The Forty-sixth Meeting of the Council was held in the Council Room, 170 Queen’s Gate, at 10:30 a.m. on 14th July 2006, when there were present:

The Lord Kerr of Kinlochard (Chairman), Professor D. Begg, Mrs. P. Couttie, Sir Peter Gershon, Mr. B. Gidoomal, Dr. G.G. Gray, Professor J.E. King, Professor R.I. Kitney, Dr. M.P. Knight, Mr. J. Newsum, Ms. K. Owen, Mr. A.D. Roche, Professor S.K. Smith, Dr. D.J. Wilbraham, the Rector, the Deputy Rector and the President of the Imperial College Union, together with the Clerk to the Court and Council.

In attendance: Mr. J. Collins (President Elect of the Imperial College Union), the Assistant Clerk to the Court and Council and the Director of Strategy and Planning (for Minutes 29 – 41).

Apologies: Mr. G. Able and Professor Sir Peter Knight.

WELCOME

On behalf of the Council, the Chairman welcomed Ms. Kate Owen to her first Meeting as a Governor. He also welcomed Mr. John Collins, the Imperial College Union’s President Elect to his first Meeting. Mr. Collins, who would take over from the current President, Ms. Sameena Misbahuddin, in August, had been invited to attend this Meeting as an observer.

MINUTES

Council – 24th March 2006

1. The Minutes of the Forty-fifth Meeting of the Council, held on 24th March 2006, were taken as read, confirmed and signed.

MATTERS ARISING

Publication of the College Strategy (Minute 4 refers)

2. The Chairman noted that the College Strategy, to the creation of which the Council had contributed in its Away Day discussions the previous September, had now been published. A copy had been circulated to all members with the papers for this Meeting.
Future of the Wye Campus (Minutes 6 – 7 refer)

3. The Deputy Rector said that the Management Board was considering options for the Wye Campus and was awaiting consultants’ reports before proposing any scheme. No formal planning application had been made at this stage. In the meantime the College was continuing to undertake monthly consultations with the Parish Council Liaison Group.

4. The Deputy Rector acknowledged that the College and members of the Council were receiving letters objecting to the College’s proposals for the future of Wye. However, since the College had not yet even decided whether it wished to proceed with the type of developments being considered, much less produced any firm plans, it was too early to respond definitively to these objections. For the time being, he was responding on behalf of the College and the Council, pointing out that no concrete proposals had yet been made and that the College would continue to consult widely over the development of its ideas.

Research Funding (Minutes 9 – 10 refer)

5. The Deputy Rector reminded the Council that two concerns had been expressed over research funding; first that the College’s applications for funding were less successful than those of its main comparators; and second that the introduction of full economic costing (FEC) was causing delays in the flow of funding from the Research Councils. Turning to the first point, the Deputy Rector said that the Management Board had established a group to analyse the College’s performance in securing research funding against that of its major competitors. The Group would report back to the Management Board in the Autumn, but initial indications were that the College’s relative success rate was better than had originally been feared. With regard to the second point, he said that, although the Research Councils had been slow to respond to applications which reflected FEC, these were now starting to come through and the College was now receiving FEC-funded costs. Furthermore, in the recent Planning Round all of the Faculties had reviewed the likely impact of FEC on them, both in terms of the additional funding they were likely to receive and of the possible delays in the granting of awards by the Councils, and budgeted accordingly.

COLLEGE BORROWING AND TREASURY MANAGEMENT (PAPER A)

6. Introducing Paper A, Dr. Knight reminded the Council that, after the discussion at its last Meeting of the advisability of arranging an additional borrowing facility, members had decided out of committee to delegate the arrangement for doing so to the Innovations IPO Committee, which they had also established at the last Meeting. That Committee had met in May and had agreed the terms of the private placement, which had been completed on 5 July. As a result, the College had now secured a fixed-rate (4.84%) loan of £50M with a bullet payment after 50 years, which was an extremely advantageous deal for the College. By way of comparison, Dr. Knight noted that the Wellcome Trust had just arranged to borrow £550M at a fixed-rate with repayment due after thirty years. Although the Wellcome Trust had obtained a slightly lower rate than the College, this was by way of public rather than private placement and had to be repaid twenty years earlier.
7. Moving on, Dr. Knight said that, with this increased level of borrowing, it had been sensible to revise the College’s Cash Management Policy to provide greater flexibility in the handling of short-term cash deposits. The outcome of this review was set out in his Paper. Finally, in response to a query from Mr. Newsum, Dr. Knight confirmed that there would be no change to the limits set on the amount of cash holdings that could be placed with a single institution.

Resolved: (i) That the following Resolutions approved by the Council out of committee, as set out in Paper A, be ratified:

(a) That the College’s borrowing limit be increased to £175M.

(b) That the proposals to put in place a further fixed-rate private placement for up to £50M, as set out in the Paper entitled “Proposal to Borrow £50M through a Long-Dated Fixed Interest Loan” circulated on 28th April 2006, be approved.

(c) That the Council hereby empowers and authorises the Innovations IPO Committee, constituted by resolution at the Council’s Meeting on 24th March 2006, with the power to agree or decline to agree and to do all matters and things as they shall decide in connection with securing for the College a fixed-rate private placement for up to £50M, including to authorise the College’s entry into all documents they consider advisable and to authorise any persons to execute the documents on behalf of the College.

(ii) That the decisions of the Innovations IPO Committee and of the Rector and the Chief Finance Officer taken on 8th and 12th May under powers delegated to them by the Council, as set out in Paper A, be ratified.

(iii) That the amendments to the College’s Cash Management Policy, as set out in Paper A, be approved.

UPDATE ON THE PROPOSED IPO OF IMPERIAL INNOVATIONS (PAPER B)

8. Dr. Knight then introduced Paper B and reminded the Council that it had established the Innovations IPO Committee to agree the arrangement for the proposed initial public offering (IPO) of that Company. Since the last Council Meeting, there had been considerable volatility in the stock market and there was no clear consensus on how the situation would develop in the coming months. However, the IPO Committee had agreed that the proposed public offering should still proceed, albeit with slightly lowered expectations of the total amount that might be raised. Unless there was a serious downturn in the market, the aim was to complete the flotation process so that the Company would be admitted to trading on the Alternative Investment Market on 31st July 2006, the last day of the College’s financial year. This would provide the College with additional income of £12M in this year’s accounts.

9. The Chairman said that, although the recent volatility had called the IPO into
question, he agreed with the IPO Committee's decision that, on balance, it should still proceed. He then asked the Council to note that the IPO Committee had, under its delegated powers, passed the following resolution:

“That the Rector and the Pro-Rector (Development and Corporate Affairs) be duly authorised to approve all and any documentation required to be entered into by the College to support the placement of new shares in Imperial Innovations at a pre-money valuation of not less than £155M in order to raise not less than £25M gross in cash for Imperial Innovations.”

**RATIFICATION OF CHANGES TO THE MEMBERSHIP OF THE COUNCIL (PAPER C)**

10. The Chairman introduced Paper C and noted that the Council had approved the appointment of Ms. Carolyn Griffiths in succession to Mr. Tony Roche out of committee. He was sure that Ms. Griffiths, who was the Chief Inspector of the Rail Accident Investigation Branch in the Department of Transport, would be an asset to the Council and would be a worthy successor to Mr. Roche, who had done so much to assist the College in improving its management of health and safety.

Resolved: That the appointment of Ms Carolyn Griffiths as a member of the Council and of the Audit Committee with effect from 25 November 2006 be ratified.

**RECTOR’S BUSINESS**

**Staff Matters (Paper D)**

11. The Rector formally presented Paper D, which was received for information.

**Oral Reports**

12. Opening his Report the Rector noted that the national pay negotiations had brought an extended period of industrial relations difficulty for the higher education sector, with the boycotting of examinations and other action by the trades’ unions. Because the College was now entering its third year of local pay negotiations, it had been unaffected by this. The dispute had put unprecedented pressure on the national bargaining machinery and it seemed unlikely that it would survive in its current form. Although agreement had yet to be formally concluded, the national outcome was likely to be a three-year deal worth 12.7%. The Rector then reminded the Council that, under the terms of its undertaking with staff, Imperial would match the sector settlement although, unlike previous years, the College would not be able to exceed it. There would, however, be some scope for affordable “extras” over and above the national deal which would enable the College to retain its position as one of the best payers within the sector.

13. Continuing, the Rector congratulated Professor Julia King on her appointment as Vice-Chancellor of the University of Aston and said that Professor Dame Julia Higgins would succeed Professor King as the Principal of the Faculty of Engineering in September 2006. In addition, Professor Christopher Higgins, Director of the Medical Research Council’s Clinical Sciences Centre at Imperial, would be leaving the College next year to take up the post of Vice-Chancellor of the University of Durham. Professor Higgins’ and Professor King’s appointments continued a tradition of Imperial providing the Vice-Chancellors of other universities.
14. The Rector then congratulated Professor Roy Anderson and Professor David Nethercot on the honours they had received in the Queen’s Birthday Honours List. Professor Anderson, who was currently seconded as Chief Scientific Advisor to the Ministry of Defence, had been awarded a knighthood for epidemiological research, studying the spread of diseases such as AIDS, BSE, foot and mouth and SARS, and providing the Government with advice on how to tackle their transmission. Professor Nethercot, Head of the Department of Civil and Environmental Engineering, had been awarded an OBE for services to structural engineering.

15. The Rector also congratulated those members of staff who had recently been elected as Fellows of the Royal Society (Professor David Ewins and Professor Marc Feldmann) and the Royal Academy of Engineering (Professor Geoff Maitland, Professor Michael Graham, Professor Morris Sloman, Professor Andrew Livingston and Professor Peter Cawley). Professor Sir Ara Darzi, Head of the Division of Surgery, Oncology, Reproductive Biology and Anaesthetics in the Faculty of Medicine had also been awarded an Honorary Fellowship of the Royal Academy of Engineering.

16. The Rector then reported that the College’s support services had recently been reorganized. The Chief Finance Officer, Dr. Martin Knight, had taken on the role of Chief Operating Officer with responsibility for all of the Support Services, which would now report directly to him. This change would help these Services to provide a more efficient and integrated service to the Faculties. At the same time, the former Capital Investment Planning Group had also been reconstituted as the Portfolio Review Board to be chaired by the Deputy Rector, Professor Sir Leszek Borysiewicz. The Board would oversee all of the College’s major projects.

17. The Rector then reminded Governors that the Ethos Sports Centre, Imperial’s new state-of-the-art sports facility had been officially opened by Sir Roger Bannister at a ceremony attended by gold medallist alumni from the 2000 Olympics Men’s Eight Rowing team, by Michael Payne, the former Director of Marketing of the International Olympic Committee, and by representatives of the Queen’s Park Rangers Football Club. Continuing with the sporting theme, the Rector said that Imperial rowers had recently rowed to victory at Henley and in so doing had brought home the Royal Regatta’s newest trophy – the Prince Albert Challenge Trophy. The crew had won the Men’s Student Coxed Fours, beating the University of London by a convincing four and a quarter lengths in the Final. The new Cup had been provided by the College and was presented to the Regatta in June at Buckingham Palace in the presence of Her Majesty the Queen. It was named in honour of the Regatta’s first Royal Patron, Prince Albert, who also had strong connections with the College’s origins in South Kensington.

18. Moving on, the Rector said that the agreement with the Science Museum to move its library stock to a new storage facility at Wroughton was making good progress. The joint project team was working well towards the objective of clearing space on Level 3 of the Central Library to allow work to commence there over this Summer. This would then allow the Humanities Programme to move into its refurbished accommodation in the Library over Christmas. Donations of approximately £0.5M had also been received towards Phase 2 of the Library Project. This was being scoped in more detail so that authorisation could be sought for it to begin in the Summer of 2007. It would include works to the entrance level and would provide further student study and catering space.

19. In relation to this the Chairman added that the Science Museum seemed to be very
pleased with the new arrangements and that it was considering making the excellent storage facilities at Wroughton available to other Libraries.

20. Concluding his Report, the Rector said that plans for the College’s Centenary celebrations were developing well. They included a formal Centenary Launch Gala Dinner, a Centenary series of prestigious lectures, overseas visits by the Rector and other senior staff to key countries, a graduation ceremony in Singapore, and the official opening of the Institute for Biomedical Engineering. There would also be other major building openings, a celebratory event for staff, and the launch and publication of a new official History of the College. It was also hoped that the College would be graced with a Royal Visit in early July 2007.

SENATE REPORT (PAPER E)

21. The Rector formally presented Paper E.

Resolved: That Academic Regulation 12.2 be rescinded as set out in Paper E.

EQUAL OPPORTUNITIES AND DIVERSITY COMMITTEE’S ANNUAL REPORT (PAPER F)

22. Presenting Paper F, the Chairman of the Equal Opportunities and Diversity Committee, Professor Begg, said that the Report concentrated on the Committee’s work on disability, gender and race and considered issues of compliance, as well as the College’s ambitions to develop and improve its actions in support of diversity in the future. The Report showed that the College was making good progress and that diversity was fully supported by the College’s senior management. There was also much good work being conducted across the College. However, it was clear that not all members of the College were fully engaged with the diversity agenda as yet. To help overcome this, the Management Board had agreed that the contribution made by all heads of department and division to equal opportunities and diversity should form part of their annual appraisal.

23. Professor Begg went on to remark that, while the Committee itself was working well, it was, to an extent, preaching to the converted. He therefore wanted to extend its membership to ensure that all areas of the College were represented. It had therefore been agreed that the Faculties and the Support Services should each nominate a member of staff in each Department/Division with specific responsibility for equality and diversity.

24. Ms. Owen welcomed the Report and congratulated the College on the progress it had made. Many of the issue raised in the Report would, she said, be familiar to other large corporate bodies, in particular the difficulty in getting all parts of the organisation to recognise the importance of, and to engage with, diversity issues. She noted, in particular, that women academics often experienced difficulties and she asked what help the College offered them. Professor Begg replied that the College had a number of systems intended to support women academics and that this had been recognised by the recent Athena SWAN Award the College had received. The College’s promotion procedures also included safeguards to support diversity. Analysis of promotions showed that women academics tended, in fact, to be more successful than their male counterparts. The difficulty was that too many left the College before getting as far as the promotion process.
25. Ms. Owen then observed that, as well as supporting women academics, the College should ensure that it was also providing assistance for women in the administrative and support services. To this end, she suggested that the Equal Opportunities and Diversity Committee could consider “inclusion” alongside issues of diversity. Finally, she praised the College for offering a workshop on understanding and supporting cultural diversity.

26. Mr. Roche noted that the College’s difficulties in ensuring that all its members were fully engaged with equality and diversity were similar to those experienced in embedding health and safety across the College. He suggested that this was a familiar problem for any organisation trying to bring about a change of culture. The Chairman agreed and said that the Management Board’s decisions in this regard were important as they demonstrated senior commitment to achieving the necessary change. Mr. Collins said that the Imperial College Union was also committed to diversity and had recently introduced an open day to help encourage more women to study science.

27. Mr. Gidoomal said that the Report was very encouraging and asked if it was possible to benchmark the College’s performance against that of other Russell Group universities. Professor Begg said that it was very difficult to obtain reliable information on which to base any such comparisons. However, he said the Committee was committed to establishing its own targets against which it could measure achievement.

28. Bringing the discussion to a close, the Chairman said that this was a very important area and that the Council welcomed this Report and looked forward to seeing further progress being reported in a year’s time.

**LEAVING THE UNIVERSITY OF LONDON (PAPER G)**

29. The Rector reminded the Council that in December it had agreed that the College should begin negotiations with the University of London with a view to leaving the Federation. Since that time, a working group had been set up with Dr. Rodney Eastwood as Chairman. Dr. Eastwood, Professor Rees Rawlings and the ICU President, Ms. Sameena Misbahuddin, had also met regularly with the University to take the negotiations forward. The Rector congratulated Dr. Eastwood and the members of the Working Group for the excellent job they had done in achieving a satisfactory settlement with the University in a short space of time.

30. Dr. Eastwood, who had joined the meeting for this Item, then introduced Paper G. The advantages and disadvantages of being a member of the University had, he said, been discussed at length. Indeed, they had first been considered by the College in 1908. Unlike the other Colleges of the University, Imperial had, for the last fifty years, received its funding direct from Government rather than through the University. (The other Colleges have only received direct funding for about the last ten years). It had therefore always retained a degree of independence from the University. It was also clear from all the discussions in the various groups and committees in the College that it gained very little from being part of the Federation. Indeed, as the University’s reputation rested to an extent on the reputation of its premier colleges, Imperial, the LSE, UCL and Kings, it could be argued that the University’s reputation would suffer most as a result of the split. He had attended the University’s Council Meeting in late June when the Memorandum of Understanding (MoU) between the University and the College had been discussed, and this very point had eventually been made at that Meeting.
31. Moving on to the substance of the MoU, Dr. Eastwood said that the College had tried to obtain the best terms it could but that there were some items that might be of concern to Governors. One example was the indemnities, albeit limited, which the College had had to give to the University in the event of legal action being taken against the University as a result of Imperial’s withdrawal. However, the two main issues the College had wanted to secure agreement on - students’ continued participation in the University of London Union (ULU) organised sports competitions and continued access to the intercollegiate halls of residence - had both been successfully negotiated. Finally, Dr. Eastwood noted that the University’s decision to end the College’s participation in the External Programme was disappointing as the College would now have to make alternative arrangements if it wanted to continue to offer distance learning programmes.

32. The Chairman recognised that a decision to leave the University of London would be a momentous one in Imperial’s history and asked each of the external members for their views. Dr. Gray said he was in favour of leaving the University, but asked what the overall cost was likely to be, particularly in relation to the replacement of the 250 student bedspaces provided by the intercollegiate halls and provision for the external programme. Dr. Eastwood said that the College would have to decide whether to replace these beds. Although access to the intercollegiate halls was useful in terms of numbers, they were not popular with students because they tended to be remote from the main Campus and were normally “catered”. This meant that students had to leave Campus early in order to receive the evening meals for which they had already paid and thus missed out on evening events at South Kensington. A replacement for these spaces could be provided by a new Eastside Hall, a development for which the College already had planning permission. As the College intended to pursue this option in due course regardless of whether or not it left the University, the cost could not really be ascribed to the decision to withdraw. The additional expense of mounting an external programme would be dependent on what courses the College decided to offer. However, Dr. Eastwood said, the College was not leaving the University to save money, but rather to achieve its independence.

33. Mrs. Couttie also supported the proposal to withdraw from the University, but asked about the indemnities being provided to the University. Dr. Knight said that the College had agreed to provide the University with limited cover for a small number of closely defined risks. The College did not believe that these risks were significant and the level of indemnity provided was not material to the overall College budget.

34. Mr. Roche said that he was in favour of the proposal and he praised the College’s team for achieving an excellent result in such a short time. He asked if this was likely to set a precedent for other colleges in the Federation. Mr. Newsum agreed and asked if Imperial would be maintaining its links with the other Colleges in case they also left the University. The Rector said that the College already had good relations with colleges such as the LSE and UCL and that these links had been fostered directly between the institutions without any input or support from the University. Such links would remain regardless of Imperial’s or any other college’s status within or outside the University. The Chairman suggested that one or two of the other elite Colleges might well consider their position in the light of Imperial’s withdrawal. However, he said, Imperial’s motive for leaving was to achieve its own independence and not to seek the break up of the University. What other colleges did was a matter for them.

35. Mr. Gidoomal also approved the decision to withdraw. He remarked that he was also a member of the Governing Body of St. George’s Medical School and from its
discussions he believed that there was a risk that Imperial’s reasons for leaving might be misinterpreted by some of the University’s other colleges. He suggested that the College would have to ensure that its existing relationships were not strained by any such misinterpretations.

36. Ms. Owen said she believed there was an overwhelming case in favour of withdrawal. Sir Peter Gershon asked if there were any implications for the College’s charitable status and also if there were any tax issues involved. Dr. Eastwood replied that the College was an exempt charity in its own right and that this status did not depend on its being a part of the University. There was a question whether the College might be liable for VAT for its payment for services received from the University, such as the Medical Examinations Question Bank, but it was believed at present that such services would not be liable for VAT. Professor Smith said that the issue of the Question Bank was an interesting one as Imperial itself had supplied half of the questions. He went on to stress that, as the College controlled all aspects of the medical course and its examinations, there would be no diminution in the quality of the education provided for medical students. This was important as the General Medical Council would have to recommend a change in the Medical Act to name the College as a provider of medical education alongside the University and other medical schools. He did not believe that this would present any difficulties.

37. Dr. Wilbraham confirmed that he strongly supported the proposal, but asked why the College’s existing awards of the Diploma of Imperial College (DIC) and its Associateships were still under discussion. Dr. Eastwood said that the future of these awards was being considered internally. There had been a suggestion that, as the DIC and the Associateships had previously been awarded by the College because it could not award degrees, now that the College would be awarding degrees, there was no need for these other awards. His view was that they had a special place in the College’s history and should be retained, a view with which Dr. Wilbraham concurred.

38. Professor Kitney said that, as the elected staff representative, he wanted to report that the proposal had been discussed in detail by the Senate and more widely within the College and that the academic staff were very strongly in favour of withdrawal from the University.

