MINUTES OF THE PROCEEDINGS

at the

Fifth Meeting of the

COUNCIL

of the

IMPERIAL COLLEGE OF SCIENCE, TECHNOLOGY AND MEDICINE

The Fifth Meeting of the Council was held in the Council Room, 170 Queen’s Gate at 10:00 a.m. on Friday, 11th July 2008, when there were present:

The Lord Kerr of Kinlochard (Chairman), Professor D.K.H. Begg, Professor J.C. Buckingham, Mr. B. Gidoomal, Dr. G.G. Gray, Ms. C. Griffiths, Dr. M.P. Knight, Professor Sir Peter Knight, Mr. J. Newsum, Mr. S. Newton, Ms. K. Owen, Professor R. Sinden, Professor S.K. Smith, the Baroness Wilcox, Professor J. Wood, the Rector and the President of the Imperial College Union together with the Clerk to the Court and Council.

Apologies: Mrs. P. Couttie and Sir Peter Gershon,

In attendance: The President Elect of the Imperial College Union, the Assistant Clerk to the Court and Council and, for Minutes 64 - 67 only, the Director of Project Management, the Director of Estates Projects and Mr. M. Joshua of Arup Project Management.

WELCOME

1. On behalf of the Council, the Chairman welcomed the new Rector, Sir Roy Anderson, to his first Meeting of the Council. The Chairman also welcomed the President Elect of the Imperial College Union, Ms. Jen Morgan, to her first Meeting of the Council.

MINUTES

Council – 14th March 2008

2. The Minutes of the Fourth Meeting of the Council, held on Friday, 14th March 2008, were taken as read, confirmed and signed.

MATTERS ARISING

3. International Partnerships (Minute 10 refers). The Chairman noted the possible international developments in Dubai and elsewhere that had been reported by the previous Rector at the last Meeting. He suggested that, when the new Rector, Sir Roy Anderson, had had time to consider these issues, there should be an opportunity for the Council to consider the College’s international strategy, both in terms of strategic developments in particular parts of the World, but also links with other institutions and the possible development of Imperial sites or campuses in other
countries. The Rector said that he would cover the latest developments in his Report to the Council and also confirmed that the creation of an international strategy for the College was one his priorities.

4. **Wye Campus (Minute 11 refers).** The Chairman reminded members that the College’s academic activities at the Wye Campus would soon be drawing to a close and that alternative uses for the Campus were now being explored. The College’s proposals for the Wye Campus had been the source of some controversy in the past and the Chairman suggested that the Council should be kept informed of developments over the coming year, in view of the potential damage to the College’s reputation of a repeat of the previous difficulties. He asked for a progress report to be provided for the Council before the end of the year.

**CHAIRMAN’S BUSINESS**

5. Opening his Report, the Chairman thanked all the members of the Council who had attended the farewell dinner for Sir Richard Sykes. This and the other farewell events had gone very well and had been much appreciated by Sir Richard and Lady Sykes. The Chairman asked that the Council’s thanks to Sir Richard for all he had done for the College be formally recorded in the Minutes.

6. The Chairman then said that this Meeting had been preceded by a short Meeting of the Remuneration and Nominations Committee. The Deputy Chairman, Dr. George Gray, had indicated that he wished to step down from the Audit Committee, of which he was the Chairman. He had suggested, and the Remuneration and Nominations Committee had agreed, to recommend that Mrs. Philippa Couttie be appointed as the Chairman of the Audit Committee, in succession to Dr. Gray.

Resolved: **That Mrs. Philippa Couttie be appointed as the Chairman of the Audit Committee, in succession to Dr. Gray.**

7. The Chairman then said that he had been in discussions with the Chairman of the Imperial College Healthcare NHS Trust, Lord Tugendhat. In view of the close working relationship that the College and the Trust wanted to develop, they had agreed that there should be a degree of cross-representation on the NHS Trust Board and on the Council. Lord Kerr therefore suggested that Lord Tugendhat should be invited to join the Council of Imperial College, initially with observer status; if invited to serve similarly on the NHS Trust Board, he would agree.

8. Professor Smith endorsed the Chairman’s proposal saying that this was an excellent way of starting the joint process that would eventually lead to the full establishment of the Academic Health Sciences Centre. The rest of the Council also agreed the Chairman’s proposal.

Resolved: **That Lord Tugendhat be invited to attend Council Meetings.**

**RECTOR’S BUSINESS**

**Staff Matters (Paper A)**

9. Paper A was received for information.
Oral Report by the Rector

10. Opening his first Report as Rector, Sir Roy Anderson said that he was delighted and honoured to have been appointed as Imperial's fourteenth Rector. He had, he said, been extremely impressed with the health of the Institution and he wanted very much to keep Imperial at the forefront of developments in science, engineering and medicine. He recognised that people were the key to Imperial's success and the College had to ensure they were nurtured and supported to reach their potential. The overriding impression he had gained was of a very vibrant and ambitious community, with an enormous wealth of talent in both staff and students. Similarly, the Rector said that he had been impressed by the distinguished and diverse membership of the Council. He believed that the Council should act like the Board of a major company and, like the Chairman, he hoped to see some more strategic items coming forward over the next year for the Council to discuss; a case in point being the developing international strategy, which the Chairman had already mentioned.

11. The Rector then said that his first task was to visit all of the College's academic and administrative departments and divisions to meet with staff and students and to gain a better understanding of their views on Imperial and how it should develop in the future. He was already one third of the way through this process and he would continue to visit departments through the summer and autumn. Once that process was complete, he would consider all he had heard and would then outline his broad strategy for the next five years. The Rector said that he expected the key initial focuses to be:

a. Furthering support for the academic mission.
b. Developing the College’s international strategy.
c. Facilitating interdisciplinary and translational research.

12. Moving on, the Rector said that developing the College’s international remit was a complex task as it involved considerations of student recruitment and the student experience; the provision of significant external funding; the provision of research and healthcare in developing nations; and the possible development of international campuses. It was also clear that the College had to diversify its sources of income and become less reliant on Government funding and that a significant source of such funding could come from overseas. In his view, the Rector said, the College should concentrate its strategy on four distinct regions, these being:

a. The Gulf States.
b. South East Asia.
c. India.
d. China.

13. The Gulf States were the wealthiest part of the World at present and the more liberal states were very keen to invest in the development of new technologies and in healthcare and education. Imperial College was therefore very well placed to work with these states. Over the coming months, Imperial would be in a position to announce major financial investments; contracts in Qatar worth up to £600M were being discussed currently, with more to follow. This was a very interesting area, but
the Rector said that the College should be clear why it was working in this area. On
the broader political front, he said that the UK should be reaching out to work with the
more liberal states and to aid them in their development. For Imperial though, it was
also important that it made a significant return on its projects in the region; a return
that could then be invested in research and facilities in London.

14. Turning to interdisciplinary and translational research, the Rector said that the
College must expand its efforts to develop new institutes and centres that crossed
departmental boundaries, and pushed forward discovery and innovation in fields of
pressing importance in the world today: energy generation, cleaner technologies to
reduce or capture carbon emissions, protecting the environment in the broadest
sense, improving global health and understanding climate change. Key initiatives
included the new Security Technologies Centre. Imperial had an array of
technologies that were relevant to a variety of security issues and the Rector
reminded Council that the US Department of Homeland Security had over $60BN to
spend on research and development. Another key area was energy generation,
which involved a diverse range of activities in science and engineering and was also
related to the development of biofuels, another important area for the College. As for
global health issues, the Rector said that London was a natural point of access for
Africa and the College could make a major contribution to improving health in the
poorer countries of the World. Finally, he said that a fundamental aim for the
Academic Health Sciences Centre would be using the College’s excellence in
biomedical research for the benefit of patients.

15. The Rector then moved on to report on developments since the last Council meeting.
The College had been shocked and saddened to learn in the last week of the murder
of two of Imperial’s UROP (Undergraduate Research Opportunities Programme)
students, Laurent Bonomo and Gabriel Ferez from France, on Sunday 29 June. The
Rector thanked Department of Life Sciences staff, Professor Ian Owens, Dr. David
Leak and Professor Stephen Matthews, for their support and in particular their work
with the students’ families and the media at a very difficult time. Flowers had been
left in the entrance to Biochemistry by the College, and the French Consul General
and his staff would be visiting the College that afternoon to lay flowers and also to
thank the College for its support. The Rector said that he had also met with the
students’ families and he had agreed to their request that Imperial consider a more
permanent way in which to remember the students, such as a prize in their name.

16. The College’s approach to medical admissions had also been the subject of media
interest after an unsuccessful candidate, Mr. Majid Ahmed, had taken his story to
The Guardian. The paper had taken his cause up and he had also appeared on a
number of daytime TV and radio shows to discuss his case. The College’s position –
that it would not comment on individual cases – had been maintained throughout.
The Rector reminded members that medical admissions were underpinned by certain
key principles. CRB checks were an obligatory UK-wide procedure for entry to
medicine (and other professions including teaching and law) – but a candidate
precluded from medicine as a result of a positive CRB check would not be barred
from entry to most other courses. The College had its own internal process to review
positive CRB checks; these included the gathering of further information, a panel
interview and an appeals process. This process was not designed to exclude
candidates but to test whether they had the necessary insight into their previous
behaviour and the implications of their involvement in it, and that they had a mature
understanding of the demands, responsibilities and sensitivities of the medical
profession. A criminal conviction therefore was not an automatic bar to studying
medicine at Imperial; but where an applicant had a previous conviction, the
circumstances and attitude and maturity of the student would be considered carefully before a place was offered.

17. In the light of this particular case the College had reviewed its own procedures critically and although these were not considered to be deficient, had decided to introduce some additional measures, the most important of which was the future inclusion of a lay member on the appeal panel. This issue affected more than just the College and the Rector said he believed there was a strong case for Universities UK to develop a national policy and guidelines to assist universities in making these very difficult decisions. Similarly there was a need for the General Medical Council (GMC) to provide a clearer statement of what was and was not acceptable for acceptance to practise; it would be a significant waste of public funds as well as a waste of the individual’s time to allow a candidate to complete a medical degree if there was no realistic prospect of that individual being allowed to practice by the GMC.

18. Turning to the College's Environmental Performance, the Rector said that last week Imperial had been ranked 108th of 119 UK universities in the *Times Higher Education* ‘Green League Table’ for its environmental performance. The methodology of such tables was always a point of contention and it was clear that no allowance was made for the additional energy usage requirements for science and technology subjects. However, there was also no doubt that students and staff took this matter seriously and would expect the College to perform better than this. The Rector said that the Council would be able to discuss this in more detail in September when the College’s Environmental Task Force had reported.

19. The Rector then said that the RAE 2008 results would be announced publicly on Thursday 18 December. These would determine the HEFCE research grant for the College from from 2009-10 and were therefore extremely important. At the same time, consultation on the successor to the RAE, known as the Research Excellence Framework (REF) had now begun in earnest. HEFCE had modified its proposals for the REF in light of feedback from the consultation exercise conducted earlier in the year. Specifically, the new process would now be implemented in 2010 – a year later than initially proposed – and would be used to determine HEFCE research funds from 2011-12. In addition, there would no longer be such a clear distinction between the assessment process for the science-based subjects and that for other subjects. The Rector was pleased to say that the College had been selected as one of 22 pilot institutions to trial the REF proposals over the summer and so its experience would inform the final decisions on the REF process.

20. In June, the Rector continued, the College had signed a new US$70 million research partnership over 10 years with Qatar Petroleum, Qatar Science and Technology Park and Royal Dutch Shell. The partnership aimed to develop better methods of recovering oil and gas while reducing levels of CO₂ released into the atmosphere. This agreement would see Imperial’s Department of Chemical Engineering and Chemical Technology and Department of Earth Science and Engineering working together to push forward research both in the UK and in Qatar. Also in June the College had established the Rio Tinto Centre for Advanced Mineral Recovery to develop new mining technologies. Rio Tinto had given £6M to help develop the ‘mine of the future’, focusing on technologies that use less energy to mine more minerals from hard to reach places deep underground. The funds would be used over a 5-year period and would enable six post-doctorates and 12 researchers employed in Earth Science and Engineering to carry out research in this field.
21. Following on from the Chairman’s earlier comments, the Rector reported that the College, through its professional advisers, Savills, had begun to market its main campus at Wye for a leasehold tenancy. He advised members that the College had first approached government bodies, seeking suggestions for an alternative public interest use but regrettably none had been forthcoming. Savills’ marketing campaign included advertising in higher education and property publications in the UK and overseas, together with two visiting days at the campus later in July.

22. On a happier note, the Rector said that the first adverts for the College’s new Junior Research Fellowship (JRF) scheme would shortly be appearing in Nature and New Scientist. This was the beginning of a major new College commitment worth £3.6M to support the careers of outstanding young scientists. This scheme would help brilliant young research leaders of tomorrow to achieve their own scientific independence by giving them the freedom to establish and develop their own science, follow their own scientific creative paths, and make the difficult leap from post-doc to lecturer. Each JRF would have their own College sponsor who would mentor them. The scheme was an ambitious one as it was intended to support 60 researchers over the first three years. It would be open to researchers in any discipline or interdisciplinary area at the College, as long as a sponsor could be identified, and would be open to researchers of any nationality. This not only demonstrated Imperial’s commitment to excellence, but also showed a broader commitment from the College to support the science base internationally.

23. Bringing his Report to a close, the Rector was very pleased to announce that the Imperial College Symphony Orchestra (ICSO) had won the recent Symphuni competition and had been named as the UK’s best university orchestra. This was a major achievement as all of the other competition finalists came from universities with large and prestigious music departments. The ICSO’s programme had included compositions by Benjamin Britten and Sergei Rachmaninov and, despite representing the only university that did not teach a music degree, the Orchestra, led by the College’s Director of Music and ICSO conductor, Richard Dickins, had triumphed. The Council recorded its warm congratulations to Richard Dickins and the Orchestra for this achievement.

24. Thanking the Rector for his Report, the Chairman noted that the news of the dreadful murder of the two French students, Laurent Bonomo and Gabriel Ferez, had been released on the Rector’s first day in post and that he had also met with the parents on the same day. The Chairman also agreed with the Rector’s suggestion that the GMC should be more involved in the decision making process for admissions where issues such as criminal convictions were concerned. He had, he said, been very disappointed in the statements made by otherwise sensible MPs and Ministers who should have known better than to have commented on the College’s decision in this case on the basis of some rather biased reporting in one newspaper. The Rector noted that 4 Ministers and 8 MPs had stated publicly that they would be writing to the College to make their views known on this topic; to date none had actually done so. Professor Smith then reminded members that competition for medical places was intense with these courses being 8 times oversubscribed. For every student that was given a place, he said there would be another two or three who would have to be rejected despite having achieved the highest possible grades at ‘A’ level. Mr. Newton agreed with the Chairman that it was impossible to comment on individual cases without knowing all the facts. However, he was very encouraged by the College’s response. It had undertaken a self-critical review of its procedures and determined how an already robust process could be further improved. Mr. Gidoomal endorsed this point as well. Although the current rules were clearly appropriate and correct, the inclusion of a lay member of the panel could only serve to strengthen
them. He then suggested that the College could also consider whether any other of its appeal processes would benefit from an extra degree of independence in panel membership. Having said that, he acknowledged that there were relatively few external members of the Council and he suggested that the College could also consider widening the pool of independent members from which panels could be drawn.

25. Moving on, Mr. Gidoomal noted that the Rector had mentioned Africa in his Report, but that this had not been identified as one of the top four priority areas for the College’s international strategy. The Rector said that Africa was a particular priority with regard to global health and that the College was exploring the possibility of opening a medical unit in Africa. This would provide a focus for research and would also allow medical students to undertake placements there. Ms. Owen said that, although she recognised that the College’s international strategy should concentrate on the priority areas the Rector had already identified, she hoped that it would also include some consideration of strategic links in and across Europe.

Oral Report by the Principal of the Faculty of Engineering

26. Professor Wood opened his Report by congratulating the three Faculty members who had just been elected as Fellows of the Royal Academy Of Engineering; Nigel Brandon, Shell Professor of Sustainable Development in Energy; Jeff Kramer, Professor of Distributed Computing and Dean of the Faculty of Engineering; and Chris Toumazou, Director of the Institute of Biomedical Engineering. Sir Gordon Conway, Chief Scientific Adviser at the Department for International Development (DFID) and Chair of International Development in the College’s Centre for Environmental Policy had also been awarded an Honorary Fellowship.

27. Professor Wood then said that the Faculty had a number of developments in Europe and was playing an active role in the development of the proposed European Institute of Technology; this could provide significant research funding for collaborative projects and there were a number of European Institutions that were keen to join with the College in responding to these proposals. The Faculty was also taking part in Project HiPER as a formal project partner. HiPER was the proposed European High Power Laser Energy Research Facility dedicated to demonstrating the feasibility of laser driven fusion as a future energy source. HiPER was being designed to enable a broad array of new science including extreme material studies, astrophysics in the laboratory, miniaturised particle accelerators and a wide range of fundamental physics research. The Project involved collaboration between 70+ scientists from the Czech republic, France, Germany, Greece, Italy, Poland, Portugal, Russia, Spain and the UK with strong international links to programmes in the USA, Japan, South Korea, China and Canada.

Oral Report by the Principal of the Business School

28. Opening his report, Professor Begg said that the School was in good health and continued to grow and to attract new and exiting research bids. The School had recently attracted its first grant from the EPSRC and was also preparing a joint bid for funding with Cambridge University. The joint proposal was centred on embedding innovation into UK plc. The School was also considering collaborative projects with the Faculty of Medicine, with particular regard to the contribution that the School could make to the development of the AHSC.
Oral Report by the Principal of the Faculty of Medicine

29. Professor Smith concentrated on just two issues in his brief Report. The Faculty of Medicine now attracted more research funding from the Medical Research Council (MRC) than any other university. This was a signal achievement as just four years ago the College had only attracted the fifth largest amount of MRC funding. Professor Smith then went on to say that, with the concentration on the development of the AHSC and its focus on translational research, there was a risk that those conducting basic research in the Faculty could feel unduly neglected. Professor Smith was well aware of this risk and the Faculty was therefore considering ways in which their contribution could be recognised and celebrated; basic biomedical research underpinned the work of the whole Faculty and was also vital to the success of translational research and hence the AHSC.

Oral Report by the Principal of the Faculty of Natural Sciences

30. Opening his report, Professor Sir Peter Knight reminded members that two of the four main projects at CERN were being overseen by Imperial staff. In particular, Professor Tejinder 'Jim' Virdee was leading the Large Hadron Collider (LHC) Project at CERN, the results from which were expected to alter the perception of how Nature operates, with potential discoveries including new forms of matter, new forces of nature and new dimensions of space and time. The LHC was fully in place now and was due to begin operations later this month. A number of high profile media events were being planned around this.

31. Professor Sir Peter Knight was also pleased to announce that Professor Simon Donaldson had been awarded The Frederic Esser Nemmers Prize in Mathematics, while Professor Michele Dougherty in Physics had received the Royal Society Hughes Medal for 2008 and Professor Edward Hinds FRS, also in Physics, had received the Royal Society Rumford Medal.

32. The Chairman thanked the Principals for their reports, saying that he was aware that the external members of the Council found these oral reports from the Principals and the Rector to be a particularly valuable part of the Meeting. However, Sir Peter Gershon, who was unable to be present at this Meeting, had suggested to him that the Dean, who represented the College's academic staff, could also be invited to give an oral report on issues of particular concern or interest to the academic staff. The Chairman agreed with this suggestion and asked for an oral report from the Dean to be included at future meetings. Professor Sinden, whose last meeting this was, welcomed this proposal and undertook to advise his successor as Senior Dean, Professor Christopher Isham, accordingly.

ACADEMIC HEALTH SCIENCES CENTRE VISION STATEMENT (PAPER B)

33. Professor Smith introduced Paper B and said that the Vision Statement presented here was the culmination of six months work to clarify and set the vision for the whole entity. This vision would be widely circulated across both the College and the Imperial College Healthcare NHS Trust, as well as in the local communities to the St. Mary's and Hammersmith Hospitals. The vision was also being shared with Government and other key stakeholders. It demonstrated how the AHSC would develop in the coming years and how the plans for translational research and for the delivery of improved patient care that had been previously discussed would be taken forward. Professor Smith said that there was nothing here which should be
surprising or new to the Council as the Vision was in line with the proposals which he had presented at previous meetings.

34. Mr. Newsum welcomed the Vision Statement, but asked how this would be followed up and implemented. Professor Smith said that he was now working with KPMG, who had assisted in the creation of the Vision Statement, on a Strategic Plan for the AHSC, which would translate this Vision into concrete plans. The AHSC would also be reporting annually to the Trust and the College against the parameters set out in the Vision and associated plans. The Statement represented the public face of the AHSC while the strategy would be for the Trust and the College to scrutinize.

35. The Chairman said that there was a great deal of support for the AHSC at present from the staff and patients, from the local community and from Government. However, he said, it had to be recognised that this would not always be the case. Tough decisions would have to be made in the future, some of which would be controversial with some of those constituencies. A key point for the Council was, he felt, articulated in Paragraph 3.1., where it stated that “through integrated leadership and management, a consistent strategy will be set across the two organisations, while retaining a governance structure that allows sufficient autonomy for the leadership of each organisation to discharge their obligations to the Council of Imperial College and the NHS”. The Vision went on to state that “while the final corporate status of the AHSC is as yet undefined, the Trust will continue to work towards Foundation Trust status, while considering alternative options. Any option pursued will need to satisfy the requirements of both the NHS and Imperial College London”.

Resolved: That the Academic Health Sciences Centre Vision Document, as set out in Annex A to Paper B, be approved.

ACADEMIC FOUNDATION TRUSTS AND IMPERIAL COLLEGE (PAPER C)

36. Introducing Paper C, Professor Smith said that there were a number of models for an academic health sciences centre, but all were essentially joint ventures between universities and health service providers (hospitals). The spectrum ranged from the large university-run hospitals in the US, such as the Massachusetts General Hospital (Mass General), the teaching hospital of Harvard University, to European Institutions where there tended to be a greater level of state involvement. Similarly the organisational models ran from clusters of essentially separate institutions to fully-integrated entities. A key feature of the US models was the extent to which the hospitals themselves were involved in and funded research; for example the Mass General budget for research was $800M per annum.

37. Turning to the AHSC, Professor Smith said that the eventual governance model had to reflect the particular local circumstances in the UK. In particular, the model would have to be appropriate for the continued provision of healthcare services within the NHS. The Government had already stated that the eventual aim of all NHS trusts should be to seek Foundation Trust Status. Currently, all foundation trusts had to include a strong element of local democracy in their governance structures. Trusts were expected to have in excess of 60,000 members, who would then elect governors of the Trust to act as their representatives. These elected governors would then form the majority of each trust’s governing body. Such a structure would create significant difficulties for the AHSC as a governing body with an elected majority could be subject to the influence of well-organised special interest groups. For example, controversial areas of research such as those involving animals or work
on human embryos could be put at risk if governors were elected by groups that opposed such work. Furthermore, foundation trusts were not specifically mandated to undertake or support research. The current foundation trust arrangements were therefore not conducive to the type of joint venture the College and the Imperial College Healthcare NHS Trust were working towards; seeking foundation trust status under these arrangements therefore represented a significant risk for the College and for the AHSC. Given these circumstances, three options had been identified for the AHSC governance arrangements; these were:

a. To continue with the current structure and not seek foundation trust status for the Trust.

b. To seek foundation trust status, but with due consideration being given to how this could work without unduly compromising the joint venture.

c. To establish a new type of foundation trust, an Academic Foundation Trust. This would have all the benefits of a Foundation Trust, but would not be subject to the same constraints.

38. Professor Smith then said that discussions had been held with the Department of Health to see if this new type of trust could be established through the new NHS Bill. Under the College’s proposals, both the University and the Trust would be responsible for appointing the Chairman and Chief Executive Officer of the Trust while half of the trustees would be appointed by the University. The rest of the trustees would be elected in line with normal foundation trust procedures, the difference being that the elected trustees would not be in a majority. Lord Darzi’s review of the NHS, ‘High Quality Care for All’, confirmed that the Government was sympathetic to these proposals, although a key feature was that AHSCs would only be recognised after a peer review process, and that only 5 – 10 AHSCs in total would be eligible to apply for Academic Foundation Trust status. As was confirmed in Paper C, an important part of the proposed legislative process would be the provision of appropriate protections for both the Trust and the academic partner in an AHSC. From the College’s point of view, the protection for the College from liability for any financial or other failings in the Trust would be particularly important. Concluding his introduction, Professor Smith confirmed that, if it was not possible to secure Academic Foundation Trust in line with the College’s proposals, the Imperial College Healthcare NHS Trust would continue in its current state and would not seek Foundation Trust status because of the inherent risks he had already set out.

39. The Chairman thanked Professor Smith and said that he had three concerns. Lord Darzi’s review had included a commitment on the Government’s part to bring forward legislative changes that would be “broadly permissive” in respect of academic foundation trusts. He asked if this would be good enough if the local community or Monitor opposed the College’s proposals; in essence, would the Trust still be able to obtain satisfactory Academic Foundation Trust status in those circumstances? Secondly, he noted that the AHSC would have a complex structure, with the Chief Executive in particular reporting to four bodies; the Board of Directors and Board of Trustees for the Trust and the Management Board and the Council for the College. This complexity could, he said, present operational difficulties in the future. Finally, he reminded the Council that the AHSC and the Faculty of Medicine were not the same thing and there would continue to be a significant number of staff in the Faculty who would not be part of the AHSC. He asked if there was a risk that these sections of the Faculty could feel disenfranchised by asymmetrical attention given to the AHSC by the College and the Faculty.
40. Professor Smith said that the Government had adopted a broadly permissive approach because it was likely that the other universities interested in establishing AHSCs would want to adopt a different governance model to Imperial. Indeed, this approach was more likely to be helpful to the acceptance of AHSCs and academic foundation trusts. If only Imperial’s preferred model was proposed, it would not be supported by other trusts and universities. What was important was the clear commitment in Lord Darzi’s report to the development of AHSCs and the opportunity this would provide to support medical research excellence and its direct application to improved patient care. With regard to the Chairman’s second point, Professor Smith said that a key strength of the proposed model for the AHSC was the close integration it would provide between the Trust and the College; although at times this could lead to some operational complexity, the benefits of this integrated approach outweighed any such difficulties. Finally, Professor Smith acknowledged that the impact of the AHSC on the wider Faculty was a concern, but he said that mechanisms for addressing this were being identified. In particular, the Faculty recognised the key importance of fundamental science research to the work of the whole Faculty, including to the translational research conducted in the AHSC.

41. The Rector agreed with the points made by Professor Smith and said that the College was also reviewing the support provided to him. It was likely that, just as the Trust had a Managing Director, Ms. Claire Perry, a similar appointment would be made on the academic side.

42. The Baroness Wilcox said that hospitals and the NHS were very emotive subjects about which people held strong views, often on the basis of very limited knowledge. She suggested that, when the proposals came forward for discussion in the NHS Bill, the College would need to ensure that all parties were properly briefed on the benefits of the AHSC; ideally, the College should try to get cross-party support for this aspect of the legislation, otherwise there was a risk that it could be undermined by individuals who might misconstrue the implications for the NHS of some of these proposals. Mr. Gidoomal agreed, saying that, in his experience, just one rogue MP could very easily put a stop to measures such as this. Mr. Gidoomal said that he was also very reassured by the legal opinion which had been appended to the Paper. In particular, the fact that these two opinions had been provided independently gave a further degree of comfort that the College’s position would be protected.

43. Dr. Gray noted that one of the strategic areas for the AHSC identified in the Vision Statement was cardiology. However, cardiology was also an important specialism for the other non-AHSC hospitals with which the College worked. He asked how the creation of the AHSC was affecting the College’s relationship with its other NHS trusts.

44. Professor Smith agreed that there was a risk that the concentration on the AHSC could produce additional difficulties with the other trusts. However, he said that Lord Darzi’s review made specific mention of the development of clusters of specialist hospitals. The College would, he said, have a real opportunity to develop a cluster in North West London with the other hospital trusts outside the AHSC. Indeed, discussions about building such a relationship had already commenced. Professor Smith acknowledged that there would still be rivalries and an element of competition between the separate trusts, but said the important thing was to ensure that these were not destructive.

45. Mr. Newsum said he was encouraged by the Government’s acceptance that there could be a variety of models for an AHSC. He then asked if there were any downsides associated with the establishment of an Academic Foundation Trust.
Professor Smith reminded the Council that only a small number of universities would be allowed to develop AHSCs. However, several of the partnering hospital trusts had already obtained Foundation Trust status and would therefore not be able to integrate with their universities in the same way. Realistically, only Imperial and Oxford currently would have the opportunity to develop a closely integrated AHSC. The Rector said that the real downside was the reputational risk to the College if the AHSC failed. The overriding principle had to be that the College would have to ensure that its excellent research would translate into excellent patient care.

46. Mr. Newton said that, although the AHSC project had been very well received thus far, it was inevitable when dealing with a topic as sensitive as healthcare and the NHS, that there would be issues and controversies arising from this in the future. It would be important that the College was able to handle any negative press and ensure that its point of view was clearly articulated.

47. Concluding the discussion, the Chairman confirmed that the Council was content with the proposals that had been put forward and with the level of protection for the College, provided that the conditions set out in Paper C were met. He cautioned that it was likely that not all these conditions would be met in the NHS Bill and said that the Council would then need to consider how best to proceed. With that proviso in mind, the Council endorsed the approach taken for the formation of an Academic Foundation Trust as set out in Paper C.

FINANCE MANAGEMENT REPORT (PAPER D)

48. Introducing Paper D, the Chief Operating Officer, Dr. Martin Knight, said that the College was now 10 months through the year and the year end forecast operating surplus had been increased to £13m to reflect a more realistic view of the expected outturn. The other figures in the Report spoke for themselves, but Dr. Knight highlighted in particular the continued improvements in the performance of Commercial Services. He also said that the College’s cash position was still strong and he expected the final cash position to be better than the current forecast of £50m net debt by the year end. Finally, he said that the College continued to earn approximately 6% on its cash deposits against a cost of borrowing of 5.4%. The policy was therefore to invest surplus cash for periods over 6 months to benefit from the higher interest rates that this would attract.

COLLEGE FUND REPORT (PAPER E)

49. The Chairman of the College Fund, Mr. Newton, presented Paper E, and said that the College Fund had recently been working on a strategic asset allocation policy, a copy of which was appended to the Report. This was, he said, a key moment in the development of the College Fund as this policy set down clear investment rules for the Fund and also established some real benchmarks against which performance could be measured. Mr. Newton said he had been very pleased and impressed with the way this policy had been developed and with the quality of contribution made to it by all of the College Fund Board members as well as by the College Officers. In particular, Mr. Newton said that the Hon. Robbie Rayne had proved to be an asset for the Board and had provided a great deal of support, particularly on the property side of its portfolio.

50. Moving on, Mr. Newton said that he would leave a detailed discussion of the College Fund Budget to the Chief Operating Officer, Dr. Knight, as the Fund budget had now
been consolidated with the College's own. However, he pointed out that, as no one knew how the markets would develop in the coming year, the Fund’s budget was necessarily based on a number of speculative assumptions. Turning to the Fund’s recent performance, he said that the Fund had not achieved the target of a 4% total return in the last few months. However, in the context of the decline in the market as a whole, the Fund had done relatively well and had certainly outperformed the FTSE all share index (the Fund’s portfolio was down 5.4% against a FTSE All Share performance of -11.7% over the same period). Mr. Newton then asked the Council to approve the transfer of non-core assets to the Fund set out in Paper E.

