

MINUTES OF THE TWELFTH MEETING HELD ON 26 MARCH 2008 AT RAL

Council Members present: Peter Warry (Chairman)
Keith Mason (CEO)
Marshall Davies
Mike Edmunds
Philip Greenish
Philip Kaziewicz
Anneila Sargent
Richard Wade
Colin Whitehouse

DIUS Paul Williams

In Attendance: Jeff Down
R Holdaway (*for item 4.4*)
Gordon Stewart
Jenny Thomas
John Womersley (*for Items 1- 4.5*)
Catherine Ewart (*Executive Secretary*)
Ruth Jeans (*Minute Secretary*)

WELCOME

The Chairman welcomed members and attendees to the meeting. The Chairman also welcomed Catherine Ewart who was replacing Chris Thompson as Executive Secretary to Council. Chris was leaving STFC to take up an appointment at Imperial College, and the Chairman on behalf of Council, warmly thanked Chris for her professional service to Council during its first year of operation, and wished her well in her future career.

Before the meeting commenced, Keith Mason gave a short presentation on the facts relating to the number of astronomy PDRAs funded over the past ten years (and including the CSR07 period?), and the associated FEC provision.

While accepting that it was a complex message to deliver, he stressed the importance of drawing attention to the fact that the additional 62% FEC funding to universities was new money to provide sustainability in the long term, and not necessarily to enhance scientists' research programmes. The focus for investment would be the responsibility of individual universities. However, universities should note that, in future the Research Councils would be expecting to see research time delivering value, and programmes (grants) would be judged on their productivity.

Following discussion, it was agreed that Keith Mason should provide Council with an explanatory note containing all the key facts.

Action: K Mason

1. MINUTES OF THE MEETING HELD ON 27 FEBRUARY 2008

- 1.1 **Correction (Minute 6.1):** The last sentence should read "President of ESO Council", not President of ESO;
- 1.2 With the above corrected and another minor amendment, the minutes were accepted to be a correct record of the meeting and were signed by the Chairman.

2. ACTIONS AND MATTERS ARISING

- 2.1 *(Minute 2.7- 7 February 2008) International Advisory Committee:* Action outstanding. It was also noted that Council would be required to define the issues on which it wished the Committee to advise.

Action: J Womersley
- 2.2 *(Minute 4.11 - 27 February 2008) SSC Costs:* It was agreed that the Issues of concern would be taken up by the Audit Committee.

Action Continues: M Davies
- 2.3 *(Minute 6.4 - 2 November 2007) Management of International Subscription risks:* DIUS has received a negative response from the Treasury to STFC's proposal for handling the subscription risks. The executive has provided DIUS with further information to challenge the Treasury's initial view.

Action Continues: J Down
- 2.4 **(Minute 11.2 - 4 September 2007) Science presentations:** first two science presentations had been arranged for 1 July and 25 July meetings.

2.5 **Register of Interests:** It was agreed that, to ensure that the most recent details were available, the Register of Interests should be presented to Council on a quarterly basis.

Action: Secretariat

2.6 **Meeting with the Royal Society:** *Action completed*

2.7 Council noted the remaining actions.

3 CHIEF EXECUTIVES REPORT

3.1 Council welcomed the news that the New Light Source Project had been initiated, and that the ATLAS project had celebrated the installation of its last large detector element.

3.2 Council also noted that the In-House Review reports had been released on the Council's intranet site, and to the Select Committee along with other key documents.

3.3 Keith Mason also reported on a number of high-level meetings he had held with academics, learned institutes and government officials to discuss issues relating to the CSR07 outcome.

3.4 Keith Mason also updated Council on STFC's process for formulating a response to the Wakeham and McKillop Reviews.

3.5 Council noted the Chief Executive's report.

4. DELIVERY PLAN IMPLEMENTATION PROJECT

Programme Planning

4.1 Richard Wade presented his status report on the restructuring programme. Recent attention had focused on developing a 10 year plan to ensure that the tools were available to develop a long term strategy for STFC. He pointed out that planning within a flat cash regime would leave very little headroom beyond the current CSR period, and it would therefore be imperative that all areas where savings could be made were identified, without seriously affecting the core operations.

