

**NOC STAKEHOLDER ADVISORY BOARD**  
**Tuesday 14th November 2017**  
**National Oceanography Centre, Southampton**  
**Library Red Room: 11:30 ~ 14:45 hrs**

**Attendees**

Interim Chair: Professor Ed Hill OBE (EH)

Dr James Baker (by telephone) (JB)  
Professor Stephen Belcher (SB)  
Colin Grant (CG)  
Professor Angela Hatton (AH)  
Professor Peter Liss (PL)  
Dr Caron Montgomery (CM)  
Julie Pringle-Stewart (JPS)  
Professor Ajit Sheno (AS)  
John Murray (JM)  
Caroline Speller (CS)

Secretary: Jackie Pearson (JFP)

Professor Ed Hill (EH) opened the meeting, welcoming members and inviting a round table of introductions. He noted that apologies had been received from Professor Dougal Goodman and Professor Peter Herzig. EH explained that Ian Shepherd had stepped down from the role of Chairman and is invited any other items of business – the G7 was suggested. Professor Stephen Belcher (SB) is the new member of the Board and introduced himself.

**Item 1        Minutes and actions – May 2017**

- 1.1    The Secretary was asked to add apologies from Professor Peter Liss (PL) and Professor Angela Hatton (AH).
- 1.2    Re: action point at 3.2, Dr Jim Baker (JB) had nothing further to add.
- 1.3    Professor Stephen Belcher (SB) commented on point 5.3 and asked if the Board could discuss the European Earth Observation Programme (Copernicus) which comes under Horizon 2020 funding. EH confirmed that NOC has some funding for this. AH added that this needs to be discussed and there should be additional input from NOC. SB said the Met Office understands that Government will underwrite the Copernicus Programme which is now on the 'BEIS radar'. There were some concerns and SB said he would be happy to share what the Met Office had submitted to BEIS.  
**Action: SB**
- 1.4    Dr Caron Montgomery (CM) expressed concern about the lack of information from BEIS, not just on Horizon 2020 but on EU funding generally. It is clear that UK science has fared better than expected and the gap may be bigger than anticipated. Defra's Deputy Chief Scientific Advisor Defra is looking at

this. CM asked if there was any engagement through the NOC? AH responded that she was not sure that BEIS have clarity on this yet.

- 1.5 EH confirmed that in terms of NOC independence, the potential impacts of BREXIT had been addressed in the Business Case made to BEIS. Assumptions had been made on the pessimistic side, for example, suggesting that by 2021, funding will reduce to zero. An alternative source of funding will be the Industrial Strategy Challenge fund. There is the on-going concern about staff as up to 20% of NOC scientists are non-UK nationals. One EU national had left recently and there are a further two who may leave, so this is of concern. Professor Peter Liss (PL) noted that the French are trying to recruit climate scientists at the moment so the UK may be seen as a good place to 'head hunt' potential staff. EH added that there are other schemes though to bring people in, e.g. the Rutherford Scheme.
- 1.6 In terms of funding for science, EU funding varies between 20 and 25% of NOC's research income. The Met Office is preparing documentation that details potential risks. It would be good to align the Met Office statement with that of the NOC. It is important to ensure consistency in our messages. Dr Phil Heads (PH) said that the research councils have been asked for information regarding risks and these are fed into government. AH added that when funding ends, there may be other international routes to explore. SB was keen not to lose traction by waiting to see how the situation unfolds. EH added that funding tends to follow issue-led problems and we have benefited from working collaboratively with some of the best scientists in Europe. The EU is the second biggest funder after NC-NERC funding. Some Long Term programmes could only be sustained through EU funding.