39. The President of the Imperial College Union, Ms. Misbahuddin, said that the sporting issues had nearly all been resolved. Although she had reached agreement with the ULU Executive that Imperial teams could compete in the cup competitions, this would still have to be formally ratified by the ULU Council in October. (The last Meeting of the ULU Council at which this had been considered and agreed had been inquorate). She hoped that the newly elected ULU Council would not take a contrary position in the new academic year.

40. Ms. Misbahuddin then raised another issue. As Imperial would no longer be a member of the University, the ICU would have no representative on the ULU Council. However, Transitional Students (i.e. those still registered for University awards), would still be members of the ULU and would therefore need some form of representation on its Council. Dr. Eastwood agreed to discuss this refinement with the University. Mr. Collins noted that, as the ICU would no longer be represented by the ULU on a national basis, it would need to take measures to ensure it still had a national as well as a local voice, possibly through membership of the National Union of Students (NUS). The ICU would consider how to take this forward in the coming year, although he noted that membership of the NUS would entail additional subscription fees for the Union.
41. Drawing the discussion to a close, the Chairman noted that it was still proposed that the College’s name should be “The Imperial College of Science, Technology and Medicine” and asked if consideration had been given to changing this to include the word “University”. The Rector said that, when the College had conducted a branding exercise some three years before, it had consulted widely with alumni and other groups across the world. The feedback had been overwhelmingly in favour of retaining the name “Imperial College” as this identity had global recognition and was associated with the College’s high quality image and reputation. The same feedback also suggested that to change the name to “University” would be a retrograde step and would damage the College’s standing.

Resolved:  
(i) That the Council agrees that, by the time of its Centenary in July 2007, the College should withdraw from the University of London.

(ii) That the Council hereby empowers and authorises the Rector on behalf of the College to enter into a Memorandum of Understanding with the University substantially in the terms set out in Annex B to the Paper entitled “Leaving the University of London”, subject to any minor amendments the Rector may reasonably agree;

(iii) That the Council hereby empowers and authorises the Rector to submit a formal request to the University of London that Imperial College’s status as a College of the University should be withdrawn in accordance with the terms of University Statute 51.

RESTRUCTURING OF THE DIVISION OF BIOMEDICAL SCIENCES (PAPER H)

42. Introducing Paper H, the Principal of the Faculty of Medicine, Professor Smith, said that when the new Faculty of Life Sciences had been established it had been agreed to move the Division of Biomedical Sciences from Medicine into that Faculty. For a variety of reasons, the Division was now experiencing significant difficulties with a forecast deficit of £1.25M for 2006-07, which would only get worse unless action was taken to address its problems. The College could not, he said, allow this sort of deficit to continue and it had therefore been agreed that the Division would have to be restructured. Having looked at the structure of the Division and of its research groups, it had been agreed that the Division should be disbanded and the research groups placed with cognate research groups in the Faculty of Medicine. This would strengthen the position of those groups and would enable them to attract more funding. However, there would still be some weaknesses, both in terms of research and teaching, and a few groups had been identified as “at risk”. This suggested that there was a need to reduce the size of the Division by 13 academic staff. There were also 10 support staff at risk. Although this reduction would be sought by voluntary means, it was possible that compulsion might be required in a few instances. The support of the Council was therefore being sought in case compulsory measures were needed.

43. Ms. Owen asked if this level of reduction would cause any difficulties to the Faculty in meeting its obligations. Professor Smith said that the Faculty of Medicine had reviewed the implications very carefully, particularly in regard to the provision of teaching for undergraduate medicine. Where an individual made a major teaching contribution, that post would have to be protected. However, he believed that the proposals were manageable and that the Faculty’s research and teaching obligations
would not be jeopardised.

Resolved:

(i) That, in pursuance of Paragraph 10(2) of Appendix 1 to the Statutes, this Council considers that it is desirable that there should be a reduction in the staff of the Division of Biomedical Sciences.

(ii) That the Chairman and the Rector be authorised to make appropriate arrangements to nominate the panels from which the Chairman and members of any body required to be established under the terms of Appendix 1 to the College’s Statutes may be drawn in accordance with the procedure agreed by the former Governing Body at its Meeting on 24 June 1993, as amended by the Council at its Meeting on 17 December 1999.

(iii) That the Chairman be granted delegated authority to give due consideration on behalf of the Council to the outcome of the consultation period ending on 31 July 2006 and any further measures taken by the Faculty of Medicine, as set out in Paragraph 16 of Paper H.

(iv) That, having done so, the Chairman be granted delegated authority to make on behalf of the Council appropriate arrangements, if necessary, to appoint a Redundancy Committee in accordance with the terms of Appendix 1 to the College’s Statutes and the procedure agreed by the former Governing Body at its Meeting on 24 June 1993, as amended by the Council at its Meeting on 17 December 1999.

(v) That the Chairman be granted delegated authority on behalf of the Council to authorise, if necessary, any such Redundancy Committee to commence its work in accordance with the provisions of Paragraph 11(1) of Appendix 1 to the Statutes.

CREATING THE UK’S FIRST ACADEMIC HEALTH SCIENCES CENTRE (PAPER I)

44. Introducing Paper I, Professor Smith said that the Government was currently reviewing the way in which medical research was funded. This was likely to result in the creation of a single funding stream with a total value of £1Bn per annum. The Faculty felt that this was the correct time for a strategic review of its own position in relation to the NHS. In some other countries medical schools and hospitals were closely aligned. In the UK these linkages were less strong as the NHS was not directly concerned with the provision of teaching and research. The Faculty was therefore proposing to develop an academic health sciences centre which would be closer to the US and European model. This would be the first such Centre in the UK. However, this would not be without its difficulties. First, it required the Hammersmith Hospitals NHS Trust and the St. Mary’s Hospital NHS Trust to merge. The College would then establish a more formal relationship with the newly created Trust. Finally, the new Trust together with the College would together seek to attain Foundation Trust status. The Trust Boards would both be meeting in July to agree to take the first step in this process with the aim of achieving the proposed merger by 1 April 2007.
45. Professor Smith went on to say that the NHS had invited 6 institutions to bid to become a primary Biomedical Research Centre. The College had submitted a joint proposal for such a Centre with the Hammersmith Hospitals and St. Mary's Hospital NHS Trusts subject to their merger proceeding. The metrics suggested that this joint bid would have a very strong chance of success. However, if the Trusts' merger fell through, it was likely that the bid too would fail, with significant implications for the Faculty and the College. If the bid was successful, it would confirm the College as the pre-eminent medical research institution in the country.

46. Dr. Gray remarked that changing large organisations was a very difficult process and asked if the Faculty was confident that any necessary senior management changes could be instituted at the merged Trust and then in the new organisation in which the College would be a partner. Professor Smith replied that this was likely to be an evolutionary process, particularly as this would be the first Centre of this kind in the UK. Consequently, it was not proposed to set up the new Centre immediately, but rather to allow the new Trust to be established, with the aim of then increasing the level of College involvement at Board level. The proposed changes to the Trust’s Board would provide the College with a significant number of non-executive directors, which would allow it to influence the way the Trust developed in the future. Up to 40% of the Board’s membership would be College staff.

47. Dr. Wilbraham welcomed the vision set out in the Paper. However, he said he had concerns about the financial aspects of the proposals. Cost control across the NHS was very poor, with many trusts in crisis because of large deficits. He asked how the College could take a leading role in the new Trust without also taking on responsibility for costs and the delivery of services. Professor Smith said that the College would not take control of the Trust, but would be following the US and Canadian model as an active partner, with provision made to limit any liabilities for the academic participant; the Faculty’s proposals would not result in any financial responsibilities or penalties for the College. He also noted that Foundation Trusts had greater freedom to manage their own finances and to raise funds than did NHS Trusts.

48. The Chairman said that the planning blight caused by the long-running Paddington debacle showed how destructive it could be to be involved in NHS planning without the ability to influence decisions. The fact that the Hammersmith Hospitals and St. Mary’s Hospital NHS Trusts were considering merger and this would create single entity with which the College could work to create a new type of organisation was welcome. In relation to this, Sir Peter Gershon asked if there was a risk that the merger would not proceed as planned. Professor Smith agreed that this was a risk, but said that both Trusts were very positive about the proposed way forward. Furthermore, because the biomedical research application was predicated on their merger, if they failed to merge and the bid consequently failed, they would both suffer from the resultant reduction in funding. It was therefore very much in both their interests for the merger to succeed.

49. The Chairman thanked Professor Smith for his Paper and said that the Council would await news of further developments with interest.

FINANCE MANAGEMENT REPORT (PAPER J)

50. The Chief Operations Officer, Dr. Knight, introduced Paper J and reminded members that the half-year figures for the College had been better than hoped. The general improvement had continued since then. However, there were still some negative
factors; there were demands for NHS cross-charges that were being resisted, while re-structuring costs in Life Sciences, and the Biomedical Sciences Division in particular, continued to be a concern. However, the cash position was very strong and billing for research work-in-progress (WIP) continued to improve. Following comments at previous meetings, the information on capital projects had been revised to make the Report more useful. In this regard, he felt that the creation of the Portfolio Review Board – which the Rector had noted in his Report – would improve the close control of projects and of capital expenditure. As this was a significant portion of the College’s spend (£87M to date this year), this was an important change. Finally, despite the recent fall in the stock market, the College’s investments had not been too badly affected and it was hoped that a return of 14% would be achieved this year.

51. Mr. Roche asked Dr. Knight to comment on the overspend of £8M in the Estates Division. Dr. Knight replied that, when set against Estates’ annual budget of £42M, an overspend of £8M was clearly unacceptable. The Division was being restructured, but the under-performance was primarily the result of significant under-budgeting for utilities costs. This had been exacerbated by large price increases in these same utilities. The budget for these costs for the coming year had been reviewed and was now much more realistic. He confirmed that the Division had received the allocation for utilities charges it had requested and that the under-budgeting was not the result of savings imposed on the Division.

52. Mr. Newsum asked if the financial statements for each capital project reflected the latest position. Dr. Knight replied that the Portfolio Review Board reviewed the performance of each project each month and was provided with very detailed figures. This level of scrutiny meant that the figures were up-to-date and reflected any budgetary adjustments which had been made. Mr. Newsum remarked that, when making any such adjustments, it was important to distinguish between a project’s targets, which might well be adjusted during its course, and its approved budget, which should remain constant. Dr. Wilbraham agreed and said the total budget for each project approved by the Council should remain constant as it was this figure against which performance should be judged, both during the project’s life and in the post-project review. Dr Knight concurred.

**MAJOR PROJECTS REPORT (PAPER K)**

53. The Deputy Rector presented Paper K, which was received for information. Mr. Newsum noted that funding from the Strategic Research Investment Fund (SRIF) would no longer be used for the Exhibition Road Project. He asked how this money would now be used and how the shortfall would be met on the Exhibition Road Project. Professor Borysiewicz replied that SRIF funding had to be spent within a defined period and that, as this Project would not start in time, the funding allocated to it would now be used for other College projects. This was, he said, a matter of reconfiguring the SRIF funding across several projects and he assured the Council that no additional College funds would be required as a result.

54. The Chairman noted that the College estate and its capital projects would form a major topic for discussion at the Council’s Away Day in September.

**THE SHERFIELD REFURBISHMENT PROJECT (PAPER L)**

55. Introducing Paper L, the Deputy Rector said that the primary reason for refurbishing
the Sherfield Building at this time was to clear space in other College buildings, and thus allow a number of academic projects to go ahead. This was therefore not a proposal to expand College administration, but an enabling project to provide for the expansion of academic activity on the South Kensington Campus. This was a crucial point and explained why this Project was being treated as a priority. Turning to the Project itself, Professor Borysiewicz said that space usage in the Sherfield Building was poor and that filling in the light-wells would improve space usage and also increase the overall amount of space available.

56. Dr. Gray asked if the work would degrade the working environment for staff in the building. Professor Borysiewicz said that it was likely to improve the environment by opening up the floorspace and providing for the creation of open plan offices.

Resolved: That the Sherfield Refurbishment Project be approved with a total project cost of £8.2M, as set out in Paper L.

PROPOSED SALE OF 47, PRINCE’S GATE (PAPER M)

57. Introducing Paper M, Dr. Knight said that the College had acquired the freehold of 47, Prince’s Gate in 1996 as part of its strategy to develop the Sports Centre. The building had been used since then to provide office accommodation and was clearly a non-core asset. The College had recently received an attractive offer for the property and it was therefore proposed to sell it and hold the proceeds in the College Fund.

58. Mr. Newsum said that he supported the sale and thought the offer was attractive, although valuations for properties of this type in this location were very difficult to determine with any degree of certainty. The Rector agreed, but said that the building was in relatively poor condition and its internal design made it difficult to adapt for other uses. The Chairman said that, as a rule, he thought the College should not be selling its property assets and he suggested that, in this instance, the proceeds from the sale be ring-fenced within the College Fund to be used to purchase other properties in the South Kensington area that might be more suitable for College use.

Resolved: That the sale of 47, Prince’s Gate for cash, as set out in Paper M, be approved.

COLLEGE BUDGET (PAPER N)

59. Dr. Knight introduced Paper N saying that in the coming financial year income was up by 6% to nearly £500M while research would rise by 7% to £212M, with 84% of that already on the ‘order book’. However, the rise in the HEFCE Grant of only 3% and the small overhead increase were both disappointing. Despite its increased in income, the College was still projecting a deficit of £7.8M for the year. This was caused by the decision to give above-inflation increases to each of the Faculties and also by the increase in depreciation charges, which was itself a reflection of the amount of capital works the College has been conducting.

60. Dr. Knight then considered the proposed Budget’s robustness. There were, he said, no capital projects of which the Council had not been made aware while the main risks affecting the Budget had been clearly identified in Paper N. Offsetting these were a number of positive factors which had not been included in the Budget, but which would be closely monitored in the coming year. He concluded his Report by
saying that it was a sensible Budget which he commended to the Council.

61. Mr. Gidoomal asked if the proposed capital expenditure of £136M included all the projects approved by the Council. Dr. Knight confirmed that it did. Mr. Gidoomal then asked about the costs of conducting EU-funded research, which were notably high. Dr. Knight agreed, but said the College could not ignore the EU as a potential source of funding. Professor Borysiewicz noted that the EU’s latest funding programme, FP7, would provide for increased overhead recovery, although this was still not as high as the College would like. He agreed though that the College should continue to apply for EU funding.

62. Mrs. Couttie asked if the College would have sufficient cash to fund all its proposed activities through the year. Dr. Knight confirmed that it would and assured her that the Finance Division monitored the College’s cash position very closely.

63. Sir Peter Gershon said that increasing utility costs had caused a significant overspend in this year. He asked if consideration had been given to revisiting the College’s projects to ensure that the latest energy saving measures were incorporated into them, particularly as any measures which might have been considered uneconomic a few years ago might now be more attractive. Dr. Knight said that the primary focus had been on reducing the costs of procurement, i.e. on reducing the base cost of power supplies, rather than reviewing projects to provide more energy efficient measures. However, he agreed that this was something the College should do. Professor Borysiewicz said that the next phase of SRIF funding, SRIF 4, might also provide scope for improving energy efficiency.

64. Mr. Newsum noted that the budget for long-term maintenance (LTM) was relatively low. He suggested that this should be considered in more detail at a future meeting. Dr. Knight replied that, although the LTM budget was low, there were other programmes to improve facilities such as the regular refurbishment of student residences, which was funded from the Residences’ budget rather than from the LTM budget. He also noted that the capital programme was addressing many of the most difficult LTM issues by replacing old and worn out buildings with new ones.

Resolved: That the College Budget for 2006-07, as set out in Paper N, be approved.

AMENDMENTS TO THE IMPERIAL COLLEGE UNION’S CONSTITUTION (PAPER O)

65. Before inviting the Imperial College Union President, Ms. Misbahuddin, to present Paper O, the Chairman reminded Governors that some of the proposed amendments to the Union’s Constitution had been considered before by the Council. These were the proposals to change the names of the Faculty Unions to reflect the names of the old constituent colleges which had been considered at length by the Council in 2004 and rejected.

66. Introducing the Paper, Ms. Misbahuddin said that the proposed changes had been considered by two consecutive meetings of the Union Council. While the students recognised the need for the Union’s structure to reflect the College’s Faculty structure, they were also keen to maintain their links with the alumni associations, which were all based around the constituent colleges. Students all used the ‘old’ names rather than the Faculty titles when referring to the Faculty Unions and the Union was keen that the names in common use were also those in the Constitution. With regard to the other amendments proposed in the Paper, these had all been made as a result of experience in operating the Constitution and were designed
either to address obvious anomalies or improve the Union’s operations.

67. The ICU President Elect, Mr. Collins, said that when these name changes had been proposed to the Council two years ago, the Union had been told by the then President that they had been accepted, even though this was not the case. It had therefore come as a surprise to the Union to be told that the names it had been using for the last two years had not been formally approved.

68. The Chairman reiterated that the Council had considered the proposal before and had twice resolved not to agree to the change of names. The Council had felt then that the Faculty Unions’ formal names in the Constitution should reflect the names of the College’s Faculties. He saw no reason to change this decision now. Mr. Collins noted that the Union retained a Royal School of Mines Committee, despite its connection with the constituent college name, and queried whether the Faculty Union names could be left out of the Constitution, leaving them to be determined by Union policy. The Chairman pointed out that this was not an option which had been proposed in the Paper.

69. The Principal of the Faculty of Engineering, Professor King, said that it was important that each Union was closely connected with its Faculty and that the use of different names for the Unions was not helpful in encouraging this close cooperation. The old College names were appropriate for the alumni associations, but not for the current students’ unions.

70. Professor Smith added that, when the Faculty of Medicine had been created, students had initially felt a closer association with the pre-merger medical colleges and had sought to maintain these historic names. However, students were now proud to graduate from the Imperial College Faculty of Medicine and their integration was entirely positive. He agreed with Professor King that it was not helpful to refer to old structures in this way.

71. Ms. Misbahuddin said that she accepted that the Council did not want to approve this particular change, but asked that the other proposals should still be approved, noting that the Union might want to reconsider its position on the names of the Faculty Unions in the coming year and come forward with alternative proposals.

Resolved: That the amendments to the Imperial College Union’s Constitution, as set out in Paper O, be approved, except that the titles of the Faculty Students’ Unions shall be:

a. The Imperial College Faculty of Engineering Students’ Union, for the Faculty of Engineering;

b. The Imperial College Faculty of Medicine Students’ Union, for the Faculty of Medicine;

c. The Imperial College Faculty of Natural Sciences Students’ Union, for the Faculty of Natural Sciences.
IMPERIAL COLLEGE UNION ANNUAL REPORT (PAPER P)

72. Ms. Misbahuddin introduced Paper P, which was received for information. The Chairman commended Ms. Misbahuddin for the Report which was, he said, exactly the sort of report the Council needed to receive from the Union.

ANY OTHER BUSINESS

Meeting Times

73. The Chairman noted that, now that the Council was meeting four times a year rather than six, as it had previously done, its meetings were lasting longer. He suggested that meetings might start at 10:00 a.m. in future to allow more time for discussion.

Valete

74. On behalf of the Council the Chairman thanked Ms. Sameena Misbahuddin for all the work she had undertaken as the President of the Imperial College Union and also for the fine contribution she had made to the work of the Council during her year in post.

NEXT MEETING

75. The Chairman reminded Governors that the next Meeting of the Council which would also be its Away Day, would be held on Friday, 15 September 2006 at the College’s Hammersmith Campus commencing at 9:00 a.m.
PAPER A

COLLEGE BORROWING AND TREASURY MANAGEMENT

A Paper by the Chief Operating Officer

PURPOSE

1. The purpose of this Paper is to ratify the decisions taken by the Council by correspondence between 28 April and 8 May 2006 and to update the Council on the decisions taken by the Innovations IPO Committee to enter a fixed-rate private placement for up to £50M. In addition, the Council is asked to consider and, if it sees fit, to agree to certain changes to the College’s Treasury Operating Policies.

BACKGROUND

2. Members will recall that, at its last Meeting on 24 March 2006, the Council discussed a proposal that the College should set up an additional borrowing facility for £50M by way of a fixed-rate private placement. Although the College had not, at that time, been in a position to present a formal proposal for approval, the Council had agreed that the principle of extending the College’s borrowing was a relatively straightforward one. At the Chairman’s suggestion, the Council had then agreed that “as the next Council Meeting was not until July… if a market opportunity arose in the interim, Governors should be consulted by post”.

3. On 28 April, the Clerk circulated a formal proposal to members of the Council, a copy of which is attached at Annex A. Members were asked to signify their consent or otherwise to the proposal by 8 May 2006, the date on which the Innovations IPO Committee was due to meet to consider the proposal in detail. By that date, all but one member (who abstained) had consented to the proposal, either by post and/ or email or (in the case of those members comprising the Innovations IPO Committee) in person.

4. The Council is now asked to formally ratify the following resolutions which were passed by correspondence between 28 April and 8 May 2006:

   i. That the College’s borrowing limit be increased to £175M.

   ii. That the proposals to put in place a further fixed-rate private placement for up to £50M, as set out in the Paper entitled “Proposal to Borrow £50M through a Long-Dated Fixed Interest Loan” circulated on 28th April 2006, be approved.

   iii. That the Council hereby empowers and authorises the Innovations IPO Committee, constituted by resolution at the Council’s Meeting on 24th March 2006, with the power to agree or decline to agree and to do all matters and things as they shall decide in connection with securing for the College a fixed-rate private placement for up to £50M, including to authorise the College’s entry into all documents they consider advisable and to authorise any persons to execute the documents on behalf of the College.
FIXED RATE PRIVATE PLACEMENT

5. In accordance with these resolutions, the Innovations IPO Committee meeting on 8 May 2006 was duly empowered to agree or decline to agree and to do all matters and things as it shall decide in connection with securing for the College a fixed-rate private placement for up to £50M, including to authorise the College’s entry into all documents it considered advisable and to authorise any persons to execute the documents on behalf of the College.

