



**PRIVATE AND CONFIDENTIAL**

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

Minutes of the One Hundred and Twenty Ninth Annual General Meeting  
held at 11:15 hours on Thursday 15 March 2018  
at Trinity House, Tower Hill, London EC3

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The President, Professor Chris Hodge OBE, in the Chair  
56 members present  
(49 Corporate Members and 7 Non-Corporate Members)

**INTRODUCTION AND NOTICE OF MEETING**

The President, Professor Chris Hodge OBE, opened the meeting by welcoming those members present and reported that the Notice of Meeting had been distributed prior to the meeting.

He 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 2017**

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 2017. The Secretary and Chief Executive, Mr David Loosley, briefed the meeting on the Institute's activity for the 2016-2017 year including:

- Launch of new, additional Special Interest Groups (SIGs), including ones focussing on ocean governance and maritime cyber risk management
- Introduction of a grant for an inspiring journey in memory of the Institute's late registrar, David Henderson
- Development of IMarEST Echo, the new professional development platform
- Opening of an office in Shanghai and launch of a branch in Myanmar
- Graduation of the first MLA College students
- Participation in the UN Ocean Conference, with the Institute making two voluntary commitments to ocean sustainability
- Delivery of additional Ballast Water events
- Production of the GloBallast project report for IMO
- Development of Sea Your Future Graduate Pathway

In addition, membership numbers had increased by 11% over the previous year and by 84% over the past five years.

The Honorary Treasurer, Mr Frank Mungo, highlighted the key points from the Financial Statements for the year ending 30 September 2017 specifically:

- The operating budget for 2017 was delivered, for the fourth consecutive year.
- Group income for financial year (FY) 2017 was £2.824m, £31k less than for FY 2016
- Investment drawdown in 2017 was £1.4m with the overall investment position was £211k lower at year-end than at the start of the year due to realised gains of £892k and investment income of £318k.

- Group outgoing resources of £3.812m in FY 2017 were £136k lower than the previous year's.
- The pension scheme liability of £2.558m was £1.613m lower than the previous year's
- The balance sheet showed an improvement of £1.366m compared to the position at FY 2016.

Mr Don Bawtree of BDO LLP delivered the Report of the Auditors as contained within the Financial Statements.

Commodore Robert Dorey proposed a motion that the Annual Report and Financial Statements for the year ended 30 September 2017 be approved and adopted; it was seconded by Professor (Michael) James Crabbe.

In response to a question seeking breakdown of the overall membership numbers by functional areas and the percentage of student members, it was confirmed that the vast majority (over 90%) of corporate members were engineers; a more detailed breakdown existed and could be provided on request but was not immediately available during the meeting. A question was also raised whether an increase in expenditure of £180k on member services was appropriate given that income had decreased by £31k in 2017 and the Institute was still running at an overall deficit. The Chief Operating Officer confirmed that the view of the Executive and the Board of Trustees was that any cap or reduction in member services might lead to short term financial success but would threaten the recruitment and retention of members and therefore might lead to a less sustainable financial position in the longer term. The Honorary Treasurer added that a step change had occurred with the institutionalisation of CPD by the Engineering Council; this had necessitated the development of IMarEST Echo and the implementation of other changes.

The motion to approve the Annual Report and Financial Statements for 2017 was carried unanimously by the Corporate Members present.

### **REAPPOINTMENT OF THE AUDITORS**

Mr John Wills 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 Adthisaya Ganesen Manickam and carried by a vote of 48-1.

### **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 2018-2019 and Vice-Presidents of Council:

President:	Cdre Robert Dorey
President-Elect:	Dr Andrew Tyler CBE
Vice Presidents:	Capt Kenneth Greig Mr Adthisaya Ganesen Manickam Mr Peter Noble Lt Cdr Kathryn Sherley RNZN

### **COUNCIL ELECTIONS**

The Chief Executive read the Report of the Scrutineers.

Mr Martin Murphy was elected Honorary Treasurer unopposed in accordance with By-Law 49(3).

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

- Asia Pacific Electoral Division - Dr Ivan Chi Keung Tam - elected unopposed in accordance with By-Law 49(3)
- Americas Electoral Division – No vacancies

- ANZSPAC Electoral Division – No vacancies
- EMEA Electoral Division – Capt Matthew Bolton RN, Prof Alistair Greig, Mr Sol Judah, Mr Brian Smith, Dr Richard Wakefield, Capt John Wills - all elected unopposed in accordance with By-Law 49(3).

