



The James Hutton Institute
BOARD MEETING
Craigiebuckler Room, Aberdeen
23 March 2016, 09:00h

Chair: Ray Perman (RP)

Board members: Brian Clark (BC)
James Curran (JC)
Ian Gambles (ICG)
Stephen Hall (SH)
Joan Macnaughton (JM)
Marian Scott (MS)
Allan Stevenson (AS)
George Thorley (GT)
Alan Werritty (AW)

Apologies: Deborah Keith (DK)
Laura Meagher (LM)

Attendees: Colin Campbell (CC)
Beth Corcoran (BeC)
Bob Ferrier (BF)
Fraser Black (FB)

Secretariat: Anne Pack (AP)

Closed Session

1 Apologies

Apologies were received from Deborah Keith and Laura Meagher.

2 Register of Interests

Members were asked to complete and sign the annual Register of Interest declaration.

3 Minutes of the meeting held on 20 January 2016.

The minutes were accepted as a true record of the meeting.

Minutes of Special Meeting held on 23 February 2016.

The minutes were circulated after the meeting. Approval received from all members.

4 Matters arising

- **BF to provide Board members with one-page leaflets on, IBH, and the Institute.** BF

BF provided a leaflet on our Economic Impact. It was suggested that the document should begin with the product that generates the income rather than details of that income in order to have immediate impact on the reader.

Previous matters arising

- Request a meeting with Bridget Campbell to discuss revised Corporate Plan RP / AP It was agreed to wait until after the Corporate Plan has been finalised.
Action ongoing.
- AP to arrange an Away Day to set the strategic agenda AP RP recommended September 2016. **Action ongoing.**

5 Health and Safety

JC met with FR and asked her to think about new ways of reporting to the Board. FR had suggested itemising ten aspects of system processes; the report provided covers two and three. JC is happy with the system in place, adding that it's a good system and that it's important for the Board to receive enough information. If the Board feels what is provided is too much, JC will be pleased to receive comments. The Board agreed the level of information provided was adequate.

AS suggested replicating the report for the use of James Hutton Ltd for their Board. CC said that work continues in encouraging the reporting of near misses. CC is working with FR to ensure adequate processes are in place for staff making trips abroad. This task was already underway before the bombings in Brussels.

The report included a section on an Action Plan for the management of asbestos. It was suggested that perhaps capital funding could be requested from RESAS for the removal of asbestos, as this is a high priority Health & Safety issue, and would assist in bringing the site up to date.

CC will seek reassurance that a five year check on the safety of Asbestos Containing Material (ACM) on site is adequate.

CC confirmed that the Job description for a Sustainability Officer has been drawn up and will be advertised internally.

- **CC to seek assurance that a five year check on the safety of Asbestos Containing Material (ACM) on site is adequate.**

6 Strategy Planning and Budget

6.1 2016/17 draft budget

In preparing the budget, CC explained that a conservative approach had been taken. Best case and worst case scenarios have been included. The best case scenario takes into account some mitigating controls over costs for staff turnover. The best case scenario doesn't take into account other mitigating options the Institute could

contemplate, Neither does it include potential initiatives covered in the CEO report such as developing additional income from the farms. There are proposals to invest in income-generating schemes, however there was not enough clear sight of these for them to be included at this stage.

BeC drew attention to further RESAS potential income and the submission for the Plant Health Centre (PHC) – a new Centre of Expertise. SG funds several Centres of Expertise which translate policy needs into scientific analysis. They include one on water, one on climate exchange and one on animal disease. Tenders for the PHC are expected to go out soon.. A decision is expected around June.

An analysis of the existing funding streams has been carried out. Currently we have a 15% success rate in Europe but it is difficult to make future predictions especially as the Institute only has two years to base that on as it is now in the new programme, H2020.

The Board discussed the proposed budgets at length, and a range of different views were expressed by members, individual points made included the following:

The Executive was asked for a realistically achievable figure for external contracts in the budget. It was suggested that as a driver for culture change a stretch target should be set but that this would require close monitoring provided the discipline for costs control is maintained. Costs are currently too high and must be reduced. The Board will not sign off on a budget that anticipates a deficit. Options for reducing the deficit must be explored. The Institute has looked at depreciation in terms of its assets and what, if anything on the asset register could be written off. It was noted that last year the Board approved a deficit after depreciation on the budget and that this had not been achieved, demonstrating there is a long term structural issue around the asset base.

Looking at the overall income figure, the Institute predicts an uplift in income, representing a 1% increase in overall income which should be achievable. On costs a similar reduction is predicted. Together they should lead to a reasonable operating surplus that the Board could accept.

It was stressed that the Finance Department must produce timely management accounts to enable the Executive to take corrective actions if necessary through the year. While that would provide an operating surplus it leaves the problem of depreciation and capital reinvestment. We may have to look for other ways of covering capital, such as realising some of our assets.

Alongside the budget for next year, the Board requested a capital plan for immediate implementation.

It was explained that the Executive is aware that this is a major issue and it has been engaging with MDT to seek their help in funding capital. Other sources of funding are being explored, such as other trust funds.

The depreciation charge has been reduced by not investing as much in new equipment and by encouraging staff not to replace equipment automatically, but to upgrade machinery instead, if possible to do so.

In the budget, depreciation is presented below operating surplus because it is a non-

cash item, but AS argued that it should be above the line because it is part of costs.

Following the discussion the Board approved the indicative budget, including James Hutton Ltd figures.

6.2 Corporate Plan

CC presented the revised Corporate Plan. The number of strategic objectives has been reduced to ten. A major change is the adoption of the Sustainable Development Goals (SDGs) as a framework. The style of the Plan is still being developed and internal engagement continues. A number of soft launches internally and externally are being planned.