6. The Council is asked formally to note that:

a. At the meeting on 8 May 2006, in accordance with the powers delegated to it by the Council, the Innovations IPO Committee agreed to raise the College’s Debt Ceiling to £175M subject to:

   (1) The level of net indebtedness at the commencement of the relevant financial year not being more than 70% of the College Fund’s asset value, unless prior authority is given by the Council.

   (2) Adherence to the existing covenants.

b. The Innovations IPO Committee further authorised and empowered the Rector and the Chief Finance Officer to agree and finalise the terms of the issue of the Notes for a fixed-rate private placement for up to £50M and to execute all associate documentation on behalf of the Council, the approval to issue these Notes being subject to the requirement that the all-in cost of such Notes be no more than 5% per annum.

c. On 12 May 2006 the Rector and the Chief Finance Officer, in accordance with the powers delegated to them by the Innovations IPO Committee, committed the College to borrow £50M for 50 years, at an all-in cost of no more than 5% per annum.

d. On 2 June 2006 the coupon of the private placement was set at 4.84%.

e. The £50M placement was drawn in full on 5 July 2006.

7. The Council is now asked formally to ratify these decisions by way of the following resolution:

Proposed Resolution: That the decisions of the Innovations IPO Committee and of the Rector and the Chief Finance Officer taken on 8 and 12 May under powers delegated to them by the Council, as set out in Paper A, be ratified.

TREASURY OPERATING PROCESSES

8. Although the College has now entered into the £50M Private Placement, the funds are required for planned capital expenditure in the College 3-year and the bulk of them will not be required for the next 12 months. The short term investment of these funds is therefore important.

9. The College’s Treasury Policy currently requires cash to be placed in AA and above credit-rated banks and funds. The AA rating is used by rating agencies such as Fitch and
Standard and Poor's. The equivalent Moody's rating is Aa2. These ratings describe the long-term risk of default. All the above-mentioned rating agencies also provide short term ratings. Whereas the AA rating criteria is appropriate for equity and bond investment decisions, short term ratings are more appropriate for cash investments of up to 1 year.

10. The highest Short Term ratings from the three main rating agencies are:
   - Fitch: F1.
   - Moody's: P-1.
   - Standard and Poor's: A-1.

11. It is proposed that, in addition to the existing policy, cash investments of up to 12 months' tenure may be placed at institutions rated no lower than F1, P-1 or A-1 and thus to change the Cash Management Policy to:

   a. **Objective.** To minimise the net interest cost to the College on the net debt position whilst maintaining an acceptable level of investment risk and ensuring there is sufficient cash available to meet day to day cash requirements.

   b. **Policy.** Short term cash deposits of up to 12 months' tenure are to be placed in F1, P-1 or A-1 and above credit rated banks and funds. All other cash deposits to be placed in AA and above credit rated banks and funds.

12. The Council is asked to consider and, if it sees fit, to change the Cash Management Policy as set out in Paragraph 11 above.

M.P.K.
1. At the Management Board meeting on 31 March 2006 and the Council Meeting on 24 March 2006 there were discussions on the current state of the debt markets and on the desirability of the College reviewing its self-imposed debt ceiling of £100M.

2. This Paper addresses these two issues in more detail and puts forward two specific recommendations.

THE CURRENT DEBT POSITION OF THE COLLEGE

3. The College currently has facilities in place to borrow up to £123M: an existing Private Placement of £50M in 30 year loan notes maturing in 2033; a £23M facility from the European Investment Bank (EIB) linked to the SRIF II programme maturing in 2020; and a further £50M facility from the EIB linked to student residences and specifically the Southside development. Currently, £73M has been drawn down under these facilities: £50M from the fixed rate loan notes (at 5.39%) and the initial EIB loan, which has been drawn down on a floating basis, currently at 4.65%, i.e. 13 basis points above 3 Month Libor.

THE OUTCOME OF THE COLLEGE’S 3 YEAR PLAN DELIBERATIONS

4. During February and March 2006, the College prepared a 3 year Plan for the period to 31 July 2009. This Plan covered both the current and the capital account. The key data from this Plan are set out in Annex A.\(^1\) The financial pattern that emerged from this Plan did not present a surprise; it showed the continuation of a tight operating position and a significant capital expenditure programme, albeit with improving cash generation in the last year. In broad terms, the maximum funding requirement was marginally over £150M.

5. A risk analysis of the key ingredients in the Plan was conducted, with the following issues identified as areas of concern:

   a. There is greater uncertainty than normal about Research Council grant income, given the introduction of FEC.

   b. Government funding may well be more constrained in future. Indeed the percentage increase in the College’s HEFCE grant for 2006/07 over 2005/06 – 3.5% - is considerably lower than for the previous five years.

   c. The pace of increase in overseas student income may slow.

   d. The contribution to overheads – excluding any FEC contribution – may be hard to grow in the light of increasing competition.

---

1. Annex A contains information that is commercially sensitive and has therefore not been included in these Minutes.
Council  
14th July 2006

6. Details of the quantified impact of this analysis are set out in Annex B.  

7. Any and all of these factors would, if they materialised, increase the funding requirement. Recognising that, although a cash shortfall against plan would, through management action, cause a curtailment of the capital expenditure programme, it seems prudent to set a higher funding requirement at £175M. This compares to the existing total facilities noted of £123M and the current debt-ceiling of £100M.

THE DEBT CEILING

8. The Council has a currently agreed ceiling on the maximum indebtedness of the College of £100M. This figure was set in 2001/02, on an arbitrary basis, it being a meaningful figure on the one hand, but not so large as to represent a “frightener”. It was also well within HEFCE’s guidelines on indebtedness.

9. A funding requirement of £175M will clearly need an increase in the debt ceiling. The question is on what basis should a revised ceiling be set? The conventional yardsticks, e.g. interest cover or net asset cover, are not easily applicable to the College given the non-commercial nature of its operations. But there are two alternatives that can sensibly be examined:

   a. Adherence to the existing covenants laid down by the College's lenders – these are set out in Annex C.  

   b. Reference to the asset value of the College Fund. On the basis that the assets in the Fund are non-core, defined as capable of being sold for cash without detriment to the academic activity or mission of the College, it would seem appropriate that this reference should be taken up, such that, for example, the College’s net indebtedness should at no point be more than 70% of the value at the beginning of a financial year of the College Fund value.

THE DEBT MARKET

10. Given that the 3 year Plan demonstrates that both the current facilities and the debt ceiling will be breached over the plan period, it would seem prudent to examine the market conditions prevailing today for a borrowing by the College and where they might move in the future.

11. The market for long-dated debt has seen some dramatic moves over the current year as pension funds have attempted to match their liabilities and investments with moves into low risk 30 year plus bonds. The yield curve is inverted – see Annex D(a); in January 2006 interest rates on the 30 year Gilt fell to just 3.7% - comfortably below any comparative figure in living memory. Whilst rates have since moved up to 4.20 as of 20 April 2006, it is clear that there is still an imbalance between the demand for low risk long-dated debt and the supply of such

2. Annex B contains information that is commercially sensitive and has therefore not been included in these Minutes.

3. Annex C contains information that is commercially sensitive and has therefore not been included in these Minutes.
instruments. Indeed, the Government is proposing to issue a 40 year Gilt on 11 May – see below.

12. The College is well positioned in this regard as it is one of few non-governmental institutions that has a sufficiently robust credit profile to access this long term debt market. Credit spreads for the College are expected to be no higher than 75 basis points, thus giving access to funds at an all-in rate of less than 5%, provided that the 30 - 50 year Gilt rate does not move above 4.25%.

13. The College does face some key market risks though:
   a. The long-ended debt market is volatile at the moment – the precise moment when to access such markets is important.
   b. Rates may go lower. For rates to go substantially lower, however, a period of deflation would be required. Whilst Japan is living proof that this can happen, it seems unlikely to occur in the UK in the near future.
   c. Rates may go higher. As noted above, rates have already moved higher since January, partly in response to tightening in the US. And it is thought unlikely that the end of January 2006 conditions will return for a number of technical reasons. Issuance at the long end is increasing – both by the Government and top quality corporates – e.g. Tesco. Furthermore, there is a body of opinion that the “pension driven” long dated low yield position may well come to an end following political review of the current legislation and pension funding regulation.
   d. There is a possibility that another borrower is active in the long dated market at the same time as the College, which could result in a higher coupon rate if it results in a short term surplus of paper in issuance.
   e. Any loan taken out through private placement will be subject to covenants that may restrict both the activity and future borrowing capacity of the College. However, discussions with bankers have indicated that a further borrowing would be achievable under substantially the existing covenants.

14. The nature of the current market is therefore such that it offers an opportunity to access what appears to be unusually long dated, low fixed rate debt.

THE COLLEGE DEBT PROFILE

15. The College has a mixture of fixed rate debt (£50M) and floating rate debt (£23M). It has a further facility of £50M, which can be drawn on a fixed or floating basis. Given Paragraphs 10-14 above, it would seem desirable in today's market to take out new debt now on a fixed rate basis, which would still preserve the fixed/ floating balance of the total indebtedness. Further debt would be drawn on a floating rate basis.

16. The £50M fixed rate Loan Notes has a bullet maturity in 2033; the floating rate loan is repayable from 2009 to 2020. It seems sensible to take advantage of the College’s ability to tap the very long end of the market with a preference, subject to cost, of obtaining a maturity somewhat beyond 2033.

THE PROPOSALS

17. In the light of the points made above, it is proposed that:
a. The absolute debt ceiling should be raised to £175M, subject to:

(1) The level of net indebtedness at the commencement of the relevant financial year being no more than 70% of the College Fund asset market value, unless prior authority is given by Council; and

(2) Adherence to the existing covenants in place – i.e. those in force prior to any increase in borrowing levels.

b. The College put in place a further fixed rate private placement for £50M with a bullet maturity of no less than 30 years and no more than 50 years, with a requirement that the all-in cost be no more than 5% p.a.

18. The details of the proposed placement and the covenant impact are set out in Annex E. (4) It will be seen that the covenant position is met, as is the newly proposed debt-ceiling restriction.

THE DECISION-MAKING PROCESS

19. At its Meeting on 28 April the Management Board discussed these proposals and agreed to recommend them to the Council.

20. On 8th May, the Council’s Sub-Committee – set up in connection with the proposed Innovations IPO – is due to meet. It is proposed that:

a. This Innovations IPO Committee should be given the additional task of conducting the detailed decision-making necessary to secure the additional loan, if agreed.

b. Governors should be invited to submit all comments and reactions to the proposed additional borrowing in advance of the meeting of the Innovations IPO Committee, i.e. by 11.00 a.m. on 8th May.

c. If Governors agree the additional borrowing in principle, the Innovations IPO Committee should consider the proposals in Paragraph 17 above in detail, taking account of any views expressed by members of the Council and the Management Board.

d. If the Innovations IPO Committee approve the proposals set out above, as amended in the light of comments received, the Rector and the Chief Finance Officer should be authorised to conclude a fixed rate, long-term private placement for up to £50M on terms no worse than those set out in Annex E.

e. The College’s debt ceiling should be raised accordingly, as proposed in Paragraphs 17 above.

NEXT STEPS

4. Annex E contains information that is commercially sensitive and has therefore not been included in these Minutes.
21. If the Innovations IPO Committee approves the proposals, then the following further steps will need to be undertaken in order to manage the price at which the borrowings can be achieved and the transactional process to close the deal. These two elements will be taken forwards as follows:

   a. **Rate Fixing.**

      (1) The coupon, or all-in rate, for the loan will be determined by two elements: the Gilt rate and the credit spread. As noted previously, the College expects to have a credit spread of no higher than 75 basis points, therefore a coupon of less than 5% p.a. can be achieved provided Gilts are not trading above 4.25%. The College therefore needs to determine how to proceed based on the Gilt rate at 8\textsuperscript{th} May being above or below this target of 4.25%.

      (2) If, during the period between the 8\textsuperscript{th} and 26\textsuperscript{th} May, the Gilt rate is below 4.25% the College will be able to enter into a hedge through the Gilt market that will lock-in that rate and thus achieve an effective coupon rate of below 5%. In such circumstances it is proposed that we would sell £50M of Gilts as a hedge against subsequent market movements. These Gilts would then be bought back on the day that the coupon is fixed. Such a hedge will lock-in the rate and will have no impact in pure economic and accounting terms.

      (3) There will be cash flow implications, as the hedge will result in a loss or gain in cash terms that will be offset over the lifetime of the loan. As a point of reference, each basis point movement in interest rates after the hedge will have an associated cash impact of plus or minus £96K. However, it is advised that the security of ensuring a rate of below 5% in this potentially volatile market outweighs the short term cash-flow risk.

      (4) Alternatively, if the Gilt rate is above 4.25% at the time of the decision to proceed, then it is proposed that the College should continue with the placing without a hedge, but on the basis that the all-in rate must not exceed 5% when set on the 26\textsuperscript{th} May.

   b. **Transactional Management.**

      (1) In terms of the pure mechanics of putting the loan in place once the decision to proceed has been made, the College will appoint bankers and be advised by Ashurst against the following timetable:

         (a) The bankers will approach the market with details of the proposed borrowing. This will require an Information Memorandum, the details of which are already being developed. The documentation will therefore be in place to enable this process to commence as soon as the decision to proceed is made.

         (b) Once the initial response from the market is received, the College will undertake a similar process to that undertaken with the previous Private Placement in 2003:

            (i) Investor Roadshow – Senior Executives from the College, most likely the Rector and Chief Finance Officer, will go out to the market to provide an overview of the proposal and to demonstrate the value of investing in the College – this is set to happen on 18\textsuperscript{th}/19\textsuperscript{th} May.
(ii) Investor questions – from 19th-24th May the College will need to be in a position to respond to any Investor queries that emerge from the Information Memorandum and the presentations.

(iii) Investors will be given until 25th May to submit their bids for participation.

(iv) The coupon price will then be set on 26th May.

(v) There will then be a period of legal checks and due diligence, involving the Investor’s lawyers and the College’s legal representation up until closing, which is currently forecast for 15th July. On closing funds will be wired to the College.

DECISION REQUIRED

22. Governors are invited to consider and, if thought fit, agree the following resolutions (5):

i. That the College’s borrowing limit be increased to £175M.

ii. That the proposals to put in place a further fixed-rate private placement for up to £50M, as set out in the Paper entitled “Proposal to Borrow £50M through a Long-Dated Fixed Interest Loan” circulated on 28th April 2006, be approved.

iii. That the Council hereby empowers and authorises the Innovations IPO Committee, constituted by resolution at the Council’s Meeting on 24th March 2006, with the power to agree or decline to agree and to do all matters and things as they shall decide in connection with securing for the College a fixed-rate private placement for up to £50M, including to authorise the College’s entry into all documents they consider advisable and to authorise any persons to execute the documents on behalf of the College.

M.P.K.

---

5. Paragraph 3.e. of Regulation A11 - Reserved Areas of Business and the Delegation of Powers of the Council defines “Final approval of any borrowing facility exceeding £5M” as one of those “matters (which) may not be delegated to (the Council’s) committees or its officers except by resolution of the Council.”
4(a) – The Yield Curve

Current Sterling Curves

<table>
<thead>
<tr>
<th>Maturity (Years)</th>
<th>Yield (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>4.0</td>
</tr>
<tr>
<td>5</td>
<td>4.5</td>
</tr>
<tr>
<td>10</td>
<td>4.2</td>
</tr>
<tr>
<td>15</td>
<td>4.4</td>
</tr>
<tr>
<td>20</td>
<td>4.1</td>
</tr>
<tr>
<td>25</td>
<td>4.3</td>
</tr>
<tr>
<td>30</td>
<td>4.5</td>
</tr>
</tbody>
</table>

4(b) – Chart of long ended debt market

Gilt Yield Curve

- Base Rate decrease in response to 1990 – 1992 recession
- Sept 1998: LTCM Collapse
- Diminishing Supply of Gilts
- Nov 2001: Introduction of FRS17 encouraging pension funds to shift investments from Equities into Debt
- Increasing Supply of Gilts
At its last Meeting the Council considered a proposal to arrange for an Initial Public Offering (IPO) of shares in Imperial Innovations. The Council agreed the proposal and passed the following resolutions:

“(i) That the IPO of Innovations in Q2 2006 be approved in principle, with the proviso that the College should retain a controlling interest of more than 50% of the shares in Innovations.

(ii) That the College’s entry into all documentation considered by the Innovations IPO Committee to be advisable in connection with the IPO, be approved in principle.

(iii) That the Council hereby establishes an Innovations IPO Committee consisting of Dr. George Gray, Sir Peter Gershon, Mrs. Philippa Couttie, the Chairman, the Rector and the Pro-Rector (Development and Corporate Affairs) with a quorum of four members, at least two of whom shall be external members.

(iv) That the Council hereby empowers and authorises the Innovations IPO Committee with the power to agree or decline to agree and to do all matters and things in connection with the IPO of Innovations as they shall decide, including to authorise the College’s entry into all documents they consider advisable and to authorise any persons to execute the documents on behalf of the College.”

Since then, and in accordance with these resolutions, the Innovations IPO Committee has met to consider the terms of the proposed IPO.

Attached at Annex A for the information of the Council are the Minutes of the last IPO Committee Meeting.¹

The aim is to complete the flotation process so that the Company will be admitted to trading on the AIM market on 31 July 2006 - the last day of the financial year. The key dates to achieve this are: completion of the verification process by 11th July, agreement on binding terms with the institutional investors by 19th July, and the opening of the Priority Offer to staff by the 20th of July. A more detailed breakdown of the timetable will be provided to Governors at the meeting.

The Council is asked to note that the IPO Committee has, in accordance with its delegated authority passed the following Resolution:

That the Rector and the Pro-Rector (Development and Corporate Affairs) be duly authorised to approve all and any documentation required to be entered into by the College to support the placement of new shares in Imperial Innovations at a pre money valuation of not less than £155M in order to raise not less than £25M gross in cash for Imperial Innovations.

Dr T Maini

¹ Annex A contains information that is commercially sensitive and has therefore not been included in these Minutes.
1. Members will recall that Mr Tony Roche completed two terms of four years as a Governor in September 2005, but agreed, at the Council's request, to continue in that role (and as a member of the Audit Committee) until a suitable successor could be found for him, and specifically one who had experience and expertise in health and safety matters.

2. During May the Remuneration & Nominations Committee considered three individuals with the necessary attributes to succeed Mr Roche and the Chairman subsequently interviewed the preferred candidate, Ms Carolyn Griffiths. As a result the Committee decided to recommend to the Council that she be appointed and this recommendation was put to Governors by correspondence on 12 June.

3. At the same time Governors were asked to agree that Ms Griffiths should attend the 14 July, 15 September and 24 November Council Meetings and the November Meeting of the Audit Committee as an ‘observer’, prior to formally taking up her Council and Audit Committee appointments on 25 November.

4. Members were asked to signify their consent or otherwise to these proposals by 3 July 2006, which they duly did.

5. The Council is now asked to formally ratify the appointment of Ms Carolyn Griffiths as a member of the Council and of the Audit Committee with effect from 25 November 2006.

**Proposed Resolution:** That the appointment of Ms Carolyn Griffiths as a member of the Council and of the Audit Committee with effect from 25 November 2006 be ratified.
PAPER D

STAFF MATTERS

For the Period 1 March – 31 May 2006

A Note by the Rector

HONOURS

Professor Roy Malcolm ANDERSON, FRS, FMedSci, Chair in Infectious Disease Epidemiology, Division of Epidemiology, Public Health and Primary Care and currently seconded to the Ministry of Defence as Chief Scientific Advisor, has been awarded a Knighthood in the Queen’s Birthday Honours List 2006.

Professor David NETHERCOT, FREng, Head of the Department of Civil and Environmental Engineering has been made an OBE for services to structural engineering in the Queen’s Birthday Honours List 2005.

PRINCIPAL OF THE FACULTY OF ENGINEERING

Professor Dame Julia Stretton HIGGINS, FRS, DBE, FREng, currently Professor of Polymer Science in the Department of Chemical Engineering and Chemical Technology and Director of the Graduate School of Engineering and Physical Sciences, has accepted appointment as Acting Principal of the Faculty of Engineering pending the appointment of a successor to Professor Julia King.

CHIEF OPERATING OFFICER

Dr Martin Peter KNIGHT, Chief Finance Officer, has been appointed to the role of Chief Operating Officer, taking responsibility for the following Support Services: Information and Communication Technologies, Human Resources, Finance, Estates Project Management, Facilities Management, Property Management, Research Services, Commercial Services and the Registry.

COLLEGE PROPERTY ADVISOR

Mr David Charles BROOKS WILSON, previously Director of Estates, has been appointed as College Property Advisor, reporting directly to the Rector.