Resolved: That the categorisation of the assets listed in the schedule of Non-Core Assets appended to Paper E be approved.

51. With regard to the Special Circumstances Portfolio, Mr. Newton said that planning applications had now been submitted for a number of the residential buildings at Wye, and the Fund had also received an unsolicited offer for the sale of Prince’s Gate Gardens, the so called ‘Secret Garden’ to the rear of 8-15 Prince’s Gardens and the Sports Centre, which it was still considering. He reminded members that this last was considered to be a strategic asset and, if it was decided to accept the offer, this sale would therefore have to be ratified by the Council. Concluding his report, Mr. Newton said that Imperial Innovations was a vital, but highly volatile component in the Special Circumstances Portfolio. The Fund Board was comfortable with the holding, but recognised that, if just a few of the companies and ideas it was developing were successful, this would greatly boost the company’s performance.

52. The Chairman thanked Mr. Newton for his Report and noted that the College’s Wye Campus had previously been the cause of much debate and controversy. He asked that the Council be kept informed of any major developments at the Campus.

53. The ICU President, Mr. Stephen Brown, said that the Secret Garden was much appreciated by students who used it and he asked that the ICU should be consulted before a final decision to sell it was made.

54. Mr. Gidoomal asked how the College Fund Board was benchmarking its performance. Mr. Newton said that the Fund Board used a number of benchmarks to provide a more rounded view; there was always a danger in using a single benchmark that this could skew performance to meet a single measure. However, he said that the achievement of the 4% real return target remained the ultimate measure of the Fund Board’s success. Mr. Newton then said that, as he had noted in the Paper, the key objective for the Fund this year had been to establish a professional basis of management. The support of the Hon. Robbie Rayne and Professor David Miles as Non-Executive Directors in taking this forward had been absolutely invaluable, and had been way beyond the commitment often demonstrated in such positions.

Resolved: That a formal vote of thanks be offered to the Hon. Robbie Rayne and Professor David Miles for their efforts in supporting the College Fund Board and its Chief Executive in the last year.

COLLEGE BUDGET 2008-09 (PAPER F)

55. The Chief Operating Officer, Dr. Knight, gave a presentation on the College’s Budget for 2008-09, a copy of which is attached at Annex A. This was the first consolidated budget incorporating both the College and the College Fund Board: it showed total...
income for the College Group rising to £640M, the first time the College’s budget had exceeded £600M. Other highlights noted by Dr. Knight included the rise of 11% in research income to £266M as well as rises of 12% in student fee income (to £100M) and 6% in the HEFCE grant (to £174M). The operating surplus for the College was forecast to be £6.5M, while its large capital programme was set to continue with planned capital expenditure of £118M, £80M of which would be directly funded by the College. The College Fund’s net assets would rise to £230M although this assumed that there would not be a rise in Innovations’ value.

56. Concluding his presentation, Dr. Knight noted that the budget was attainable but cautioned that this year the risks he had identified outweighed the potential upsides. Crucially, the Budget showed that the College could afford, within its current borrowing facilities, its approved and planned Capital Expenditure Programme. However, net debt would continue to rise as capital expenditure would exceed operating cash and this did not take account of any additional projects that might come forward in the next few years. If the College was to undertake a larger capital expenditure programme than was currently planned (and experience showed that more projects would be proposed) the College would have to generate more cash through the creation of a bigger, more broadly based, surplus; the receipt of more and bigger donations and other “free capital” sources; or be prepared to extend its borrowing limits and/ or grow the College Fund.

57. Before moving on to the points raised in Paper F and in Dr. Knight’s presentation, the Rector congratulated Dr. Knight and the Finance Division team that had prepared the budget, Mr. Andrew Murphy, Mr. Hameed Khan, Ms. Sue Ponter and Mrs. Ewa Szykowska, on the material presented to the Council, which he said was of a very high standard. The Rector then asked the Council to concentrate in particular on the capital programme and the use of almost all of the College’s borrowing facility to fund the South-East Quadrant Project and the development of the Hammersmith Campus. Since taking up his position as Rector he had, he said, been struck by the very low level of donations received by the College. Both of these projects should be very attractive to potential donors both here and abroad and the Rector said that it would be one his priorities to improve the level of donations generally and to attract funding for these projects in particular.

58. Mr. Newton agreed that the current capital expenditure programme was only just affordable within the borrowing limits set by the Council. On the current figure, he said that he would be uncomfortable approving this expenditure programme unless it was clear that the College would be able to attract additional sources of income. He then cautioned that there were two issues which could affect the College’s income in the next few years; the general state of the UK economy and the state of Government finances. In his view, the economy would take some time to recover, while the Government’s finances were likely to be very poor for some time to come. In these circumstances, he said the College should be more rather than less cautious.

59. Mr. Newsum said that it was clear that next year’s budget was affordable. However, unless additional funding for the larger projects could be found, the budgets for future years looked to be of more concern. He saw no reason not to proceed with the South East Quadrant Project, but agreed with Mr. Newton that a net debt position of £171M against a total facility of £173M would be too tight and should be avoided. Mr. Newsum then cautioned that the root cause of organisations going bust was often not because of a failure of vision or a poor business model, but because they ran out of cash. Careful cash management in future years would therefore be critical for the College.
Ms, Griffiths noted that elements of the capital programme could be deferred if no additional funding was identified. However, she asked if such deferrals would have an affect on the College’s income. Dr. Knight said that, because the College would not have to service such a large debt, and could also generate interest on its cash, in the short term, income would probably increase. However, if the capital programme was suspended or deferred, the College would not be able to grow its research income at the same rate, nor could it continue to attract the best academics from around the world. Therefore, although the College could afford to pause some aspects of the programme, it could not afford to stop it completely. The Chairman agreed and said that, although it was impossible to predict what work would be conducted in the new buildings in fifty years time, it was clear that, without investment in the College’s infrastructure, Imperial would not be able to recruit world class staff. He also agreed with the Rector’s contention that the College should be attracting significant donations for these large scale and prestigious projects. On that basis, he believed that the College should proceed as quickly as possible.

Professor Wood too confirmed the necessity of undertaking the South-East Quadrant Project, without which he said the Engineering Faculty would start to lose its current prestigious position. Indeed, two senior academics he had recently been trying to recruit had decided not to come to the College because of the poor state of the current engineering facilities. He also agreed with the Rector that the Project should be attractive to potential donors.

Concluding the discussion, the Rector said that all were aware of the financial risks involved; it was therefore appropriate to ensure that there were checks and balances in place to ensure that, if the College failed to secure additional funding, it could take action to defer or delay the completion of the capital programme.

Resolved: That the College Budget for 2008-09, as set out in Paper F, be approved.

MAJOR CAPITAL PROJECTS (PAPER G)

The Chief Operating Officer, Dr. Knight, presented Paper G, which was received for information.

THE SOUTH EAST QUADRANT PROJECT (PAPER H)

Before presenting Paper H, the Principal of the Faculty of Engineering, Professor Wood, explained that three options were being considered for the Mechanical Engineering West Extension. Option 1, the full extension, would provide the most amount of additional space (4,400m²), but would require the building’s foundations to be strengthened. This would be expensive and delay the completion of the Project. Option 2, a lightweight extension, would provide less space, but would not affect the timing of the Project and was relatively economical. The final option (2A), was the same as Option 2, but with an additional 1,000m² of space being provided by the move of the ICT Data Store, which was currently housed in the Mechanical Engineering extension, to an off-site location. Opinion as to which option was the best was mixed, with the Faculty preferring Option 1 as this would provide the most space. The Project Team, however, preferred Option 2A, as this was the most cost-effective and would not extend the time required to completed the overall project. Another consideration was that the provision of cooling for the Data Centre would become increasingly expensive in energy terms, requiring up to 2 Megawatts of
power; restrictions on the energy supply at South Kensington also suggested that this would be better located elsewhere. Professor Wood then invited the College’s Director of Project Management, Dr. Chris Towler, to give a presentation to the Council on the project. A copy of the presentation is attached as Annex B of these Minutes.

65. The Rector said that this would be the College’s biggest ever project, indeed, it was probably the biggest ever project undertaken by a UK university. The SEQ building would influence teaching and research in engineering at Imperial for the next fifty years. In his view, the College should therefore seek to deliver the maximum amount of space from the project. Professor Sir Peter Knight agreed and said that the South Kensington site was fast running out of power. It was not sensible in these circumstances to continue to house the Data Centre at South Kensington, given its increasing power requirements. Furthermore, data handling requirements were likely to increase exponentially in the next few years. This capacity would be better provided off-site.

66. The Chairman said that the Council should not be asked to make an instant decision on the location of the Data Centre or on which of the three options for the Mechanical Engineering West Extension would ultimately be chosen. He suggested that the College needed to complete its investigations and make a firm recommendation to the Council in due course; it was not appropriate to expect the Council to make such a determination on the basis of very little information, especially as a decision was not actually required at this stage. However, he noted that this additional complexity should not deflect the Council from proceeding with the Project, nor from making a decision at this Meeting on the first phase of the SEQ Project.

67. Dr. Towler confirmed that the full funding being sought at this Meeting was £49.5M. This comprised approvals for the following separate works, each of which could be considered as stand-alone elements in its own right:

   a. **Mechanical Engineering Building (MEB) Levels 0&1 Refurbishment (£33.8M).** Including full project funding for design & implementation (£26.9M); the associated decanting budget for temporary capital works (£2.4M); the associated decanting moving costs (£3M); levels 4-8 refurbishment design fees for design of interfaces only (£0.5M); and the design, survey & implementation of levels 0&1 strengthening works (£1M).

   b. **Faculty Engineering Building Demolitions and Shared Teaching (Skempton Building Level 2 & MEB Levels 2&3).** Design stage fees - up to d&b contract award (£14.5M)

   c. **Skempton Building Decanting.** Temporary capital works & moving costs (£1.2M).

**Resolved:** That Phase 2 of the SEQ Project be approved with total funding of £49.5M and with approval in principle for expenditure within the range of £45M to £55M, as set out in Paper H.

**IMPERIAL COLLEGE UNION ANNUAL REPORT (PAPER I)**

68. Introducing Paper I the President of the Imperial College Union, Mr. Stephen Brown, highlighted in particular the governance changes the Union had made in the previous year in anticipation of the requirement under the Charities Bill that the Union should
register as a charity in its own right with the Charity Commissioners. The introduction of a Trustee Board, which had been approved by the Council last year, had now been fully implemented and Mr. Brown thanked Mr. Gidoomal for agreeing to become the Chairman of the Union Trustee Board; his help, support and guidance through the year had been invaluable and had been much appreciated by the students. Mr. Brown then said that, since the Report had been prepared, the Union had held its most successful Summer Ball and had also just voted to leave the National Union of Students. Bringing his brief report to an end, Mr. Brown also noted that the Union’s website was the busiest student website in Europe, an achievement which reflected the large number of vibrant clubs and societies operated under the Union’s auspices.

69. Mr. Newton said he had been very impressed with the Union’s achievements and with its annual report, which was a very professional document. The Chairman and the Council agreed and congratulated Mr. Brown and the other Union sabbaticals on their impressive record in the past year.

PROPOSED AMENDMENTS TO THE IMPERIAL COLLEGE UNION CONSTITUTION AND REGULATIONS (PAPER J)

70. Mr. Brown introduced Paper J and advised the Council that the proposed amendments were almost all straightforward, mainly being intended to tidy up the Constitution and resolve some outstanding anomalies. The only substantial change was to the Union’s Financial Regulations. This was required to resolve a gap in expenditure authorisation levels. It was now proposed that the Deputy President should approve expenditure up to £50K with the Union Executive Committee authorising expenditure between £50K and £500K. This proposed amendment had been discussed with, and endorsed by, the Audit Committee in June.

Resolved: That the Amendments to the Imperial College Union Constitution and Regulations, as set out in Paper J, be approved.

SENATE REPORT (PAPER K)

71. The Rector presented Paper K, which was received for information.

CLERK’S BUSINESS

Proposed Amendments to College Ordinances (Paper L)

72. Before Paper L was presented, the Chairman said that he had received a request from the College’s trades’ unions that they be allowed to comment on the proposed amendments to the Ordinances. In the case of Ordinance D18 relating to Whistleblowing the Chairman agreed that the recognised trades’ unions’ views could be relevant because this Ordinance was concerned with matters which might affect the employment position of the unions’ members; he was therefore prepared to defer consideration of this Ordinance until the following Council meeting. However, the same argument could not be applied to Ordinances C1 and C2 since these related to administrative and governance issues affecting the College's management of its finances; these were properly matters for the Council to determine. Having said that, the Chairman said that he himself had some concerns about Ordinance C1 and he had therefore asked for consideration of this Ordinance to be deferred as well to allow the College Secretary and the Director of Finance to review his concerns.
73. The Clerk then presented Paper L. He said that The College's current anti-fraud procedures had not been reviewed for some time and needed to be updated. These procedures had now been reviewed and substantially amended to take account of best practice in the sector.

Resolved:  
(i) That the amendments to Ordinance D3, College Officers as set out in Paper L, be approved

(ii) That Ordinance C2, Policy and Response Plan for the Treatment of Fraud and Irregularities, as set out in Paper L, be approved.

Report of the HEFCE Risk Assessment of the College (Paper M)

74. The Clerk presented Paper M, which was received for information.

Proposed Dates for Council Meetings 2008 – 2012 (Paper N)

75. The Clerk presented Paper N and reminded members that, at its last Meeting, the Council had asked that its annual schedule of meetings be revised to provide for five rather than four meetings a year. This had now been done and the resulting dates were now provided for approval.

Resolved: That the dates for Council Meetings for the years 2008-09 to 2011-12, as set out in Paper N, be approved.

ANY OTHER BUSINESS

Valete

76. The Chairman advised members that this would be the Imperial College Union President, Mr Stephen Brown’s, last Meeting of the Council. On behalf of the Council the Chairman thanked Mr. Brown for the valuable contribution he had made to the College and to the work of the Council during his period as President.

77. On behalf of the Council, the Chairman also thanked the Senior Dean, Professor Sinden, whose last Meeting this was, for the valuable contribution he had made to the work of the Council.

NEXT MEETING

78. The Clerk reminded members that the Council’s next Meeting would be on Friday, 19th September 2008, when the Council Away Day would also be held.

[Signature]

19/9/08.
Budget 2008/09
and
The Capital Expenditure Programme

Dr Martin Knight
Chief Operating Officer

Highlights

• Total income rises by 7% to £640m
  • Research income rises by 11% to £266m
  • Contribution to overheads rises by 16% to £52m
  • Student Fee income rises by 12% to £100m
  • HEFCE grants rises by 6% to £174m
• Continued cost control in centre
  • Support Services costs exc. utilities increase by 2.5%. Utilities price increase of 25%
  • Unallocated costs rise £7m due to depreciation and top-up fee bursaries
• Operating surplus is £6.5m
• Large Capital Programme: £118m, £80m College funded
• College Fund: Net assets rise to £230m; distribution of £3m
• No assumed rise in Innovations’ value
• Cash of £24m from operations; net debt increases to £88m
College and Research Income

Total Income CAGR of 7.7%
Research Income CAGR 8.2%

Other Income
Research

£m

£381m £409m £434m £459m £504m £556m £598m £640m


Other Income
Research

Capital Expenditure

Externally Funded
College Funded

£m


Externally Funded
College Funded
Total

£37  £56  £33  £59  £63  £72  £80
£38  £20  £46  £57  £35  £58  £38
£75  £76  £79  £116  £98  £130  £118

College Funded 49%  74%  42%  51%  64%  55%  68%
Externally Funded 51%  26%  58%  49%  36%  45%  32%

Council
11th July 2008
**Faculties: Key Points**

Overall (£0.2m) deficit

- TBS: (£1m) deficit  
  - Delay in Vote recognising growth

- FoNS: KITT reduced by £1.5m to £2.5m  
  - But increasing student numbers: FEC dependant

- FoE: 11% year on year research income growth  
  - But flat staff numbers and space requirements

- FoM: 10% growth in research income  
  - But contribution level?

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**The College Fund**

- Operating surplus of £1.5m  
  - Rising rental income from developed and purchased property  
  - Better management of existing assets

- Distributions to College total £3m

- Unit price rises from £48.13 to £50.07

- But…
**Budget Upsides**

- Order book at 86%
- Operational management – more student fee income; continued tight cost management; last year of operations at Wye; working capital management
- Closer working relationship with NHS Trust
- Cash benefit from slower than planned capital expenditure
- Market upside for College Fund

**Budget Risks**

- Uncertainty in government spending
- Utilities prices
- Cost pressures and uncertain economic climate
- Cost control
  - Central Academic Investments
  - Reactor
  - Admin and Academic Services: 6% p.a. compound historical growth
- Management stretch
- College Fund exposure to market risk; donations risk
- Innovations risk
- Capital expenditure control
2008/09 Capital Plan

Approved Projects
• Eastside
• L Block
• St Mary’s Library & 5th Floor refurbishment
• Hammersmith – Wolfson Education Centre & Commonwealth Building refurbishment
• Cabi Building changes
• College Fund developments

Planned Projects
• SEQ
• Huxley Refurbishment
• Plant replacement
• Hammersmith CBS Refurbishment

Capital Expenditure Programme – The Projected College Cost

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Capital Expenditure Programme – Can We Afford It?

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We can fund the Capital Expenditure Programme from existing resources

* Excluding Innovations

Can we afford it – debt ratios

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<td>22</td>
<td>25</td>
<td>26</td>
<td>24</td>
<td></td>
</tr>
</tbody>
</table>
**Capital Expenditure Programme - Risks**

- No allowance for pipeline projects, known and unknown
- Difficulty in managing capital rationing
- Impact of current economic environment on building prices
- Management stretch
- Dependence on government funding
- Working capital management

**Working Capital Management**

- Historical drivers:
  - Debtors down by £13m since 2005
  - Flat WIP over same period
  - £27m increase in PIA at same time
- Maintain strong working capital management
Capital Expenditure Programme - Upsides

• Only currently known funding sources have been assumed
• No allowance for future HEFCE funding / 100% FEC
• Donations
• Impact of current economic environment on building prices
• Historically spend has not been as fast as planned
• College surplus

The challenge: to broaden the source of the College surplus

• FEC contribution rises by £9m, up 54%
• But non FEC contribution falls
• Net FEC contribution increase equals the College surplus

Contribution by Sponsor

- The need to drive contribution from other sponsors - overseas
- The need to retain extra contribution
- The need to grow the College Fund
Conclusions

Operating Budget

- Budget is attainable but more risk than upside

Capital Budget

- The College can afford, within its borrowing facilities, its approved and planned Capital Expenditure Programme
- Net Debt will rise as capex is greater than operating cash
- To undertake a larger Capital Expenditure Programme the College must generate more cash through:
  i) A bigger, more broadly based, surplus
  ii) Donations; other “free capital” sources
  iii) Be prepared to borrow more / grow the College Fund
The South East Quadrant Programme
100 years of living science

Council: July 2008

- Professor John Wood – Programme Champion and Principal of Engineering
- Dr Chris Towler – Programme Director and Director of Project Management
- Mr Steve Howe – Director of Building Projects
- Mr Mike Joshua – Senior Consultant – Arup Project Management

This presentation

- SEQ Masterplan and overview
- Individual elements
- Environmental Strategy
- Costs
- Benefits
- Requests to Council
The Brief

- A state-of-the-art new complex of facilities to house
  - Mechanical Engineering
  - Aeronautics
  - Civil Engineering
  - Business School (part)
  - Computing
- Centralisation of shared teaching facilities and provision of flexible space to accommodate new teaching methods
- Maximum space generation
- Flexibility – space for interdisciplinary teams
- High sustainability
- Demonstrable value for money
- Showcase for the College in general and Engineering in particular

Current status

- Masterplan accepted by College
- First element (Skempton Building) approved by Council in March 2008 – detailed design in progress
- Sequential development will create:
  - 27,000 sq.m. refurbishment
  - 16,000 sq.m. new build
  - 11,000 sq.m. new real estate (plus possibility for additional new space of between 1900 and 4400 sq.m.)
- Will house Mechanical Engineering, Aeronautics, Civil Engineering, Computing and part of Business School
- Indicative cost £276M
- Change control process established
**Benefits expected**

- A modern environment for world-class science
- Space utilisation efficiency
- Space for new initiatives
- Major conference centre – opportunities for revenue generation
- Savings on long term maintenance
- Energy and facilities cost savings
- Enhanced compliance
- Vacant sites elsewhere on SK campus for future development

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**A major programme with significant complexity**

- Timescale: now until 2015
- Major financial commitment for College
- A significant support team in place
  - Shell and core architects: Foster and Partners
  - Interior architects: Sheppard Robson
  - Structural Engineers – Adams Kara Taylor
  - Mechanical, Electrical & Sustainability Engineers – Troup, Bywaters and Anders
  - Cost consultants – Davis Langdon
  - Planning consultants – Gerald Eve
  - The Fire Strategy Company
  - Acoustic Engineers – Sandy Brown Associates
  - Project Management - Arup
First major project: Skempton Building

- £20 million approved by Council in March
- The project consists of:
  - Mezzanine floor: 430sq m Mezzanine floor - mechanical engineering workshops; RCA workshops; Design London
  - Enabling works: refurbishment of current mechanical engineering workshops - consolidation and decant of Civil Engineering
  - Lecture Theatre: a new 182 seat lecture theatre and a series of new flexible teaching rooms
Levels 0/1 Mechanical Engineering Building

- A permanent home for ME's heavy testing equipment and major laboratories
- Permits future demolition of the low grade ME annexe on Exhibition Road
- More efficient use of space
- Compliance with modern H&S requirements
- Opportunity to upgrade equipment

Faculty of Engineering Building
Faculty of Engineering Building

Teaching and conference space on completion
Energy and environmental efficiencies

- Exemplary but realistic expectations for the carbon footprint of the new complex
  - Up to 40% reduction in energy usage for the new buildings compared to existing buildings
  - Up to 20% reduction in energy usage for the refurbished buildings
  - Between 10-20% of SEQ energy to be sourced from renewable sources
  - Up to 50% reduction in CO2 emissions per sq. m. for the new buildings compared to existing buildings on campus
  - Up to 20% reduction in CO2 emissions per sq. m. for refurbished buildings

Sustainability Plan

- Energy & CO2 targets to be met by:
  - passive building design (use of thermal mass, maximising natural ventilation & daylight)
  - efficient energy use (efficient M&E systems, natural energy sources)
  - renewables (groundwater use, photovoltaics, solar hot water)
  - optimised CHP use

- Wider sustainability issues:
  - construction materials sourcing, recycling & waste minimisation
  - transport plans
  - water sourcing & conservation
  - land-use & ecology
  - environmental pollution
### Cost plan

<table>
<thead>
<tr>
<th>Description</th>
<th>£M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skempton Project (Enabling, L/T, Lvl 0&amp;1 Teaching)</td>
<td>20</td>
</tr>
<tr>
<td>Mech Eng Lvl 0&amp;1 Refurbishment</td>
<td>27</td>
</tr>
<tr>
<td><strong>FEng Project</strong></td>
<td></td>
</tr>
<tr>
<td>Faculty of Engineering New Build</td>
<td>108</td>
</tr>
<tr>
<td>Demolitions</td>
<td>6</td>
</tr>
<tr>
<td>Skempton Lvl 2 Shared Teaching</td>
<td>7</td>
</tr>
<tr>
<td>Mech Eng Lvl 2&amp;3 Shared Teaching</td>
<td>21</td>
</tr>
<tr>
<td><strong>Mech Eng Lvl 4-8 Refurbishment</strong></td>
<td>52</td>
</tr>
<tr>
<td>Mech Eng West Extension (Option 2 – 1,900sqm)</td>
<td>16</td>
</tr>
<tr>
<td>Allowance for decanting (Space Planning)</td>
<td>19</td>
</tr>
<tr>
<td><strong>TOTAL SEQ PROGRAMME</strong></td>
<td><strong>£ 276M</strong></td>
</tr>
</tbody>
</table>

Assumes inflation rate of 6% p.a. until end 2010; 5% p.a. thereafter

### Breakdown of costs

<table>
<thead>
<tr>
<th>Description</th>
<th>£M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction costs (including 10% contingency)</td>
<td>134</td>
</tr>
<tr>
<td>Fees &amp; surveys</td>
<td>30</td>
</tr>
<tr>
<td>Furniture, IT, equipment</td>
<td>13</td>
</tr>
<tr>
<td>Client equipment (labs &amp; workshops)</td>
<td>5</td>
</tr>
<tr>
<td>Other costs (asbestos removal, risk, etc)</td>
<td>3</td>
</tr>
<tr>
<td>Inflation</td>
<td>34</td>
</tr>
<tr>
<td>VAT</td>
<td>38</td>
</tr>
<tr>
<td>Decanting</td>
<td>19</td>
</tr>
</tbody>
</table>

Total: **£276M**
## Schedule of funding requests

<table>
<thead>
<tr>
<th>Funding Request</th>
<th>Amount</th>
<th>Date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEQ Masterplan</td>
<td>£3,047,000</td>
<td>Jan 08</td>
<td>Approved</td>
</tr>
<tr>
<td>Skempton Project (including design fees)</td>
<td>£20,000,000</td>
<td>Feb 08</td>
<td>Approved</td>
</tr>
<tr>
<td>Skempton decanting</td>
<td>£1,200,000</td>
<td>Jul 08</td>
<td>Current Request</td>
</tr>
<tr>
<td>MEB Levels 0&amp;1 Refurb (including design fees)</td>
<td>£33,800,000</td>
<td>Jul 08</td>
<td>Current Request</td>
</tr>
<tr>
<td>Design Fees for FEng &amp; Shared teaching</td>
<td>£14,500,000</td>
<td>Jul 08</td>
<td>Current Request</td>
</tr>
<tr>
<td>FEng Construction Stage</td>
<td>£130,000,000</td>
<td>Q1 2010</td>
<td>Future Request</td>
</tr>
<tr>
<td>MEB Levels 4-8 Refurb (including design fees)</td>
<td>£57,900,000</td>
<td>Q2 2012</td>
<td>Future Request</td>
</tr>
<tr>
<td>MEB West Extensions (including design fees)</td>
<td>£15,500,000</td>
<td>Q1 2013</td>
<td>Future Request</td>
</tr>
</tbody>
</table>

**TOTAL** £275,900,000

## Estimated cashflow

The chart illustrates the estimated project cost per annum (EPA) for various years, with bars in different colors representing future funding requests, current funding requests (July 08), and funding approved.
SEQ Capital Works Schedule

Skempton works (3450) – RSM (2850)
Skempton space is different in nature

Faculty of Engineering Building (3950)
  a) Shell and core office space in central London (2100)
  b) Fit out for offices, labs and teaching space (1900)
  c) a) + b) = 4000
  d) Faculty Building (3700)

Refurb of ME building (2250) – Refurb for IBME (2300)
Construction cost benchmarks

Average construction cost of SEQ: £2,950/sq.m. for a blend of refurbishment (60%) and new build (40%)

Benchmarking

Construction Costs for Academic Research Facilities

<table>
<thead>
<tr>
<th>Benchmark Projects</th>
<th>£/m²</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Institute for Manufacturing – University of Cambridge</td>
<td>4,500</td>
</tr>
<tr>
<td>Cambridge University Library Phases 1 – 5 – University of Cambridge</td>
<td>4,000</td>
</tr>
<tr>
<td>Faculty of Education Building – University of Cambridge</td>
<td>3,500</td>
</tr>
<tr>
<td>Faculty of Law – University of Cambridge</td>
<td>3,000</td>
</tr>
<tr>
<td>Conference Centre – Cranfield University</td>
<td>2,500</td>
</tr>
<tr>
<td>Feasibility for the Micro Technology Centre – University of Liverpool</td>
<td>2,000</td>
</tr>
<tr>
<td>New Academic Building – London School of Economics</td>
<td>1,500</td>
</tr>
<tr>
<td>INTO Exeter, Teaching Block – Exeter University</td>
<td>1,000</td>
</tr>
<tr>
<td>Corporate &amp; Professional Training Suite – Liverpool John Moores University</td>
<td>500</td>
</tr>
<tr>
<td>Teaching Faculty – University of Wolverhampton</td>
<td>500</td>
</tr>
<tr>
<td>New Academic Building – University of Hertfordshire</td>
<td>500</td>
</tr>
<tr>
<td>Design Academy – Liverpool John Moores University</td>
<td>500</td>
</tr>
<tr>
<td>Learning Resource Facility – Open University</td>
<td>500</td>
</tr>
</tbody>
</table>

Total construction costs, including base build

Average construction cost of SEQ: £2,950/sq.m. for a blend of refurbishment (60%) and new build (40%)

Benchmarking for fit-out costs

<table>
<thead>
<tr>
<th>Space Type</th>
<th>SEQ construction cost (£/sqm)</th>
<th>Benchmark range (£/sqm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laboratory</td>
<td>2,300</td>
<td>2,000 - 3,000</td>
</tr>
<tr>
<td>Workshop</td>
<td>2,000</td>
<td>1,600 - 2,200</td>
</tr>
<tr>
<td>Lecture Theatres</td>
<td>2,200</td>
<td>2,000 - 3,000</td>
</tr>
<tr>
<td>Seminar Rooms</td>
<td>1,900</td>
<td>1,500 - 2,500</td>
</tr>
<tr>
<td>Open Plan Offices</td>
<td>1,300</td>
<td>1,000 - 1,500</td>
</tr>
<tr>
<td>Cellular Offices</td>
<td>1,500</td>
<td>1,200 - 2,200</td>
</tr>
</tbody>
</table>
Space and real estate gains

- 40% reduction in Aeronautics net research space requirements
- 30% reduction in Civil’s net research space requirements in Skempton workshop areas
- Average 15% reduction in Mechanical Engineering net space requirements including expanded areas to allow for sharing and collaboration with Aeronautics
- Up to 10% increase in space efficiency for the new buildings compared to the existing estate
- Up to 10% increase in usable space for refurbished areas
e.g. Mezzanine floors in double height spaces
- Gaining major conference Centre on the back of creation of modern teaching space
- Space for future academic initiatives

Business gains

- Enhanced facilities will attract investment
  - People, funding, long-term partnerships

- New commercial opportunities,
  - Conferencing use

- Greater operational efficiency
  - Minimisation of cost impacts of energy usage in greater footprint

- Lifecycle cost gains
  - Capital investment balanced against maintenance and operational budgets (ca. £50m saving in 10 years)
**Issues being managed**

- Fund-raising campaign being initiated
- Detailed space creation and utilisation analyses being carried out
- Inevitable demands for new gains during detailed design being managed through strict change control
- User engagement being stepped up

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**Next steps**

- Presentation to Council (July 11th)
  - Approval of next phase
  - Funding request (£50M)
    - 0/1 ME building (£34M)
    - Decanting (£1.2M)
    - Design fees (FEng, Shared teaching space and supporting works) (£14.5M)
PAPER A

STAFF MATTERS
FOR THE PERIOD 1 FEBRUARY 2008 – 31 MAY 2008

A Note by the Rector

PROFESSORS

Professor Andrey GOLUTVIN, formerly Leader of Department at ITEP – Institute for Theoretical and Experimental Physics, Moscow, has been appointed to the post of Chair in Physics, Department of Physics, in the Faculty of Natural Sciences, with effect from 1 April 2008.

Professor Lane P HUGHSTON, currently Professor of Financial Mathematics at King's College London, has been appointed to the post of Chair in Mathematical Finance, Department of Mathematics, in the Faculty of Natural Sciences, with effect from 1 August 2008.

Professor Peter R N CHILDS FRSA, FIMechE, FHEA, currently Professor of Engineering Design at the University of Sussex, has been appointed to the post of Chair and Leader in Engineering Design, Department of Mechanical Engineering, in the Faculty of Engineering, with effect from 1 October 2008.

