MINUTES OF THE PROCEEDINGS

at the

Thirty-fifth Meeting of the

COUNCIL

of the

IMPERIAL COLLEGE OF SCIENCE, TECHNOLOGY AND MEDICINE

The Thirty-fifth Meeting of the Council was held in the Council Room, 170, Queen’s Gate at 10:30 a.m. on 26th March 2004, when there were present:

Lord Vincent (Chairman), Professor J.N.B. Bell, Dr. E. Buttle, Sir Peter Gershon, Mr. B. Gidoomal, Professor M.P. Hassell, Mr. D.P. Hearn, Professor Dame Julia Higgins, Dr. M.P. Knight, Professor F. Leppington, Mr. H.B. Lowe, Mr. R.J. Margetts, Sir Alastair Morton, Professor G.H.C. New, Professor J.D. Perkins, Professor R.D. Rawlings, Eur. Ing. A.D. Roche, Dame Rosemary Spencer, Dr. C.L. Vaughan, Dr. D.J. Wilbraham, the Rector, the Deputy Rector and the President of the ICU, together with the Clerk to the Court and Council.

In attendance: The Academic Registrar, the Director of Estates, the Director of Finance, the Director of ICT, the Director of Operations the Director of Strategy and Planning, the Imperial College Union Observer and the Assistant Clerk to the Court and Council.

Apologies: Mr. G. Able, Professor Sir Leszek Borysiewicz, Professor M. Green, Professor D. Griffiths, Professor S.P.F. Hughes, Professor A.B. Kay, Dr. B.G. Smith, Sir Peter Williams, the Pro-Rector for Public and Corporate Affairs, the Director of Human Resources and the Director of Project Management & Communications.

MINUTES

Council – 13th February 2004

1. The Minutes of the Thirty-fourth Meeting of the Council, held on 13th February 2004, were taken as read, confirmed and signed.
MATTERS ARISING

Ratification of Resolutions Passed at the Previous Meeting

2. The Chairman reminded Governors that the previous meeting of the Council had been inquorate and that the resolutions passed at that meeting had of necessity been approved by Chairman’s action. Consequently, the full Council was now required to formally ratify those resolutions. The Chairman then reminded members of the resolutions in question, these being:

   a. The Resolution to approve the Governance Code of Practice for Promoting Race Equality (Minutes 44 – 45).

   b. The Resolution to approve the College’s Freedom of Information Policy (Minutes 46 – 50)

   c. The Resolutions to approve proposed amendments to:

      (1) Regulation B2 “Policy and Response Plan for the Treatment of Fraud & Irregularities”.

      (2) Regulation C6 “Policy and Procedures for the Investigation of Allegations of Scientific Misconduct”.

      (3) Regulation C7 “Policy and Procedures for Dealing with Instance of Public Interest Disclosure” (Minutes 51 – 52).

   d. The Resolution to approve the dates of Meetings for the Court and Council in 2004-05.

Resolved: That the resolutions approved by Chairman's Action during the Council Meeting on 13th February 2004, when the Council was inquorate, be formally approved.

CHAIRMAN’S BUSINESS

3. Lord Vincent invited the Deputy Chairman, Dr. Buttle, to update the Council on the work of the Search Committee set up to identify a successor to him as Chairman.

4. Dr. Buttle reminded the Council that, when she had last reported on progress, the Privy Council had just agreed to grant the College degree-awarding powers. At that time the Search Committee had recommended that Lord Vincent's appointment as Chairman be extended as it was thought that any new appointment should take account of the potential governance implications of the receipt of these powers. However, since then the Lambert Review had been concluded. Its Report included the recommendation that the governance arrangements in the old universities should be updated. Meanwhile, within the College itself the executive had been reviewed and a new decision-making structure, including a Management Board and an Operations Committee, had been implemented by the Rector. All this suggested that a more fundamental review of governance was required and that the Council should now ensure that its structure, membership and governance arrangements were fit for purpose and met the spirit of the changes proposed by the Lambert Review.
5. Dr. Buttle said that the Search Committee had continued to meet and to consider potential candidates. However, as the search continued, the Committee had concluded that, while the Chairman remained in place and continued to be so effective, there was a danger that the Committee’s approach to its task was too relaxed. It had therefore been suggested to Lord Vincent that it was now an appropriate time for him to conclude his current term of office. He had agreed to this suggestion and would therefore be standing down as Chairman after the Court Meeting, which would follow on from this Council Meeting.

6. The Search Committee had, she said, next come to the view that it would be best to ask a current lay member of the Council to take on the Chairmanship for one term while the future shape of the Council was explored and to contribute to the wider debate by the Committee of University Chairman on Lambert’s proposals for a new Governance Template. However, when she had sought the views of other lay members of the Council, the consensus of opinion had been that the Search Committee should seek to find someone from outside the current Council membership who had different and complementary skills to the Rector, but who would be willing to stand down at the end of a single term depending on the outcome of the proposed review of the Council’s structure and role.

7. In the meantime, Dr. Buttle continued, she, as the Deputy Chairman, had agreed to act as interim Chairman and her evident reluctance to do so would ensure that the Search Committee should find a suitable successor to Lord Vincent as quickly as possible. Dr. Buttle went on to say that the Committee had identified a possible candidate, but that there was still much to be done before a formal recommendation could be made. Finally, she said, as interim Chairman she would endeavour to fulfil all the Chairman’s duties and would also draw up options for the future shape of the Council. She hoped to be in a position to consult with other members over the Summer and to bring firm proposals to the Council early in the next academic year, although any substantive changes would have to be approved by the Privy Council before they could take effect.

RECTOR’S BUSINESS

Staff Matters (Paper A)

8. The Rector formally presented Paper A, which was received for information.

Oral Reports

9. Following on from Paper A, the Rector said that there would be a number of changes to senior management in the coming months. The Deputy Rector, Professor Bearman, would be retiring at the end of the academic year as would Professor Leppington, the Principal of the Faculty of Physical Sciences. In the next few days the Principal of the Faculty of Engineering, Professor Perkins, was also leaving the College to take up his appointment as the Dean of the Faculty of Engineering and Physical Sciences at Manchester University following its merger with UMIST. Finally, Professor Borysiewicz had been appointed as Professor Bearman’s successor as Deputy Rector and would therefore be vacating the position of Principal of the Faculty of Medicine. The College would seek to fill the three vacancies for Faculty Principals as quickly as possible.
10. Moving on, the Rector noted that the College now had 10,721 students, which was a record and 385 more than the previous year. The total number of undergraduates was some 7,000 of which 5,740 were home and EU students. The latest figures showed that in 2002/03 it had cost the College £12,400 per annum to teach each undergraduate student. However, HEFCE funding for teaching, together with student fees, amounted to only £7,400 per student, which meant that the College made a loss of £5,000 for every home and EU undergraduate - or over £28M a year. Despite this significant shortfall, in 2002-03 HEFCE had cut the College’s teaching funding by £2M in order to help pay for widening participation initiatives elsewhere in the higher education sector. The Rector said that this was indicative of the major problems facing higher education. The Government was pursuing a target of a 50% participation rate, but was failing even to pay for those students currently in the system. Even after top-up fees were introduced, Imperial would still make an average loss of £4,000 per undergraduate.

11. And yet, the Rector said, the Treasury was, at the same time, planning to make a long-term investment in science and technology as it had recognised that this was the best way to improve productivity and economic growth rates in the UK. There was now a clear mismatch between the Government’s policy to invest in science and technology and its drive to widen participation in higher education to the detriment of investing in and supporting those institutions that were best placed to produce the nation’s future scientists and those who would be the leaders and drivers of the future economy. He then remarked that the German Government had recently announced that it would be investing heavily to make its best universities world class. This country already had world class institutions, but was failing to make the investment necessary to ensure that they could remain globally competitive.

