Minutes of the Council business meeting held at One Kemble Street on 6 May 2015

Present:

<table>
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<tr>
<th>Council</th>
<th>Head Office staff</th>
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<tr>
<td>Mr Donald Brydon (Chairman)</td>
<td>Ms Sam Bartholomew</td>
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<td>Sir John Savill (CEO)</td>
<td>Mr Sandy Bulger</td>
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<td>Dr John Brown</td>
<td>Mr Hugh Dunlop</td>
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<td>Professor Doreen Cantrell</td>
<td>Mr Bruce Minty</td>
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<td>Professor Chris Day</td>
<td>Dr Declan Mulkeen</td>
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<td>Professor Dame Sally Davies</td>
<td>Dr Tony Peatfield</td>
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<td>Professor Dame Janet Finch</td>
<td>Dr Frances Rawle</td>
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<td>Professor Dame Sally Macintyre</td>
<td>Ms Sally-Louise Smith</td>
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<td>Baroness Onora O’Neill</td>
<td>Dr Jim Smith</td>
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<td>Ms Vivienne Parry</td>
<td>Dr Sherie Wright</td>
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<td>Professor Michael Schneider</td>
<td>Mr Mike Stephens (item 7 only)</td>
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<td>Dr Nathan Richardson (item 9 only)</td>
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<td>Observers</td>
<td>Ms Sharmila Nebhrajani (item 10 only)</td>
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Rebecca Endean (BIS)
Hilary Reynolds (RCUK)

Apologies:
Professor Patrick Johnston
Dr Ruth McKernan
Dr Mene Pangalos

Council business meeting

The meeting began at 2.00pm.

1. Announcements and apologies

Mr Brydon welcomed members to the meeting and introduced Hilary Reynolds who would be observing the meeting; Ms Reynolds had recently joined RCUK as the first Executive Director for the collective work of the research councils. Mr Brydon noted that apologies had been received from Professor Johnston, Dr McKernan and Dr Pangalos.

Mr Brydon was joined by members in congratulating Dr McKernan in her absence for her appointment as Chief Executive of Innovate UK. He informed Council that Dr McKernan would remain an MRC Council member and her position at Innovate UK would serve to strengthen the relationship between the two organisations.
Finally, Mr Brydon offered congratulations to Dr Wendy Ewart who had been awarded a fellowship of the Faculty of Medicine at Imperial College. Dr Ewart had retired from her role as Deputy Chief Executive and Chief of Strategy at the MRC in 2013.

2. **Register of declared interests**

The Chairman requested that members inform the secretariat of any updates to their declarations of interest.

3. **Minutes of the Council meeting held on 4 March**

The minutes of the Council meeting held on 4 March were approved as an accurate record.

4. **Matters arising**

4A. **Report from the Council Audit and Risk Assurance Committee**

Dame Janet updated members on the discussions at the Council Audit and Risk Assurance Committee (CARAC) meeting on 26 March.

Progress with the internal audit programme had been a matter of concern to CARAC as work had fallen behind. The committee had some concerns about the capacity of the auditors to complete the previous year’s work and keep on track with the coming year’s work although progress was being made. It had been agreed that, where audit recommendations were open past the planned completion date, the responsible manager/director would be required to attend CARAC to provide an explanation and update.

CARAC had reviewed the audit reports for the Gambia and Uganda units and had been pleased to note that both audit reports had received moderate assurance - a much improved position from previously.

CARAC had also had a lengthy discussion, at their request, on how the MRC was dealing with cyber risk. This had been the first time CARAC had discussed the matter and members had found the discussion to be very informative. The assessment had provided an overview across all units and members had requested a more detailed assessment on a unit by unit basis in future reports. Council members raised concerns regarding the cyber security risks relating to MRC investments such as the Farr Institute and Biobank where big collections of data were held. It had been agreed that cyber risk would be included on the CARAC agenda on a regular basis and Dame Janet confirmed that CARAC would also look to consider the cyber risks relating to MRC extramural investments in due course.

Dame Janet updated Council on changes to CARAC’s membership. Ms Anna Anderson’s term of appointment was due to end (after three years) in June 2015 and Dame Janet requested Council’s approval to extend her term by a further two years. She also informed members that Mr Alistair Hewgill had resigned from CARAC and requested Council’s permission to recruit a replacement. Council approved both requests.

