1. **INTRODUCTORY REMARKS**

1.1 Dr Golby welcomed attendees. Apologies had been received from Mr Boyer, Lord Darzi, Professor Gibson, and Professor Hamilton.

1.2 Dr Golby said that this was an additional meeting, originally scheduled to determine the appropriate response to the 2013 Spending Review (SR) settlement and in particular, any revised budget for 2014/15. Although the allocation had yet to be made, the Chairman and the Senior Executive Team had considered it was necessary and important to hold the meeting in order to keep Council informed of, and to discuss, a number of important developments since the previous meeting.
1.3 The Chairman asked members to note any particular declarations of interest in relation to business on the agenda. The following members indicated specific research income interests in relation to either the prospective Quantum Technologies, Data Analytics or Centers for Doctoral Training (CDTs) calls: Professor Friend, Professor Jones, Professor Finkelstein, Professor Fisher and Professor Sambles.

1.4 Mr Clayton reported that cross-departmental discussions regarding the 2014/16 and 2015/16 budget settlement had yet to be concluded. The excellent information previously provided by EPSRC and the other Research Councils (RCs) would enable quick decisions once the final position was agreed. In relation to the March 2014 budget bids, Mr Clayton said that these would be submitted to Treasury in early February 2014; he thanked the Executive for their help in putting together the bids. Finally, Mr Clayton said that an announcement on Professor Delpy’s successor as Chief Executive Officer (CEO) was expected to be made within the week.

2. **MINUTES OF THE MEETING HELD ON 2/3 DECEMBER 2013**

2.1 The minutes were accepted as a true record of the meeting.

3. **ACTIONS AND MATTERS ARISING**

3.1 Reports were provided on actions as recorded below.

3.2 (2.12, 2.13) The Executive had reviewed the report of the Review of Peer Review and had passed comments to the panel Chair. A date (26 February 2014) had been fixed for the first meeting of the Council sub-group to consider a response to the recommendations. The data on relative community scoring would be provided to Council.

3.3 (3.3) Professor Sambles reported that the nomination process for the external appointment to the Resource Audit Committee (RAC) had elicited a number of strong candidates. The interviews would take place on 17 February 2014.

3.4 (6.5) The Council members’ skills matrix had been discussed at the Appointments Assurance Committee (AAC) (see item 8). The secretariat would be in touch with members to populate the data.

3.5 (6.7, 6.8) The Council sub-set charged with developing a response to the Council Effectiveness Review was meeting on 12 February 2014 for its first discussions, aiming to report to the May 2014 meeting.
3.6 (12.5) Professor Delpy said that the Executive would bring a long-term plan to Council’s next meeting. Dr Golby reminded members to let him know of any topics or issues they wished to see addressed by Council.

3.7 All other actions were carried forward to future meetings.

4. METHODOLOGY FOR IMPLEMENTING BUDGET CUTS (Oral)

4.1 Mr Lewis introduced the item by referring Council to their agreement at the previous meeting: where there might be a requirement (for example, for 2014/15) to make a rapid adjustment to the budget, the expedient approach was to delegate the process to universities for them to manage the details, with any cuts evenly distributed across the portfolio. He also reminded Council that it agreed to protect training and that this action therefore applied to research grants only. Since Council’s previous meeting, the Executive had – as contingency planning - modelled a number of associated practicalities.

4.2 Mr Lewis outlined a number of options the Executive had rejected as being either unworkable from a system perspective (e.g. issuing negative grants) or too administratively costly (e.g. changing individual awards). The principal viable option was to apply a top-slice to organisations’ EPSRC awards. This had the advantage of providing flexibility, was administratively easier than other options and was familiar both to the Council and to universities since the method had been used to implement the Wakeham savings in 2008. On the negative side, it would nonetheless be a resource-intensive operation, and would require strong communication with universities, not least to ensure that grant underspends already built into the EPSRC financial models were also accounted for when any top slice was calculated.

4.3 Mr Lewis then asked Council to agree a number of principles to apply to the process:

i) Should Research Councils harmonise on the processes they all adopted? Council agreed that, at the level of principles, there should be commonality but this should not undermine, for example, Council’s decision to protect training;

ii) Council agreed that it was appropriate for the Executive to seek from universities the data on which grants were being reduced, for accounting and auditing purposes;

iii) Council agreed that the census date for the data to be used should be as at its previous meeting i.e. 3 December 2013, enabling an unequivocal baseline;
iv) Council agreed that the data affected should comprise the forward portion of grants from 1 April 2014, and should include all organisations, all research grant types, and all headings;

v) In response to members’ questions Mr Lewis said that the top-slice would be issued with instructional guidance on what Council expected to see happen, though enabling sufficient margin for organisations to manage the details strategically, as they saw fit. Such guidelines would cover, for example, protection of partnerships and industrial collaborations, as well as the protection of training.

4.4 Mr Lewis thanked Council for these directions and flagged that, with the allocations yet to be made by BIS, there remained the possibility that the methodology discussed in the above paragraphs may need to apply to the 2015/16 budget as well as 2014/15. The next steps would be to refine the details once the allocation was known and to develop a communications plan, which, members said, should include the impact on industry. Council noted that, with uncertainties remaining about government action, it might be called upon to take decisions outside formal Council meetings.