12. Continuing, the Rector reported that the Burlington Danes Development had now been announced publicly. This £70M Project – a joint collaboration between the College, GlaxoSmithKline (GSK), the Medical Research Council (MRC) and the Hammersmith Hospitals NHS Trust – would provide a state-of-the-art medical imaging centre with facilities that would be unrivalled anywhere else in the world. Concluding his Report, the Rector said that the Tanaka Business School had now been completed and HM The Queen would be formally opening it on 24 June. The Faculty Building would also be finished in the next few weeks and both Projects had been completed on time and to budget, which was a considerable achievement.

13. Mr. Margetts said that the Rector had put the case for increasing support for the elite scientific institutions very eloquently and logically. However, the Rector’s appeared to be a lone voice at present and he asked whether the other elite institutions could be persuaded to join the debate and add their weight to the Rector’s views. Dame Rosemary Spencer agreed and asked if the College was also lobbying Government to ensure its views were taken into account. She suggested that members of the Commons Select Committee on Science and Technology might be invited to the College to see at first hand what was happening at Imperial.

14. The Rector concurred with Dame Rosemary Spencer’s suggestion, but said any such visit would have to be handled carefully as some members of the Select Committee had expressed their opposition to further research specialisation. Turning to Mr. Margetts’ points, he said that even the other top universities were reluctant to express wholehearted support for specialisation for fear of being branded elitist.
15. Dr. Buttle asked whether the Business community might join the debate and support Imperial’s views. She also asked what progress had been made in encouraging the Research Councils to meet the full costs of research. The Rector replied that a compromise had been agreed whereby from 2006 the Research Councils would meet between 60 and 70% of the costs, with the remainder being funded from the HEFCE research grant. In his view this was a compromise that was unsustainable in the long term and he believed that the Research Councils would eventually have to pay the full costs of research. However, he thought it would take some time to get to that position. The Rector also agreed that Business leaders should make their views known about the quality of undergraduates they required to keep the economy moving forward. Although this was a long-standing debate, the key difference now was that universities had the TRAC methodology from the Treasury for evaluating the precise costs of teaching and research. This was the first time that universities could produce hard data to show the extent of underfunding of both activities and Imperial, in particular, must seek to build on this.

RECTOR’S REPORT ON HEALTH AND SAFETY (Paper B)

16. Introducing Paper B, the Rector drew the Council’s attention to the Report to the Operations Committee from the College’s Health and Safety Council. One major innovation this year had been the introduction of an Award for Excellence in Health and Safety, which would be presented before the Court Meeting. This initiative had been well received in the College and the standard of applicants had been very high. Indeed, the judging panel had recommended that an additional commendation be awarded this year, a recommendation he had been happy to accept.

17. Moving on, the Rector said that the annual departmental reports continued to improve year on year. This year, the Health and Safety Council would be considering all these reports together for the first time. Furthermore, Heads of Department would now be expected to take personal responsibility for their reports and present them to the Committee themselves, which was, he said, an excellent innovation. Also appended to the Report were the latest accident data, which showed no significant changes when compared to the previous year. Finally, the Rector thanked the Chairman of the Health and Safety Council, Professor Hassell, and its members for the contribution they had made to this important area of the College’s work.

18. Mr. Margetts said that the small annual increase in accidents could be attributed to improved reporting and that this was a common phenomenon in industry as well. More encouraging was that the number of reportable injuries, which tended to be the most serious, had gone down. Dr. Wilbraham noted that the Report included a graph showing the rate per 1000 at risk for all accidents. Many companies in the private sector now reported frequency rates for reportable injuries as well as for total accidents as this provided a more meaningful measure of performance. He suggested that the College consider making this change in future reports.
PRESENTATION ON THE SUPPORT SERVICES INITIATIVE

19. The Director of Operations, Ms. Taverne, gave a presentation on progress with the College's Support Services Initiative, a copy of which is appended to these Minutes.

20. Mr. Margetts said that the proposal to devolve support services so that delivery was closer to the customer base was a familiar move within the private sector. He asked whether it was also proposed to relocate these services geographically and, if so, how this would affect communication with the centre. Ms. Taverne said that the faculty teams would be located in the Faculties. However, the senior managers of these teams would each have a professional reporting line back to their respective Support Divisions at the Centre, with an operational reporting line into the Faculty.

21. Sir Peter Gershon noted that the proposals included the introduction of more web-enabled processes. This was, he said, just part of the picture; e-enablement was necessary but not itself sufficient. If these new systems and processes were to be effective and the costs inherent in the old systems removed, there had also to be a change of culture so that people within the organisation made full use of the new systems. In particular, this would require a significant and properly funded training programme. He also asked how far decentralisation would be taken, as there were some areas such as procurement, where opportunities for economies of scale could be lost through devolution.

22. Ms. Taverne said that the primary driver for the Support Services Initiative was improving the quality of service rather than reducing costs. The review of systems and procedures was intended to simplify these, remove unnecessary and wasteful layers of operation and generally improve efficiency and effectiveness. Not all these processes would be moving to electronic or web-management. Continuing, she said that devolution had been targeted at Human Resources and Finance especially because both these areas provided real opportunities to improve responsiveness. She assured the Council that devolution of services was being considered where it was appropriate to do so. Where it was not, such as in procurement or payroll, these would remain as centrally provided services for the whole College.

23. Concluding the discussion, the Rector said that the Support Services Initiative was being overseen by a high-level Steering Committee. However, as the College moved further into the implementation phase, responsibility for managing this Project would move to the Operations Committee.

FINANCE MANAGEMENT REPORT (PAPER C)

24. The Director of Finance, Mr. Cannon, introduced Paper C and highlighted the improvement in student fee income. This was due primarily to an increase in overseas student numbers. Fee income from these students was £34M this year, an increase of 19% from the previous year's £28.6M. Consequently, the College was now forecasting a modest surplus for the year.

25. Mr. Roche said that the Report showed that long-term maintenance (LTM) expenditure was currently underspent. Given that there were some concerns about the adequacy of the LTM allocation, Mr. Roche sought an assurance that this budget would be used to the full. The Director of Estates, Mr. Brooks Wilson, said that this was a matter of phasing and that the LTM budget would be spent by the end of the
REPORT FROM THE FINANCE COMMITTEE (PAPER D)

26. Introducing Paper D, the Honorary Treasurer, Dr. Knight, said that the Committee’s last meeting had concentrated on the establishment of the College’s Endowment Fund. This represented work in progress and would continue to be discussed by the Committee until there were firm proposals to bring to the Council. Dr. Vaughan noted from the Paper that there was strong support from the Committee’s members for the Fund’s management to report directly into Council and asked if this would now be taken forward. Dr. Knight said that he thought this issue should be considered as part of the wider review of the Council’s governance arrangements proposed by the Deputy Chairman earlier in the meeting.

APPOINTMENT OF EXTERNAL AND INTERNAL AUDITORS (PAPER E)

27. The Chairman of the Audit Committee, Mr. Hearn, introduced Paper E. He said that PricewaterhouseCoopers (PwC) had been the College’s external auditors for seven years and Price Waterhouse had been the auditors before that. He reminded the Council that, four years earlier when the College had experienced a number of difficulties with its financial management, the Audit Committee had not been satisfied with PwC’s performance. However, its performance since then had improved considerably. During the tender process, the Auditor Evaluation Committee had considered proposals from PwC, KPMG and Deloitte & Touche. The fees proposed had been generally comparable and it was clear to the Auditor Evaluation Committee, that whichever firm was chosen would provide a good service to the College. However, the Committee had recognised that the disruption associated with a change of external auditors would be significant, especially at a time when the College was reviewing its support services. On balance therefore it had decided to recommend that PwC should be re-appointed as external auditors.

28. Mr. Hearn then noted that HEFCE was now requiring institutions to make separate appointments for internal and external auditors. Although the Audit Committee was not convinced that this was necessary in the College’s case because it had its own in-house internal audit service, it had been impressed with the presentation from KPMG’s internal auditors. It was therefore proposed that KPMG should be appointed to provide additional internal audit services and, in particular, IT audit services.

