



**PRIVATE AND CONFIDENTIAL**

**THE INSTITUTE OF MARINE ENGINEERING, SCIENCE AND TECHNOLOGY**

Minutes of the One Hundred and Twenty Eighth Annual General Meeting  
held at 11:15 hours on Thursday 16 March 2017  
at Trinity House, Tower Hill, London EC3

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The President, Dr Jane Smallman, in the Chair  
64 members present  
(55 Corporate Members and 9 Non-Corporate Members)

**INTRODUCTION AND NOTICE OF MEETING**

The President, Dr Jane Smallman, opened the meeting by welcoming those members present and reported that the Notice of Meeting had been distributed prior to the meeting.

She reminded attendees that, as at recent years' AGMs, the formal business of the AGM would be completed first and then be followed by a more general discussion about the Institute's performance and future plans.

**ANNUAL REPORT OF THE BOARD OF TRUSTEES AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016**

The President highlighted that the main business of the meeting was to receive the Annual Report of the Board of Trustees and the Financial Statements for the year ending 30 September 2016. The Secretary and Chief Executive, Mr David Loosley, briefed the meeting on the Institute's activity for the 2015-2016 year including:

- Learned Society Statistics
  - 315 PRIs conducted
  - 79 accreditations
  - 20,200 members at year-end
- Relocation of HQ to Birdcage Walk
- Establishment of a Virtual Branch
- Launches of IMarEST TV, Seafarers campaign and Phase 1 of Sea Your Future
- Development of a professional development tool
- Expansion and relaunch of the Institute's awards programme
- Increased technical activity
- Progressing the governance review
- Championing diversity

In addition, work had been undertaken to identify and reinforce the charitable purposes of the Institute. The Chief Executive thanked all the volunteers and the Executive team for their hard work during 2015-2016 and noted especially the positive impact of David Henderson, the Institute's Professional Development Manager and Registrar who died unexpectedly in December 2016 at the age of 31.

The Honorary Treasurer, Mr Frank Mungo, reminded attendees that the summary financial statements had been provided to each member electronically or in hard copy prior to the meeting and that the full Annual Review was available on the Institute's website; some members had also

requested and received copies of the full Financial Statements. He highlighted the key points from the Financial Statements for the year ending 30 September 2016, specifically:

- The operating budget for 2016 was delivered, for the third consecutive year.
- The financial statements had been prepared in accordance with FRS102. The statutory accounts were organised by charitable purposes and the Annual Review had been reformatted to reflect this change as well. Accounts for the year ending 30 September 2015 had been restated in the new format to permit comparison.
- Incoming resources were £403k higher than the previous year with outgoing resources also increasing by £294k
- The Institute's Retirement Benefit Scheme remained the largest liability and that liability had increased by £2.452m at financial year end 2016 over the previous year. £240k per annum continued to be paid into the Scheme under the terms of the agreed Recovery Plan following the most recent formal triennial valuation at financial year end 2014.
- The Balance Sheet at year end showed a reduction of £2.772m over the previous year including a reduction in the value of investments of £181k.

Mr Peter Lewis of BDO LLP read the Report of the Auditors contained within the Financial Statements.

Professor Chris Hodge OBE proposed a motion that the Annual Report and Financial Statements for the year ended 30 September 2016 be approved and adopted; it was seconded by Mr Andrew Gilchrist. The motion was approved 53-1 with 4 abstentions.

#### **REAPPOINTMENT OF THE AUDITORS**

Mr William Paterson proposed that the auditors, BDO LLP, be appointed to hold office until the conclusion of the next Annual General Meeting and that the Board of Trustees be authorised to fix their remuneration. The motion was seconded by Mr William Doyle and carried unopposed.

#### **APPOINTMENTS BY THE COUNCIL**

The President requested that the meeting note the appointments by the Council of the President and President-Elect for the year 2017-2018 and Vice-Presidents of Council:

President:	Prof Christopher Hodge OBE
President-Elect:	Cdre Robert Dorey
Vice Presidents:	Prof Michael James Crabbe Mr Zahid Rahman Capt Peter Towell OBE Dr Andrew Tyler CBE

#### **COUNCIL ELECTIONS**

The Chief Executive read the Report of the Scrutineers.

Mr Francis (Frank) Mungo was elected Honorary Treasurer unopposed in accordance with By-Law 49(3).

