



## MINUTES OF THE TWENTY FOURTH MEETING HELD ON 27 OCTOBER 2009 AT IMPERIAL COLLEGE, LONDON

***Council Members present:***

Michael Sterling (Chairman)  
Martin Barstow  
Keith Burnett  
Marshall Davies  
Mike Edmunds  
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)  
Ruth Jeans (Minute Secretary)

***Apologies:***

Philip Greenish

### WELCOME

Michael Sterling welcomed members and attendees to the meeting. On behalf of Council, he warmly thanked Peter Knight and his team for hosting Council, and for arranging the very worthwhile and informative tour of some of Imperial's outstanding science and technology programmes, and in particular, the excellent presentations.

### 1. INTRODUCTION

1.1. Having completed three months in his role, the Chairman reflected on his first impressions of STFC and Council, based on a number of factors including his first

meeting of Council; visits to parts of the organisation; and discussions with key staff and external stakeholders.

- 1.2. His most positive impression had been the outstanding quality of STFC's science and technology research programmes, and the enthusiasm of the staff involved, particularly the young scientists.
- 1.3. There was still improvement required in communications with STFC's research communities. In particular, as the generously-funded times were clearly coming to an end, he emphasised the need for the communities to understand the need for prioritisation of the programme.
- 1.4. The Chairman said that Council should function as a governing body and concentrate on establishing the overall strategic direction of the organisation and providing a steer on policy matters. To enable this, the executive should present Council with clear recommendations, information and guidance.
- 1.5. Council members were reminded that it was standard practice to declare if appropriate, any interests in the item under discussion and generally withdraw from that discussion. It was also important that all discussions within Council be treated in the strictest confidence.
- 1.6. The Chairman looked forward to working with Council and the executive as an effective corporate body, and he would be relying on the professionalism of all concerned.

## **2. MINUTES OF MEETING HELD 21 SEPTEMBER 2009**

- 2.1 *(Minute 2.2.8 – Financial delegations)*: The response to this action will be reported at the January meeting. **Action: M. Davies**
- 2.2 *(Minute 2.3.2, bullet 4 - Hartree Centre)*: Minute should read *'The difference between the Hartree Centre and HECToR was explained. The HECToR project provided an HPC facility. The Hartree Centre would be responsible for developing code and new techniques, for providing expertise, and maximising opportunity for collaboration in high performance computing'*. **Action: Secretariat**
- 2.3 *(Minute 2.4.5 – ISIS TS2)*: For clarity, Council noted that no further documentation was required by Council. The case had now been submitted to RCUKEG, and depending on the outcome of the prioritisation exercise, would be submitted to BIS for funding.  
*(Minute 3.1.8 – Particle Physics Grants)* add to minute: *'These further adjustments may affect all aspects of the science and technology programme'*. **Action: Secretariat**
- 2.4 The minutes were agreed and signed by the Chairman, subject to the above amendments being made.

## **3. EPSRC/STFC REVIEW OF NUCLEAR PHYSICS AND ENGINEERING**

- 3.1 Richard Wade presented the report of the joint EPSRC/STFC review of nuclear physics and engineering, and invited Council's comments. The next step would be the development of an action plan, based on the review recommendations.
- 3.2 Recommendations had included the need for a coherent roadmap, to better position UK research and training within a resurgent nuclear sector. The Panel had also

emphasised the need for better links between the nuclear physics and engineering communities; the Research Councils; the funding agencies; and industry.

- 3.3 The Chairman reported that in conversation with the chairman of the review, Dr Sue Ion, it had been suggested that STFC's role in engaging with the development of the roadmap could be in the areas of materials and chemical engineering, rather than nuclear physics research.
- 3.4 During discussion it 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.
- 3.5 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.
- 3.6 Following discussion, Council **agreed** that:
  - The report should now be submitted to RCUKEG, then to DECC;
  - The executive, with EPSRC, should develop a Research Council nuclear physics and engineering action plan, to more effectively address the national need.