## **Item 2            Changes in ownership and governance**

- 2.1 EH gave a presentation about the NOC becoming an independent research organisation. Negotiations with NERC begin after Christmas. We are preparing the business case for BEIS which will be looked at by individual boards. After this, it will go to the Minister for approval. This will then form the basis of Gateway Four which is the point at which the NOC will have a new legal entity. If the new entity is truly independent, the NOC will have charitable status.
- 2.2 We need to configure the business systems to meet NOC's needs. Other support services may also be needed and all need to be ready to run the new organisation. This goal is set for the end of June 2018.
- 2.3 SB asked who would be scrutinizing this on behalf of the NOC, to ensure that everything is in order. How does this relate to the work of the Board? EH advised that the Board of the new NOC will have this responsibility. The Transitional Oversight Committee (TOC) will become the 'NOC Board' in January 2018. EH added that the role of the Stakeholder Advisory Board is to enable engagement with NOC's stakeholders.

- 2.4 The definition of a public body is entirely dependent on the Office of National Statistics. This will be assessed 'down stream' so is done retrospectively. To determine whether we are a public body - this is all about control - is the organisation under the control of the public sector? This control could occur through the governance structure. If Government has a controlling influence on an organisation, then this would be considered to be within the public sector. For example, if the government appoints members of the Board. It is worth noting the example of BBSRC institutes – because the BBSRC was controlling the Board, they were going to be brought back into the public sector.
- 2.5 JB asked whether, in the new arrangement, there will be restrictions in engaging with, say, for example, China? EH said that there are restrictions in terms of company law and the Charities Commission but in the new model, we will have more freedom than we have today. The decision will be made by the NOC Board. We will need to consider ethical and reputational issues and abide by government sanctions. At the moment, we would have difficulties in, for example, engaging in contracts with overseas governments.
- 2.6 The NOC is controlled around funding and the rule is that more than 50% funding is considered 'controlling' so this has implications, although this does depend on the nature of the funding. If, for example, funding is won competitively, this is not considered 'controlling'. The issue concerns the balance of NC/core funding versus funding that has been won through competition. Ship operations complicate matters as this involves a large amount of funding which could be deemed to be controlling.
- 2.7 PL asked about whether the Board of Trustees will be appointed by NERC. EH advised this is under discussion.
- 2.8 EH said that there's a chance that this whole process may slip and potentially become more complicated after the UKRI is formed. The effects of the formation of UKRI will only really have an impact though, after about six months which is when the UKRI may start to, for example, harmonize terms and conditions for staff. It is important that there aren't too many changes to terms and conditions whilst the NOC is within the UKRI.
- 2.9 EH noted that outstanding issues include NERC funding and EU funding. We are applying for funding via the GCRF and the Industrial Strategy Fund however, these are less familiar to us. AH added that there are concerns about these new funding routes - we could do a lot of capacity building and targeted science, however, we need to ensure continued science excellence. EH noted that this will be true even if we stay within NERC.
- 2.9.1 CM asked about what might happen if a new government forms? PH said that this could delay things on the post Gateway Four decision. Colin Grant (CG) asked how critical it is to secure charitable status. EH said that NERC had determined that this will be critical as without this, the NOC will not be entitled to new freedoms. The NOC does need to be legally separated from the NERC but ultimately this will get us into a stronger position.

- 2.9.2 AS asked about the benefits of charitable status. The benefits are 1.) charitable status will crystalize our mission as something that is there to deliver public benefit. This will be the advancement of science. There are a number of consultancy businesses that started out as research institutes but this isn't what we want for the NOC. We want to retain our science mission purpose. The second benefit is hard and financial. The NOC would have the freedom to operate outside the public sector controls on pay, contracts etc.
- 2.9.3 SB advised that the Met Office has a trading fund and is limited by Government. EH noted that the Met Office is still within the public sector. Any profit will go to Treasury but any profit made by NOC will be ploughed back into the organisation. PL noted that as a national centre, the NOC must have a broader remit than just 'balancing the books' as this would not be for the communities benefit.
- 2.9.4 PH added that the NERC wants institutes like the NOC to remain sustainable and for the NERC, the best outcome is as a charity. The UK needs national capability and critical mass. If NOC fails to get charitable status, then we need to think carefully about this. The UKRI may possibly have more autonomy.
- 2.9.5 PL asked about appointing the board of trustees. These colleagues will have responsibility for the process going forward which could leave the NOC vulnerable. Is there anything this Stakeholder Board can do to help? For example, write a letter to the CEO of NERC? EH said he was not sure that this would be helpful at this point. PH said that there is a transition issue. As we go forward, once the NOC becomes a separate legal entity, this is not adversarial - we will not be in opposition. This is not 'NERC versus NOC'.
- 2.9.6 EH said that the board must be in place by January 2018. We already have the core members in place. They will then become responsible for making the appointments.