DIRECTOR OF ACCESS

Ms Melanie Anne THODY, previously Head of Imperial Outreach, has been appointed as Director of Access with effect from 1 June 2006. Ms Thody will combine the responsibilities of the two posts in order to develop and build upon the College’s successful activities in these areas.
HEAD OF NATIONAL HEART AND LUNG INSTITUTE AND CAMPUS DEAN (ROYAL BROMPTON CAMPUS)

Professor Anthony Newman TAYLOR, CBE, FRCP, FFOM, FMedSci, Professor of Occupational and Environmental Medicine since 1992, has been appointed Head of the National Heart and Lung Institute in the Faculty of Medicine with effect from 1 April 2006 in succession to Professor Malcolm Green.

PROFESSORS/ CHAIRS

Professor Francesco DAZZI, previously Reader in Transplantation Immunology, has been appointed to the Chair in Stem Biology and Head of the Stem Cell Biology Section with effect from 1 January 2006. This is a joint appointment in the Department of Haematology, Division of Investigative Science, and the Kennedy Institute of Rheumatology.

Professor Michael LEVIN, FMedSci, currently Professor of Experimental Medicine and Director of Research at Brighton and Sussex Medical School, University of Sussex, and Honorary Consultant in Infectious Diseases at the Royal Alexandra Children’s Hospital in Brighton, has been appointed to the Chair in Paediatrics and International Child Health in the Department of Paediatrics within the Division of Medicine at the St Mary’s Campus with effect from 1 September 2006.

Professor Guy Allen RUTTER, currently Professor of Biochemistry and Wellcome Trust Research Leave Fellow at the University of Bristol, has been appointed to the Chair in Cell Biology and Head of Department of Cell Biology in the Division of Medicine based at the South Kensington Campus with effect from 1 September 2006.

CHANGE OF TITLE

Professor Fotis Constantine KAFATOS, currently Chair in Insect Immunogenomics in the Division of Cell and Molecular Biochemistry, has changed his title to Chair in Immunogenomics with effect from 1 June 2006 to reflect his current and future academic duties.

Professor Richard TEMPLER, currently Chair of Biophysical Chemistry in the Department of Chemistry, will change his title to Hofmann Chair of Chemistry with effect from 1 September 2006.

READERS

Dr Nour MEDDAHI, currently Associate Professor of Economics, Department of Economics, at the University of Montreal, Canada, has been appointed to the post of Reader in Finance in the Tanaka Business School with effect from 1 August 2006.

Dr Paolo Antonio MURARO, currently Senior Research Fellow (Visiting Scientist) and Consultant in Neurology in the National Institute of Neurological Disorders and Stroke, and Clinical Center, at the National Institutes of Health, Bethesda, USA, has been appointed to the post of Clinical Reader in Neuroimmunology, Department of Cellular and Molecular Neuroscience in the Division of Neuroscience and Mental Health with effect from 21 August 2006.
VISITING PROFESSORS

Professor Hrvoje BANFIC, Head of the Department of Neuroscience at the University of Zagreb, has accepted association with the College as Visiting Professor in the Renal Medicine Section of the Division of Medicine with effect from 1 March 2006 for a period of one year.

Professor Elizabeth BARRETT-CONNOR, Professor and Division Chief of Epidemiology in the Department of Family and Preventive Medicine at the University of California, has accepted association with the College as Visiting Professor in the National Heart and Lung Institute with effect from 1 April 2006 for a period of five months.

Professor John Dallas DONALDSON, Chairman of Hopeman Associates Ltd. and Emeritus Professor in the Centre for Environmental Research at Brunel University, has accepted association with the College as Visiting Professor in the Department of Civil and Environmental Engineering with effect from 1 May 2006 for a period of three years.

Dr Stuart John FORBES, Consultant Hepatologist at the University of Edinburgh, has accepted association with the College as Visiting Professor in the Hepatology Section of the Division of Medicine with effect from 1 May 2006 for a period of two years.

Professor Antony David GEE, Head of PET and Radiotracer Development GlaxoSmithKline, Adenbrookes Hospital, Cambridge and Clinical Imaging Centre, Hammersmith Hospital London, has accepted association with the College as Visiting Professor in the Department of Chemistry with effect from 1 May 2006.

RETIREMENTS

Emeritus Professor Malcolm GREEN, FMedSci, Professor of Respiratory Medicine, previously Head of the National Heart and Lung Institute and Campus Dean for the Royal Brompton Campus, has retired with effect from 31 March 2006. The Emeritus title has been conferred.

Emeritus Professor Roger GREENHALGH, Professor in Surgery in the Division of Surgery, Oncology, Reproductive Biology and Anaesthetics, has retired with effect from 31 March 2006. Following retirement, he has been appointed as Senior Research Investigator and the Emeritus title has been conferred.

Emeritus Professor Dame Julia Margarita POLAK, DBE, MD, DSc, FRCP, FRCPath, FMedSci, ILT., Professor in the Department of Tissue Engineering and Regenerative Medicine Centre, Division of Investigative Science, has retired with effect from 23 March 2006. The Emeritus title has been conferred.

Mr William Patrick SOUTTER, MD, FRCOG, Reader in Gynaecological Oncology in the Division of Surgery, Oncology, Reproductive Biology and Anaesthetics has taken early retirement with effect from 31 March 2006.

RESIGNATIONS

Dr Richard Edmund ASHCROFT has resigned from his post as Reader in Biomedical Ethics in the Division of Epidemiology, Public Health and Primary Care with effect from
5 May 2006 to take up an appointment as Chair in Biomedical Ethics at the Queen Mary College, University of London.

**Professor Russell Grant FOSTER** has resigned from his Chair in Molecular Neuroscience in the Department of Visual Neuroscience with effect from 31 May 2006.

**Professor Mark William HANKINS** has resigned from his post as Professor of Visual Neuroscience in the Department of Visual Neuroscience with effect from 31 May 2006.

**Professor Julia Elizabeth KING, CBE, FREng** has resigned from her appointment as Principal of the Faculty of Engineering and will be taking up the appointment of Vice-Chancellor of Aston University.

**Professor Gideon LACK** has resigned from his post as Clinical Professor of Paediatric Allergy and Immunology in the Department of Paediatrics with effect from 30 April 2006.

**Professor Raymond PLAYFORD, FMedSci** has resigned from his Chair in Gastroenterology in the Gastroenterology Section of the Division of Medicine with effect from 31 March 2006.
The Minutes of the meetings of the Senate held on 3 May 2006 and 14 June 2006 are attached. The following points are drawn to the attention of the Council for information and, where appropriate, action.

2. **Minute 897 – Higher Education Academy Register of Practitioners.**

   a. The Senate noted concerns with regard to the register of practitioners of the Higher Education Academy raised by the Pro-Rector (Educational Quality). These related to how the third standard of attainment set out in the 'UK Professional Standards Framework for teaching and supporting learning in higher education' would be obtained, how experienced staff would be enabled to become part of the Register, and the role of the HEA Council.

   b. The Senate agreed to request the Rector to raise these concerns at the HEFCE Board of Management and also to discuss with the other Russell Group institutions their experience of relations with the HEA.

3. **Minute 898 – Review of Postgraduate Taught Provision in the Faculty of Medicine.**

   a. The Senate approved a report from the Quality and Academic Review Committee on postgraduate taught provision in the Faculty of Medicine. The Senate was pleased to note that the assessors had commented positively on the teaching reviewed.

   b. The assessors had advised that improved transport facilities for students between campuses in the Faculty would enhance their educational and social experience. The Faculty accepted this observation and was obtaining costs from the Estates Division of providing a free transport system. The matter would become of greater significance with the introduction of the BSc in Biomedical Sciences in October 2006, as the degree was largely based at the Hammersmith campus. The Senate agreed that the issue should be brought to the attention of the Management Board.

4. **Minute 899 – Postgraduate Students and the Assessment of Undergraduate Students.** The Senate approved protocols for the assessment of undergraduate students by postgraduate (research degree registered only) students. The protocols specified that postgraduate students should participate in the assessment of course work only, that they should assess undergraduate work only, and that they should be appropriately trained in assessment methods.

5. **Minute 902 – Transferable Skills Training Policy.** The Senate approved a proposal from the Graduate School of Engineering and Physical Science and the Graduate School of Life Sciences and Medicine for a College policy on transferable skills training.

---

1. The Senate Minutes have not been included in these Minutes.
6. **Minute 903 – Admission Deposits.** The Senate agreed that all the funds accruing from forfeited admission deposits for postgraduate courses should be returned to the relevant faculties and to the Tanaka Business School for the setting up of postgraduate scholarships. The Faculties and the School were asked to ensure that in awarding scholarships the relevant departments were appropriately recognised for their efforts in obtaining the funds.

7. **Minutes 904, 920 and 921 – Research Degree Submission Rates Report.**
   
a. At its meeting on 3 May 2006 the Senate received an updated report on the results of a survey of research degree submission rates as at April 2005, which had first been reported to it at its meeting on 14 December 2005. The Senate was disappointed to note that the rates had improved only marginally from 61% to 63%.

   b. Senate agreed that the Graduate Schools should prepare an analysis of the reasons for the low overall submission rate for consideration at the meeting on 14 June 2006.

   c. At the meeting on 14 June the Graduate Schools reported that their analyses of reasons for non-completion revealed no single overriding factor, though the Graduate School for Life Sciences and Medicine cited restructuring in Life Sciences and some Medicine divisions as a possible contributory feature to low submission rates in certain areas. The Graduate School for Engineering and Physical Science had agreed a number of key actions for improving submission rates that would be urged on departments. In addition to these measures, the Graduate Schools were producing a definitive research degree procedure document and introducing a system of biennial reviews of how departments were meeting the procedures. The procedure document would be considered by the Senate at its next meeting.

8. **Minute 915 – QAA Special Review of Research Degree Programmes.** The Senate was pleased to note that the draft report from the QAA on its special review of research degree programmes conducted in all Higher Education Institutions in England and Northern Ireland during the Spring term 2006 had concluded that the College’s ability to secure and enhance the quality and standards of its research degree programme provision was appropriate and satisfactory.

9. **Minute 916 – Progress on Leaving the University of London.**
   
a. The Senate was pleased to note the progress made to date on the arrangements for leaving the University of London on the College’s 100th birthday.

   b. **The Senate agreed to recommend to the Council that the decision to secede from the University of London should now be taken.**

10. **Minute 917 – Amendment to the Academic Regulations.**
    
a. The Senate considered a recommendation from the Quality and Academic Review Committee that Academic Regulation 12.2 be rescinded. This Regulation states that, in respect of credit transfer for students transferring to the College to complete a first degree, “The same period of study and examinations cannot be credited towards an award of the College and an award of another institution.”

    b. The QARC had noted that the regulation was in conflict with the Academic Regulations for Advanced Students which allow such students to be exempted from
part of a course of study for a first degree on the basis of having previously been
awarded a first degree. It was also not congruent with the development of the
Framework for Higher Education Qualifications which acknowledges the possibility of
linked qualifications at different levels of the Framework.

c. The Senate agreed to recommend to the Council that Academic
Regulation 12.2 be rescinded.

11. Minute 917 – Pastoral On-Line Evaluation Survey. The Senate was pleased to
note that the first Pastoral On-line Evaluation Survey (POLE) of first year students in Autumn
2005 had produced an overall positive result, with 83% of respondents either strongly
agreeing or agreeing that they were satisfied with their experience as a student at the
College.

12. Minute 923 – Bologna Task Force. The Senate noted the progress achieved to
date by the Bologna Task Force in working towards achieving compliance with the Bologna
process for the College’s degree programmes by the full implementation date of 2010.
INTRODUCTION

1. The purpose of this third Annual Report is to:
   a. **Section 1.** Provide highlights of the major activities which have been undertaken during the past year to recognise diversity and to foster inclusion.
   b. **Section 2.** Assess the extent to which we are being both proactive and responsive to equalities legislation, particularly in respect of eliminating discrimination, promoting equality of access and opportunity and promoting good race relations.
   c. **Section 3.** Assess the College’s progress in relation to the EO&DC’s longer-term ambitions which were stated in the second Annual Report published in 2005.


SECTION 1
HIGHLIGHTS OF MAJOR ACTIVITIES;
RECOGNISING DIVERSITY AND FOSTERING INCLUSION

ADDRESSING GENDER INEQUALITIES IN SCIENCE, ENGINEERING AND TECHNOLOGY (SET)

3. Our most significant challenge in relation to gender inequality remains the attraction and retention of female academic staff and this is the major focus of the Academic Opportunities Committee (AOC). In 2005, it published “Action for Opportunity” which reviewed progress and achievements since its inception seven years ago and set out recommendations - “Taking Action”.

4. Subsequently, the Chair of the Committee addressed the College’s most senior staff at the Rector’s Away Day in November 2005. Professor Dame Julia Higgins was able to report positively on our successes, many of which led the College to win a Silver Athena Swan Award in March (Scientific Women’s Academic Network – run by the Royal Society). The Awards are given in recognition of demonstrated commitment to the progression of female academics and Imperial was the only institution to be so awarded. (No golds were received and Edinburgh’s Chemistry Department also won a silver).

5. Despite this public recognition, and the strides forward which have been taken, it is clear that there is always more that we can, and must, do. Statistics indicate that a higher number of female academic staff are leaving than are being appointed. This means that, in spite of significant efforts to attract and retain, our staff profile remains the same and we are not achieving our strategic aim to increase the percentage of female staff. Following AOC-
instigated exit interviews to establish why staff are leaving, some female leavers had reported a sense of isolation, and others felt that there had been a lack of support, particularly during or leading up to maternity leave.

6. In February 2006, members of the AOC met with the Principals, Deans and departmental/divisional representatives to talk through the Committee’s ideas on how it might support the Faculties and their Departments/Divisions. The Committee recommended action on a relatively small number of issues which should have the most impact. These included: two senior staff in each faculty, called either “Faculty Athena Professor/Reader” who would provide a local, supportive role; compulsory female representation on interview panels; a dedicated website that would be the first port of call for any female academic so that information is easily accessible; guidance for Heads of Departments/Divisions (HoDs) on best practice for dealing with staff going on maternity/paternity/adoption leave; and a requirement that at each HoD’s annual performance review, each Principal asks for a report on progress in relation to equality and diversity with specific questions relating to female academics. The AOC will be reviewing progress over the coming year.

“IMPERIAL AS ONE” STAFF NETWORK

7. Early in 2005, our black and minority ethnic (BME) staff established “Imperial As One”, a group specific to their needs and interests, but which would also have an advisory role for the EO&DC. Its three priorities were to:

a. Promote career progression and professional development.

b. Establish a structured mentoring programme.

c. Improve social and cultural relations.

8. The official launch was held on 12 July 2005 and hosted by the Rector. The Group has been very active over the past year and the College has provided support for “Imperial As One” to meet its three priorities. Individuals, and the College, have benefited in the following ways:

a. Members have provided valuable input into the review of our recruitment and selection policy and procedures, and of our appraisal scheme.

b. Members have taken up training opportunities to enhance their development. Programmes attended have included: recruitment and selection, communicating positively, making effective presentations, and equality training.

c. A mentoring programme is in place using a combination of College mentors and successful, external BME representatives.

d. Members are becoming more visible role models for internal and external audiences e.g. being featured in our Postgraduate Prospectus and in specialist publications.

e. Networking opportunities have increased across the College and with external organisations such as the NHS, Local Authorities and the Royal College of Nursing.
9. Presentations by two magistrates and a school governor have been held to encourage staff to participate and thus help to increase BME representation in these important community roles. Participation would also be personally developmental and improve skills and confidence.

10. A video, introduced by the Rector, has been completed. It will be used to introduce “Imperial As One” and will be played during staff induction and at relevant events and training sessions.

11. “Imperial As One” organised activities to celebrate Black History Month last October as an example of its aim to improve social and cultural relations and the group has “bigger and better” plans for the coming year.

ENCOURAGING RESEARCH STAFF TO CONTRIBUTE FULLY TO THE SUCCESS OF COLLEGE

12. In late 2004, we employed a Staff Development Adviser whose remit is to have dedicated responsibility for the career development of research staff. Over the last year, extensive development provision has been put in place and our equalities and diversity agenda is a mainstream element of the training and associated activities.

13. This agenda is particularly relevant because, at November 2005, 36% of research staff were female and 21% were from an ethnic minority background. During 2005-06, 31% of research staff who attended development activities were from a BME background. 51% of those who attended were female (46% in 2004-05) and 15% were female from a BME background (12% in 2004-05).

14. A Research Staff Working Group is involved in shaping future programmes that are relevant to the needs of researchers, and termly meetings of research staff in departments/divisions provide valuable feedback on service and communication matters. A “Virtual Senior Common Room” has also been established to encourage research staff to share ideas and gain information on issues of importance to them. The College-wide mentoring programme for research staff was re-launched in 2005-06. All new research staff are given the opportunity to have a mentor to advise and guide them on career development and general “working at Imperial” topics. We have also recently achieved a workplace agreement with our Joint Trades Unions on fixed-term employment contracts. This will provide greater stability and certainty for research staff.

15. The above all help to assure participation by, and equitable recognition of, research staff.

PROMOTING ACCESS

16. Our aim is to ensure that access for those with disabilities is a core institutional activity.

17. The Centre for Educational Development (CED) has embedded equality into our educational development provision. For example, academic staff work with Directors of Undergraduate Studies to address how best to ensure that students with various disabilities can learn effectively in their specific discipline. The CED has also enhanced its web-based resources and information in relation to disability matters over the last year.
18. The staff development programme has continued to raise general awareness and to improve knowledge of specific disabilities and issues. We have targeted those disabilities that students present at College, e.g. Autism and Asperger Syndrome and dyslexia.

19. Ensuring good facilities for those with disabilities is a mainstream topic for those with responsibility for buildings and services. For example, the new Sports Centre and new Halls of Residence have been planned and built to high standards of accessibility. New signs have also been introduced which have incorporated disability access routes around the campuses.

20. Our work to ensure that new and existing web sites are assessed and improved continued via the College’s Web Accessibility Officer. Two members of ICT staff have, as part of their job role, responsibility for student support.

21. In the last Annual Report, the introduction of Departmental/Divisional Disability Liaison Officers was noted. Since then, this network has consolidated. Officers provide practical guidance and support, and are a good source of information and feedback.

OUR EQUALITY EMPHASIS IN THE RESEARCH ASSESSMENT EXERCISE (RAE), ACADEMIC PROMOTIONS AND RECRUITMENT AND SELECTION

22. We have developed an Equality Code of Practice which governs the selection of staff to be submitted for the RAE. Over the next few months, we will provide briefings to ensure wide understanding of the day-to-day impact of the Code, particularly from those who will be making submission decisions.

23. In the last year, we have strengthened the equalities aspects of academic promotions and academic recruitment and selection. In promotions, changes have included enabling staff to provide fuller details about personal circumstances which might have affected their contribution, e.g. maternity leave, carers’ leave, a disability. In addition, improvements have been made to the application form so that staff are clearer about what evidence of their achievements they should provide, e.g. in teaching. In recruitment and selection, female representation on interview panels is expected. It has been agreed that interviews should not take place without a Dean and the guidance in relation to Further Particulars has been expanded so that potential candidates are provided with improved information.

SECTION 2
ARE WE PROACTIVE IN PROMOTING EQUALITY AND COMPLYING WITH LEGISLATION?

PROMOTING EQUALITY THROUGH OUR LINKS WITH LOCAL COMMUNITIES

24. A key requirement of the Race Relations Amendment Act (2000) is to promote good race relations and the Imperial Volunteer Centre (IVC) facilitates interaction between the College and the wider community. The IVC is a successful example of corporate social responsibility and, currently, 206 external organisations are linked.

25. The Centre enables student and staff volunteers to work with community projects and some of these support our objective to promote race equality and good race relations. Projects which have continued from last year include: the St Clements and St James into University Project (which gives young people from an ethnic minority an opportunity to experience university life); the Refugee Council, whereby volunteers act as tutors to refugee
children; and an After School Homework Project which assists children from an ethnic minority. Four notable additions have been established over the past year: a supplementary school for Eritrean children; after school English language support for recently-arrived immigrants in Lambeth; financial advice for the Angolan community; and the Lila Project which promotes inclusion for children with a disability or a limiting medical condition. Survey feedback shows that the projects are well received by those communities with whom IVC works.

26. The latest volunteer profile shows that: 59% were female, 10% were staff, 63% were undergraduates, 21% were PhD students, 2% were alumni or family members and 4% were undisclosed. 1% declared a disability.

PROMOTING EQUALITY IN SEXUAL ORIENTATION

27. The College, mindful of the recent legislation relating to civil partnerships, together with the anti-discrimination and anti-harassment law on sexual orientation, became a Stonewall Diversity Champion in 2005.

28. As part of our response to promoting equality in sexual orientation, our second Annual Diversity lecture was given in May 2006 by Ben Summerskill, the Stonewall Chief Executive. He took as his theme “Winning Fair Treatment in Education and at Work for Gay People in 21st Century Britain”. In addition, staff have approached HR with their idea to form an informal network and this will be supported during the coming year.