4.2 R Wade also pointed out that this process did not include the outcome of the Programmatic Review, which, as a result of the additional consultation exercise, would not now deliver its results until the end of June. Also, any compulsory redundancies (if required), had been postponed until the findings of the Wakeham and McKillop Reviews had been published later this year.

- 4.3 As a result, any savings from these exercises would be unlikely to be realised until after the end of the current CSR period.
- 4.4 J Down pointed out that there were also a number of issues that could affect STFC producing a balanced programme, in particular the potentially serious risks relating to the international subscriptions and related currency fluctuations. Following discussion, Council was assured that the worst case scenario for STFC would be a maximum shortfall of £6M, at which point DIUS would be prompted to take action.
- 4.5 R Wade reported on the outcome of the recent voluntary redundancy exercise, and ongoing investigations into other options for reducing staff numbers e.g. compulsory redundancy or by natural wastage.
- 4.6 The progress being made in developing a restructuring programme was noted, but Council considered that it did not have sufficient data to fully understand the financial position, or to make a judgement on the plan. Council asked for the following documentation to be provided before the next Council meeting, in order that an informed view could be taken on the way forward:
- Data on the number of voluntary redundancy requests submitted, and numbers accepted and rejected;
 - the number of staff due to retire during the CSR period;
 - data on historical "wastage" figures.
 - Evidence that all costs had been carefully examined, to ensure maximum savings.

Action: R Wade

- 4.7 In the meantime, Council took the decision that there should be an embargo on all current recruitment exercises where candidates had not yet been interviewed, and any future recruitment which was not specifically approved by the Chief Executive on a case by case basis.

Action: P Hartley

- 4.8 John Womersley raised the issue of the Linear Collider grants, Council agreed that as the decision had already been taken to cease work on the Linear Collider programme, grant awards should also cease.

Action: J Womersley

- 4.9 Council requested an update on the ATC position. R Wade reported that ATC's order book was being examined, and discussions were also taking place with Scottish universities

regarding the site. Council advised that job security at the ATC would probably be best served by a linkage with the Scottish universities.

- 4.10 Paul Williams mentioned that he had been approached by the Scottish Executive to offer its help. Council asked the executive to make contact with the Scottish funding bodies as a matter of urgency to discuss their possible involvement, as well as continuing to consider other options.

Action: R Wade/J Sadlier

Communications

- 4.11 Wade reported on the issues reported on internally and externally during the last month, and some of the activities that would be reported on in the near future, including a number of 'good news' articles to be rolled out to national and specialist press during April.

- 4.12 Council noted the Communications Report and asked for the FAQ sheet on key questions asked, to be available by 5 April at the latest.

Action: J Sadlier

Competency Audit

- 4.13 R Wade reported on the progress being made in producing comprehensive data on each competency area across all departments. A draft report had been produced which was being reviewed by Directors, and when completed, would be made available to staff on the internal website.

- 4.14 Council noted the Competency Audit report.

Programmatic Review

- 4.15 John Womersley updated Council on the progress of the Programmatic Review.

- 4.16 He reported that at the close of the consultation period on 29 March, 1200 comments had been received. The specialist review panels would now take until mid-April to distil the input, and prepare their recommendations for submission to PPAN, PALS, Science Board and then Council.

- 4.17 Keith Mason reminded Council that the purpose of the Programmatic Review would be to provide recommendations on the strategy and advice to the executive on the way forward. However, in some cases, the detailed final decision on the programme could take some time to be resolved.