CARAC’s annual report to Council had been included as an annex to the paper. The report summarised the work of CARAC during 2014/15. Dame Janet reported that the management of fraud risk would be embedded into business as usual rather than being treated separately. The annual report also contained an update on the 2014 Directors’ Annual Statement of Internal Control (DASIC) and University Unit Assurance Statement (UUAS) exercises. The levels of assurance for both the DASIC and UUAS had remained stable; CARAC had been satisfied and agreed that the process was robust enough to identify areas of strength and concern.
Finally, Dame Janet informed members that Professor Schneider, who had recently been appointed to the role, was an excellent deputy chair of CARAC and she was delighted to have his support.

4B. Report from the Remuneration Committee

RemCom’s terms of reference had been updated to reflect the fact that the committee could now approve senior scientific pay between £100k-£142k pa without reference to the BIS Senior Remuneration Oversight Committee. Additionally, end-of-year senior salary reviews, the general pay award and a paper on public sector redundancy and exit packages had been discussed.

4C. Update from the Strategy Board meeting held on 24 March

Sir John updated Council on discussions at the Strategy Board meeting that had been held on 24 March; no Council member had been present. Strategy Board had discussed planning for the spending review (which would be discussed by Council later) and received updates on the activities of the research boards and overview groups.

Additionally, Sir John reported that Strategy Board had discussed the options for future development of the MRC’s activities in regenerative medicine.

5. CEO’s report to Council

Sir John Savill introduced this item and discussed the following matters:

Holborn fire and MRC business continuity

Mr Minty informed Council that the MRC head office at One Kemble Street had been closed for two weeks following the Holborn fire on 1 April. The MRC’s business continuity plan had been tested in the past and had worked well on this occasion. The impact had been reduced because the fire had occurred on the Wednesday before the Easter weekend when the office had been closed from the Thursday to Tuesday. An initial ‘lessons learnt’ review had been undertaken for which all staff had been surveyed for feedback. A meeting would take place with the landlord and other tenants in the building to discuss this feedback; Mr Minty would then report back to staff to let them know what changes would be made as a result of the incident. Key feedback from the MRC was that:

- The evacuation of the building had gone reasonably well and had taken 16 minutes in total (as there were only two stairwells). The fire had been known about for some time before the decision to evacuate had been made so feedback to the landlord would be that some kind of prior warning that evacuation might take place would be helpful so that staff could collect belongings.
- There had been nowhere for staff to gather following the evacuation as access to the normal location, the Peabody Estate, had been prohibited because of building work, so staff had been advised to disperse and come back later to check the situation. The MRC now planned to consider investing in an automated text messaging system so consistent messages could be sent to staff to keep them updated.
- The telephone cascade had worked reasonably well in informing staff about the incident and there had been a telephone message and updates on the intranet and website. Staff had reported that it had not been clear how up-to-date the telephone message was so the time and date of each update would be included in the future. Faster use would also be made of social media such as twitter and Facebook to provide updates.
Finally, Mr Minty highlighted that having a separate head office in Swindon had been invaluable and was the main reason that business continuity had not been badly affected. Staff had been able to work from the Swindon office or from home during the two week London office closure.

Dame Janet informed Council that CARAC had discussed the incident and on the whole had considered that business continuity had worked well.

Crick update

Sir John informed members that NIMR had successfully transferred its staff, research activities, assets, and intellectual property (IP) to the Crick on 1 April 2015, as planned. He also reported that the Government had indicated that it planned to reinvest up to £30m from the sale of the MRC’s assets to support research at the Crick, with matched funding from CRUK (£20m) and the Wellcome Trust (£10m); in each case this would be targeted at encouraging physical sciences and engineering approaches in partnership with the £20m contribution from the MRC for this purpose confirmed by Council in October 2014.

Mr Bulger reported that the contractual date for practical completion of the new building was 3 November 2015 but there was some doubt as to whether that would be achievable given the volume of work that still needed to be done. The actual completion date was more likely to be somewhere between 3 November and the Christmas holidays. If completion was achieved in that timeframe, it would not have an impact on the transition schedule from Mill Hill (and LRI) to the new building.

