Minutes of the Council Meeting held on 05 May 2010

Present:

Members
Sir John Chisholm (Chairman)
Sir Leszek Borysiewicz
Professor Jeffrey Almond
Professor Michael Arthur
Mr Tony Caplin
Professor Dame Sally Davies
Dr Annette Doherty
Dr Richard Henderson
Professor Sally Macintyre
Mrs Vivienne Parry
Lord Patel
Professor Michael Schneider
Professor Herb Sewell

Observer
Mr John Neilson (BIS)

Office Staff
Dr Wendy Ewart
Dr Tony Peatfield
Dr Declan Mulkeen
Mr John Jeans
Dr Frances Rawle
Mr Ted Smith
Mr Nigel Watts
Mr Sandy Bulger
Ms Carole Walker (for items 7 and 8 only)
Ms Pauline Mullin (for item 9 only)
Ms Eve Jaques (secretariat)

Apologies
Professor Chris Day
1. **Announcements**

The chairman informed Council that a new Council member, Professor Chris Day, had been appointed to fill the scientific post vacated by Sir Andrew McMichael. Professor Day was pro-Vice Chancellor of the Faculty of Medical Sciences at Newcastle University and had been formally appointed from 1 April 2010, but had given his apologies for this meeting.

Sir Leszek announced that Dr Pontiano Kaleebu had been appointed as the new Director of the MRC/UVRI Uganda Research Unit on AIDS.

Sir Leszek informed Council that Lord Patel would be stepping down as Chair of the Stem Cell Bank Steering Committee and thanked him for his efforts and efficient management of the meetings since the Committee was formed.

2. **Declarations of Interest**

Council Members were asked to update their declarations of interest as necessary. Copies of the information currently held had been tabled for reference.

3. **Minutes of the Council meeting held of the 15 December 2009**

Changes to the second paragraph in section 8 of the minutes were requested so that it read as follows:

“One member highlighted that the MRC redundancy scheme, which provides 2 months severance pay per year of service, was more generous than other schemes, and could encourage the use of 11 month contracts, which were not optimal for employee or employer. The scheme also imposed additional costs in relation to grant funded posts.”

With these changes incorporated, the minutes were approved.

4. **Matters Arising**

4.1 **Council Governance**

The Chairman reminded members that at the last meeting he had mentioned plans for reviewing Council’s governance, in particular the committee structure. He informed members that an ad hoc committee on governance had been formed for this purpose and that it would be meeting the following week. A paper on governance would be brought to Council based on the committee’s advice. A Nominations Committee had already been set up to advise on senior appointments. The membership and working of the Remuneration Committee would be reviewed, as the current arrangements were different from what was usual in company governance. An update on progress and reports from committees that had met would be provided at the next meeting.

4.2 **Strategy Board minutes**

Sir Leszek drew members’ attention to the minutes from the last three Strategy Board meetings and thanked those who had attended as observers for accommodating meetings into their schedules. Members reported that they found the meetings helpful and interesting and that they believed the Strategy Board members also felt the interaction to be beneficial. It was noted that the rotation of attendance meant that continuity was an issue when items were discussed at more than one meeting, but members agreed that it was unrealistic to ask any one Council member to attend all meetings. There was a request for actions to be more clearly specified in the minutes to enable Council members to follow progress on matters of interest more easily.

There was some discussion about whether the guidance for applicants to the strategic appointments scheme was appropriate given that most applications were declined.
usually for similar reasons. Dr Ewart informed Council that a review of this scheme was currently underway and would be discussed at the next Strategy Board meeting.

4.3 MRC Technology governance
Sir Leszek informed Council that a draft letter from MRC to Treasury which set out the proposed governance position was under discussion with BIS. Before it could be submitted, there were three outstanding issues on which a position needed to be agreed with BIS.

4.4 MRC e-Val
Sir Leszek noted that the e-Val data presented to Council at the March meeting had been shared with BIS at the recent update meeting, and that it had been well received. MRC e-Val would be re-opened in the autumn with a target completion rate of 95%. An update on the analysis of the data collected in the first round would be provided to Council at the July or October meeting.