PROMOTING EQUALITY BY REINFORCING OUR VALUES AND PRINCIPLES

29. Training.

a. In order to ensure that staff are aware of College policies and procedures, our equality and diversity training programme has continued. In 2004-05, 296 staff attended training on Disability Equality, Harassment – confronting inappropriate behaviour, Harassment – the management perspective, and Promoting Race Equality. In March, 12 of our most senior staff attended “The Anatomy of Prejudice” programme.

b. Building management and leadership capability is a key activity and the integration of equality and diversity into our management programmes at all levels continues to instil our standards and values. In 2004-05, 1535 participants attended training events on management and leadership (1175 the previous year). The gender profile take up is similar to 2003-04, i.e. female staff make up 42% of the workforce and took up 56% of the training. The analysis of attendance by ethnic origin on management and leadership courses shows that there is a 5% discrepancy between staff profile and attendance. We will monitor this gap, particularly in the light of those initiatives described in the section on Imperial As One. Analysis of 2004-05 equality and diversity training statistics also shows that we need to ensure that a broader cross-section of staff attend, e.g. academic and research staff make up 49% of the staff total but accounted for 15% of attendees.

c. Good equal opportunities practice in recruitment and selection is vital if we are to ensure that we optimise the quality of applicants and successful recruits. We continued to implement the College’s policy that selection panel members must be trained and training attendance nearly doubled in 2004-05 compared with 2003-04 (390 compared with 207).
d. We monitor compliance with the policy and, in 2004-05, staff on one in six recruitment panels had not undertaken College training (although they may have been trained by other providers, or trained by College preceding monitoring). To achieve greater adherence, we will implement pre-interview checks in addition to post-interview. We will continue to provide lists of those who have been trained so that departments/divisions are aware of their trained pool. To date, providing this information has resulted in an increase in training attendance and, in time, should increase the diversity of our interview panels.

30. **Representation.**

a. In December 2005, Council received a comprehensive monitoring report regarding ethnic origin, gender and age of the Court and Council and it was agreed that the priority was to redress gender imbalance. By October 2006, three new women members will have joined Council and, following due process, it is envisaged that a fourth will join at the end of November.

b. Analysis of our workforce composition shows that, in particular, there is poor representation of women and staff of BME origin in senior management. This also means that high-level decision-making committees are not diverse. While we have two female academics at the highest levels whose focus is academic management, the College’s support services senior management is almost exclusively male and white although this may change to some extent if the College’s succession planning comes to fruition. We have College targets for female academic and research staff representation but have not, as yet, considered whether positive action initiatives and representation targets could be useful for senior managerial levels. We believe that this should be a discussion item for our senior committees during 2006.

c. In relation to students, the College’s outreach programme continues to raise the educational aspirations of potential students, including those from ethnic minority groups who are currently underrepresented. The programme’s projects are diverse and the areas in which the College works includes many with high BME representation. The Access Agreement, developed in 2005, embodies the College’s commitment to widening participation.

d. In order to ensure academic staff improve their understanding of equalities issues in relation to learning and teaching, the Centre for Educational Development offered a new workshop entitled “International Students: Understanding and Supporting Cultural Diversity” last year. It gave participants the opportunity to enhance their understanding of cultural diversity in HE contexts and to debate practical issues, such as adjusting courses and teaching in response to student diversity. This programme complemented two of the core workshops that were redesigned in 2004 (“Becoming a Personal Tutor” and “Designing for Learning”) to give greater emphasis to equality and diversity – these have continued to run successfully.

e. A key aspect of EnVision 2010, a major project which is focusing upon engineering education in College, is the attraction and retention of girls and young women to study and work in engineering. The research findings will be fed into the reform of engineering provision. In addition, 20 “Green Design Challenge Scholarships” – to study engineering at the College - were taken up in October 2005 following “The Green Design Challenge” competition held in 2004.
31. **Celebrating Skills.** Three “Rector’s Awards for Excellence” have been introduced this year: for Leadership and Management, Mentor of the Year, and achievements in Equality and Diversity. The Awards will celebrate involvement, inspiration and skills. Excellence in management, mentoring and equality all contribute to improved equal opportunities, and College recognition of capability in these three important areas is a positive step.

32. **External Recognition.**

a. We are mindful of the importance of our corporate image and reputation and the work of the IVC, described above, is one example of outward-facing activities that help to raise our external standing and thus contribute to the principles and values in our Strategic Plan.

b. The College is a member of the Exhibition Road Cultural Group and participates in events with other institutions in the area. The Exhibition Road Music Day held on 21 June 2005 attracted visitors from a wide range of communities and the music was international. Children from many London boroughs also attended music workshops. 2 October 2005 marked “The Big Draw Meets Carnival”. Workshops aimed at families were held and 1,000 visitors came to College that day.

c. We have participated in external networks and fora and have been invited to speak at employer networks and training courses to share our experiences of our equality and diversity work. In addition, we have entered for equality and diversity recognition awards e.g. the SWAN silver award described in Paragraph 4 above, and participated in gender benchmarking with Opportunity Now, where we also achieved silver.

33. **Procurement.** The College continues to implement procurement practices in line with our Code of Practice (developed as part of our Promoting Race Equality Policy). This year, for example, we selected a new provider of temporary staff and a significant reason for the choice was the company’s commitment to diversity.

**COMPLYING WITH LEGISLATION - EXAMPLES OF EQUALITY IMPACT ASSESSMENTS**

34. The Registry and Human Resources Divisions have improved their collection and analysis of data. This has enabled us to monitor and measure trends more accurately. Statistics and analyses relating to staff and students are provided regularly to relevant College committees.

35. An example of a student-related impact assessment is the review of admissions policy and statistics by the Undergraduate Admissions Committee in November 2005. In particular, it considered a report that had been drawn up at the request of the Recruitment and Admission Policy Committee on trends in applications and admissions by ethnic group. The four-year analysis showed that the number of White British applicants had dropped significantly and that the number of offers to White British prospective students had dropped in line with the fall in applications. The number of offers to other major ethnic groups had increased by more than the rate of applications but there were differences in the conversion rates between ethnic groups i.e. from applications to acceptances. This will continue to be monitored.

36. In relation to staff, we collect and analyse a wide range of quantitative data in order to review and evaluate the current state of play, e.g. on pay, promotions and staff
development take-up. Last year, we identified that there was a sustained high level of turnover in the operational services areas and we commissioned a project to establish whether there were any specific contributory factors. In fact, it was identified that we employ a lot of students on fixed-term contracts. This distorted the figures and, compared with the catering sector in London, and the security services sector nationally, the College’s turnover in these areas was actually low in comparison.

37. In undertaking the project, various equality-related matters came to the fore that we are taking forward. For example, some staff have greater access to the College’s flexible working policy than others and this needs to be standardised; childcare difficulties were also highlighted and childcare provision is to be expanded in consequence.

38. Since 2002 general turnover statistics by gender and ethnic group remain consistent, although it is notable that, each year, more women than men leave, and the lowest turnover by ethnic origin is white. While analysis of exit questionnaires and interviews have provided information to help us understand why female academic staff might leave, it has not, as yet, provided us with information to identify specific issues encountered by other female staff, or those from a BME background.

SECTION 3
PROGRESS IN RELATION TO THE EO&DC’S LONGER-TERM AMBITIONS

39. In the second Annual Report (May 2005), the EO&DC stated its longer-term ambitions. During the last year, commitment and support from senior staff at the highest level has been much in evidence. Focus group feedback, however, shows that staffs’ view of our commitment to equality and diversity is largely influenced by how their manager behaves, or when they hear of instances of bullying or harassment that are not dealt with. Activity over the past year has, therefore, focused upon improving management skills generally, making managers aware of their responsibility to take complaints of harassment and bullying seriously, dealing effectively with perpetrators, and implementing changes to ensure that recruitment and selection, promotion and remuneration processes are “felt fair”. This work will continue.

40. There is increased understanding of the benefits of equality and diversity to Imperial, both as an employer and as a teaching and research institution. Equality and diversity issues are much more public and are talked about much more. We still have not, however, achieved the position whereby the principle of equality is “mainstreamed” into the introduction and/or revision of all College policies and procedures. It is not, yet, embedded in our “DNA”.

41. Participation in College life by a wider range of staff and students has increased. PR and communications has improved and it is envisaged that the new equalities website for staff – introduced in May 2006 – will aid communication still further.

1. Longer-term, the EO&DC wishes to see:
   - Increasing leadership and public commitment for those senior staff with managerial responsibility.
   - Greater recognition of the achievements and contribution of a wider range of staff than exists currently – working for a prestigious organisation is very positive but elite organisations can be less successful at being inclusive.
   - Increasing understanding of the benefits of equality and diversity to Imperial, both as an employer and as a teaching and research institution.
   - Increasing communication with, and greater participation by, a wider range of staff and students.
42. As an employer, we are required to consider representation figures by ethnic group and we widen this analysis – see the “Diversity Snapshot” at Annex A. Our position as a major research university employing international academic and research staff, and our central London geographical location, means that we do not have an obvious “local population" from which to draw. For the most part, therefore, the 2001 census data, and subsequent data analysis by the Greater London Authority, is useful benchmarking data for support staff.

43. In 2001 40.2% of London’s population were from ethnic groups other than White British. A crude comparison with the College’s snapshot shows that our support staff should be more ethnically diverse. We should also be mindful of the fact that there are fewer men than women at all ages over 21. This is reflected in support staff figures in the more junior grades, i.e. women represent 56% of the total for support staff in levels 1-4, but as noted previously, there is a steady and significant decline in female representation at the more senior grades.

44. Implementing equality and diversity at Imperial is about change. It is challenging work and requires involvement and commitment from all – particularly from those who make important decisions, those who manage staff and those who have significant responsibility for, and contact with, students. It requires systematic action and a focus on developing an “open” environment. It is a continuous process, not an initiative. This Annual Report shows that our progress is positive and steady.

45. In the coming period, new work will focus upon preparing the College for the wide-reaching Age legislation, the Disability Equality Duty and the Gender Equality Duty.

MANAGEMENT BOARD CONSIDERATION

46. This Report was considered and approved by the Management Board at its meeting on 30 June 2006. The Board commented that the Report demonstrated that good progress was being made in furthering equal opportunities in the College, but there were two specific points arising from it which were drawn to members’ attention:

a. There was support for the equal opportunities and diversity agenda at the top of the College and much good work on it was being done by junior staff. However, there was a chasm between the two. It was proposed, therefore, that Principals should make an examination of individuals’ contributions to equal opportunities and diversity a specific part of the annual appraisal of Heads of Department/ Division.

b. The poor attendance at the recent annual Athena and Diversity Lectures had been extremely disappointing. It indicated that the equal opportunities and diversity culture was poorly embedded in the College. Members were asked for their support in rectifying this, recognising that a change to the mind set of staff was not just a matter of complying with legislation: it was grasping an opportunity to benefit the College by ensuring that all its staff were able to use their talents to the full.

47. The Management Board agreed that:

a. Contribution to equal opportunity and diversity should be a part of the annual appraisal of HoDs.

b. Members should give priority to encouraging improved staff attendance at future equal opportunity and diversity events.
c. Faculties and the Support Services should nominate a member of staff in each Department/Division with specific responsibility for equal opportunity and diversity.

d. The Report should be submitted to the Council for information at its next meeting.

COUNCIL CONSIDERATION

48. The Council is asked to:

   a. Note the findings of this Annual Report and the comments by the Management Board;

   b. Highlight any issues that members consider to be of particular importance.

Professor D.K.H. Begg
BACKGROUND

1. As members will recall, at its meeting on 9 December 2005 the Council considered a proposal that the College should leave the University of London. In essence, the argument for doing so was that the Imperial brand is stronger than the University’s and that the University offers no administrative or organisational advantage in return for the subscription fee and other costs which the College incurs by membership of it. The Council therefore resolved that negotiations with the University of London should be commenced with the aim of preparing a Memorandum between the College and the University setting out the basis for the College’s withdrawal from the Federation.

2. Following this decision, a project team was established, chaired by the Director of Strategy and Planning, to oversee the negotiation of a formal Memorandum of Understanding (MoU) between the College and the University. (Membership of the Project Team is shown in Annex A).

3. Three members of the Project Team (the Director of Strategy and Planning, the Pro-Rector (Educational Quality) and the ICU President) have subsequently met approximately monthly with representatives from the University (the Vice-Chancellor, the Academic Registrar and the Director of Administration) to discuss and agree the terms of the MoU. A number of meetings have also taken place with the University’s Director of Finance and Academic Registrar to agree the amounts and principles governing future payments to the University. Throughout this process the lawyers of both parties have been consulted and they have taken part in the final stages of the negotiations.

4. As a result of these meetings a draft MoU has been agreed by both parties, a copy of which is attached at Annex B.(1)

5. The College’s proposed secession from the University has been extensively discussed at meetings of the Council and the Management Board. It has also been discussed at meetings with the College’s Heads of Department and by the Imperial College Union and the Senate. At none of these meetings has any material reservation been expressed. The HEFCE has also been kept informed and has raised no issues in relation to the proposed withdrawal.

6. At the meetings of the College’s Senate on 14 June 2006 and of the Management Board on 30 June 2006 both bodies agreed to recommend to the Council that the College should secede from the University. The Management Board further agreed to recommend to the Council that this should be under the terms of the draft MoU.

7. The draft MoU has also been endorsed by the University’s Heads of Colleges’ Committee on 23 June 2006 and was formally approved by the University’s Council on 28 June 2006.

1. Annex B contains information that is commercially sensitive and which is confidential. Therefore it has not been included in these Minutes.
8. The purpose of this Paper is to outline:
   a. The significant items within the MoU.
   b. The financial implications of a decision by the College to withdraw from the University.
   c. The next steps which would need to be taken following a decision to withdraw.

SIGNIFICANT ITEMS WITHIN THE MOU

9. All items within the draft MoU have now been agreed between the College and the University and with expert input, as needed. (The number shown in parentheses after each heading below indicates the paragraph number in the draft MoU). The College has undertaken due diligence throughout this process and this is highlighted in the appropriate sections below.

10. **Subscriptions and Fees for Services (4).** Students who are studying at Imperial but remain registered for a University of London degree will continue to have rights of access to various University services. The College will therefore continue to pay an annual fee to the University in respect of these services for these students but this fee will reduce each year as the number of University-registered students declines. The fee will have fallen to an insignificant level by 2011-12 and to zero by 2012-14. (See Schedule 3 of the MoU for more detail).

11. **Employees and Title Holders (5).** Academic staff currently have the title of ‘Professor/Reader/Teacher of the University of London’. On withdrawal these will be automatically replaced by equivalent College titles. Letters will be sent to all existing staff explaining the consequences of withdrawal, including the replacement of titles. (See Schedule 4 of the MoU).

12. **Transitional Academic Arrangements (6).**
   a. The College expects to leave the University from the 2007-08 session. All postgraduate entrants from 2007-08 will be registered for an Imperial degree. Because of the long lead times of the printed undergraduate prospectus, undergraduate entrants in 2007 will continue to register for a University of London degree (unless they subsequently elect to transfer to an Imperial one). Undergraduate entrants from 2008 will register for an Imperial degree.

   b. Students will receive a letter explaining the consequences of the College’s withdrawal from the University and that they have the option to transfer to an Imperial degree or remain registered for a University degree. (See Schedules 5 and 6 of the MoU). No matter what decision he or she makes, a student’s course, teaching, assessment or examination will not change as a result of the College’s withdrawal. The two joint postgraduate courses with University of London colleges will continue and students may continue to enrol at other colleges for intercalated degrees within medicine.

---

2. The Undergraduate Prospectus for 2007 states that students will be registered for a University of London degree.
c. Those students remaining registered with the University will retain all their current access rights and services from the University unless the College chooses to provide these itself.

d. The continuation of the award of Imperial College Diplomas and Associateships is currently under discussion and will form part of a continuing project to ensure the smooth transition to secession and the award of Imperial College degrees.

13. **Indemnity (7).** The University of London requires the College to indemnify it against certain claims which might arise as a consequence of secession. A degree of protection and certainty for the College has, though, been negotiated with agreement on a minimum and maximum limit for any one claim and also to set a cap on the total cost of all claims.

14. **Academic and Other Services (8).** From the date of withdrawal the College’s staff and the students who are, or choose to be, registered for an Imperial degree will have the same rights of access to the Senate House Library as the staff and students of any other institution which is not a member of the Federation. The College will be able to purchase tickets which will provide this access. Those students who are registered for a University of London degree will have the same rights of access as other University of London students. Staff and students will also continue to enjoy access to the libraries of University of London colleges.

15. **External Programme (9).**

   a. The College currently offers a number of distance learning programmes (DLP) through the University’s External System. The majority of these programmes are based at the Wye Campus (~1000 students), although the College’s Business School also offers a distance learning MBA (~225 students).

   b. Throughout the negotiations with the University the College has made it clear that it would wish to remain within the University’s External Programme (EP) with DLP students being awarded University of London degrees *i.e.* to maintain the *status quo*. The request was considered by the University’s External System Lead Colleges’ Committee (ESLCC) on 31 May, which decided that, should the College withdraw from the University, it could no longer participate in the EP or purchase EP infrastructure services from the University.

   c. The College will therefore need to make other arrangements for its DLP at Wye and for the distance learning MBA. It should be noted that the College’s DLP students are registered with and pay fees to the University, not the College.

16. **Students’ Union (10).** The President of the Imperial College Union (ICU) successfully negotiated with the University of London Union (ULU) that, for a fee paid by the ICU, Imperial students may continue to compete in ULU organised sports leagues and cups (see Schedule 7 of the MoU) (though participation in the cups is still dependent on the ULU Council ratifying, in the Autumn Term, the University’s Inter-Collegiate Sports Committee’s decision recommending Imperial’s continued participation). This is of importance to the College’s students. The ICU will no longer be represented by the ULU on London or national issues but may seek national representation through another channel.
17. **Accommodation Services (11).** The College currently benefits from a quota of 250 places in the University of London’s intercollegiate halls of residence. (3) Access to these 250 bedspaces has been secured for 2007-08 and will decline to zero by 2013-14 (and an insignificant level by 2011-12). (See Schedule 8 of the MoU). The College will have no liability for empty spaces (voids) in intercollegiate halls if it does not take up all its allocated places.

18. **Trusts and Scholarships (12).** The University has a number of Trust Funds, some of which were established to benefit Imperial and should therefore transfer to the College after withdrawal. Both the University’s and the College’s lawyers undertook a comprehensive review of all University of London Trust Funds in order to determine which of these should transfer to the College and these are listed in Schedule 1 of the MoU. It has also been agreed that any Trust Funds which materialise after withdrawal and which are related to the College will also transfer.

19. **Assets (15).**

a. The University currently holds a number of assets of which its Colleges could claim a share if the University was dissolved. In order to ensure that the College was fully informed of its legal position regarding possible future claims on these assets, the College sought Counsel’s opinion. The University has agreed that the College would be permitted to assert a claim for a share of the assets of the University in the event of the latter’s dissolution or restructuring, although equally it did not concede that any such entitlement would exist.

b. Following discussions between both parties’ lawyers, and having sought additional expert legal advice, it was determined that ownership of the nuclear reactor fell with the College. It is anticipated that this will assist the decommissioning project.

**FINANCIAL IMPLICATIONS OF WITHDRAWAL FROM THE UNIVERSITY**

20. The College has agreed with the University those services for which it will continue to pay following the College’s withdrawal, the terms of payment, and any annual increase. (See Schedule 3 of the MoU). Payment is for services and membership of the University for those students who remain registered for a University of London degree (for example, for the production and distribution of degree certificates) and for those items which will continue after the College no longer has any University registered students (for example, continued access to the bank of multiple choice medical examination questions). Schedule 3 provides a degree of financial certainty for both the College and University for the seven year period to 2013-14.

21. The overall financial effect of withdrawing from the University is likely to be minimal, though will depend on our strategy for replacing the eventual loss of the intercollegiate hall bed places and dealing with the loss of access to the University’s External Programme for our Distance Learning Programme.

22. A comparison of the College’s current payments to the University against the anticipated costs after withdrawal (items in Schedule 3, for which the College will continue to pay the University, and items which the College will now pay for itself as well as the legal costs associated with withdrawal) results in a positive position in 2007-08 of ~£100K. This

---

3. These halls of residence are operated by the University and provide accommodation for students from all of the Colleges in the Federation.
The figure grows thereafter to ~£450K in 2011-2012. This is mostly as a result of the reduction in the annual fee being paid to the University. However, these figures do not take account of any future College strategy related to student accommodation or the DLP. The legal costs related to the withdrawal will be incurred mostly in the period 2005-07.

**NEXT STEPS**

23. If the Council agrees to withdrawal, the University of London will convene an additional meeting of its Council in October to formalise the College’s departure under Statute 51. (See Schedule 2 of the MoU).

24. The College itself will need to make a number of changes to its Charter and Statutes to reflect its new status as a University in its own right. In recognition of the importance of this step, it is currently proposed that the College should seek the granting of a new Charter and Statutes, replacing those of 1998.

25. In addition to the changes to the College’s Charter and Statutes, the General Medical Council will need to recommend a change to the Medical Act to add the College’s name to the list of institutions that are authorised to provide medical education. (At present the College is listed as part of the University of London).

26. Provided that the changes to the Charter and Statutes are agreed by the Privy Council in time, the date of secession is expected to be 8 July 2007, the College’s Centenary.

**WITHDRAWAL OF IMPERIAL AS A COLLEGE OF THE UNIVERSITY**

27. As noted in the attached MoU, the procedure by which a College may withdraw from the University of London is set out in Statute 51 of its Statutes. This states that:

   “The Council [of the University] shall at the request of a College withdraw from it the status of College. The College shall satisfy the Council that appropriate arrangements have been made in respect of the completion of their studies for any students registered for a degree or other award of the University at the College at the time when it would cease to be a College."