### **GRO High level Plan for Implementation Stage**

- 2.9.7 Contracts have been identified and drafted for the new entity. This will lead to transfer of contracts to the new legal entity and then there will be the transfer of staff. We will need to develop terms and conditions for new staff. Business systems will need to be set up, designed and tested. November 2018 is the go live date. CG asked if the business systems will be developed internally. EH replied no, and that NOC is buying in systems that will be designed to meet our needs. This process is under tender at the moment.

### **NOC Funding Envelope**

- 2.9.8 The two main business areas are scientific research and national marine facilities (Large Scale Research Infrastructure). We also look after the BODC and income that supports the corporate activity of the NOC. Science activity – institutional funding supports some of the salary costs of our P.Is. This is similar to QR in universities (ref exercises).

## **Long Term Single Science – Underpinning.**

- 2.9.9 Some NC has been redirected to support Official Development Assistance funding and there are a number of service agreements with NERC, e.g. RAPID. NERC funding represents ~ 70% but competed funding is about 40%. In terms of genuine long term science national capability, this is about ~ 10 – 13%.
- 2.9.10 CM said that she would like to know about strategic research – competitive (RP) as there is a mismatch between Defra and the community. AH spoke about this and highlighted current highlight topics and Strategic Programme Area (SPA) opportunities. CM said that the way that Defra engages is going to have to change.
- 2.9.11 Funding has been taken from the LTSS block and gone into the institutional funding. Its future level will depend on how we fair in the five yearly evaluation exercises.
- 2.9.12 PL referred to the situation when NOC and CEH are more independent, and asked whether these will be competing on a ‘level playing field’? PH said that ownership will make no difference to the allocation that NERC applies. There isn’t much changing here actually. EH added that NCAS and PML receive institutional funding. PL added that he is concerned that, as time goes by, these institutes will look very different to each other.
- 2.9.13 SB added that the NOC has a diverse portfolio of funding which will pull staff in different directions which will be difficult. Managing this will be complicated and may affect your stakeholders, e.g. the Met Office. As a stakeholder, SB said that this is of concern.
- 2.9.14 AH advised that in developing the LTSS bid, she engaged with stakeholders and they had highlighted that they would prefer to engage through small working groups. For example, JNCC was interested in MPAs and wanted to link directly to the UK related fixed point observatory/MPA work conducted by Veerle’s group. As part of the broader engagement we spoke to Simon Brockington in Defra and Helene Hewitt from the Met Office.
- 2.9.15 SB asked whether the new entity will result in changes in the way people work. E.g. will staff have to record hours that they spend on different activities? AH said yes people will chart their time to specific tasks and activities. EH added that the NOC has always charged time to projects.
- 2.9.16 It was highlighted that as part of the LTSS bid NOC has agreed to fulfil the UK requirements for the GO-SHIP international programme. We can only afford to put six scientists on this expedition, but wish to encourage wider participation from the academic and end user community. We will appoint a coordinator to support this activity, including creating opportunities for PhD students too to take part in LTSS expeditions.

2.9.17 EH said that compared to the situation that existed up to ten years ago, funding has now changed from the 60% as Oceans 2025 and it is now reduced overall and been split into specific areas, including ODA related research.

2.9.18 There is still a misconception of the NC funding envelope for NOC. This includes changes to NC science funding and the fact that ship operations are now subjected to flat cash so there is now a need to consider filling some capacity through chartering our ships, so that we can fill the flat cash gap.