### **VOTE OF THANKS TO THE SCRUTINEERS FOR 2017/18 AND ELECTION OF SCRUTINEERS FOR THE YEAR 2018/19**

Mr Peter Noble proposed a vote of thanks to the Scrutineers for 2017-2018 and moved that Mr Jim Clench, Mr Gordon Evans, Mr John Harrison and Mr Anthony Muncer RD be elected to serve as Scrutineers for 2018-2019 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 John Hines. The President put the motion to the meeting and declared it carried unanimously.

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

The Chair of the Board of Trustees, Mr Richard Vie, reminded the meeting that 2017 marked the end of the Institute's first Five Year Plan. Much had been achieved during that period, with the deficit reduced by 29%, membership grown by 84% and both member benefits and the Institute's global influence increased. The Board continually reviewed the balance of risk retention versus risk transfer/mitigation and cost versus benefit. Discussions continued with other PEIs to explore how the organisations could work together to achieve economies of scale. Financial sustainability would be achieved by continuing to grow income while keeping tight control of costs.

The Honorary Treasurer, Mr Frank Mungo, briefed members on the continuing imbalance between incoming and outgoing resources and noted that although the position had been improved over the last few years, even the current position was not sustainable in the longer term. However, he noted that the Institute's investment position had reduced only by £1.2m over the last five years and currently stood at £13.9m. During 2017, the investment portfolio had been restructured to reduce exposure to equities and move towards stable income generation to provide a firmer basis for future planning. During this restructuring, £2m in cash had been set aside to fund operations over the final few years until financial sustainability could be reached. The liability associated with the closed Retirement Benefit Scheme had increased with the statutory triennial valuation carried out at FYE 2017. Its volatility remained driven by bond prices and gilt markets and the scheme still represented one of the most significant risks to the Institute. Looking ahead, the Honorary Treasurer displayed a projection of group operating margin, group net margin and investment funds through FY 2027. In conclusion, he thanked the Management Team for their work so far in improving the Institute's performance and position to its current level.

The Chief Executive reminded members that the Institute had come a long way over the past five years but noted that the work should still be considered ongoing rather than completed. The first five year plan had reduced risk by transforming the organisation with the adoption of lean principles and the digital transformation, diversification and internationalisation of the Institute. The new Five Year Strategic Plan for the years to 2022 had been framed in the context of delivering the Institute's charitable purposes for global public benefit with three main goals identified:

- Goal 1: To promote professionalism and technical leadership
- Goal 2: To support the development and sustainability of the marine sector
- Goal 3: To be a high-performing organisation delivering strong value

On an operational level, the Chief Executive reported that a member survey was now carried out annually and the results informed detailed business planning. He reported the six highest rated member benefits, what members most valued about their membership and that an even number of members were and were not also members of one or more other professional organisations. New benefits for Fellows, IMarEST Echo to support and deliver professional development, the Graduate Pathway to smooth young members' transition from student/cadet to full associate membership had all been developed during 2017 and introduced at the start of the 2018 membership year. In addition, the Institute's had planned specific activities for 2018 as an official partner of the UK's Year of Engineering initiative.

In summary he noted that the first five year plan had significantly reduced the operating deficit, doubled the membership of the Institute and significantly increased the Institute's technical output,

especially at IMO. The next five years would be characterised by promoting professionalism and technical leadership, increasing the positive impact and sustainability of marine professions and ensuring the Institute was a high performing organisation delivering strong value.