28. Ordinance 21 (17) of the University’s Ordinances goes on to state that:

   “Statute 51 provides that the Council shall at the request of a College withdraw from it the status of College. The College shall satisfy the Council that appropriate arrangements have been made in respect of the completion of their studies for any students registered for a degree or other award of the University at the College at the time when it would cease to be a College."

29. The MoU, which has been now been approved by the University’s Council, includes an explicit recognition on the University’s part “that Imperial has made appropriate arrangements for those Imperial Students registered for a University Award”. All that is now required is for the College to make a formal request to the University that its status as a College of the University should be withdrawn and for the University to pass the resolutions granting this as set out in Schedule 2 of the MoU.
DECISIONS REQUIRED

30. The Council is invited to determine whether or not the College should withdraw from the University of London and, if so, to:

   a. Consider and, if it sees fit, approve the Memorandum of Understanding with the University at Annex B to this Paper.

   b. Subject to such approval, empower and authorise the Rector on behalf of the College to enter into the Memorandum of Understanding with the University substantially in the terms set out in Annex B to this Paper, subject to any minor amendments the Rector may reasonably agree.

   c. Empower and authorise the Rector on behalf of the College to submit a formal request to the University of London that its status as a College of the University be withdrawn in accordance with the terms of University Statute 51.
MEMBERS OF THE PROJECT TEAM

Chairman

Director of Strategy and Planning - Dr Rodney Eastwood

Members

Pro-Rector (Educational Quality) - Professor Rees Rawlings
College Secretary – Mr Tony Mitcheson
Academic Registrar – Mr Vernon McClure
Director of Finance – Mr Andrew Murphy
Director of Human Resources – Mr Chris Gosling
Principal of Business School – Professor David Begg
President of the Student Union – Ms Sameena Misbahuddin
Internal Communications Manager – Ms Caroline Gaulter

Secretary

Dr Carole Hobden - (Strategy and Planning Officer)
PAPER H

RESTRUCTURING OF THE DIVISION OF BIOMEDICAL SCIENCES

A Paper by the Principal of the Faculty of Medicine

AIM

1. The aim of this Paper is to advise the Council of the need for a restructuring of the Division of Biomedical Sciences (BMS) and to ask it to approve the convening of a Redundancy Committee, if required, to complete this restructuring.

BACKGROUND

2. The Biomedical Sciences Division is currently running at a deficit and it is imperative that this deficit is addressed. The Management Board has agreed that this should be achieved by the return of the Division to the Faculty of Medicine. However, it has been decided that the Division will not transfer to the Faculty of Medicine as an entity. Instead, individual members of staff will be placed within the existing Divisions of the Faculty of Medicine in the light of consultation between them and the Heads of Division in the Faculty.

3. The Management Board has agreed that the restructuring of the Division should be led by the Faculty of Medicine. Staff will not transfer to the Faculty until such time as it is established where they will be placed. It is anticipated that these transfers will take place formally during August and September 2006.

4. Consultation with staff commenced on 29 June 2006 with a meeting with all BMS staff. This was followed with a consultation meeting with all the recognised trades' unions.

FINANCIAL POSITION

5. The BMS Division has been operating in deficit. The forecast for 2006-07 is a deficit of £1.25M.

6. It is envisaged that non-salary expenditure will be reduced to £200K in total for those academics moving to the Faculty of Medicine.

7. In the short term a reduction of £150K in overhead charges is anticipated. From 2007-08 it is expected that the level of overhead obtained will be consistent with that in other parts of the Faculty of Medicine.

SELECTION CRITERIA FOR STAFF AT RISK OF REDUNDANCY

8. It is necessary to reduce the number of academic and support staff, if the current and projected deficits are to be reduced. It is proposed that the selection of those at risk of redundancy will follow the principles already established by the College in the Life Sciences restructuring programme.

9. Academic Staff. Where academic staff are at risk of redundancy, the Faculty proposes first to offer voluntary severance terms to reduce staff numbers. In order to meet the requirements of 5* research activity, the terms will be offered to those whose academic
profile is at the lower end of the performance range after assessment of teaching, research expenditure, publications and supervision of PhD students. In the event that these staff do not agree severance terms, in order to make the required savings, the Council is asked to approve the convening of a Redundancy Committee to implement compulsory redundancies. Any compulsory redundancies would be on statutory redundancy payment terms only.

10. **Support Staff.** The Faculty also proposes to offer voluntary terms to the support staff at risk of redundancy, with compulsory redundancy an option that will follow if required. Consistent with the academic approach, the Faculty will seek to retain the support staff with the most appropriate skills and experience to support the academic mission.

**THE STATUTORY POSITION**

11. **Procedures for Academic Redundancies.**

   a. Although it is hoped that it will be possible to achieve the necessary reductions in staff costs in the Biomedical Sciences Division entirely by voluntary means, there may be a need to consider compulsory measures. Where academic staff are concerned, the procedures in such a situation are given in Appendix 1 to the College’s Statutes on the *Discipline, Grievance and Dismissal Procedures for Academic Staff*, an extract from which is provided at Annex A.

   b. Under these procedures, the Council is required to set up a Redundancy Committee, should it decide that:

   “it is desirable that there should be a reduction in the academic staff -

   (a) of the College as a whole; or

   (b) of any school, department, centre or other similar area of the College by way of redundancy.”

   c. The Council is therefore asked to consider whether it is desirable that there should be a reduction in the academic staff in the Division of Biomedical Sciences.

12. **The Redundancy Committee.**

   a. The purpose of a Redundancy Committee is:

   “(a) to select and recommend the requisite members of academic staff for dismissal by reason of redundancy; and

   (b) to report their recommendations to [the Council]”

   b. As a preliminary to this, the Committee will need to confirm that alternative measures have been considered which might eliminate or reduce the need for compulsory redundancies and to assure itself that due consideration has been given to:

   (1) Suggestions made by the relevant trades’ unions concerning the proposals.

   (2) The longer term implications of the plan, especially the overall impact on the Divisions of the Faculty of Medicine and the College as a whole.
THE PROPOSED WAY FORWARD

13. If the Council decides that it is desirable that there should be a reduction in the academic staff of the Division of Biomedical Sciences (Paragraph 12.b above), it is proposed that Governors should authorise the Chairman of the Council on their behalf:

   a. To give due consideration to the outcome of the collective consultation period ending on 31 July 2006 and any further measures taken by the Principal of the Faculty of Medicine to eliminate or reduce the need for compulsory redundancies.

   b. Having done so, to make, if necessary, the appropriate arrangements to appoint a Redundancy Committee.

14. Such a decision would recognise:

   a. The harmful effects of continuing uncertainty.

   b. The concern that the Faculty may not be able to achieve the necessary changes without some compulsory redundancies.

   c. That the Council had set in train the measures necessary for such compulsory redundancies, should they prove necessary.

15. It is further proposed that a Redundancy Committee should, if needed, actively start its selection process no later than the end of August 2006. By that time it is anticipated that:

   a. The College will have confirmed to the Chairman of the Council that senior representatives of the Faculty of Medicine and the Human Resources Division have met the trades’ unions and reported on:

      (1) The progress made towards avoiding or reducing the number of likely compulsory redundancies.

      (2) The proposed location of former Biomedical Science sections within Divisions of the Faculty of Medicine.

      (3) The outcome of meetings held with the academic staff of the BMS Division to explore ways of avoiding or reducing the need for compulsory redundancies.

   b. The Chairman of the Redundancy Committee will have confirmed to the Chairman of the Council that all the preliminaries have been completed and that the Committee has the information and framework it needs to begin undertaking its statutory functions.

S.K.S.

Annexes:

A. Extract from Appendix 1 to the Statutes
“PART 1: CONSTRUCTION, APPLICATION AND INTERPRETATION

Construction

1. This Appendix and any Regulations made under it shall be construed in every case to give effect to the following guiding principles, that is to say -

   (1) to ensure that academic staff have freedom within the law to question and test received wisdom, and to put forward new ideas and controversial or unpopular opinions, without placing themselves in jeopardy of losing their jobs or privileges;

   (2) to enable the College to provide education, promote learning and engage in research efficiently and economically; and

   (3) to apply the principles of justice and fairness.

Reasonableness of Decisions

2. No provision in Part II or Part III shall enable the body or person having the duty to reach a decision under the relevant Part to dismiss any member of the academic staff unless the reason for that member’s dismissal may in the circumstances (including the size and administrative resources of the College) reasonably be treated as a sufficient reason for dismissal.

Application

3. (1) This Appendix shall apply -

   (a) to Professors, Readers, Senior Lecturers and Lecturers employed by the College who have successfully completed any relevant probationary period;

   (b) to any other senior academic-related staff in research grades designated by the Council for the purpose of this Appendix; and

   (c) to the Rector to the extent and in the manner set out in the Annex to this Appendix.

   (2) In this Appendix any reference to “academic staff” is a reference to persons to whom this Appendix applies.

Interpretation

Meaning of “Dismissal”

4. In this Appendix “dismiss” and “dismissal” mean dismissal of a member of the academic staff and -

   (1) include remove or, as the case may be, removal from office; and
(2) in relation to employment under a contract, shall be construed in accordance with section 95 of the Employment Rights Act 1996.

Meaning of “Good Cause”

5. (1) For the purposes of this Appendix (and the Annex thereto) “good cause” in relation to the dismissal or removal from office or place of a member of the academic staff, being in any case a reason which is related to conduct or to capability or qualifications for performing work of the kind which the member of the academic staff concerned was appointed or employed to do, means -

(a) conviction for an offence which may be deemed by a Tribunal appointed under Part III to be such as to render the person convicted unfit for the execution of the duties of the office or employment as a member of the academic staff; or

(b) conduct of an immoral, scandalous or disgraceful nature incompatible with the duties of the office or employment; or

(c) conduct constituting failure or persistent refusal or neglect or inability to perform the duties or comply with the conditions of office; or

(d) physical or mental incapacity established under Part IV.

(2) In this paragraph -

(a) “capability”, in relation to such a member, means capability assessed by reference to skill, aptitude, health or any other physical or mental quality; and

(b) “qualifications”, in relation to such a member, means any degree, diploma or other academic, technical or professional qualification relevant to the office or position held by that member.

Meaning of “Redundancy”

6. For the purposes of this Appendix dismissal shall be taken to be a dismissal by reason of redundancy if it is attributable wholly or mainly to -

(1) the fact that the College has ceased, or intends to cease, to carry on the activity for the purposes of which the member of the academic staff concerned was appointed or employed by the College, or has ceased, or intends to cease, to carry on that activity in the place in which the member concerned worked; or

(2) the fact that the requirements of that activity for members of the academic staff to carry out work of a particular kind, or for members of the academic staff to carry out work of a particular kind in that place, have ceased or diminished or are expected to cease or diminish.

Incidental, Supplementary and Transitional Matters

7. (1) In any case of conflict, the provisions of this Appendix shall prevail over any other Statute and the provisions of any Regulation made under this Appendix shall prevail over those of any other Regulations:
Provided that Part III of, and the Annex to, this Appendix shall not apply in relation to anything done or omitted to be done before 31 March 1993.

(2) Nothing in any appointment made, or contract entered into, shall be construed as over-riding or excluding any provision made by this Appendix concerning the dismissal of a member of the academic staff by reason of redundancy or for good cause:

Provided that nothing in this sub-paragraph shall prevent waivers made under section 197 of the Employment Rights Act 1996 from having effect.

(3) Nothing in any Statute or Regulation made by virtue of the Charter shall enable the Council to delegate their power to reach a decision under paragraph 10 (2) of this Appendix.

(4) Nothing in any Statute or Regulation shall authorise or require any person to sit as a member of any Committee, Tribunal or body appointed under this Appendix or to be present when any such Committee, Tribunal or body is meeting to arrive at its decision or for the purpose of discussing any point of procedure.

(5) Any reference in this Appendix to the University, to the Vice-Chancellor of the University or to Professors and Readers of the University is a reference to the University of London, or to the Vice-Chancellor or Professors and Readers of the University of London as the case may be.

(6) No instrument which would have the effect of modifying the provisions in this Appendix shall have that effect unless it has been approved by thePrivy Council.

(7) In this Appendix references to numbered Parts, paragraphs, and sub-paragraphs are references to Parts, paragraphs, and sub-paragraphs so numbered in this Appendix

PART II: REDUNDANCY

Purpose of Part II

8. This Part enables the Council, as the appropriate body, to dismiss any member of the academic staff by reason of redundancy.

Exclusion from Part II of persons appointed or promoted before 20th November 1987

9. (1) Nothing in this Part shall prejudice, alter or affect any rights, powers or duties of the College or apply in relation to a person unless -

(a) that person’s appointment is made, or contract of employment is entered into, on or after 20th November 1987; or

(b) that person is promoted on or after that date.

(2) For the purposes of this paragraph in relation to a person, a reference to an appointment made or a contract entered into on or after 20th November 1987 or
to promotion on or after that date shall be construed in accordance with subsections (3) to (6) of section 204 of the Education Reform Act 1988.

The Appropriate Body

10. (1) The Council shall be the appropriate body for the purposes of this Part.

(2) This paragraph applies where the appropriate body has decided that it is desirable that there should be a reduction in the academic staff -

(a) of the College as a whole; or

(b) of any school, department, centre or other similar area of the College

by way of redundancy.

11. (1) Where the appropriate body has reached a decision under paragraph 10 (2) it shall appoint a Redundancy Committee to be constituted in accordance with sub-paragraph (3) of this paragraph to give effect to its decision by such date as it may specify and for that purpose -

(a) to select and recommend the requisite members of the academic staff for dismissal by reason of redundancy; and

(b) to report their recommendations to the appropriate body.

(2) The appropriate body shall either approve any selection recommendation made under sub-paragraph (1), or shall remit it to the Redundancy Committee for further consideration in accordance with its further directions.

(3) A Redundancy Committee appointed by the appropriate body shall comprise -

(a) a Chairman; and

(b) two members of the Council, not being persons employed by the College; and

(c) two members of the academic staff.

Notices of Intended Dismissal

12. (1) Where the appropriate body has approved a selection recommendation made under paragraph 11(1) it may authorise an officer of the College as its delegate to dismiss any member of the academic staff so selected.

(2) Each member of the academic staff selected shall be given separate notice of the selection approved by the appropriate body.

(3) Each separate notice shall sufficiently identify the circumstances which have satisfied the appropriate body that the intended dismissal is reasonable and in particular shall include -

(a) a summary of the action taken by the appropriate body under this Part;

(b) an account of the selection processes used by the Redundancy Committee;
(c) a reference to the rights of the person notified to appeal against the notice and to the time within which any such appeal is to be lodged under Part V (Appeals); and

(d) a statement as to when the intended dismissal is to take effect.”
EXECUTIVE SUMMARY

1. Since its creation in 1997, a key challenge for the Imperial Faculty of Medicine has been to create and maintain successful strategic relationships with its partner NHS Trusts. The research activity of the Faculty generates over half the research income for Imperial as a whole year-on-year, the majority of that income being generated through activity at the hospital-based campuses. The success of the Faculty, and of Imperial itself, is thus closely linked both academically and financially to the successful strategic management of the local healthcare economy.

2. Recent experiences such as Paddington Health Campus have highlighted the risks associated with Imperial's current position within the wider NHS political landscape. The Faculty has identified an urgent need to emerge from the sidelines of NHS strategic planning in NW London to take a more central role to better influence the speed, direction and realisation of strategic academic and healthcare developments which are vital to the College maintaining its international competitively in research and teaching excellence.

3. With this in mind, the Faculty of Medicine has over the past months been developing the case for creating the UK's first Academic Health Sciences Centre (AHSC), together with the Hammersmith Hospitals NHS Trust (HHT) and St Mary's NHS Trust (SMHT). The recently announced merger and intended joint application for Biomedical Research Centre status planned between these two Trusts is a helpful step in facilitating planning for such an entity.

4. The AHSC model has been delivered successfully at leading academic healthcare institutions in the USA and Europe. Imperial and the partner Trusts would, however, lead the way in establishing the model in the UK, thereby creating responsive and robust governance and management structures to facilitate decision-making and resource allocation across the interdependent mission of our organisations.

5. The UK Government has signalled a move towards a merger of basic and clinical research funding streams. (See Science and Innovation Investment Framework 2004-12 (March 2006) and the current Cooksey Review). In addition, the 'Best Research for Best Health' proposals (DoH, Jan 2006), pave the way for the development of integrated research and healthcare institutions, with the establishment of the new Comprehensive Biomedical Research Centres.

6. By acting now to create an Imperial/ HHT/ SMHT AHSC we would be in the premier position to capitalise on these changes, and compete effectively in the new UK healthcare research economy. The Faculty has already held exploratory discussions with key Government departments and has received every encouragement to progress the concept.

7. It is proposed to separate the process of merger between SMHT and HHT from any service reconfiguration, eliminating the requirement for public consultation. This will allow transition to a merged Board of the two Trusts by 31 March 2007. In the run up to that date it is proposed to appoint a Joint Steering Committee (JSC) to oversee developments,
reported to by a ‘Senior Responsible Owner’ (to be appointed) tasked with steering the process to successful merger. Planning will be taken forward in line with the structures required to achieve the AHSC vision outlined above and below.

8. The Board of the merged Trust from April 2007 will have a composition which will fit with both existing NHS requirements as well as the future Foundation Trust requirements, with appropriate senior ex officio representation from Imperial. The emphasis will be to develop a culture of relationship building between the organisations in line with the AHSC vision which will then seamlessly move into an Academic Foundation Trust model at the appropriate time.

BACKGROUND

9. The Faculty of Medicine’s research activity and much of its teaching activity are concentrated on its six clinical campuses across North-West London. Securing and harnessing this environment and aligning the strategic interests of the NHS Trusts with those of the Faculty of Medicine and Imperial College has been one of the most significant challenges faced by the Faculty since its inception almost ten years ago. The experience of the Paddington Health Campus and the planning blight that this caused across our sector over an extended period – affecting not only St Mary’s but also the Hammersmith, Charing Cross and Royal Brompton Campuses – has highlighted the profound risks to Imperial College of essentially continuing to be a passenger on the NHS vehicle. This has crystallised a need to develop a clear and visionary strategy that places Imperial College firmly in a driving position, creating new opportunities to demonstrate leadership in academic medicine, and better influence the speed and direction of travel of our sector partners to underpin our mission.

10. The 2004-05 HESA return gave a total research volume for Imperial College of £176M. Hammersmith’s volume was £32M, with £33M being generated by St Mary’s and a further £19M by Charing Cross. MRC funding for the Clinical Sciences Centre at the Hammersmith Campus – one of the MRC’s three Institutes – adds a further £15M p.a. to the total. These Campuses are therefore critical to the financial health of the Faculty of Medicine and Imperial College, placing a requirement on the Faculty to establish a stable environment upon which to build capacity whilst at the same time enabling College initiatives and priorities to be driven forward.

11. With these drivers in mind, the Faculty of Medicine has over the past months been developing the case for creating the UK’s first Academic Health Sciences Centre (AHSC), together with the Hammersmith Hospitals NHS Trust (HHT, which covers both the Hammersmith and Charing Cross Campuses) and St Mary’s NHS Trust.

THE VISION

12. Academic Health Sciences Centres are relatively new constructs that enable academic healthcare organisations and universities to create single entities that ensure commitment to core academic mission, whilst still providing exemplary care to the communities served. In the UK, hospitals and universities and their institutes have enjoyed varying degrees of integration, but no bona fide AHSCs have been established to date. A number of institutions which are globally recognised have successfully established structures which integrate management and governance for research, teaching and service delivery along the lines of the AHSC model:

- Harvard/ Mass General, Boston;
13. The vision is therefore to establish the first Academic Health Science Centre in the UK. The aim is to create appropriate governance and management structures across Imperial College Faculty of Medicine and the existing Hammersmith and St Mary’s NHS Hospital Trusts to facilitate decision-making and resource allocation across the interdependent mission of our organisations.

14. This integration of research, teaching, and clinical services in the healthcare sector has been the ultimate goal of academics and service providers throughout the world. It is premised on the belief that research, teaching and delivery of care and services, in an environment that values rigorous enquiry and evidence-based decisions, leads to the best healthcare for patients.

15. The new AHSC would be well placed to build on the clinical, teaching and research strengths of the current organisations but in an integrated environment that improves the overall effectiveness and efficiency of its activities. The new entity would have the breadth and scale to compete on a global basis for critical resources.

THE POLITICAL CLIMATE

16. The Faculty has worked extensively at high levels within Treasury and other relevant Government departments to establish a favourable climate for this new enterprise. No significant obstacles have been identified and indeed there has been every encouragement to progress with this concept. In parallel, legal views have been taken and there are no substantial legal impediments, given current Ministerial blessing, that would prevent a suitable framework being established for an AHSC.

17. The current Government proposal to merge health research funding streams – as articulated in the Science and Innovation Investment Framework 2004-12 (published March 2006), and the subsequent review by Sir David Cooksey – is very likely to create an environment that will further draw together basic and clinical research funding. The AHSC would create the ideal vessel into which research funding from any emerging new organisation could be invested, aligning as it would academic and clinical interests and structures.

18. Finally, the AHSC has clear resonance with the agenda set out by NHS R&D in “Best Research for Best Health” (published January 2006), which inter alia establishes the new National Institute for Health Research (NIHR) with its component Comprehensive Biomedical Research Centres.

