

MANAGEMENT AND FINANCE COMMITTEE

Minutes of the meeting held 16 September 2009

PRESENT: L Frostick (Chair), I Bartholomew, E Derbyshire, A Law, B Lovell, D Manning, S Marriott, G Tuckwell and J Turner

APOLOGIES: P Allen and A Fleet

With: E Nickless (Executive Secretary), N Bilham (Head of Strategy & External Relations), M Kyriakides (Finance Director), N Marriott (Director of Publishing), and S Culver (PA to Executive Secretary)

1. APOLOGIES

Apologies had been received from P Allen and A Fleet

2. MINUTES OF THE LAST MEETING HELD 1 APRIL 2009

These were agreed.

3. MATTERS ARISING

3.1 *Restricted Funds (MFC/15/09)*

The Society has about 40 restricted funds ranging in value from £1.4m (Fermor) to £2k. They can only be utilised within the terms of the individual trust and vary in age and level of restriction. The Auditors have suggested that some of the restricted funds have not been effectively utilised and may serve a better purpose by being utilised on the Society's core or business plan activities. To take this forward it will be necessary to provide the Society's solicitors with documentation setting out the terms of gift so that an application can be made to the Charity Commission and to bring this documentation together will require much work, particularly with retrieval of documents. There will also be the solicitors' fees which are likely to be in the region of £10k.

This matter has been discussed at the Budget & Programme Committee who decided that whilst the Society is financially healthy this exercise should be put on hold.

The Committee agreed with this but said that solicitors' advice should be sought to vary the terms of the Fermor Fund which is restricted to Pre Cambrian research. The Committee requested that, if possible, an element of this restriction is retained.

3.2 *Progress against points in Management Letter (MFC/16/09)*

The Committee noted that the item under point 7.2.9 described as "commuting costs of Director of Publishing to Burlington House" is incorrect. This is the cost of the Director of Publishing coming to Burlington House to attend meetings.

The document has been sent to the auditors so that they can raise any concerns.

The centralisation of the Regional Groups bank accounts: the Vice President Regional

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Groups will raise this matter with the groups when she meets with them on 17 September. It was noted that some of the groups are not filing financial returns because they are currently moribund.

3.3

Perpetual Access to On-line Journals (MFC/17/09)

At its meeting in April, the Committee, on the advice of the Budget and Programme Committee, agreed to recommend to Council, for agreement by the Fellowship at the Annual General Meeting, that the Fellowship Fees for 2010 should be held at the present level and that with the move from hard copy to on-line delivery of journals, those wishing to continue to receive a print version should pay a supplement of £10. The Director of Publishing was asked to investigate how perpetual access to those journals published during the membership period could be made available after Fellowship has been resigned.

The Committee noted that all Fellows are entitled to download and save PDFs of journal articles to create a copy of record and that those wishing for a printed copy of record should opt to receive a hard copy. These options have also been included in the recently agreed Terms and Conditions for Fellowship.

4. HEALTH & SAFETY (MFC/18/09)

The Committee noted that there have been no reported incidents since the last meeting. They also noted that the last Hazard Audit produced a score of 78% which was classed as satisfactory with some minor weaknesses on which action had been taken. A member of staff had attended a Counter Terrorism course and other staff will be attending a course later in the year.

5. REPORT OF THE TREASURER

5.1 *July Management Accounts (MFC/19/09)*

The approved budgeted deficit for the year to be funded from reserves is £448k (£253k before Bicentenary depreciation). Overall performance continues to outperform budget and the year-end forecast suggests that the Society will come in £80 to £100k better than budget. Expenditure continues to be closely monitored. The Committee noted that the aim is to get the core budget in balance with a draw down on reserves for Business Plan items.

5.2 *Investment Panel (MFC/20/09)*

The minutes of the meeting held on 28 July were noted. The investment managers have a target to produce an annual return on investments of £200k but are currently returning in the order of £110k. There are a number of asset allocations in the portfolio and the Society is awaiting proposals for new asset allocations.