Professor Anatoly I RUBAN, currently Chair in Computational Fluid Dynamics at the University of Manchester, has been appointed to the post of Chair in Applied Mathematics and Mathematical Physics, Department of Mathematics, in the Faculty of Natural Sciences, with effect from 1 October 2008.

Professor Antonio S MELLO, currently Frank Graner Professor of Finance at the School of Business, University of Wisconsin, USA, has been appointed to the post of Chair in Finance, Tanaka Business School with effect from 15 August 2008.

Professor Demetrios T PAPAGEORGIOU, currently Professor of Applied Mathematics and Fluid Dynamics at the Centre for Applied Mathematics and Statistics, New Jersey Institute of Technology, New Jersey, USA, has been appointed to the post of Chair in Applied Mathematics and Mathematical Physics, Department of Mathematics, in the Faculty of Natural Sciences with effect from 1 August 2008.

Dr David Ceri DAVIES, currently Reader in Neuroscience at St George’s Hospital Medical School, London, has been appointed to the post of Chair in Anatomy, Division of Surgery, Oncology, Reproductive Biology and Anaesthetics, in the Faculty of Medicine, with effect from a date which is to be confirmed.

READERS

Dr Martijn Roger PISTORIUS, currently Reader in Financial Mathematics at King's College London, has been appointed to the post of Reader in Mathematical Finance, Department of Mathematics, in the Faculty of Natural Sciences with effect from 1 October 2008.
VISITING PROFESSORS

Professor Marinos C DALAKAS, previously employed as Professor of Neurology and Director, Neuromuscular Division at Thomas Jefferson University School of Medicine, USA, has accepted an association with the College as a Visiting Professor in the Division of Neuroscience and Mental Health, Faculty of Medicine, with effect from 1 March 2008 to 28 February 2009.

Dr Leonard FASS, previously employed as Director of Academic Relations at GE Healthcare, has accepted an association with the College as a Visiting Professor in the Department of Bioengineering, Faculty of Engineering, with effect from 1 April 2008 until 31 March 2011.

Dr Peter KNOX, previously employed as Director (non-executive) at Ipso Ventures Ltd, has accepted an association with the College as a Visiting Professor in the Department of Bioengineering, Faculty of Engineering, with effect from 1 April 2008 until 31 March 2011.

Professor Franklin ORR, previously employed as a Senior Fellow, Stanford University, USA, has accepted an association with the College as a Visiting Professor in the Department of Earth Science and Engineering, Faculty of Engineering, with effect from 1 April 2008 until 31 March 2009.

Professor Michael Gwyn HOCKING, previously employed as Chairman, CMC Ltd (Corrosion and Material Consultants), has accepted an association with the College as a Visiting Professor in the Department of Materials, Faculty of Engineering with effect from 1 March 2008 until 28 February 2009.

Dr Christopher Barry WOOD, previously employed as Chairman and CEO, Bioenvision Incorporated, has accepted an association with the College as a Visiting Professor in the Division of Surgery, Oncology, Reproductive Biology and Anaesthetics, Faculty of Medicine, with effect from 1 February 2008 until 31 January 2010.

Professor Guy NEILD, previously employed as Professor of Nephrology at University College London has accepted an association with the College as a Visiting Professor in the Division of Surgery, Oncology, Reproductive Biology and Anaesthetics, Faculty of Medicine, with effect from 1 April 2008 until 30 March 2011.

Professor Neil Kenneth BOURNE, currently employed as a Scientist at the Atomic Weapons Establishment, has accepted an association with the College as a Visiting Professor in the Department of Physics, Faculty of Natural Sciences, with effect from 31 March 2008 until 30 September 2011.

Dr Adrian TUCK, previously employed as Program Chief at the National Oceanic and Atmospheric Administration Earth System Research Laboratory, has accepted an association with the College as a Visiting Professor in the Department of Physics, Faculty of Natural Sciences with effect from 1 April 2008 until 31 March 2011.

Dr Lyndon Rees EVANS, has accepted an association with the College as a Visiting Professor, Department of Physics, in the Faculty of Natural Sciences with effect from 1 February 2008 until 30 September 2009.

Professor Tony ATKINS, ScD, FREng, previously employed as Professor of Mechanical Engineering at the University of Reading, has accepted an association with the College as a Visiting Professor in the Department of Mechanical Engineering, Faculty of Engineering with effect from 1 March 2008 until 28 February 2012.
RETIREMENTS

Emeritus Professor Robin Stuart Sharp, Professorial Research Fellow, Department of Electrical and Electronic Engineering, Faculty of Engineering, has retired with effect from 31 March 2008. Following retirement, the Emeritus title has been conferred.

Professor Desmond John SHERIDAN, Dean for the Faculty of Medicine, National Heart and Lung Institute, Faculty of Medicine, has retired with effect from 31 March 2008. Following retirement, he has accepted part time re-employment with the College.

Professor Peter Julian TYRER FMedSci, Professor of Community Psychiatry, Division of Neuroscience and Mental Health, Faculty of Medicine, has retired with effect from 31 March 2008. Following retirement, he has accepted part time re-employment with the College.

RESIGNATIONS

Professor Patrick Henry MAXWELL, F Med Sci, Chair in Nephrology, Division of Medicine, Faculty of Medicine, has resigned with effect from 29 February 2008 to take up appointment as the Head of Division of Medicine at University College London.

Dr Brian George FALZON, Reader in Advanced Aerostructures, Department of Aeronautics, Faculty of Engineering, has resigned with effect from 21 March 2008, to take up appointment as Professor of Aerospace Engineering at the Monash University, Australia. He has also accepted an association with the College as a Visiting Professor.

Dr Mark Andrew LINDSAY, Reader in Biopharmaceuticals, National Heart and Lung Institute, Faculty of Medicine, has resigned with effect from 31 March 2008 to take up appointment as Reader in Biopharmaceuticals at the University of Manchester. Dr Lindsay has also accepted an honorary association with the College as Senior Research Fellow.

Dr Richard ASPINALL, Reader in Immunology, Division of Investigative Science, Faculty of Medicine, has resigned with effect from 16 May 2008, to take up an academic post at a UK higher education establishment.

Dr Ugo GALVANETTO, Reader in Applied Nonlinear Mechanics, Department of Aeronautics, Faculty of Engineering, has resigned with effect from 30 June 2008 to take up an academic appointment at the University of Padua, Italy.
1. A copy of the Academic Health Sciences Centre Vision Document is attached to this Paper at Annex A. It describes the AHSC Vision and Mission, and sets out its ambitions and objectives. It provides the foundations for the development of the AHSC’s corporate strategy, business planning process and broader communications with stakeholders. It is also intended to help AHSC Project workstream sponsors and leads, CPG Directors, the Heads of academic Divisions and their teams to formulate their strategies.

2. The Vision Document confirms that the AHSC is not a synonym for either the Trust or the College, but is rather an active partnership between Imperial College and the Imperial College Healthcare NHS Trust.

3. The Vision Document was presented to the College Management Board at its Meeting on 9 May 2008 and to the Board of Trustees of the Imperial College Healthcare NHS Trust at its Meeting on 11 June 2008, when it was approved.

4. The Council is invited to consider, and if it sees fit, approve the Academic Health Sciences Centre Vision Document.

S.S.
The Vision for the Academic Health Science Centre
How to use this document

This document describes the AHSC Vision and Mission, and sets out its ambitions and objectives. It provides the foundations for the development of the AHSC’s corporate strategy, business planning process and broader communications with stakeholders. It is also intended to help AHSC Project workstream sponsors and leads, CPG Directors, the Heads of academic Divisions and their teams to formulate their strategies.

It will be followed by the three to five-year Corporate Strategy which will develop the AHSC’s competitive position, establish corporate level goals and identify how to achieve them, particularly within the AHSC’s stated specialties.
Foreword

The creation of the UK's first Academic Health Science Centre (AHSC) by Imperial College Healthcare NHS Trust and Imperial College London is the most exciting innovation in the NHS since its creation in 1948.

The UK is recognised as second only to the US for the quality of its biomedical research, yet this excellence is not reflected in the quality of its clinical outcomes. Our patients are losing out from this failure to turn discoveries and innovations into new treatments and ways of caring for them.

The AHSC will close this gap. For the first time in this country we seek to truly integrate biomedical research and healthcare provision to provide the best healthcare in the world, free at the point of delivery.

Our AHSC is a unique partnership between Imperial College London and the National Health Service, both of whom have made a commitment to empower the partnership to deliver this Vision. To turn this Vision into reality we will take bold steps together. We will bring clinical and academic management together in a way that is unprecedented in the UK health system. We will focus on the translation of our outstanding research into treatments that will benefit our patients and the wider health sector. And we will measure ourselves not just against our colleagues in the UK, but by comparison with the best from around the world.

This document sets out the range of our ambition over the next 10 years and challenges us to build on the success of the merger of our predecessor Trusts and make something unique within UK healthcare today. I look forward to working with you to take the fullest advantage of this unique opportunity.

Professor Stephen Smith
Principal, Faculty of Medicine, Imperial College London
and Chief Executive, Imperial College Healthcare NHS Trust

June 2008
1 Executive Summary

1.1 The AHSC is a unique partnership between Imperial College London and the NHS as represented by Imperial College Healthcare NHS Trust. This Vision document, written six months after the formation of the AHSC in October 2007, sets ambitions for its first ten years and gives direction to the development of the AHSC’s corporate strategy, business planning processes and communications with stakeholders.

1.2 The unifying Vision of those working in the AHSC is that the quality of life of our patients and populations will be vastly improved by taking the discoveries that we make and translating them into advances - new therapies and techniques — and by promoting their application in the NHS and around the world, in as fast a timeframe as is possible.

1.3 The Mission of those working in the AHSC is to make it become one of the top five global academic health science centres, channelling excellence in research to provide world class healthcare for patients, within the next ten years.

1.4 To achieve the AHSC’s goals, the College and Trust will undergo changes that require careful coordination, and which call for integrated leadership and management.

1.5 The AHSC will develop new management structures to support its research-led care model: seven autonomous and clinically led Clinical Programme Groups will be the forums for aligning academic research and clinical provision, and central Directorates of Research and Education will coordinate their respective strategies across the AHSC.

1.6 To earn itself the title of the UK's first AHSC, the organisation has set itself challenging criteria. It will distinguish itself from other UK healthcare providers in several ways:

- It will measure its healthcare, research and economic performance against the best healthcare centres internationally
- It will be a globally recognised centre for basic and translational research excellence
- It will provide world-class clinical care in critical areas of present and future health needs where the AHSC already has a world-class research presence
- It will draw on the College's multi-disciplinary scientific and engineering research strengths to develop and apply the latest healthcare technologies
- It will seek to dramatically improve patient satisfaction with its healthcare
- Through partnering with commissioners and other providers it will develop a healthcare network that will drive improvements both locally and nationally
- As the leading UK centre of excellence for training clinical academics it will continue to seek the best staff and students from around the world, who will be inspired by the opportunities that the AHSC’s translational research agenda provides
- It will foster a supportive learning culture among all its staff, and investigate creating a Postgraduate Health Science Academy for all healthcare professionals
2 The AHSC Vision and Mission

2.1 The AHSC’s Vision is that the quality of life of our patients and populations will be vastly improved by taking the discoveries that we make and translating them into advances — new therapies and techniques — and by promoting their application in the NHS and around the world, in as fast a timeframe as is possible.

2.2 The Mission of those working in the AHSC is to make it become one of the top five global academic health science centres, channelling excellence in research to provide world class healthcare for patients, within the next ten years.

2.3 Achieving this challenging mission will significantly improve the quality of healthcare for the local community, London and the UK as a whole, and enhance the UK’s position as a global leader in biomedical research and healthcare. The NHS can be the best in the world, but it must support the development of the integrated approach outlined in this Vision document to achieve that goal. Whilst delivering care locally and nationally, the AHSC aspires to operate at a level comparable with the best international equivalents and it will demonstrate its success across a range of measures including healthcare, research, and wider economic benefits.

AHSC successes to date

• A central building block of the AHSC partnership was the joint award to Imperial College London and the former St Mary’s and Hammersmith Hospitals NHS Trusts of Comprehensive Biomedical Research Centre status in November 2006. This five-year funding from the National Institute for Health Research was the largest award to any UK institution, worth £19.5 million in 2007/08

• The Trust achieved strong operational performance in 2007/08, including the achievement of targets on four-hour waits in A&E and 18-week waits from referral to treatment, improved Auditor Local Evaluation scores, and finishing the year ahead of MRSA reduction targets

• This performance is all the more creditable as it was achieved at the same time as the execution of the successful merger of the former St Mary’s and Hammersmith Hospitals NHS Trusts, while maintaining excellent financial performance

• An agreement between College and Trust as to a £100 million redevelopment of new clinical and research facilities on the Hammersmith campus

• Imperial College London recently won an £8.9 million research excellence award from the British Heart Foundation for cardiovascular research
3 Integrated leadership and management

3.1 To implement the AHSC Vision, Imperial College London and Imperial College Healthcare NHS Trust will undergo a substantial shift in their activities. The changes will affect both organisations and will need careful coordination. Through integrated leadership and management, a consistent strategy will be set across the two organisations, while retaining a governance structure that allows sufficient autonomy for the leadership of each organisation to discharge their obligations to the Council of Imperial College London and the NHS.

3.2 The AHSC’s strength will be derived from the quality and breadth of the talented and skilled people it can call upon in its network of academic and healthcare institutions. The framework of leadership and management implemented to achieve this goal will therefore span from the boards of the College and Trust through to clinical delivery and the research laboratory.

3.3 The creation of the AHSC partnership was accompanied by a commitment from the College and the NHS to empower the partnership to meet its objectives. Executive personnel have been appointed with responsibilities that straddle both the College and the Trust allowing a level of cross-partnership leadership and management previously unseen in the UK. Foremost amongst these has been the appointment of Professor Stephen Smith to both the roles of Principal of the Faculty of Medicine at Imperial College and Chief Executive of the Trust. The Trust Board and College Management Board reflect this integrated approach in the presentation of a Chief Executive’s report covering events and performance in both the Trust and College.

3.4 The AHSC executive managers will be supported by a governance structure that seeks to ease decision-making, while recognising the status of the Trust and College as distinct legal entities. The Trust and the College will remain accountable to their respective governing bodies (the Trust Board and the Council of Imperial College London) and a shared senior management presence will enable consistent representation to respective funding providers. While the final corporate status of the AHSC is as yet undefined, the Trust will continue to work towards Foundation Trust status, while considering alternative options. Any option pursued will need to satisfy the requirements of both the NHS and Imperial College London.

3.5 To achieve its objective of research-led clinical services, a new Clinical Programme Board will act as a body for professional control and accountability within the AHSC. This board will ensure that the research, education and clinical strategies are effectively implemented through close collaboration between clinical and academic leaders.
4 Clinical Programme Groups — the foundations of the AHSC

4.1 Alongside the integrated leadership and management described above, the AHSC is developing wholly new management structures to support its research-led care model in the form of the Clinical Programme Groups (CPGs). The CPGs have responsibility for coordination and delivery of the AHSC’s innovative healthcare, research and education plan within agreed strategic frameworks.

4.2 The CPGs will be clinically led and will be the main interface between fundamental research, clinical research, and patient care. The AHSC’s approach to strategy, management and service delivery converges in the CPGs and consequently they are critical. To allow them to fulfil their role they will be organised by groups of specialties and not geography, and they will benefit from a greater scale, increased accountability and the removal of institutional barriers between research and clinical delivery.

4.3 This unified management structure for clinical care, research and education within each CPG represents a fundamental change within the NHS and builds on best practice established in overseas AHSCs.

4.4 The academic Heads of Divisions will work closely with the CPGs with which they are most closely aligned in order to ensure a coherent approach to the formulation and delivery of their research strategy. This close cooperation will in turn enable the CPGs to match research expertise with the clinical needs of their patient base. Further benefits of this approach will be the financial sustainability of the CPGs’ research strategies and the development of clinicians’ skills through regular exposure to new techniques and developments in the AHSC’s core specialties.

4.5 CPGs are the critical forum for developing deeper interaction between Trust and College. Each CPG will create a Vision for their group in concert with the Head of Division and present this to the Clinical Programme Board. CPG Directors and Heads of Division will ensure their annual business planning cycles incorporate input from across College and Trust, and work with the Director of Research and the Director of Education.

Summary of current key CPG appointments and relationships

<table>
<thead>
<tr>
<th>CPG</th>
<th>Director</th>
<th>Academic Lead</th>
<th>Related Academic Divisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Medicine</td>
<td>Dr Gill Gaskin</td>
<td>Professor Jonathan Weber</td>
<td>Medicine</td>
</tr>
<tr>
<td>2 Surgery and Cancer</td>
<td>Mr Justin Vale</td>
<td>Professor Mervyn Maze</td>
<td>SORA*; Clinical Sciences Centre (CSC)</td>
</tr>
<tr>
<td>3 Specialist Services</td>
<td>Professor James Van Dellen</td>
<td>Professor Lefkos Middleton</td>
<td>Neuroscience and Mental Health; SORA; CSC; Kennedy Institute of Rheumatology</td>
</tr>
<tr>
<td>4 Circulation Sciences and Renal Medicine</td>
<td>Professor Nick Cheshire</td>
<td>Professor Tony Newman Taylor</td>
<td>National Heart and Lung Institute; Medicine; CSC</td>
</tr>
<tr>
<td>5 Women and Children</td>
<td>Mr Keith Edmonds</td>
<td>Professor John Warner</td>
<td>SORA, Medicine</td>
</tr>
<tr>
<td>6 Clinical and Investigative Sciences</td>
<td>Professor Martin Wilkins</td>
<td>Professor Martin Wilkins</td>
<td>Investigative Science; CSC</td>
</tr>
<tr>
<td>7 Preventative Interventional Public Health</td>
<td>To be appointed Summer 2008</td>
<td>Professor Elio Riboli</td>
<td>Epidemiology, Public Health and Primary Care</td>
</tr>
</tbody>
</table>

* Surgery, Oncology, Reproductive Biology and Anaesthetics. A full list of specialties per CPG is given in Appendix 1.
to ensure that research and education priorities are planned and implemented.

4.6 The organisational structure of the CPGs has been created with key features that support the demands placed on them:

Each CPG will be an autonomous business unit responsible for its own clinical, research and financial performance. Clinicians will manage each CPG to ensure it is able to identify and respond to emerging clinical needs and focus research efforts on the areas where it will make the most significant impact.

CPG Directors and the Heads of Divisions will set challenging, measurable goals that span the demands of the College and Trust in order to drive improved performance.

Service line reporting will allow the CPG Directors to manage the service in each area effectively.

4.7 CPGs will contribute to a transparent approach to funding that will enable more effective allocation of resources, and deliver greater value for money in the attainment of commissioners and other funding providers’ goals. It will also allow greater awareness within the CPGs of their research and education activity, as research and education money flows to where it is most in demand. The relative autonomy of CPGs will also allow them to invest in new equipment to agreed limits, with the possibility of earning a progressive increase in the level of capital spend based on previous performance.

4.8 The vision for the AHSC to be delivered by the CPGs is summarised in the following five chapters, each of which explores a distinctive feature of the AHSC in more detail:

- Greater focus and scale in translational research
- Delivery of innovative and exemplary patient care
- Local and national roles in the healthcare economy
- Attracting the best staff and educating the best students
- Optimising the use of resources and infrastructure to support investment
5 Translational research — defining the AHSC

5.1 Research is central to the AHSC’s mission and all activities within it. The AHSC will be defined by its commitment to research excellence in order to create a leading internationally competitive research institution, building on Imperial College’s position as one of the world’s top five universities¹ and the Trust’s position as one of the top two Trusts in the UK². The focus of the AHSC will be to develop areas of research excellence by:

- Increasing the volume and quality of biomedical research, at both the basic and applied levels
- Accelerating the translation of research into practical treatments and therapies, while maintaining safety standards and probity
- Encouraging multidisciplinary approaches to biomedical research

Research in the AHSC will build on the areas of research focus in Imperial College’s Faculty of Medicine as shown below:

5.2 Government funded biomedical research in the UK has grown significantly over the past 10 years, and will continue to do so over the next three years, as the government seeks to capitalise on the country’s strong science base to achieve healthcare and economic benefits. The overall science research budget doubled between 1997 and 2007, and government spend on medical research is set to grow to £1.7 billion³ by 2011; an increase of £300 million per annum. Both the Department of Health and the Department for Innovation, Universities and Skills have prioritised funding for translational research activities⁴. The Medical Research Council has launched a new strategy for funding translational research, and the Wellcome Trust has also signalled its commitment with the announcement of its Health Innovation Challenge Fund.

5.3 The AHSC aims to harness the outstanding research base fostered by Imperial College London and the Trust, in order to attract an increasing share of this funding. The College’s ability to carry out fundamental scientific research, securing a pipeline of scientific innovation, will be central to this ambition, while the Trust’s access to a large and diverse patient population, alongside its established clinical and research expertise, places it in a unique position to undertake translational research and deliver effective and efficient clinical trials.

¹ Times Higher Education Supplement, World University Rankings 2007
² Dr Foster Good Hospital Guide, Best Performing Trusts on Mortality 2003–06
³ Major boost for UK health research funding, Office for Strategic Co-ordination of Health Research, 2007
5.4 The AHSC’s approach to translational research will be led through the creation of a unified AHSC Research Directorate, and the appointment of a Director of Research. It will support the transfer of academic research into clinical trials by providing a single point of access for the management, governance and conduct of these trials. In conjunction with the CPGs, it will also deliver enhanced coordination of research and clinical resources.

5.5 By creating the Research Directorate, the AHSC is not only streamlining the process for testing new treatments and techniques, but also will increase the speed with which new diagnostic and therapeutic options are introduced for some of the clinical community’s most challenging medical conditions. In this way the AHSC will provide benefits across the NHS and set an example for the effective delivery of translational research.

5.6 The benefits of an integrated AHSC Directorate of Research include:

- Creation of a central Clinical Research Office and an academically led Clinical Trials Unit to improve governance, data capture, repository, and audit capabilities, and providing a single point of contact for research queries
- Establishment of a management unit that ensures a strategic focus to research across the AHSC, providing increased transparency over the allocation and outcomes of research funding

5.7 The success of the AHSC’s research strategy will be assessed through research income, the volume of high quality research publications, the percentage of patients in clinical trials, and the successful translation of scientific advance and technological innovation into clinical practice.

5.8 The AHSC also derives significant capacity for innovation from Imperial College’s established framework for collaborative, interfaculty research, which draws upon the diverse capabilities of the broader College community. The AHSC is therefore well placed to demonstrate that it has outstanding interdisciplinary research capabilities, meeting a criterion which is increasing in importance for research funding providers.

Examples of interfaculty collaboration

- Institute of Biomedical Engineering (IBE): The IBE has technology networks in cardiovascular, musculoskeletal, biomedical information, metabolic technology and neurology that draw together scientists, engineers and clinicians to create innovative tools for surgical and medical applications
- Institute of Systems and Synthetic Biology: This Institute applies engineering, physical sciences and mathematical or computer modelling techniques to biological problems
- Hamlyn Centre for Robotic Surgery: In March 2008, Imperial College announced the creation of a research centre that will develop advanced robotic technologies for specific use in medicine, for example in minimally invasive surgery

- The setting of key performance indicators for research, the coordination of planning cycles, reporting metrics and strategies with CPG Directors and Heads of academic Divisions, and clarifying accountability for research performance
- An increase in the standard of research projects and their funding requirements and, ultimately, in project and financial management
- Acting as a conduit for the introduction and coordination of the College's research themes with CPGs’ research programmes
- Providing a focus for initiatives such as the development of multidisciplinary research projects
6 Innovative and exemplary patient care

6.1 In recent years, patient outcomes in the UK have seen significant advances. However, for some of the main causes of death that are amenable to healthcare, UK performance still lags behind comparable developed countries. For example, the graph of mortality from strokes below shows how the UK’s performance is above the OECD average but behind comparable countries, such as the USA and France.

6.2 The Trust has provided high quality care by overall UK standards, being ranked in the top two in the Dr Foster Good Hospital Guide in England. However, the AHSC aims to reach, and be compared against, the highest international standards.

6.3 In other countries, AHSCs have excellent track records in delivering world class patient outcomes. Their approach combines a focus on certain specialities with active collaboration between researchers and clinicians, who together lead the transition from basic research through to improved clinical outcome. This enables the most successful AHSCs to act as engines for change and innovation within their healthcare systems.

6.4 There is evidence to demonstrate that specialist units performing larger numbers of cases achieve better results, particularly with more complex work. The AHSC will become a focal point for the development of world class specialist clinical service in areas of present and future health needs where the AHSC already has a world leading research presence. These areas include:

- Cardiovascular
- Endocrinology, diabetes and obesity
- Chronic inflammatory diseases, such as arthritis
- Infectious diseases, including respiratory infection
6.5 Clinical services at the heart of local networks, such as the West London Renal and Cancer networks and the proposed West London Specialist Children's Centre, will benefit from the College's focused research strengths in their areas.

6.6 The AHSC will continue to serve its local and national patient base with a broad range of services as agreed in collaboration with our commissioners, while simultaneously fulfilling its intention of leading the world in its chosen areas of excellence. In line with Lord Darzi's recommendations, CPG Directors will develop ways of working with local networks that allow certain conditions to be treated in the most appropriate settings. These strategies will be decided and driven by clinicians, with any proposals for service reconfiguration subject to consultation with the public and NHS London.

6.7 Imperial College Healthcare NHS Trust is the largest NHS Trust in the country, providing general and specialist care for patients from a nationwide base as well as serving a large local community in west London. Our proposals for the creation of the AHSC have been developed in partnership with patient groups, GPs, PCTs, oversight and scrutiny committees and the new Local Involvement Networks (LINKs). The AHSC is committed to working with its patients and communities in developing any proposals for improving existing services or developing new centres of excellence. By going beyond statutory consultation requirements to achieve real engagement with its stakeholders, the AHSC will ensure that its quest for the highest national and international standards in research and service quality will continue to complement and support its crucial role in the local commercial, employment and healthcare economies.

6.8 Healthcare delivery in the AHSC will be characterised by a commitment to developing and applying the latest health technology, drawing in particular on the discoveries emerging from Imperial College's cross-cutting research themes, such as imaging, genetics and genomic medicine, and health technologies, including robotic surgery.

6.9 As well as driving improvements in patient care, the AHSC will seek to improve the patient experience dramatically and increase patient satisfaction with its services. Recent NHS reforms, such as patient choice, have further strengthened the need to ensure that the patient experience and clinical outcomes are improved.
6.10 Patient satisfaction surveys within the Trust clearly indicate that there is room for improvement, as illustrated by the results below from the 2007 Picker Report.

<table>
<thead>
<tr>
<th>Service area</th>
<th>Below national average performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admission</td>
<td>• Should have been admitted sooner</td>
</tr>
<tr>
<td></td>
<td>• Had long time to wait to get room / ward / bed</td>
</tr>
<tr>
<td>Hospital facilities</td>
<td>• Shared sleeping area with opposite sex</td>
</tr>
<tr>
<td></td>
<td>• Toilets not very clean or not at all clean</td>
</tr>
<tr>
<td>Service provision</td>
<td>• Did not receive clear answers to questions from nurses</td>
</tr>
<tr>
<td></td>
<td>• Doctors talked in front of you as if you were not there</td>
</tr>
<tr>
<td>Quality of care</td>
<td>• Test results not explained well / not explained at all</td>
</tr>
<tr>
<td></td>
<td>• Could not always find staff to discuss concerns with</td>
</tr>
<tr>
<td>Discharge/Follow-up care</td>
<td>• Discharge was delayed</td>
</tr>
<tr>
<td></td>
<td>• Not told who to contact if worried</td>
</tr>
</tbody>
</table>

6.11 The AHSC will take a leadership role in working with local networks of care providers to improve patient experience from before patients enter hospital through to aftercare at home. In the longer term, the Trust will also need to reinforce these efforts by improving aspects of the estate that are potentially detrimental to the patient experience.

Professor Marc Feldmann and Emeritus Professor Sir Ravinder Maini, winners of the prestigious 2008 Dr Paul Janssen Award for Biomedical Research and the Albert Lasker Award for Clinical Medical Research 2003 for their work on TNFα inhibitors, which stop the inflammatory and tissue-destructive pathways of rheumatoid arthritis and other autoimmune diseases.
7 Local and national roles in the healthcare economy

7.1 The AHSC will play a pioneering role in the national healthcare economy. Partnerships with NHS organisations, public, private and charitable providers will create the AHSC’s healthcare network, critical to delivering better care for Londoners and the wider UK population. As a result of historical collaboration, the AHSC has strong links with several major Trusts as well as many Primary Care Trusts and GPs across the UK. It will build on these relationships to support the development of a healthcare system that drives improvement throughout the NHS.

7.2 As Lord Darzi identified in his report A Framework for Action, London faces particular challenges within the UK, such as the need to cater for a socially and ethnically diverse population, reduce London’s particular geographic and demographic health inequalities, and provide more centralised specialist care. The report also envisaged more routine healthcare being delivered in the community, with specialist and major acute hospitals becoming more specialised and focused on complex medicine. The AHSC will seek to adopt a new approach to public health in support of this vision:

- Primary care and public health specialists play a vital role in the delivery of high-quality care, the monitoring of outcomes and the delivery of preventative interventions in healthcare settings. Despite this, they have traditionally been located outside of acute NHS Trusts, creating an artificial boundary that can impede the delivery of continuity of care. The AHSC will address this through the creation of its seventh Clinical Programme Group, Interventional Public Health, which will draw together Imperial College London’s extensive academic expertise in epidemiology, public health and primary care with clinicians delivering primary care and community-based services to deliver high quality, evidence-based programmes in the areas of clinical epidemiology, health service evaluation, primary care (especially patient pathways and communications) and preventative interventions.
8 Attracting the best staff and educating the best students

8.1 The presence of a supportive learning culture will reinforce the AHSC’s attractiveness to the best students, researchers, clinicians, nurses and practitioners of professions allied to medicine. Imperial College London is the leading British centre of excellence for the training of clinical academics and the AHSC’s substantial involvement in translational research represents a significant opportunity to build on this position and educate students who in the future will become the lifeblood of the healthcare profession and clinical research within the AHSC, the UK and beyond.

8.2 The AHSC will continue to compete for high quality research staff and postgraduates in an increasingly intensive marketplace that not only includes the UK’s leading institutions but also those of the USA and Europe, as well as a growing number in Asia. While the leading academic health science centres in the USA benefit from well established structural and financial advantages, the AHSC’s proven ability to attract substantial research funding awards, and to provide regular patient access within dedicated facilities, will position it to continue to attract leading research and clinical academics. The AHSC has signalled its confidence in this regard with the recent announcement of the intention to appoint 30 new professors (jointly appointed by the College and the Trust). Attracting the world’s best clinical academics will create a ripple effect that, in turn, will draw in the best students and associated medical professionals, thereby supporting the delivery of the highest levels of patient care.

8.3 The changing nature of health challenges facing the UK, such as the increasing burden of chronic disease, will require doctors, nurses and other medical professionals to develop a greater range of expertise. Their training must reflect the evolving needs of the different institutions in the NHS and new models of healthcare delivery must be created. The AHSC will aim to address these new demands and the training of healthcare practitioners will be a core role for the AHSC.

8.4 To support this commitment it will create a new Education Directorate to manage education provision across both the College and the Trust. The Education Directorate will work with the undergraduate medicine office and CPGs to take a broad view of education across the AHSC from undergraduate through post-graduate and ongoing training and development for all healthcare professionals. It will play a central role in working with CPGs to increase the transparency and effectiveness of education funding. It will also look to unify the management of existing postgraduate courses and teaching facilities across the AHSC’s campuses.

