



MINUTES OF THE TWENTY FIFTH MEETING OF COUNCIL, HELD ON 24 NOVEMBER 2009 AT POLARIS HOUSE, SWINDON

Council Members present:

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

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

In Attendance:

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)
Terry O'Connor (Executive Secretary)
Gordon Stewart (STFC Legal Council) *for Item 11*
Ruth Jeans (Minute Secretary)

Apologies:

Keith Burnett

WELCOME

The Chairman welcomed members and attendees to the meeting.

1 INTRODUCTION

1.1 The Chairman, Keith Mason and Terry O'Connor had met with the Science Minister Lord Drayson recently, for a very useful meeting focusing on communications, but briefly covering resource issues. As a result of the discussions, the Chairman was confident that the Minister would support decisions taken by STFC regarding its future programme, providing that Council acted corporately, following due process, and that an effective communications process had been carried through.

2 MINUTES OF LAST MEETING

2.1 The minutes were **agreed** to be a correct record of the meeting, and were signed by the Chairman.

3 REVIEW OF NUCLEAR PHYSICS AND ENGINEERING

3.1 Richard Wade presented STFC's preliminary implementation plan, prepared in response to the recommendations from the Review of Nuclear Physics and Engineering. The draft plan would be discussed in detail with EPSRC on 11 December 2009, and an update presented to Council at its meeting on 15 December.

3.2 During discussion on the four key recommendations, a number of points were made, including:

- The importance of EPSRC and STFC working closely together on the development of the implementation plan;
- Clarity on responsibility for each of the elements of the emerging plan;
- Clarity in communicating the final recommendations;
- The need for early consultation with the relevant communities (e.g. STFC's Education and Training Committee; BIS etc), to fully understand future training priorities, and identify responsibilities for training programmes and studentships in nuclear physics and engineering;
- An emphasis on the importance of early discussions with DECC, (Nuclear Engineering Directorate), to inform them of the proposed strategy. The Chair of the Review, Sue Ion should also be kept informed of STFC's objectives.

3.3 Following discussion, Council **endorsed** the four draft recommendations, and noted that a further update would be presented at the December meeting.

4 FINANCE STATUS REPORT

4.1 Jane Tirard reported on the latest financial forecasts. The current Near-Cash outturn indicated an over spend of £8M, largely driven by increased SSC costs, and predicted capitalisation not now applicable. However Jane was confident that this element could be managed, in order to achieve a balanced budget. In the meantime, Directorates had been asked to examine their budgets, and provide realistic forecasts by the end of November. In addition, everything possible would be done to reduce spending to avoid the need for more radical decisions to be taken.

4.2 The Capital forecast currently indicated an under spend of approximately £6M - again largely due to the delay in the migration to SSC. To offset the under spend, Directorates have been asked to consider, where possible, bringing forward capital spend planned for 2010-2011. Jane also confirmed that high priority was being given to producing a realistic plan by the end of the first week in December, and a more detailed report would be presented to Council at its next meeting.

4.3 Phil Kaziewicz asked whether investment made in start-up companies was normally treated as capital. Jane agreed to investigate, and to report back as soon as possible.

Action J Tirard

4.4 Council **noted** the Finance Report.

5 ACTIONS AND MATTERS ARISING

5.1 (*March minute 2.1 – Facility Oversight committees*): Richard confirmed that the first meetings had now been set up, and would provide details of the dates etc.

Action: R Wade

5.2 (*June minute 3.9 – future CERN subscriptions*): A number of high level discussions had already taken place, but more discussions were required. Council stressed that this issue was of the highest priority and progress must be made. In particular it was agreed that a realistic strategy covering all international subscriptions was essential.

Action continues: K Mason/P Williams/R Wade

5.3 (*October minute 6 – Aurora programme*): Richard Wade presented an overview of the Aurora programme, starting with the initial discussions at PPARC Council in December 2005 - up to the latest ESA/NASA agreement in November 2009, when the decision had been made to proceed with a more complex joint Mars exploration programme. Richard pointed out that although this meant a two-year delay, the result would be a considerably greater scientific return at no extra cost to the UK, and a lot less risk.

5.4 Council expressed concern at the possibility of a 20% contingency element being imposed on the programme. However Richard stated that this was unlikely to apply to the Aurora programme, but could not be confirmed until after the next ESA Council meeting on 16 December.

5.5 It was also pointed out that STFC and the Science Board had considered that ‘the search for life’, and programmes associated with this area of science had been identified as one of its top priorities with full government support, and additional funding being ring-fenced for this mission.

5.6 Keith Mason also assured Council that ESA had accepted that the UK’s subscription to the Aurora programme would be capped at €14M per annum, and the executive was vigorously engaged in making sure that the UK’s entire contribution was also capped. However, if there had to be an increase, assurance was given that there would have to be an extension to the programme, not in additional costs to the UK.

5.7 Council **noted** the status of the Aurora programme.

5.8 The remaining actions had either been covered by agenda items or had been completed.

6. REPORT FROM SCIENCE BOARD

6.1 Jenny Thomas reported that the Science Board had now received recommendations on the prioritisation exercise; PPAN and PALS would be meeting in the coming week; and the Science Board would meet to finalise its report on 8 December.

6.2 Phil Kaziewicz also reported that the Economic Impact Advisory Board would be meeting before the 8 December, in order to provide EI input to the Science Board’s discussions.

6.3 As a result of a suggestion from the Chairman, it was agreed that it would be of benefit to Council for a member to attend the next meeting of the Science Board as an observer. Marshall Davies agreed to attend.