29. Concluding his Report, Mr. Hearn said that the College had, in recent years, used PwC’s internal audit service to conduct some high level reviews. These were closer to consultancy services than traditional internal audit and the Committee had felt that it should retain the option of employing whichever firm was most appropriate to carry out specific reviews such as these.

30. Dr. Buttle said that, following the Enron scandal, it was not recommended practice for external auditors also to be employed as external consultants. Mr. Hearn said that the external auditors would be asked to carry out reviews only where it was appropriate for them to do so and where the work was compatible with their position as external auditors. However, the Committee felt that it was important that it retained the option to employ PwC, KPMG or another firm if appropriate to carry out strategic reviews on its behalf.
31. Sir Peter Gershon asked if the Committee had considered inviting any other firms to submit tenders. Mr. Hearn replied that the Committee had considered all the firms currently providing audit services within higher education, but that the majority of universities, including all of the top universities, used one of the top three firms. The Committee, he said, had also approached Ernst & Young, but they had declined to submit a tender.

32. Sir Alastair Morton said that the supply of external audit providers was getting smaller and smaller and that the public sector should do all it could to widen the market by inviting tenders from the second tier of audit companies. Responding to these suggestions, Mr. Hearn said that the Auditor Evaluation Committee had looked carefully at all the firms currently providing services to higher education institutions. However, only the top three firms had the level of coverage and experience that the Committee had felt the College should require. Consequently, only these firms had been invited to submit tenders. Mr. Hearn agreed that the points made regarding the need for wider choice were valid ones, but he said that it would be difficult at this stage to re-run the tender process. Dr. Knight agreed and said that the correct time to have had this discussion would have been at the beginning of the process when the Council had been told of the need to re-tender for audit services. Dr. Knight also agreed with the Audit Committee’s decision to re-appoint PricewaterhouseCoopers as he felt that now was not the time to change the College’s external auditors.

33. Dr. Wilbraham, who had also been a member of the Auditor Evaluation Committee, said that the Committee had been keen to extend consideration beyond the big four firms, but it had also felt that any firm employed by the College had to already have experience of auditing at least one other major university. Unfortunately none of the second tier of firms could offer that level of experience. Dr. Buttle said it was regrettable that the range of options was effectively limited to just the main firms of auditors. However, she supported the Audit Committee’s decision for the reasons set out by Mr. Hearn and Dr. Wilbraham. The Rector said that research was increasingly being concentrated in the top four universities in the Country and that the College welcomed this move. It would consequently seem somewhat contradictory for the College then deliberately to appoint a second tier audit provider without good reason.

Resolved: (i) That PricewaterhouseCoopers (PwC) be re-appointed formally as the College’s external auditors for a period of five years from 1st August 2004.

(ii) That KPMG be appointed formally to provide additional internal audit services to supplement the College’s in-house service and in particular to provide IT audit services for a period of five years from 1st August 2004.

(iii) That the College retain the option of purchasing additional consultancy services from KPMG, PwC and/ or other firms for strategic reviews.

34. The Chairman said that, having now approved the Audit Committee’s recommendations, when the College tendered for external services again in the future, the Council should reflect on the points made during this discussion to see if any additional guidance should be given to the committee that would evaluate the
ANY OTHER BUSINESS

Valete

35. The Deputy Chairman said that, as Lord Vincent had decided to stand down after the Court Meeting, this would be his last Meeting as Chairman of Council. On behalf of Governors, Dr. Buttle expressed the warmest appreciation and gratitude to him for the invaluable contribution he had made to the College during his tenure. The last nine years had been a turbulent time for Imperial and he had provided a steady hand to guide first the Governing Body and then the Council through that period. He had, she said, devoted a great deal more of his time to supporting the College than anyone had the right to expect and his experience and wisdom would be sorely missed. The Council joined with Dr. Buttle in thanking Lord Vincent most warmly and wishing him well for the future.

36. The Council also expressed its thanks to Professor John Perkins and its good wishes to him for his new appointment as the Dean of the Faculty of Engineering and Physical Sciences at the University of Manchester.
The Support Services Initiative

Leading sciences...leading services

Agenda

• Background and goals
  • Progress
    • Decision-making
    • Procurement
  • Implementing the new operating model
Mapping the status quo in support service delivery

- Imperial has a large support service infrastructure
  ~2000 people, ~£100 million pa
- Central support services account for 78% of total resources
- Academic customers are the largest customer group (40%)
- Benchmarking suggests Imperial is competitive: central and administrative services represent 7% of total expenditure, compared with 11% for Russell Group and 13% for UK universities

Majority of people and costs are central

- substantial resources in departments
- faculties not integrated into service provision
Today’s environment has placed increasing demands on Imperial’s Support Services

**Imperial College**
- Complex multi-site, central London location
- Added complexity of mergers with the medical schools sites, staff and services shared with NHS Trusts
- Creation of faculties, and cross-faculty initiatives
- Increased internal expectations of service
- Rise of international collaborations

**Environment**
- Government requirements for optimisation of resources
- Increasing number of interdisciplinary initiatives
- Increased need for investment – big science
- Global competition for top academic talent
- Competition for major grants and industry relationships

**Demands more flexible and responsive support structures**

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**Our vision for support services**

To have world class operational services to support our world class scholarship, education and research
Our goals

1. Ensure support services are responsive to the **strategic needs** and priorities of the College

2. Measurably improve **quality of service** as defined by the users

3. Ensure and demonstrate the **effective stewardship of resources**

4. Release **academic time** for the academic mission

Our approach

- **Vision**: How can support services help us to achieve our academic mission?
  - Who takes decisions?
  - How do we run projects?
  - How do we twin strategy and financial planning?

- **Decision making**: Who should deliver our support services?
  - How do they work across faculties and departments?

- **Operating model**: How can we make things work better to reduce hassle, and save time and money?
  - How can we get better value for money when we buy goods and services?
Agenda

• Background and goals
• Progress
  • Decision-making
  • Procurement
• Implementing the new operating model

We identified some key opportunities to improve College decision-making

1. Reduce number and size of committees
2. Improve clarity of both decision-making processes and accountability
3. Increase devolution of operational decision-making
4. Provide space and framework for longer-term operational decision-making
Separating strategic and operational decision-making

Integrating strategic and financial planning

Management Board

Operations Committee
Research Committee
Education Committee

UG  PG

Set plan objectives, themes & constraints
Strategy review inputs
Develop Faculty/Ops strategy, objectives, and budget proposal
Final budget submitted for approval to MB & Council
Review, challenge, consolidate, approve plans & budgets
Track progress vs plan & budget

Jan  Feb  Mar  Apr  May  Jun  ...

Develop detailed plans & budgets
faculty/ops allocate resources, develop framework

Track progress vs plan & budget (monthly)
Track progress vs plan & budget (monthly)

Strategy review inputs
Schedule conflicts, revise as required
Improving management of the project portfolio

Common approval and reporting process

Stage of project:
- Inception
- Funding
- Development
- Delivery
- Completion

Approval and reporting stage:
1. Commitment to seek funding
2. Approval to Develop
3. Approval to Deliver

Milestone Reports
Debrief Report

Agenda

- Background and goals
- Progress
  - Decision-making
  - Procurement
- Implementing the new operating model
Opportunities in procurement

• New analysis shows ~£173m pa spent on goods and services by categories
• Four categories selected for first ‘wave’ and two for second
• Methodology developed involves key users and purchasers to create action plan for each category
• Identified savings of ~£2m pa, with £354k secured

Imperial spends ~£173m pa on goods and services

![Chart showing Imperial's annual spend on various categories](chart.png)
Total savings identified to date total ~£2m pa
Secured savings total ~£354K pa

<table>
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<th>Annual Savings (£m)</th>
<th>Wave 1</th>
<th>Wave 2</th>
<th>CapEx</th>
<th>Total</th>
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<tr>
<td>Top 3 lab suppliers</td>
<td>189</td>
<td>180</td>
<td>675</td>
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<td>Maintenance</td>
<td>550</td>
<td>54</td>
<td>200</td>
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<td>Comp. supplies</td>
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<td>Chemicals</td>
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<td>Business travel</td>
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<tr>
<td>Labs supplies</td>
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<td>200</td>
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<tr>
<td>Capital projects</td>
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<tr>
<td>Total</td>
<td>1,688</td>
<td>2,048</td>
<td>1,688</td>
<td>5,414</td>
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</table>

