



The James Hutton Institute

BOARD MEETING

Glensaugh Research Station
19th September 2012, at 09:00

Chair: Ray Perman (RP)

Board members: Brian Clark (BC) Allan Stevenson (AS)
 David Boxer (DB) George Thorley GT
 Julia Brown (JB) Alan Werritty (AW)
 Laura Meagher (LM)

Apologies: Sandy Morrison
 Wayne Powell (WP)
 George Salmond (GS)

Attendees: Iain Gordon (IG)
 Catriona Blake (CB) **(Item 6)**
 Colin Campbell (CC) **(Item 10)**
 Beth Corcoran (BeC)
 Dianne Haley (DH)

Secretariat: Anne Pack (AP)

	<p>Closed session Members of the Board.</p>
1	<p>Apologies Apologies were received from Sandy Morrison (SM), Wayne Powell (WP) and George Salmond (GS)</p>
2	<p>Register of Interests There was none reported.</p>
3	<p>Minutes The minutes of the meeting held on 18th of July were approved.</p>
4	<p>Matters arising <i>Action Point 5: CB to investigate VAT on farm activities.</i> This was dealt with in agenda item 6. <i>Action Point 6: Audit & Finance Committee to advise on whether four months reserves was an appropriate amount.</i></p>

	<p>AS said that although this action was noted as his responsibility, he was looking to the Executive to form a view and present it to the Audit & Finance Committee for consideration. AS suggested that the responsibility for this be given to the incoming Head of Finance, BeC. IG said that he understood CB was to prepare some figures for this to go to Audit & Finance to be discussed at their next meeting; given the changes in circumstances it was IG's view that BeC could provide the A&F Committee with the options paper. Audit & Finance to make a recommendation to the Board.</p> <p>Action: BeC to ensure proposals for reserves be presented to the Audit & Finance Committee.</p> <p>Action: Audit & Finance Committee to make a recommendation to the Board on an appropriate amount to be held as reserves.</p> <p><i>Action Point 7: Audit & Finance Committee to discuss at its next meeting an adjustment to the balance sheet to show more detail under net current assets.</i></p> <p>AS asked that the Audit & Finance Committee be provided with information on this, to be discussed at the next Audit & Finance meeting to be held on 6th December.</p> <p>Action: BeC to provide information to Audit & Finance meeting on 6th December</p> <p>GT asked what stage the institute was at in relation to the signing of the partnership agreement with Forest Research. IG said that a signing ceremony would be held in Aberdeen on the 23rd of October, with Chief Executive James Pendlebury, and Chris Quine.</p> <p>Other action points were either completed or dealt with elsewhere in the agenda.</p>
<p>5.1</p>	<p>Chief Executive's report</p> <p>This report was provided for information. IG invited questions.</p> <p>AS asked that a correction be made in the table on external funding. The word 'Ltd' should be removed from 'Potato Council Ltd'.</p> <p>Action: AP to ask Bob Ferrier (BF) to amend the external funding table in the Director of Research Impact's report to show 'Potato Council', and not 'Potato Council Ltd'.</p> <p>GT said that following Karen Shaw's (KS) departure, it may be tempting to keep in place interim arrangements if they are working well, but suggested it may be prudent to begin with a blank sheet, and to consider what components of the role the institute wants to replace from here on in. IG said that he was happy with the interim arrangements at present which are supporting the organisation meantime, but that he would be wary at this stage of beginning with a blank sheet. He said that consideration was being given on how we want the organisation to work in the future.</p> <p>JB asked how the income generation review was going to be carried out. IG said that BF has had discussions with Susan Matheson, Scottish Enterprise (SE) and a Terms of Reference is being drawn up. DB felt there may be conflicts of interest in respect of income generation. BC asked whether this will affect the buying of equipment. JB said that she has already offered to talk to BF about SE support, but that so far BF had not taken up the offer. IG said that he would ask BF to contact JB to have a discussion on SE's involvement and support in the review; that he thought</p>

