



**The James Hutton Institute**

**BOARD MEETING**

The Craigiebuckler Room, Aberdeen

**25<sup>th</sup> September 2013, at 09:00**

**Chair:** Ray Perman (RP)

**Board members:** Laura Meagher (LM)  
Brian Clark (BC)  
David Boxer (DB)  
Sandy Morrison (SM)  
Wayne Powell (WP)  
George Salmond (GS)  
Allan Stevenson (AS)  
Alan Werritty (AW)

**Apologies:** Julia Brown (JB)  
George Thorley (GT)

**Attendees:** Iain Gordon (IG)  
Bob Ferrier (BF)  
Colin Campbell (CC)  
Beth Corcoran (BeC)

**Secretariat:** Anne Pack (AP)

	<b>Closed Session</b> Members of the Board. Minutes of the Nomination and Remuneration Committee, recommending bonus payments for senior staff, were approved.
<b>1</b>	<b>Apologies</b> Apologies were received from Julia Brown and George Thorley.
<b>2</b>	<b>Register of Interests</b> No interests were reported.
<b>3</b>	<b>Minutes of Board meeting held on 24<sup>th</sup> of July 2013</b> AS referred to a comment he made at the meeting held on the 24 <sup>th</sup> of July, about depreciation. He said that he has subsequently spoken to the external auditors and received more information. Lack of information at the last Board meeting may have led him to believe there may have been more of a potential problem than actually existed. AS said that should there be a development of the main site in Dundee it has to be remembered that there may be a write off of buildings that have to be demolished which may not have been fully depreciated. Any costing exercise would need to take account of the write off of any book value assets that are going to be demolished. The amount specified in the minute may be

	incorrect in that it may be too high. AS wished to provide this reassurance to the Board.
<b>4</b>	<p><b>Matters arising</b></p> <p><b>Action Nos. 1, 2, 3, and 5</b> were complete.</p> <p><b>Action No. 4. AP to arrange for two MDT members to be invited to a Board dinner in 2014.</b> AP said that an appropriate Board dinner in 2014 had not yet been identified to which two MDT members would be invited. IG said that he and RP would discuss and advise AP.  <b>Action: IG/RP to identify a Board dinner to which two MDT Board members will be invited. IG/RP to advise AP. Action ongoing.</b></p> <p><b>Action No. 6. BEC to circulate a signed set of accounts.</b> BeC said that bound copies would be available at the close of the meeting. <b>Action complete.</b></p> <p><b>Action No. 7. CC to request a 2<sup>nd</sup> draft of the scoping study from AMCA and issue to the Board.</b> CC circulated the 2<sup>nd</sup> draft of the scoping study. Since the last Board meeting, IG had been told by Bob McIntosh at Scottish Government (SG) that RESAS had submitted a capital bid for this project to John Swinney, MSP, Minister for Finance. Bob also indicated that SG would be willing to support the next phase of this project.</p> <p>There was a discussion on the scoping study for a new building at Invergowrie. The Board gave its approval for the project to proceed to the next stage; the production of a business case with outline master plan costs. CC said that expert help will be required at the next and future stages. The Board supported the Executive in seeking expertise from outside the Institute to help deliver the business case and outline master plan. It was confirmed that this would be presented in the context of projected building requirements/upgrades for both major sites. RP said that SG will not fund the entire project, so the plan must include the provision for taking the case to additional potential funders. Further comment to be sent to CC.</p> <p><b>Action: Comments on the scoping study booklets to be sent to CC.</b>  <b>Action: With external expertise, CC/IG to prepare a business case and costing for a master plan for a new building at Invergowrie, for the January 2014 meeting.</b></p> <p>CC gave an update on the estate strategy. Full accounts for all the farms have been received and a new strategy for Hartwood has been implemented.</p> <p>RP said that one of the issues discussed in the earlier closed session of the Board had been how involved the Board should become in strategic issues of the Institute. IG said that the strategic plan will be three years old in 2014 and will require a refresh. The capital plan will form part of that. IG suggested scheduling a discussion on this around the January 2014 meeting. In advance of that discussion, IG will provide a paper on partnerships for the November 2013 meeting.  <b>Action: IG to schedule Board discussion on strategic planning around the January 2014 Board meeting.</b>  <b>Action: IG to provide a paper on partnerships for the November 2013 meeting.</b></p>
<b>5</b>	<p><b>Minutes of sub-committee meetings since last Board meeting</b></p> <p><b>5.1 ACS – 23<sup>rd</sup> July 2013</b>  The minutes of the ACS meeting held on the 23<sup>rd</sup> of July were received for information.</p> <p><b>ACS - 24<sup>th</sup> September 2013</b></p>