The presentations were followed by a Q&A/discussion session during which the following topics were discussed with the following points made:

- In response to a question about the shift in financial focus from Institute to Group level and whether the £100k operating deficit reduction target had been retained, the Board Chair reported that the Board took an active interest in finances across the Group and that it was wrong to imply focus on cost reduction had been reduced. It was, however, now considered at entity level during the detailed budgeting process to ensure the overall Group targets are achieved. The Honorary Treasurer noted that the £100k target had been set prior to the founding of MLA. Achievement of sustainability within the £2m cash set aside from the investments for that purpose would be a more appropriate measure to use in future.
- In response to a point raised about the current performance of MLA, the Immediate Past President, Jane Smallman, in her role as the Chair of the MLA Board, reported that the company was budgeted to deliver an operating loss of £60k in FY2018 and that at the end of period 4, it was performing slightly better than budget. A significant upturn in course registrations had been seen this year, with all performing at or above targets and a new MSc in Marine Engineering being introduced. She confirmed that the MLA team had a good idea of the possible markets for each course and noted that the SMO course had been boosted by funding offered to Singaporeans and Permanent Residents of Singapore by the Maritime Cluster Fund from the Singapore Government. She confirmed that some of MLA's marketing costs were included in its accounts with the rest in the IMarEST accounts as a part of Group marketing costs.
- The Chair of the Board of Trustees confirmed that each IMarEST entity had its own budget and targets. The Board reviewed each area and set challenging targets for it to meet. The questioner suggested that the operating budgets and performance against them should be included in the Financial Report in future years.
- The Institute was thanked for its continuing support of the Imagineering work.
- The high proportion of student members presented a challenge in converting them to corporate membership on graduation. Success in this area would be vital both to achieving financial sustainability and the continued sustainability of the Institute itself. The Chief Executive advised that this was the exact motivation behind the development and launch of the new Graduate Pathway Scheme. Members suggested that introduction of a mentoring scheme and proactive participation with associated educational institutions when students are graduating could also be important and lead to inspiring students to continued membership of the Institute.
- A more extensive Q&A and comment session should be incorporated to the AGM to ensure members had adequate time to make suggestions.
- The Institute's main USP had to be professional registration in a world when millions of publications were freely available online without cost. The President confirmed that the Institute recognised professional registration, postnominals and learned society activity as a core activity that was valuable to and valued by members. He added that the entire business model for the technical journals was being challenged by the emergence of open source publications.
- A question was raised as to why MLA had prioritised its Hydrographic Academy offerings over engineering ones at its inception when engineering would seem to offer a larger potential market. It was explained that the hydrography courses were already available, and generating revenue, while further courses, including SMO and the MSc in Engineering, were subsequently developed.
- In response to a point from the floor that the remuneration of the current Chief Executive was significantly more than that of his predecessor, the President reported that the salary was benchmarked annually by the Remuneration Committee and the Board of Trustees and that it remained within the range of other Institute and charity CEO remuneration.

- In response to a challenge that the Institute should move its HQ outside of London, the President reminded members that an extensive survey had been carried out when the Institute moved from Coleman Street to Aldgate which had shown that remaining in London was the right option. It aided the Institute in fostering close links to the UK Government and IMO and, with the reduction in overhead costs obtained via the move to Birdcage Walk, it also would not have been possible to make any additional financial savings by moving to, say, the South Coast.
- In response to a comment that the return on investment appeared extremely low and a question whether a benchmark for future performance had been set, the Honorary Treasurer reported that the new investment portfolio had been in place for less than a complete financial year. The Statement of Investment Policy and Principles had not yet been updated following the change in investment strategy and this, along with a review of the current benchmark, would be undertaken by the Finance & Investment Committee shortly, probably at its next meeting in June 2018.
- In response to a question about the approval process for the AGM minutes, the Chairman confirmed that they were approved by the Board of Trustees at its next meeting rather than by the membership at the next AGM. The minutes of this meeting would be approved by the Board in June and made available via the Institute's website shortly thereafter.
- The Chairman concluded by thanking the current Honorary Treasurer, Frank Mungo, for his support over many years. Mr Mungo congratulated Martin Murphy on his election to the role and presented him with a new insignia of office. Mr Murphy thanked Mr Mungo for his contribution to the Institute as Honorary Treasurer over the past decade and especially for his steady, proactive leadership which had steered the Institute through exceptionally difficult times.

### **VOTES OF THANKS**

Cdre Rob Dorey thanked Prof Chris Hodge OBE for his contribution to the Institute, noting that he had worked intensively with the Executive over the past few years and contributed greatly to setting the Institute on the path for a successful future. A formal vote of thanks was recorded for Prof Hodge.

In response, Prof Hodge thanked Cdre Dorey for his kind words and wished him every success during his year as President.

### **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 129<sup>th</sup> Annual General Meeting of the Institute closed at 12:55.