	<p>BF was holding back because he felt JB might feel conflicted because she is employed by SE. DH said that she was working with BF on the income generation review and would follow up with JB.</p> <p>Action: IG to ask BF to speak to JB about SE’s involvement and support in the review of commercial subsidiaries.</p> <p>Action: DH will work with BF on the income generation review and will follow up with JB.</p> <p>GT asked if the institute would be paying SE for their work in helping with the review. IG said that we would have to pay a portion of the fee to demonstrate that we are engaged with the review, but that we were applying for a grant to cover part of the costs.</p> <p>GT asked for clarification on the basis on which we engage with SE. JB said that SE was interested in the institute because SE’s fundamental role is in the growth of companies located in Scotland, so they want to see how an institute benefits the company base in Scotland.</p> <p>AS said that he would like to see in the CEO report how the organisation was tracking, half-yearly, against the business plan. IG said that a review of the implementation plans was planned for October. The results will be reported to the Board at the November meeting.</p> <p>Action: IG to arrange a review of the implementation plans in October, and report the findings to the Board at its November meeting.</p> <p>AS said that it would be helpful to the Board to have a regular monthly update to ensure that we are on plan, and to allow for immediate corrective action by the executive. IG said that he and Carol Ann Stannard (CAS) prepared such reports three-monthly, but they were too onerous to prepare for every meeting and would be out of sync with the two-monthly Board meetings.</p> <p>AS still that he was still not getting a sense of where the organisation is at any point in time. AS requested that the CEO report includes a brief update on “this is how we are doing since the last Board meeting”. RP said that this was one of the things that DH was looking at. IG said the he was currently in discussion with DH about preparing papers that meet Executive and Board needs, so that the Board feels it is being kept informed and feels as though they are helping Board move in terms of a strategic direction. JB asked about the frequency of the Board meetings, and if the frequency was effective. RP said that this had been explored in the past and it was felt that monthly was too often, and quarterly not enough, so a balance was struck at two-monthly meantime.</p>
<p>6</p>	<p>Audit & Finance Report</p> <p>CB joined the meeting. AS asked the Board to note CB had produced a first class set of accounts, which come to the Board with the recommendation of the Audit & Finance committee, and for which the approval of the Board is sought.</p> <p>The Board approved the accounts.</p> <p>The accounts of the subsidiaries will be presented to the respective Boards in the coming week; MRS on Monday 24th of September, and MSC on Friday 28th of September.</p>

6.1	Report of the Audit & Finance Committee	AS presented the Audit & Finance Committee's report to the Board on its activated during 2011-12.
6.2	Directors' Report and Group Financial Statements	AS confirmed that these had been considered at the Audit & Finance Committee, which was happy to recommend that they be approved. It was noted that the accounts of the subsidiaries will be presented to the respective Boards in the coming week; MRS on Monday 24 th of September and MSC on Friday 28 th of September. The Board approved the Directors' Report and Group Financial Statements.
6.3	Draft Report of Key Audit Findings to 31 March 2012	AS confirmed that the report had been discussed in detail at the Audit & Finance Committee.
6.4	Annual report – provision of Internal Audit Services	The annual report from the Internal Auditors was received. It was noted that the report set out certain weaknesses in internal controls, which were now being addressed.
6.5	Letter of Representation – Johnston Carmichael	The Board approved the content of the letter of representation and authorised RP and IG to sign it on behalf of the Board.
6.6	Management Accounts – Period 4	These had been circulated in the Board papers and were taken as read.
6.7	Management Accounts – Period 5	These were tabled on the day and CB took the Board through the commentary in some detail. A detailed discussion was held in relation to the science pay budget, where a year end adverse variance was currently forecast. The Executive was asked to prepare a paper for the next Board meeting, setting out plans for aligning the staff resource with the requirement to deliver the science. Other areas discussed by the Board were external contract income, inter-company recharges, and non-pay budgets. The Board were concerned over the potential impact on the year end accounts of the accounting treatment of capital grants and recommended that the management accounts should be prepared on the same basis.
6.8	Draft Minutes – Audit & Finance meeting of 27th August 2012	This was received for information.
6.9	Clydesdale Bank forms for approval	CB presented three sets of forms from the Clydesdale Bank which required Board approval. 1. The Board resolved to accept the terms and conditions of the Master Agreement for Foreign Currency Transactions. It authorised the Head of Finance and Assistant Accountant to orally enter into transactions on behalf of the James Hutton Institute and any one or more of the Chief Operating Officer and the Head of Finance to sign

