

MANAGEMENT AND FINANCE COMMITTEE

Minutes of the meeting held 20 November 2008

PRESENT: A Fleet (Chair), M Culshaw and A Law

APOLOGIES: L Frostick, I Bartholomew, E Derbyshire, D Manning, N Rogers and A Watts

With: E Nickless (Executive Secretary), M Kyriakides (Finance Director), N Marriott (Director of Publishing), and S Culver (PA to Executive Secretary)

1. APOLOGIES

Apologies had been received from L Frostick (who was unable to attend because of travelling difficulties), I Bartholomew, E Derbyshire, D Manning, N Rogers and A Watts

2. MINUTES OF THE LAST MEETING HELD 4 SEPTEMBER 2008

These were agreed.

3. MATTERS ARISING

3.1 *Development and Fundraising Committee*

The Executive Secretary reported that the brochure had been re-drafted and will be discussed at the next meeting of the Development and Fundraising Committee which may be held on 4 December.

3.2 *Shell University Lectures*

The Executive Secretary reported that the contract with Shell has been agreed but is awaiting signature by Shell (*received subsequent to the meeting and signed*). A programme of six lectures has been developed, two by senior people from Shell and four by academics. They will be held at fortnightly intervals from mid January at identified regional centres to which outlying universities will bus their students. The Executive Secretary also reported that as part of the agreement Shell is funding the purchase of portable equipment which will allow the lectures to be filmed and made available as web downloads.

3.3 *Geologists' Association*

The Executive Secretary reported that he, together with the President and the Secretary Foreign and External Affairs, met with the President of the Geologists' Association on 5 September. The main topics of discussion were:-

- The possibility that the amount of copy for the 2008 volume of the *Proceedings of the Geologists Association* would fall short by 100 or more pages of the contracted 396 pages. All the copy for the final part has now been received and the shortfall is 26 pages with a consequential loss of about £3k of budgeted publishing income.
- The use by the Association of the Society's meeting rooms and lecture theatre at a

discounted rate. The Association has accepted that in future it will pay the Earth science rate.

- The charge for the basement office was also discussed and, subsequent to the 5 September meeting, the Treasurer and Executive Secretary met with the Geologists' Association Treasurer and incoming Treasurer and have agreed a revised charging formula. This will be the subject of a new agreement which will come into effect from 1 January 2009.

EN

3.4 *Report on Publishing (MFC/23/08)*

It was noted that it had been suggested that Nick Rogers speak to colleagues at the Open University about exploring engagement with younger groups to find out their preferred ways of getting information. Martin Culshaw drew the Committee's attention to the existence of a "young Earth scientist group" within the Fellowship of the Society. It was agreed that Martin Culshaw will contact Joanne Venus to get her view on co-ordinating some form of consultation with that group.

MC

4. REPORT OF THE TREASURER

4.1 *September Management Accounts (MFC/36/08)*

The Committee noted that book sales income has recovered slightly and the book publishing schedule is now back on track. It was also pleased to note that the PGSB's purchase of the PGC5 DVD, which was not anticipated in the budget, has brought a windfall of £35k. The current year end projection is a surplus of around £40k. It was also noted that current Fellowship renewals are on target.

4.2 *Budget & Programme Committee (MFC/37/08)*

The report of the Budget & Programme Committee meeting held on 22 October was noted. The main item at that meeting was the 2009 budget and its discussions had informed the further work done in preparing the budget to be considered by the Management & Finance Committee. Discussion at the Budget & Programme Committee was largely shaped by the financial turmoil since the Council approved the draft budget in September, the probability of recession, and the greatly increased levels of uncertainty facing the Society in forecasting financial performance. The Budget & Programme Committee considered possible impacts on Fellowship, publishing, investment, conference and Corporate Affiliate income, and looked at the scope for further savings. The Budget & Programme Committee's main recommendations were:-

- The budget presented to Council at its next meeting should be as realistic as possible, but the documentation should also recognise uncertainty. Best, worst and median case scenarios should be modelled - the best case being based on the existing draft budget, and the other cases anticipating reductions in main income streams. It was proposed that the median case be used as the basis of the main budget, with the best and worst cases also presented to Council to show the likely range of uncertainty.
- Refurbishment of the Council Room, Upper Library and Map Room should be postponed until after the current business planning period.
- The Management Team should look again at the scope for further savings across all areas, including running costs, stay-in-business investment and business plan activities.
- Work should be done to identify the scope for flexibility in how restricted funds are used, and for funds to be derestricted (so as to increase the level of free

reserves).