5. CEO Report
Sir Leszek introduced this item and mentioned in particular the following matters:

5.1 UKCMRI
Sir Leszek introduced this item and drew members’ attention to the recent announcement by the Prime Minister in which he had reinforced the Government’s commitment to UKCMRI and the £250m investment required.

Mr Jeans noted that the MRC’s partners in the UKCMRI project were pleased by the recent agreement of a single stage approval process. However the Joint Venture Agreement (JVA) would still require a conditionality clause in order for it to be signed off before final approval from the Government for release of the funds. If the partners would agree to this and sign-off could be achieved within a few months, then momentum would be maintained. Mr Jeans informed members that Council would need formally to sign off the JVA for the MRC, and this would be a major item on the July agenda. Because the JVA was a very large and complex document, it was agreed that Council would be provided with a summary document identifying the key points and risks for the MRC to guide the discussion.

Council were informed that a new firm of architects, PLP, were currently redesigning the façade of the building, attempting to strike a balance between creating a suitably impressive frontage, ensuring planning permission would be granted, and not overwhelming the local residential properties. It was unlikely that the May planning permission deadline would be met, resulting in slippage in the timetable. Council were informed that the formal letter from the Major Projects Review Group had just been received, and this did not raise any points that could not be easily dealt with.

There was some discussion about how intellectual property generated at UKCMRI would be dealt with and members were informed that the matter was yet to be agreed upon between the partners.

There was also a discussion about whether the risks associated with having an animal facility at the new building had been fully considered. Council were reassured that this matter was on the project risk register and that the partners were working with the Metropolitan Police and with specialist architects to address the security and safety issues. Members were informed that there would be no work using live non-human primates taking place at UKCMRI. The potential need for an additional off-site facility for rodents was under discussion.

Members were reassured that the project team were developing a communication plan to manage the risks raised by the likely opposition from animal rights activists.
5.2 **RCUK SSC Implementation Project Update**
The MRC SSC had merged with SSC Ltd with a smooth hand over. The transfer to the new Oracle systems was making good progress except that STFC finance had not yet gone live. The go-live dates for the BBSRC and the MRC had been postponed to ensure appropriate functionality, in particular with respect to units and institutes. The new dates for the MRC go-live had not yet been confirmed as it was contingent on the outcome of the update meeting on the 28th May 2010. MRC go-live would also need to be co-ordinated with Head Office move which was likely to be in September or October.

5.3 **Head Office relocation**
Members were informed that the refurbishment of the new MRC Head Office space in Polaris House (Swindon) was on track and some staff were already occupying space there. However, delays in negotiating the lease for Kemble Street had meant that the anticipated Park Crescent move-out date had been delayed and the lease may need to be extended to allow for repairs.

Recruitment to senior posts based in Swindon was going well and members were reassured that high quality candidates were being attracted. Two months’ dual running had been allowed for to ensure continuity at the hand-over. It was noted that there was the potential for some tension between the MRC and other Research Councils as the MRC had, in at least once instance, recruited staff from one of the other Councils.

Council members congratulated the executive team on the swift and efficient manner in which recruitment was being undertaken.

5.4 **WIMM**
Sir Leszek informed Council members that the transfer of MRC staff from the two units involved to the University of Oxford had been completed. Interviews for the new Director of the Human Immunology Unit had been held and an offer had been made, but not yet accepted, so there could not yet be a formal announcement.

5.5 **Arms length bodies**
Sir Leszek drew Council’s attention to the report which had been published recently by Government which outlined ways in which efficiencies could be made in Arms Length Bodies (ALB) (this included non-departmental public bodies like the MRC). Mr Neilson added that there was uncertainty about how the incoming government would take up the recommendations, which included an average cut of 20% to the senior staff pay bill, and a proposal to reduce spend on communications activity. It was noted that some targets would be averaged across a Department’s ALBs. Any abolition of ALBs, or transfer of staff out of them, would therefore go some way to addressing the requirements.

5.6 **Director of the Virology Unit**
Sir Leszek informed members that three candidates were being considered and that he would report in July on the outcome of interviews.