5.3 *UK Subscription to IUGG (MFC/21/09)*

There has recently been correspondence in respect of the UK IUGG (International Union of Geodesy & Geophysics) Panel of the Royal Society. The Geological Society is being asked to contribute with others to the UK annual subscription to IUGG and it has been suggested that our share would be in the order of £1k in return for which it would have an opportunity to nominate a representative to the Royal Society's UK panel for IUGG.

The Committee questioned how much interest there is from the Fellowship in the Society's membership of this Panel but agreed that the contribution of £1k will be

made this year and will be reviewed next year.

6. PROGRESS AGAINST BUSINESS PLAN (MFC/22/09)

The update was noted. The two items which were discussed in detail were:-

6.1 *A10 Specialist/Regional Group Reports*

In future there will be a more active approach in obtaining these reports. It was also suggested that the Regional Groups might welcome attendance at one of their meetings by a member of Council. The Vice President will put this suggestion to them at her forthcoming meeting.

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6.2 *Gaia: Earth Systems Science Group*

No progress has been made and the Executive Secretary will follow up.

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7. BUDGET FOR 2010

The Committee expressed confidence in the budget preparation process undertaken so far by staff and the Budget & Programme Committee, and in the approach taken to setting out 'best case', 'worst case' and 'most likely case' scenarios and identifying possible further savings and new activities. It recognised that the Society's underlying financial position is strong, and that the most likely case in the latest version of the budget is close to break even, despite significant projected reduction of investment income (£90k), and the inclusion in this figure of agreed business plan projects (£103k). It also noted that the projected year-end outturn for 2009 (as per the July 2009 management accounts) is around £100k ahead of budget.

The Committee discussed the recommendations of Budget and Programme Committee, with which it was in broad agreement and wished to recommend to Council that:

- The increase in the staff salary bill for 2010 should be restored to 2% from 1%, including performance related pay and bonuses. The Committee felt that the saving was not worthwhile given the case for rewarding staff who had performed well, especially in light of the strong showing against the 2009 budget. The effect of restoring the salary increase to 2% is to add £14k to the budgeted deficit.
- The following new activities should be included in the budget:
 - An additional two days a week of Education Officer staff time;
 - Legal fees to vary the terms of endowment of the Fermor Fund (but not other smaller funds);
 - Delian database development at the Publishing House;
 - 'Publish ahead of print' implementation;
 - Map scanning trial.
- The following additional savings should be made, in the absence of convincing new arguments to the contrary:
 - Reduction in the cost of production of *Geoscientist* – possible £8k;
 - Defer decoration of the Library staff office to 2011.
- A fundamental review of library acquisitions should be carried out in the first half of 2010, to inform subsequent years' budgets, but the budget for 2010 should be left unaltered.
- The review of the Bye-laws would be very costly in terms of legal fees and staff time and was not a priority.

- The Committee would wish to see the payment of Research Grants continue but agreed that the amount given could be reduced.

The net effect of these recommendations is to increase the most likely case scenario budget deficit from £8k to around £44k. The Committee regarded this expenditure as affordable and well-targeted in the context of the Society's business plan and its healthy underlying financial position. The Committee noted that even with the recommended additional expenditure, and assuming the worst case scenario, it should be possible to ensure that the level of free reserves remains within the range previously agreed by Council (£0.8 to £1.2m).

The Committee was also strongly supportive of the bid to continue the grant to Rockwatch (at £5k per annum), but agreed with the Budget and Programme Committee that further information should first be sought on how this money would be spent, and what the effect would be of discontinuing the grant. If the case put forward is strong, the Committee would recommend continuing the grant. A report will be sought from Rockwatch and brought to Council for consideration at its November meeting. Reluctantly, it concluded that the appointment of an Archivist cannot be regarded as a sufficiently high priority to justify the expenditure this year, but that the case should be seriously considered again a year from now.

8. STAFF CHANGES (MFC/24/09)

The Committee noted that:

- Steve Whalley joined the Society at the end of April as a replacement for Kerri Deegan, Events Co-ordinator. Steve has just successfully completed his probation and has been confirmed in post.
- Mark Wootten, part-time Warehouseman, has given his notice to take up a full-time position as a dental technician. A replacement, Richard Floyd-Walker, has been appointed with effect from 21 September.

9. ANY OTHER BUSINESS

There was none.

10. DATE OF NEXT MEETING

11 November 2009