6.4 Council **noted** the Science Board update.

7 STRATEGIC FRAMEWORK FOR STFC INVESTMENTS

- 7.1 To provide a framework for Council's discussion on the prioritisation programme on 15 December, Keith Mason presented a number of strategic elements for consideration and scene-setting.
- 7.2 The Vision document had set the direction for the organisation, and Council's decision making would be guided by the emerging conclusions of the advisory process, and informed by the wider strategic issues (e.g. the strategies of STFC's international partners).
- 7.3 The Programme Board was also in the process of considering the shape of the programme and the strategy that would be required to deliver the vision.
- 7.4 As a result of the recommendations presented by the advisory boards, a strategic framework would be developed within which all advice could be set, and lead to the provision of a viable and sustainable programme for the foreseeable future.
- 7.5 The framework was currently a 'work in progress'. In order to derive the maximum benefit from its research and technology investments, STFC must now build on its key strengths such as: breadth of capabilities and expertise; the excellence of its large-scale facilities; and exploitation of the campuses including the gateway and innovation centres.
- 7.6 Keith emphasised that this exercise was not intended to resolve the short term financial difficulties, but to deliver a long term future for the research base supported by STFC. The outcome of a restructured organisation and programme would also enable STFC to focus on addressing new challenges - such as energy, the environment; security, healthcare, as well as a broader involvement in cross-Council programmes, and a re-aligned grants portfolio.
- 7.7 Council noted the outline plan for a strategic framework. Council also asked for clear and detailed supporting documentation to be provided in good time, in order that members could be well prepared for the debate on 15 December.

Action: R Wade/T O'Connor

8 COMMUNICATING PRIORITISATION OUTCOME

- 8.1 Terry O'Connor presented his proposed communication plan for effective management of the prioritisation outcome.
- 8.2 Council noted the schedule of actions. Council also requested that a mechanism for communicating with relevant Vice Chancellors be included in the timetable.

Action: T O'Connor

9 AUDIT COMMITTEE REPORT

- 9.1 Marshall Davies presented his report, highlighting a number of issues raised at the last meeting of the Audit Committee held on 20 October 2009. In particular, the Committee had raised its concerns regarding a lack of engagement / responsiveness to risk management, and requests for updates on audit recommendations.
- 9.2 The Committee had highlighted one particular risk involving a backlog of around £5M on legally required maintenance of its estate. Marshall presented Paul Hartley's response to the Committee's request for a report on the activities impacted by the backlog.

9.3 Following discussion, Council asked for Paul's report to be considered by the Executive Board in order to provide Council with formal assurance that the maintenance backlog was a low risk. **Action: P Hartley?/KOM?**

9.4 Council also expressed concern at the continuing issues relating to the SSC, and asked to be kept regularly updated on developments. **Action: J Tirard/M Davies**

10 CAMPUS UPDATE

10.1 Colin Whitehouse presented his paper which summarised the key campus-related activities which had taken place since the last meeting of Council.

HSIC

10.2 Work continued on developing the HSIC site masterplan and key strategic opportunities relating to the Technology Gateway Centres, the International Space Innovation Centre, and the new Amenity Centre, and other large scale campus partners.

10.3 Gordon Stewart now formally represented STFC on the HSIC JV Board, and Tim Bestwick was the formal representative on the HSIC Management Board.

DSIC

10.4 Good progress had been made on the complex negotiations between the DSIC public sector partners.

10.5 The DSIC JV development process was also progressing well. A press release had been issued on 29 October announcing the names of the five bidding teams shortlisted to proceed to the next stage of the JV tendering negotiation exercise, The Invitation to Submit Outline Solutions (ISOS). However, notification had just been received that, after further consideration, Quantum had decided to withdraw from the bid process. Whilst complimentary on the bid process & documentation (which in their view compare favourably to that adopted during the HSIC process) Quantum believed that the estimated cost of bidding was not justified, given its lack of estate management expertise which it believed would reduce its chances of being successful. Given Quantum's view that the project was more fee-driven, with limited investment income opportunity, Gordon Stewart noted the need for robust contractual controls to ensure that fee increases were properly managed.

10.6 The current geographic "DSIC Core" footprint available to the DSIC JV was limited compared to that available at HSIC. However progress was being made in negotiations with adjacent landowners and Peel Holdings, and the project director believes there was a good prospect that these negotiations would shortly result in options being secured on some 40+ acres of adjacent land, and in respect of the canal crossing.

10.7 Following discussion on the land receipt issues raised at the last meeting of Council, NWDA and STFC representatives had met to discuss the matter further. Agreement had now been reached that any request for either repayment or conversion to further quasi equity would be subject to agreement at the public sector JV Board, and would require unanimity between the public sector partners. If agreement could not be reached, any partner would have the right to refer the matter to the permanent secretary of BIS.

10.8 Before the ISOS had been issued, advice had been received from the JV project's professional advisers that neither the agreed position on land receipts, nor the reservation of land for the NLS until 2015 would be a disincentive to bidders continuing with the

ISOS procurement stage.

10.9 Colin also reported that the individual ‘dialogue’ meetings held with each of the bidders during their recent tours of the DSIC campus had been very positive. In particular, bidders were specifically asked to comment on the position adopted on both the land receipts & reservation of land for NLS and none of them had raised concerns.

10.10 Council **noted** the report, **confirmed** it was satisfied with the position reached to date on the land receipts and NLS land reservation, and **welcomed** the progress being made on both campuses.

11 ANY OTHER BUSINESS

11.1 The Chairman, on behalf of Council, congratulated the particle physics teams on successfully producing the first low-energy collisions on 23 November, just three days after restarting the LHC machine, and wished them well in their search for achieving ground-breaking experimental data.

The meeting closed at 5.45pm