8.5 Through the Education Directorate working with the Research Directorate, the AHSC plans to initiate the creation of a Postgraduate Health Science Academy that will develop a coordinated programme for postgraduate medical and non-medical healthcare professionals. One of the aims of the academy will be to develop research skills and postgraduate courses for nursing and professions allied to medicine. These courses will be of the highest academic standards and meet the rigorous quality requirements of an Imperial College London education.
9 Optimising the use of resources and infrastructure

9.1 The AHSC will require a flexible funding base to support clinical activities, leading-edge research and significant capital investment, while ensuring that the interests of its two parent organisations and their structures of governance are fully protected. It aims to achieve this while also creating an entrepreneurial environment that fosters greater awareness of the commercial impact and opportunities of the partnership’s activities.

9.2 The key financial indicators of success are as follows:

- Diversification of funding: An increasing and more diverse funding base across the three service areas of research, education and clinical care, including the development of a stronger and more significant international income stream
- Growth in revenue: Smooth management of changes in patient flows and associated tariffs, increasing research income
- Generating surpluses: Consistent delivery of financial surpluses for investment
- Increased investment: Growth in capital budgets to enable investment in estates and equipment, while managing risk for College and Trust

9.3 The AHSC’s new leadership will be charged with implementing measures to increase transparency in the use of funds. This will enable CPG Directors and Heads of Division to monitor activity and resources and respond quickly to changing research and clinical priorities, and to demonstrate efficient use of funding to its providers. Individual clinicians’ and researchers’ performance targets will deliver more direct accountability and transparency, and the integrated management of CPGs will ensure the efficient allocation of multiple funding streams.

9.4 A further stage of development may see the Trust and College move towards shared corporate services in the medium term. In the shorter term, other opportunities for collaboration and integration, such as aligning policies and procedures, and advertising positions across both organisations, are being explored.

Estates and Capital expenditure

9.5 The merger of the Trusts and partnership with the College allows staff, students and patients to make better use of facilities, share common spaces and allow investment to be targeted to make the maximum impact. However, the current combined estate infrastructure of the College and Trust is not appropriate for a partnership with the objectives of the AHSC, and could potentially constrain improvements in patient satisfaction and the cohesion of clinical care and research. Substantial investment, such as that already underway at the Hammersmith campus, is likely to be required to improve facilities and create new centres of excellence across each campus.

9.6 The AHSC will address the current shortcomings of its estate infrastructure by developing a comprehensive, prioritised and staged capital investment plan. As part of this initiative, specialist services will be concentrated on specific sites to improve patient outcomes, and will consequently reinforce the cohesion between research and clinical care in those areas. Additionally, the AHSC will align and share best practice in support functions, particularly information and communications technology, across the Trust and College. This investment plan will need to be carefully developed alongside CPG service reconfiguration initiatives, and involve effective consultation with patients, staff, PCTs, GPs, and local communities.

9.7 In considering the approaches to releasing capital expenditure, each initiative will address several considerations including:

- Delivery of a fit-for-purpose research and clinical environment which enables co-location of specialist functions
- Enhancement of patient and staff experience of the estate, particularly to address patient satisfaction issues and to reduce patients’, staff and visitors’ travel time between sites
- Development of commercial partnering arrangements to support capital funding, where possible
- Provision of a modern, vibrant workplace for staff
10 One, five and ten-year goals

Goals over the next year

10.1 In the short term the emphasis for the partnership will be to complete the successful merger of its predecessor Trusts, and continue the development of the CPGs. The AHSC will begin to demonstrate positive improvements for patients and staff, and will improve its performance against NHS and Imperial College assessment criteria.

10.2 High level goals for the leadership of the AHSC over the next year are to:

- Create a single Clinical Research Office with integrated internal processes to increase efficiency of translational research
- Embed new working practices and performance metrics amongst researchers and clinicians that address the demands of College and Trust
- Ensure that staff continue to support the transition towards the AHSC through open communication and appropriate consultation
- Develop Preventative Intervenational Public Health as the seventh CPG and set out its approach to delivering primary care, including defining the extent of its healthcare network and epidemiologic base
- Deliver services to meet local, regional and national commissioner and funder expectations across service, education and research
- Maintain strong performance against NHS targets including:
  - Four-hour waiting times in A&E
  - 18-week waits from referral to treatment
  - Reducing healthcare-acquired infections
  - Financial controls
- Develop a service strategy ensuring critical mass of services for patient quality and safety, and staff and financial efficiency
- Define the AHSC governance arrangements and pursue FT status or other variant models as appropriate
- Improve patient care and satisfaction in some areas of immediate need, such as maternity, stroke and accident and emergency
- Manage the financial transition to ensure that financial targets are delivered, risks are managed and operational synergies are realised

10.3 The development of CPG business plans will involve each CPG and Division in establishing ambition and activity over the next year, alongside the identification of resource requirements, risks and their mitigation strategies. Organisational development activities to develop the AHSC commenced in April 2008, and this programme will assist CPG Directors and their teams to develop and strengthen their groups.

10.4 Managing the performance of the AHSC will require the development of a set of goals, the implementation of mechanisms to measure and evaluate performance against these goals and to establish accountability for the delivery of these goals throughout the organisation. Baseline data and targets for these goals will be incorporated in the AHSC Corporate Strategy that will be developed based on this document. Key steps in the next year include the development of patient satisfaction and health informatics which will be assessed against their ability to both drive improved performance in key areas and facilitate comparison against national and international competitors. The College’s Business School will be consulted on developing a customer care programme to improve the patient experience in the AHSC.

10.5 Developing a fit for purpose ICT system will be a priority for the AHSC. In the first year there will be some important first steps e.g. completing the integration of the Trust systems, and resolving issues around the implementation of the Care Record System.

10.6 Progress on the establishment of the AHSC will need to be communicated to internal stakeholders at all levels and to engage key external stakeholders.

10.7 Additionally the AHSC needs to define its approach to key operational areas in more detail. It will develop a preferred approach to engagement with overseas institutes and organisations, the provision of private medical services, and the pursuit of private sector funding. In each case, consideration will need to be given to the contribution that each specific area makes to the fulfilment of the AHSC’s vision and the viability of its aspirations in that field.
Goals over five years

10.8 Years two to five will be critical in delivering the objectives of the AHSC. During this period, the operating model will become fully functional and the AHSC will start to achieve global recognition in its specialist areas. By 2013:

- Patient outcomes and satisfaction will be comparable to the best international providers
- The target number of clinical trials completed will be around double current levels, with each CPG having specific clinical trial targets

10.9 Within five years, the aim is for every consultant to hold an honorary appointment, with research and teaching responsibilities built into all job plans. In achieving this, a common and demanding rigour will be applied to the assessment and management of all research across the AHSC ensuring that research and clinical trials performance is comparable to that of leading global institutions.

10.10 Improvements in research outcomes will be tracked by the performance metrics for academic achievement pioneered by Imperial College and will complement the Trust’s measurement of patient care and satisfaction, driven by the CPGs. This combination of clinical and research performance measurement, together with the introduction of analysts in each CPG, will provide transparent information enabling the active management of all activities, from translational research to patient care.

10.11 By delivering these benefits in its first five years, and making information on performance publicly available, the AHSC can begin to transform patient care in the NHS, and to redefine the organisational relationship between health services, research and education in the UK.
The next ten years

10.12 Just as Imperial College London has established itself as a pre-eminent academic medical institution over the past ten years, so the AHSC will require this period of time to establish itself on the world stage. Its ten year objective is to establish itself as one of the world’s top five academic health science centres, as assessed by quality of patient outcomes, patient satisfaction, level of research income, number of patients in clinical trials, and other measures of research esteem.

10.13 By 2018, the AHSC will have met these ten unifying goals, which are aligned closely with the AHSC criteria proposed in Appendix B:

- Be number one or two globally for research and clinical outcomes in its chosen specialist fields
- Attract, develop and retain the best clinical academics in those fields
- Show tangible examples of service change driven by research discoveries, with demonstrable positive impact on the delivery of care and outcomes for patients
- Play a leading role in networks that provide high quality specialist care, and deliver exemplary levels of patient satisfaction
- Have a research-driven culture embedded throughout the organisation
- Stimulate innovative thinking and train the next generation of clinician scientists
- Have identified and filled critical gaps in clinical service and research expertise
- Be a well managed organisation with a strong track record for financial stability and timely investment in equipment and facilities
- Develop an estate which can deliver clinical service, research and education that corresponds to the AHSC’s global ambitions

Council
11th July 2008
## 11 Appendix A: Specialties by CPG

<table>
<thead>
<tr>
<th>CPG</th>
<th>Specialties</th>
</tr>
</thead>
</table>
| **Medicine**                             | • Accident and emergency  
• Acute medicine  
• Elderly medicine  
• Gastroenterology and hepatology  
• Diabetes and endocrinology  
• Infectious diseases and infection control  
• HIV and genitourinary medicine  
• Dermatology  
• Respiratory medicine |
| **Surgery and Cancer**                    | • Acute surgery  
• Breast surgery  
• Gastrointestinal and hepatobiliary surgery  
• Endocrinological and bariatric surgery  
• Urological surgery  
• Medical oncology  
• Clinical oncology |
| **Specialist Services**                   | • Anaesthesia, critical care and theatres  
• Neurology and neurosurgery  
• Pain medicine and palliative care  
• Medical and surgical ophthalmology  
• Ear, nose and throat, and head and neck surgery  
• Maxillo-facial surgery and dentistry  
• Plastic and reconstructive surgery  
• Orthopaedic surgery  
• Rheumatology  
• Sports medicine |
| **Circulation Sciences and Renal Medicine** | • Cardiology, cardiothoracic and thoracic surgery  
• Vascular medicine (including systemic rheumatology, lipid medicine and hypertension) and vascular surgery  
• Renal medicine and transplantation |
| **Women's and Children's**                | • Obstetrics, reproductive and antenatal Medicine  
• Gynaecology  
• Neonatology  
• Paediatric medicine, surgery and critical care  
• Paediatric haematology and bone marrow transplantation |
| **Clinical and Investigative Sciences**   | • Imaging and interventional radiology  
• Clinical and laboratory haematology  
• Biochemistry  
• Histopathology, cytology and immunology  
• Laboratory microbiology  
• Molecular medicine and genetics  
• Therapies  
• Medicines  
• Clinical trials |
12 Appendix B: The criteria for our AHSC

Lord Darzi’s report ‘A Framework for Action’, noted that ‘AHSC is not a label that should be applied indiscriminately’ and proposed the development of criteria to be developed further by NHS London and the Department of Health to assess if a university/hospital partnership is an AHSC ‘with a real intent to pursue an internationally recognised and integrated clinical, teaching and research mission. This would ensure that the AHSC label did not ‘become a term like “university hospital” and “teaching hospital,” which are both used loosely and liberally.’

Imperial College London and Imperial College Healthcare NHS Trust have created the UK’s first Academic Health Science Centre based on the nine criteria outlined below:

1. International quality in education, research and clinical services (demonstrated, for example, through an internationally recognised benchmarking process such as receiving Biomedical Research Centre status)
2. Strategic and operational alignment of its research, education and clinical services, leading to faster translation of discoveries into treatments that benefit patients
3. Integration of the organisation and its mission with local healthcare provision (not just medical education, research and acute services) but including involvement in a wide spectrum of services
4. An associated AHSC Healthcare Network through which best practice and innovations are disseminated locally
5. Aligned governance of the academic and service components exemplified by combined leadership for the academic and clinical activities; this can be achieved, for example, by two posts (CEO and Principal/Dean) being held by one person
6. A dual post holder will be the accountable officer for service, education and research but will focus on the strategic and external context bringing leverage, creating partnerships, and attracting inward investment to the AHSC
7. Integrated operational management at level of delivery (programme or service directorate)
8. Integrated management of resources
9. A single identity; AHSC linked to the core brand of the academic partnership
PAPER C

ACADEMIC FOUNDATION TRUST AND IMPERIAL COLLEGE

Paper by Principal, Faculty of Medicine and the Clerk to the Council

INTRODUCTION

1. The primary purpose of Academic Health Science Centres (AHSC) is to enable research intensive universities and the NHS to work in partnership to derive the maximum benefit in terms of patient care, biomedical research and economic impact. Although an AHSC is the form through which the partnership acts, it is not a distinct legal entity.

2. Current governance and institutional relationships can impede rather than support integration between Trusts and their academic partners. AHSCs are unique in their commitment to deliver the triple mission of healthcare service, research and education. A unique governance structure for the small number of NHS bodies involved is needed in support of that mission.

3. The purpose of this paper is to describe an appropriate structure that would enable Imperial College and its NHS partners to deliver this benefit and to examine the changes to existing NHS governance that such a structure implies. The paper considers the case for change, comparable structures in other parts of the world, the detailed proposals and finally the risks involved for the College.

4. The governance proposals outlined below were submitted to the Department of Health at the request of Lord Darzi as part of his NHS ‘Next Stage’ Review, which reported at the end of June. The ‘Next Stage’ report will form the basis of an NHS Reform Bill which has been included in the government’s draft legislative programme for 2008/09. Given the opportunity to influence legislation that this provided, our proposals were submitted on 15 May 2008 following internal discussion and approval by the College/ Imperial College Healthcare Trust joint AHSC Steering Committee.

THE CASE FOR CHANGE

5. Redefining the partnership between the NHS and higher education has the potential to improve significantly UK health outcomes and innovation and to sustain the UK’s international standing in biomedical science.

6. The five reasons set out below explain why the successful development of these partnerships will be a critical element in realising the Government’s ambitions in biomedical science, healthcare, innovation and wealth creation.

   (i) The strength of the UK’s position in biomedical research and the international standing of its universities are not currently reflected in national healthcare outcomes.

   (ii) The Government and leading charities have pledged significant and increasing levels of funding to improve translational research in the UK. AHSCs provide the most elegant model for improving the flow from scientific discovery into the development and adoption of new treatments.
(iii) Competitors in established and developing world economies are using the AHSC model to optimise university/hospital relationships and use these as a base for building global biomedical hubs that create significant economic benefits for their areas and nations. The UK must adapt to compete with these emerging centres.

(iv) The 2008 DIUS white paper ‘Innovation Nation’ argued that innovation will be essential to improving the UK’s quality of life and public services: AHSCs offer the NHS optimal conditions for stimulating and implementing innovation in service delivery.

(v) The current UK system structure, with its historic separation of Universities and Hospitals coupled with the increasing independence of Foundation Trusts, can have the unintended effect of erecting institutional barriers that work against the integrated delivery of healthcare research, education and services. An AHSC is a collaborative model that cuts directly through these barriers.

THE INTERNATIONAL EXPERIENCE

7. A broad range of AHSC models are used internationally which the UK could adopt. These governance models can be defined by the level of integration between the hospital and the university, with those where the university is deeply involved in the management and governance of the hospital being highly integrated, university-led models, and those where the hospital is fully autonomous and has minimal university involvement in management being hospital-led, confederation style models. The following diagram shows a selection of examples of different models used internationally:

8. International experience and trends suggest the UK should seek to ensure that integrated models are approved by the UK government and can flourish.

a. Many successful US institutions, such as Stanford, Johns Hopkins Medicine, and Duke follow an integrated, university-led model, and have moved further towards this system over time.

b. Singapore recently announced that its medical school at the National University of Singapore and its National University Hospital would be merged into a single institution operating under unified governance. John Eu Li-Wong, dean of the Yong Loo Lin School of Medicine said in March 2008 that an international advisory panel of leaders of academic health centres advised Singapore’s government that
the best way to achieve system efficiency and management of scarce resources was through integration.

CURRENT NHS FRAMEWORK

9. General Department of Health policy is for all NHS Trusts to become Foundation Trusts (FT) in the course of the next 2-3 years. Many Trusts have already achieved this status. FTs enjoy a degree of autonomy from government in management of hospitals and in arranging some limited borrowing but are subject to a regulator – Monitor – which approves each Foundation Trust’s constitution and their application to become an FT. FTs are governed through a large Board of Governors, the majority of whom have to be elected by different constituencies – the local population, the patients and their carers, and the staff. The elected non-staff Governors then appoint the non-executive members of the Board of Directors who, in turn, appoint the executive.

LIMITATIONS OF THE EXISTING LEGAL FRAMEWORK

10. Existing legislation works against the long-term commitment of globally competitive higher education entities developing integrated partnerships with the NHS.

11. Foundation Trusts are not mandated by law to undertake research, so there could be no guarantee that a Foundation Trust Board of Governors would continue to support an academically-led Trust, nor that they would appoint a chairman and non-executives to the Board of Directors who would have experience of large academic health science centres as distinct from an ordinary hospital. In these circumstances, academic partners would be unlikely to be willing to bear the reputational risk and potential loss of influence that Foundation Trust status currently implies.

12. A new model is required that would balance the need to create integrated activities with the need for Trusts and universities to remain as separate legal entities and to maintain separate accountabilities to their stakeholders.

THE PROPOSED SOLUTION

13. The following 11 points set out our proposals.

(i) Any NHS Trust or Foundation Trust with Comprehensive Biomedical Research Centre status shall be able to apply with their academic partner to the Department of Health for the status of Academic Health Science Centre.

(ii) Any Academic Health Science Centre shall be able to apply to the regulator for the Trust to be granted Academic Foundation Trust (AFT) status.

(iii) Any application for Academic Foundation Trust shall only be made if supported by:

   a. The Secretary of State for Health

   b. The academic partner
The principal purpose of the Academic Foundation Trust shall include ‘the carrying out of research and education in connection with the provision of healthcare’ as well as ‘goods and services for the purposes of the health service’.

The academic partner shall have the right to appoint and remove the Chairman of the Board of Governors. The appointment and removal of the Chairman of the Board of Governors shall only be made if supported by the Secretary of State.

The academic partner shall have the right to appoint and remove not less than half of the AFT Board of Governors. The remaining Governors shall represent the interests of the local population, staff, patients and partnership organisations.

The academic partner shall have the right to appoint and remove the Chairman of the Board of Directors. This may be the same person as the Chairman of the Board of Governors, but need not necessarily be so.

The academic partner shall have the right to appoint and remove not less than half of the non-executive directors of the Board of Directors, including the Chairman. The remaining non-executives shall be elected by the Board of Governors and represent the interests of the local population and patients.

The academic partner shall have the right to appoint and remove the Chief Executive. The appointment and removal of the Chief Executive shall only be made if supported by the majority of the Non-Executive Directors.

Following a successful AFT application, the AFT shall be able to appoint its directors afresh to reflect its change in status. (Under a standard FT application, the Directors in-post transfer automatically onto the new FT Board).

The academic partner in AFTs shall not be liable for any act or omission, losses or other liabilities of the AFT.

14. Should some or all of these points not be incorporated in legislation then we may need to consider alternative ways forward.

**PRINCIPAL RISKS FOR THE COLLEGE ARISING FROM AN ACADEMIC FOUNDATION TRUST**

15. **Reputational.** The Imperial College London name, and thus its reputation, is now strongly associated with Imperial College Healthcare NHS Trust, an organisation over which the College does not have formal control. If the proposed legislation is not passed, and until it is, the position of the rector as a non-executive on the Trust Board and the joint post of chief executive/principal will remain the only positions of direct influence that the College maintains.

16. **Time and Resources.**

   a. The resources required to develop a fully operational AHSC are considerable. The project lifespan is likely to be in the range of 5-10 years and will require significant management time and attention.

   b. Project workstreams already in place over and above the course of day-to-day business include developing a 5-year AHSC strategy (incorporating and consolidating service, research and education plans) work on governance and risk,
and the development of a financial model and capital investment plan. This work will both guide the development of the AHSC on the ground and provide the basis for what would be a rigorous application process for Academic Foundation Trust status.

c. Developing and implementing AHSC strategies that are greater than the sum of their parts across two separate institutions also requires significant investment of time from clinical programme group directors, heads of academic divisions, and managers. Additionally, corporate and support functions may find they are increasingly required to support AHSC-wide initiatives rather than work purely on a College or Trust basis. As well as using existing staff, some additional posts may be necessary to develop and implement the AHSC concept.

d. While a small project management team has been created in the Trust, the scale of the change may also require external legal or other professional support on specific projects.

17. Financial and Legal Exposure

a. If the legislation is adopted as proposed and the College and Trust remain distinct legal entities, legal opinion is such that each institution and its officers should not be exposed to financial or legal risk arising from deficits or incidents taking place within the other organisation as long as separate accountabilities were maintained. A Memorandum of Understanding between the College and Imperial College Healthcare Trust is being considered, included in which could be details of the management structure, apportionment of costs, allocation of staff, consents required and exit arrangements.

b. Summary legal opinions from Mills and Reeve LLP and Burges Salmon LLP are appended to this paper.

CONCLUSION

18. The model proposed here for an ‘Academic Foundation Trust’ has many points in common with the existing Foundation Trust structure but in its totality represents an entirely new departure for the NHS and higher education. Thus while every effort has been made to cleave as closely as possible to existing precedents, we inevitably have found ourselves putting forward proposals that break new ground.

19. International experience shows that AHSC governance models develop differently according to local priorities and relationships; the UK is likely to follow a similar path. Although our intentions are for a university led Foundation Trust, the proposals we submitted are designed to be flexible enough to allow for both university-led and NHS-led models, reflecting the fact that relationships between Trusts and academic partners differ significantly from one partnership to the next and that some eligible Trusts (such as Imperial College Healthcare and the John Radcliffe in Oxford) have not yet applied for FT status and so are in a better position to take advantage of any change in FT legislation.

20. The College has and will continue to invest considerable resource in staff effort in developing, with our NHS colleagues, its concept of an AHSC. The current FT governance legislation allows for the possibility that local or special interests may secure sufficient governors to gain control of the Board. If that were to happen, the College would not be able to guarantee that its investment would be secure. Our proposals here, if accepted by government and enacted by Parliament, would safeguard our investment whilst retaining accountability of the FT to the local population, Monitor and Parliament.
21. The Approach outlined above was endorsed by the Management Board at its Meeting held on 26 June 2008. On 30 June 2008 Lord Darzi’s Next Stage Review ‘High Quality Care for All’ was published. As anticipated this included a commitment to “foster Academic Health Science Centres (AHSCs) to bring together a small number of health and academic partners to focus on world-class research, teaching and patient care”. The Review also recognised that the potential of AHSCs to deliver research excellence and improve patient care and professional education is tremendous. Although the review did not seek to limit the number of AHSCs, the focus on global excellence in the criteria for their establishment will mean that there will only ever be a small number of AHSCs (the review suggests between 5 and 10).

22. The Review does not set out a particular governance model for AHSCs, but rather states that:

“Clear governance arrangements with academe, which ensure this works for both patients and the NHS, will be very important. A number of governance models have already emerged to suit local circumstances; that is preferable to the imposition of a single model. Our approach will therefore be broadly permissive; we are open to proposals for different forms of governance on a case-by-case basis, including, potentially, changing legislation where this would help an AHSC to achieve the optimal governance model to support its success. We will work with interested organisations to develop these over the next year.”

The adoption of a broadly permissive approach combined with the commitment potentially to change legislation where this will allow the optimal governance model to be achieved is clearly helpful to the College’s proposals for the formation of an Academic Foundation Trust.

23. The Council is asked to consider, and if it sees fit, endorse the approach taken for the formation of an Academic Foundation Trust.
Summary

In this report, we consider the legal risks associated with the proposed creation of an academic NHS foundation trust. At the date of this report, the proposals are still in flux and, as some of our advice turns on the detail of the proposals, we would recommend that this question is revisited when the proposals are finalised.

There is no case law or relevant statute concerning the liability of Foundation Trusts, their directors, governors or members. The National Health Service Act 2006 contemplates that an insolvency regime will be created and we have taken this into account in our advice.

In order to advise, we have drawn on our own drafting of a legislative proposal for academic NHS foundation trusts (AFTs) and on analogous principles of company law. We would expect a judge to follow a similar thought process. However one could not completely rule out the possibility that a judge might see this as an opportunity to make new law.

Broadly the risks fall into 2 categories:

- Direct liability
- Indirect liability

We were also asked to comment on the position of a director of an NHS Foundation Trust and specifically of an AFT. In this case also, there is no case law and the statute is not explicit. We therefore believe that a Court would apply general company law principles in deciding what duties a director owes to the AFT (and others) and whether they have been breached. We have also considered those cases in which a director can incur personal criminal liability. In addition to the causes of action mentioned in the body of the report, there is also the possibility of liability for fraud. We have not considered this in our report, because we would not expect such circumstances to arise or the College to have sympathy for the director.

As the proposals also include the appointment of governors, we have also considered the position of governors. This is particularly difficult as there are no obvious precedents to draw on. However, we think it likely that the same duties of good faith, skill and care would apply to governors and directors alike. Whilst the governors’ powers are limited, they would still be expected to act responsibly and – in extreme cases – they might be in breach (and thus liable) for failing to do so.

As we mention in the report, the Foundation Trust Network obtained a QC’s opinion inter alia on the liability of directors and governors of an NHS Foundation Trust. His conclusions were broadly the same as ours.

At the end of the report we make practical suggestions to limit the risk of the academic partner, directors and governors of an AFT.

Direct liability

The proposals include a sub-section (a draft statutory provision) that,

“(f) the academic partner of an academic NHS foundation trust shall not be liable for the acts and omissions, losses or other liabilities of the academic NHS foundation trust or to contribute to its
assets. Without prejudice to the generality of the foregoing, section 55 of the [2006 Act] shall apply to academic NHS foundation trusts with the addition of the following new subsection (6):

(6) The Insolvency Act 2006 may not be modified or applied under section 54(8) so as to make an academic partner liable for the debts and liabilities of the academic NHS foundation trust whether directly or as a contributory or so as to require an academic partner to contribute to the assets of the academic NHS foundation trust.”

The effect of this sub-section would be to relieve the academic partner in our view from the risk of the academic partner being made liable for or made to contribute to any liability of the AFT either under the NHS FT insolvency regime, if and when it is enacted, or otherwise.

However, the sub-section would not necessarily remove the risk of a Court ruling that any given liability was a liability of the College.

There are two known circumstances in which the Court has ignored corporate structure and legal personality:

(i) “piercing the veil” and as a rule only applies where there is evidence of the corporate form being adopted to defraud those dealing with it or as a device to avoid a contractual or other legal obligation. We do not think this would apply to an AFT in the ordinary course particularly as the academic partner could not in our view be regarded as the owner of the AFT. However, as we will explain [in the penultimate section of this report], we can envisage circumstances in which a Court might want to find the College liable and so might make new law to achieve that result.

(ii) “agency” where the Court holds that the subsidiary company (because the only case law relates to the parent/subsidiary relationship) is in reality the agent of the parent. In the words of Gore-Brown, “the activities of the company must be so closely controlled and directed by the parent company that the latter can be regarded as merely an agent conducting the parent company’s business”. As with the preceding paragraph we think it is unlikely to be applied, but unlike the preceding example (which turns on looking beyond the company to its owner), the risk turns on whether the AFT can be regarded as an agent of the academic partner. If this is a concern, the College should consider amending the proposals to exclude any implied agency.

In addition, the academic partner could bring liability on itself through creating or failing to negative a third party’s false impression that liability was being assumed by the academic partner or that the AFT or its staff or officers were entitled to bind the academic partner (or were acting as the staff of the academic partner). In this respect, the academic partner and its staff and officers would need to make a clear distinction between what was done by the academic partner and what was done by the AFT. This is no different from any other joint enterprise/joint post.

Finally, the academic partner will have powers of appointment and removal, which, in extreme circumstances, a Court might consider it ought to have exercised in the interests of the AFT. One cannot be absolutely sure on this point, because by way of analogy, it is established case law that a shareholder owes no duty to the company or his fellow shareholders in exercising his rights. However, given the close relationship between the two bodies, there is a risk that the academic partner will be seen as an insider for this purpose (in a similar position to the Board of Governors) rather than an outsider (like a shareholder).

We consider that there are practical steps the academic partner can take to reduce these risks (see “Steps to mitigate risk” below).

Indirect liability

As noted in the preceding section, the proposals exclude the possibility of the academic partner being made liable for liability and losses of the AFT. However, the academic partner could make itself liable for those liabilities through:
(i) a guarantee or indemnity, representation or warranty given to someone dealing with the AFT on the basis of such assurance. This would be a voluntary act and we assume that the academic partner would guard against such action either corporately or on the part of its staff and officers.

(ii) an indemnity given to staff, officers and (possibly) other appointees to the Boards of Directors and Governors of the AFT. As with the previous example, this would be a voluntary act of the academic partner. We do not consider that any indemnity would be implied and we would expect any such indemnity to be limited in scope. Note also that it is normal for an NHS Foundation Trust to indemnify its directors, governors and secretary and to take out insurance for their benefit.

In order to understand what liability might be relevant under paragraph (ii) of this section, one next needs to consider the position of the directors (including chair) and governors.

**Position of the directors and governors**

In our view, a Court would apply company law principles when considering the duties and liability of a director of an AFT. However, we do not believe that the new “codified” duties in the Companies Act 2006 would be the starting point, as the Act applies specifically to Companies Act companies. We consider that a judge would start from the common law, rooted in the law of Trusts – the familiar fiduciary duties and duties of skill and care. Attached at Appendix A is a briefing note on the liability of directors of an NHS Foundation Trust drawn on this basis.

We believe these principles would apply equally to an AFT with one important difference in emphasis.

Given the close collaboration between the AFT and its academic partner, it is especially important that the AFT’s directors are seen to be acting independently of the academic partner. That does not mean that they need to be contrary, but it does mean that they must be able to demonstrate robust governance. This is explored further in the next section. In this way they will be able to show that decisions were made and action taken in the interests of the AFT, which is a necessary part of the directors’ fiduciary duties. Whether the appointed governors need to be equally cautious is less clear, because we are unsure whether a Court would apply the same test to them, but it is safer to presume that the same test would apply.

There are also some provisions of criminal law that also apply to directors of NHS Foundation Trusts. These are mentioned in the Appendix. Amongst these is the possibility of a directors’ disqualification order, which would bar the director from holding other directorships. For a director with other business interests this would be catastrophic – as it would be if it arose in the context of any of their other companies.

For the governors, it seems unlikely that any of the criminal provisions could apply to them. It is the directors who run the AFT and the governors’ role is merely to offer their views.

However, we do think it is possible to rule out that in a sufficiently extreme case (as noted above in relation to the powers of the academic partner) a Court would look to find that action or failure to act by the governors in wilful or reckless disregard of the interests of the AFT gave rise to a breach of duty, and thus liability.

The Foundation Trust Network sought Counsel’s opinion in 2004 from an eminent QC. His advice on the liability of directors and governors is similar to ours. He also agrees that in an extreme case the governors might be liable for acting or failing to act.

We conclude that the liability of a director of an AFT is likely to be no worse than the position of a director of a private company carrying on similar activities. The liability of the governors would not be as wide, simply because they do not run the Trust. However, they do have powers, including the power to remove non-executive directors and that carries with it the same fiduciary duties and duties of skill and care.
Steps to mitigate risk

We would recommend the following actions in addition to the steps the AFT will itself be taking to ensure it is properly run and governed:

(i) appointees should be reminded of their duties to the AFT and encouraged to be aware at all times of the need to act in the interests of the AFT
(ii) appointees should be encouraged to ensure that their AFT colleagues record decisions taken by the AFT properly to avoid any suggestion that the AFT just “does what the academic partner says”
(iii) for those appointees holding positions with the academic partner, business cards and other stationery should make it clear in which capacity they are acting and letters should clearly indicate whether they are signed “for and on behalf of” the academic partner or the AFT
(iv) joint post-holders should be particularly clear which “hat” they are wearing at all times
(v) joint branding should be used only where considered that no risk of confusion will result
(vi) the academic partner should act swiftly to put a stop to any examples they find of AFT staff, directors or governors, or the AFT itself incorrectly claiming to be acting on the authority of the academic partner
(vii) in exercising its own powers of appointment and removal, the academic partner should act in the interests of the AFT
(viii) any indemnity should be limited, so the academic partner is not indemnifying appointees for action that would cause it embarrassment.