Elections for Corporate Members of Council were held in three of the four electoral divisions and the following were duly elected:

- Asia Pacific Electoral Division - No vacancies
- Americas Electoral Division – Mr Alan Mills – elected unopposed in accordance with By-Law 49(3)
- ANZSPAC Electoral Division - Mr David Cory

- EMEA Electoral Division – Mr Christopher Bolton, Mr Barry Brooks, Mr Robert Fitzsimmons, Mr Sajid Hussain and Mr Nigel Smith - all elected unopposed in accordance with By-Law 49(3).

There were no spoiled ballot papers and a total of 171 votes were counted.

### **VOTE OF THANKS TO THE SCRUTINEERS FOR 2016/17 AND ELECTION OF SCRUTINEERS FOR THE YEAR 2017/18**

Mr Dave Cory proposed a vote of thanks to the Scrutineers for 2017/18 and moved that Mr Jim Clench, Mr Gordon Evans, Mr John Harrison and Mr Anthony Muncer RD be elected to serve as Scrutineers for 2017/18 with Mr Malcolm Vincent serving as an alternate in case any of the scrutineers proved to be unable to serve. The motion was seconded Mr Zahid Rahman. The President put the motion to the meeting and declared it carried unanimously.

### **DISCUSSION OF THE INSTITUTE'S PERFORMANCE AND FUTURE PLANS**

The Chairman of the Board of Trustees, Mr Richard Vie, reminded attendees that he was completing his first year in the role and reported that the Institute continued to build upon the good work carried out by his predecessor, Prof Chris Hodge, over the preceding six years. The operational deficit had improved but the Institute should not be satisfied until it had been eliminated. However, it was important to acknowledge that the deficit reduction to date had been achieved against a background of a growing membership, increasing member benefits and greater impact on the global scene. Going forward, reducing the Institute's exposure to risk would be important and was being addressed by seeking increased income while simultaneously controlling costs via partnerships, both in terms of shared services and outsourcing. The Uff Report was expected to encourage an increased shared services approach among the 35 Professional Engineering Institutes in the UK so the Institute's plans lined up well with broader initiatives. Achieving full financial sustainability was expected to be at the heart of the next 5 Year Corporate Plan for 2018-23 which would be agreed by the Board over the next six months. A membership survey had achieved a high response rate and had provided insights into what member benefits members valued most and least and which ones had low levels of awareness.

The Honorary Treasurer briefed attendees on the financial imbalance the Institute continued to face with expenditure running at £3.9m versus £2.9m income. While the Institute's investments were currently being sold to fund the shortfall at a slower rate than previously, this would need to continue until income and expenditure could be brought into balance. Advice from Sarasins was that the current market would be a good time to crystallise the investments gains made over the past few years. Financial balance was expected to be achieved around 2021 if considered across the IMarEST Group as a whole with income generated by the subsidiaries required to achieve this. The Honorary Treasurer reported that the informal valuation at year end 2016 had shown a significant increase in the shortfall in the funding of the Retirement Benefit Scheme, and noted that this figure was subject to highly volatility. The next formal valuation was due at financial year end 2017 and the shortfall calculated at that point-in-time would be the basis on which the future recovery plan would need to be agreed with scheme trustees. The current recovery plan required payments of £240k per annum to 2022 but it was thought highly likely that these payments would need to continue indefinitely beyond that date.

The Chief Executive reminded members that the Institute was now in the final year of its current 5-year corporate plan. To date the Institute had successfully transitioned its operational model from one of vertical integration to one of strategic partnership and the current phase, Phase 4, would conclude the transformation of the Institute and further progress the transition to financial sustainability. Not only had membership numbers risen by 65% during the first four years of the Plan, but the demographic breakdown of the membership had improved as well and membership subscription income had increased by 25%.

On an operational level, the Chief Executive reported that Asia Pacific had seen significant growth and now represented 33% of the Institute's membership. A new branch had been launched in the Philippines and an office opened in Shanghai. A number of initiatives to support members and prospective members had been introduced, including a campaign to support seafarers, introduction of dedicated Sea Your Future webpages and the launch of IMarEST TV. MLA College had expanded its course offerings, with a further expansion planned for the 2017 financial year. Learned society and technical activity continued to be a central focus of the Institute's activity and had

expanded in year. Five priority topics had been identified to inform the Institute's technical work and almost 500 technical conferences, lectures, branch technical lectures and other events had been held, and an increasing number were live-streamed and/or recorded for IMarEST TV. IMarEST's intergovernmental work continued with active participation at a number of IGOs including IMO, IHO, and London Convention/London Protocol; in 2016, IMarEST became a partner to the GEF-IMO-UNDP GloMEEP project and also provided evidence to a number of public consultations. A membership survey had been held early in the 2017 calendar year and the Chief Executive outlined key results. In conclusion he summarised that during the current 5 Year Corporate Plan, the operating deficit had been halved, membership doubled, and technical output quadrupled while the value of the investment portfolio reduced by £1m and £1m in contributions had been paid into the Retirement Benefit Scheme. Looking ahead, the next 5 Year Corporate Plan would see the Institute achieve an operating surplus.