5.7 **Review of Compensation**
Sir Leszek reminded members of the discussion at the previous Council meeting about the likelihood that the Government would request that their request for the MRC’s early retirement and severance terms to be brought into line with the new Civil Service Compensation Scheme. Management Board had recommended that the MRC should aim to comply with Government’s request, although full negotiation with the trade unions was required as two of the MRC unions had not been involved in the Civil Service negotiations, while a third (PCS) had challenged the Civil Service outcome in court.

Members were informed that the MRC had already started negotiations with the relevant trade unions and that an Employee Representation Forum (ERF) meeting had been held immediately before the Council meeting to allow the trade unions an opportunity to discuss this matter with Council members.
Professor Macintyre and Professor Almond had represented Council at this meeting, and
reported that the discussion had been positive and cordial. The unions had put forward
a passionate case and had noted the differences between the civil service and the MRC
with respect to the matter in hand. The main difference was that the MRC’s severance
terms were contractual, which was not the case for the Civil Service.

The Unions had requested more emphasis on redeployment and avoiding redundancy, as
in the Civil Service, and believed that MRC staff did not feel valued. The unions
conveyed the feeling from staff that they felt the Management Board had agreed too
readily to accept the BIS request, and would like to see Management Board standing up
for MRC staff more.

It was noted that the MRC did have a structured programme for redeployment but that it
could be difficult to find suitable alternative posts for specialist scientific staff.

It was noted that all other Councils had pension arrangements analogous to the civil
services so had already changed to the new terms. The MRC had its own Pension
Scheme; BIS had accepted that time was therefore required for the negotiation process.
Members recognised the importance of harmonisation of terms across the Research
Councils, but also that competitiveness with CRUK and the Wellcome Trust for example
was an issue. BIS would be looking for a final position that was substantially similar
across Councils but transition arrangements might be an area in which flexibility might
be needed.

Council confirmed that Management Board should continue to take forward negotiations,
and an update would be expected at the July Council meeting.

6. Finance report
Mr Watts presented this item to Council. He informed members that 2009/10 was the
third year in a row that the MRC had come in on budget. The Chair congratulated the
finance team on this outcome.

Mr Watts informed members that he had set the 2010/11 commitment budget for board
rounds on the basis of prudent assumptions, and expected that the third round could be
adjusted further if necessary.

7. Corporate Risk Review: Finance
Ms Walker joined the meeting for this, and the following item.
Mr Watts introduced this item and focused on some of the main risks detailed within it:
1. Commercial fund required for UKCMRI capital expenditure: Members were reminded
   that the capital funds had been modelled as carefully as possible and were being
   monitored.
2. A cut in funding affects strategy: Strategy Board had held discussion on two aspects
   of this matter. The first was how to prioritise high quality research using the
   strategic plan. The second was how to generate headroom so that new needs could
   be addressed.
3. Inadequate financial control: The MRC had recently implemented a new, more
   structured scheme of delegated authority to mitigate this risk. The likelihood of this
   risk could now be reduced but the impact remained high.
4. Pension fund: Members queried whether the increased demand and decreased
   contributors would cause problems in the future. Council was reassured that this had
   been taken into account in the management of the scheme.
5. Staff skills: Mr Watts reassured Council that few key jobs in the finance group would
   be affected by the Head Office move.

Mr Watts also assured Council that financial risks associated with the overseas units
were being monitored and that local auditors, who understood better how African
organisations operated, had been contracted. In response to a question, Mr Watts
reassured members that there was a policy in place to protect whistleblowers identifying possible fraud.

Another area of risk which was being explored was that of co-funded grants, where the partners’ ability to honour a commitment might be affected by the economic environment. There was not yet a conclusion to report. The EU audit process for grants was becoming very demanding and there was a risk of not being paid for work done if satisfactory responses were not provided.

Mr Watts also reported that he believed improvements had been made in the way that the finance group worked with other parts of the organisation to produce information that was more relevant and meaningful.

The Chair concluded that Council should take comfort that these risks were being monitored and explored.