Progress in meeting our goals

1. **Strategy**
   - Revised planning process better links strategy with planning
   - New directorate that combines strategy and planning
   - Operations committee provides focus for operational strategy

2. **Quality**
   - Better decision-making processes for project portfolio
   - Customer feedback built in to procurement service
   - Improved information quality on purchasing

3. **Costs**
   - Savings identified of over £2m pa in procurement of which over £300k pa already secured

4. **Academic time**
   - Academic and support strategies separated

We now need to focus on good governance, and greater responsiveness and efficiency for Imperial's support services.
Agenda

- Background and goals
- Progress
  - Decision-making
  - Procurement
- Implementing the new operating model

New operating model for support services
Impact of new operating model

- Organisational changes will affect all support services, faculties and departments
  - ensures coherent service provision across College
  - appropriate delegation of authority
  - reduces costs through consolidation of activities in shared service and faculties

- Process improvements in HR, Finance and Research services
  - core support service functions
  - highest overlap of people within departments
  - significant opportunities to reduce complexity and duplication

- Better capabilities, fewer people
  - faculty teams with professional skills and local knowledge
  - new emphasis on performance management and staff development

Implementation phases

<table>
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<tr>
<th>Period</th>
<th>Description</th>
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<tr>
<td>Feb-Aug 2004</td>
<td>Align 04/05 plans and budgets broadly with the new operating model</td>
</tr>
<tr>
<td>BUILD</td>
<td>Agree overall redesign of HR and Finance processes and phases for implementation</td>
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<tr>
<td></td>
<td>Agree overall picture of who will be where and make key appointments</td>
</tr>
<tr>
<td>2004-05</td>
<td>New centre, shared service and faculty clusters staffed with first wave of process changes</td>
</tr>
<tr>
<td>OPERATE</td>
<td>Jobs in departments and elsewhere redefined and rationalised</td>
</tr>
<tr>
<td>CONSOLIDATE</td>
<td></td>
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<tr>
<td>2005-06 onwards</td>
<td>Streamlining and e-enablement of processes leading to greater efficiency</td>
</tr>
<tr>
<td>OPTIMISE</td>
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</tbody>
</table>

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When will we see the benefits?

| Feb-Aug 2004 BUILD | Operations Committee provides focus for operational strategy  
| Increased savings from procurement  
| Mobilisation creates momentum for service improvement |

| 2004-05 OPERATE CONSOLIDATE | New teams with professional skills and local knowledge begin to improve responsiveness  
| Activities consolidated at shared service and faculty level bring scale efficiencies |

| 2005-06 and beyond OPTIMISE | Centre governs by clear objectives/standards and audit  
| Improved resource allocation with centre and faculty partnership and more transparent budgets and ownership  
| Improved processes reduce overall cost of support services and time spent by academic staff |

Leading sciences ... leading services

The Support Services Initiative

https://www.imperial.ac.uk/spectrum/initiative/
DEPUTY RECTOR

Professor Sir Leszek BORYSIEWICZ, FRCP FRCPath FMedSci is appointed as Deputy Rector with effect from 1 October 2004 following Professor Peter Bearman’s retirement on 30 September 2004.

The name of Professor Sir Leszek Borysiewicz’s successor as Principal of the Faculty of Medicine will be announced in due course.

PROFESSORS

Professor Richard Gordon DERWENT OBE, currently self-employed Consultant in Atmospheric Chemistry Modelling for DEFRA, has been appointed to the Chair in Atmospheric Chemistry in the Department of Environmental Science and Technology, Faculty of Life Sciences, with effect from 1 August 2003.

Professor Robert Jack MacCULLOCH, currently Research Associate at Princeton University, USA, has been appointed to the Chair in Economics in the Tanaka Business School with effect from 1 September 2004.

Dr Jaideep Charles PRABHU, currently Senior Lecturer in Marketing at the University of Cambridge, has been appointed to the Chair in Marketing in the Tanaka Business School with effect from 1 September 2004.

READER

Dr Serafim KALLIADASIS, currently Reader in Fluid Mechanics in the Department of Chemical Engineering at the University of Leeds, has been appointed as Reader in Fluid Mechanics in the Department of Chemical Engineering and Chemical Technology, Faculty of Engineering, with effect from 1 July 2004.

VISITING PROFESSORS

The following have accepted association with the College as Visiting Professor:

Professor Michael LOCKWOOD, Professor of Physics at the University of Southampton, has accepted association with the College as Visiting Professor in the Department of Physics, Faculty of Physical Sciences, from 19 January 2004 until 30 September 2004.

Professor David W. MacDONALD, A.D. White Professor at Cornell University USA, Director of the Wildlife Conservation Research Unit and Senior Research Fellow in Wildlife Conservation at Oxford University, has accepted association with the College as Visiting Professor in the Department of Environmental Science and Engineering, Faculty of Engineering, from 1 February 2004 until 31 January 2007.
Professor Andreas MANZ, following his resignation as Professor of Analytical Chemistry in the Department of Chemistry, has accepted association with the College as Visiting Professor in the Department of Chemistry, Faculty of Physical Sciences, from 1 December 2003 until 30 November 2006.

Dr Ricky RICHARDSON, Chairman of the European Telemedicine Society and Adviser to the Director of the NHS National IT Programme, has accepted association with the College as Visiting Professor in the Department of Electrical and Electronic Engineering, Faculty of Engineering, from 1 February 2004 until 31 January 2007.

Professor Dominique SOLDATI FAVRE, following her resignation as Reader in Cellular Parasitology in the Department of Biological Sciences, Faculty of Life Sciences, has accepted association with the College as Visiting Professor in the Department of Biological Sciences, Faculty of Life Sciences, from 1 February 2004 until 31 January 2007.

RESIGNATIONS

Professor Catherine ISON has resigned from her post as Professor of Medical Microbiology in the Division of Investigative Science, Faculty of Medicine, with effect from 31 January 2004.

Professor Paul SEIDEL has resigned from his post as Professor in Pure Mathematics in the Department of Mathematics, Faculty of Physical Sciences, with effect from 31 March 2004.
1. Each year the Health and Safety Council presents an annual report on its activities to the Operations Committee. A copy of its Report is attached at Annex A. This incorporates the reports made by the Safety Director and the Director of Occupational Health Services to the Health and Safety Council, as well as the annual reports made by the Health and Safety Committees of each of the College’s Departments, Divisions and Campuses.

2. As it states in its Report, the Health and Safety Council has continued to review and refine the College’s policies and procedures for health and safety. For example, this year, it has approved an updated version of the College’s Display Screen Equipment Policy. It also oversaw the introduction of the new Rector’s Award for Excellence in Health and Safety. The Award has a first prize of £2,000 and also allows for two commendation prizes of £500 each to be given annually. The award is a concrete demonstration of the importance that the College places on health and safety and will help to raise its profile within Imperial.

3. I am pleased to say that this new Award was well received within the College and that a large number of high quality nominations were made for this, its first year of operation. Indeed, the Panel of judges, which included Tony Roche, the Chairman of the Health and Safety Audit Committee, Professor Mike Hassell, the Chairman of the Health and Safety Council, and the Director of HR, Chris Gosling, thought the standard was so high that they recommended that three commendation prizes be given rather than the two originally intended. The winners of the first Rector’s Awards for Excellence in Health and Safety are as follows:

   a. **First Prize (£2,000)**

      Mrs. Julia Cotton (Division of Investigative Sciences)

   b. **Commendation Prizes (£500 each)**

      Dr. Alex Blakemore (Division of Primary Care & Population Health Sciences)

      Mrs. Alison Church, Mr. Mark Griffin, Mrs. Penelope Bedford, Mr. Leo Tyrie and Dr. Rob Bielby – Team Prize (Division of Investigative Sciences)

      Mr. Richard Sweeney, Mr. Brian Robertson and Mr. Mark Ramsay – Team Prize (Department of Materials & College Safety Department)

4. Because these Awards are important, we wanted to present them at a suitably high profile event involving both members of the College and the wider community. Consequently, the winners will be presented with their prizes at the Court’s Meeting this afternoon.