- 4.18 A number of town meetings would be held in April, which would provide a further opportunity for the communities to voice their views, and for the executive to explain the processes and priorities for the Review. It would also be an opportunity to get the message across that the current peer review system was in fact no different to the previous system that had been generally accepted.
- 4.19 Council requested a Communications Plan for the Review to be presented to Council at the April meeting. *Action: J Sadlier*
- 4.20 Council also requested that a finance paper be submitted to the meeting in April, which should include details of the internal savings and the proposed budget for the STFC, ensuring that the total expenditure would remain within the overall allocation.
Action: J Down
- 4.21 It was agreed that the definitive Programmatic Review Implementation Plan should be submitted to Council for its endorsement at its 1st July meeting, followed by publication. The implementation plan would include the recommendations proposed for each programme, a narrative explaining why the decision had been made and where possible, what the final decision would be. As a result, grants due for renewal on 1 April would be extended to 30 June.
Action: J Womersley

External Income

- 4.22 Richard Holdaway attended to present the final version of the Strategy plan for the generation of external income which had been developed by a team of representatives from all departments. The paper, which had been presented in draft form at the January meeting of Council, set out the rationale; potential sources of income; processes including management and governance; and targets and objectives for the plan.
- 4.23 R Holdaway also presented the first draft of the Management and Business Plan. The final draft will be completed by the end of June 2008.
- 4.24 Two issues in particular were presented for comment:
- The Share Incentive Scheme;
 - Endorsement of the principles of the External Income initiatives and the backing of Council for the processes;
- 4.25 The proposed process for distributing share capital was discussed and it was agreed that Keith Mason and Phil Kaziewicz

should consider the options and report back to Council with a suitable proposal. *Action: Keith Mason/Phil Kaziewicz*

- 4.26 Keith Mason pointed out that this exercise was not being initiated in order to keep STFC afloat, but as part of the preparation for the campus era, and to add value to the core programme.
- 4.27 Council welcomed the strategy plan and the outline business plan and endorsed the general principles for generating external income. It was noted that the full Business Plan, with a clear and affordable funding proposal would be presented at the July meeting of Council. *Action: R Holdaway*

5. CORPORATE STRATEGIC PLAN

- 5.1 Gordon Stewart reported on progress so far in developing an evolving 3-year STFC Corporate Strategy, which would act as an 'umbrella' Strategy incorporating all the underpinning strategies, focusing attention on the purpose of STFC and achieving results.
- 5.2 The intention would be to have the Corporate Strategy in place by the end of July. He described the challenge of capturing the vision and the key objectives in a succinct way, and identifying the measurements and key performance indicators to ensure the delivery of the strategy.
- 5.3 To achieve this, a Strategy & Vision working group had been established to help define the strategic principles/themes, objectives and processes. A workshop of middle-managers had also been arranged for 7 – 9 May, to develop the underpinning action plans.
- 5.4 An internal communications strategy was being developed to ensure that staff were fully informed and engaged in the delivery of the strategy. There would also be a 12-week external consultation exercise, and work was underway to identify the most appropriate way of maximising the benefit of this exercise.
- 5.5 During discussion, concern was expressed regarding the contents of the draft Science & Technology strategy circulated recently, and it was agreed that Gordon Stewart should discuss his plans in more detail with interested Council members off-line, in order to ensure that the documentation was fit for purpose, and that Council had some input into the process.
- 5.6 Council accepted that this was a work in progress, and agreed that a further presentation should be given to Council in 2-3

months time, to ensure that Council was content with the processes being implemented. . *Action: G Stewart*

6. BUSINESS RISK AND CONTINUITY

Finance Report.

- 6.1 In response to an action from the last meeting, Jeff Down reported on progress so far in investigating a potential change of status for DLS to non-registered charity status.
- 6.2 STFC had obtained independent advice to establish the facts and possibilities, and with the full support of DLS and the Wellcome Trust, it should be possible for DLS to secure the desired status. There would also be a strong case for DLS to obtain Business Rate Relief of 80% even if this status was not achieved.
- 6.3 A number of concerns had been raised by DLS, Wellcome Trust, and also within STFC regarding some aspects of the process. However, It was STFC's intention to continue to negotiate with the Wellcome Trust and DLS, with the intention of achieving the change as soon as possible.
- 6.4 Council noted the report, and fully endorsed the action being taken to achieve non-registered status for DLS. It also agreed that STFC's allocation for Diamond would reflect an anticipated successful outcome.
- 6.5 Jeff Down brought to Council's attention that the Treasury had asked for separate PPARC, CCLRC and STFC accounts to be prepared for 2007/08. However the National Audit Office had agreed to support DIUS in a challenge to the decision on STFC's behalf. Council welcomed NAO's support in this matter.

