



## MINUTES OF THE TWENTY SEVENTH MEETING HELD ON 26 JANUARY 2010 AT RAL

***Council Members present:***

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

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

***In Attendance:***

Jenny Thomas (Chair, Science Board)  
Richard Wade (Chief Operating Officer)  
Jane Tirard (Director, Finance)  
Sharon Cosgrove (Director, Strategy) item 7  
Terry O'Connor (Director, Communications) item 5  
John Womersley (Director, Science Programmes) -  
items 3 and 10  
Gordon Stewart (Director, Corporate Affairs and  
Executive Secretary to Council)  
Ruth Jeans (Minute Secretary)

### WELCOME

The Chairman welcomed members and attendees to the meeting. He again thanked Council members for their support at the last meeting, and reiterated his appreciation for Council's unanimous endorsement of the prioritisation outcome and communications process. The effectiveness of both had been recognised around the science community, and by BIS in particular.

## 1. MINUTES OF THE MEETING HELD ON 15 DECEMBER, 2009

- 1.1 (*Minute 5.1*): The first sentence should read: *Jenny Thomas explained the Science Board's strategic decision to adjust the balance of resources between the PPAN and PALS areas.....*
- 1.2 Subject to the above amendment being made, the minutes were agreed to be a correct record of the meeting, and were signed by the Chairman.

## 2. ACTIONS AND MATTERS ARISING

- 2.1 (*Minute 2.6 – Space Agency*): Council had recognised the importance of the proposal for a Space Agency and accepted that it would ultimately be Council's view on the preferred model that would be submitted to BIS. However, in order to avoid any perception of a conflict of interest and to provide assistance to Keith Mason, Council agreed that a small sub-group of Council should be formed to support Keith, (consisting of the Chairman, Marshall Davies and Martin Barstow), and to provide governance oversight, thus ensuring transparency of the process. The group agreed to specify its role with Keith. **Action: M Sterling/M Barstow/M Davies**

There was some concern at the additional workload on Keith of having to take forward the Space Agency project as well as overseeing the implementation of the Prioritisation Plan. Keith appreciated the concerns expressed, but assured Council that supported by the team, it would be manageable.

- 2.2 (*Minute 8.16 – Diamond funding*): Paul Williams reported that he had received a copy of the formal statement from Keith to Mark Walport, (*also copied to Alan Thorpe, RCUK*), which had explained STFC's long term approach to Diamond funding. This statement would be sufficient to progress the bid within BIS, once a positive response had been received from the Wellcome Trust. Richard Wade had been informed that a response had been sent by Wellcome, but so far it had not been received. He agreed to investigate. **Action: R Wade**

*Isis funding from the LFCF*: Paul Williams also required a similar statement on ISIS in order to progress the TS2 Phase2 instruments bid against the LFCF fund. Richard Wade presented a draft statement for comment, which was then **endorsed** by Council. Paul reported that the TS2 and Diamond Phase 3 bids would be submitted to Treasury within the next few days.

- 2.3 (*Minute 4.3 – capitalising of start-ups investment*): in response to a question from Phil Kaziewicz, Jane Tirard confirmed that in order to capitalise an item on the balance sheet it must have a value and it would not be appropriate to capitalise R&D investments. However if the R&D project resulted in a 'spin out' company being formed, there would then be negotiation as to whether the Council took shares in the company which could create a value. **Action: Completed**

- 2.4 (*Minute 5.2 – future policy on UK's subscription to CERN*): Paul Williams reported that at a recent meeting of the CERN Finance Committee it had been decided, at some point after 2013, to change the calculation method. However no agreement had been reached on the transition arrangements between 2010 and 2013. Paul Williams also reported that at a recent meeting of the CERN Council, the principle had been established that current members would veto new member states joining CERN, unless there was a reduction in the subscriptions for current members.

**Action: Ongoing**

2.5 (*Minute 11.3 – VISTA penalties issue*): Richard reported that this matter was still ongoing, but he noted that the telescope had been formally accepted.

**Action: Ongoing**

2.6 *Facility Oversight Committees*: Richard Wade reported that the first meeting of the Photon Science Facility Board would be held on 2 February, and the ISIS Facility Board on 22 February. The membership of the two Boards had been attached to Richard's Operations Report for information.

### 3. PRIORITISATION IMPLEMENTATION UPDATE

#### *Communications*

3.1 Terry O'Connor provided an oral report on reactions from the media and science communities, following the announcement of the Prioritisation Plan. The response from most of the research community had been muted but it had generally been agreed that the process so far had been transparent and handled well.