5. A significant part of the Health and Safety Council’s work is the consideration of the annual reports from Departmental and Divisional Safety Committees. As has been recognised by the Health and Safety Audit Committee, the quality of reporting from Departments has been improving year on year. The Health and Safety Council, which
considers each year how it can make yet more improvements, has now decided to introduce a radical change. This year the Departments and Divisions’ annual reports will all be considered together at a single meeting, rather than spread piecemeal throughout the year. Furthermore, it has been agreed that each Head of Department, or a senior academic in the Department, will present their annual report. This will mean that any concerns arising from a report can be dealt with quickly and it will also encourage the sharing of good practice between departments. These proposals were endorsed by the Executive Committee at the beginning of this year and will be implemented at the Health and Safety Council’s meeting in July.

6. Also appended to the Health and Safety Council’s Report are accident statistics for this and the past six years. Although there has been a slight increase in the total number of accidents reported (4.6%), this is a much lower increase than last year. More importantly, the accident rate per for staff and students is almost exactly the same as last year, while the number of injuries that had to be reported to the HSE has declined.

7. Finally, I would commend the Health and Safety Council’s Report to members of the Council. This and the Council’s own Health and Safety Audit Committee perform a valuable role in ensuring that health and safety is treated seriously throughout the College.

R.B.S.
1. Since its last Report, the Health and Safety Council has met three times and has discussed a wide range of issues brought to its notice by the College Officers with responsibility for Safety, Occupational Health and the Fire Service and the Trades' Union representatives. It has also reviewed the annual safety reports from the College’s departments, divisions and campuses.

DISPLAY SCREEN EQUIPMENT (DSE) POLICY

2. In June 2003 the Health and Safety Council approved a new version of the College’s Display Screen Equipment (DSE) Policy. The major change was that, henceforward, it would apply to any workstation, not just those of people using them for extended periods. The Policy also included new definitions for the respective responsibilities of Heads of Department, line managers and DSE assessors.

RECTOR’S AWARD FOR HEALTH AND SAFETY

3. Last year the Health and Safety Council proposed that, as part of a process to raise the status of staff managing and promoting health and safety, the College should introduce an “Award for Excellence in Health and Safety”, which would be open to all staff below senior management level. The main criterion for the award would be that a candidate demonstrated that he or she had made a major contribution to the management, development or practice of health and safety in the College in the previous year. Such a contribution would be well above and beyond that expected in their normal duties. In exceptional circumstances, the award could be made to a team where it was not felt possible to isolate individual contributions. Nominations would be sought from Faculty Principals and the College Secretary each year, although recommendations could also be accepted from other interested parties. The award would carry a reasonable financial benefit for the individual (£2,000) and consideration would also be given to awarding up to two Rector’s “Commendations for Health and Safety” (£500 each) where individual(s) had made a significant contribution to safety issues but had not achieved the standard required for the “Rector’s Award.” In November 2002 The Rector’s Executive Committee agreed to the introduction of the Award.

4. This is the first year of operation of these prestigious awards, which attracted a number of excellent nominations. The formal awards are to be made to the successful nominees by the Rector at the meeting of the College Court on 26 March 2004.

SAFETY ISSUES

5. Autoclave and Pressure Vessel Testing. Departments have, in the past, raised concerns over the difficulties of arranging for regular testing of autoclaves and pressure
vessels. This is an issue that affects a number of Departments and it was felt that a central system of testing would be more efficient and effective. This issue has been resolved by the Estates Division, which is now registering all autoclave and pressure vessels through the Estates Helpdesk. This will ensure that they are included in annual checks.

6. **Representation on Safety Committees.**

   a. Departmental Safety Committees should include in their membership representation from the College’s recognised Trades’ Unions and from students. Student representation on these committees is often patchy and the Safety Director has been working with the Imperial College Union to improve this situation. However, it was drawn to the Health and Safety Council’s attention that the Trades’ Unions were also under-represented on some of these committees.

   b. Following consultations between themselves, the Trades’ Unions agreed that, where local Union representation could not be found, they would provide a suitable representative to sit on individual Departmental Safety Committees. This would be done where Committees highlighted the problem in their Annual Reports and would be implemented in consultation with the Safety Director.

7. **Dust Masks.** The Health and Safety Council was informed by the Director of Occupational Health that the use of high specification dust masks was to be compulsory for all CBS staff carrying out high-exposure husbandry tasks. The use of such masks was also to be recommended for all other staff working with animals.

**ANNUAL REPORTS FROM DEPARTMENTAL AND CAMPUS HEALTH AND SAFETY COMMITTEES**

8. Each Department and Division and each Campus is required to present an Annual Safety Report to the Health and Safety Council. This year, all of the reports expected were received with no Departments failing to present a Report to the Council.

9. Over the last few years the Health and Safety Council has noted a continuing improvement in the Annual Reports. This trend continued again this year and is to be welcomed, although there are still some Departments that fall short of the general standard achieved by most of the Departments. The Council considered how to share best practice and encourage this continued improvement as part of its annual review of reporting procedures. Accordingly, the pro-forma for Annual Reports to be used in 2004 has been revised and refined. These changes, which were based upon the feedback received during the previous year, have also led to the creation of a separate pro-forma for the Campus reports. It has also been agreed that the College’s Health and Safety Policy Statement should be counter-signed by the Head of Division and appended to the Annual Report.

10. In previous years it had been felt that, due to the pressure of other business, the Health and Safety Council had been unable to give these reports the degree of consideration they deserved. It had therefore been agreed that they should be placed higher on the agenda to ensure that they were given enough time within each meeting to be considered fully.

11. This change of format, whilst leading to a better discussion of the Annual Reports, has unfortunately led to less time being available for discussing other agenda items. As part of its review of reporting arrangements, the Council therefore agreed that for 2003-4 a new structure would be introduced whereby all the Annual Reports would be considered at an additional fourth meeting to be held in July 2004. Heads of Department or a senior
academic from that Department would be expected to attend this meeting and present their Departments Report. As all the reports will be considered at the same time, it was also felt that this change would encourage the sharing of good practice between the Departments.

12. The Rector’s Executive Committee has endorsed this proposal and recommended that the Departmental Annual Reports should be presented by the Head of Department or a senior academic from the Department.

**ACCIDENTS AND DANGEROUS OCCURRENCES**

13. In the Safety Performance, Accidents and Dangerous Occurrences Committee (SPADOM), the Council has had, since its inception, a sub-committee that has examined the accident and dangerous occurrence reports and made recommendations to the Safety Director on ways that these occurrences might be minimised. Attached to this Report at Appendix A is the statistical analysis of the reports for the year compared with those of previous years.

14. Although there are fluctuations between the various categories, overall this year there has been a small (4.6%) increase in the total number of accidents. Last year, the increase was 23%. An analysis of the type of accidents reported suggested that this increase reflects improved reporting from Departments rather than an increase in actual accidents. There are now a number of, what might be considered, relatively trivial accidents being reported. The most serious accidents are those that are formally reportable to the Health and Safety Executive (HSE). These include major injuries, injuries resulting in absence from work for more than three days and injuries to ‘members of the public’ (for reporting purposes, students are considered to be ‘members of the public’). In 2002-03 there were 20 reportable injuries, a reduction of over 25% compared to 2001-02, when they were 27 reportable injuries. This reduction in reportable injuries also suggests that the small overall increase in recorded accidents is as a result of improved reporting. Details of all the reportable injuries for 2002-03 are attached at Annex B.