Conclusion

In our view, based on our analysis of the likely judicial approach, there is no significant risk of direct liability over and above any other joint enterprise, except where the academic partner fails to exercise its powers to appoint and remove directors and governors in a manner consistent with the duties required of a director.

On the same basis, we consider that there is only risk of indirect liability if and to the extent that the College gives a guarantee or indemnity or makes a warranty or representation to a third party. There will also be indirect liability to the extent that the academic partner indemnifies its appointees to the AFT Board, or warrants or represents to them that it will do so. In that case, the risk of the College will depend on the terms of the indemnity given or promised.

We are aware that our views on the position of directors and governors of an NHS foundation trust are, or in 2004 were, broadly shared by Counsel. Unfortunately, whilst Counsel noted in passing that some governors are appointed, he did not comment on the position of the appointor of a governor. If the College was interested in doing so, we would be happy to instruct Counsel to confirm his opinion with regard to the directors and governors and expand it to encompass the academic partner.

Mills & Reeve LLP
15 May 2008
Appendix

Personal Liability of Directors in the Criminal Law

It must be stressed that this advice is a basic outline only of the potential personal liabilities of directors in a criminal law context. In reality it will apply more to executive directors than non-executive directors because the latter are likely to have far less of a leading role in the organisation on a day-to-day basis and therefore only in very exceptional circumstances are non-executive directors likely to be at risk of being found liable for any breaches of criminal legislation in connection with the operations of the organisation.

Apart from the possibility of obtaining cover for potential legal costs it is not possible to insure against the risk of criminal liabilities; in other words it is not possible to obtain indemnity against any fines that could be imposed on an individual director (or indeed the organisation) for a breach of the criminal law. In practice, the most likely risk area for directors is health and safety.

Fatal Incidents

There is no individual liability under the 2007 Corporate Manslaughter and Corporate Homicide Act (specifically excluded under Section 18 of the Act). Any liability arising under the 2007 Act will attach only to the organisation. However, it is still possible for an individual (i.e. a director) to be prosecuted for the common law offence of gross negligence manslaughter if a duty of care was owed to the deceased by that individual, there was a breach of that relevant duty of care which was a substantial cause of the death and a jury is persuaded that the conduct of the director was so bad that it amounted to a criminal act or omission in the circumstances.

Many duties of care will be owed of course by the organisation (rather than by an individual director) because for example it will be the Trust which employs individual employees or is responsible for its buildings and equipment or which enters into contracts with various contractors.

Non-Fatal Incidents

Secondary liability of individual directors is possible under Section 37 of the Health & Safety at Work etc. Act 1974. If any offence under the Act was to be committed by the Trust and it was proved to have been committed with the consent or connivance of or be due to the neglect on the part of any such director then that director would be at risk of personal prosecution in addition to the Trust being prosecuted. There is current guidance issued by the Health and Safety Commission on director’s duties which sets out the roles and responsibilities of a Board and its members but this is guidance and breach of the same will not amount to a criminal offence. However, failure to comply with such principles could be used as evidence in any prosecution brought against an individual director.

Similar principles will apply under some Environmental Protection legislation. For example a Trust Board needs to have appropriate policies in place in connection with the disposal of certain types of hazardous waste under the Environmental Protection Act 1990, as amended. Should an offence be committed by the Trust then an individual director could also be convicted if he/she consented, connived or be guilty of neglect (section 157 EPA).
1 This paper is prepared on the basis that the College's "no liability" proposal for the AFT is not accepted, so that it and its nominees might be exposed to claims.

2 **Reduction of Risk – Benefit of AFT operating as a corporation**

2.1 As a public benefit corporation, the AFT has a legal personality distinct from the separate personalities of the College or the Governors/Directors.

2.2 Any corporation may be sued as if an individual. Its powers and duties are exercised through its officers and staff but liability remains with the corporation.

2.3 As a member of the AFT, the College would not normally be liable for the acts or omissions of the AFT. The courts will rarely "lift the veil" of corporate personality to look behind it and make the members of a corporation liable for its defaults. The exception might be in the context of criminal liability as discussed below.

2.4 The College as the Academic Partner in the AFT should though not enter into any "pre-incorporation" contracts before the AFT is formed, for which it could be made liable.

3 **Reduction of Risk – Governance of the AFT**

3.1 The College's governance proposals as to AFT Board appointment will enable the College to control the governance of the AFT, and to reduce the AFT's liabilities.

3.2 There may though be Board decisions which require a 75% vote or unanimity where the College nominees might be outvoted or blocked in delivering an outcome in line with the College's policy. In structuring a Heads of Terms document with the ICHT a governance decision table might be prepared to determine Board resolution levels.

4 **Risk area - Ultra vires (AFT) or exercise of powers beyond College's objects**

4.1 The AFT, as a statutory corporation, can only exercise powers granted to it by the National Health Service Act 2006 (the "2006 Act") – otherwise it is acting "ultra vires" and the transaction is void. The Governors and Directors (and possibly the senior executives) as officers of the AFT could be made personally liable for any loss resulting from an ultra vires act which is beyond the powers of the corporation.

4.2 However, section 47 of the 2006 Act is drafted widely so that an FT should be able to do anything which "appears to be necessary or expedient for the purpose of or in connection with its functions". The functions of the proposed AFT will include ‘the carrying out of research and education in connection with the provision of healthcare’ as well as providing
‘goods and services for the purposes of the health service’. This makes it unlikely that the *ultra vires* restriction would apply to the AFT Boards provided the powers are being exercised to further the AFT's functions.

4.3 The College is an exempt charity, subject to charity law, which means that it must only apply the assets and income of the College for its defined charitable purposes as set out in its constitution. The College is also publicly accountable for the application of its assets to HEFCE under its Funding Agreement.

4.4 The College’s objects permit the College to work collaboratively with other organisations. However, in running an AFT geared to both healthcare and education, the College should review its constitution to ensure that it is not instructing its own staff to act beyond the scope of the College's powers.

5 Risk Area - Conflicts of interest of AFT Governors/Directors appointed by College

5.1 The College's governance proposals, if accepted, will allow a number of the AFT Governors and Directors to be appointed by the College who may also be members of the College's Council, its officers or staff and thus occupying dual roles.

5.2 All the Board members of the AFT will have an overriding legal duty to act in the best interest of AFT. Governors or Directors of the AFT appointed by the College have the same duties as other AFT Board members, and should act independently of the organisation which appointed them and not as mere representatives of the interests of the College. Any officer on an AFT Board who has a conflict of loyalties should declare this and it should be included in the register of interests.

5.3 The normal rule under the Monitor and HEFCE Codes of Governance as to management of a conflict of interest, is that the officer concerned should take no part in the discussions, withdraw from the meeting and not vote on the issue. We are aware that the College consider this rule unworkable in the context of the AFT as it would make meetings inquorate and the Boards unable to effect a decision on many matters, for example property transactions.

5.4 The Monitor Governance Code proposes a "comply or explain" regime. In its negotiations on the governance structure of the AFT Boards, the College could seek a dispensation from the normal conflicts management rules to enable Board members who are College nominees to declare an interest but then be permitted to stay and participate in the meeting, and vote on the issue.

5.5 The status of the employment contracts of any individuals occupying dual roles with the College and the AFT should be reviewed.

6 Risk Area - Civil Liability of Governors And Directors of The AFT

6.1 If the AFT officers have themselves been negligent, it is still the corporation which carries liability. Section 69 of the 2006 Act confirms that the protection from personal liability for members and officers of authorities under s.265 Public Health Act 1875 is extended to members and officers of an NHS body, which under s.28 of the 2006 Act includes a Foundation Trust. An AFT Governor or Director, including a College nominee, who has acted in good faith in carrying out his or her AFT functions should be protected against any claim.

7 Risk Area - Criminal Liability of AFT and its Governors and Directors

7.1 The statutory protection of s.69 does not in our view apply to criminal liability, for example for breaches of health and safety legislation, which represents one of the highest risk areas for the AFT and potentially for the College too.
7.2 As a corporation with a separate legal personality primary liability for health and safety rests with the AFT itself. Individual criminal liability can also extend to senior employees if they are in a position of real authority, and decide corporate policy.

7.3 Under the Corporate Manslaughter and Homicide Act 2007 there is no longer a legal requirement to establish a "controlling mind" guilty of gross negligence to establish a charge of manslaughter against a company or organisation. The test is whether collective senior management failing amounting to a gross breach of duty by the organisation was a material cause of the death. Sanctions can include a publicity order to effect reputational damage and large fines based on turnover.

7.4 Criminal liability for health and safety offences or corporate manslaughter could extend to the College if it is closely involved in decision making on safety issues to the extent that a direct duty of care is owed. If individuals are to have dual roles with the AFT and the College great care will be need to ensure that the context in which a decision is taken is clear and that the decision can be seen to be properly that of the AFT.

7.5 If in fact the decisions affecting health and safety are taken by the College it could be charged where an offence has occurred because of its consent, connivance or neglect. The greater the degree of control, the greater the College has the risk of liability. The crucial question when designing the management structure and relationship between the College and AFT is what level of decision-making autonomy should be granted to the AFT to operate as a "liability fire-break", whilst maintaining the cohesion required to run an effective AHSC.

8 Risk Exposure of the College as Academic Partner in AFT

8.1 As member of the AFT Corporation – this risk is reduced by the corporation structure of the AFT – see comments at paragraph 2.3 above

8.2 Ultra vires/exercise of powers or application of assets beyond scope of College's objects - see comments at paragraph 4 above

8.3 Criminal liability of College – see comments at paragraph 7 above.

8.4 Regulation of College by HEFCE – some risks to the College arise in the nature of the AFT crossing between the delivery of both education/research and health services, with different accountability regimes and funding streams. HEFCE will focus more in future on compliance with charity law.

9 Risk Exposure of the College's Council Members

9.1 As the College is an exempt charity, its Council are charity trustees who could be made liable for a breach of trust if they have failed in their duty of care. The standard of care and skill expected of the Council members is that of the ordinary prudent man of business acting in the management of his own affairs.

9.2 The Council members may commit a breach of trust if, for example, they exceed their powers, misapply or fail to protect the property of the College, or fail to consider whether they are acting in its best interests. The Council members may be accountable for a loss suffered by the College from its involvement with AFT unless they can show that they acted reasonably and prudently in investing the College's resources in the AFT The duty of care would be demonstrated by, e.g., a comprehensive business plan, risk management assessment, and appropriate financial and audit controls.

9.3 There is no statutory immunity from personal liability for the College's officers. In case of negligence claims against volunteer charity trustees the courts have though recognised that
they should grant a trustee relief from personal liability if he has acted honestly and reasonably and "ought fairly to be excused" for that breach.

10 Risk Management Recommendations

We outline below some tools by which the College could protect its reputational and financial investment in the AFT and minimise the risks of the project.

10.1 Insurance – the College should review its insurance policies to ensure that appropriate cover is in place regarding the AFT project and its own officers' involvement with it.

10.2 Compliance with governance codes – all the Governors and Directors of the AFT should adhere to these Monitor and HEFCE Codes of Governance to reduce the scope for personal liability arising for any act or omission.

10.3 Risk assessment - a Risk Assessment template which identifies potential areas of risk should be prepared in respect of the College's involvement in the AFT project.

10.4 Preparation of documentation – a Heads of Terms document or Memorandum of Understanding between the College and the ICHT should be drafted to cover operating issues such as activities to be undertaken, management structure, decision-making levels, apportionment of costs, allocation of staff, consents required from each institution, and exit arrangements.

Burges Salmon LLP

23 June 2008
PAPER D

FINANCIAL MANAGEMENT REPORT

A Report by the Chief Operating Officer

MANAGEMENT ACCOUNTS TO 31 MAY 2008 (1)

1. As we are now 10 month through the year and with the trends reported in previous months continuing, the year end forecast operating surplus has been increased to £13m to reflect a more realistic view of the expected outturn. The year to date operating surplus is £17.5m at the end of May (pg. 2).

2. Total income at £461m is £14m better than budget, and 10% up on last year (pg. 2). With April being the best month of the year so far research income is 12% better than last year, with research contribution 35% up on a year ago driven by FEC (pg. 7). It should be noted that in order to make like for like comparisons software licences have been removed from both this year’s budget and last years numbers.

3. The full year research income is forecast to be £240m which represents an 8% real growth over last year and some £6.2m ahead of budget. It is likely that the revenue on the full consolidation basis (i.e. including all the subsidiary companies and Commercial Services) will be close to £600m for the full year for the first time. It is also worth noting that Academic Fees are £1.0m better than budget despite setting a more aggressive budget this year (pg. 2).

4. The full year forecast expenditure is some (£5.5m) adverse to budget (pg. 2). This is driven by higher than budgeted research volume, the continued ramping up by the Faculties of their non staff spend, and the fact that there are up to £2m of specific provisions that are still to be booked. On the other hand, helped by increased capitalisation of costs, corporate and project costs are expected to be under budget by the year end (pg. 13).

5. Commercial Services continue their strong performance, driven particularly by residences (pg. 14) although as we move into the summer period Commercial Services’ trading performance will worsen into the year end. It is worth highlighting that Commercial Services have benefited this year from a number of one off items that will not be repeated next year.

6. On the balance sheet (pg. 3), although debtors have fallen only slightly during the month, £26.8m of the balance is less than 3 months old, the 3 to 6 month aged debt has been reduced significantly and student debt has reduced by £5m in May (pg. 10). The reduction of the debtors’ book continues to be of great importance. Research WIP (pg. 9) has increased by £3.3m during the month as would be expected under the normal quarterly profile, with May seeing a reduction in the value of monthly billings compared to April. There

1. The Finance Management Report Booklet is not included with these Minutes.
is a concern that the level remains too high and must be reduced by the year end. Research Payments in Advance have reduced over the month.

7. The cash position continues to be healthy, reflecting the favourable operating position of the College, working capital movements, sales of equity holdings by the College Fund and below budget capital expenditure (pg. 4). The outturn cash position is likely to be better than the current forecast of £50m net debt, provided the College maintains close attention to the working capital position as highlighted above.

8. Despite – or because of - the turmoil in the money markets the College continues to earn approx 6% on deposits against a cost of borrowing of 5.4% (pg. 5). The policy is to invest surplus cash for periods over 6 months to benefit from the higher interest rates that this will attract. It should be noted that the final £50m tranche of debt from EIB was drawn in May and hence the big increase in both the cash and long term loan balances.

MPK
PAPER E

COLLEGE FUND BOARD REPORT TO COUNCIL

A Report by the Chairman of the College Fund Board

STRATEGIC ASSET ALLOCATION

1. The Board has undertaken a detailed review of the Strategic Asset Allocation policy for the Unitised Scheme since the last report to Council. This process has involved a series of meetings and discussions amongst the Board, supported by input from the Fund’s investment advisers Asset Risk Consultants. The Board believes that the asset allocation debate sits at the very heart of the strategic vision for the Unitised Scheme, and as a result of the review the new Policy moves the focus away from traditional geographic sector weightings to an assessment based on liquidity and risk/return. The key objective for the Fund in its first formal year of operation has been to establish a professional basis of management. The Investment Policy documentation attached at Annex A now provides the fundamental tools and framework to achieve this.

MEMBERSHIP

2. Since the last report to Council, Professor Sir Roy Anderson has joined the Board ex officio in his capacity as Rector, and the Board have also invited Professor David Begg, Principal of the Business School, to attend the Board meetings as a special adviser.

BUDGET

3. The Council will be receiving a budget report from the Chief Operating Officer that incorporates the Budget for the College Fund into a consolidated College Group Budget. The detail of that Budget has been considered and approved by the Board, and importantly has been set at a level where there is no drain on the recurrent resources of the broader College. However, it should be noted that at times of economic stress there is an undoubted limitation on the certainty attached to short term market forecasts. Therefore, whilst the Board is fully committed to the 4% real return Investment Objective over a rolling five year term, there remain significant downside risks in the market that will place pressure on that target in the forthcoming year. Further details are set out in the Chief Operating Officer’s Budget Paper.

PERFORMANCE AND ACTIVITIES

4. As previously reported, the Fund Board has created two distinct portfolios within the College Fund: The Unitised Scheme and the Special Circumstances Portfolio. This reflects the need to manage the assets against clear, but different, investment objectives.

UNITISED SCHEME

5. The main development in the Unitised Scheme since the last report to Council has been the implementation of a top level hedge on the UK Equity exposure within the Scheme. The Unitised Scheme had become skewed towards UK Equity, but the nature of the market
made individual reallocations within the portfolio expensive. Therefore a hedge at the broad asset class level has been established, effectively securing a floor at 5,700 for £20m of the Funds UK Equity assets. The reduction in volatility resulting from this trade has been immediately apparent, and it has strongly supported the portfolio’s overall performance for the period to the end of June 2008 where the portfolio is down 5.4% vs. a FTSE All Share performance of -11.7% over the same period.

6. No significant reallocations of assets have been made since the last report to Council – so that the main movements for the year to date remain the shift out of Equities and Commercial Property and into more defensive cash and long/short equity positions:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>1 Aug 2007</th>
<th>30 June 2008</th>
<th>Shift</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Equities</td>
<td>78%</td>
<td>61%</td>
<td>-17%</td>
</tr>
<tr>
<td>Commercial Property</td>
<td>9%</td>
<td>0%</td>
<td>-9%</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>11%</td>
<td>12%</td>
<td>+1%</td>
</tr>
<tr>
<td>Long/ Short Equity</td>
<td>0%</td>
<td>5%</td>
<td>+5%</td>
</tr>
<tr>
<td>Cash</td>
<td>2%</td>
<td>22%</td>
<td>+20%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>0%</td>
</tr>
</tbody>
</table>

7. Although the defensive moves of the last year have provided better protection for the portfolio, it should be noted that the exposure to higher risk assets such as equities and commercial property has been critical in the historic outperformance against the Investment Objective over a rolling five year term. Therefore the ongoing review of strategic and tactical asset allocation will be critical as opportunities arise going forwards. The performance over the last five years is set out in the chart below:

![Last Five Years Chart]

8. Finally on the Unitised Scheme, the College has been fortunate to receive a significant number of new Non-Core Assets in the form of cash donations and realisations since the last report to Council and a schedule of the assets transferred to the Unitised Scheme of the College Fund is attached at Annex B. The Council is asked to ratify the categorisation of the assets listed in this schedule Non-Core Assets.
SPECIAL CIRCUMSTANCES PORTFOLIO

9. Work has continued on developing the College Fund’s Non Core property portfolio, with contractors appointed and on site on three key projects: the development of 46-48 Princes Gardens into 15 prime residential units (£11.2m); the conversion of 52 Princes Gate into commercial office accommodation (£3.0m) and the development and extension of three lodges on the Silwood Estate (£1.1m). On the Wye College site, planning applications have been submitted for a number of the residential buildings in and around the village – a process that is meeting with some anticipated local opposition, but is delivering improved status, and thus value, for these properties. The Fund has also identified a preferred partner for the development of the Withersdane Site, Care Estates Limited, who will act as lead consultant in taking forward a planning scheme for this asset.

10. Council should be aware that the Fund has received an unsolicited offer for Princes Gate Gardens, the so called ‘Secret Garden’ to the rear of 8-15 Princes Gardens and the Sports Centre. The freehold to this London Garden Square was acquired by the College in October of 1995 for £1.0m, and the interest in the property was recently valued at £1.75m under a Red Book valuation from Savills. The Fund Board have asked that the valuation and market potential for this asset be reviewed in light of the £5m offer for the freehold. Initial investigations suggest that an offer at this level warrants serious consideration. However, it should be noted that the property is classified as a ‘Strategic Asset’ under the terms of the policy for transferring Non-Core Assets over to the College Fund. Therefore in the event that the Board supports a sale recommendation, prior Council approval will be required.

11. Finally, the Special Circumstances Portfolio performance continues to reflect the reduced value in the Imperial Innovations holding which was at £77m at the end of May 2008, down from £112m at the end of the last financial year. Although the Fund is restricted by the strategic limitation from Council that at majority position in the company must be maintained, the Board continues to actively monitor the position. The Board received a formal report on the company from JPMorganCazenove at the last meeting, which highlighted the following issues:

a. The stock remains highly volatile, but has essentially performed in line with the broad AIM market since the listing. This has resulted in a c.25% fall in value in the current financial year.

b. The lack of liquidity remains an issue, with three long term investors holding over 85% of the shares. This leads to low volumes of trading activity, exacerbating the pricing volatility.

c. There remains downside risk, as the company continues to trade at a premium to the Net Asset Value – a premium supported by the goodwill attributable to the business model and the company’s position as a market leader in the University IP exploitation field.

d. However, there are a number of exciting investments within the Innovations portfolio, and the company is well positioned to exploit these opportunities as it has significant cash resources.

e. Therefore the Board remains comfortable with the holding, but recognise the need to take a long term view on investment performance in relation to the shareholding in Innovations.
TOTAL COLLEGE FUND

12. At the consolidated level, the College Fund has moved to a total Net Asset Value of £212m as at 31 May 2008, compared to a Net Asset Value of £210m at 31 July 2007.

BOARD SUPPORT

13. As noted at the opening of this paper, the key objective for the Fund this year has been to establish a professional basis of management. The support of Robbie Rayne and David Miles as Non-Executive Directors in taking this forward has been absolutely invaluable, and way beyond the commitment often demonstrated in such positions. Therefore it is highly appropriate that a formal vote of thanks be offered to them for their efforts in supporting the Board and the Chief Executive directly over the last year.

SN
Jul 08
PAPER F

BUDGET 2008-09

A Note by the Chief Operating Officer

INTRODUCTION

1. Set out in this paper is Imperial College’s consolidated proposed Budget which is made up of the “University” Budget, details of which are set out in Appendix B and which was approved by the Management Board on 26th June; and the “College Fund” Budget, details of which are set out in Appendix C and which was approved by the College Fund Board on 1st July. (1)

2. The consolidated budget figures are set out in Appendix A. There are two points of detail to note: firstly, the consolidated budget figures also include the appropriate consolidation of the College’s share of Imperial Innovations’ estimated results for the year ending 31st July 2009. Secondly, the income and expenditure numbers have been grossed up to take account of the turnover in Commercial Services, ICON and other fully owned subsidiaries.

THE HIGHLIGHTS IN THE CONSOLIDATED I&E

3. The highlights are:

   a. Total income rises by 7% to £640m.

   b. Research income rises by 11% to £266m (Order Book: 86%).

   c. Contribution to overheads rises by 16% to £52m of which FEC is £27m.

   d. The HEFCE grant rises by 6% to £174m.

   e. Student fee income rises by 12% to £100m.

   f. College Fund distributions total £3m; the unit price rises from £48.13 to £50.07.

   g. A surplus of £6.5m is achieved after allowing for the cost of a new Strategic Investment Fund (SIF) of £6m.

4. The College income continues to grow very satisfactorily in line with the trend seen in recent years and means that, since 2002, total College income has grown at an annual average of 7.7% per annum.

5. The decision to retain 25% of the FEC contribution (£6.6m) for building infrastructure investment is continued in this budget. The surplus is double last year’s budgeted figure, matched by a doubling of the FEC contribution over the same period. However in order to support the large ongoing capital programme, there is an argument that the surplus should be bigger, since this represents only 1% of turnover which is too low to maintain sustainable

1. The Detailed College Budget for 2008-09 is not included with these Minutes.
building infrastructure investment over the longer term, without either continued capital support from HEFCE (secured till 2011) or other capital donations.

6. Expenditure rises in line with the revenue growth, although it should be noted that the proportion of expenditure on central costs continues to reduce. A new SIF of £6m is available which has not yet been allocated, although it is assumed that it will be spent in line with changing priorities to be agreed early in the new financial year.

FACULTIES

7. The Faculties are budgeting for an overall small deficit of (£0.2m) (p. 14 and 15 – Appendix B). The Business School continues to run a deficit, budgeted at (£0.8m), for the same reasons as in prior years i.e. to reflect the “delay” factor inherent in the Vote Formula. Both Natural Sciences and Medicine have breakeven budgets, although both faculties are budgeting a reduction in non-staff recurrent expenditure, which will require close management with the divisions and departments. It should be noted that the transitional support provided to Natural Sciences is reduced to £2.5m from £4m this year. Engineering on the other hand is budgeting to make a £0.8m surplus, as the Faculty sets aside FEC money for future investments. There continues to be a significant increase in the level of activity, with a 2% increase in student numbers, a 4% increase in FTE staff numbers primarily in College funded staff, and a 12% increase in research staff costs.

8. The proportion of research income generated from the Research Councils increases from 34.4% in 2007/08 to 38.1% next year highlighting the College’s continued dependence on their funding. Further, the contribution from other sponsors is flat year on year (p16 – Appendix B) despite a 5% volume growth. For the ongoing financial stability of the College it is vital that we reduce the reliance on Research Councils and drive price as well as volume from other sponsors.

9. The order book on research remains generally healthy at 86%, although Medicine is at 82% compared to 90% last year. As the biggest Faculty this does increase the risk on the research income figure, although it should be noted that Natural Sciences has moved exactly the other way.

ALLOCATED COSTS

10. Overall allocated costs have gone up by 8% to £106m (p20 – Appendix B).

11. Admin and Academic Services have increased by 8.6%. This comprises an across the board 5% increase plus those additional costs previously agreed by Management Board, for example for Registry and Research Services. It should be noted that the original budgets submitted from these areas proposed a much larger increase and that the 5% allowed covers mainly the year on year salary inflation and not much more. To put this in context, over the last 4 years this area has grown at an above inflation increase of 6% p.a. compound.

12. For Support Services, whilst the overall increase is 7.8%, this includes the very significant price increases of up to 25% on utilities, which now total £16.5m. As presented to the Management Board last month, the utilities prices are actively managed and have been fixed for 2008/09 although the College must drive to reduce consumption wherever possible. Excluding utilities the budgeted net cost increase on Support Services, after allowing for agreed budget transfers, is only 2.5%. The shape of expenditure (p20 – Appendix B), remains as before, dominated by the costs of managing a complex and growing Estate.
ACADEMIC RELATED INVESTMENTS

13. Academic Related Investments are budgeted at £5.3m (pg 19 – Appendix B). This could be regarded as a healthy sign, investing for the future, and is important evidence of the independent momentum of the College. Expenditure on the Reactor Centre has been assumed to be in line with the current year, since the College has yet to reach agreement with the Nuclear Decommissioning Authority (NDA) over its decommissioning.

UNALLOCATED COSTS

14. Unallocated costs in the “University” are budgeted at £56m, a rise of £7m (p21 – Appendix B), with the largest element being the £38m depreciation charge which is rising as a direct reflection of the Capital Expenditure Programme (p28). There are 3 specific points worth noting:

   a. There is an increase in interest costs, reflecting the increased net debt position, driven primarily by the large capex programme which is budgeted to be in excess of the College’s own cash generation.

   b. There is a doubling of the student bursary payments reflecting the next year of the student top up fees.

   c. The ICT MIS programme has been assumed to continue in line with expenditure levels seen over the last couple of years. However the first stage of the programme is coming to an end and a request for further funding will be presented later in the new financial year.

COMMERCIAL SERVICES

15. Commercial Services face a more challenging trading environment next year and a number of one-off benefits this year that will not be repeated in 2008/09. The budget next year is considered prudent in the light of food price inflation, a week longer summer break, the full year impact of Southside depreciation and increased utility charges.

THE COLLEGE FUND

16. The College Fund is budgeted to produce an operating surplus of £1.5m. This arises principally from increased rental income from developed and purchased property and better management of existing assets. Distributions to the College totalling £3m are budgeted to be funded from new donations and asset disposal profits.

THE CAPITAL EXPENDITURE BUDGET

17. Capital Expenditure is set to continue at a slightly reduced level to this year, at £118m, of which the College spend is £80m (p7 – Appendix B), and of which £72m is approved and committed (p7 – Appendix B). The biggest projects next year are the completion of Eastside for the autumn of 2009, the decant and demolition of L and J Blocks at Hammersmith and SEQ design, decant and enabling works. The property development programme in the College Fund continues, with £11m to be spent in the year. The capital programme has been split into approved projects, planned projects (which are not yet approved but which are considered important) and pipeline projects (which are those that
Faculties and individuals would like to propose). It should be noted that next year the already known pipeline projects total some £13m, whilst only £3m is potentially available: there is going to need to be some prioritisation.

18. The management of the capital programme remains crucial to an on time and on budget delivery of the projects.

19. It is worth noting that in the longer term the Capital Expenditure Programme may need to ease off from the very high spend levels of 2007/08 and 2008/09. At present nearly 64% of the capital expenditure is coming from College resources with the balance primarily from HEFCE or charitable sponsors who require research space in return. This level of capital expenditure will be fundable from College resources provided that an adequate proportion of the FEC money is retained in the form of a surplus as highlighted at the start of the paper. If the College wishes to increase its capital investment programme then either more debt will need to be taken on or other sources of funding will need to be found i.e. through donations or other capital grants or an increased surplus.

CASH

20. The net cash out flow for 2008/09 is budgeted to be £88m, which will see net debt increase to £95m by next year end. In this context, it is vital that the College retains control of its working capital at all times and must aim to hold working capital growth down to below the level of the College growth in order to maintain financial stability and fund the capital programme. This means continued tight control of debtors and research work in progress and the continued drive to maximise payments in advance by seeking favourable payments terms on research contracts wherever possible. The Faculties have been set the task next year of holding research work-in-progress (WIP) essentially flat, despite the 11% growth in research income.

RISK ANALYSIS

21. In previous Budget reports, a risk analysis was prepared which identified a number of areas of uncertainty, balanced by elements of upside potential. In the event, the risks were managed appropriately or did not materialise, and a number of the upsides did occur and hence we have continually out performed the budget on income, expenditure and cash. So how far does the proposed budget for 2008/09 represent a robust proposal, where the upsides are likely to be outweighed by the downsides?

22. The downsides are analysed as follows:

a. As always, the prospect of uncertainty in Government spending decision-making remains a risk although this is unlikely to be a significant risk for this 2008/09 budget year.

b. As highlighted above, there is increased reliance on the Research Councils and the College has not yet been successful in growing research from other funders with significant contribution.

c. The Faculty of Medicine contributes 50% of the research income of the College; if it sneezes, the College catches cold. There is a risk that Medicine staff, and possibly Support Services staff too, could increasingly be distracted by the workings of the NHS as a result of the AHSC project, to the detriment of the College’s other priorities.
d. The College has consistently delivered greater student fees numbers than budgeted. This may become a risk if overseas student numbers fall in the current uncertain economic climate, although this risk may be mitigated if sterling falls in value against the US dollar as expected.

e. The terms of trade on research grants may move against the College, adversely affecting the cash flow benefits of a growing figure for payments in advance. Overseas grants represent the biggest risk here.

f. Utility prices have increased significantly this year, up 25%, although the prices for 2008/09 have now been fixed. However there is still some exposure to utility charges from the NHS for the space occupied within the hospitals and the budgeted level of consumption may be tight.

g. The size of the capital expenditure programme represents a management, and therefore a cost, risk in its own right. And controlling a programme of this size is a significant undertaking. The tightness of the Eastside Project timetable exemplifies this risk.

h. The burden of the reactor decommissioning may not be taken off the College by the NDA. We have been let down once; we may be again. This remains not an insubstantial cost risk (c£30m). There is little prospect of any upside now.

i. There is serious pressure on budgeted staff costs, where the October pay award will be at RPI which is increasingly likely to be over 4%.

j. The College Fund budget contains three clear risks:

   (1) The property market deterioration continues to the point where the development programme is rendered unacceptable and that rental income forecasts are not achievable.

