

## news

# STFC offers fresh start with strategy consultation

The Science and Technology Facilities Council, which opened a consultation on its future strategy last month to coincide with publication of a robust review of its activities, promises to restructure its organisation, in particular its approach to communications.

The review, published on 19 December after a promised deadline in October expired, was produced by an independent panel chaired by David Grant, vice-chancellor of Cardiff University. It builds on the STFC's own self-assessment, completed last August, and makes a series of recommendations about how the STFC could improve its operations [see *Editorial, page 2; View, page 17*].

The recommendations include a warning that the STFC's vision is excessively broad and fails to explain how the new organisation, formed in April 2007, differs from its predecessors.

There is also concern about the council's corporate and science strategies, and particularly about how it failed to consult other research councils about its corporate strategy until very recently.

The STFC says that it has taken the comments on board and has opened its strategy—including a draft version of

by Laura Hood

lhnews@ResearchResearch.com

its vision statement—to public consultation until March, ahead of publication in April.

The council also plans to host a series of workshops with scientists and with the other research councils over the next 12 weeks to consider their views.

The review panel reserves its sharpest criticism for the STFC's approach to both corporate and internal communications, neither of which has it delivered "to an acceptable level". In its self-assessment, the council recognised an "urgent need" to improve this aspect of its operations, and now plans to overhaul its approach to communications completely. It promises details of the changes in the near future.

The STFC agreed with calls from scientists to review the membership of its council but it has stopped short of promising that the strong representation of its executive on the board will be rebalanced. This is essentially the responsibility of the Department for Innovation, Universities and Skills, which will release a statement on the matter within the next three months.

## Finance researchers take on credit crunch

UK researchers are taking on the global financial crisis by developing recommendations on how governments should supervise financial markets. At a conference on responses to the credit crunch, on 19 January at the London School of Economics, finance specialists agreed that the supervision of banks should become an integral part of the financial world.

A stringent set of regulations, such as compensation schemes and liquidity rules, could help avoid similar financial meltdowns in the future, they said. However, some researchers warned that rules on supervision were not enough to prevent market disasters.

"We must not forget that managers run banks, and not supervisors," said Thomas Huertas, director of the banking sector at the Financial Services Authority. "Supervision needs to be accompanied by a set of sanctions that can be applied in case of misconduct."

The conference brought together finance researchers from the UK, the United States and Europe. It was held as part of the Economic and Social Research Council's £5 million world economy and finance research programme, which aims to understand global financial markets and develop practical recommendations on market regulation for both governments and financial institutions.

by Inga Vesper

ivnews@ResearchResearch.com

The programme, launched in 2005, is currently looking into so-called 'financial infections', such as herd behaviour among financial market professionals.

Researchers at the conference agreed that the financial world is influenced by various economic and social factors. A great problem, they said, is that some government strategies to boost the economy are stigmatising financial institutions

"If a bank is bailed out by the government, this institution is perceived to be broke and not secured," says Thomas Baxter, a lawyer at the Federal Reserve Bank of New York. "There is a danger of a self-fulfilling prophecy here. The governments use money to save troubled banks, but create a panic by admitting that circumstances are urgent and unusual."

The European Shadow Financial Regulatory Committee, a 15-member group of independent experts from the fields of banking, finance and the regulation of financial institutions and markets, issued a set of four recommendations on market regulations. The recommendations include a proposal to give tax breaks to financial institutions based on asset value losses in 2008 and 2009.