The Board agreed that the latest version was a big improvement on the earlier one, although it still requires some work. A list of points were noted and these can be found in **Appendix I**.

There was a discussion about intended audiences of the Plan. It was agreed that the Corporate Plan is about high-level strategic objectives to a wide audience. Internal documents should be prepared separately, and not be portions of the Corporate Plan.

In summing up the discussion the Chair said the Corporate Plan should be amended to be smaller, smarter and greener.

- **CC to co-ordinate amendments to the Corporate Plan**

6.3 James Hutton Ltd Business Plan

The James Hutton Ltd Business Plan was received for information and comes with the recommendation of the James Hutton Ltd Board.

It was noted that in the short-term less money will flow through to the Institute and assurance was sought that this is temporary. It was explained that investment was being made to grow areas of strength. The focus for analytical services needs to be wider and this is a priority area for short term growth and needs to receive an immediate focus. Investment in fruit breeders will be made in order to maintain the Institute's strong reputation.

The Board approved the Business Plan.

6.4 International Barley Hub

Events have been held at Holyrood and Westminster. Although the Westminster event was not well attended by many politicians, those who did attend were key people and the event was handled very well. Ahead of the May elections there are plans to engage with MPs and MSPs, in whose constituency the Invergowrie site sits, is keen to continue engaging with us. A meeting has been arranged for 29 March. Advice received from the Institute's advisors in Scottish Enterprise is that the Tayside City Deal is a big opportunity to obtain funding for the IBH so we are engaging with Dundee and Perth Councils, as well as local MPs.

6.5 Risk Register

The Risk Register was received for information. It was noted that Risks 1, 3 and 6 have been increased. Risk 1 has gone back to 16 (red). Risk 3 has reduced from 16 to 12 (amber). Risk 6 has been increased from 12 to 16 (red), as a result of lack of

investment in capital. Capital will be built in to new grants. It was suggested Risk 6 be reworded in the avoid/mitigate column.

7 Regular reports

7.1 CEO Report

The CEO report was received for information. CC thanked the Board and the Selection Panel for giving him the opportunity to lead the Institute as its CEO. CC requested time to make some changes, saying that if an external candidate had been given the job they would have been given six months to bed in. Over the next two months CC will restructure the Executive Team and the organisation, with internal consultation, and in discussion with the Board.

CC gave an update on the Estates.

7.2 Management accounts and forecast

BeC presented P10 Management Accounts. Y

The Strategic Fund represents committed expenditure so it should be moved above the line.

In order to create visibility the Farms non-pay costs were moved from FCS into science. The strategy for the farms is to increase income and there are potentially some big wins *e.g.* agri-renewables. The Institute is committed to reducing costs on the farms by 10%.

The Postgraduate School is unlikely to be an earner because the Institute is not a degree awarding body. There are options for linking with a number of overseas universities, but it was thought this would not sufficiently attract PhDs. It was suggested the School should be seen as a worthwhile investment which provides intellectual leverage which in this context is more important than income generation. Another reason for having the School is that it enable the Institute to train its own staff in disciplines in which it is difficult to recruit.

The Board requested a paper from the Executive, on the Post-graduate School.

- **CC to prepare a paper on the Post-graduate School.**

It was noted that pay and pension costs are the largest expenditure, over which the Institute has little control. Currently 26% employer contribution is paid into the Research Council's pension scheme, compared with 13% to the Hutton scheme. The Executive was asked to provide a paper for the next Board meeting outlining options.

- **Exec to prepare a paper on pension scheme options.**

AS requested that cash flow is added to the spreadsheet. Clarification was sought on what interest is being earned on the deposit account.

On farms AS referred to three lines: income, pay, and non-pay. AS suggested the Board recognise the current scale of loss and that it should be reported in a more transparent way.

In response it was stated that income earned by scientists using the farms was not shown in the farms budget. The farms are not necessarily making a loss in a business sense. Going forward the intention is to create better transparency in terms of farms

costs but also their benefits such as the agri-renewable programme.

8 Minutes of sub-committee meetings since last Board meeting

8.1 ACS

The draft minutes of the meeting held on 19 January 2016 were received for information.

A verbal update was provided for the meeting held on 22 March 2016. BC said that the Institute's Ethical Policy should have been approved by ACS but due to a family bereavement of the person who was to present this was held over until the May meeting. Instead, a presentation on ClimateXChange (CXC) was given by Professor Robin Matthews, Theme Leader, Nurturing Vibrant and Low Carbon Communities. BC thought it would be useful for the Board to see the presentation

8.2 Audit & Finance

There was no report. A&F will meet on 24 March 2016.

8.3 Nominations & Remuneration

A paper with succession planning for Board members and Chair(s) replacement was received for information. The Board decided that with immediate effect JM will take over as Chair of N&R. Two head-hunters will be invited to submit tenders for recruiting three new Board members.

There was a request from a Board member for the N&R Committee to consider new members of James Hutton Ltd Board; it was queried how it was that some people sit on the James Hutton Ltd Board yet don't sit on the main Board.

- **N&R Committee to consider composition of James Hutton Ltd Board.**

9 Other Reports

9.1 Media Digest

This report was received for information.

9.2 BioSS Report

This report was received for information.

9.3 Recruitment and retention of non-EU staff

This report was received for information.

9.4 Board agenda planner

This report was received for information.

9.5 Corporate Governance

RP asked the Board if they would formally accept the whistle-blowing policy of the Research Councils which was provided as a paper. This was approved. The contact person on the Board will be the current chair of the Nominations and Remuneration Committee.

AOB

Dates of meetings in 2016:

May 18th Dundee

July 20th Aberdeen

September 21st Dundee

November 23rd Aberdeen