### **Item 3      The future configuration of the Stakeholder Advisory Board**

3.1      EH said that Peter Herzig and Colin Grant wish to rotate off the Board. There is also a vacancy for Chair. Now that we have a decision on the governance project, we need to review the Stakeholder Advisory Board. There have been similar on-going discussions around the NOC Association.

3.2      NERC have indicated it does not want to have a Trustee on the CLG company as this may be a conflict of interest. NERC will have an observer status on the new Board of Trustees though.

3.3      SB asked who would make decisions, what influence different groups will have, how they will affect the way in which the NOC operates. CM advised that she had struggled as to whether her remit is to guide NOC on Defra's policy or to advise on her science interests. Does NOC want the Stakeholder Advisory Board (SAB) members to bring their knowledge to the group or science inputs? Science and industry contacts may have very different perspectives so it needs to be made clear what is expected from members.

3.4      EH advised that the new SAB will not be a governance body although its membership has taken an interest in the formation of new NOC from the start. This was reflected by the name change to *Stakeholder Advisory Board*. The NOC needs to be aware of the diverse needs of stakeholders and EH explained that the operation of this Board will be two way engagement.

3.5      PH asked for clarification of the difference between the role of an observer on the Board of Trustees and a member on the SAB. EH said that, in terms of 'hard science' advice, it will be the executive team which will have this responsibility. AH said that it would be useful to get input and advice from this group today on issues on the horizon.

3.6      CM suggested having an annual stakeholder meeting with a workshops which could then lead to a more focused section.

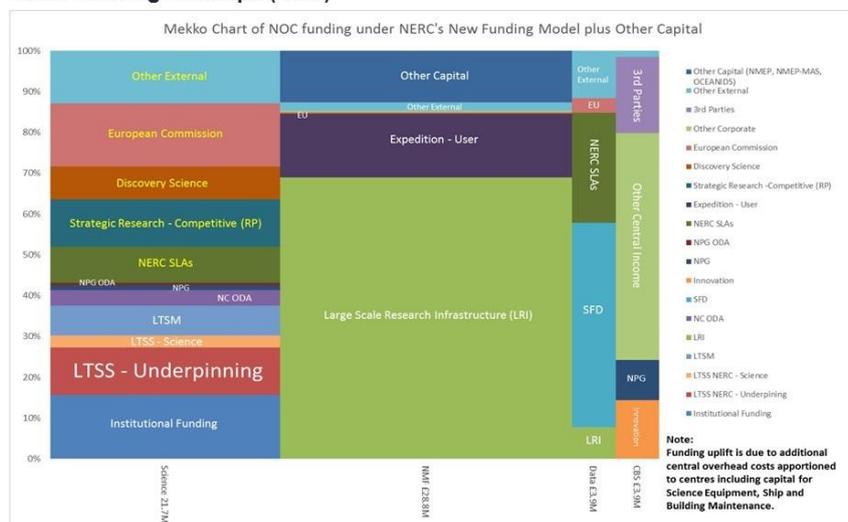
3.7      EH said that as the NOC is a national centre, the broader community of stakeholders needs to be able to contribute. SB asked about the importance of a community contribution. NC is 'multi-centre' but the NOC itself has a range of projects so we need clarity on what we want from the different bodies.