**HSE INSPECTIONS**

15. During the course of the year, the Health and Safety Council received reports on several incidents that had been reported to the HSE. These cases were also discussed in considerable detail by the Health and Safety Audit Committee, which is a Committee of the Council.

   a. An incident involving the dropping of some plates containing genetically modified material had been reported to the HSE under RIDDOR. A revised Standard Operating procedure had been prepared in response to the letter from the inspector.

   b. A member of the public sustained a burn to their forehead whilst using a coin-operated hairdryer in the Sports Centre. The person had contacted the HSE, who had written to the College. It was felt that the incident had been dealt with properly and that there was little the College could have done to prevent this particular incident.

   c. Following the incorrect disposal of some GM contaminated waste the College had been served with an Improvement Notice, which required plans to be drawn up for a safe and effective system for the inactivation of GM waste. The actions required by the Notice have been taken and the HSE informed.
d. Following an accident involving a Class 4 laser in the Department of Chemistry, a student suffered some vision loss in one eye. The College informed the HSE in accordance with the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) and had received a letter raising some issues that required attention. These have now been addressed.

e. A case of occupational asthma was identified in April 2002 and reported to the HSE that June. Following an investigation of the case in June 2003, the HSE highlighted some areas requiring attention. The Health and Safety Council noted that the College’s own investigation of the incident had shown that there were some deficiencies in the laboratory’s operating procedures but that the conduct of the researcher involved was broadly in line with the College Code of Practice for the work being undertaken.

OTHER ISSUES

16. **Training Passport** The Safety Department are in the process of producing a “Training Passport” that will be issued to all staff. It is intended that this will include the College’s Policy Statement and will also highlight key safety information as well as providing staff with a record of both the general and specific training they have undertaken.

Professor M. Hassell (Chairman)
1. During the year 2002-03 (1 August 2002 to 31 July 2003) 373 accidents were reported to the Safety Unit. This represents a small increase of 4.6% when compared to 2001-02. Of these, 20 were reportable to the HSE, a 25% reduction on 2001-02, when there were 27 reportable accidents.

Types of Accident

2. Accidents have been categorised using the same classifications employed by the Health and Safety Executive under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR). The results obtained are as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>1997/98</th>
<th>1998/99</th>
<th>1999/00</th>
<th>2000/01</th>
<th>2001/02</th>
<th>2002/03</th>
<th>% Change from 2001/02</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Contact with moving machinery or material being machined</td>
<td>2</td>
<td>3</td>
<td>7</td>
<td>2</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Hit by moving, including flying or falling, object</td>
<td>18</td>
<td>23</td>
<td>31</td>
<td>28</td>
<td>26</td>
<td>28</td>
</tr>
<tr>
<td>3</td>
<td>Struck by moving vehicle</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Hit something fixed or stationary</td>
<td>27</td>
<td>27</td>
<td>18</td>
<td>36</td>
<td>30</td>
<td>44</td>
</tr>
<tr>
<td>5</td>
<td>Injured whilst handling, lifting or carrying</td>
<td>66</td>
<td>60</td>
<td>88</td>
<td>89</td>
<td>95</td>
<td>94</td>
</tr>
<tr>
<td>6</td>
<td>Slip, trip or fall on same level</td>
<td>38</td>
<td>39</td>
<td>59</td>
<td>59</td>
<td>52</td>
<td>67</td>
</tr>
<tr>
<td>7</td>
<td>Fall from a height</td>
<td>3</td>
<td>8</td>
<td>4</td>
<td>1</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>8</td>
<td>Trapped by something collapsing or overturning</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>9</td>
<td>Drowning or asphyxiation</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Category</td>
<td>1997/98</td>
<td>1998/99</td>
<td>1999/00</td>
<td>2000/01</td>
<td>2001/02</td>
<td>2002/03</td>
<td>% Change from 2001/02</td>
</tr>
<tr>
<td>----------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------------------</td>
</tr>
<tr>
<td>10 Exposure to, or contact with, a harmful substance</td>
<td>29</td>
<td>18</td>
<td>37</td>
<td>35</td>
<td>52</td>
<td>42</td>
<td>(23.8%)</td>
</tr>
<tr>
<td>11 Exposure to fire</td>
<td>5</td>
<td>4</td>
<td>11</td>
<td>13</td>
<td>19</td>
<td>11</td>
<td>(72.7%)</td>
</tr>
<tr>
<td>12 Exposure to an explosion</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>100%</td>
</tr>
<tr>
<td>13 Contact with electricity or an electrical discharge</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>(25%)</td>
</tr>
<tr>
<td>14 Injured by an animal</td>
<td>6</td>
<td>3</td>
<td>2</td>
<td>8</td>
<td>9</td>
<td>5</td>
<td>(80%)</td>
</tr>
<tr>
<td>15 Other kind of accident (including sporting)</td>
<td>29</td>
<td>31</td>
<td>43</td>
<td>12</td>
<td>56</td>
<td>67</td>
<td>16.4%</td>
</tr>
<tr>
<td><strong>Total Accidents</strong></td>
<td><strong>228</strong></td>
<td><strong>217</strong></td>
<td><strong>301</strong></td>
<td><strong>288</strong></td>
<td><strong>356</strong></td>
<td><strong>373</strong></td>
<td><strong>4.6%</strong></td>
</tr>
</tbody>
</table>

**Graphs**

Three graphs are attached:

1. Total numbers of accidents for each year from 1991 to 2003 as well as the most significant categories of accidents for these years.

2. Total number of accidents for 2003 analysed by category.

3. The accident rate for 1999 – 2003. This shows the number of accidents that occurred in each year per 1000 people at risk (staff and students).
Accident Reports 1991 - 2003

- Hit by moving, including flying or falling, object
- Hit something fixed or stationary
- Injured whilst handling, lifting or carrying
- Slip, trip or fall on same level
- Exposure to, or contact with, a harmful substance
- Exposure to fire
- Other kind of accident (including sporting)
- Total Accidents
Total Accidents by Category

- Contact with moving machinery or material being machined: 12%
- Hit by moving, including flying or falling, object: 25%
- Struck by moving vehicle: 18%
- Hit something fixed or stationary: 11%
- Injured whilst handling, lifting or carrying: 3%
- Slip, trip or fall on same level: 1%
- Fall from a height: 1%
- Trapped by something collapsing or overturning: 18%
- Drowning or asphyxiation: 0%
- Exposure to, or contact with, a harmful substance: 0%
- Exposure to fire: 0%
- Exposure to an explosion: 0%
- Contact with electricity or an electrical discharge: 0%
- Injured by an animal: 0%
- Other kind of accident (including sporting): 1%
Accident Rate per 1000 at Risk

1999/2000: 19.86
2000/01: 17.68
2001/02: 21.90
2002/03: 22.19
REPORTABLE ACCIDENT SUMMARIES
1 AUGUST 2002 TO 31 JULY 2003

**Contact with moving machinery or material being machined** (1 incident)

03/190R Contractor, Harlington Sports Ground - 5 June – contracted by Chelsea FC to renovate training pitch, machine became blocked with sand and in an attempt to try and unblock it arm became stuck in machine. Fire Brigade had to partly dismantle the machine in order to free the arm. **Major Injury - reported by contactor.**

**Hit by Moving, Flying or Falling Object** (1 incident)

03/248R Technician, Chemistry - 25 June – while transporting display boards, wheel of trolley caught foot and caused large gash to back of ankle and causing a fall and further injuring ankle. **Over-three-day absence.**

**Hit Something Fixed or Stationary** (2 incidents)

02/335R Visitor – 20 September 08:15 – walked round corner of building and struck head on architectural concrete feature. **Injury to a ‘Member of the Public’ who was taken to hospital for treatment.**

03/210R Undergraduate, Summer Ball - 22 June – banged arm at Ball and was later in great pain. **Injury to a ‘Member of the Public’ who was taken to hospital for treatment.**

**Injured While Handling, Lifting or Carrying** (3 incidents)

02/337R Technician, Central Biomedical Services – 18 September – injured back lifting heavy equipment. **Over-three-day absence.**

03/096R Postgraduate, Chemical Engineering - 17 March – glass pH probe broke and became embedded into hand. **Injury to a ‘Member of the Public’ who was taken to hospital for treatment.**

