

## **NERC Council Meeting**

### **Summary of discussions**

**20 October 2016**

**National Oceanography Centre, Southampton**

#### **Members present:**

Professor IL Boyd, Sir A Cleaver (Chair), Ms J Davenport, Mr N Folland, Ms L Heasman, Professor AL Heathwaite, Mr I Khan, Dame GM Mace, Professor G Orpen, Professor DIA Poll, Mr IR Simm, Dame J Slingo, Ms C Tacon, Professor DJ Wingham (Chief Executive), Lord Willis, Professor L Yellowlees.

**Apologies:** None.

**Representative of the Secretary of State:** Mr S Axford.

**NERC Directors:** Professor T Wheeler (Director of Science and Innovation), Ms A Robinson (Director of Corporate Affairs and Change Management), Mr PJ Fox (NERC Chief Operating Officer).

**Other attendees:** Dr S Davies (IAB Chair), Professor A Hatton (SB Chair), Professor John Ludden (Director, BGS).

**Secretary:** Dr AJ Turner.

#### **Key issues discussed**

##### **Welcome to new BEIS representative**

The Chair welcomed Mr Stephen Axford (BEIS), who was attending his first NERC Council meeting as the representative of the Secretary of State.

##### **Chief Executive update**

Council spent some time being advised on potential issues, concerns and developments following the result of the EU referendum. Council were advised that there was ongoing, high-level dialogue between the Research Councils, Universities and the Department of Business, Energy and Industrial Strategy (BEIS), with a shared commitment to ameliorating the impact on UK science.

Council also noted the success of keel laying ceremony for the new polar ship, the RRS Sir David Attenborough on 17 October and the visit of the RRS Discovery to Liverpool in early October 2016. Council were also advised on the successful opening of the Lyell Centre, the joint BGS/Herriot-Watt University Research Centre for Earth and Marine Science and Technology in Edinburgh on 18 October following excellent collaborative work between the Herriot-Watt and NERC estate teams, and the smooth transfer of BGS staff to the new, purpose-built Centre in Edinburgh. The Centre formally opened by the Deputy First Minister John Swinney.

## **Finance and risk report**

Council received a finance report which set out the broadly balanced financial position for 2016/17. Council noted that BEIS had introduced a new reporting structure ('next generation reporting'), which enabled NERC to align reporting to BEIS against NERC's funding streams, and that the report had been modified to reflect this. The Chair of the Audit and Risk Assurance Committee (ARAC) outlined the headline risks from the corporate risk register. Council shared ARAC's concern about the uncertainty around what will replace the UKSBS provision of back-office services, and the potential impact of late or unsatisfactory delivery of the Oracle replacement project and/or the new grants system and asked that this be conveyed and for additional assurance on a robust solution being in place. Council requested ARAC maintain its oversight and report specifically on this issue again.

## **Update from Department for Business, Energy and Industrial Strategy (BEIS)**

Mr Axford provided Council with an update on progress of the Higher Education and Research Bill, noting the next stage is for the Bill to progress to the House of Lords and that the announcement of the UKRI Chief Executive is anticipated in December 2016. Mr Axford noted that BEIS continued to rest is anticipated that new top-level governance will be in place by end of December 2016. He thanked Research Councils for feeding in issues and areas of risk in regards to both UKRI transition planning and Brexit issues and welcomed ongoing assistance to inform future planning.

## **Planning for UKRI**

Council noted a more detailed update on progress of the Higher Education & Research (HE&R) Bill, including the known implications for the Research Councils including NERC, and the timetable for this BEIS-led reform programme. Council noted that the stated intent of the interim chair Sir John Kingman is for UKRI to take on the role of a 'strategic brain' that brings together the Research Councils, Innovate UK and HEFCE as more than the sum of their parts. Council noted that there had been positive progress in developing the policy and legislative aspects of the reforms, and that more attention was required to the detailed operational planning required to implement the transition. Council were assured that ARAC is continuing to look at the risks surrounding the change and transfer of governance to UKRI.