3.2 The most disappointing outcome had been feedback from some parts of the science community which claimed that as a result of the exercise, students would be discouraged from studying physics because STFC was no longer funding physics. This was of course unhelpful and wrong.

3.3 The Communications team would continue to be committed to providing regular and detailed information on the implementation plan, and other items. Despite the funding difficulties, there was still a considerable amount of good news to communicate, (*e.g. ESA Council officially approving the Aurora programme, developments at LHC etc*), and Terry invited Council to provide him with suggestions on how communications could be developed still further.

3.4 Paul Williams added that Lord Drayson had expressed his satisfaction with the way that the process had been handled.

3.5 Council noted and welcomed the report.

3.6 Keith Mason brought Council's attention to a negative report on the Shared Services Centre to be published in the Times Higher this week. He briefed Council on a number of misleading and untrue statements in the article, and provided the accurate version of events.

#### *Implementation Plan*

3.7 John Womersley presented a short update on progress in implementing the prioritisation plan. A number of meetings had been held with various groups including the Advisory Panels, the Particle Physics Theory town meeting, and the Astronomy Forum, with further meetings arranged during February. The focus of these meetings was the implementation of the priorities, not re-assessing them.

3.8 **Grants**: The Astronomy Grants Panel's recommendations were due to be approved by PPAN on 27/28 January. The Astronomy community had become aware during recent weeks of the substantial impact that the prioritisation would have on the astronomy grants line. The Grants Panel would have an opportunity to present their views at the PPAN meeting, and if PPAN could find other parts of the astronomy programme that could be reduced to find additional funding for this particular round of grants, the executive would seriously consider it.

- 3.9 Martin Barstow declared an interest but wished to highlight the possibility of some areas of science that were vulnerable as a result of the proposed rolling grant process. There had also been concerns expressed by Mike Cruise at the recent Astronomy Forum. John Womersley stated that there needed to be an STFC corporate view on grants strategy including the length of time for grants; the balance between standard grants and rolling grants; and the appropriateness of the rolling grant applications. However he stressed the importance of continuing to use STFC's scientific advisory mechanisms to assess the recommendations from the Grants Panel, and developing the plan for the grants programme in the context of the overall strategy.
- 3.10 Council **noted** the issues involved, and collectively wished to convey the message to the relevant communities that first and foremost, it supported the highest quality science, and the assessments being made as locally and as specifically as possible.
- 3.11 An updated report would be presented at the next meeting of Council, which would also include a progress report on grants. In the meantime, Martin was invited to provide John with details of his specific concerns for consideration at the next PPAN meeting.  
**Action: M Barstow**
- 3.12 **Gemini:** PPAN had agreed that to secure access to the Northern Hemisphere telescopes, the UK should not buy access but look for cheaper and more imaginative options. There was the possibility of a collaboration with the Spanish to access its large telescope on the Canaries, but other options were also being sought.
- 3.13 **Radio Astronomy:** Council had been alerted that although the prioritisation exercise did not provide funding for LOFAR, clear feedback had been received from the SKA collaboration that this would harm the project. The executive and PIs were exploring the possibility of extracting funding from the SKA budget to provide a minimal level for LOFAR (*approximately £200K pa*). This would also have the benefit of retaining the leveraged funding received from HEFCE, through the South Eastern Physics Network (SEPnet).
- 3.14 **FAIR:** The German Research Ministry (BMBF) had been informed that the UK would not be a shareholder in the FAIR facility, and would be withdrawing from involvement in PANDA. A response from the Ministry had not yet been received.
- 3.15 **Accelerator Centre:** work was currently underway to ensure that the budget for the Centre was in place for 2010-2011, including the provision of funding for staff who had been working on the NLS. The job specification for the Director of the Centre was also being developed, along with the scientific advisory process.
- 3.16 **NLS:** The Project Board had met recently to discuss the withdrawal of its funding. It had been decided that it was important to complete the conceptual design report for the facility, and to fully document and cost it. There would be a final meeting of the Project Board in May, to approve the report. The staff would then transfer to the Accelerator Centre.
- 3.17 **XFEL:** John reported that the German partners had officially been informed by BIS that the UK would not be in a position to sign the convention at this stage, but would be willing in principle to discuss other forms of collaboration with XFEL. One option for consideration would be the provision of a capital contribution for access, but not for a share of the running costs. However this would first require the approval of Council and RCUK.