Audit Committee Report

- 6.6 Council noted the report on the Audit Committee meeting held on 27 March 2008.
- 6.7 Marshall Davies went on to report on the outcome of an extraordinary meeting of the Audit Committee held on 12 March 2008 which had been convened to discuss the Shared Services Centre.
- 6.8 Four areas of concern were raised:
 - An increase in RCUK costs of approximately £10M, as a result of the delay in the migration programme.

- Further costs (approx.£900K) which had arisen as a result of a number of operational costs not anticipated in the business plan., (There was the possibility of further costs still to emerge);
 - The intention to migrate STFC staff to SSC on 1 February 2009. This would add to the difficulties in handling the end of year accounts etc and it was proposed to delay the migration until 1 April;
 - There was a need for the Project Board and senior management to be more involved in change management.
- 6.9 It had been agreed that an additional Audit Committee, with representation from all the Research Councils, would be formed to provide focus for the key issues concerning the Councils. The first meeting would be held in May.

Draft Scorecard for CSR period

- 6.10 Council noted the Scorecard and requested that additional deliverables should be included for Diamond.
- 6.11 Council also requested that the MIRI project should be moved from AMBER to RED. *Action: G Stewart*

Q4 Scorecard

- 6.12 Council noted the Quarter 4 Scorecard Report.

7. DIRECTORATE REPORTS

Science Programme Office

- 7.1 John Womersley reported that an agreement with the Principal Investigator had now been reached to delay the deadline for UKIRT to go into survey mode until the end of the year, in order to allow time for a consortium of international collaborators to be put in place.
- 7.2 John Womersley also reported concern at the increasing costs of the MIRI project, and an enquiry was under way into the reasons for the overspend, currently at £5M. The result of this enquiry would be reported to Council.
- 7.3 The current process was for the Finance Committee to approve new projects (over £5M), with a report subsequently being made to Council of all such approvals.
- 7.4 However, Council was not advised when a project cost was expected to increase over this sum. Council was concerned on

two counts. Firstly, that it would not be advised in such instances, and secondly, the role that the Science Board/Committees played in the re-approval process. Although it had initially been agreed that Council would not be required to approve small projects, it should in future be good governance for Council to be provided with this information.

- 7.5 Jeff Down agreed to prepare a proposal on how the project re-approval process might operate for consideration, initially by the Finance Committee and subsequently Council.

Action: J Down

Corporate and Commercial Affairs

- 7.6 Gordon Stewart reported that negotiations with the proposed Joint Venture partner were nearing completion, and the signing of the JV planned for April. There was some pressure to finalise negotiations by 6 April, or have to delay for a further 4-6 weeks because of the local government elections. However, there were still a number of contractual issues still to be resolved.

- 7.7 Council noted the report, and agreed that time should be taken to resolve the outstanding issues satisfactorily before the JV was finally signed.

- 7.8 Council asked if, in the light of the experience with DLS, there were any tax or VAT concerns that should be highlighted at this stage. Jeff Down stated that the situation was currently being assessed, but he anticipated that there could be issues that would need to be resolved.

Action: J Down

Facilities Development and Operations

Knowledge Exchange

Corporate Services

Council noted the Reports

Corporate Communications

- 7.11 Issues covered under Item 4.2

8. ANY OTHER BUSINESS

- 8.1 Richard Wade proposed that in future, individual Directorate Reports should be combined into one Operations Report to rationalise the contents and to reduce the amount of paperwork. Council agreed with the proposal.

Action: R Wade

- 8.2 Richard Wade also suggested a change to the structure of Council meetings, proposing that a formal meeting should be held quarterly, with the meetings in between run on a more informal basis, and with fewer agenda items. Council requested that a detailed proposal should be presented to the next meeting of Council. *Action: R Wade/Secretariat*
- 8.3 It was agreed that a report on the Council meeting should be published at the earliest opportunity. *Action: Secretariat*

9. DATES OF FUTURE MEETINGS

- 9.1 The remaining dates for 2008 were noted, and the proposed dates for 2009 were agreed.

meeting closed at 5.15pm.