- 3.8 PL said the NOC Association should be the communication channel into the new NOC, although this is distinct from giving advice so the question is, does the NOC also want advice from industry and commerce?
- 3.9 John Murray (JM) asked about the membership of the Board of Trustees and what their role will be. Ultimately, these people are responsible for the organisation so the membership should bring certain expertise to the NOC. e.g. legal, finance etc. For example, it would be inappropriate for say, PML to sit on the Board of Trustees as there can't be representation from a group that is a competitor. We need to be clear about who the observers should be – presumably, major financial stakeholders? How do we ensure that other stakeholders can be represented in a future model? Perhaps there should be meetings with two part agendas where part one includes the observers and the other includes the financial representatives.
- 3.9.1. CM asked whether there is a need to separate governance from communication. PL said that JM's point was referring to conflicts of interest. SB said the Board really covers governance, quality assurance and stakeholder engagement and how these couple with governance. The Met Office has a Chair, four members of an executive Board and four non-executive members. There are three more, a scientist, a government sponsor (BEIS official) and a colleague with a commercial interest.
- 3.9.2 CM asked if NOC wants accreditation or the strategic direction from the SAB to give the advice that NOC is going in the right area? AH said that the NOC wants the latter and that the issue is about a strategic and operational view.
- 3.9.3 CG said that he had been a trustee on the UK Science Council and is now an observer. He recommended that members are appointed because of their competence, not because they are representing industry or a university. They must be appointed because of their expertise. NOC needs to decide on the skill sets needed, e.g. legal, finance, charity role. Only then, can this be taken forward.
- 3.9.4 PH asked about what will happen to the Transition Oversight Committee (TOC). EH said that they will become the new board. Currently, there are three members and they are there in their own right. They are: Sir Robert Margetts, (Chair) (former Chair of NERC), David Gee and Andy Tyler (from the maritime sector).
- 3.9.5 EH explained that the NOC and the UoS share infrastructure. The UoS has a 25% interest in this building and they have indicated that they would like to nominate a trustee. This is in discussion although it may be a conflict of interest. PL asked about the situation with the University of Liverpool. EH explained that this situation is different and doesn't concern ownership.
- 3.9.6 PL said that the NOC Association will need to have a different name and explained the reasons for its creation. He said that there is a need to revisit this. There is a need for the NOC Association. We are a community. Where does the NOC Association sit on the diagram? EH said that the NOC

Association will have observer status on the Board of Trustees. We need diversity outside NOC and this can be represented by having the NOC Association as an observer. AH said that the NOC Association should be about National Capability.

3.9.7 PL added that there are some activities that are not NC but that the NOC Association should be doing. AH said that public and national good funding enables us to support the community. SB asked if the SAB should be rolled into the NOC Association. PL explained that the NOC Association was formed of those bodies that receive NERC funding to do marine science. AH said we need to decide what the NOC Association would like to do. CM said that the term NC is not helpful. She referred to the slide (below) and asked whether the chart shown is for NOC or for UK marine science.

**NOC Funding Envelope (2020)**



3.9.8 EH explained that NOC has tried to fulfil a lot of remits, including the MSCC. CM said that this brings us back to, what is the role for MSCC? PH said that when the new NOC forms, it needs to be formed as cleanly as possible. What is the new NOC for, recognising it is a player in a broader landscape. The NOC needs support from the partners in the NOC Association and needs challenge and support from industry. What does the NOC want to achieve; how can it be achieved?

3.9.9 CG suggested considering writing terms of reference for the Board of Trustees. PH said that increasingly in the UK, constituencies try to join up to achieve the same ends and that the funding world is becoming more joined up. There is advocacy and powerful people who can get a head of steam up around a proposal. PL said that industry is not a community, rather it is a number of entities but the research side is collaborative and involves a community. JM noted that said UK industry comes together under 'Maritime UK'. EH agreed to advise comments to the NOC Board **Action EH**

**Item 4            Executive Director's Report**

- 4.1    EH talked through some of the highlights featured and JM thanked Jackie Pearson (JFP) for the report. PL asked if the report covers only Southampton and who sees it. Is it public domain? If sections on governance are removed, it could be made more widely available, for example, to the membership of IMarEST. CG agreed to arrange this. **Action: JFP and CG**

EH asked for the reports to be made available on the CONNECT pages.  
**Action: JFP**

**Item 5            AOB and date of next meeting**

- 5.1    Colin Grant advised that he will be stepping down from the Board.
- 5.2    Jim Baker Advised that he is now a consultant for the FAO in Rome.