted the development of the financial plan so far, and agreed that a more detailed report would be presented at the February meeting. Council emphasised that the final figures would need to be substantiated, and the savings that would be made in STFC’s support services over the next 5-10 years clarified. **Action: J Tirard**

8. IMPLEMENTATION PLAN

- 8.1 Richard Wade presented a number of cases that needed to be handled carefully because of ongoing sensitive negotiations.
- 8.2 **Fermilab projects (D0 and CDF; MINOS; MICE; UK Neutrino Factory):** Richard explained that Fermilab was currently funding researchers working on some of these projects in the UK, and there was the possibility of further funding in the future. It would therefore not be expedient to make a blanket withdrawal from these projects while sensitive negotiations were still taking place. It was also important to maintain strategic relationships with this key partner and to avoid jeopardising its continued support to researchers in the UK.
- 8.3 **ESA projects:** Negotiations were currently underway with ESA to examine a number of options for reaching agreement on a balanced financial package going forward.
- 8.4 **Nuclear Physics:** The balance between NUSTAR and AGATA required further examination, to decide whether an arrangement could be made to continue some aspects of AGATA within the current NUSTAR funding envelope. To a question from Keith Mason, Tony Ryan confirmed that NUSTAR had been recognised as the highest priority project in its field by the Science Board, and recommended for funding on the basis of its Alpha 4 ranking.
- 8.5 **Nolan Letter (nuclear physics budget):** Council had discussed the contents of Professor Nolan’s letter to the Minister, and agreed that the figures to be announced would answer most of the points raised. Council stated that it had been content with

the deliberations carried out by the advisory panels and the Science Board on the nuclear physics programme, and the conclusions reached.

- 8.6 It was pointed out that the assertion in Professor Nolan's letter that £10M had been transferred from EPSRC to STFC was wrong. The total transferred had in fact been £8M. It was also pointed that this was just one part of the nuclear capability, and only half of the portfolio of interactions between industry and nuclear engineering.
- 8.7 In the meantime, discussions were taking place with EPSRC to produce a joint implementation plan, based on the recommendations of the Ion review.
- 8.8 **CERN (ALICE and CLIC):** There were ongoing discussions with CERN regarding accelerator R&D programmes. To maximise the UK's CERN subscription while remaining within the funding envelope, it was important that these negotiations were not jeopardised.
- 8.9 **ESS:** It had been emphasised that the UK wished to see the ESS as part of a European strategy which would also involve the ISIS and ILL upgrades, and did not wish to jeopardise its future, and agreed to continue to collaborate with the Swedish consortium wherever possible.
- 8.10 **ELT:** STFC continued to be enthusiastic about the plans for an Extremely Large Telescope, but future involvement would depend on its cost effectiveness and affordability.
- 8.11 **Diamond Phase 3:** STFC was preparing to submit the Business Case for Diamond Phase 3 to BIS and the Treasury for funding from the Large Facility Capital Fund. Before doing so, the original offer of funding from Wellcome Trust (*which had run out in early autumn*), would now need to be re-submitted to Wellcome's Board of Trustees. However, in order to do this, Wellcome required formal assurance that there would be funding for the operating costs of Phase 3, as well as Phases 1 and 2.
- 8.12 Because STFC would be committing government funding, it would not be possible to provide a long-term, unlimited assurance. In the meantime, the executive was working with Wellcome to produce a form of words that would demonstrate that Diamond and the science that it underpinned was of sufficiently high priority to STFC, that every effort would be made to fund the operation of the three Phases appropriately.
- 8.13 It was STFC's aim that Diamond should eventually be seen by users as the world-leading machine of its type, and, should every other effort to raise required funding fail, it would be the intention to make a reduction to the UK's shareholding in ESRF and its subscription from 2016.
- 8.14 Council endorsed these sentiments, and the decision to proceed with Phase 3. Council also agreed that especially at this time when there was intense scrutiny of all aspects of STFC's funding, some aspects of governance needed to be modified in order to justify to the taxpaying public that it would be receiving value for money.
- 8.15. It was agreed that the executive should discuss arrangements for a review of the governance of Diamond with Wellcome and with BIS, with the aim of improving efficiencies and maximising the benefits of the funding commitment. Council would also consider whether a sub-group of Council should be formed to support the executive during negotiations.
- 8.16 A full proposal would be presented to Council before the final decisions were made.

Action: R Wade

Because of timing difficulties, it was agreed that on this occasion, the submission to BIS for LFCF funds should be made before the final outcome from the Wellcome Board was known. Paul Williams agreed to investigate whether it was possible within the system, to expedite the case. **Action: P Williams**

- 8.17 **Ground-Based Astronomy:** The loss of astronomers' access to the Northern Hemisphere was raised. It was agreed that this would be examined again during the implementation stage, providing it was cost neutral. **Action: J Womersley**

9.1 COMMUNICATIONS PLAN

- 9.2 Terry O'Connor explained the process for communicating the outcome of the Prioritisation exercise and the timetable. He also presented the draft Press Release for comments. It was noted that Council fully backed the process and had been satisfied with its governance.
- 9.3 Council agreed that the important message from this exercise was that even while in a more difficult financial environment, and having had to take tough decisions based on rigorous scientific scrutiny, STFC would be investing in a programme which would continue to deliver world leading, multi-disciplinary science and technology, designed to deliver maximum benefit for the UK in the current tougher financial environment.
- 9.4 At this point, Keith Mason announced that he had just received details from the Chair of RCUK, announcing that the Chief Executives, collectively, had agreed to make £14M available to STFC from within the science research budget for the next financial year, to remove the risk of STFC having to rescind a number of exploitation grants in order to balance its budget.
- 9.5 Council warmly welcomed the provision of this vital additional funding, and thanked the Chief Executives for their exceptional undertaking.
- 9.6 Council approved the draft Press Release, and agreed the prioritisation communication activities plan.

10 ANY OTHER BUSINESS

- 10.1 The Chairman announced that this would be the Terry's last meeting as Executive Secretary to Council, having taken on the role in September 2008. Gordon Stewart would take on the role from 1 January 2010.
- 10.2 The Chairman on behalf of Council thanked Terry for his professional advice and guidance through a very difficult year and wished him well as he concentrates on his role as Director, Communications.

The meeting closed at 17.00.