#### **4. DSIC JOINT VENTURE – PROGRESS REPORT**

- 4.1 Colin Whitehouse presented his report on the progress made to date in negotiating an agreed position between the DSIC JV public sector partners, prior to public issue.
- 4.2 There had been eight formal bidders - five had been shortlisted for the next part of the process. The team had been commended for their hard work.
- 4.3 Council acknowledged the extensive work that had been carried out by the Project Team and asked Colin to pass on its congratulations to the team. Marshall Davies was also warmly thanked for his valuable advice, and for acting as the Council contact point for the Project.
- 4.4 A number of key issues had been presented for Council's comments, and following discussion, the following points were made:

##### ***Financial Viability***

- Council **noted** that Deloitte's (*STFC's independent financial advisors*), confirmed that the proposed financial plans presented a low risk for STFC, in view of the relatively low level of assets that STFC was contributing to the project.

##### ***Treatment of land receipts***

- Council **noted** that agreement had still not been reached on the disposition of the land receipts, and agreed that Marshall Davies, Phil Kaziewicz, Colin Whitehouse, and Gordon Stewart should meet as a matter of urgency to agree the line to take;
- The Project Team to notify Paul Williams of the outcome of discussions.  
**Action: C Whitehouse.**

### ***Funding of Daresbury Innovation Centre***

- Council **noted** that the DSIC Board had agreed the need for transition funding up to a maximum period of 18 months, to ensure a smooth transition to the JV partner. The funding would be provided equally by the NWDA and STFC. However, there had been some uncertainty regarding STFC's maximum commitment, and Colin agreed to confirm the figure. **Action: C Whitehouse** [*Secretary's Note: Colin Whitehouse has confirmed that the maximum level of funding required from STFC would be £300K*].
- Council **agreed** the provision of 'transitional business support funding', providing that it was part of the £1.5M 'set-up' budget, and a maximum of £600K.

### ***Funding of Cockroft Institute***

- Council **noted** that there would be a £500K per annum (maximum) shortfall in operating costs for Cockroft from September 2012, when NWDA's funding for the Cockroft ceased.
- Council **agreed** to fund the shortfall, noting that options for more efficient occupancy would continue to be explored.

### ***Disposal of excess land from STFC retained estate***

- Council **noted** that STFC would consider offering the DSIC JV the right of first refusal to purchase any land that it may sell in the future, if such a provision were required by bidders during negotiations, and on the basis that the amount paid by the DSIC JV is fair market value.

### ***Transfer of the Innovations Technical Access Centre to JV***

- Council **noted** that STFC would be willing to enter into an arrangement that the JV/JV partner manages the ITAC, providing STFC retained flexibility over its use of buildings etc.
- Council also **noted** that there needed to be cohesion between all the Innovation Centres on campus.

### ***Lettings Protocol***

- Council **noted** the option to enter into a non-legally binding protocol if required, and agreeing to the JV/JV partner acting as its agent for any commercial lettings which is unrelated to its business.

### ***Future Big Science Land***

- Council **noted** that a preferred zone of land had been potentially earmarked for a NLS large facility. The Project Team had debated whether to withdraw the land from the JV, but instead had decided that suitable wording should be inserted into the documentation, guaranteeing protection up to 2015, by which time a decision on the NLS would have been made.
- Marshall advised that there were still a number of potential downsides to the proposed plan, in particular the risks relating to downstream commitment and ownership of surrounding land, which would need further consideration.

- Council delegated authority to Colin/Marshall/Phil Kaziewicz to discuss the concerns raised by Marshall, outside the meeting, and approve or otherwise on Council's behalf, in order to meet the tight timescale.

## 5. FINANCE REPORT

- 5.1 Jane Tirard reported that the headlines at the mid-year point indicated a near cash under-spend of £6.4M, £2M of which will be returned to BIS, as part of the agreement on foreign exchange compensation. Capital expenditure was on track.
- 5.2 A Financial Management Group had now been established in order to improve financial management across STFC.
- 5.3 The most recent outturn forecast indicated an over-spend which would need to be managed.
- 5.4 Council **noted** the Finance Report.