4.5 Dr Golby referred to the three recently cancelled regional meetings and said that the original plan to discuss the allocation outcome with the community still remained. Arrangements would be made for at least one public meeting as soon as it was feasible to do so. The Chairman informed Council that as soon as budgets were known, members would be called upon to assist in their communication.

5. **STRATEGIC BUSINESS UPDATES**

5.1 The Chairman introduced the item by saying that the following reports covered a number of significant activities about which it was important for Council to be aware and have the opportunity to seek any clarifications from the Executive.

**BIS Capital Consultation**

5.2 Dr Thompson described for Council the proposed BIS consultation on how it should deploy the annual £1.1bn for capital (2016-2021) allocated in the June 2013 budget. Minute not included as contains exempt material, at the time of publication, under the terms of the Freedom of Information Act 2000.
Quantum Technologies

Dr Thompson described to Council the proposed governance structure for the use of the £270M allocation (over 5 years). The programme, to exploit Quantum Science for Application, was a national partnership with Technology Strategy Board (TSB), Defence Science and Technology Laboratory (Dstl), National Physical Laboratory (NPL) and others, with an advisory group to advise on the national strategy, and an operations group to coordinate the relevant agencies. It was proposed to fund a connected network of hubs. Within EPSRC the new Quantum Technologies Theme would be assigned a budget, incorporating existing support for Quantum research. The theme would sit outside the current Capability-Challenge structure.

Big Data Analytics

Dr Thompson referred to the work undertaken in the summer of 2013 to prepare prospective resource and capital bids in response to a request from BIS. In December 2013, after the previous Council meeting, BIS then requested submission of a case for Data Analytics in the first week of January 2014, for the March 2014 budget. Minute not included as contains exempt material, at the time of publication, under the terms of the Freedom of Information Act 2000.
time of publication, under the terms of the Freedom of Information Act 2000.

5.9 Minute not included as contains exempt material, at the time of publication, under the terms of the Freedom of Information Act 2000.

5.10 Minute not included as contains exempt material, at the time of publication, under the terms of the Freedom of Information Act 2000.

Centres for Doctoral Training (CDTs)

5.11 Mr Emecz informed Council that, in addition to the Data Analytics bid, EPSRC had also been asked by BIS to bid into the budget for the additional forty-nine CDTs considered fundable. A bid had now been submitted, comprising capital for all of the centres and resource for the forty-nine. Should the bid be successful, a further negotiation stage with the centres would follow, as had happened for the recently announced additional 19 centres. BIS had asked EPSRC to discuss the bid with other RCs and there were partnership commitments from some of them. Minute not included as contains exempt material, at the time of publication, under the terms of the Freedom of Information Act 2000.

Large Facilities

5.12 Minute not included as contains exempt material, at the time of publication, under the terms of the Freedom of Information Act 2000.

5.13 Minute not included as contains exempt material, at the time of publication, under the terms of the Freedom of Information Act 2000.

5.14 Dr Golby thanked the Executive for these updates and encouraged members to take opportunities to advocate in the next two months for the Data Analytics and CDT bids, and to contact the office on any further points of clarification.

6. EXECUTIVE UPDATE

6.1 Minute not included as contains exempt material, at the time of publication, under the terms of the Freedom of Information Act 2000.
6.2 Minute not included as contains exempt material, at the time of publication, under the terms of the Freedom of Information Act 2000.

6.3 Council noted these updates.

7. REPORT FROM THE RESOURCE AUDIT COMMITTEE
   15 JANUARY 2014

7.1 Professor Sambles reported on the most recent meeting of RAC. Minute not included as contains exempt material, at the time of publication, under the terms of the Freedom of Information Act 2000.

7.2 Minute not included as contains exempt material, at the time of publication, under the terms of the Freedom of Information Act 2000.

7.3 Minute not included as contains exempt material, at the time of publication, under the terms of the Freedom of Information Act 2000.

7.4 Council noted the report of the RAC meeting on 15 January 2014.

8. REPORT FROM THE APPOINTMENTS ASSURANCE COMMITTEE
   21 JANUARY 2014

8.1 Dr Golby reported on the Committee’s first meeting, which had taken place that morning. He said that the meeting was principally preparation for the Committee’s core task of overseeing the Strategic Advisory Network (SAN) and Strategic Advisory Team (SAT) appointments; it made a number of proposals to refine the process for future exercises. In addition, the Committee had discussed its role in assisting the process of Council’s own appointments and in helping the Chairman consider the deployment of members, including what information was useful in relation to members’ skills. The Executive outlined a number of changes to the public appointments process recently instituted by the Cabinet Office, and driven principally by diversity requirements. The Committee noted that the processes increased the administrative burden on the office – and potentially on members of Council – and agreed that its own business should be conducted with as light a touch as possible. The Committee would meet again on 4 March 2014.

8.2 Council noted the report of the Appointments Assurance Committee.
9. **ANY OTHER BUSINESS**

9.1 There was no other business.

10. **NEXT AND FUTURE MEETINGS**

10.1 The next meeting is on 4 March at the Royal Society. Subsequent meetings are on 20/21 May, 8 July (with the Strategic Partner event on 9 July), 7/8 October, and 9/10 December 2014.