The presentations were followed by a Q&A/Discussion session during which the following matters were discussed and the following points made:

- Concerns were raised that the final paragraph of the Chief Executive's Review in the Annual Review was too positive in, for example referring to 'being on track financially' when the Institute was still running an operating deficit. However, it was confirmed that this was intended to be a reference to the strategic plan rather than the budget and meant to highlight increased activity occurring simultaneously alongside a significant reduction in the size of the operating deficit.
- A question was raised whether the Chief Executive and Chief Operating Officer's current level of pay was appropriate when the Institute was still running an operating deficit and whether it was appropriate to have non-engineers providing secretariat and other support services to the Membership Committee and its remit including liaising with applicants. The President reminded the meeting that it was inappropriate to discuss the qualifications of particular members of staff and that staff remuneration was a matter for the Board of Trustees and its Remuneration Committee.
- MLA had yet to become profitable and while the update reports indicated optimism for its future performance, a Plan B on the cost side, probably similar in scale to the outsourcing of publications, would be required if MLA did not begin to deliver and to do so quickly. The Chief Executive replied that both diversification opportunities and other income sources, such as undertaking consulting work with IGOs, were actively pursued. In addition, the membership proposition was being reviewed to ensure that members were retained as well as attracted and this should increase membership subscription income.
- No mention had been made of going beyond efficiency savings to consider a radical adjustment to the cost base of the Institute, which may be required if income could not be adequately raised. The President reported that strategic matters like that would be considered as part of the Board's discussions in conjunction with agreeing the next 5 Year Corporate Plan. The meeting was also reminded that the cost base had already been significantly reduced by at least £140k per annum (before factoring in a likely rent increase of 30% at Aldgate) with the move of HQ from Aldgate to Birdcage Walk, though some of these savings had been reinvested in member services through spending £35k per annum for members to have access to the business centre and other member facilities at Birdcage Walk. However, a question was raised whether the Institute could have reduced the cost base further by relocating its HQ out of London.
- Although the Board and Executive were acknowledged to do some things well, there was also room for improvement especially in terms of the Institute's value for money for its members and in light of some applicants anecdotally reporting they found some of the other PEIs easier to join.
- The status of the branch review phase 2 and the future of the London and South East Branch was raised and the Chief Executive reported that this was being discussed further at the next Council meeting over the next two days.
- Cashflow was also critically important and ideally the income/expenditure ratio should remain broadly consistent throughout the year. Reducing costs could often provide opportunities to undertake increased activity by reducing pressures on cashflow.
- Membership in Asia Pacific had increased but was decreasing in Americas, which could also provide great growth opportunities for the Institute. The Chief Executive

reported that collaboration with SNAME had been investigated, the Institute Assistant Secretary had visited to discuss future strategy with the current US branches and a plan for the region was being developed.

- In response to a question whether the target of 24,000 members was still thought to be achievable by the end of the current Corporate Plan, the Chief Executive confirmed that doubling the size of the Institute (technically to 23,600 members rather than 24,000) was still expected to be reached but that it was more important to focus on recruiting and retaining members rather than becoming absolutely focused on one specific figure.
- Thanks and recognition should be given to the Chief Executive and the Executive Team for taking an Institute that was on a downward spiral and in line for a crash landing to where it is today. A lot has been achieved so far and the Institute can now look toward the longer term and matters such as working toward becoming the single institute for all marine scientists and technologists.

### **VOTES OF THANKS**

Professor Chris Hodge OBE thanked Dr Jane Smallman for her tireless work on behalf of the Institute as its first female president. A formal vote of thanks was recorded for Dr Smallman.

In response, Dr Smallman thanked Prof Hodge for his kind words and responded that she had had an interesting and enjoyable year as President and that meeting so many enthusiastic members around the world had been a true highlight. She also thanked the Institute's Executive teams in London and Singapore for their support and offered best wishes to Prof Hodge for a successful year.

### **CONCLUSION OF BUSINESS AND CLOSE OF THE 128<sup>th</sup> ANNUAL GENERAL MEETING**

With the business of the meeting concluded, the President declared the 128<sup>th</sup> Annual General Meeting of the Institute closed at 12:45 hours.