## 6. SCIENCE BOARD REPORT

- 6.1 Jenny Thomas presented an interim report of the Science Board meeting held on 19/20 October, primarily to discuss the progress of the prioritisation exercise.
- 6.2 The Board had provided guidance to PPAN and PALS in the form of 'budget envelopes', within which both Committees were required to develop an appropriate programme. In addition, they were asked to indicate the effect of a +/- 10% change in the envelope. The outcome would be summarised at the next meeting.
- 6.3 Data had been produced by the Board on the cost of international subscriptions, resulting from the exchange rate increases. Jenny demonstrated that although the subscriptions had risen considerably, the ESA programme had risen much faster than the others as a consequence of deliberate investment decisions and the fact that this subscription responds more slowly to changes in GDP resulting from exchange rate movement.
- 6.4 The Science Board had been very concerned at the impact that the increasing international subscriptions was having on the national programme, and had urged the executive to enter into negotiations with ESA, CERN and ESO, to attempt to find a solution. (Secretary's note: while the STFC has been compensated for exchange rate movement above £3m per annum, the second order effects of the fall in the value of the pound has nevertheless put additional pressure on the programme). The Board also noted, however, that the level of industrial return from CERN and ESO, while not as high as from ESA, was nevertheless significant.
- 6.5 Science Board also wished to raise its concern at the recent developments in the Aurora programme. Science Board continued to endorse the UK science objectives of the programme, but had serious concerns at the decrease in European control, and the delays and changes to the original planned ExoMars mission. In addition, PPAN had not, so far, included Aurora in its priority list, and had requested additional information from the team.
- 6.6 Because of its concerns, the Board requested that Council reviews its commitment to the Aurora programme.

- 6.7 Keith Mason pointed out that the situation on Aurora was evolving rapidly, and that the information available to Science Board was already out of date. It was agreed that he and Jenny Thomas should discuss the details outside the meeting, and report back to the next meeting of Council. **Action: K Mason/J Thomas**
- 6.8 It was also agreed that the Secretariat should circulate the historical paperwork on Aurora, for information. **Action: Secretariat**
- 6.9 Jenny reported that narratives were in preparation for the recommendations to be made by Science Board to Council, and that the Economic Impact Board would be reviewing the EI criteria related to the final prioritisation.
- 6.10 Council **noted** the Science Board Report, and had agreed that a revised discussion paper should be presented to the November meeting. Council also asked the Science Board to identify any other projects that would need the same level of scrutiny on the same timescales. **Action: J Thomas**

## 7 SHARED SERVICES CENTRE

- 7.1 Jane Tirard updated Council on progress toward migrating to the RCUK Shared Services Centre.
- 7.2 HR had migrated during the week of 19 October, to be followed by Payroll, and finally Finance around 7 December. The migration of Grants was proceeding smoothly towards migration in September 2010.
- 7.3 Marshall Davies, on behalf of the Audit Committee advised that there needed to be a formal assessment of the readiness of SSC Ltd before going live, to be satisfied that the company was viable, and to learn the lessons from the exercise.
- 7.4 The Audit Committee had also been deeply concerned at the decision to have a process of self-certification of expenses. It believed that the risk of fraud was very high, even although a 10% assessment of claims would be carried out from time to time. STFC had raised its objections, but the decision to proceed had been a cross-Council decision.
- 7.5 The Audit Committee would continue to consider the implications for STFC. Consideration would also be given to the possibility of implementing an internal checking system.

## 8 ACTIONS AND MATTERS ARISING

- 8.1 (*Minute 2.2.8 – delegated authorities*): Marshall Davies will present a report from the Audit Committee in January. **Action continues**
- 8.2 (*Minute 2.1.10 – members' appraisals*): timetable for assessments has been prepared, and is attached to the minutes. **Action: Secretariat**
- 8.3 The Secretariat had also agreed to arrange two pre-meetings a year for Council members to meet with the Chairman. This has been included in the planning for the **February and September** meetings. **Action complete**

- 8.4 (*Minute 2.2.11 - cascade delegation list*): **list approved**
- 8.5 The remaining actions had either been completed, or were ongoing.