	<p>BC provided a verbal update on the meeting held on the 24<sup>th</sup> of September 2013. Four main items were discussed:</p> <p><b>Group Reviews</b></p> <p>BC said that the Science Group and BioSS reviews were all at different stages and all on schedule. The CMS Group will be reviewed in early November, the SEGS Group will be reviewed in early December, and BioSS in February 2014. When the review process has been completed, the results will be synthesised in one document, approved by ACS, and tabled at the Board for information. A foresighting exercise will follow the completion of the review process, which will identify research priorities and which will link to income generation, as well as contributing to the Corporate Strategy. A selection of former review panel members will be invited to participate in this phase.</p> <p><b>Mentoring</b></p> <p>BC said this facility was set up by the Board early in the life of the James Hutton Institute, to provide a buddy service for supporting scientists. The general feeling from staff and members of ACS is it has not worked well for a number of reasons including time and geographical constraints, and that there are perceived conflicts of interest in respect of the Board/Executive divide. The proposal from ACS is to abandon the mentoring system and keep in place an informal system where Group and Theme Leaders, as well as other senior staff can contact Board members if they wish on matters of professional interest.</p> <p><b>Athena Swan</b></p> <p>As part of its aim to promote gender equality, the institute has applied for bronze status in the Athena Swan programme. A copy of the application is available to Board members by request from AP. BC said that ACS takes this initiative seriously and encouraged the Board to do likewise. HR will play a key part in providing an encouraging, pastoral role in the programme.</p> <p><b>Direction of the committee</b></p> <p>ACS discussed its role in the post-review period. This will include foresighting, and plans to explore potential themes on a range of research areas, and consider whether there should be a review of themes. KE was also discussed; how we link the impact of our science through the themes, into KE, and which areas we should consider moving towards.</p> <p>BC said there was a strong view that we should endeavour to anticipate upcoming scientific trends. BC invited IG to provide information on SG funding.</p> <p>IG said that SG funds the Main Research Providers with approximately £50m <i>per annum</i>. Through the 2011-16 portfolio. The James Hutton Institute receives £20m of that. SG is in the process of commissioning a review of the portfolio. Much of the review will not focus on the historic performance of the individual institutes, but will take the form of a forward look, reflecting on what has worked, and what hasn't, and provide advice on the direction of the 2016-21 portfolio. The Strategic Research Programme Board (SRPB) which oversees the entire portfolio next meets at the end of October.</p> <p><b>5.2 Audit &amp; Finance</b></p> <p>AS asked the Board to note the revised minutes of the Audit and Finance meeting held on 27<sup>th</sup> of June 2013.</p>
6	<p><b>Minutes of commercial subsidiary meetings &amp; reports</b></p> <p><b>6.1 MRS</b></p> <p>The minutes of the MRS Board meeting held on 25<sup>th</sup> June 2013 were received for</p>