   (2) Stock markets continue to deteriorate and that investment decisions fail to produce budgeted returns in these circumstances.

   (3) Innovations’ share price suffers in tough markets.

23. Upsides to counter these risks do exist:

   a. The order book is high (p17 – Appendix B), at 86% of budgeted research income. Success may breed success, particularly in industry arising grants.

   b. The College may be successful in generating profitable large overseas contracts but the 2008/9 will probably be small.

   c. Student fee income may yet again surprise on the upside, especially as the reputation of the College increases.

   d. Continued tight cost management may mean central costs are held lower than the budgeted 8% increase.

   e. 2008/09 will be the last year of academic operations at Wye and thus the last year where it will a financial drain, which may be held lower than expected.
f. The College may be successful more quickly than expected in building a closer working relationship with the NHS Trust, which opens up opportunities as yet unidentified.

g. As has been the case in prior years, the sheer scale of the capital expenditure programme may not be capable of being implemented in the time scales planned, either because of internal or external decision-making.

h. The College Fund risks noted above may be reversed i.e. Stock Markets may recover, rental incomes are more buoyant than expected and property values recover more quickly than expected.

CONCLUSION

24. From the above analysis, it would seem reasonable to conclude that there are more tangible, realisable downsides than upsides. The management task remains the same as in prior years: to take advantage of the strong performance platform created in the College, whilst at the same time maintaining vigilance over an inevitably growing cost base. The above analysis suggests this will be more difficult than in recent years.

M.P.K
1. There are some 50 projects with a value in excess of £350m currently within a construction phase. The current status of the major projects within this portfolio are detailed below.

**APPROVED PROJECTS**

2. **Eastside (£64m).** Construction is progressing very well and is currently two weeks ahead of programme. The design of the ground floor concessions is now at Stage E and has been priced by the contractor, Laing. The Project is on budget although the contingency is extremely tight.

3. **Library Building Phase 1a (£3.5m) and Phase 2 (£6.25m).** Initial opening is set for 7 July and the building will be fully operational for the start of the new academic year.

4. **Replacement of Plant.** The Programme is on time and within budget.

5. **Burlington Danes (£56m).** The building is ready for use. The Home Office have been invited to inspect the West Building in early July.

6. **Burlington Danes Fit-Out (£7.4m).** The Faculty of Medicine is now in occupation and there has been very positive feedback on the design and quality of installation.

7. **Commonwealth Building (£17m + £8.45m).**
   a. The refurbishment of Levels 7 & 5 is due for completion in late summer.
   b. The design for levels 6 & 9 is progressing. These floors will be completed at the beginning of 2009.

8. **Wolfson Education Centre (£5.4m) and Imaging Centre (£5.5m).** The contractors are scheduled to complete work in the autumn. However, due to problems on site with delays through unforeseen circumstances, and the fact that the catering facility will not be completed until the end of the calendar year, occupancy has been delayed. Contingency plans have been put in place temporarily to house the October graduate intake elsewhere.

9. **Royal School of Mines (£21m).** The Bioengineering refurbishment is complete but Nanotechnology is progressing slower than anticipated due to noise constraints. The building Contractor on the Fuel Cell refurbishment went into receivership last month but immediate measures were put in place to complete the work at no risk to College. The lifts will be completed later in the year.
PLANNED AND PIPELINE PROJECTS

10. **Huxley Building.** The investment of £20m on the general upgrade of the building is on hold pending a review of the potential move of Computing into the SEQ complex.

12. **Blocks L and J (£100m).** L Block Stage D initial design is completed and is being reviewed internally. J Block outline planning design has started. Decant work is now in progress and working towards demolition of both existing buildings next spring. The decant of both NHS Trust and ICL occupants is being closely monitored by the project team. Negotiations with the NHS Trust on a combined heat and power plant and over the contribution towards the imaging facility in the basement are progressing.

13. **St Mary's Campus Triangle Site Rejuvenation (£80m).** The feasibility study has been completed for the new building but funding of the development remains an issue. The Project is currently on hold.

14. **South East Quadrant.** A separate paper will be presented to Council at this meeting.

M.P.K.
PAPER H

SEQ PROGRAMME:
REVIEW OF MASTER PLAN AND REQUEST FOR
RELEASE OF FUNDS FOR NEXT PHASE OF DEVELOPMENT

A Paper by the Principal, Faculty of Engineering

STATUS UPDATE

1. Council members will recall that approval for the first element of the South East Quadrant (SEQ) Programme (Works to the Skempton Building) was given by Council in March 2008. Since then, the SEQ Master Plan has been completed and reviewed by members of the Programme Board and Management Board. The Masterplan is accepted as a sound basis for more detailed development of the SEQ Programme. Since release of the Masterplan, a number of new opportunities have been identified and addressed; these have led to recommendations which increase the amount of usable space in the SEQ complex and also open up opportunities elsewhere on campus for future development.

2. The amendments to the Masterplan are as follows:

   a. A recommendation to add additional space on the west of the Mechanical Engineering Building has been ratified in principle by Management Board. Options being considered would add between 1900 and 4400 sq. m. of additional space. This extension work would be carried out in parallel with the refurbishment of the existing Mechanical Engineering building, i.e. at the end of the programme although some preparatory work to the structure of the building will be carried out in the next immediate phase of the programme and is hence included in the requests being made to Council at this meeting. This preparatory work will be required irrespective of which extension option is finally selected.

   b. The incorporation of the Department of Computing into the SEQ complex is now agreed in principle, subject to reassurance that sufficient space can be provided. Analysis of teaching space being created and our ability to timetable courses so that sharing of such space is optimised, suggest that the inclusion of Computing can be accommodated without further provision of additional space allocated to Shared Teaching. An overall space analysis of Computing’s needs is underway. A key issue being addressed is whether the inclusion of Computing will leave an acceptable amount of space in the complex for departmental expansion or future new initiatives. Undoubtedly, placing Computing within the complex is highly attractive in terms of opening up opportunities for the future development of the Huxley Building.

   c. A study has been commissioned to assess the costs and feasibility of moving the main College Data Centre from the current Mechanical Engineering Building to an alternative location. If such a move is considered desirable and affordable, approximately 800 sq. m. of space would be released, which would ease the demands placed by the inclusion of the Department of Computing.

3. The cost and schedule implications of the above are being assessed. Three elements in particular will have impacts on the budget:

   a. The cost of the chosen Mechanical Engineering building west extension option.

   b. The possible relocation of data centre plant (If the Data Centre remains).

   c. Moving the Data Centre (if it is agreed that a move is desirable).
4. The programme has been designed as a series of sequential and interlocked projects.

5. Funding (£20M) has already been released for work within the Skempton Building. This will deliver a new teaching suite comprising a 182 seat lecture theatre, flexible seminar/teaching rooms and improved usage of space for academic research work.

6. The next major project (funding requested here) is the once and for all refurbishment of levels 0 and 1 of the existing main Mechanical Engineering (ME) building to allow for relocation of the heavy testing equipment which is to be retained in an environment which meets modern health and safety standards and the relocation of various laboratories from elsewhere in the building. This project allows the subsequent demolition of the ME Annexe and Black Tower and in part enables the clearance of the upper levels of the ME building for later refurbishment.

7. The scheduling of the ME building west extensions will not be finalised until completion of the feasibility study, but it is likely that usable space will not be available until year 2014/15 at the earliest although preparatory works would be carried out much earlier.

8. The following diagram shows the locus of these and later components of the programme.

**MEB WEST EXTENSION OPTIONS** (also see Annex A)

<table>
<thead>
<tr>
<th>Option</th>
<th>Area (sqm)</th>
<th>Cost</th>
<th>Impacts to SEQ Programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Full Extension</td>
<td>4,400</td>
<td>£41M</td>
<td>+12mthns schedule / + £10M inflation</td>
</tr>
<tr>
<td>2. Lightweight</td>
<td>1,900</td>
<td>£16M</td>
<td></td>
</tr>
<tr>
<td>2a. Lightweight + infill of DC plant space</td>
<td>2,700</td>
<td>£21M</td>
<td>Requires agreement to remove Data Centre or relocate Data Centre plant (excluded from project costs)</td>
</tr>
</tbody>
</table>
TIME SCALE

9 The overall time scale for the existing Master Plan is as follows:

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>MASTERPLAN DEVELOPMENT</td>
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<tr>
<td>SKEMPTON BUILDING</td>
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<tr>
<td>Enabling Works (Workshops)</td>
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<td>Lecture Theatre</td>
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<tr>
<td>Shared Teaching Space Levels 0 &amp; 1</td>
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<tr>
<td>FACULTY OF ENGINEERING BUILDING</td>
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<tr>
<td>Black Tower Demolition</td>
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<tr>
<td>Faculty of Engineering building</td>
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<td></td>
<td></td>
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<tr>
<td>Skempton Shared Teaching Space Lvl 2</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Mech. Eng. Shared Teaching Lvl 2 &amp; 3</td>
<td></td>
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<tr>
<td>MECHANICAL ENGINEERING BUILDING</td>
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<tr>
<td>West Extensions (see note 1)</td>
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<tr>
<td>Refurbishment Levels 0 &amp; 1</td>
<td></td>
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<tr>
<td>Phased Refurbishment Levels 4 - 8</td>
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</tr>
</tbody>
</table>

LEGEND
- Design, Planning, Procurement
- Enabling & pre-construction Works
- Construction Works
- Critical Path for Faculty of Engineering Building

NOTE 1: Currently assumes ‘Lightweight Option’ with minimal impact to Mech.Eng L0&1 activities.

SPACE IMPLICATIONS OF PROGRAMME

10. The overall programme will create considerable new space and provide even more refurbished space which can be used more efficiently than at present. Approximately 27,000 sq. m. of existing space within the Skempton and Mechanical Engineering Buildings will be refurbished and over 15,000 sq. m. of gross new-build space will be created, giving a total approaching 11,000 sq. m. of additional real estate on the South Kensington Campus. In addition, depending on the option selected, the ME west extensions will provide between 1,900 and 4,400 sq. m. of additional space within the SEQ. Relocation of the Data Centre would release a further 800 sq. m. of space within the overall envelope of the ME building. All calculations are now based on the assumption that the SEQ complex will house the following departments: Mechanical Engineering, Aeronautics, Civil Engineering, Computing and part of the Business School.

FINANCIAL ANALYSIS OF PROGRAMME

11. The current overall cost estimate for the SEQ Programme of work is £276M, although a revision of this total budget cost may be triggered by selection of an alternative option for the ME west extension. This compares to the previous total budget of £268M, which had provisional allowances for decanting works and the ME west extensions. The quoted costs include inflation (at an assumed inflation rate of 6% p.a. until end 2010 and 5% p.a. thereafter), professional fees, furniture and fittings, decant, VAT and provision for key risks. It must be noted, however, that the figures below are largely based on concepts which equate to RIBA Stage B (feasibility) and should therefore be considered to represent the middle of a cost range. Traditionally, a cost review is carried out after RIBA Stage C (outline proposal) when further design has been carried out.
12. A regime of strict cost and change control will be administered by the professional team with the College. Through robust management and a value management approach to scope development the target is to deliver the overall SEQ Programme out-turn cost below the current capital cost estimate figure.

13. The current cost estimates of the individual component parts (as of 27 June 2008) are:

<table>
<thead>
<tr>
<th>Component</th>
<th>£M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skempton Bldg</td>
<td></td>
</tr>
<tr>
<td>Enabling, Lecture Theatre, Levels 0 &amp; 1 Teaching</td>
<td>20</td>
</tr>
<tr>
<td>Level 2 Shared Teaching</td>
<td>7</td>
</tr>
<tr>
<td>Demolitions</td>
<td>6</td>
</tr>
<tr>
<td>Faculty of Engineering New Bldg</td>
<td>108</td>
</tr>
<tr>
<td>ME West Extensions</td>
<td>16</td>
</tr>
<tr>
<td>(subject to completion of feasibility study)</td>
<td></td>
</tr>
<tr>
<td>ME Refurbishment</td>
<td></td>
</tr>
<tr>
<td>Levels 0 &amp; 1 (ME)</td>
<td>27</td>
</tr>
<tr>
<td>Levels 2 &amp; 3 (Shared Teaching)</td>
<td>21</td>
</tr>
<tr>
<td>Levels 4 – 8</td>
<td>52</td>
</tr>
<tr>
<td>Decanting costs</td>
<td>19</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>276</strong></td>
</tr>
</tbody>
</table>

14. These figures do not include an allowance for the costs of moving the Data Centre elsewhere. A feasibility study is underway to assess the implications of such a move.

**APPROVALS**

15. Approvals and requests for release of funds are as follows:

<table>
<thead>
<tr>
<th>Funding Request</th>
<th>Amount</th>
<th>Request Date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEQ Masterplan</td>
<td>£3,047,000</td>
<td>Jan 08</td>
<td>Approved</td>
</tr>
<tr>
<td>Skempton Project</td>
<td>£20,000,000</td>
<td>Feb 08</td>
<td>Approved</td>
</tr>
<tr>
<td>Skempton decanting</td>
<td>£1,200,000</td>
<td>Jul 08</td>
<td>Current Request</td>
</tr>
<tr>
<td>ME Levels 0 &amp; 1 Refurbishment (incl. future proofing for ME West Extension)</td>
<td>£33,800,000</td>
<td>Jul 08</td>
<td>Current Request</td>
</tr>
<tr>
<td>Faculty of Engineering (incl. Shared Teaching &amp; Demolitions) – Design Stage Fees</td>
<td>£14,500,000</td>
<td>Jul 08</td>
<td>Current Request</td>
</tr>
<tr>
<td>Faculty of Engineering Construction Stage</td>
<td>£130,000,000</td>
<td>Q1 2010</td>
<td>Future Request</td>
</tr>
<tr>
<td>ME Levels 4 – 8 Refurbishment</td>
<td>£57,900,000</td>
<td>Q2 2012</td>
<td>Future Request</td>
</tr>
<tr>
<td>ME West Extensions</td>
<td>£15,500,000</td>
<td>Q1 2013</td>
<td>Future Request</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>£275,900,000</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
BENEFIT AND VALUE FOR MONEY ANALYSIS

16. The Programme Board is well aware of the scale of the SEQ Programme – the largest integrated programme the College has undertaken to date. It has therefore sought ways of assessing the benefit and value for money in both strategic terms and by benchmarking against other recent schemes both inside and outside of the College. Excerpts of a detailed report are included here.

17. **Strategic Gains:**

   a. Maximising the development potential of the south-east corner of the campus through the addition of approximately 11,000 sq. m. of new real estate, with the potential to create a further 1,900 to 4,400 sq. m. of additional new space by extending the western side of the ME building (currently under review).

   b. Future development potential from freeing-up circa 12,000 sq. m. of existing real estate outside of the SEQ complex in the Roderic Hill, ACE, Huxley & William Penney buildings once vacated and functions are relocated into the completed SEQ development.

   c. Providing greatly improved working environments through the complete refurbishment and remodelling of around 27,000 sq. m. of existing building space to modern standards, complying with current health and safety and disabled access requirements, allowing the College to retain and recruit world leading staff and students.

   d. Future potential to release an additional 800 sq. m. of space within the development if the Data Centre is relocated (feasibility currently under review).

   e. Capitalising on the opportunity to increase currently limited capabilities, to consolidate current functional space needs and to rationalise the research equipment and facilities required to support the research and teaching functions resulting in:

      (1) A 60% increase in net teaching space to allow for future shared teaching needs.

      (2) A 40% reduction in Aeronautics net research space requirements.

      (3) A 30% reduction in Civil Engineering net research space requirements in Skempton workshop areas.

      (4) An average 15% reduction in ME net space requirements including expanded areas to allow for sharing and collaboration with Aeronautics.

   f. Enhanced space efficiencies from the new buildings and remodelling of existing buildings.

      (1) Up to 15% increase in space efficiency for the new buildings compared to the existing estate.

      (2) Up to 10% increase in usable space for refurbished areas.

COST BENCHMARKS

18. The overall project costs for the SEQ development are estimated at £276M including professional fees, inflation and VAT. The construction cost element of the programme is estimated at £134M (at today’s costs) giving an average construction cost of £2,950/sq. m. for a blend of
refurbishment (60%) and new build (40%). This has been compared to a range of other UK academic institutions that have carried out similar development programmes over the last 5 years and is summarised in the figures and tables below.

19. The nature of the teaching and research to be carried out in the SEQ facilities varies; however, the benchmark projects do not include high containment or bio-medical facilities and hence do provide reasonable benchmarks. Benchmark project construction costs have been normalised for current day costs to ensure a like-for-like comparison with the quoted SEQ construction costs.

### Construction Costs for Academic Research Facilities

<table>
<thead>
<tr>
<th>Benchmarks Projects</th>
<th>£/m²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>500</td>
</tr>
<tr>
<td>SEQ</td>
<td>1000</td>
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<tr>
<td></td>
<td>1500</td>
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<td></td>
<td>2000</td>
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<td>3500</td>
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<td></td>
<td>4000</td>
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<td>4500</td>
</tr>
</tbody>
</table>

20. The following academic projects have been used for the benchmarking exercise (discrete cost information is client confidential and is not presented in this paper):

- The Institute for Manufacturing – University of Cambridge
- Cambridge University Library Phases 1 – 5 – University of Cambridge
- Faculty of Education Building – University of Cambridge
- Faculty of Law – University of Cambridge
- Conference Centre – Cranfield University
- Feasibility for the Micro Technology Centre – University of Liverpool
- New Academic Building – London School of Economics
- INTO Exeter, Teaching Block – Exeter University (excludes student accommodation)
- Corporate & Professional Training Suite – Liverpool John Moores University
- Teaching Faculty – University of Wolverhampton
- New Academic Building – University of Hertfordshire
- Design Academy – Liverpool John Moores University
- Learning Resource Facility – Open University

21. Cost estimates for teaching, office and research/ laboratory space all lie well within the extremes of the range for benchmark projects. Cost estimates also compare favourably with projects carried out within Imperial in recent years.
OTHER COST CONTAINMENT AND LONG TERM BENEFIT MEASURES:

22. The Creation of the SEQ complex through a planned mix of new build and refurbishment will also include significant replacement of plant. The estimated cost savings against the maintenance budget as a result of these investments could be as much as £50M.

23. Life cycle cost considerations are being taken into account in the development of detailed designs.

24. As reported previously to Council, the College intends that the SEQ complex should be an exemplar of energy and environmental efficiency. Between 10 and 20% of energy will be sourced from renewable sources and very significant reductions in CO₂ emissions compared to existing buildings (up to -50% per sq. m. for new build; up to -20% per sq. m. for refurbishments). Overall targets for energy usage reductions are up to 40% for new build when compared to existing buildings and up to 20% for refurbished buildings.

25. The new teaching and learning space will provide new opportunities for revenue generation from Conferences.

REQUESTS FROM COUNCIL:

26. The Council is invited to consider, and if it sees fit, give approval for a total funding sum of £49.5M (incl. VAT), with approval in principle to spend within a cost range of £45M – 55M to cover:

   a. The decanting costs associated with the Skempton Project.

   b. The design and build of levels 0 and 1 in the existing ME building (including future proofing levels 0 and 1 for the proposed ME west extensions).

   c. Design fees for the Faculty of Engineering Building project (elements shown in the funding table above).

JW
June 2008
Annex A

MECHANICAL ENGINEERING BUILDING WEST EXTENSION STUDY

1. Full Extension Option

2. Lightweight Option
### OPTIONS SUMMARY COMPARISON:

<table>
<thead>
<tr>
<th></th>
<th>1. Full Extension</th>
<th>2. Lightweight</th>
<th>2a. Lightweight + DC Plant Area Infill</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Area (sqm)</td>
<td>4,400</td>
<td>1,900</td>
<td>2,700</td>
</tr>
<tr>
<td>Project Cost</td>
<td>£41M</td>
<td>£16M</td>
<td>£21M</td>
</tr>
<tr>
<td>Cost / sqm</td>
<td>£9.3k/sqm</td>
<td>£8.4k/sqm</td>
<td>£7.8k/sqm</td>
</tr>
<tr>
<td>Constraints</td>
<td>-</td>
<td>lightweight (office)</td>
<td>lightweight (office)</td>
</tr>
<tr>
<td>Structural wks/ disruption</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>SEQ schedule impacts</td>
<td>High + 6 to 12 months + £10M inflation</td>
<td>Low &lt;1 month</td>
<td>Low &lt;1 month</td>
</tr>
<tr>
<td>Services</td>
<td>DC plant relocated (included in scope)</td>
<td>DC plant remains</td>
<td>DC plant relocated/ removed (excluded from scope)</td>
</tr>
<tr>
<td>Risk</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
</tr>
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</table>

additional 800 sqm infill once DC plant removed/relocated
INTRODUCTION

1. The President of the Imperial College Union is required to report to the Council each session on the Union’s activities.

2. A copy of the Union’s Annual Report 2007/2008 is enclosed with these Papers.

S.B.
Foreword From the President

Change has been the theme of 2007/2008 for Imperial College Union. Our facilities, decision making structures and staffing arrangements have been altered so that the Union is best placed to continue to meet the needs of our membership in the most equitable and efficient manner possible.

This year we have secured £3.3 million to invested in the East Redevelopment Project and building work is due to start over the coming months. Once this project is complete the student body will have up to date facilities that are fit for the 21st century.

We have also successfully executed the task of implementing the governance reforms which were democratically chosen by the student body last year. Three external trustees were recruited last summer and our new Trustees Board has already provided the organisation with useful perspectives on our finances and refurbishment project that could not be sourced from the otherwise considerable talents of the student body.

The past year has also seen the Union embark on a scheme called the Students’ Union Evaluation Initiative which will provide an independent assessment of our effectiveness across all areas. This will in turn identify areas for continuous improvement which will form the basis of the Union’s next strategic review.

The Union has been proactive over the past year not to lose sight of our residual responsibilities to Wye College and the University of London Union (ULU). We have invested a considerable amount of human resources in ensuring that the remaining students of Wye still have the opportunity through the Union to take advantage of a wide range of opportunities. Our withdrawal from ULU has been a necessary one.

The Union has continued to engage fully with the College where student opinions are sought. This year our work has brought about a change in College policy with regards to the registration status of visiting as PhD students and student representatives continue to contribute to a relevant decision making structure in the College.

To support the Graduate Students’ Association (GSA), the Union has recruited a full-time member of staff to assist time-poor postgraduate representatives with administration.

The Union would not function if it wasn’t for the dedication of over 1000 volunteer officers and staff. It has been a massive privilege to lead Imperial College Union during such an exciting time for the Union and the College. I hope that through my efforts I have repaid the trust that the student body placed in me. On a closing note I would like to wish the new Statistical Team the best of luck for 2008/2009 who will no doubt continue to ensure that the Union evolves, continuing to meet the needs of an ever changing student body.

Stephen Brown
Imperial College Union President 2007/2008
Introduction

Imperial College Union (ICU) is required under the conditions of its Code of Practice with Imperial College London to present an Annual Report and audited financial statements for the year 2007/2008 to the Imperial College London Council. The purpose of this document is to summarise the key achievements of the ICU in the academic year 2007/2008, to set out plans for the 2008/2009 academic year, and to demonstrate that the ICU has been run in a fair and democratic manner and is accountable for its finances.

This report was endorsed by the ICU Executive Committee on 26 June 2008 and by the ICU Council, which is the sovereign body of the Union, on 9 June 2008.

Key Achievements

Belit Redevelopment Project
Funding was secured for Phase 2 of the Belit Redevelopment Project for the Union building. The Plan increases the capacity and flexibility of the building offered for student activities. The centrepiece of this refurbishment will be a new Student Activities Centre where club officers will have a modern facility to:

- Create a new mezzanine second floor in the West wing of the building to allow space for an enlarged Student Activities Centre
- Create a new gymnasium/fitness/dance space on the 3rd floor
- Complete the central core of the building including new rooms for mechanical and electrical engineering in support of future roof plant installation together with fitting out new changing rooms & showers for the new gym/activity/dance space
- Replace the building’s ageing and obsolete electrical infrastructure
- Incorporate where practicable energy efficiency measures to reduce running costs of the building

Structure, Governance and Management

Our new governance arrangements that were approved by Imperial College Council in July 2007 have now been fully implemented. Imperial College Union is governed by a Trustee Board, the majority of whom are current students of Imperial College London. In early 2008 an Audit Committee was set up as part of the continuous refinement of the Union’s new decision making structures. The board is currently comprised of:

- The ICU President
- Imperial College Union Council Chair
- Imperial College Union Court Chair
- 4 Student Trustees elected by cross-campus ballot
- 4 lay trustees who have been recruited on the basis of their skill set

Student Trustee and senior officers are elected by the students of Imperial College London. These positions are advertised across the College and individual students choose to put themselves forward for the positions available. Positions for non-student trustees were advertised based on the additional skills required on the board and following a recruitment process 3 additional trustees joined the board.
Student Activities:

Another outstanding year for Clubs and Societies has seen memberships increase over 12,000, nearly a 10% increase on last year. Around 6,422 students are members of a club or society, representing a participation rate of over 61%. The number of Clubs and Societies has now risen to over 300. While official statistics are hard to find in this area, we believe we are offering a Student Activities programme with one of the highest participation rates and number of clubs of any university in the UK.

Notable events this year have included the Symphony Orchestra winning Symphonia, for best University Orchestra by unanimous judges decision, basking many universities with Music departments. The Boat Club continued to deliver outstanding achievements including an overall 2nd place in the Head of the River and a haul of medals in both the BUSA Small Boats and Sprint regattas.

Imperial played host to the first Inter-University Wu-Shu championships in March as well as hosting the Student Windsurfing Association's Core Event in February. The recently established Political Philosophy Society continued to deliver a series of challenging and sometimes controversial debates, while the Surgical Society sponsored the first Undergraduate Plastic, Reconstructive and Aesthetic Surgery Conference.

The student media at Imperial College Union went from strength to strength with Livit, the student news website of Imperial College being named 'Best Student Website' in The Guardian's Student Media Awards 2007.

The spring term saw the usual plethora of shows and cultural events, with Indian Society's East Meets West being hosted at the London Palladium for the first time.

The summer vacation is shaping up to deliver a number of treats with trips to Montenegro, Norway, Finland, the Czech Republic, South Africa, Sweden, Romania and Argentina planned.

The 2007/2008 sporting season is likely to finish up one of the most successful ever for Imperial. Nine teams won their respective BUSA league: Women's Fencing, Netball 1st, Men's Rugby 1st, Men's Squash 1st, Men's Tennis 2nd, Women's Tennis 1st, Women's Volleyball, Men's Waterpolo and ICSM Women's Badminton. Eighteen teams proceeded to the BUSA knock-out rounds including Women's Fencing and Men's Hockey 1st reaching the quarter finals; Women's Volleyball and Women's Football reaching semi-finals; and Men's Squash winning the BUSA Shield. In one-off competitions successes were seen by Fencing winning a Gold and Bronze medal and by the Boat Club rescuing 163 championship points in just two events; together with excellent performances in Fries, Judo and Snooker.

Around sixty teams competed in the ULU League and Cup competitions. The silverware final of ULU Cup was maintained with Hockey winning both the Men's Challenge Cup and Reserve Cup, Lacrosse winning the Mixed Challenge Cup and Rugby progressing to victory in both the Reserve Cup and Guttridge Cup.
2008 RCUU Science Challenge

This essay writing competition was run by a group of students in the Royal College of Science Union (RCUU) Faculty Union and attracted entries from students at Imperial and schools across the country. The Science Challenge aims to encourage informed debate over current scientific issues facing society, emphasising the importance of scientific communication to students irrespective of their career path and show that science can be fun.

Key Achievements:

- Participation increased sharply from 2007. The number of entries doubled to 260 with several schools running internal competitions first before submitting the winning entries to the organisers.
- Judging Panel of World Leaders
  - Dr Philip Ball, Editor-in-Chief of Nature and Nature Publications
  - Sir Brian Holmes, Director of the Grantham Institute for Climate Change at Imperial
  - Paul Smith, VP Shell Global Solutions

- Science Challenge 2008 website was viewed over 50,000 times and an article about the event was published in Nature.
- This event attracted £30,000 in corporate sponsorship.

Website

Imperial College Union's website imperialcollegeunion.org continues to go from strength to strength. Already the UK's most visited Students Union website, we have continued our growth and usage across the student body and alumni alike.

During the summer of 2007 we added a suite of new tools designed to save Club and Societies Officers time and energy in the running of their activities. Included in these tools are functionality for all Officers to add new products to their online shops and then track the live sales online. These are extremely pleased with the take up of this and hope to see use increase even further next year.

One of the most requested features of information that the Student Activities Centre faced daily has also been put online - a live list of Club or Societies' members. This simple set of data is extremely useful for Club and Society Officers. We also added the ability for Officers to quickly email their members.

Finally we have introduced an online Activity Registration system. Designed to ensure we have an accurate and up-to-date list of attendees on Club and Society trips, events and fixtures, the Activity Registration offers an invaluable tool for both College and the Union in case of problems when Clubs and Societies are away from campus.

Other non Club and Society additions included a new Committees and Meetings system, bringing up-to-date the old system and adding new functionality.

Sales across the site have also seen an increase of 130% on last year with the year's total sales on course to reach over £400,000. This has been helped by a healthy uptake of online tickets to our end-of-term balls and of course the Centenary Ball which sold over 2000 tickets online alone.

Academic Representation

Imperial College Union's elected representatives work with College committees to fulfil our common goal of ensuring that students have an excellent experience. A case in point is the Strategic Education Committee on the topics of assessment feedback and the status of written up PhD students which was well received by the committee.

Information and Advice Centre

The Information and Advice Centre (IAC) has continued developing over the past year. The service now does not just act as an information service, but has started to help students with issues such as: finding landlords to court, accompanying students to meetings with staff, and representing students in academic hearings.

Links with College have been improved, with the service now having a presence at Student Unions meetings and attending regular attending training sessions for new personal tutors.

The IAC has been involved in College projects this year including a large involvement in review of the student death procedure and with the International Office's orientation of new international students; providing training sessions on such issues as TV Licensing, Council Tax and Insurance.

Internally, electronic case management software from Advice UK is being implemented which will provide an enhanced level of statistics to be provided in future. The Student Adviser has undertaken training over the past year, mainly on the updated tenancy deposit scheme.

Enhancements have been made to the IAC pages on the ICU website, including the introduction of a mechanism for students to provide feedback on the service.

HE Funding Survey

This year the Union looked to diversify the ways in which student opinion was collected. In addition to elected officers from departmental level upwards knock-on forums and online survey software was utilised for help as wide as possible. A campus wide survey on the topic of higher education funding, which attracted over 500 responses was executed and an increased use of such technology will be looked into in the future.
Commercial Services

Following a turbulent trading year in 2006/2007 and a management re-structure, the Commercial areas of the Union have stabilised and seen some considerable growth during this academic year. With a range of new initiatives and continued partnership with the College, the achievements of 2007/2008 are setting a strong basis for development over the coming year.

With Phase 1 of the Best Redevelopment Project completed, the bar and catering areas have been able to enjoy an uninterrupted trading environment. In addition to the works completed as part of Phase 1, this year investment has been made in the Catering areas, as part of a partnership arrangement with Imperial College Commercial Services. This partnership will see new furniture and a partial refurbishment of the kitchen areas in Best, to be completed during Summer 2008, in return for College catering providing breakfast service to residential students in Block Hall.