‘Grand Challenge’ research fund

Sir John thanked Council for their support of his proposal for a Grand Challenge Research Fund and reported that it had now been agreed by all seven research councils. From April 2016, the research councils planned to offer £100m per annum from existing budgets on a pro-rata basis according their individual budgets; it was hoped that this funding would be matched by the Government to enable the research councils to have a strong offering in interdisciplinary research and respond rapidly to emergencies or emerging opportunities. This could include responding to specific government initiatives. A seminar would be held on 11 June, chaired by Sir Adrian Smith, to discuss initial grand challenge initiatives. Each Council had nominated two representatives to attend the seminar; Professor Michael Arthur, President & Provost at University College London (UCL), and Professor Sir John Tooke, President of the Academy of Medical Sciences, had been nominated by the MRC. A number of areas would be discussed including discovery from big data, antimicrobial resistance (AMR), technology touching lives, low carbon society and disasters and animal and plant health. With regards to AMR, some consideration would be given as to whether it needed to be broadened out to encompass protecting society against infection and pandemic threats like flu. Council would be kept updated on how the discussions progressed.

Council noted that Jim O’Neill’s report on Antimicrobial Resistance would be published the following week and would explore ways in which the development of new antibiotics could be stimulated.

Update on 2014/15 Quinquennial Reviews (QQRs)

Sir John drew Council’s attention to the 2014/15 QQR updates in the CEO’s report.

MRC Millennium Medal 2015

Council unanimously endorsed the recommendation from Management Board that the 2015 Millennium Medal should be awarded to Professor Sir Brian Greenwood, Manson Professor of Clinical Tropical Medicine at the London School of Hygiene and Tropical Medicine, noting that his work had saved millions of lives. Professor Greenwood’s research had influenced national and international public health policies dealing with
some of the major killers of children in Africa. His work had demonstrated the
effectiveness of insecticide-treated bed nets, now the cornerstone of malaria control
throughout Africa, and the potential to eliminate Haemophilus influenzae B (Hib)
infection through vaccination. He had also: studied artemisinin-based combination
therapies, now widely adopted as first-line treatment for malaria; run large-scale clinical
trials of vaccines against pneumococcus, a common cause of pneumonia and meningitis
in children; and made significant contributions to malaria vaccine trials and the
development of meningococcal vaccines.

6. Finance report

Mr Dunlop introduced this item and updated Council on the provisional outturn for the
year which had changed slightly since the paper had been circulated. The numbers were
well within the MRC’s objective as set by BIS to ensure that programme expenditure was
within one per cent of budget. Programme resource near cash expenditure was £0.1m
less than budget, as was capital expenditure.

Administration expenditure was £1.2m less than the forecast and budget largely as a
result of the delay in the Oracle migration and the halt in the desktop support migration
to UKSBS. BIS had been advised in January of an expected underspend of at least £1m,
to allow utilisation elsewhere within BIS, if required.

Mr Dunlop informed Council that movement on IP income had been greater than
reported at the previous meeting and a chart had been included in the report showing
significant movements from forecast. The impact of these movements had been
mitigated through the use of in-year initiatives including Proximity to Discovery awards,
the Crick Translation award and funding of the Human Induced Pluripotent Stem Cell
Initiative (HipSci). Expenditure had also been brought forward including the funding of
Human Genetics Unit Section 75 pension liability and underpinning MRC pension liability
obligations through additional payments to the pension scheme.

There was some discussion regarding the MRC’s process for deciding how to invest
potential underspend. Sir John explained that Mr Dunlop alerted Management Board to
potential underspend every month. The MRC had a series of high-quality, rapid spend
initiatives which had been peer reviewed in advance so they could be used at short
notice, such as Proximity to Discovery. As a number of the initiatives were established
partnerships where another organisation would be spending the money, the MRC could
make payments to them at the end of the financial year where necessary.

7. Safety, security and resilience annual report

Mr Stephens, Head of Safety, Security and Resilience (SSR), introduced this item. He
reminded Council that he had reported the previous year that some MRC units had
received incorrect advice from the Home Office regarding the rules on controlled drugs
licensing. University research departments were exempt from holding a licence but MRC
units, despite being embedded within universities, were not. The MRC had agreed with
the Home Office that its units would apply for controlled drugs licences and that the units
could continue their work whilst the licensing process progressed. Due to resource issues
at the Home Office progress had been slow, but all MRC units were expected to be
licensed by the end of 2015.