	<p>information. RP gave a verbal report on the MRS Board meeting held on the 24<sup>th</sup> of September. A business plan meeting was held immediately before the Board meeting. At a Planning Day in December 2012 the Board advised the MRS executive that the Business Plan they had proposed was insufficiently ambitious. The new Business Plan was presented to the Board meeting on the 24<sup>th</sup> of September but still may be insufficiently ambitious because MRS has had a very good year and is on target to exceed the 2014/15 target. Contract research is budgeted for £2.6m for the year, but an outturn of £3.5m is expected, a significant portion of which is due to one contract. New names have come onto the portfolio. The lipid business is performing well, and will be expanded, now that FDA accreditation is in place. Molecular diagnostics is a growing area which MRS plans to build into a new income stream. Overall a turnover of £3.8m is expected to be exceeded. Investment in the business continues. RP asked the board to note that the budgeted figure in the institute accounts for MRS was incorrect. This was due to a technical error in the spreadsheet.</p>
	<p><b>6.2 MSC</b> The MSC report was received for information. SM highlighted that MSC is ahead of budget for analytical services, but behind in consultancy services, partly due to phasing. SM reported a positive picture at this time for MSC in terms of growth and value.</p>
<b>7</b>	RP briefed the board on discussions with the chair of MDT, which are continuing.
<b>8</b>	<b>Regular Reports</b>
	<p><b>8.1 Chief Executive's report</b> IG presented the CEO report for information and highlighted three points.</p> <p>Mark Sinclair (MS) has been appointed Director of Corporate Services and will take up post in January 2014. IG requested that MS be invited to join the Board for its dinner/meeting in November. The Board gave its approval. <b>Action: IG to invite MS to the Board dinner and meeting in November 2013.</b></p> <p><b>RCUK funding</b> The response from John Swinney, Cabinet Secretary for Finance, to our letter over access to RCUK funding, was included in the Board paperwork. IG had spoken to Bob McIntosh about a response to John, and had written to thank John for the investigation into this matter. Although no written confirmation has been received Bob McIntosh has indicated support will continue through the contracts research fund.</p> <p><b>Agri-tech strategy</b> IG said that under the Agri-tech strategy the institute had made an expression of interest for an Innovation Centre for Agriculture and Horticulture. The institute has been invited to a meeting on 21<sup>st</sup> October to discuss next steps. IG has spoken with Tim Mordan, who heads up the policy for Defra. IG said that the institute would strive to overcome the obstacles associated with obtaining funding. DB asked about the attitude of our partners in the universities of Dundee and Aberdeen. IG said that in relation to the Scottish Food Security Alliance, he has made clear the problems we face with grants from BBSRC and RCUK portfolio and that our only options were to act as sub-contractors, but that we had an issue over our overhead return. Professor Ian Diamond suggested, and Professor Pete Downes had agreed, that a way would be found to overcome this.</p> <p><b>Income Generation Review Update</b></p>

	<p>BF gave a PowerPoint presentation on the Income Generation Review. BF reminded members that the original suggestion had been that the commercial subsidiaries would be examined, but BF believed that the whole group should be looked at, that the organisation must continue to grow and build on its portfolio. The need for culture change has been evident during the review, with the requirement for flexibility amongst staff. The strategy covers all aspects of the operation; <i>e.g.</i> internationally, European and domestic and across all science business sectors. There is a clear need to increase collaborative research across the board. BF said that we must have mechanisms in place that allow us to optimise the opportunity for income generation. Thus, we must ensure that we have the right structures in place.</p> <p>In order to move this agenda forward, there have been discussions across the MRPs, <i>e.g.</i> Science Scotland and how this can be moved forward collectively. There has been the formal liaison with the SDI. The institute has had moderate success with European funded projects. We currently have 20 such projects which BF aims to double in 3 years and treble within 5. European funding is complementary to the core activities of the institute. Domestic projects, particularly through RCUK, we endeavour to improve the quality of the applications through <i>e.g.</i> mentoring. According to official figures our success rate (64%) is twice the national average. GS proposed that congratulations be sent from the Board to staff for this credible achievement. Such success has generated some eligibility issues but these are being addressed.</p> <p>AS said that it was important for the institute to understand <i>why</i> it is so successful, in order to replicate success in greater depth and breadth. BF believes part of this success is through knowledge sharing, the implementation of the buddying system, and the developing of a successful culture. AS said that he would send BF a Harvard Business Review document that he would find useful.</p> <p><b>Action: AS to send BF a Harvard Business Review document.</b></p> <p>BF said that the institute has a dedicated account manager with Scottish Enterprise, who are offering support for the Income Generation Strategy, and also in terms of marketing. In order to maintain momentum, an action plan pro-forma to scope out some of the sectors. One purpose is to get the business community closer to the science community to identify synergies.</p> <p>The second phase of the Income Generation Review is about governance. A Steering Group, nominated by the James Hutton Board, and including representatives of both commercial subsidiaries, met for a brainstorming session. BF thanked AS for his valuable contribution to that exercise. A benchmarking paper was produced, and a potential model for a framework. That is currently under consultation. BF stressed the importance of a cohesive approach of those involved to this phase. Representatives from the commercial subsidiaries can provide a business focus, with customer knowledge. The Theme Leaders will provide support and encouragement to the PIs who support primary areas of activity. The Science Group Leaders will promote and engender culture change to provide staff flexibility. Research support from Finance, will develop the necessary processes and procedures. HR will be involved, through exploring the constraints of Terms and Conditions. Communications will support branding, marketing and web development. The Executive will drive the process forward.</p> <p><b>Action: The benchmarking paper and the model framework documents would be sent to the whole Board (BF).</b></p>
	<p><b>8.2 Finance Report – final accounts</b></p> <p>BeC presented Period 4 accounts, up to the end of July. There are no issues with income and expenditure. The only slight concern is over external income, which is currently running below budget. The reserves policy states four months payroll costs be held. BeC said this was</p>