GOVERNANCE AND MANAGEMENT

19. The creation of an AHSC can be achieved through the initial merger between the existing NHS Trusts with a significant revision to the governance and management structures of the new entity. This merger has already been signalled by both Chairs of the Trusts in relation to their joint bid for one of the new NIHR Comprehensive Biomedical Research Centres.¹

¹ This application is one of 6 shortlisted nationally – with the expectation that at least 5 will be funded.
20. It is proposed to separate the process of merger from any service reconfiguration which therefore removes the requirement for public consultation. This will allow transition to a merged Board of the two Trusts by 31 March 2007. Between now and March 2007 it is proposed to appoint a Joint Steering Committee (JSC) with appropriate delegated authority from the existing two Boards. The JSC will rely on a Senior Responsible Owner (to be appointed) to steer the process until March 2007. No firm date is anticipated for Academic Foundation Trust (FT) status thereafter, but the Board of the merged Trust from April 2007 will have a composition which will fit with both existing NHS requirements as well as the FT requirements. It will include Imperial’s Rector and its Principal of the Faculty of Medicine ex officio, as well as 6 independent directors who will be chosen appropriately. From its outset this Board of the merged Trust will operate in a way which encourages transparency across between the NHS and Imperial, for example by sharing academic and investment strategies. The emphasis will be to develop a culture of relationship building between the organisations which will then seamlessly move into an Academic Foundation Trust model.

NEXT STEPS AND TIMING

21. This Paper was considered by the College’s Management Board in June and is submitted to the College’s Council for information.

22. The ‘Case for Change: The Case for Creating the UK’s first Academic Health Sciences Centre’ document developed by the Faculty of Medicine with the Trust Chairs, Chief Executives and the hospitals’ consultant body will be considered by the HHT and St Mary’s Trust Boards at the end of July.

S.K.S.
I & E

1. There has been some improvement in the year-end outlook for the operating I & E position since the last Council meeting. Recently, this has been almost entirely due to the out-performance in the Faculty of Medicine (Page 6), where the improvement in “contribution to overheads” continues very satisfactorily and costs are being contained. Set against this, however, there are 2 negative factors:

   a. The picture on the NHS cross charges is getting worse, not better, with a demand for a further £0.5M utility cost increase and a capital charge increase of £0.6M. There is a growing risk of the College’s financial position being infected by the NHS cost disease;

   b. The current estimates for the re-structuring costs in Life Sciences and Biomedical Sciences are coming out higher than anticipated. It remains to be seen whether there is over-caution or duplication in cost calculation. The Life Sciences burden remains a heavy one.

2. In the light of the above, it would be imprudent to bank on a significant improvement on previous forecasts for the I & E outturn until we have a clearer definition of the issues raised above.

3. However, at the exceptional level, if the fundraising for, and flotation of, Innovations proceeds before 31 July, a profit of c. £12M will be booked. If it does not proceed in the near future, it is possible that an exceptional loss of £1M will have to be incurred.

TREASURY

4. A strong cash position continues to support the College’s financial position. Improvement in research work in progress (WIP) continues, albeit at a slower pace than in recent months, and payments in advance remain at a very high level (Page 3). The net borrowing position is £4M; gross debt remains at £73M (Page 3).

5. The £50M 50-year fixed-rate facility will be closed on 5 July. Proceeds will be placed very short-term, pending Council’s consideration of Treasury policies. (See Paper A).

CAPEX

6. The presentation of the report on page 5 has been amended slightly. Forecast completion dates now reflect the reality. A clear comparison can also now be made between the original budget and the current forecast budget for each project. A simple arrow system has been introduced to enable readers to identify where attention needs to be paid.

---

1. The Finance Management Report Booklet has not been included with these Minutes.
7. The level of expenditure on capital projects is growing as expected - £86.8M in the year to date. In particular, College expenditure is rising, with good progress being made on the Southside Project.

8. Gratifyingly, the establishment of a new Portfolio Review Board (PRB), which has oversight of all of the College’s capital and other projects and reports directly to the Management Board, has stimulated a serious and positive attempt to pull together all of the capital projects across the College into a coherent and total picture. The relationship between the capital programme and the financial position of the College will be closely co-ordinated and the establishment of the PRB with its clear remit is therefore a welcome and positive step forward.

**COLLEGE FUND**

9. May was a terrible month in the world’s stock markets, with all of this calendar year’s gains handed back. The College’s decision to invest in a fund of Hedge Funds proved good: stock markets worldwide fell by around 8.5% in the month (FTSE World Index), but the College’s Hedge Fund exposure only fell 0.6%. That, together with the defensive character of holdings in a property fund and a high income focused UK Equity fund, meant that the fall in the College’s funds value was just 4.4%. This, combined with an element of recovery in the markets generally through June, gives an underpinning to confidence in an out-performance against the annual return target (4% real) for the current Financial Year.

M.P.K.
1. This Report is intended to provide the Council with an update on progress with the College’s main capital projects, that is those with a total project value in excess of £10M.

**BESSEMER BUILDING**

2. This £21.8M project provides for the refurbishment of the whole of the Bessemer Building (opposite the Faculty Building), which will house the Institute of Biomedical Engineering and an Incubator Suite. The Institute works cover the refurbishment of floors 4, 5 and 6 of the Building and involve the creation of laboratory and office space. The works also include the recladding of the South elevation of the Bessemer façade.

3. The Institute has now taken occupation. Biomedical Engineering and the Incubator will be available for occupation on 17 July. The contractor has levied a claim and we have made due allowance to settle the legitimate element of this within the budget.

**EXHIBITION ROAD PROJECT**

4. This £35M project involves the demolition of the three-storey Mechanical Engineering Building adjacent to the Tanaka Business School and its replacement with a new building complementary in height to the Business School. This new building will be used to house the relocated Aeronautical Engineering Department, some shared space with Mechanical Engineering and an expanded Tanaka Business School.

5. Following the initial architectural competition involving five practices, detailed schemes were developed by two. The results, whilst meeting the brief, were felt by the judging panel to have shortcomings in the design of their façades. Consequently, four of the original five have been invited to reconsider their proposals to complement the existing Tanaka and RSM buildings. These will be presented to the Chief Planning Officer on 18 July and shortlisted thereafter.

6. Funding for this Project will no longer come from the Government’s Strategic Research Investment Fund (SRIF 3) due to timing constraints.

**SOUTHSIDE HALL OF RESIDENCE**

7. This £51.1M project will replace the former Southside Hall of Residence with a new 403 bed facility which will be in three blocks, plus a mews terrace.

8. The Project is progressing extremely well, on time and on budget. Maximum use is made of off-site prefabrication keeping site activity to a minimum. This is showing great results in site logistics, safety, speed and quality of finish. Ground works at the east end of the building have taken longer than planned due to buried obstructions, but works at the west end are well ahead of programme providing a balanced time position. All incumbrances are now clear and nothing is anticipated to hamper progress.
BURLINGTON DANES

9. This is a £56.5M project. It will provide a major new research and imaging centre at the Hammersmith Hospital which Imperial College is building in collaboration with GlaxoSmithKline (GSK) and the Medical Research Council (MRC).

10. Despite considerable efforts by Imperial College managing the contractor very closely, the Project looks likely to be completed at the end of August, and not mid-July as originally programmed. The contractor’s resources have been far more focused since we added a further dedicated manager on the College team directing site operations, and this has mitigated matters somewhat, from what would otherwise have been a worse situation. GSK has put the College on notice of the possibility of claiming loss of operational savings. The College has rejected this approach as it has acted totally within its remit within the contract. GSK and the College are planning the transition of the Project to operations including the post-completion works that GSK has requested. The Project is within budget.

HAMMERSMITH

11. This group of projects is estimated at circa £100M. A number of feasibility studies have been undertaken in order to determine the potential for development of the research and conferencing facilities at the Hammersmith Campus. This would include the demolition and rebuilding of two buildings (L & J Blocks), the refurbishment of the Wolfson Conference Centre, the completion of the refurbishment of the Commonwealth Building and the fit-out of three floors of the Burlington Danes Building.

12. Some funding for the Wolfson Centre has been authorised and the project design will now commence. Also, Level 8 of the Commonwealth Building and the fit-out of Levels 3 (part), 4 and 5 of Burlington Danes East Building have had funding allocated. Other projects in this portfolio, including the new build projects are still at feasibility stage.

13. The Faculty of Medicine is negotiating over the value of the NHS Trust premises embedded in the blocks to be demolished to make way for the new buildings.

EASTSIDE HALL OF RESIDENCE

14. This circa £50M project encompasses the demolition and rebuilding of Linstead Hall to create the second phase of student accommodation at Prince’s Gardens on the east side of the square.

15. A feasibility study is under way to review the design that currently provides for a considerable number of shared bedrooms to change to a larger proportion of single bedrooms. The remit is to do so without changes to the design of the external façade and hence not jeopardise the planning permission that is in place.

16. It is intended that the study should be complete at the beginning of August. This would facilitate a continuation of development by the Southside team if the College decides to go ahead and take advantage of this opportunity.

D. Brooks Wilson
PROPOSAL

1. It is proposed to refurbish the office space on Levels 3 and 4 of the Sherfield Building and to infill the light wells on Levels 4 and 5. A feasibility study has been completed which indicates that we can expect an increase in the available floor space by 70% from 2200m$^2$ to 3800m$^2$. At the same time the main lifts within the building will be replaced as they are now at the limit of their serviceable life and very unreliable.

2. The cost of the Project is £8.185M and work will commence in October 2006 and complete in July 2007.

BACKGROUND

3. The drivers of the Project are:

   a. To free up academic space elsewhere on Campus. In order to enable the merger of the Mechanical Engineering and Aeronautical Engineering Departments alongside the development of the new Exhibition Road Building, it is essential that non-academic space in the existing Mechanical Engineering building is released. This requires the move of ICT into Sherfield, which cannot be achieved without the additional space that this Project creates. This will release 1,400 m$^2$ of space in Mechanical Engineering. The alternative would be to move ICT or another department into offsite office accommodation.

   b. To centralise customer-focused student activities together.

   c. To allow the expansion of the Early Years Learning Centre. In order to make this possible the Project provides space for the relocation of the Health and Safety Department into Sherfield, which also brings the additional benefit of its collocation with Occupational Health.

   d. To provide modern efficient office accommodation on Levels 3 and 4 of the Sherfield Building that will maximise the usage of space.

4. The refurbished space will be open plan with the minimum of cellular offices, although there will need to be an adequate number of breakout meeting rooms. The space design will be similar to that of the Faculty Building and it is intended to use a similar workstation footprint to that in the Faculty Building as this will allow the maximum space efficiency and continue the same emerging College-wide theme.

SPACE PLAN

5. The decant requirements for the Project are integrated with the other building developments taking place at South Kensington and require the use of 48, 52 and 58 Prince’s Gardens, unused space in Mechanical Engineering and portacabins (near the north side of Sherfield) for Occupational Health. However, some departments will vacate directly
into new permanent accommodation, thus avoiding double moves. As the Registry does not need to decant out of Sherfield, there is no need for portacabins on the Queen’s Lawn or elsewhere to the South of the building. To minimise the impact of the work on areas not decanting out it is proposed to undertake as much of the noisy work as possible out of office hours.

6. The Project does not anticipate any additional refurbishment work to the floor space on the south side of the Level 3 currently occupied by the Registry or to Level 5 (which was refurbished last year), other than areas directly affected by the infill works. The Project also does not include any work that may be required to infill Level 3 in due course. No provision has been made for air conditioning other than cooling in cellular offices and meeting rooms.

7. Occupational Health will remain in the south-east corner of Level 4 due to the significant cost associated with relocating this specialist facility. However, due to the nature of their activities, it is planned that they decant into portacabins during the main construction period. The Registry on Level 3 and Estates / Support Services on Level 5 remain in Sherfield through the building phase and there will be no disruption to the SCR and JCR below.

8. The provisional allocation of space in the refurbished Levels 3, 4 and 5 is:

<table>
<thead>
<tr>
<th>Level 3</th>
<th>Level 4</th>
<th>Level 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Careers</td>
<td>ICT</td>
<td>Estates</td>
</tr>
<tr>
<td>Registry</td>
<td>Occupational Health</td>
<td>Finance</td>
</tr>
<tr>
<td>Commercial Services</td>
<td></td>
<td>Health and Safety</td>
</tr>
<tr>
<td>CPD</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PROJECT STRUCTURE

9. The Project Champion is Dr Chris Towler (Director of Project Management) and the Project Director is Andrew Murphy (Director of Finance).

10. The Project is overseen by a Project Board comprising the Project Champion and Director and supported by the following key individuals:

- Project Manager – Les Ridgwell
- Space Planning – Nigel Buck
- User Co-ordinator – David Forbes

11. A user group will be set up which will include representatives from the affected departments.

BUSINESS CASE

12. The total budget required to complete the works is:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building work</td>
<td>£7,600K</td>
</tr>
<tr>
<td>Lift refurbishment</td>
<td>£200K</td>
</tr>
<tr>
<td>Decant / recant</td>
<td>£25K</td>
</tr>
<tr>
<td>Portacabins (for Occupational Health)</td>
<td>£360K</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£8,185K</strong></td>
</tr>
<tr>
<td>52 Prince’s Gardens refurbishment</td>
<td>£700K</td>
</tr>
</tbody>
</table>
13. This does not include the additional running costs of £150K per annum for the new space that will be incurred on the Property Services budget. The refurbishment work to 52 Prince’s Gardens is noted for information since this is required for decant space although this work would have been undertaken regardless of the Sherfield Project as it represents an investment which is expected to yield long term commercial benefit to the College Fund.

14. As we need to move ICT out from Mechanical Engineering, there is no ‘do nothing’ option. The alternative is to not infill the light wells and to move ICT or another department to an offsite location. This option was costed assuming that space was rented in the South Kensington area and, whilst the offsite rental option is initially cheaper due to the lower capital costs, the ongoing rental payments mean that the infill option is preferred as it has a 5 year payback and optimises the use of a College asset.

15. The cash flows for each option are shown in the graph below:

![Comparison of Cashflows](image_url)

**DECISION REQUIRED**

16. The Portfolio Review Board considered the Project at its Meeting on 23 June 2006 and the Management Board considered it at its Meeting on 30 June. Both have recommended that it should be approved.

17. The Council is asked to consider and, if it sees fit, approve the Sherfield Refurbishment Project with a total project cost of £8.2M.

L.K.B.
BACKGROUND

1. The College acquired the freehold of 47, Prince’s Gate in October 1996 for £1.47M as part of its strategy to develop the Sports Centre site, the core benefit being that it ensured there would be less opposition (and no compensation due) to the development on the basis of any right to light or party wall argument. Since that time the College has used the building for office based activities, with the current occupants being Imperial College Consultants Limited, the Business School and the College Tutors. The total Gross Internal Area of the property is c.750 m², delivering a Net Usable Area of 492 m². The building has not been substantially refurbished since its acquisition by the College, and to bring it up to a standard of repair comparable to the Maths Institute, or to make it a viable commercial rental property, would cost in the region of £2,000 per m², i.e. approximately £1.5M.

PLANNING STATUS AND VALUATION

2. Following a successful planning application in 2005, the building now has planning permission to be used as a residential property, with further permission to add a mansard extension in the roof. On the basis of this planning status a valuation was undertaken by Godfrey Vaughan LLP, Chartered Surveyors, on 1 April 2006. [Passage removed for commercial reasons].

OFFER

3. Unrelated to the planning application, the College received an unsolicited offer for the property via an agent. At this stage the potential purchaser has elected to remain anonymous but is confirmed as having substantive assets at its disposal. [Passage removed for commercial reasons]. It is believed that the reason for this substantial offer is the strategic and geographic value of the property to the particular purchaser. It cannot therefore be assumed that this value would apply for all prospective purchasers.

INVESTMENT ANALYSIS

4. As already noted, to bring the building up to a standard that would enable it to be used as a commercial property as part of the College Fund portfolio would cost c. £1.5M. Assuming this work was undertaken, the property could be leased out with an anticipated gross income of between £4-600 per m² per annum depending on residential or commercial usage. [Passage removed for commercial reasons]. The College Fund currently invests in a Charity Property Fund which invests in a broad portfolio of commercial property and this fund has a running net yield of 6%.

5. The analysis of this specific building also needs to be considered in the context of the broader College Fund. The Fund is in its embryonic stage, and therefore has a mixture of liquid investment assets (c. £60M), non-core assets that have been transferred and are being developed

---

1. Certain passages have been removed from this Paper prior to publication because they are commercially sensitive and must therefore remain confidential until such time as the sale of 47, Prince’s Gate has been completed.
Council
14th July 2006

(c. £80m), and assets that have been identified as being potentially non-core and are being assessed for transfer (c. 25M). Taking the full £165M total, the asset breakdown is as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Percentage of Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Equity (Innovations)</td>
<td>42.5%</td>
</tr>
<tr>
<td>Directly Owned Property</td>
<td>20.6%</td>
</tr>
<tr>
<td>UK Listed Equity</td>
<td>19.0%</td>
</tr>
<tr>
<td>Global Listed Equity</td>
<td>9.4%</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>3.8%</td>
</tr>
<tr>
<td>Listed Property Fund</td>
<td>3.1%</td>
</tr>
<tr>
<td>Cash</td>
<td>1.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

6. Directly Owned Property is therefore already a significant element of the overall portfolio and careful consideration needs to be given to where additional funds are invested. In order to make 47, Prince’s Gate an effective asset in the portfolio, £1.5M (0.9%) of cash would be required for development, thus significantly reducing the overall liquidity of the portfolio. The asset allocation would also be skewed further towards Directly Owned Property, taking this asset class up to 23.8% and property as a whole to over a quarter of the portfolio.

RECOMMENDATION

7. [Passage removed for commercial reasons], it is recommended that the offer be accepted and that the freehold of 47, Prince’s Gate be sold for cash. [Passage removed for commercial reasons] These funds will then be invested in line with the Asset Allocation Strategy established by the Investment Committee (i.e. to deliver a target 5% real return), but with a view to retaining liquidity to enable the ongoing development of the Directly Owned Property element of the portfolio over time. It should be noted that initial negotiations are under way to acquire a larger and higher quality property in a similar location for a similar purchase sum. The negotiations also offer the opportunity for part of the purchase price to be returned to the Fund in the form of a long term endowment. The sale of 47, Prince’s Gate will give the Fund the necessary liquidity to complete these negotiations, assuming agreement can be found on a fair market value and the terms of any future endowment.

DECISION REQUIRED

8. The terms of this proposal have already been presented to the Operations Committee and to the Management Board which have recommended approval of this proposal. The practicalities of relocating the current occupants has been considered and a solution that is consistent with the broader College decant strategy has been agreed by all the parties involved.

9. The Council is therefore asked to consider, and if it sees fit, approve the proposed sale of 47, Prince’s Gate for cash.

M.P.K.
1. The amended budget process, which was applied for the first time this year, split out planning from budgeting. This seems to have worked well. Credit goes to the Faculty Finance Officers and the Central Finance team of Andrew Murphy, Hameed Khan and Sue Ponter.

THE HIGHLIGHTS IN THE I&E

2. The main highlights in the I&E are:
   a. Total income rises by 6% to £496M.
   b. Research income rises by 7% to £212M - order book is at 84% of income.
   c. Contribution to overheads rises by 2% to £33M; excluding Full Economic Costing (FEC), by 5% to £28M.
   d. The HEFCE grant rises by 3% to £153M.
   e. Student fee income rises by 14% to £75M (Home/ EU, including top-up, by 24% to £20M; Overseas by 17% to £55M).

3. In short, the College continues to grow the scale of its activities.

4. However, the overall impact of the proposed budget is a deficit of £7.8M. The key drivers for this are as follows:
   a. Faculties (Page 8). All Faculties have a break-even position, save for the Business School, which has an approved £1.8M deficit to reflect the “delay” factor inherent in the way in which monies are allocated to Faculties. Noteworthy is the £5M subvention from the Centre that the Faculty of Natural Sciences receives over and above its calculated vote allocation in order to reach break-even; and to this has to be added an extra £0.6M for the Division of Biomedical Sciences’ losses in the budget year, while it gets restrucrtured following its move back to the Faculty of Medicine.
   b. Allocated Costs (Page 10).

(1) The Budget now separately identifies on the one hand the costs in Support Services and on the other hand those in HQ, together with those more closely linked to academic activity, e.g. the Library. The Support Services' budget has been the subject of keen tightening.

1. The Full Budget Report has not been included with these Minutes.
(2) HR, ICT, Registry, Research Services and Finance have all produced flat or near flat budgets and Estates has cut its recurrent budget by £2.5M. Costs in the other allocated areas rose by 7%.

c. **Unallocated Costs (Page 11)**. Unallocated costs rise by £12M to £42M. The largest contributors to this increase are depreciation and project costs write offs (£7M). These reflect the large Capital Project Expenditure programme.

**THE CAPITAL EXPENDITURE BUDGET (Page 7)**

5. The budgeted Capex for 2006-07 totals £136M, of which College spend is £70M. Of this £70M, £54M is approved and committed. The balance of £16M is made up of a number of projects which it is anticipated will be approved during the course of the year and on which expenditure will therefore be incurred. The proposed redevelopment of the Hammersmith Campus, of which Council has already been appraised, includes a number of different works and these represent the bulk of this expenditure, *i.e.* there are no surprises.

