



The James Hutton Institute

BOARD MEETING

Board Room, Dundee

19 March 2014, 09:00h

Chair:	Ray Perman
Board members:	Julia Brown Brian Clark Laura Meagher George Salmond Allan Stevenson George Thorley Alan Werritty
Apologies:	David Boxer Sandy Morrison Wayne Powell
Attendees:	Iain Gordon Bob Ferrier Colin Campbell Beth Corcoran Mark Sinclair
Secretariat:	Anne Pack

Closed Session

- 1 Apologies**
Apologies were received from David Boxer, Sandy Morrison and Wayne Powell.
- 2 Register of Interests**
LM asked for a new declaration to be registered. LM has been contracted by RESAS to review their Impact and Knowledge Exchange. RP said he had accepted a position as Director of the David Hume Institute. He foresaw no conflict of interest and, as it was part-time, it would not impinge on his time commitment to the James Hutton Institute.
- 3 Minutes of the meeting held on 29 January 2014.**
The minutes were approved as an accurate record of the meeting.
- 4 Matters arising**
All actions were discharged or dealt with in the agenda.
- 5 Minutes of sub-committee meetings since last Board meeting**

5.1 ACS – 28 January 2014

The minutes of the ACS meeting held on 28 January were received for information.

ACS – 18 March 2014

The preliminary views of the BioSS review, held in February, have been received. These are very positive. The synthesised reports' paper will come to the Board meeting following receipt of the last report.

Reviewing our Impact

Much of the discussion was around this subject. The Groups have been individually reviewed. The Themes will be reviewed as one. A panel of approximately six with skills that will cover all disciplines was suggested. Once complete, the Groups and Themes reviews will be looked at and fed into the Science Strategy and Operational Plan.

Athena Swan

The announcement of the Athena Swan Bronze Award for the Institute is still embargoed, awaiting ratification on the process from BIS. A request has been from the Royal Society to use the Institute as a case study for the new engagement of the institutes with Athena Swan, as Athena Swan has previously only dealt with universities. In light of this request, it was requested that Athena Swan are asked to push BIS for completion.

Following an earlier conversation on the need to recruit more scientists on to the Board, the work of ACS is vital to ensure we are doing the right science, and at the correct standard.

5.2 Audit & Finance

A&F committee met on 10 March. The key discussion was receiving the final report of the internal auditor, Henderson Loggie (HL) which they carried out over the first three years of the Institute's life. They have concluded a programme of work set out. A lot of progress has been made in some areas, and very little in others. The key area that has been addressed, following the appointment of the Director of Finance, is finance. Other areas, including HR will be pursued in the year ahead. At the last Board meeting HL were appointed for a second term from 1 April 2014. An audit plan, prepared with the Executive has been signed off. That plan of work is intended to be the external review of the internal processes of the Institute, including governance, accounting systems, HR, training, health and safety, IT etc.

Risk Register

The risk register has been updated and reformatted, and focused into priority areas. This will come back to the Board in May.

External Auditor

Johnston Carmichael has produced the half year report to 31 March. There were no key concerns or problematic areas. We will receive and review year end accounts at the A&F June meeting, then to the Board in July.

Management accounts and draft budget

These were discussed at the A&F meeting.

5.3 Nominations & Remuneration

Two meetings of N&R took place, on 10 and 17 March. The meeting on 10 March considered eleven applications for Board members.

On 17 March N&R interviewed three people for Board membership. The recommendation to

the Board is Ian Gamble, Chief Executive of the Forestry Commission, be offered the position of a non-Executive Director. This was approved.

In a meeting earlier in the day, the committee agreed to prepare an exercise on skills desired for new board members.

6 Minutes of commercial subsidiary meetings & reports

6.1 MRS

MRS has had a good year and expected to exceed budget.

6.2 MSC

MSC has also had a good year and expected to exceed budget.

7 MDT

Professor Bill Sutherland, Cambridge University will be the speaker for the T.B. Macaulay Lecture, which this year will take place at the Royal Society of Edinburgh, A meeting has been held to discuss a potential MoU between the institute and MDT.

8 Regular Reports

8.1 Chief Executive's report

This report was received for information.

NewCo

NewCo will be formed as a Company on 1 April. A Board will be formed, comprising membership from the two existing commercial subsidiaries, MRS and MSC will continue to operate over 2014/15 whilst the NewCo is in transition. Recruitment of the Director of NewCo will reflect the needs of the Company.

8.2 Finance Report

Period 10 accounts were received. It had been hoped to release capital equipment funds but that had not been possible.

In Period 11, there is still a deficit of £0.5m. Efficiency savings have been made this year to reduce costs, and some staff have been redeployed to external contracts. No extra money was generated to cover those staff not redeployed. In Finance and Corporate Services some efficiency savings have been made. Negotiations with our energy supplier resulted in a fixed 2% increase, instead of what would have been an 8% increase.

At an operational level the institute will make a profit of £1.5m, but because of the capital release requirement there will be a net deficit of £0.5m. The net deficit was explained as a group loss on the accounts, and also a reduction in the reserves. It was planned to increase the reserves to £8.2m. Because this target has not been reached in the past two years, reserves will go down. Although this does not affect the cash figure, it is important in that it demonstrates the Institute is not investing in the future. Currently the Institute has land, buildings, glasshouses, IT and scientific equipment. The £467k infrastructure bid from SG will be depreciated, because it's mainly on building and building repair, over 25 years. £400k has been invested within the organisation, in capital, in two machines, which will be depreciated over 10 years. By spending so little money on capital, this Institute is running down the balance sheet in two areas; in the P&L reserves, and reducing balance in the fixed assets register, because the value is decreasing faster than the Institute is re-investing on infrastructure.

8.3 Media Digest

This was received for information.

8.4 Health & Safety

This was received for information.

9 Strategy Planning and Budget -

9.1 Operational Plan 2014/15

9.2 Budget 2014/15

9.3 Staffing reductions 2014/15

9.1, 9.2 and 9.3 were discussed together.

The vision of the Institute is to be a global leader on research on land and natural resources, to deliver to the customer, and to increase the resilience of the organisation. Recently the Executive discussed the Operational Plan and how it feeds into the Science Strategy. The key elements of the Institute's aim is to deliver a science business, deliver the science more professionally, increase the organisational resilience by increasing income, and offer excellent facilities, based on the excellent science that we do. Strategic alliances, partnerships *etc* need to be developed carefully to extend to an international reach. The Operational Plan lists the strategic objectives, with key area activities aligned to each Director.

The Director of Finance presented the budget, and spoke to the options for the Board to consider. Unallocated staff costs amounts to £1.9 *per annum*. BeC said this problem will grow, unless addressed.

RP asked for clarification on what the Executive are seeking the Board's approval on, for balancing the budget.

The Chief Executive said that his expectation was that he would provide the Board with a series of options. He said that the basis for discussion is that the salaries budget is higher than salaries income and recommended that we continue to look at cost savings, though that alone will not glean the cuts required. The Chief Executive believes the staff number needs to be reduced.

This would allow for reinvestment in other areas. Discussions have taken place with the TU.

Income assumptions in Option 2 were adopted. £2m will be taken out of staff costs and a minimum of £100k of operating costs. A three year projection on costs and payback will be presented to the Board in May, at which time a decision will be taken on how to fund it.

A one-page positioning statement summarising the strategic view was requested.

10 AOB

Dates of meetings in 2014:

- 21st May, Aberdeen
- 16th July, Dundee
- 17th September, Aberdeen
- 19th November, Dundee