	not a concern, but it was something that the Board had asked to be looked at.
	<p><b>8.3 Risk Register</b></p> <p>BeC presented the Risk Register (RR) for information. The RR forms part of the Corporate Plan. RP asked that a yearly presentation of the RR be made, to highlight what risks have changed.</p> <p><b>Action: BeC to schedule an annual presentation of the Risk Register to the Board at the first meeting of the year.</b></p> <p>AS advised the Board that the RR is reviewed by the Audit and Finance committee three times a year. This document had been reviewed and updated to reflect those discussions. The internal and external auditors receive and review the RR at every meeting, we there is a strong external peer review of the content of the RR, to support management.</p>
	<p><b>8.4 Audit Report and Plan</b></p> <p>BeC presented the amended Audit Report and Plan of the Audit and Finance committee. BeC drew the board's attention to Page 3, <i>ad hoc</i> assistance, which represent procedures the executive agreed would be put in place to assist Finance. BeC has asked Henderson Loggie to scrutinise the procedures for inputting information to the finance systems, as well as information coming in from outside, which is resulting in errors in the finance system. In October there will be a version upgrade to the finance system, and the eBis system. The new bespoke financial three-tier system, is being installed at this present time. Testing will follow and it is planned that automatic reports will be produced by the end of the year.</p>
	<p><b>8.5 External funding update</b></p> <p>SM requested a graph showing funding details, as a matter of routine. BeC said that this was the intention, but it had to wait until the two financial systems are integrated.</p>
	<p><b>8.6 MLURI and SCRI</b></p> <p>The Board members present, representing each company, approved the accounts and agreed to add their signature.</p> <p>The Board agreed that MLURI and SCRI will continue as live companies in the interim.</p>
	<p><b>8.7 IP Policy</b></p> <p>IG presented the IP policy on behalf of Caroline Crichton, who oversees the Institute's policies. IG sought the Board's approval of the policy. The Board gave its approval.</p>
	<p><b>8.8 Media Digest</b></p> <p>This was received for information.</p>
	<p><b>8.9 Health &amp; Safety</b></p> <p>This was received for information.</p>
<b>9</b>	<b>Strategy Planning and Budget</b>
	<p><b>9.1 Board replacement process</b></p> <p>RP presented the paper on Board replacement, on behalf of GT in his absence. SM recommending not appointing addition members meantime, until the Income Generation Review is complete. Board replacement will go to open advertisement, and this will be brought to the existing Board, (also MRS and MSC Board members) so that they may make recommendations for new members. The process will be managed by the N&amp;R committee.</p>

<b>10</b>	<b>AOB</b> The Executive and secretariat left the meeting. The Board gave approval for the N&R minutes.
<b>Date of next meeting: 27<sup>th</sup> November 2013, Dundee</b>	