## 4 FINANCE ISSUES

### *Spend to Date and Outturn*

- 4.1 Jane Tirard presented the 'spend against budget' figures as at 31 December 2009, and the near cash and capital outturn forecasts for the full financial year 2009/10.
- 4.2 There was currently a near cash under spend of £18.9M against the year to date phased budget, and a capital under spend of £12M. However the latest outturn forecast indicated that near cash would be on budget and the capital under spend c.£4.2M.
- 4.3 Jane pointed out that there was a caveat on the SPO Science Programme figures in the 'Near Cash Position at 31 December 2009' table. SPO managed the whole SP budget, with a portion being allocated to other parts of the organisation. The figures shown in the table only related to the Finance view of the budget. A more detailed table would be produced for the next meeting to clarify the position.
- 4.4 Jane also pointed out that the International Subscription line showed a current under spend which was misleading. £8.2M of foreign exchange compensation had already been given back to BIS, (*the figure saved this year by 'buying forward'*), and the budget reduction had been profiled in March 2010.
- 4.5 The SPO underspend had largely been due to the late issuing of the particle physics grants and receiving the paperwork back, and was therefore a slightly unrealistic figure. Jane assured Council that every effort was being made to ensure that that the grant funding would be allocated this financial year. The Diamond line also indicated a current capital underspend of £5.3M. Jane confirmed that this would be managed within the current financial year.
- 4.6 **(Commercial in Confidence):**
- 4.7 Following discussion, Council **noted** the Finance Report.

### *Internal Savings*

- 4.8 Jane presented details of the proposed internal savings of £10.95M for 2010/11, and the process being developed to achieve these savings. The original figure of £7M had to be increased to almost £11M as a result of unavoidable costs such as a contingency for SSC costs and the completion of the R&D programme for Hiper next year.
- 4.9 The Chairman stressed the need for the Finance documentation to be circulated to Council well before the meeting in future, to enable members to have time to digest the data. Jane agreed to ensure that this was done. **Action: J Tirard**
- 4.10 Council **noted** the process being developed to achieve the planned internal savings.

### *Audit Committee*

- 4.11 Marshall Davies drew Council's attention to a number of key points relating to the Audit Committee's business. He reminded Council that because STFC owned 33% of the ILL shares STFC's accounts now had to be consolidated with ILL's, as one of its 'arms length bodies'. The NAO had recently confirmed that STFC's accounts would have to be technically qualified this year, (*and probably next year*), because of ILL's inability to account for its assets. However the accounts would clarify that the problem existed with ILL's accounting procedures - not STFC's, and NAO was confident that it would not damage STFC's reputation.

- 4.12 Council also **noted** that STFC was currently represented by the NAO on the ILL Oversight Board.
- 4.13 Marshall updated Council on the investigation into the possible risk to STFC of the backlog of c.£5M legally required estate maintenance. Keith Mason confirmed that the Executive Board would be considering Paul Hartley's report on the relevant issues involved. He assured Council that many of the issues involved were related to compliance with new regulations (*i.e. affecting old buildings which do not meet current regulations*), and confirmed that there were no critical items or items of legal liability involved. Council **noted** the report and **welcomed** this assurance.
- 4.14 Marshall invited members to provide comments on the draft Delegation Scheme which would be considered by the Audit Committee at its meeting on 28 January.

**Action: ALL**

- 4.15 Marshall also reported that the issue of governance was becoming increasingly significant, and it was inevitable that there would be more scrutiny of government funded bodies. Therefore STFC governance matters would continue to be an important part of the Audit Committee's remit.
- 4.16 With reference to the SSC, Marshall reported that the total budget for the project – originally £75M – now stood at £132M. Following the departure of Fujitsu, a different structure had to be put in place and a new Enterprise Programme Director appointed, which had led to more delays - and therefore increased costs.
- 4.17 STFC's migration had been postponed till at least April.
- 4.18 It was noted that the new system had sent payments to the wrong addresses for some Council members, and they agreed to provide Jane with the correct details.

**Action: members**

## 5 STRATEGY

### *Scorecard Report*

- 5.1 It was agreed that the comments against Section 4.2 should be amended. It was pointed out that the Diamond facility was not designed with public access in mind, and because of resource constraints, Diamond could not handle a large numbers of requests for school visits. However consideration was being given to creative ideas for improving access.
- 5.2 Following discussion it was agreed that Diamond be asked to define its Public Engagement policy.
- 5.3 Council **noted** the Scorecard Report.

**Action: R Wade**

### *Corporate Strategy*

- 5.4 Sharon presented the latest draft of the Corporate Strategic Plan.
- 5.5 It had been agreed with BIS that the publishing of the Corporate Strategic Plan should be postponed until after the Drayson Review had been published, so that the outcome of the Review could be incorporated into the Plan. This would mean a delay until the end of March at the earliest, (*assuming that there would not be the need for major re-writes*), which could fall within the parliamentary 'purdah' period. However it was hoped that it could still be published under 'Business as Usual'. Paul Williams and Sharon agreed to liaise on the appropriate procedure for publishing.