8. Corporate Risk Review: Data security
Mr Jeans introduced this item. Council members were informed that he attended regular meetings at the Cabinet Office about compliance with data security guidance. The biggest challenge was seen to be from collaborators not employed by MRC but holding MRC data on their computers. Members suggested that a communications programme was important to raise staff awareness; this could include examples of recent incidents.

Pauline Mullin (Head of Corporate Communications) joined the meeting for this item. She presented the proposed Communications Strategy for 2010-2014 to Council. Members were happy with the strategy but made the following suggestions:
- too little emphasis had been placed on the internal MRC audience in the past, and this needed to be rectified;
- by aligning training with the HR group, packages could be offered to staff (for example leadership and communications for early career scientists);
- given the success of e-Val, the MRC should take the opportunity to promote it more;
- the website should be more accessible to a lay audience;
- the target audience(s) should be clear for all communications activities
- the MRC should be more proactive on media relations;
- the travelling roadshows that were proposed in the strategy should be reconsidered as they could be very expensive;
- the political audience was not currently catered for; their scientific literacy should not be overestimated;
- universities should be seen as important partners in promoting good news stories from MRC funded research, but it was recognised that vying for profile was an issue.
- the MRC should promote better the partnerships with industry in relation to wealth creation and the way basic research feeds through.

Some of the Council members requested the opportunity to have a broader discussion about the key messages for MRC’s communications at a later date.

Sir Leszek brought to Council's attention to the fact that the MRC’s safety record for 2009/10 was very good and congratulated the team on maintaining such high standards for the third year in a row. The good rate of near-miss reports gave confidence that data were being fully captured.

11. NC3Rs annual report and first quinquennial review
Council members congratulated the NC3Rs on their activities over the last year and on the results of their first QQR. Members noted that the Centre makes the UK an international leader on the 3Rs agenda, and they emphasised the importance of
continuing to support this activity. In particular, there was praise relating to the Centre’s unique partnership with industry and the fruits of their work in this area that were already apparent.

Members were reminded that the NC3Rs was an independent body and that their bid for funds over the subsequent CSR would be submitted directly to BIS; however they provided their views on the level of funding requested. They felt that given the current environment and the fact that there was some concern over the quality of historical research, the significant year-on-year increase was not realistic. There was a suggestion that, since industry was very positive about the impacts seen already, they may wish to contribute a higher proportion of funding. It was noted that industry provided significant in-kind resources.

12. **Audit update**
Mr Jeans introduced the Audit paper and commented that the 120 recommendations that had been made two years previously had almost all been addressed. The number of recommendations was reducing to a more manageable level. It was agreed that the Audit Committee was working very well and that management had embraced and addressed the associated risks.

13. **MRC Laboratories: The Gambia (Five year strategic plan update)**
Dr Ewart introduced this paper and reminded Council of the new strategy that they had approved for the Unit at a previous meeting. The strategy involved the MRC providing funding for core support on which programmes funded by other organisations could rest.

Dr Ewart informed members that the Unit had successfully restructured and that as of the 1 April, 150 posts had been made redundant. Very few were under appeal. Professor Corrah, the Unit Director, and Michael Kilpatrick, Interim Director of Operations, were commended for their role in the restructuring process.

Council was informed that the new scientific strategy was in place and that the new budget was a 40% reduction compared to the previous four years. Three candidates had accepted roles as the theme leaders. Two of these would take up the posts in June 2010, but the third had recently pulled. The importance of the theme leaders to the success of the new strategy was emphasised and Council highlighted the importance of finding a third theme leader quickly.

Council commended the progress made and approved the indicative budget for the Unit.

14. **Any other Business**
One of the Council members asked whether the MRC would be responding to the Academy of Medical Sciences’ consultation on the review of medical regulation. It was noted that the way regulations were interpreted was as important at the regulation itself. Sir Leszek confirmed that a corporate response would be submitted and that if individual members of staff wished to respond separately, this could be done in a personal capacity.

End of meeting
Summary of Actions

4.2 Wendy Ewart- Strategy Board minutes to be clarified to enable Council members to follow items more easily

5.1 John Jeans/ Sandy Bulger to summarise the JVA for Council in advance of the July meeting.

9 Sir John to consider the request for a boarder discussion on the MRC’s communication activity.