6. The figure of £70M compares with the figure of £64M presented to Council and Management Board in the “Debt Paper” in March 2006. The difference is not regarded as material and is principally represented by the decision to embark on the Sherfield redevelopment.

**CASH (Pages 5 & 6)**

7. In addition to the I&E position, the two main drivers of the College’s cash position are working capital and the College’s capital spend. On the former, the assumption has been made that, notwithstanding the growth in the balance sheet, the position is flat.

8. The debt position is budgeted to move from an anticipated net indebtedness of £43M at 1 August 2006 to a net indebtedness position of £109M at 31 July 2007. With the gross debt position likely to be at £123M throughout the year, Treasury management will be a particular focus (Paper A addresses the issues arising from this).

**THE ROBUSTNESS OF THIS PROPOSED BUDGET**

9. Notwithstanding the planned deficit, there are a number of risks to the achievement of this budget:

   a. At a time when the introduction of FEC threatens to make unreliable an important source of income, research income is budgeted to rise substantially; to this threat can be added the residue of “RAE” competition in the drive for income.

   b. Contribution to overheads (Page 8) rises to £28M, excluding the £5M additional FEC income budgeted for but not guaranteed. The same forces putting at risk the research income growth may affect this important source of support to the College’s finances. Given that the Faculty of Medicine provides the biggest engine for income growth generally, and given that it has relatively the smallest contribution rate, the risk to this budget line is commensurately higher.
c. Utility costs may rise once again beyond budgeted estimates. Whilst greater attention is being paid to this issue, with external expert help being obtained, this risk is real and not one over which we can have as much control as we would like.

d. The long term maintenance budget is very low (£2M) and, as ever, there remains the risk of an unforeseen large cost incidence.

e. The budgeted figure for the Wye Park Project is set at £1M (Page 11). If this project “takes off”, this may well be too low.

f. The I&E net budget figure requires capitalisation of certain expenditure. There is an estimated £2M risk in this category.

g. The subvention of £5M to the Faculty of Natural Sciences was designed to put the Faculty onto an even keel. There is a risk that further restructuring will be required, and that this will need to be accounted for in 2006-07.

h. The Commercial Services Department is going through personnel upheaval. There is a risk that the drive for a better performance produces results later than estimated.

i. On the capital expenditure front there is, as ever, the risk that a loss of control takes place. Southside is at the peak of concern in this regard. The real risk is on the cash front; that the College feels obliged to pay to ensure delivery.

j. On working capital, there is a risk that the successful turnaround in research Work in Progress (WIP) in 2005-06 may not be continued; or that the strong cash benefit of the “payments in advance” figure is not maintained.

10. These risks – which are recognised and will be closely monitored – are offset by a number of I&E and cash flow upsides:

a. The sale of 47, Prince’s Gate will generate substantial net profit, if completed.

b. Student fee income (Page 4) has usually come in higher than budget – notwithstanding the potential dislocation arising from the introduction of top-up fees, there seems to be no reason not to hope for the same.

c. The Centenary may produce some unforeseen benefits.

d. The success in obtaining large overseas grants may be built upon – and these grants do produce financial benefits to the bottom line. In particular, they also represent the biggest positive impact to improved terms of trade and the cash position.

e. The Faculties may be more successful in obtaining FEC contracts than the currently somewhat downbeat approach would suggest (Page 8).

f. With the “order book” at 85% of the year’s projected research grant income (Page 9), fears of a shortfall against budget should not be overplayed.

g. And, lastly, the albatross of the nuclear reactor may be taken off our shoulders through the Nuclear Decommissioning Authority’s involvement.
RECOMMENDATION

11. Given all of the above, the recommendation from the Management Board is that the budget should be approved, the risks on the downside being matched by the opportunities offered by the upsides.

12. The Council is therefore invited to consider and, if it sees fit, approve the College Budget for 2006-07.

M.P.K.
INTRODUCTION

1. During the course of the year, the Union Council has made a number of changes to the ICU’s Constitution. All these have been passed by 2 consecutive Union Council meetings as required by the Constitution and are now being presented to the College’s Council for ratification.

2. The changes are required for the following reasons:

   a. A minor addition is needed to include the Student Activities Committee, which had not been included before, though it had continued to meet.

   b. Changes to the College’s Faculty structure, which gave rise to changes in the Faculty Union structures and their representation within the central ICU.

   c. Changes to Postgraduate representation. A review was undertaken based upon the changes to Postgraduate representation that were implemented this year, namely the introduction of a Sabbatical Role – Deputy President (Graduate Students) – and of the Union’s Graduate Students’ Association. This resulted in changes to the Graduate Students’ Association (GSA) and the job descriptions for the Deputy President (Graduate Students) and Deputy President (Education & Welfare).

   d. Changes to representation for International students in the light of experience gained this year.

   e. Changes to the Union Council structure to better reflect the composition of the student body.

3. The proposed changes are shown at Annex A, with deletions marked by struck-out text and insertions marked in underlined italics.

4. The Council is invited to consider and, if it sees fit, approve the proposed amendments to the Constitution of the Imperial College Union as shown in Annex A.

S.A.M. & J.C.
EXTRACTS FROM THE ICU CONSTITUTION

“9. Committees of the Union
1. There shall be the following standing committees of the Union:
   1. The Executive Committee,
   2. Student Activities Committee,
   3. Club and Society Committees,
   4. Trading and Services Committees,
   5. President's Committees,
   6. Faculty Unions, and the
   7. Graduate Students' Association”

“12. The Faculty Unions
1. The Faculty Unions are the students' unions for the respective Faculties of Imperial College.
2. The Faculty Unions are:
   1. The Faculty of Engineering Students’ Union-The City & Guilds College Union, for the Faculty of Engineering.
   2. The Imperial College Faculty of Life Sciences Students’ Union, for the Faculty of Life Sciences.
   3. The Imperial College Faculty of Physical Sciences Students’ Union, for the Faculty of Physical Sciences The Royal College of Science Union, for the Faculty of Natural Sciences”

REGULATION ONE – OFFICERS OF THE UNION

“A. Officers of the Union
1. The Officers of the Union shall be:
   1. President,
   2. Deputy President (Clubs & Societies),
   3. Deputy President (Education & Welfare),
   4. Deputy President (Finance & Services),
   5. Deputy President (Graduate Students)
   6. Council Chair,
   7. President of the Imperial College Faculty of Engineering Students’-City & Guilds College Union,
   8. President of the Imperial College Faculty of Life Sciences Students’ Union,
   9. President of the Imperial College Faculty of Physical Sciences Students’ Royal College of Science Union,
   10. Arts and Entertainments Board Chair,
   11. Athletics Clubs Committee Chair,
   12. Media Group Chair,
13. Overseas Students Committee Chair,
14. Recreational Clubs Committee Chair,
15. Royal School of Mines Committee Chair
16. Silwood Park Union Chair,
17. Social Clubs Committee Chair,
18. Wye Union Society President,

19. Imperial College Faculty of Engineering Students’ City & Guilds College Union Education Representative,
20. Imperial College Faculty of Life Sciences Students’ Union Education Representative,
21. Imperial College Faculty of Physical Sciences Students’ Royal College of Science Union Education Representative,
22. Imperial College Faculty of Engineering Students’ City & Guilds College Union Research Representative,
23. Imperial College Faculty of Life Sciences Students’ Union Research Representative,
24. Imperial College Faculty of Physical Sciences Students’ Royal College of Science Union Research Representative,
25. Imperial College Faculty of Engineering Students’ City & Guilds College Union Welfare Officer,
26. Imperial College Faculty of Life Sciences Students’ Union Welfare Officer,
27. Imperial College Faculty of Physical Sciences Students’ Royal College of Science Union Welfare Officer,
28. Community Action Group Chair,
29. Equal Opportunities Officer,
30. Welfare Campaigns Officer
31. Rag Chair.”

“D. Job Descriptions for the Sabbatical Officers and the Felix Editor

“19. Deputy President (Education and Welfare)
The Deputy President (Education and Welfare) shall:
i. Uphold the policy and further the aims and objects of the Union,
ii. Take on Presidential duties as appropriate,
iii. Be responsible for co-ordinating and publicising the development of welfare services for all Union members,
iv. Be responsible for the co-ordinating and publicising all campaigns concerning equal opportunities and welfare issues,
v. Be responsible for co-ordinating the provision of student development and progression within Union activity,
vi. Be responsible for keeping College informed of student opinion on academic affairs,
vi. Be responsible for the academic concerns of all Union members,
ix. Be responsible for organising the training of Union Officers,”
ix. Assist the President in enforcing the Union's Equal Opportunities Policy,
x. Liaise with Union and College staff as appropriate,
xii. Report to Union Committees as appropriate, and
xiii. Negotiate other duties with the President.

iii. Be responsible for welfare issues and services for all Union members,
iv. Be responsible for co-ordinating the provision of student development and progression within Union activities,
v. Be responsible for keeping College informed of student opinion on academic affairs,
vi. Be responsible for the academic concerns of all Union members,
vii. Be responsible for co-ordinating and publicising all campaigns concerning equal opportunities and welfare issues,
viii. Liaise with the Deputy President (Graduate Students) on all matters concerning graduate students.
ix. Be responsible for the training of Union Officers,
x. Assist the President in enforcing the Union's Equal Opportunities Policy,
xii. Attend the relevant Union Committees.

“20. Deputy President (Graduate Students)
The Deputy President (Graduate Students) shall:
i. Uphold the policy and further the aims and objects of the Union,
ii. Take on Presidential duties as appropriate,
Be responsible for the effective representation of graduate students both to the College and within the Union itself,
Be responsible for the effective co-ordination of the Union’s services to, and activities, for graduate students,
Champion the cause of graduate students’ involvement in all relevant areas of Union and College activity,
Liaise with Union and College staff as appropriate

Attend the relevant Union Committees,
Represent the Union on external committees as appropriate,
Report to Union Committees as appropriate, and
Negotiate other duties with the President.

iii. Be responsible for welfare issues and services for Union graduate members,
iv. Be responsible for co-ordinating the provision of graduate student development and progression within Union activities,
v. Be responsible for keeping College informed of graduate students’ opinion on academic affairs,
vi. Be responsible for the academic concerns of Union graduate members,
vii. Support the Deputy President (Education & Welfare) as appropriate to promote the academic interests and welfare concerns of Union graduate members,
viii. Be responsible for the effective involvement and representation of graduate students within both the College and the Union,
ix. Liaise with Union and College staff as appropriate,
x. Chair the Graduate Students’ Association.

xii. Attend the relevant Union Committees,
xiii. Represent the Union on external committees as appropriate,
xiv. Report to Union Committees as appropriate, and
xv. Negotiate other duties with the President.”
“E. Job Descriptions for Other Union Officers

“21. The Presidents of the Faculty Unions

The Presidents of the Imperial College Faculty of Engineering Students’ City & Guilds College Union, Imperial College Faculty of Life Sciences Students’ Union, Imperial College Faculty School of Medicine Students’ Union and the Imperial College Faculty of Physical Sciences Students’ Royal College of Science Union, in addition to any duties laid down by their respective Faculty Union, shall…"

REGULATION TWO – ELECTIONS AND REFERENDA

“E. Elections for non-sabbatical posts

25. Elections for all non-sabbatical Union Officers except for officers of the Faculty Unions and Chairs of the Club and Society Committees shall be by and from the Full Membership through a College-wide secret ballot held no earlier than the sabbatical elections.

26. Elections for Faculty Union Presidents shall be by secret ballot in the relevant departments, by and from all full members of the respective Faculty Union. Other Faculty Union posts shall be elected at a meeting or by departments-wide secret ballot as may be prescribed.

27. The Chair of the Overseas Students’ Committee shall be elected through a College-wide secret ballot by and from those Full Members registered as having residency status other than ‘home’.

28. Elections for Chairs and other officers of the Club and Society Committees shall be by the committee and from the Full Membership.

29. Elections for club and society officers shall be at a general meeting of the club or society by and from all full members of the club or society.

30. Elections for ordinary members on the Council shall be by College-wide secret ballot at the start of the academic year, by and from the Full Membership.”

REGULATION THREE – COMPOSITION OF UNION COMMITTEES

“A. The Council

Ordinary Members

xxxvi. Sixteen Ordinary Members, two of whom shall be first year undergraduates and two of whom shall be postgraduates, and eight of whom shall be proportionally elected from the faculties

Union Councillors

xxxvi

a. Fifteen Union Councillors elected by Faculty ballot:

i. Four Faculty of Engineering Undergraduates, two Faculty of Engineering postgraduates,

ii. Four Faculty of Natural Sciences Undergraduates, one Faculty of Natural Sciences postgraduate,

iii. Three Faculty of Medicine Undergraduates, one Faculty of Medicine postgraduate.
b. One Union Councillor elected by non-Faculty Students
c. The President shall review sections a) and b) annually to ensure that they remain representative of the proportions of students in each constituency."

“E. The Clubs and Societies Committees

Names

38. The Clubs and Societies Committees shall be the:
   1. Arts & Entertainments Board,
   2. Athletics Clubs Committee,
   3. Graduate Students’ Association
   3. Media Group,
   4. Overseas Students Committee,
   5. Recreational Clubs Committee,
   6. Royal School of Mines Committee,
   7. Silwood Park Union,
   8. Social Clubs Committee, and the
   9. Wye Union Society."

“Representation

41. In addition the Graduate Students’ Association, Silwood Park Union, Wye Union Society and Overseas Students Committee shall consider welfare and academic affairs issues relating to graduate students, students at those respective campuses, or overseas students respectively, as well as local issues or the promotion of international culture as appropriate."

“H. The Graduate Students’ Association

General

75. The Graduate Students’ Association shall co-ordinate and oversee all welfare and academic affairs issues relating to graduate students, shall champion their causes throughout all parts of Imperial College Union and shall provide for the coordination of student activities targeted at graduate students.

76. The GSA may censure and dismiss any of its non ex-officio officers and may mandate any member of its committee.

77. There shall be the following officers of the GSA who will be elected by cross-campus secret ballot:
   1. Treasurer
   2. Secretary
   3. Activities Co-ordinator

Standing Orders

78. The GSA shall have standing orders which shall detail the following:
   1. The aims and objects of the committee
   2. The officers of the committee and their job descriptions.
   3. The composition of the committee and its sub-committees.
   4. Procedures for ordinary and emergency meetings.
   5. Procedures for the election, mandating, censure and dismissal of officers, and
   6. Any other matter within the competence of the committee.

79. Its standing orders shall be approved by the Executive Committee. A decision
to approve or reject a constitution amendment may be overturned by the Council.

80. The Deputy President (Graduate Students) shall make interpretations of their constitutions, which shall be reported to and reviewed by the committee. Where an interpretation involves a Union rule, the matter shall be referred to the Union President."
INTRODUCTION

1. This is a summary of the Union’s activities this year. As the Union encompasses more than 250 clubs and Societies, 4 faculty Unions, 4 main campuses and student academic and welfare structure, this Report has only been kept as a brief summary of some of the key areas and projects.

ELECTIONS AND GOVERNANCE

2. The Union has seen successful elections being run this year and its electronic voting system has proved an asset in Union wide elections, as well as within Faculty Unions. The voting turnout was similar to the high turnouts last year, with the summer elections having a much stronger push and having a higher turnout that last year.

CAMPAIGNS

3. Imperial College Union remains active in the Aldwych Group (students’ unions of the Russell Group) and in the University of London Union. Through the Aldwych Group the Union has participated in the “Letter to Tony” campaign which seeks to keep a cap on Top-up fees.

4. Other campaigning this year has stayed internal to Imperial:
   a. “Green Week” was the first environmental awareness campaign that the Union has run. The week was very successful and we worked closely with members of Estates and other College divisions for the activities during the week and also the implementation of various energy efficiency initiatives across the campus.
   b. A successful sexual health awareness week was also run to provide more information about the issues linked to this and the problems that students may face.
   c. In addition we ran a successful disability awareness campaign, ‘Don’t Hide From Disability’. Information leaflets are available across campus.

STUDENT ACTIVITIES

5. The Union’s clubs and societies are as strong as ever. As usual, there have been a few new clubs formed and a few old ones have been dissolved or classified as ‘dormant’.

6. Participation in Imperial College Union clubs and societies remains higher than at any other university. Again, our membership rates are two to three times the average that we encounter through our peers in the University of London and the Russell Group.
7. The table below gives a summary of participation statistics. Of the club memberships reported, 6042 are unique students. The clubs are managed by over 1,000 elected club officers.

<table>
<thead>
<tr>
<th>Governing Committee</th>
<th>Clubs</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts &amp; Entertainments Board</td>
<td>12</td>
<td>629</td>
</tr>
<tr>
<td>Athletic Clubs Committee</td>
<td>51</td>
<td>2042</td>
</tr>
<tr>
<td>City &amp; Guilds College Union</td>
<td>8</td>
<td>231</td>
</tr>
<tr>
<td>Imperial College School of Medicine Students’ Union</td>
<td>29</td>
<td>848</td>
</tr>
<tr>
<td>Media Group</td>
<td>4</td>
<td>136</td>
</tr>
<tr>
<td>Overseas Students’ Committee</td>
<td>32</td>
<td>1994</td>
</tr>
<tr>
<td>Silwood Park Union</td>
<td>12</td>
<td>No data</td>
</tr>
<tr>
<td>Social Clubs Committee</td>
<td>41</td>
<td>1631</td>
</tr>
<tr>
<td>Recreational Clubs Committee</td>
<td>37</td>
<td>1400</td>
</tr>
<tr>
<td>Royal School of Mines Committee</td>
<td>5</td>
<td>35</td>
</tr>
<tr>
<td>Wye Union Society</td>
<td>13</td>
<td>No data</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>244</strong></td>
<td><strong>8946</strong></td>
</tr>
</tbody>
</table>

8. Community Action Group has continued to organise its projects; in particular the weekly ‘soup-run’ for the homeless continues to operate out of Weeks’ Hall and the committee is organising a conference to share its expertise with other university groups.

9. Our students continue to go on tour with their clubs and gain value from this experience.

**STAFFING MATTERS**

10. August 2005 saw the arrival of a new Permanent Secretary. In addition 3 new staff members joined the Union – 1 was a direct replacement and 2 in new roles, slightly changed from that of their predecessors.

11. We continue to work closely with the College HR division and appreciate their support.

**FINANCIAL MANAGEMENT**

12. This area has been stable this year and the introduction of a new finance system has been smooth.

**BUILDING REDEVELOPMENT & FUNDRAISING**

13. The biggest project this year has clearly been the redevelopment of the Union building, which has also been adopted as one of the College’s flagship projects for the
14. £2.2M has been raised for this during the year, in addition to the £800K that the Union has set aside for the project (much of which has already been committed). £1.2M was given by College this year, the Harlington Trust has committed £500K as well as the IC Trust who last month have committed £500K. However this is still far from the £6.6M needed for the completion.

15. Work has started on the first phase of building works with some of the money already raised.

16. The Union has worked closely over the past year with the Office of Alumni and Development to develop the fundraising initiatives. Contact has been made with past Union and College Alumni and we have Trevor Phillips, the Commissioner for Racial Equality and an Ex-President of ICU on board as an ambassador. Some gifts have been received from individuals in response the College fundraising information that has gone out.

**COMMUNICATIONS**

17. The Union has this year worked on a communications strategy which has led to the introduction of a new website and weekly student email. The website was one of our main projects this year; it has been overhauled to provide a more efficient service to our Clubs & Societies in all aspects of their work and to provide an interactive information base to support students during their time at Imperial and beyond.

**REPRESENTATION**

18. Postgraduate representation has seen a significant push this year, with the first Sabbatical position solely to deal with Postgraduate issues and a number of events to better integrate the student postgraduate community.

19. We have worked on some aspects of Union governance and representation structures, predominately for Postgraduates, as discussed in a separate paper on proposed changes to the Union Constitution.

**COLLEGE**

20. We have continued to work with College to deal with many student issues, including Security in Halls of Residence, Transportation to outlying Halls, visa fees for International students, the new Sports Centre, College catering and the South Kensington Central Library. This work has resulted in numerous substantial improvements for the student body.

21. With the College’s expected withdrawal from University of London, the Union has had a lot of work to do to gather student opinion and to ensure that the services enjoyed by the students currently remain in a similar form even after departure.

22. With the University of Kent taking over the Applied Business Management course in Wye, we have started looking into the transition period and how we will work with the Kent Students’ Union to ensure students have access to facilities and that their representational rights continue.
23. The merging of the Faculties or Life Sciences and Physical Sciences have meant that the relevant Faculty Unions have had to work together this year in preparation for next year’s merged Faculty Union.

**FACILITIES & SERVICES**

24. We continue to work to improve the day-to-day running of the Union Building and its facilities and services. The Union continues to run its Information and Advice service, Newsagents, Shop, Catering, Entertainments, 3 Bars and Student Activity Centre as well as facilities/services on the Charing Cross, Wye and Silwood campuses.

25. A no-smoking policy was passed for the Union building and was implemented in the summer term.

26. A new modular Clubs & Societies training system has been introduced, helping to train Union Officers to run Clubs & Societies better next year.

**INTERNATIONAL LINKS**

27. We have worked to strengthen our links with our colleagues in the IDEA League and shall be hosting the 2nd Annual conference at Imperial College Union.

**THANKS**

28. My thanks go to all those who have helped and supported the Union and the students this year. The Union has received a lot of support this year and we hope this good relationship continues.

Sameena Misbahuddin