- The Management & Finance Committee should strongly encourage Council to agree a budget in November, even if only *pro tem* pending review at subsequent meetings, rather than start 2009 without a budget.

The Committee discussed the paper and the following points were made:-

- With regard to the refurbishment of the Council Room, planning of which had been started and then stopped, it was suggested that the quotation for this should be re-visited in about a year when prices may have dropped due to the continuing slow down of the economy.
- It was noted that Fellowship renewals will be kept under close review but that a clear picture of the pattern of renewals will not be available until January.
- With regard to income from conferences and events it is expected that there will be a slow down and this will also be kept under review. The Executive Secretary reported that a close watch will be kept on bookings for Society meetings and that where it appears likely that break even will not be reached cancellation will be considered.
- It is expected that income from book and journal sales will hold up in 2009 but there may be a decrease in 2010.

4.3 *Remuneration Panel (MFC/38/08)*

Please see separate confidential annex.

4.4 *Investment Panel (MFC/39/08)*

The report of the Investment Panel meeting held on 23 October was noted by the Committee. The Executive Secretary advised that the Panel will need to meet soon to decide how best to invest the cash that will become available shortly and it may be necessary to consider making a slightly more risky investment on the basis of improving the return.

Andrew Wauchope attended the meeting of the Management & Finance Committee and was asked to give his view of the likelihood of UBS reaching the investment target of £200k per annum in 2009, 2010 and beyond.

He said that in general the Society has been able to live on income during the last five years or so and has therefore been able to build up capital. Because of this he did not think there should be over-concern about drawing down on capital during 2009 and 2010. His estimate for investment income was £130k ± £10k in 2009 and £120k ± £10k in 2010. The agreed free cash allocation is 5% and he did not foresee a problem with withdrawing £70k out of the £360k in 2009 and £80k in 2010.

His view of the economic climate over the next two or three years was not optimistic with very low interest rates in the next two years. He suggested that currencies may return a better yield and urged caution with long term bonds.

Adam Law asked Andrew Wauchope to produce a view of the portfolio going back further than 5 years. Andrew Wauchope would do his best to prepare this in time for Council on 26 November but this may not be possible.

5. BUDGET FOR 2009 (MFC/40/08)

The Treasurer presented the draft budget for 2009. The Committee noted that the grid presented at Annex A shows the "best case". The Executive Secretary advised the Committee that a substantial amount of work had been done to reduce expenditure and that it would not be possible to make further cuts without affecting the service provided. These cuts included the postponement of the refurbishment of the Council Room, Upper Library and Map Room; scaling down further development of the website and postponing some elements of cyclical replacement of IT equipment; and the re-phasing of business plan expenditure to extend the period of implementation. It was noted, however, that savings could be made by bringing forward the transition from print to online only journals for Fellows.

The Committee noted the effects on publishing income caused by the sterling/dollar exchange rate and they also took into account the view of Andrew Wauchope about investment income. They also noted that the Head of Finance and the Executive Secretary are looking at the scope to merge existing restricted funds but that the results of this exercise and the necessary approval of the Charity Commission are unlikely to be forthcoming before the middle of 2009, although, and without prejudice to that exercise, some of the funds, specifically the Coke (and possibly the Fermor), might be used for specific activity, for example development of the Lyell Collection.

Martin Culshaw advised that there had been concern at the Professional Committee about the cost of changes to Chartership arrangements. The Executive Secretary confirmed that those costs had been included in the budget and that a paper will be going to Council from the Secretary Professional Committee.