03/225R Grounds Staff, Estates - 26 June – strained back whilst lifting compactor bag. **Over-three-day absence.**

**Slipped, Tripped or Fall on the Same Level** (7 incidents)

02/364R Security Officer, Southside – 27 October – slipped on piece of Perspex, fell and sustained bruising and severe swelling to knee. **Over-three-day absence.**

03/182R Technician, CBS (St Mary’s) - 26 May – tripped down last three steps of main staircase and landed on knees. **Over-three-day absence.**

03/206R Visitor, Outside Central Library - 17 June – tripped and fell heavily sustaining head injury. **Injury to a ‘Member of the Public’ who was taken to hospital for treatment.**

03/236R Security Officer, Calendar Road - 8 July – stepped off kerb and turned ankle due to dip in tarmac sustained severe swelling and pain. **Over-three-day absence.**
03/246R Technician, Biomedical Sciences - 7 July – working alone, remembers being seated at microscope, then came round on floor next to incubator with a gash between eyebrows. **Major Injury.**

03/269R Storeman, Gas Stores - 24 July – slipped on entrance slope whilst delivering gas cylinder to St Mary's Campus, fell onto back whilst still holding cylinder. **Over-three-day absence.**

03/285R Technician, Civil Engineering - 8 July – stepped off bag of aggregate, caught boot on pallet and strained ankle. **Over-three-day absence.**

**Fall from a height** (4 incidents)

02/366R Porter, Withersdane, Wye – 24 October – climbing ladder to change light bulb, fell backwards and landed on the concrete below, sustaining extensive injuries. **Remained in hospital for more than 24 hours.**

03/151R Academic, Biological Sciences (Silwood Park) - 15 May – fell whilst attempting to retrieve boxes from a high shelf by standing on swivel chair on wheels. One of the boxes started to fall and in an attempt to stop it he stretched out causing the chair to move in the opposite direction and him to fall hitting his head on the corner of a filing cabinet and land on his arm. He sustained a large gash to his head and a fractured arm. **Major Injury.**

03/209R Clerical, Neurosciences (Charing Cross) - 19 June – stood on chair to plug fan into high level plug socket, chair moved causing fall to floor and fracture to wrist. **Major Injury.**

03/211R Undergraduate, Summer Ball - 22 June – extremely drunk, fell off stage and landed on his neck. **Injury to a ‘Member of the Public’ who was taken to hospital for treatment.**

**Exposed to, or in Contact with, a Harmful Substance** (1 incident)

02/435R Postgraduate, Chemistry - 29 November – splashed in face whilst adding acetic anhydride to nitric acid. **Injury to a ‘Member of the Public’ who was taken to hospital for treatment.**

**Other/miscellaneous accident** (1 incident)

03/180R Undergraduate, Chemistry - 21 May – exposure of eye to laser beam resulting in haemorrhage and damage to sight. **Major Injury.**
PAPER C

FINANCE MANAGEMENT REPORT
FOR THE HALF YEAR ENDED 31ST JANUARY 2004

A Note by the Director of Finance

FULL-YEAR FORECAST

1. The operating forecast for the full year has improved significantly and now stands at a surplus of £0.8M instead of the £3.9M deficit budgeted. The improvement is principally due to student fees, which are now forecast at £50M, £4.4M better than budget. Overseas (non-EU) student fees are contributing £3.8M of this improvement.

FACULTIES

2. The forecast full-year operating result for all faculties shows a net deficit of £1.8M, some £0.3M down on budget. This is represented mainly by an adverse change of £0.5M in Life Sciences and a £0.2M favourable change in Physical Sciences.

3. Research income for the half year shows a £2.7M shortfall (3.4%) on the budget of £79.8M, of which £0.7M relates to overhead recovery. Income in Medicine, Physical Sciences and the Business School is up on budget, but in Engineering and Life Sciences it is down. Life Sciences is suffering from the termination of two major contracts in the Biological Sciences department. This has been further aggravated by changes to the grant award cycle for the main funding bodies from three to two per year and also the NERC termination of one round.

4. Research income for the full year is forecast to show a shortfall of £6.3M (4.0%) on the budget of £165.2M, of which £0.5M relates to overhead recovery. The latter reflects a shortfall in Life Sciences of around £0.8M, but this is partly offset by a forecast gain in Physical Sciences of £0.3M. All faculties except Life Sciences are forecasting full year overhead recoveries at close to, or better than, budget.

CENTRAL SUPPORT SERVICES

5. Costs for half year total £33.7M, some £2.1M below budget. The single largest variance is an underspend in Estates on long-term maintenance of over £0.5M. The full year forecast for all Central Support Services remains unchanged at £71.8M as it is considered likely that underspends in the first half year will be reversed in the second half.

RESIDENCES, CATERING AND CONFERENCES

6. The year to date results show a deficit of £0.9M. These activities are seasonal and the full year forecast is for a surplus of £0.7m.

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1 The full version of the Finance Management Report is not included with these Minutes
OTHER COSTS MANAGED OUTSIDE FACULTIES

7. Whilst the half-year costs at £12.5M are £0.9M higher than budget, the full year forecast remains at £27.4M. It is considered that areas of overspend will be matched by savings on interest payable, itself due to better cash flow than budgeted.

BALANCE SHEET

8. The net cash/borrowing position has further improved from £1.6M net cash at December to £4.9M net cash at 31st January. Unusual cash movements in January included the receipt of £2.3M from the Bill and Melinda Gates Foundation and £1.3M from the sale disposal of shares in TurboGenset several months ago.

9. Invoiced debtors and unbilled research costs remained very little changed at £57.6M and £31.6M respectively. The invoiced debtor level is £13.6M lower than it was twelve months ago and the over-12 month balance (£4.1M) is £0.8M better than a year ago.

CAPITAL EXPENDITURE

10. Total capital expenditure in the first half of the year was £40M and a further £35M is expected to be spent in the second half. Projects with significant spend this year are summarised below:

<table>
<thead>
<tr>
<th>Year to date</th>
<th>Total to date</th>
<th>To complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>£M</td>
<td>£M</td>
<td>£M</td>
</tr>
<tr>
<td>• St Mary’s Medical School Refurbishment</td>
<td>5.7</td>
<td>19.7</td>
</tr>
<tr>
<td>• Biochemistry rejuvenation</td>
<td>5.3</td>
<td>8.5</td>
</tr>
<tr>
<td>• Faculty Building</td>
<td>6.2</td>
<td>9.9</td>
</tr>
<tr>
<td>• GeoSciences &amp; Engineering refurbishment in RSM</td>
<td>2.6</td>
<td>5.9</td>
</tr>
<tr>
<td>• Tanaka Business School</td>
<td>7.5</td>
<td>25.6</td>
</tr>
</tbody>
</table>

FUNDING

11. The borrowings projection is little changed since the previous version. It does not include any Support Service Initiative implementation costs or benefits as these have not yet been agreed.

A.S.D.C.
FINANCE DIRECTOR’S REPORT

1. The Head of Financial Management presented the Finance Management Report for the first half of the current financial year. The main headline was a move in the forecast for the operating result from a £3.9m deficit to a small surplus. This was primarily due to the increase in student fees which in turn was mainly due to the proportion of overseas students being higher than budgeted. The overall number of students was also more than expected. The Committee enquired about the growing favourable variance between the borrowing forecast and actual cash balance. The main factor for this difference is that the phasing of actual payments for capital expenditure is behind that forecast.

ENDOWMENT FUND

2. The Committee received an update on processes and structures being developed to bring the proposed Endowment Fund to fruition. It was reiterated that the concept had the full support of the Finance Committee, and a discussion followed regarding the remit, composition and status of the Fund. There was strong support for the Fund’s management reporting directly into the Council, in a manner analogous to the current Investment Committee, to ensure that there was an acceptable degree of separation between the operation of the Fund and the day-to-day management of the College. The Treasurer tabled a copy of the latest report form the Yale Endowment Fund, noting that their fund had grown from virtually nothing to $11billion in the space of 50 years, and indeed had increased five fold in the last ten years alone. One of the key aspects of the Yale model was that it is active and forward looking rather than responsive to specific historical purposes. The Committee agreed that it was important the College’s own fund was developed in such away that it promoted the continuing accumulation of capital funds to create an unfettered income stream back into the College and that it should not just be viewed as creating cover for the current borrowings.