As well as improvements to the catering facilities in Best, investment has been made in improving facilities in the Club’s nightclub. A new state of the art lighting rig has been installed with the aim of enhancing the customer experience and maximising the contribution that our entertainment programme can make to bar and catering trade.

Imperial College Union has built on its evening entertainment successes from 2006/2007, with our most successful event of the year being the annual Christmas Ball held at the end of the Autumn Term. In addition we managed to attract a number of top-name acts, including Radio 1’s Chris Moyles, who held a monthly residency in the Spring Term. Use of the Imperial College Union website to facilitate online ticket sales has helped to contribute to this success.

As a result of the staffing changes in 2006/2007, we now have a full-time Retail Manager, which, together with a new approach to the Union’sRetailoffer on campus, has had a major impact on sales and profit, which, in turn, has enabled us to firmly re-establish the Union’s Retail offer on campus. Turnover across the Union Shop and Newsagent have seen an increase year on year of over 7%. An extremely successful Freshers’ Week, with retail sales topping over £90,000, helped this. This year’s Post-Graduate Commencement Ceremony proved extremely successful and has grown to be a major event for the Union, in line with the Undergraduate equivalent.

This year a number of new lines have been introduced into the Union shops, including ‘Hand Made Bakery’ products, an increased range of stationery and a limited range of ethically sourced jewellery and gifts, all of which have proved to be very successful. In addition to these new lines, Retail staff have been working with the Student Business Services, to design and source a range of branded merchandise.

Through promotions, a focus on promoting major sporting events and a continuous improvement in service standards, the bars in the Union Building have seen a year on year increase in sales of 14%. Freshers’ Week was extremely successful in the bars with a turnover of over £42,000. The Union has continued to capitalise on its location and facilities, selling 783 Reflectivity Club Memberships, allowing our students to use our bars and catering. This reflects our commitment to identifying new revenue streams, particularly in times of low student usage.

The Reynolds Bar at the Chelmsford site, through a huge improvement in management, has seen a staggering growth in turnover of 198% year on year. Due to the changes in teaching provision at the Royal College of Art, the former Union Bar at Wythstane has now been handed over to Imperial College Commercial Services, who will maintain the facility for the first year of Undergraduate teaching at the College.

Catering in the Union continues to be an extremely important service offered to our members. This year our offer has been adapted to introduce a breakfast service and a table-to-order evening menu, while maintaining our excellent value lunchtime provision. These changes and a continuous improvement in service standards and quality have seen a year on year growth in sales of 31%.
Elections

Elections of the 5 Sabbatical Officers who will take office during the 2008/2009 academic year were successfully held in the Spring Term. 2 Student Trustees were also elected by the student body concurrently with the Sabbatical elections. Elections for Faculty Union Presidents were held in May 2008. Turnout for the Sabbatical Officer elections was registered at 17%, which represents a 40% year on year increase.

Position | Holder | Department
--- | --- | ---
ICU President | Jennifer Morgan | Biology
ICU Deputy President (Chairs & Secretary) | Lily Toffan | Medicine
ICU Deputy President (Education & Welfare) | Hannah Theobald | Medicine
ICU Deputy President (Finance & Services) | Christian Carter | Mech Eng
Fell Evaluator | Uyen Hoang | Astrophysics
CSI/CSU Engineering Faculty Union President | Mark Mawer-Smith | Mech Eng
ICSI/CSU Medicine Faculty Union President | Mark Chisholm | Medicine
KCSU Nat. Student Faculty Union President | David Charles | Biology

ICU Affiliations and Donations

In the 2008/2009 academic year ICU affiliated to or donated money to the following external organisations:

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Athletics Club</td>
<td>£1,019.12</td>
</tr>
<tr>
<td>AfriForum Mission</td>
<td>£1,061.98</td>
</tr>
<tr>
<td>Athletics Association (UoB)</td>
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<tr>
<td>Amateur Football Alliance</td>
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<tr>
<td>Amateur Rowing Association</td>
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<tr>
<td>Amateur Swimming Association</td>
<td>£7,091.00</td>
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<tr>
<td>Amnesty International UK</td>
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</tr>
<tr>
<td>Association of British Theatre Technicians</td>
<td>£1,015.00</td>
</tr>
<tr>
<td>Association of Managers in Student Unions</td>
<td>£7,025.00</td>
</tr>
<tr>
<td>British Dragon Boat</td>
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<tr>
<td>British Dodgeball Association</td>
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</tr>
<tr>
<td>British Fencing Association</td>
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</tr>
<tr>
<td>British Golfing Association</td>
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<tr>
<td>British Drinking Association</td>
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<tr>
<td>British Micromachining Council</td>
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<tr>
<td>British Paramedic Society</td>
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<tr>
<td>British Swimming Federation</td>
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<td>British Sub-Aqua Club</td>
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<td>British Universities &amp; Colleges Sport</td>
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<td>British Universities Ice Hockey Association</td>
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<td>British Universities Squash Council</td>
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<td>British Universities Sports Association</td>
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<td>British University Sailing Association</td>
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<td>British Weightlifting Association</td>
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<td>Cape Verdean UK</td>
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<td>Climbing and Rock League</td>
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<td>Chinese Medical Fellowship</td>
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<tr>
<td>Concert Association</td>
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<td>Engineers Without Borders UK</td>
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<tr>
<td>English Athletics</td>
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<td>English Tennis</td>
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Future Plans

Over the course of the next year ICU will endeavour to:

1. Engage fully with the Students’ Union Evaluation Scheme (SUES) that ICU is now committed to participate in. This will give ICU an independent overview of our activities and will highlight areas for future development.
2. Set the terms of reference for our next Strategic Review.
3. Produce a structured plan to raise the necessary capital which will allow us to proceed with Phase 3 of the Beit Redevelopment Project.
Union Awards

In June 2008 the following individuals were awarded colours of ICU:

Half Colours: Awarded to those who have made a ‘significant contribution to the Union through the year in an extraordinary fashion.’

Eunice Agbola
Shrey Amar
John Anderson
Christos Argyriou
Douglas Blackie
Hannah Bocanegra
Ruth Cattell
Felicia Chang
David Cogdell
Jack Comish
Luke Dhamo
Sam Fagdon
Kieran Frietsch
Marsha George
Daniel Hill
Matthew Hoban
Joanne Horton
Fiona Jamieson
Andrew Jesudason
Eleanor Jay
Timothy Kaisning
Jessica Longley
Karriv Lottiker
Peter Mabbett
Guy Martin
Sedra Mansurides
Hannah Monaghan
Chris Namih
Suze O’Shea
Shameem Otaibi
David Paw
Ali Raji
Lele Serrao
Kumaran Sharmugam
Kadhim Shubbar
Rosa Smithies
Andrew Somerville
Amadeus Stevenson
Daniel Wagner
Yun Wang

Full Colours: Awarded to those who ‘stand out through outstanding achievement over the course of the year. These make a significant contribution to the life of the Union.’

Daniel Barrows
Mark Chamberlain
David Charles
Rachel D’Oliveira
Victoria Eriksson
Andrew Essex
Alex Gurney
Robert Jarvis
Jessica Merley
Jonathan Matthews
Jovin Niles
Ian Preece
James Smith
Amrit Warrich
Mary Williamson

Outstanding Service Award
To those who ‘stand out through contributions to a broad spectrum of Union activities.’

Shei Chopra
Janet Frost
Alex Gurney
Jennifer Morgan
Luke Taylor
Lily Topham

Fellowship
To those ‘who have contributed outside the remit of the Union, or those behind the scenes who have contributed to the success of events and Union policy.’

Eugene Chang
Andrew Mason
Emiko Yoshihara

Distinguished Fellowship
To those who have contributed in exceptional ways.

Ashley Brown
Daniel McGuinness
Enni Spentzas

President’s Award
To those who have contributed outstandingly to the Union’s well-being and dedication to improving Union life for students.

Ashley Brown
Hamish Common
Rani Goswami
Thomas Roberts
Imperial College Union

Report Of The Executive Committee
For The Year Ended 31 July 2007

The Executive Committee of Imperial College Union presents its Annual Report together with the audited financial statements of the Union for the year ended 31 July 2007.

Constitution and Objectives

Imperial College Union (the 'Union') is an unincorporated association constituted by virtue of the Royal Charter establishing the Imperial College of Science, Technology and Medicine (the 'College') and under the terms of the College's statutes derived from that Charter and a Constitution approved by the College Council.

Under the terms of its Constitution the Union's aims and objects are:

1. To advance the education of its members and promote, without prejudice, their welfare at all times.
2. To promote and encourage the interest by students in matters outside the College curriculum, especially cultural, social and sporting interests.
3. To represent the needs and interests of its members to Imperial College, the University of London and other external bodies.
4. To provide or secure a range of facilities which advance the interests of the students of Imperial College.

The Union is a charity exempt from registration under the Charities Act 1993, by virtue of being a statutory body and quasi-subsidiary of the College which itself has charitable status.

Executive Committee

Financial Year 2006/2007. The Executive Committee, whose members act as the Charity Trustees of the Union on behalf of the College Council, in the year under review had the following membership:

<table>
<thead>
<tr>
<th>Post</th>
<th>Elected (as at 1 Aug 2006)</th>
<th>Resigned (as at 31 Jul 2007)</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Collins</td>
<td>President</td>
<td></td>
</tr>
<tr>
<td>Eric Liu</td>
<td>Deputy President (Club &amp; Societies)</td>
<td></td>
</tr>
<tr>
<td>Ben Harris</td>
<td>Deputy President (Education &amp; Welfare)</td>
<td></td>
</tr>
<tr>
<td>Jonathan Matthews</td>
<td>Deputy President (Finance &amp; Services)</td>
<td></td>
</tr>
<tr>
<td>Shona Pratka</td>
<td>Deputy President (Graduate Student)</td>
<td></td>
</tr>
<tr>
<td>Ely Chimes</td>
<td>ICUSU President</td>
<td></td>
</tr>
<tr>
<td>James Fisk</td>
<td>ICUSU President</td>
<td></td>
</tr>
<tr>
<td>Jad Manouche</td>
<td>ICUU President</td>
<td></td>
</tr>
<tr>
<td>Emma Parley</td>
<td>Welfare Committee representative</td>
<td>22 March 2007</td>
</tr>
<tr>
<td>Alex Martinson-Dorff</td>
<td>Academic Affairs Committee representative</td>
<td>10 May 2007</td>
</tr>
<tr>
<td>James Wardley</td>
<td>Student Activities Committee representative</td>
<td></td>
</tr>
<tr>
<td>James Miller</td>
<td>Student Affairs Committee representative</td>
<td></td>
</tr>
</tbody>
</table>

The Chair of the Executive Committee was the President John Collins.

Permanent Observers to the Executive Committee were:

- Union General Manager, Peter Haldane
- Head of Finance, Dave Parry
- Head of Commercial Services, Sue Bedford
- Head of Student Services, Robin Pitt
- Honorary Senior Treasurer, Dr Simon Archer

Clerk to the Executive Committee was Rebecca Confield (Administration Coordinator).

Financial Year 2007/2008. As at the date of this report, the Executive Committee comprises:

<table>
<thead>
<tr>
<th>Post</th>
<th>Elected (as at 1 Aug 2007)</th>
<th>Resigned (as at current)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stephen Brown</td>
<td>President</td>
<td></td>
</tr>
<tr>
<td>Alfie Cross</td>
<td>Deputy President (Club &amp; Societies)</td>
<td></td>
</tr>
<tr>
<td>Keenly Paterson</td>
<td>Deputy President (Education &amp; Welfare)</td>
<td></td>
</tr>
<tr>
<td>Christopher Lax</td>
<td>Deputy President (Finance &amp; Services)</td>
<td></td>
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<tr>
<td>Tim Willis</td>
<td>ICUSU President</td>
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<tr>
<td>Tristan Shepherd</td>
<td>CUSU President</td>
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<tr>
<td>Jennifer Morgan</td>
<td>ICUU President</td>
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</tr>
<tr>
<td>Lily Taplin</td>
<td>Clubs and Societies Board Nominee</td>
<td></td>
</tr>
<tr>
<td>Daniel Hill</td>
<td>Clubs and Societies Board Nominee</td>
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<tr>
<td>Hannah Thirsk</td>
<td>Representation and Welfare Board Nominee</td>
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</tr>
</tbody>
</table>
Results For The Year

The Union’s consolidated income and expenditure, before transfers to reserves for the year to 31 July 2007 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2006/2007 £’000</th>
<th>2005/2006 £’000</th>
<th>Change £’000</th>
</tr>
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<tbody>
<tr>
<td>Income</td>
<td>3,320</td>
<td>3,146</td>
<td>174</td>
</tr>
<tr>
<td>Expenditure</td>
<td>(2,291)</td>
<td>(2,122)</td>
<td>(169)</td>
</tr>
<tr>
<td>Surplus/Deficit for the year</td>
<td>39</td>
<td>(14)</td>
<td>25</td>
</tr>
<tr>
<td>Surplus/Deficit as % of income</td>
<td>1.1%</td>
<td>0.4%</td>
<td></td>
</tr>
</tbody>
</table>

The net increase in income arises in the main from:
- £178k increase in Other Income – offset by the decrease of £54k in Trading Income
- £54k increase in Subvention from Imperial College London.

The net increase in expenditure arises mainly from:
- Costs associated with continuing Commercial Operations
- Student activities up £54k due to Clubs and Societies spending more than in previous years from their allocated budgets
- Recoverable VAT of £42k and increases in Trading direct costs are the prime reasons for the net increase of £159k.

Reserves Policy

The Union maintains reserves in accordance with the Charity Commission’s guidance – they represent the ‘free’ reserves available to the Union’s trustees to unrestrictively spend on the purposes of the Union. They do not include any endowments, restricted or designated funds, nor do they include funds that could only be realised by disposing of fixed assets or stocks in trade (or working capital).

In the Executive Committee’s view the Union should maintain ‘free’ reserves that are capable of:
- ensuring that free funds are available to repair, upgrade or replace facilities and equipment as needed; major developments will have their own designated funds and are thus excluded from ‘free’ reserves
- ensuring that staff are able to be paid full entitlements in the event of catastrophic trading failure or reduced support from the College leading to their redundancies
- ensuring that clubs and representation activities are able to be maintained for a full academic year in the case of reduced support from the College.

Executive Officers’ Responsibility For The Financial Statements

The Education Act 1994 and charity law require the Executive Committee, acting in the role of trustees on behalf of the College Council, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Union and of the surplus or deficit of the Union for that period. In preparing those financial statements, the trustees have:

- selected suitable accounting policies and applied them consistently
- made judgements and estimates that are reasonable and prudent
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepared the financial statements on the going concern basis
- assured themselves that the Union is a going concern.

The Union will shortly review its accounting policies and the format in which the financial statements are presented in order to better reflect the full extent of the organisation’s activities. In particular, the Executive Committee is keen to see the financial statements reflect the full value of Clubs and Societies’ activities, rather than just that which is derived from the College subscription. It also wishes to reflect the value of the Union’s fixed assets more fully in the balance sheet, including the fleet of valuable vintage vehicles held as memorabilia.

Internal controls

The Trustees have overall responsibility for ensuring that the Union has appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Union and enable them to ensure that the financial statements comply with the Education Act 1994 and other statutory requirements. They are also responsible for safeguarding the assets of the Union and for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:
- the Union is operating efficiently and effectively
- its assets are safeguarded against unauthorised use or disposition
- proper records are maintained and financial information used within the Union, or for publication, is reliable
- the Union complies with relevant laws and regulations.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:
- an annual budget approved by the Executive Committee and Honorary Senior Treasurer
- delegation of authority and segregation of duties
- identification and management of risks.

The Union is reviewing its systems in particular to allow for more regular consideration by the trustees of financial results, variance from budgets, non-financial performance indicators and benchmarking reviews.

Investment Policy

The majority of the Union’s investments are managed by the College Finance Division and the Executive Committee is content that they have been well managed on the Union’s behalf. However, the dissolution of the College Investments Committee (on which the Union President at one time served) means the Union now has no direct oversight of such investment management.
Imperial College Union

Report Of The Auditors To The Members
For The Year Ended 31 July 2007

We have audited the financial statements of Imperial College Union for the year ended 31 July 2007 which comprise the Income and Expenditure account, Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Union’s members as a body. Our audit work has been undertaken so that we might state to the Union’s members those matters we are required to state to them in our auditors’ report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Union, and the Union’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities Of The Executive Committee And Auditors

As described in the Statement of Responsibilities, the Executive Committee is responsible for the preparation of the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you if, in our opinion, the Executive Committee’s Report is not consistent with financial statements, the Union has not kept proper accounting records, and if we have not received all the information we require for our audit.

We read the Executive Committee’s Report and consider the implications for our report if we become aware of any apparent mis-statements within it.

Basis Of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, in a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the officers in the preparation of the financial statements and of whether the accounting policies are appropriate to the Union’s circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Union’s affairs as at 31 July 2007 and of its surplus for the year then ended.

Kincropper & Co. Chartered Accountants
8/9 Well Court
London, EC3V 5DN
13th October 2007

For and on behalf of the Executive Committee,

Stephen Brown
President Imperial College Union
Chairman Executive Committee

Union Building
Bat Quadrangle
Prince Consort Road
London SW7 2BB

13th October 2007
Imperial College Union

Income And Expenditure Account
For The Year Ended 31 July 2007

<table>
<thead>
<tr>
<th>Note</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>INCOME</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscriptions</td>
<td>1,134,000</td>
<td>1,095,000</td>
</tr>
<tr>
<td>Testing Income</td>
<td>1,886,756</td>
<td>1,885,253</td>
</tr>
<tr>
<td>Other Income</td>
<td>20,357</td>
<td>98,545</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>3,321,103</strong></td>
<td><strong>3,078,898</strong></td>
</tr>
<tr>
<td>EXPENDITURE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Teaching Direct Costs</td>
<td>1,063,819</td>
<td>1,064,090</td>
</tr>
<tr>
<td>Union Officers' Salaries</td>
<td>42,726</td>
<td>40,887</td>
</tr>
<tr>
<td>Students' Activities</td>
<td>614,000</td>
<td>462,781</td>
</tr>
<tr>
<td>General Administration</td>
<td>510,899</td>
<td>468,228</td>
</tr>
<tr>
<td>General Costs</td>
<td>10,117,131</td>
<td>10,117,131</td>
</tr>
<tr>
<td>Depreciation</td>
<td>17,594</td>
<td>227,361</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>21,170,972</strong></td>
<td><strong>21,170,972</strong></td>
</tr>
<tr>
<td>OPERATING SURPLUS/(DEFICIT)</td>
<td>2006</td>
<td>2005</td>
</tr>
<tr>
<td></td>
<td>38,171</td>
<td>13,372</td>
</tr>
<tr>
<td>Unrealised gains on investments</td>
<td>9,000</td>
<td>10,146</td>
</tr>
<tr>
<td>Transfers from past and commercial development funds</td>
<td>21,000</td>
<td>21,000</td>
</tr>
<tr>
<td>Net Surplus for the year</td>
<td>£478,972</td>
<td>£207,540</td>
</tr>
</tbody>
</table>

All the activities of the Union relate to continuing operations.

All gains and losses for the above two financial years have been recognised in the income and expenditure account.

---

Imperial College Union

Balance Sheet
As At 31 July 2007

<table>
<thead>
<tr>
<th>Note</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>TANGIBLE FIXED ASSETS</td>
<td>14</td>
<td>1,564,497</td>
</tr>
<tr>
<td>INVESTMENTS</td>
<td>15</td>
<td>384,475</td>
</tr>
<tr>
<td>CURRENT ASSETS</td>
<td>16</td>
<td>384,475</td>
</tr>
<tr>
<td>Stocks</td>
<td>17,128.72</td>
<td>17,128.72</td>
</tr>
<tr>
<td>Debtors</td>
<td>161,913</td>
<td>36,279</td>
</tr>
<tr>
<td>Short term deposits</td>
<td>1,383,263</td>
<td>1,383,263</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>496,705</td>
<td>496,705</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>2,150,546</strong></td>
<td><strong>2,150,546</strong></td>
</tr>
<tr>
<td>CReditORS: falling due within one year</td>
<td>18</td>
<td>£221,477</td>
</tr>
<tr>
<td>NET CURRENT ASSETS</td>
<td>1,418,069</td>
<td>1,340,540</td>
</tr>
<tr>
<td>TOTAL ASSETS LESS CURRENT LIABILITIES</td>
<td>2,090,454</td>
<td>1,957,656</td>
</tr>
<tr>
<td>CReditORS: falling due after more than one year</td>
<td>19</td>
<td>10,520</td>
</tr>
<tr>
<td>Deferred Capital Grants</td>
<td>19</td>
<td>10,520</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>2,090,454</strong></td>
<td><strong>1,957,656</strong></td>
</tr>
</tbody>
</table>

Represented by:

- General Fids | 19 | 1,912,500 | 1,893,500 |
- Investment Reserves | 20 | 124,370 | 124,370 |
- Equipment and Commercial Development funds | 21 | 178,500 | 178,500 |

£1,912,500
£1,912,500

This financial statements are pages 10 to 23 were approved by the Imperial College Union Executive Committee on 17th October 2007

I signed on its behalf by

Stephen Brown
President 2007/2008

Dr. Simon Archer
Honorary Senior Tutor

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Imperial College Union
Imperial College Union

Balance Sheet
As At 31 July 2007

<table>
<thead>
<tr>
<th>Note</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating surplus/(deficit)</td>
<td>47,078</td>
<td>23,518</td>
</tr>
<tr>
<td>Depreciation</td>
<td>142,890</td>
<td>428,990</td>
</tr>
<tr>
<td>Investment income</td>
<td>88,090</td>
<td>88,710</td>
</tr>
<tr>
<td>Increase in market value of investments</td>
<td>93,929</td>
<td>93,944</td>
</tr>
<tr>
<td>Decrease/increase in stock</td>
<td>(2,025)</td>
<td>2,765</td>
</tr>
<tr>
<td>Decrease/increase in debtors</td>
<td>(333,232)</td>
<td>32,174</td>
</tr>
<tr>
<td>Increase/decrease in creditors</td>
<td>(96,999)</td>
<td>(982,591)</td>
</tr>
<tr>
<td>Decrease in deferred income</td>
<td>6,686</td>
<td>(1,673,738)</td>
</tr>
</tbody>
</table>

NET CASH INFLOW FROM OPERATING ACTIVITIES | (16,678) | 19,752 |

Investment Income | 98,659 | 92,744 |

Capital Expenditure:
Payments to acquire tangible fixed assets | (1,002,422) | 1,004,619 |
Deferred Capital Grants | 203,957 | 203,957 |

Management Of Liquid Resources | 202,160 | 270,371 |

CHANGE IN CASH | 181,453 | 177,637 |

RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN FUNDS

Increase / (Decrease) in cash in the year | 195,424 | 177,017 |
Cash flow from (decrease) / increase in liquid resources | (202,560) | (203,723) |
Change in net funds | (18,797) | (5,130) |

NET FUNDS AT 1 AUGUST 2006 | 1,878,588 | 2,009,219 |

NET FUNDS AT 31 JULY 2007 | £1,676,227 | £1,676,658 |

Imperial College Union

Notes To The Accounts
For The Year Ended 31 July 2007

Accounting Policies

Accounting Convention

The financial statements have been prepared under the historical cost conventions and in accordance with applicable Accounting Standards.

Stock

Stock is valued at the lower of cost and net realisable value.

Tangible Fixed Assets

Fixed assets are depreciated over their estimated useful economic lives. The principal rates used for this purpose are:

- Fixtures, fittings, equipment and motor vehicles: 20% - 50%
- Assets under construction: no depreciation

Operating Leases

Operating lease rentals are charged to the income and expenditure account as incurred.

Capital Grants

Capital grants received in respect of fixed assets are credited to the income and expenditure account at the same rate as the depreciation charge to which they relate.

Equipment And Commercial Development Funds

Equipment and commercial development funds, disclosed in note 21, represent funds allocated for future expenditure on equipment and commercial development by relevant committees.

Pensions

The Union participates in the Universities Superannuation Scheme (USS) and Superannuation Arrangements for the University of London (SAUL). Both are defined benefit schemes and are externally funded and contracted out of the State Earning Related Pension Scheme. The income and expenditure account reflects the contributions payable as stipulated by the Pension Scheme Trustees.

Liquid Resources

Liquid resources consist of cash held by Imperial College on behalf of the Union for investment purposes.

Investment

Investments are stated at market value at the balance sheet date.
# Imperial College Union

**Notes To The Accounts (Continued)**  
**For The Year Ended 31 July 2007**

1. **INCOME**  
Income is stated net of VAT and trade discounts. Where variable VAT has been charged to the income and expenditure accounts unless it relates to a capital asset in which case it is included as part of the cost of the asset.

2. **NET TRADING SURPLUS**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Turnover</td>
<td>Direct costs</td>
<td>Net Surplus</td>
<td>Turnover</td>
<td>Direct costs</td>
<td>Net Surplus</td>
</tr>
<tr>
<td>Shop</td>
<td>8</td>
<td>645,628</td>
<td>970,780</td>
<td>805,088</td>
<td>814,628</td>
<td>840,618</td>
</tr>
<tr>
<td>Refectory</td>
<td>10</td>
<td>812,399</td>
<td>1,016,102</td>
<td>118,314</td>
<td>815,789</td>
<td>889,580</td>
</tr>
<tr>
<td>Entertainment</td>
<td>48</td>
<td>48,395</td>
<td>84,023</td>
<td>35,528</td>
<td>43,145</td>
<td>71,040</td>
</tr>
<tr>
<td>Room rentals</td>
<td>78,963</td>
<td>80,968</td>
<td>72,275</td>
<td>91,676</td>
<td>85,176</td>
<td>88,343</td>
</tr>
<tr>
<td>Games machines</td>
<td>3,117</td>
<td>2,117</td>
<td>4,994</td>
<td>4,994</td>
<td>4,994</td>
<td>4,994</td>
</tr>
<tr>
<td>STA travel</td>
<td>13,716</td>
<td>13,716</td>
<td>13,716</td>
<td>13,716</td>
<td>13,716</td>
<td>13,716</td>
</tr>
</tbody>
</table>

|       | (£2,086,726) | (£1,049,950) | (£3,150,030) | (£1,903,875) | (£2,170,610) | (£1,968,663) |

3. **OTHER INCOME**

<table>
<thead>
<tr>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Investment income</td>
<td>90,800</td>
</tr>
<tr>
<td>Summer Ball (net)</td>
<td>12,922</td>
</tr>
<tr>
<td>Careers fair</td>
<td>45,151</td>
</tr>
<tr>
<td>Van hire (net)</td>
<td>31,043</td>
</tr>
<tr>
<td>Life membership (net)</td>
<td>1,756</td>
</tr>
<tr>
<td>Other income</td>
<td>14,740</td>
</tr>
<tr>
<td>Sundry income</td>
<td>15,713</td>
</tr>
</tbody>
</table>

|       | £399,940 | £389,462 |

Investment income is analysed between the Union’s activities as follows:

- Bar: 16,016
- Shop: 18,231
- Other: 60,609

4. **UNION COMMITTEES**

- Executive and Student activities Committee: 29,956
- Minor Committees: 3,064
- Other clubs: 1,428
- Nursery: 5,000

|       | £3,773 | £8,000 |

5. **STUDENT ACTIVITIES**

- Subsidiary salaries and accommodation: 164,982
- Office running: 6,048
- Utilities: 3,884
- Clubs’ net expenditure (see note 11): 307,704
- Depreciation charges (see note 9): 16,000
- P&I (see note 12): -
- PAS (see note 12): 524,889

|       | £154,000 | £465,701 |

6. **GENERAL ADMINISTRATION**

- Salaries: 380,522
- Other staff costs: 2,920
- Training: 6,879
- Printing, stationery, postage, advertising, and photostating: 15,413
- Telephone and tax: 10,823
- Insurance and professional fees: 350
- Bank charges: 12,258
- Insurable VAT: 42,616
- Miscellaneous: 19,700
- Bad debt expenses: 18,183

|       | £450,480 | £488,274 |

7. **PREMISES COSTS**

|       | 46,971 | 46,907 |
|       | 16,028 | 20,840 |
|       | 54,999 | 45,848 |

|       | £128,108 | £113,665 |

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### Imperial College Union

**Notes To The Accounts (Continued) For The Year Ended 31 July 2008**

<table>
<thead>
<tr>
<th>6</th>
<th>DEPRECIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
</tr>
<tr>
<td>Charges for the year</td>
<td>542,690</td>
</tr>
<tr>
<td>Recharged to other cost centres</td>
<td>116,093</td>
</tr>
<tr>
<td>Income receivable relating to capital expenditure</td>
<td>80,151</td>
</tr>
<tr>
<td><strong>Total Depreciation</strong></td>
<td><strong>537,954</strong></td>
</tr>
</tbody>
</table>

The depreciation charge for the year is analysed between the Union's activities as follows:

- **Shop**
  - 2,457
- **Bedestory**
  - 6,510
- **Clubs & Exts & Vens**
  - 16,390
- **Other**
  - 25,969

**Total Depreciation**

<table>
<thead>
<tr>
<th>9</th>
<th>SHOP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>845,078</td>
</tr>
<tr>
<td>Costs of sales</td>
<td>840,160</td>
</tr>
<tr>
<td>Gross profit</td>
<td>4,918</td>
</tr>
<tr>
<td>Other income</td>
<td>205,897</td>
</tr>
<tr>
<td>Staff costs</td>
<td>270,738</td>
</tr>
<tr>
<td>Expenses</td>
<td>55,763</td>
</tr>
<tr>
<td>Stock written off</td>
<td>42,117</td>
</tr>
<tr>
<td>Net surplus/(deficit)</td>
<td><strong>(136,988)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10</th>
<th>REFECTORY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>912,369</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>499,089</td>
</tr>
<tr>
<td>Gross profit</td>
<td>413,280</td>
</tr>
<tr>
<td>Other income</td>
<td>506,265</td>
</tr>
<tr>
<td>Staff costs</td>
<td>969,403</td>
</tr>
<tr>
<td>Other expenses</td>
<td>505,040</td>
</tr>
<tr>
<td>Net surplus/(deficit)</td>
<td><strong>(142,937)</strong></td>
</tr>
</tbody>
</table>

### 11 | CLUBS' EXPENDITURE |

<table>
<thead>
<tr>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASCE</strong></td>
<td>955,490</td>
</tr>
<tr>
<td><strong>ACC Exec</strong></td>
<td>247,030</td>
</tr>
<tr>
<td><strong>CDR Exec</strong></td>
<td>89,616</td>
</tr>
<tr>
<td><strong>ICSM Exec</strong></td>
<td>272,729</td>
</tr>
<tr>
<td><strong>AM Exec</strong></td>
<td>35,701</td>
</tr>
<tr>
<td><strong>GOC Exec</strong></td>
<td>100,834</td>
</tr>
<tr>
<td><strong>RCU Exec</strong></td>
<td>116,852</td>
</tr>
<tr>
<td><strong>RRC Exec</strong></td>
<td>47,650</td>
</tr>
<tr>
<td><strong>RSM Exec</strong></td>
<td>20,839</td>
</tr>
<tr>
<td><strong>SGC Exec</strong></td>
<td>90,290</td>
</tr>
<tr>
<td><strong>Shored Exec</strong></td>
<td>56,459</td>
</tr>
<tr>
<td><strong>Vip Exec</strong></td>
<td>32,525</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,332,128</strong></td>
</tr>
</tbody>
</table>

### 12a | RAU |

<table>
<thead>
<tr>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>11,539</td>
</tr>
<tr>
<td>Expenses</td>
<td>4,780</td>
</tr>
<tr>
<td>Balance payable to RAU</td>
<td>7,759</td>
</tr>
</tbody>
</table>

### 12b | RAG (ICSMUS) |

<table>
<thead>
<tr>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>120,806</td>
</tr>
<tr>
<td>Expenses</td>
<td>98,689</td>
</tr>
<tr>
<td>Balance payable to RAG</td>
<td>24,371</td>
</tr>
</tbody>
</table>

### Imperial College Union

**Notes To The Accounts (Continued) For The Year Ended 31 July 2007**

<table>
<thead>
<tr>
<th>11</th>
<th>CLUBS' EXPENDITURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>Expenses</td>
</tr>
<tr>
<td>------</td>
<td>-------</td>
</tr>
<tr>
<td>ASCE</td>
<td>(955,490)</td>
</tr>
<tr>
<td>ACC Exec</td>
<td>(247,030)</td>
</tr>
<tr>
<td>CDR Exec</td>
<td>(89,616)</td>
</tr>
<tr>
<td>ICSM Exec</td>
<td>(272,729)</td>
</tr>
<tr>
<td>AM Exec</td>
<td>(35,701)</td>
</tr>
<tr>
<td>GOC Exec</td>
<td>(100,834)</td>
</tr>
<tr>
<td>RCU Exec</td>
<td>(116,852)</td>
</tr>
<tr>
<td>RRC Exec</td>
<td>(47,650)</td>
</tr>
<tr>
<td>RSM Exec</td>
<td>(20,839)</td>
</tr>
<tr>
<td>SGC Exec</td>
<td>(90,290)</td>
</tr>
<tr>
<td>Shored Exec</td>
<td>(56,459)</td>
</tr>
<tr>
<td>Vip Exec</td>
<td>(32,525)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,332,128</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income</th>
<th>Expenses</th>
<th>Net Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>RAU</td>
<td>11,539</td>
<td>11,810</td>
</tr>
<tr>
<td><em>Clubs overpayment 2005/2006</em></td>
<td>(470)</td>
<td>(11,860)</td>
</tr>
<tr>
<td>Donated to Charities</td>
<td>(5,049)</td>
<td>(5,049)</td>
</tr>
<tr>
<td>Balance payable to RAU</td>
<td>7,759</td>
<td>10,640</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income</th>
<th>Expenses</th>
<th>Net Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>RAU</td>
<td>120,806</td>
<td>71,778</td>
</tr>
<tr>
<td><em>Clubs overpayment 2005/2006</em></td>
<td>(98,689)</td>
<td>(200,761)</td>
</tr>
<tr>
<td>Donated to Charities</td>
<td>(24,371)</td>
<td>(29,397)</td>
</tr>
<tr>
<td>Balance payable to RAU</td>
<td>24,371</td>
<td>29,397</td>
</tr>
</tbody>
</table>


---

### TAXATION

The Union is exempt from corporation tax on its charitable activities.