**Action: P Williams/S Cosgrove**

5.6 During discussion the following points were made:

- There was general agreement that the document was well presented, and read well;
- It should state what STFC's key science areas are;
- There were some specific changes (e.g. page 8, under 'Initial Actions', 4<sup>th</sup> bullet to be redrafted), that Council would circulate separately;
- The plan read well as a general strategic plan over a long period (2010-2020). However, it was suggested that the initial actions should be firmed up to give clarity on what would be achieved in the short term and particularly. to cover the Spending Review period, with more 'outcome' focused measures;
- There was some debate on how to challenge the perception that STFC did not have a science strategy. Following the discussion, there was consensus that once the Corporate Strategy had been published it might be useful to update the science roadmap which laid out in more detail what STFC would be doing in the future.

5.7 Council **noted** the development of the Strategic Plan so far.

## 5 SPACE AGENCY IMPLEMENTATION

6.1 Keith Mason updated Council on the work of the Space Board so far, in taking forward the plan to identify and create the most appropriate body to incorporate, and if required, extend the existing functions of BNSC.

6.2 A project team had been established by the Board to define the options and develop the structure for the new organisation, and it was currently in the process of gathering and examining the evidence on which a decision would be made.

6.3 The project brief which described the scope of the project and the key issues involved, had been circulated to Council. Keith pointed out that the process explicitly included consultation with key partners, including BNSC and STFC Council.

6.4 Keith reminded Council of the two options under consideration by the Space Board, *a)* to transfer activities to the new Agency or *b)* to operate an ESA-type model with subscribed funding apportioned to approved programmes, which the Agency would then be responsible for delivering.

6.5 Following considerable discussion, Council remained in principle, broadly supportive of the concept of a Space Agency. There were a number of caveats associated with the models being considered, and concern remained regarding how the Agency would operate, and the financial implications for STFC and its science programme.

6.6 It was agreed that there was insufficient detail available for Council to come to a considered view, and there was also a risk that the short timescale for decision-making could result in a sub-optimal outcome, with long term consequences. Because of the complexities involved, it was agreed that considerably more information would be required before Council could fully endorse the plan. **Action: K Mason**

## 7 DRAYSON REVIEW

- 7.1 It had been recognised by the Minister that there were real tensions in having international science projects, (*the challenge of fluctuating exchange rates*); large facilities (*the need for medium term security*); and provision of grants (*vulnerable to pressures from the first two areas*) within one organisation, and it was essential that a solution be found. Lord Drayson had asked the Chairman to carry out an urgent review of STFC to find a solution that would reduce these pressures.
- 7.2 Recommendations had to be submitted to the Minister by the end of February, and a solution in place before the General Election. The Review was underway, and the Chairman was now in the process of meeting with key stakeholders and opinion formers in government, universities and the research communities, in order to find the best solutions for UK science and for the UK as a whole. The status quo was not an option, and it was vital that STFC was put on a more stable financial footing. .
- 7.3 Council welcomed the Review and noted the process underway. There would be a fuller debate at the February meeting of Council, when the issues were more clearly defined.

## 8 RCUK FUSION STRATEGY

- 8.1 John Womersley presented the proposed Research Councils' Energy Programme Strategy, resulting from the EPSRC-STFC review of fusion strategy, in particular the STFC-specific proposals.
- 8.2 Following discussion Council agreed:
- To support fusion research as a long term endeavour;
  - That the business case for the Hiper project should be developed, including details of the proposed activities, and costs to the UK;
  - When the business case had been completed, there should be an independent technical review of Hiper;
  - That STFC (with EPSRC), should maintain strong links with universities in both magnetic and inertial confinement fusion, to broaden the research input, and to develop the next generation of fusion scientists and engineers;
  - That the remit of the current Fusion Advisory Board should be broadened to include both magnetic and inertial confinement fusion.
- 8.3 Council **welcomed** the proposed strategy and **endorsed** the direction being taken.

## 9 OPERATIONS REPORT

- 9.1 Council noted the Operations Report

## 10 CHIEF EXECUTIVE'S REPORT

- 10.1 Council noted the Chief Executive's Report.

## 11 ANY OTHER BUSINESS

- 11.1 Richard Wade highlighted a number of items in his Report.

### **13. CALENDAR OF EVENTS**

13.1 Council noted the Calendar of Events.

### **14. REGISTER OF INTEREST**

14.1 Council members were reminded to notify the Secretariat of any changes to the Register of Interests.

*The meeting ended at 17.15*