3. It was noted that the Yale fund had a fairly diverse asset allocation, including listed equities, private equities, property, art and more specific income-generating assets that had been donated to the fund. In contrast the College’s starting point was almost entirely reliant on the non-core property assets currently in College ownership. The Committee agreed that this was an issue that would have to be dealt with over time, but that the key issue in the short term was to ensure that the Fund was established with a significant asset base so that it developed a profile that would make it attractive to both commercial and philanthropic partners. The Committee agreed that the Yale model represented a good approach to consider and the Committee recommended that the concept for the College’s fund be developed into a more detailed proposal by the Treasurer, Pro Rector (Development and Corporate Affairs), the Director of Finance and the Director of Estates.
CAPITAL PROJECTS REPORT

4. The Committee received an updated Capital Projects Report from the Director of Estates. It was noted that most of the major projects were now either at practical completion or pending start on site as part of the SRIF II programme. The Committee welcomed the confirmation that the overall programme remained very much on course with regard to both time and budget.

INNOVATIONS REPORT

5. The Committee received a paper from the Pro Rector (Development and Corporate Affairs) which noted *inter alia* that Innovations had turned round the budget deficit noted in the half yearly Finance Management Report with the closure of two major deals; that the innovation pipeline was doing well with a significant stream of patents being filed and progressed; that three new licensing deals had been recently established and companies were continuing to be formed, but with a greater emphasis on quality than quantity. It was further reported that over £500k had been realised from the sale of assets in College companies in the year to date and that a major investment in the College's Institute of Biomedical Engineering had been completed with the Esmée Fairbairn Foundation. It was noted that this investment represented a new approach to funding College activities for both the College and the Foundation and it was hoped that the concept could be developed for use with other similar organisations.

MPK
Mar 04
PAPER E

APPOINTMENT OF EXTERNAL AND INTERNAL AUDITORS

A Note by the Chairman of the Audit Committee

INTRODUCTION

1. The appointment of the College’s external auditors was last reviewed in 1997. Following the completion of a tendering process conducted by the Audit Committee, the appointment of Price Waterhouse was approved by the then Board of Governors at its meeting on 20 June 1997 when it resolved:

   a. “That Price Waterhouse should formally be appointed as College external auditors from 1st August 1997.”

   b. “That the Audit Committee should review the appointment of Price Waterhouse annually and re-appoint that firm, if considered appropriate.”

   c. “That the position of the College Auditors should be reviewed by the Governing Body after 5 years.”

2. This 5-year period expired in July 2002. However, in November 2001, in view of the significant problems experienced by the Finance Division in the previous year, the Audit Committee felt that the conduct of a full scale tendering exercise to review and appoint new external auditors at that time would have been an unwelcome distraction that might have disrupted the Finance Division’s efforts to improve bank reconciliation and reduce the amount of aged debt. Noting that the HEFCE Audit Code of Practice suggested that such tendering exercises “should normally take place at least every seven years”, the Audit Committee recommended to the Council that the appointment of PricewaterhouseCoopers (PwC) as the College’s external auditors be formally extended for a period of two years and that the position of the College Auditors should be reviewed by the Council at the conclusion of this period in 2004. Resolutions to this effect were passed by the Council at its meeting in December 2001.

3. This 2-year extension is due to expire in July 2004. Last year the Audit Committee was therefore charged with reviewing, on behalf of the Council, the position of the College Auditors and making a recommendation for appointment to the Council before 1 August 2004.

AUDIT CODE OF PRACTICE

4. The HEFCE Audit Code of Practice issued in May 2002 includes guidance on the appointment of external auditors. It states that “The governing body is usually responsible for appointing external auditors, although it may delegate this to the audit committee. Before receiving proposals, the institution should determine selection criteria, procedures, and the frequency of external testing”.(1) The Code of Practice goes on to say that external testing should be conducted in accordance with the College’s own purchasing procedures, but that this would normally involve a full tendering exercise.

5. In June 2003, the Audit Committee, in accordance with the Code of Practice and the College’s Financial Regulations, established an Auditor Evaluation Committee to conduct the tendering process and agreed a timetable for appointment as follows:

- **October 2003**  
  Evaluation Committee determines the selection criteria and scope of audit work required.

- **December 2003**  
  Invitation to Tender issued to selected firms

- **23 January 2004**  
  Closing Date for Tenders

- **Early February 2004**  
  Presentations to the Evaluation Committee by short-listed firms

- **25 February 2004**  
  Selection of firm and recommendation to the Council confirmed by the Audit Committee.

- **26 March 2004**  
  Council considers Audit Committee recommendation.

- **1 August 2004**  
  External Auditors appointment commences

### TENDER PROCESS

6. In October 2003 the Auditor Evaluation Committee agreed that the main audit firms, should be invited to tender for the provision of Audit Services and that the College should use the following selection criteria when reviewing the submissions made by the prospective providers:

   a. The level of experience of the firm both within and outside the higher education sector and the level of experience and qualifications of the lead partner and staff.

   b. The level of proposed audit fees for the duration of the period of appointment.

   c. The quality of service offered.

   d. For internal and/or non-statutory audit work, the level of liability restriction proposed, if any, and the level of professional indemnity held by the firm.

7. Copies of the College’s Invitation to Tender and accompanying documentation were sent to PwC, KPMG and Deloitte & Touche in December 2003. PwC and KPMG submitted tenders for the provision of both external and internal audit services. Deloite submitted a tender for external audit services only. All three firms were shortlisted and were invited to make presentations to the Auditor Evaluation Committee on 11 and 13 February.

### EXTERNAL AND INTERNAL AUDIT

8. Although the tendering process was intended primarily to identify the College’s external auditors for the next five years, the current external auditors, PwC, also carry out some internal audit work in conjunction with the College’s own internal audit service. The Committee therefore needed also to consider how this work would be taken forward. Draft amendments to the HEFCE Audit Code of Practice make it clear that, in future, internal and
external audit services must be provided by separate firms. Consequently the Committee agreed that the College should tender for internal audit support as well as for external auditors, and that different providers would be appointed for internal and external audit.

9. Following the interviews with the prospective providers, the Auditor Evaluation Committee gave this issue further consideration. It was noted that, with the exception of IT audit, the strategic reviews recently conducted by PwC in conjunction with the College’s internal audit service were not standard internal audit reviews. Indeed, it was felt that these reviews were closer in nature to consultancies. In the Committee’s view, whether future strategic reviews would most appropriately be carried out by the College’s external auditors, by a separate firm providing internal audit services, or by another firm employed on a consultancy basis would be dependent on the nature and subject of the review. The Committee further believed that such an approach would still be consistent with the revised requirements of the HEFCE Audit Code of Practice because:

a. The College’s appointed external auditors would provide external audit services.

b. The College’s in-house Department of Management Audit and Review would be responsible for internal audit.

c. Additional IT audit services would be provided by a separate audit firm appointed to supplement the College’s internal audit service.

d. Strategic reviews would be conducted on a consultancy basis, calling on support provided by either the external auditors or other firms as appropriate.

RECOMMENDATIONS

10. Following careful consideration of all the Tenders, the Auditor Evaluation Committee recommended that:

a. PricewaterhouseCoopers be re-appointed as the College’s external auditors for a period of five years from 1 August 2004.

b. KPMG be appointed to provide additional internal audit services to supplement the College’s in-house service and in particular to provide IT audit services for a period of five years from 1 August 2004.

c. That the College retain the option of purchasing additional consultancy services from KPMG, PwC and/ or other firms for strategic reviews.

11. These recommendations were endorsed by the Audit Committee at its meeting on 25 February. The Council is therefore invited to consider and, if it sees fit, approve these appointments.

D. Hearn