Finally, Council discussed and approved the Health and Safety Policy Statement subject
to it being made clear that it applied only to MRC employees and not university unit
employees.
8. **University Units – update on progress**

Mr Minty introduced this item and updated Council on progress and future plans for the university unit programme. He reminded Council that phase one of the university unit programme had been completed in October 2013 and 13 units, 970 staff and a total of £62m per year from the intramural programme had been transferred to the HEI sector. The MRC had also set up two university units *de novo*.

10. **White space**

*How to convey the value of the MRC to incoming ministers*

Mr Brydon thanked Council members for their suggestions for the white space item. Ms Parry had suggested that Council discuss how to convey the value of the MRC to incoming ministers. To start the discussion, Mr Brydon invited Ms Nebhrajani to outline her initial observations since joining the MRC as Director of External Affairs earlier in the year. Ms Nebhrajani informed Council that part of her role was to help the MRC shape its spending review bid and to build a network of stakeholders in Parliament and more widely with industry, charities and others who could understand and support the MRC’s role. She then outlined some of her early observations and highlighted that although the MRC had enormous scientific credibility, its stories were often too complex and comprehensive; the MRC needed to improve its arguments with clear and simple but effective messages that could be understood by the outside world. Ms Nebhrajani also highlighted that the overlaps between NIHR and the MRC were often not well understood and talked about the importance of public confidence in medical research and ‘patient pull’.

Sir John agreed with Ms Nebhrajani’s observations and informed Council that he had started working on key messages that could encapsulate the MRC’s plans and demonstrate why the MRC was a considerable asset for the UK. He suggested that the MRC’s strategy could be summarised under the headings Prioritise, Discover, Transform and could be presented as a triangle diagram; the headings could be populated with different stories/examples depending on the audience.

Council supported this approach and agreed that it would be useful to have a short summary of the MRC’s key messages to act as an aide-memoire if opportunities arose to support MRC communications on this issue.

**Action: Produce an aide-memoire for Council members of the MRC’s key messages**

Finally, members discussed the need to ensure that the MRC’s vital role in the eco-system was clear with the interdependencies between the MRC, NIHR and the Department of Health (DH) emphasised; there should be no doubt as to how the MRC’s research was needed for DH to put healthcare improvements into practice.

**How do we encourage our peer review panels to take the right level of risk?**

Professor Schneider had suggested that Council discuss how to encourage peer review panels to take the right level of risk having recently attended the panel chairs’ meeting of the European Research Council where the topic had been raised. Council agreed that some peer review panels could tend to be conservative and that it was necessary for the panel chair to take the lead in supporting riskier proposals with the potential for higher returns. Members highlighted that five-year programme grant funding was ideal as it provided researchers with long-term support which gave them the security to take risks within the investment without having to go back to the funder for permission.

Mr Brydon thanked Council members for their suggestions for the white space item and noted that other suggestions that had been submitted would be discussed at forthcoming Council meetings.
Finally, the Chairman requested that members write to Dr Peatfield, with their suggestions for the answer to Dr McKernan’s question - if the MRC could tackle one thing that was not currently a priority, what would it be?

**Action: Dr Peatfield to email Council for members’ answers to the question - if the MRC could tackle one thing that isn’t currently a priority, what would it be?**

11. **Nurse review update**

*Professor Dame Janet Finch is a member of the Nurse Review Advisory Group and Baroness O’Neill is a member of the reference group. Both remained in the room for the discussion at the Chairman’s invitation.*

Dr Rawle presented this paper and informed members that the RCUK response to the call for evidence for the Nurse review had been submitted. MRC units and institutes had also been encouraged to submit individual responses to the review given the difficulty and constraints of responding jointly.

Council discussed the RCUK response and suggested that the difficulty in trying to represent the views of seven research councils had meant that the messages had not been as strong as they might have been.

Council agreed that the review did present an opportunity for the research councils and hoped that the report would conclude that as science research was an area in which the UK was world leading, it should be celebrated and invested in.


Council agreed with the report on delivery of Council objectives for 2014/15 which had been included in the paper. Council also approved the proposed objectives for 2015/16 subject to the addition of an objective to ensure that the MRC had the ability to respond quickly and appropriately to emergencies.

**Action: Dr Peatfield to add objective for Council to ensure that the MRC has the ability to respond quickly and appropriately to emergencies.**

13. **Draft agenda for July Council meeting**

Council noted the draft agenda for the July Council meeting.

14. **Any other business**