## **9 CHIEF EXECUTIVE'S REPORT**

### *RCUK matters*

- 9.1 K Mason reported that Alan Thorpe, Chief Executive of NERC had recently been appointed Chairman of RCUK.
- 9.2 The Research Councils had unanimously agreed that it would be sensible to work more closely together under the banner of RCUK.
- 9.3 The RCUK launched its new framework setting out its vision for the future, on Friday 16 October. This was followed by a cross-Council staff conference held on Monday 19 October when 900 Swindon-based staff attended. The details can be found on the RCUK and STFC websites.
- 9.4 Keith stated that Council could expect to see even greater harmonisation between the Councils, with a common agenda, common ownership of problems and common solutions. This closer relationship with RCUK had been warmly welcomed by STFC.

### *Leadership Coaching*

- 9.5 Keith reminded Council that one of the recommendations from the STFC Organisational Review was that the senior management team should undergo leadership coaching. An experienced consultancy team, the Oxford Group, had been supporting the executive since April, and had been very beneficial to the team. It had now been agreed to continue with this support, especially over the next challenging months.

## **10 EXECUTIVE BOARD MINUTES**

- 10.1 Council noted the minutes of the Executive Board held on 15 October, 2009.

## **11 OPERATIONS REPORT**

- 11.1 Richard Wade highlighted a number of items in his Report.
- 11.2 He reported that the scientific verification of **VISTA** should soon be completed, and the performance of the telescope had been reported to be excellent. However, negotiations were still taking place to resolve the VISTA penalties issue.
- 11.3 Following discussion, Council looked forward to a speedy resolution of the issue which recognised the outstanding value of VISTA and protected the UK's legitimate interests.
- 11.4 The first two science-grade arrays for **SCUBA-2** had been installed in the instrument on the JCMT on Hawaii, and on-sky commissioning was now underway.
- 11.5 Preparations for **LHC** operations were progressing well, and commissioning was on schedule for achieving first beam in November 2009.

- 11.6 A **Service Level Agreement** had been signed whereby BNSC manages the STFC Space Science programme on STFC's behalf, and BNSC and STFC staff work together within the same management structure.
- 11.7 Richard also congratulated **Jenny Thomas** on being elected co-spokesperson for the Minos project.
- 11.8 Terry O'Connor reported that the **RAS** was in the process of producing a publicity handout on astronomy, similar to that of the IoP, and both would be circulated to Council members for their information.
- 11.9 Terry also mentioned that the BBC was producing a series of science programmes due to be broadcasted next year. The first one, called the 'Seven Wonders of the Solar System' was expected to be broadcasted in February
- 11.10 Council **noted** the remainder of the Operations Report.

## **12 AUDIT COMMITTEE REPORT**

- 12.1 Marshall Davies informed Council that new accounting standards had been introduced this year. STFC had already produced the accounts for 2008/09 in this format, and the accounts had conformed in every respect to the new standards.
- 12.2 However, it has been decided that because STFC has a 33% Interest in ILL, the ILL accounts must be consolidated within STFC's accounts. Unfortunately, because of issues relating to ILL's asset management procedures, Marshall warned Council that it was likely that STFC's accounts for this year would be qualified. However, it will be made clear within the accounts that the problem does not rest with STFC. ILL is taking steps to correct the situation.
- 12.3 Marshall also reported that the Audit Committee had been made aware that there was an approximate £5M backlog of legally required maintenance of its estates, for which STFC could be liable. So far there had been no explanation for this. The Audit Committee had recognised that the risks for STFC could be high, and had asked for the planned actions to be submitted to Marshall within the next 2-3 weeks, and he would report back to the next Council meeting.
- 12.4 Council **noted** this potentially serious problem, and **authorised** the executive to take any remedial action necessary to safeguard STFC. **Action: P Hartley**

## **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 17.15pm