The Committee agreed that the median case scenario should be put to Council and that the best and worst case scenarios should also be presented to show the estimated envelope of uncertainty. The median case scenario shows an estimated budget deficit of £247k which includes the funding of business plan items. The Committee also asked for Council to be presented with the information about what could be set against restricted funds. The paper should also emphasise that the budget will be kept under close review and that work on the 2010 budget will start in March 2009.

6. SPONSORSHIP POLICY (MFC/41/08)

The Committee noted the policy that has been drawn up. They agreed that this should go forward to Council for approval and should then be placed on the Society's website.

7. EXTERNAL SPONSORSHIP (MFC/42/08)

The Committee noted that several requests for sponsorship had been received and that there is no policy at present for dealing with such requests. They discussed and agreed as follows:-

7.1 *Ecton Mine Educational Trust*

The objectives of this Trust are to promote education and research in applied geology, mining and mineral extraction; and to preserve for the benefit of the public Ecton Mine and all its shafts and adits. The Committee did not believe that supporting this would be part of the Society's core function and that although the Society would be happy to place a link on its website it would not be able to provide funding.

7.2 *Cambridge Darwin 2009 Festival*

The University of Cambridge had asked for funding for their Darwin 2009 Festival. The Committee noted that the Society is running its own Darwin meeting to celebrate his bicentenary and therefore would not be able to provide funds for the Cambridge

event.

The Friends of Lyme Regis Museum

This charity is trying to raise around £3 million to fund the expansion of the Museum. The Committee agreed that although this is a very worthy cause the Society does not have the funds available to be able to make a contribution.

Mary Anning Memorial Window in Lyme Regis Church

A former Fellow and resident of Lyme Regis had written to the Society to advise that this window, which was provided by the Society in the 1840/1850s, had been vandalized in order to gain access to steal from an offertory box. The Committee agreed that it would be appropriate for the Society to contribute towards its restoration and asked the Executive Secretary to write to the vicar to ask what the repair costs are. Once this information is to hand the Committee suggested that an appeal might be made to the Fellowship for donations.

Martin Culshaw suggested that a set of principles for donations should be established.

8. HEALTH & SAFETY (MFC/43/08)

The Committee noted that:-

- 8.1 There had been no accidents or near misses reported since the last meeting of the Management & Finance Committee.
- 8.2 BBi Alternative Solutions, the Health & Safety consultants, are currently compiling a new Health & Safety manual. They carried out a risk assessment on 31 October 2008. The report is awaited.
- 8.3 The recommendations by Powerplus on the 5 year test on fixed wiring had been completed by our resident electricians. Three new fuse boards had been installed making it easier to identify and isolate individual circuits.
- 8.4 The counter terrorism session organised by the Royal Society of Chemistry will be taking place on 22 January 2009 and various members of Society staff will be attending.
- 8.5 Alison Tucker and Jon Harrop from the Publishing House had completed a one-day First Aid course at Appointed Person level. Georgina Worrall from Burlington House is attending a four day First Aid at Work course in December.

9. STAFF CHANGES (MFC/44/08)

The Executive Secretary advised that, with immediate effect, each vacancy that arises will be reviewed on a case-by-case basis by the Treasurer and himself to ascertain whether a replacement is necessary and, if it is decided not, what effect that might have on the services offered by the Society. Any concerns will be brought to this Committee.

The Committee noted that:-

- Sara Anders joined the Society on 6 October as Website Administrator as a replacement for Daniel Milner who left in August.
- Judi Lakin, Education & Training Officer, had gone on maternity leave and her post is being covered on a fixed contract basis by Jo Mears.

- Gordon Alchin, Library Assistant, left the Society and that, in line with policy on reviewing all staff replacements, the Treasurer and Executive Secretary will be discussing his possible replacement with the Chief Librarian.

Please also see confidential minute.

10. ANY OTHER BUSINESS

There was none.

11. DATES OF FUTURE MEETINGS

14 January and 1 April (please note that this has moved from 25 March)