## **Global Challenges Research Fund (GCRF)**

Council received an update in relation to developments in establishing the Global Challenges Research Fund, with NERC having focused on development of ODA themes within its dedicated budgets, where relevant, including with other Research Councils. Council were also advised that the first calls had been released from the GCRF fund, with a very positive response including from the research community. Future calls and an over-arching strategy are being developed. Council also noted that NERC was actively engaged in the current Newton II rounds, and developing a programme of work with the Rockefeller Foundation to give a broader emphasis in this area.

## **Marine National Capability**

Council agreed to revise internal management and governance arrangements in relation to Marine NC to ensure these remain fit-for-purpose for NERC as a commissioner of research and to ensure ongoing support for UK marine national capability, including the development of a more integrated approach. Council were advised of the scientific need to be addressed

within marine sciences, and Council agreed that retaining a world-class marine national capability in the UK was a priority.

### **Future of hydrology national capability**

Council noted that there was ongoing focus and discussion in this area, which was proving positive, and that a further update would be shared at the December meeting of Council.

### **Energy Security and Innovation Observing System for the Subsurface (ESIOS)**

Council noted that in 2014, Government announced £31m of capital funding for BGS for ESIOS in the 2014 Autumn statement, to develop two new world-class, subsurface research facilities, which will generate knowledge applicable to a wide range of energy technologies. Council received a presentation using detailed slides to summarise the proposed ESIOS programme and progress to date in developing its science objectives and over-arching aims.

After some discussion about benefits and potential risks of the programme, Council approved the ESIOS outline business case to be submitted to BEIS processes, subject to a final review to ensure the case for an independent scientific evidence base was set out clearly. Council asked for ongoing attention to this business critical project due to the potential for reputational risk, and the need to maintain wide communication in this area of geoscience. Council noted the assurance given by the recent BEIS Gateway 2 review and ongoing ARAC oversight to this project.

Council also approved the new SPA 'Unconventional hydrocarbons: understanding coupled environmental processes from reservoir to surface', recommended by Science Board, subject to the approval of the ESIOS capital investment.

### **Governance, Responsibility and Ownership (GRO) programme**

Council received an update on the Governance, Responsibility and Ownership (GRO) programme of work. GRO is the NERC programme to consider the future ownership and governance of NERC's research centres. Council noted ongoing talks to progress this activity with officials at BEIS, with work progressing on Ministerial briefings and business cases. Reports will continue to be presented to future Council meetings as this programme of work progresses.

### **Hadley Centre update**

Council noted an update about ongoing discussion with the Met Office about the interface and support for science between NERC and the Hadley Centre, and that this was happening with a good deal of cooperation, and a shared commitment to the importance of the science of the Hadley Centre.

### **Public engagement with environmental science**

Council considered a paper and presentation that shared progress, current challenges and future plans to deliver NERC's Royal Charter duty to lead public engagement with environmental science. This included a summary of progress in delivering against the recommendations of external reviews (e.g. 2015 communications capability review, 2014 Triennial Review). Council congratulated the NERC team for first class progress and the

recent success of the Into the blue showcase event across the RRS Discovery visit to Liverpool and the keel laying for the new polar ship the RRS Sir David Attenborough.

Council members noted activity to deliver against the three strands of the NERC public engagement strategy, and the aspiration to broaden out and develop NERC's approach to creating awareness amongst stakeholders, including the public, of NERC's big, topical issues, and agreed the approaches for tackling NERC's top priorities over the forthcoming year. Council gave it support for NERC continuing to increase its ambition and presence, and build capacity within its public engagement strategy. Council welcomed the planned evaluation of this new area of focus.

### **NERC corporate responsibility report**

Council received an update on NERC's corporate responsibility, following the first round of reporting since the responsible Business Statement was introduced in May 2016. Using a balanced scorecard approach, Council noted the progress, strengths and less well developed areas across the four areas of commitment: environment, transparency, community and workplace, and standards.

Council agreed the areas of continued progress for NERC corporate responsibility, and supported the NERC executive to do more to increase the ambition of NERC's environmental targets and in the area of equality and diversity both as a funder and as an employer.

### **Standing items**

Council also noted a number of standing items including the rolling programme of business, and a report of the Science Board of 22 September 2015 and agreed to publish budgets. Council also noted a report from the Audit and Risk Assurance Committee meeting of 6 October 2016.

### **Date and time of next meeting**

The next NERC Council meeting will be held on 7 December 2016.