	<p>on behalf of the Institute on all Confirmations issued pursuant thereto.</p> <ol style="list-style-type: none"> 2. The Board resolved that the Clydesdale Bank be requested to open a Clydesdale Bank Business Card Account in the name of the James Hutton Institute, make any enquiries it deems necessary in connection with this request, and at its discretion issue a Clydesdale Bank Business Card to any person nominated in a request signed by the Head of Finance. The Board confirmed that the Institute accepts and agrees to be bound by the Clydesdale Bank Business Card Terms and Conditions as set out in the application form (which has been circulated in the Board papers). 3. The Board approved the Facility Letter, which had been circulated in the Board papers, and authorised RP to sign it on behalf of the Board. <p>CB left the meeting.</p>
7	<p>Advisory Committee on Science (ACS)</p> <p>BC gave a verbal update on items that had been discussed at the ACS meeting held the evening before on 18th of September.</p> <p><i>Science Reviews</i></p> <p>BC said that IG and CC had met with Professor Mark Hunter, Chairman of the Ecological Sciences review on 8th of August. The review will take place from the 9th – 11th October. BC said that there was still a degree of nervousness within the group about the review, where members perceive it as being focusing on individuals' competence, thought that is not the function of the review. BC praised IG and colleagues for the amount of effort that has gone into preparing for the review.</p> <p>The next Group to be reviewed is Environmental and Biochemical Sciences (EBS) in February 2013. Dates for the other groups have been agreed. BC said that the committee had identified potential panel membership. BC asked the Board to note that all panellists suggested thus far have been male academics. He asked the Board to think about inviting female, and non-academic, potential panellists, in order to redress the balance and deliver the correct message.</p> <p><i>Metrics</i></p> <p>BC said that the committee had considered that the name 'metrics' might give the wrong impression; that it is too quantitative, and that this may be re-named. This is how we look at excellence within the institute from individuals and the performance management systems that operate, implications for promotion <i>etc</i> and how these fit in with the corporate objectives. There are plans to hold a workshop on metrics within ACS, then with the full Board. BC said that he hoped this would be in place in the next two months.</p> <p><i>KE</i></p> <p>BC said that BF had given an excellent presentation to ACS on KE, who explained about the progress being made on KE. A KE plan is currently being developed, with Groups and Themes being involved. BC said that the KE group is making real</p>

	<p>progress.</p> <p>AW asked that ACS minutes be included in the Board papers in the future. Action: AP to routinely include ACS minutes in the Board paperwork.</p>
8	<p>Commercial subsidiaries</p> <p>8.1 MSC</p> <p>RP said that SM had submitted a paper to the meeting. He reported that MSC was well ahead of budget. IG said that the Executive had discussed and reviewed the overhead rate, and had decided that a single overhead rate will apply across the board. IG said that it would be helpful if staff to come back to us to demonstrate that we have lost contracts because of pricing. IG said that there was special pleading on that basis, but thus far there was no evidence of it.</p> <p>8.2 MRS</p> <p>RP said that the next MRS Board meeting would be held on Monday the 24th of September. MRS is currently ahead of budget and up to forecast for the year.</p>
9	<p>Health & Safety</p> <p>GT said that he would be meeting with Frances Rowe at their six-monthly meeting in November.</p>
10	<p>AOB</p> <p><i>Visit of Sir Peter Housden</i></p> <p>IG said that the request for a visit to the James Hutton Institute had come from Sir Peter during their meeting at the CAMERAS conference earlier this year. IG circulated to the Board, the programme for the visit to both sites on Friday 21st of September. RP said that there were a lot of visual elements to the programme, such as the Virtual Landscape Theatre, but that Sir Peter would be looking for a precise message. IG said that he would be speaking to Sir Peter in the introductory session, and that he would get an information pack. IG said that he and Ray would be travelling between sites with Sir Peter and that during that time they would discuss other things. GT said that Sir Peter would recognise the qualities of the organisations, and would wonder what was being asked of government, through him, so suggested we compose key messages we wish him to take away. IG said that he wanted the Permanent Secretary to take away from his visit the knowledge that the institute is producing good science in constrained circumstances, and that it is an excellent asset for Scotland. He said that he had structured the programme in the way he did to demonstrate the depth and breadth of what we do.</p> <p>RP said that Richard Lochhead, Cabinet Secretary for Rural Affairs and Environment had a vision for an Eden project for Scotland. RP suggested turning Sir Peter's attention to food security and to demonstrate the possibilities in this arena. The idea for a Scottish Food Security Alliance has been around for a long time.</p> <p>LM said that we could use European linkages as mentioned in Alison Hester's talk to the Board the previous evening.</p> <p>JB said that SG had been preparing shovel-ready projects, and BIS projects for campus development.</p>

LM suggested in the itinerary for Sir Peter there may be an opportunity to bring out some European linkages, in how the institute is positioning itself. LM said that it was important to demonstrate the inter-disciplinarity of the research. IG said that he would be partly describing that at the introductory session during the visit.

The Board requested as a matter of routine, a list of future, six weeks ahead, visits to the organisation to allow time for the Board to push the agenda if appropriate.

Action: AP to ask PT to routinely provide a list of future visits to the organisation.

Implementation Plans of the Research Stations/Farms

CC joined the meeting. CC said that he was happy to take questions about the implementation plans, which had been circulated with the Board papers. CC explained that the plans include a preliminary SWOT analysis and that they represent a very high-level summary of each farm. He said that brainstorming meetings would be held with the Theme Leaders and Science Group leaders, on what to do about the farms, in particular in relation to the science strategy. CC highlighted a few issues in the plans.

1. At Mylnfield, the only land the institute owns is a field at Lonsdale, all others being owned by Scottish Government, and which are leased to the institute. CC suggested selling the land at Lonsdale, as part of a tidying up exercise. There is no interest in the land from the scientists, so the field is now superfluous and the proceeds from the sale could be used to invest in other priority areas.
2. There are plans for a windfarm at Hartwood, but there are issues around whether to proceed, not least how we would invest in it if we decide to go ahead. There are also side issues, such as reputation management, liaising with Scottish Government because they own the land. CC said that the institute is interested in renewable energy and wind farms in particular. The institute produced the national wind farm suitability map for the country, and Hartwood is in the middle of the high suitability area, so we do have a strategic science interest, but we would need to consider how we would benefit from this development. CC added that there were lots of ideas from the scientists on what to do at/with Hartwood. Hartwood's location makes it unique in our portfolio, though it is evident that it has suffered from under-investment over the years. CC said that the Socio-Economics Group are interested in waste recycling and renewable energy projects, which provide the opportunity to engage with the local community.

IG said it is important to remember that a lot of the facilities we have at Glensaugh and Hartwood relate to areas of activity of one of the legacy institutes; the Macaulay. Both have underused resources, *e.g.* the animal house at Glensaugh. IG said that there is also the issue over the investment required to shift Hartwood from where it is now into a facility that supports the Strategic Plan of the Institute. IG said that in relation to reputation, we must consider that part of the planned wind farm (on Forestry Commission land) is on peat bog which is high in carbon. This is a joint initiative between ourselves and the Forestry Commission (FC). On the FC land they are planning on putting wind turbines on peat, something as an institute we have to take seriously. We had to be careful not to be seen to be interested in only the financial side of a wind farm development at Hartwood. It is actually about science and the socio-economic part of local community engagement

in wind farm development.

JB said that there was a lot of expertise that we can access through the renewables team, *e.g.* Julian Pace who looks after the rural agenda but also covers the renewables team. IG said that he would raise this with Julian.

Action: IG will contact Julian Pace, SE, to discuss potential renewables projects at Hartwood.

JB suggested having a think strategically about how to play into other topics such as apprenticeships, youth employment, and interest in that area and whether the farm area is something would look at and take advantage of those schemes.

CC said that Forest Research was interested in the whole socio-engagement area. There is the opportunity for partnership to seek funding to do science.

IG said that we had been in discussion with Elmwood College about apprenticeships, through MRS Ltd, as a way of linking in with the college development on skills training on farm.

There was discussion around the potential for waste management opportunities.

CC spoke about a long-term project on sewage sludge. There is also the opportunity for an anaerobic project. AS said that he recently visited such a centre which was costly to run and not a viable investment.

BC suggested looking at windfarm models in the community, such as Fintry as it may be a model that Scottish Government would be looking at.

The Board felt that these were good base documents for understanding the farms, though they did not constitute plans. It would be useful to have information built in to them on the recent land acquisition at Berryhill. The research stations are not driven by science. The main issue is that we have not looked at the portfolio and asked how we should effectively use the farms that we have for delivery of our science. GT suggested we ask why we have the research stations; could the experiments be done on other farms, and are we using them effectively for demonstration, knowledge exchange, and research.

AS suggested adding as a preface to the documents, covering the issues discussed, because currently the documents look like a shopping list. It was agreed that a scoping study be carried out on Hartwood.

Action: CC carry out a scoping study on Hartwood.

Action: CC to revise the implementation plans.

IG said that he had chaired the recent CAPEX committee meeting. One of the legacy institutes did not have a replacement policy. AS said that it was not financially viable to own all pieces of equipment required for certain tasks, that these can be hired in. This would reduce the need for a replacement policy. He suggested this procedure be adopted.

RP asked the Board for approval for the sale of land at Lonsdale. The Board gave its approval for sale of Lonsdale, which is expected to fetch around £190,000.

Secretary

It was resolved that Karen Shaw be removed as Secretary of the Company and that D. W. Company Services Limited be appointed as Secretary in their place with immediate effect.

The secretary was instructed to arrange for the relative forms TM02 and AP04 to be

	completed and filed with the Register of Companies.
Date of next meeting: 28th November 2012, Apex Waterloo Hotel, Edinburgh.	