### TANGIBLE FIXED ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Assets under construction</th>
<th>Fixtures, fittings, equipment and motor vehicles</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 August 2009</td>
<td>247,714</td>
<td>2,975,732</td>
<td>3,223,446</td>
</tr>
<tr>
<td>Additions</td>
<td>965,122</td>
<td>3,360</td>
<td>1,002,482</td>
</tr>
<tr>
<td>Deductions</td>
<td></td>
<td>840,500</td>
<td>460,500</td>
</tr>
<tr>
<td><strong>At 31 July 2007</strong></td>
<td><strong>3,242,248</strong></td>
<td><strong>2,969,232</strong></td>
<td><strong>6,211,480</strong></td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 August 2006</td>
<td>-</td>
<td>2,626,781</td>
<td>2,626,781</td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td>540,690</td>
<td>540,690</td>
</tr>
<tr>
<td><strong>Charge for the Year</strong></td>
<td><strong>1,182,470</strong></td>
<td><strong>2,626,781</strong></td>
<td><strong>3,809,251</strong></td>
</tr>
<tr>
<td>At 31 July 2007</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,626,781</td>
<td>2,626,781</td>
</tr>
<tr>
<td>Net book value</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>At 31 July 2007</strong></td>
<td><strong>3,242,248</strong></td>
<td><strong>1,182,470</strong></td>
<td><strong>4,424,718</strong></td>
</tr>
<tr>
<td><strong>2007</strong></td>
<td><strong>3,242,248</strong></td>
<td><strong>1,182,470</strong></td>
<td><strong>4,424,718</strong></td>
</tr>
</tbody>
</table>

### SHORT TERM DEPOSITS

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market deposits</td>
<td>£1,981,068</td>
<td>£1,982,260</td>
</tr>
</tbody>
</table>

The Money Market deposits are managed on behalf of the Union by Imperial College.

### CREDITORS

- Amounts falling due within one year:
  - Trade creditors: 124,769
  - Members’ funds: 216,658
  - BAP Credit: 53,972
  - Other creditors: 2,946
  - Payment received on account: 6,015
  - VAT: 7,990
  - Imperial College not: 274,744
  - Accruals: 27,502
  - Deferred income: 11,935

- Amounts falling due after more than one year:
  - Deferred income: £787,477

### INVESTMENTS

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,000 (1/4GI) Clandon Income Units Market Value</td>
<td>£129,916</td>
<td>£179,695</td>
</tr>
</tbody>
</table>

### DEBTORS

- Amounts falling due within one year:
  - Trade debtors: 1,658
  - Other debtors: 4,227
  - Provision for Bad Debts: 91,079
  - Prepayments: 62

- Amounts falling due after more than one year:
  - Accrued income: 21,598

- Total: 157,279

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Imperial College Union

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Imperial College Union
### Imperial College Union

**Notes To The Accounts (Continued)**

**For The Year Ended 31 July 2007**

#### 20 (b) GENERAL FUNDS

<table>
<thead>
<tr>
<th></th>
<th>Imperial College Union</th>
<th>Trading</th>
<th>Clubs and Societies</th>
<th>Capital Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>At 1 August 2006</td>
<td>£537,301</td>
<td>£500,989</td>
<td>£40,989</td>
<td>£804,675</td>
<td>£1,479,985</td>
</tr>
<tr>
<td>Transfer from/off income and expenditure account</td>
<td>147,514</td>
<td>(84,653)</td>
<td>38,054</td>
<td>-</td>
<td>18,913</td>
</tr>
<tr>
<td>Transfer from/off capital funds (Note 19)</td>
<td>120,866</td>
<td>225,327</td>
<td>58,512</td>
<td>(284,876)</td>
<td>-</td>
</tr>
<tr>
<td>At 31 July 2007</td>
<td>(£851,924)</td>
<td>(£850,989)</td>
<td>(£137,422)</td>
<td>(£1,839,325)</td>
<td>(£1,377,898)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Imperial College Union</th>
<th>Trading</th>
<th>Clubs and Societies</th>
<th>Capital Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>At 1 August 2006</td>
<td>(£130,638)</td>
<td>(£205,347)</td>
<td>(£88,362)</td>
<td>(£304,347)</td>
<td>(£984,675)</td>
</tr>
<tr>
<td>Transfer from/off Main Funds</td>
<td>(100,596)</td>
<td>(100,596)</td>
<td>(100,596)</td>
<td>(100,596)</td>
<td>(100,596)</td>
</tr>
<tr>
<td>At 31 July 2007</td>
<td>£521,324</td>
<td>£521,324</td>
<td>£521,324</td>
<td>£521,324</td>
<td>£521,324</td>
</tr>
</tbody>
</table>

#### 20 (b) INVESTMENT REVALUATION RESERVE

<table>
<thead>
<tr>
<th></th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 August 2006</td>
<td>£114,067</td>
</tr>
<tr>
<td>Add: Unrealised income</td>
<td>0.263</td>
</tr>
<tr>
<td>At 31 July 2007</td>
<td>£114,320</td>
</tr>
</tbody>
</table>

#### 21 EQUIPMENT AND COMMERCIAL DEVELOPMENT FUNDS

<table>
<thead>
<tr>
<th></th>
<th>Clubs and Societies</th>
<th>Vehicle Replacement</th>
<th>Basement equipment reserve</th>
<th>Strategic development</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>At 1 August 2006</td>
<td>£387,787</td>
<td>£200,014</td>
<td>£</td>
<td>£112,655</td>
<td>£708,456</td>
</tr>
<tr>
<td>Transfer to income and expenditure account</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 July 2007</td>
<td>£387,787</td>
<td>£200,014</td>
<td>£</td>
<td>£112,655</td>
<td>£708,456</td>
</tr>
</tbody>
</table>

### Imperial College Union

**Notes To The Accounts (Continued)**

**For The Year Ended 31 July 2007**

#### 22 ANALYSIS OF CHANGES IN NET FUNDS

<table>
<thead>
<tr>
<th></th>
<th>Cash at bank</th>
<th>Short term deposits</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>At 1 August 2006</td>
<td>£455,705</td>
<td>£1,039,253</td>
<td>£1,495,958</td>
</tr>
<tr>
<td>Cash Flow</td>
<td>106,636</td>
<td>222,250</td>
<td>328,886</td>
</tr>
<tr>
<td>At 31 July 2007</td>
<td>£562,341</td>
<td>£1,261,503</td>
<td>£1,822,844</td>
</tr>
</tbody>
</table>

#### 23 RELATED PARTY TRANSACTIONS

Imperial College provides the Union with an annual grant, as shown in the income and expenditure accounts, and accommodation, for which no charge is made. Balances due to and from the College at 31 July 2007 are shown in the notes to the financial statements.
Pension Schemes

The Union participates in two separate, independently managed, defined benefit, occupational pension schemes which are contracted out of the State Second Pension (SSP), each is valued by professional qualified and independent actuaries internally. The USS & SAUL pension schemes do not disclose information in accordance with FRS17, as no valuations have been prepared under this basis. It is not possible for any of the schemes to identify the Union’s share of the underlying assets and liabilities of the schemes and hence contributions to the schemes are accounted for as if they were defined contribution schemes.

Therefore the following notes for the pension schemes detail only information in respect of the latest actuarial valuations.

**USS**

Staff paid on academic and academic-related scales, who are otherwise eligible, can acquire pension rights through the Universities Superannuation Scheme (USS), which is a national scheme administered centrally for UK universities.

The assets of the scheme are held in a separate trustee-administered fund.

The most recent formal actuarial valuation was carried out as at 31 March 2005.

At the valuation as at 31 March 2005, the market value of the assets of the scheme was £21,740 million and the value of liabilities was £21,706 million leaving a surplus of assets of £0.034 million. This represents a funding shortfall of 0.0% compared to a funding surplus of 101% at the previous valuation.

The Union’s contribution rate will be maintained at 14% of salaries. Surpluses or deficits which arise at future valuations may impact on the Union’s future contribution commitment.

**SAUL**

Other non-academic staff who are otherwise eligible, can acquire pension rights through the Superannuation Arrangements of the University of London (SAUL) which is a centrally administered scheme primarily for the University of London. The most recent formal actuarial valuation was carried out as at 31 March 2006. The actuarial valuation as at 31 March 2006 applies to the scheme as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, there was a deficit of £166 million representing a funding level of 93%.

The contribution rate was increased to 13% (from 10.5%) of pensionable salaries per annum for existing employers from 1st August 2006.

The main assumptions of the most recent valuation of the two schemes, under the projected unit basis, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>USS</th>
<th>SAUL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment return per annum</td>
<td>-3.5%</td>
<td>-5.5%</td>
</tr>
<tr>
<td>Past service liabilities</td>
<td>-6.2%</td>
<td>-6.5%</td>
</tr>
<tr>
<td>Future service liabilities</td>
<td>3.5%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Pension increase per annum</td>
<td>2.9%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>
INTRODUCTION

1. Last year the Council approved a significant redraft of the Union’s Constitution. This year I am not proposing any significant amendments to this document, but I would like this opportunity to make some minor changes and corrections for the sake of consistency and coherence.

SUMMARY OF THE PROPOSED AMENDMENTS

2. We would like to delete Paragraph 34 which outlined the transitional arrangements for the governance of the Union whilst we set up our new Trustee Board. As the Trust Board is now in place, these transitional arrangements are no longer necessary.

   “34. Until the appointment of at least three Full Members of the Union and three Lay Trustees (under Paragraph 27d and 27e), there shall be an Interim Trustee Board with such powers and membership as the Council may determine. The membership shall include those who would be Trustees upon the Board coming into force. Until the Board comes into force, the Council shall be the sovereign and governing body of the Union in all respects except those matters that are set out in Paragraph 49, over which the Court shall be sovereign.”

3. In Paragraph 112, we propose to add a subsection (i) for the Code of Practice to clarify the status of the Code of Practice as a Regulation of the Union.

4. In Paragraph 22 of Regulation 1, we propose that the word “Part” should be substituted for “Paragraph”. This is to correct a typographical error.

5. Paragraph 36.a. of Regulation 1 should be changed from

   “A term of office as Trustee or in a post deriving ex officio Trustee status concludes”

   To

   “His or her term of office as a Trustee or in a post conferring ex officio Trustee status comes to an end and is not renewed.”

6. A copy of Regulation 2, the Union Court, is attached at Annex A. This shows a number of proposed amendments, which have been highlighted in the text.

7. When the Regulation 8, Financial Regulations, was approved last year, the Deputy President, Finance and Services, was given delegated authority to approve expenditure up to £10K, with the Union’s Executive Committee authorising expenditure between £100K and £500K. There is therefore a £90K gap in authorisation levels; it is proposed to address this by allowing the Deputy President to approve expenditure up to £50K with the Executive Committee authorising expenditure between £50K and £500K. To correct this, paragraphs 23 and 24 of Regulation 8 will need to be amended to change “£10,000” to “£50,000” in
Paragraph 23 and £100,000 to £50,000 in Paragraph 24. This proposed amendment was discussed with and endorsed by the Audit Committee in June 2008.

**DECISION REQUIRED**

8. The Council is invited to consider, and if it sees fit, to approve the proposed amendments to the Imperial College Union's Constitution.

S.B.
1. The Minutes of the meetings of the Senate held on 7 May and 18 June 2008 are attached. The following points are drawn to the attention of the Council.

**MINUTE 1118 – MATTERS ARISING**

2. **Appointment of PhD Examiners.**

   a. The Senate was informed that following revisions to the procedure for the appointment of research degree examiners, agreed by Senate on 20 February 2008, the University and College Union (UCU) had sent a letter and report to the Rector on 11 April 2008. The UCU had received a large number of emails from members expressing concern that the revised procedure stated that internal examiners of research degrees should normally be Professors or Readers. There was also concern that no vote had been taken on the revisions at the last Senate meeting.

   b. The Senate reconsidered the revised procedure and agreed that no further changes were required to this. The statement that the internal examiner should normally be a Reader or Professor was appropriate. In the increasingly litigious society in which universities operated, it was important for the College to have a clearly defined procedure.

   c. The Senate also noted that while the UCU had expressed concern that no vote had been taken at the February Senate meeting, it was very rare indeed for Senate to take a vote on any particular matter.

**MINUTE 1120 – PRO RECTOR (EDUCATION)’S BUSINESS**

3. **Registry Reorganisation.** The Senate was informed that a project team, comprising Professor Julia Buckingham, Mr Richard Barnard, Mrs Heather Allan and Professor Denis Wright, was working in close association with the various stakeholders to take forward the planned reorganisation of Registry. A number of small working groups had been established to review and address specific issues; in addition, meetings with key staff from the academic departments (in particular DUGs and DPSs), support service Divisions and student body were being held to maximise the opportunity for consultation and discussion.

4. **Teaching and Learning Day.** The Senate was informed that a Teaching and Learning Day had been organised for 19 November 2008. The day would raise the profile of teaching within the College and enable staff to review current practices and explore options for further development.

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1. The Senate Minutes are not included with these Minutes.
MINUTES 1121 AND 1141 – REVIEWS OF RESEARCH TRAINING IN THE DIVISIONS OF EPIDEMIOLOGY, PUBLIC HEALTH AND PRIMARY CARE AND SURGERY, ONCOLOGY, REPRODUCTIVE BIOLOGY AND ANAESTHETICS

5. The Senate received overall positive reports from the Quality and Academic Review Committee on research training in the Division of Epidemiology, Public Health and Primary Care and the Division of Surgery, Oncology, Reproductive Biology and Anaesthetics, and asked the Divisions to report back to the QARC in 12 months’ time on action taken in response to the reports.

MINUTE 1139 – RECTOR’S BUSINESS

6. **Student Selection.** The Senate was informed that, following discussion of student recruitment at the Rector’s Away Day in February 2008, the Strategic Education Committee had set up a Working Party, led by Professor Tom Welton, to look at the most effective ways of selecting the best students and consider whether tools for student selection could be used to meet the College’s needs. The Working Party would report, via SEC, to the Management Board. The Senate and the Recruitment and Admission Policy Committee would be updated on the Working Party’s findings in due course.

MINUTE 1140 – REVIEW OF UNDERGRADUATE TEACHING IN THE DEPARTMENT OF LIFE SCIENCES (BIOCHEMISTRY)

7. The Senate received an overall positive report from the Quality and Academic Review Committee on undergraduate teaching in the Department of Life Sciences (Biochemistry) and asked the Department to report back to the QARC in 12 months’ time on action taken in response to the report.

MINUTE 1142 – QUALITY AND ACADEMIC REVIEW COMMITTEE

8. **Review of Quality Assurance Processes.** The Quality and Academic Review Committee had noted that the Strategic Education Committee had agreed that a Working Party should be established to review the College’s existing quality assurance processes and make recommendations for change. There were concerns, at least in some parts of the College, that the current processes put unreasonable demands on staff time, that they had been introduced reactively rather than proactively and that they did not take best advantage of currently available IT systems. The Working Party would report to SEC in early 2009.

MINUTE 1143 – STRATEGIC EDUCATION COMMITTEE

9. **Writing Up Status for Research Students.** The Senate agreed modifications to writing up status for research students, with effect from 1 October 2008, to bring enhanced benefits to students and align the College with practice adopted by other Russell Group universities.

MINUTE 1148 – RECRUITMENT AND ADMISSION POLICY COMMITTEE

10. **Application Statistics.** The Senate was informed that the Recruitment and Admission Policy Committee had considered application statistics to date for the 2008 intake. Undergraduate statistics as at 14 May continued to reflect a lower decrease (6%) in overall applications than expected, given the limiting of UCAS choices from 6 to 5 (17%). Offers against applications reflected a slight drop, probably associated with increased A-level requirements for some courses. However, acceptances at this stage had increased by 6.3% overall, although those from overseas applicants had dropped by 14.2%. A working party would be established to investigate the reason
for these declines. Postgraduate statistics showed an increase of 30%, predominantly on the PGT side and, at this level, the ratio of sources of applicants remained 17% Home: 17% EU: 66% Overseas.

V.McC.
INTRODUCTION

1. When the College obtained its independence and became a University in its own right on 8 July 2007, a new governance structure for the College was implemented. This structure, which was approved by the Council in March 2007, was predicated on the following hierarchy of governing documents:

   a. The Charter (granted by Her Majesty the Queen).
   b. The Statutes (as approved by the Privy Council).
   c. Ordinances (approved by the College Council).
   d. Regulations (responsibility for the approval of which can be delegated by the Council to other bodies).
   e. Academic Regulations (approved by the Senate).
   f. Policies, procedures and codes of practice (approved by the Council or the Management Board or other bodies as appropriate).

2. Although the Council approved a large number of new Ordinances at the same meeting (most of which were either derived from the previous Statutes or were replacing the College’s old Regulations), no attempt at that time was made to revise or update the College’s Financial Regulations.

3. The College’s Finance Regulations have now been comprehensively reviewed to ensure that they are consistent with this revised governance structure. The existing Finance Regulations do not satisfactorily deal with the existence of the College Fund Board, the Student’s Union and the College’s subsidiary companies nor the introduction of the new Finance Ordinance, and have generally become out of date.

4. Changes are proposed to ensure the College’s Financial Ordinance and Regulations are appropriate for the College’s requirements going forward and to provide a clear control mechanism that is sufficient to allow the Council to discharge its obligations whilst also allowing sufficient flexibility for practical application.

5. At the same time, other related Ordinances covering whistleblowing, fraud and the designation of College Officers have been reviewed and updated.
CHANGES TO THE FINANCIAL ORDINANCE AND REGULATIONS

STATUTORY OBLIGATIONS OF THE COUNCIL

6. Under clause 5(e) of the Statutes, the Council exercises all the powers of the University including the specific functions:

“(e) …….to be responsible for the efficient management and good conduct of all aspects of the affairs of the University (including its finances and property);

(f) to make, amend or revoke such Ordinances, Regulations and decisions as are necessary to fulfil the responsibilities under the preceding sub-paragraph;”

PROPOSED STRUCTURE

7. The key change to the proposed structure for the financial governance mechanism is that the control mechanism should be split into two sections:

a. The Financial Ordinance, which will be approved by the Council and which will be sufficient to discharge the Council’s specific obligations.

b. Subordinate Financial Regulations, which will be produced by the Director of Finance and approved by the Management Board. These will be reviewed an annual basis. Further details are set out below and a diagram showing the proposed structure is attached at Annex A.

8. Financial Ordinance C1

a. This overarching financial ordinance will include all of the key requirements for successful financial management. It is intended that this will apply to all parts of the University Group; that is the College, the College Fund Board, the Students’ Union, and most of the College’s subsidiary companies.(1)

b. It includes a mixture of:

(1) Key issues, such as the process for delegation of authority, Audit procedures, conflict of interest/ fraudulent irregularities and the giving of guarantees and indemnities, which are considered vital for good financial management and which are therefore set (and can only be approved by) Council; and

(2) Delegation of responsibility to the Director of Finance to ensure the appropriate regulations are in place to control other activities such as banking and treasury management, expenditure controls, the purchase of goods and services.

9. Finance Regulations. These are detailed provisions which set out the regulations as determined by the Director of Finance in accordance with his obligations under Ordinance

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1. The position of Imperial Innovations is different to that of the other subsidiary companies because it is a publicly listed company and because the shareholders agreement provides that the relationship between the College and Innovations should have an ‘arms-length’ relationship. Consequently, not all sections of the Ordinance will apply to publicly listed subsidiaries such as Innovations. However, those sections which do, or do not, apply are clearly set out in the Ordinance.
C1. The Finance Regulations have been drafted to apply solely to the academic College. However, the Financial Ordinance includes an obligation on the College Fund, the Students’ Union and the subsidiary companies to draw up their own equivalent finance regulations. In the absence of any such equivalent approved finance regulations, the College’s main Finance Regulations shall apply.

10. The benefit of this approach is an improved flexibility and appropriateness, although the Council will need to be aware that, under this revised structure, it is delegating responsibility for dealing with some of the less important financial procedures.

CHANGES TO OTHER ORDINANCES

WHISTLEBLOWING (ORDINANCE D18)

11. Ordinance D18, Investigation of Public Interest Disclosures, has been reviewed in the light of recent experience and the latest guidance produced by, amongst others, the charity, Public Concern at Work. Following this review, a number of amendments are now proposed to the Ordinance. The main amendments, which have also been checked with the College’s legal advisors, are as follows:

a. The preamble has been expanded to give more information about the type of disclosures which are protected by legislation.

b. Staff intending to make a disclosure can now discuss their intentions with, and seek advice from, the College Secretary or the Head of HR Operations.

c. The disclosure definitions have been amended to bring them in line with those disclosures that are specifically protected by legislation.

d. Complainants are now obliged to keep their complaints confidential while the College is conducting an investigation.

FRAUD

12. The College’s current anti-fraud procedures are contained in Finance Regulation B2, Policy and Response Plan for the Treatment of Fraud & Irregularities. These were previously the responsibility of Internal Audit.

13. These procedures have now been reviewed and substantially amended to take account of best practice in the sector. It is proposed that the revised fraud procedures should be approved as a new Ordinance, Ordinance C2, Policy and Response Plan for the Treatment of Fraud and Irregularities, and that these should be the responsibility of the College Secretary rather than Internal Audit.

COLLEGE OFFICERS

14. The list of approved College Officers sets out those Officers who, amongst other things, are authorised to sign documents under the College Seal. It is proposed that the Director of the Research Office should be added to the list of approved College Officers under Ordinance D3, College Officers.
DECISIONS

15. These revised Ordinances, together with the amended Financial Regulations, were considered by the Management Board at its meeting held on 30 May 2008. The Management Board agreed to recommend that the Audit Committee and the Council approve the proposed revisions to the Ordinances. The Management Board also approved the new Financial Regulations, with the proviso that these would only come into effect if the Council approved the revised Ordinance C1.

16. The Audit Committee considered the revised Ordinances at its Meeting held on 11 June 2008 and similarly agreed to recommend that the Council approve the proposed revisions.

17. The Council is now invited to consider, and if it sees fit:

   a. Approve the proposed amendments to Ordinance C1, Financial Matters, Ordinance D18, Investigation of Public Interest Disclosures, and Ordinance D3, College Officers.

   b. Approve the proposed new Ordinance C2, Policy and Response Plan for the Treatment of Fraud and Irregularities.

R.F.E.

Annexes:


B: Proposed amendments to Ordinance C1, Financial Matters.

C: Proposed amendments to Ordinance D18, Investigation of Public Interest Disclosures

D: Proposed new Ordinance C2, Policy and Response Plan for the Treatment of Fraud and Irregularities

E: Proposed amendments to Ordinance D3, College Officers.
PROPOSED FINANCIAL GOVERNANCE STRUCTURE

COLLEGE CHARTER AND STATUTES
(Approved by Privy Council)

COLLEGE ORDINANCES
(Approved by Council)
Ordinance C1
Financial Matters

COLLEGE FINANCIAL REGULATIONS
(Approved by the Management Board)

SUBSIDIARY COMPANY FINANCE REGULATIONS
(Approved by the Rector and Director of Finance)

STUDENTS UNION FINANCE REGULATIONS
(Approved by the Rector and Director of Finance)

COLLEGE FUND FINANCE REGULATIONS
(Approved by the College Fund Board)
INTRODUCTION

1. This Ordinance is made by the Council of the University pursuant to Statutes 3(5)(e) and 3(5)(f) and in accordance with its statutory responsibilities for the proper control of the financial business of the University. The Ordinance applies to the conduct of all financial business of the University Group (as defined in paragraph 7b), including the Imperial College Fund, the Imperial College Union and all Subsidiary Companies, except that certain paragraphs, clearly indicated within the text below, do not apply to Imperial Innovations. It applies irrespective of the source of funding.

2. The Ordinance sets out key responsibilities for financial matters within the University Group. Anyone who deals with financial matters must observe it.

3. Breach of this Ordinance may result in disciplinary action being taken against the person concerned under the terms of their employment contract with the University or a Subsidiary Company or, in the case of students, under the College Disciplinary Procedure.

4. It is the duty of the Director of Finance and the College Secretary to ensure that this Ordinance is reviewed periodically and modified where necessary to reflect organisational or other changes within the University.

5. The Management Board, acting on the advice of the Director of Finance, is empowered by this Ordinance to devise Financial Regulations to ensure the efficient management and good conduct of the all the College’s finances. The College Fund Board is required to devise and approve detailed financial regulations for the College Fund. The President of the Imperial College Union and the Directors of each Subsidiary Company are required to devise detailed financial regulations suited to the needs of their parts of the University Group, such regulations to be approved by the Rector with the advice of the Director of Finance. In the event of conflict between this Ordinance and any such subordinate regulations this Ordinance shall prevail.

DEFINITIONS AND ABBREVIATIONS

6. Unless defined otherwise in the following paragraphs, words which have been defined in the College’s Charter, Statutes or Ordinances shall (unless the context requires otherwise), bear the same meaning in this Ordinance. Rules of Interpretation applying to the Charter, Statutes or Ordinances (and in particular those contained in Ordinance A1), shall apply. The words and phrases “other”, “including” and “in particular” shall not limit the generality of
any preceding words, or be construed as being limited to the same class as the preceding
words where a wider construction is possible.

7. The following terms and abbreviations shall, save where the context requires
otherwise, have the meanings indicated below wherever they occur in this Ordinance:

a. “the University” means the Imperial College of Science, Technology and
   Medicine, including its constituent faculties, divisions, departments, institutes, centres
   and other organisational units, including the Imperial College Union and the Imperial
   College Fund;

b. “the University Group” means the University and all its Subsidiary
   Companies.

c. “the College” means the Imperial College of Science, Technology and
   Medicine, including its constituent faculties, divisions, departments, institutes, centres
   and other organisational units but excluding the Imperial College Union and the
   Imperial College Fund.

d. “the College Fund” has the meaning ascribed by paragraph 12 hereof, and “the
   College Fund Board” has the meaning ascribed by Ordinance F1;

e. “the Council” means the supreme governing body of the University,
   established by the Royal Charter, with powers and functions set out in Statute 3(5);

f. “Department” shall encompass faculties, divisions, departments, institutes,
   centres, operating units providing support and any other subordinate organisational
   units within the College, by whatever name they are known;


    g. “Director of Finance” refers to the College’s Director of Finance (as opposed
       to any Departmental officers with a similar designation, or any such officer of a
       Subsidiary Company or of the Imperial College Union). Functions required to be
       performed by the Director of Finance may, in his absence, be fulfilled by the Chief
       Operating Officer, the College Secretary or such other College Officer as the Rector
       may from time to time determine;

h. “College Officer” has the meaning ascribed by Ordinance D3;

i. “Head of Department” means any person who is so designated by the Rector;

j. “Budget Holder” has the meaning ascribed by paragraph 25 of this Ordinance;

k. “HEFCE” means the Higher Education Funding Council for England;

l. “VAT” means Value Added Tax;

m. “Subsidiary Company” has the meaning ascribed by section 1159 of the
   Companies Act 2006, as amended, updated or replaced.
h. “Imperial Innovations” means Imperial Innovations Group plc (Company Registration No. 05796766) and all its Subsidiary Companies

FINANCIAL RESPONSIBILITY WITHIN THE UNIVERSITY

8. **The Council.** The Council is 'the governing and executive body of the College', and is responsible for the finance, property, investments and general business of the College, and for setting its general strategic direction. The constitution, powers and functions of the Council are set out in Statute 3. To perform these responsibilities effectively, it delegates detailed management to officers and committees, retaining ultimate responsibility subject to the statutes.

9. **The Court.** The Court is a large, formal body, whose constitution, powers and functions are set out in Ordinance A7. It meets at least once a year, *inter alia* to receive the College's Annual Report and audited Financial Statements.

10. **The Audit Committee.** The Audit Committee’s Terms of Reference are set out in Ordinance A9. The members of the Audit Committee are appointed by the Council from amongst its external members. It keeps under review the effectiveness of internal control systems, and in particular it reviews the external auditors’ management letter, the internal auditors' annual report, and the management responses; and considers the Annual Financial Statements (in the presence of the external auditor) including the auditor’s formal opinion, the statement of members’ responsibilities and any corporate governance statement.

11. **The Remuneration and Nominations Committee.** The terms of references of The Remuneration and Nominations Committee are set out in Ordinance A9. It agrees the salaries of the Rector and senior College staff; reviews the College’s overall remuneration and reward strategy; and makes nominations for appointment to the Council and the Court and to other bodies for which the Council is the appointing authority. Its membership comprises the Chairman and three external governors, with the Rector, Deputy Rector, Clerk to the Council and Court and Director of HR in attendance.

12. **The College Fund.** The College Fund is an operational entity, legally an integral part of the University, whose defined purpose is to undertake the stewardship of College’s investment assets and to deliver a regular flow of unfettered funds back to the University. The Council has delegated authority for the stewardship of assets held within the College Fund (subject always to this Ordinance and Ordinance F1) to a separately constituted College Fund Board.

13. **The Rector.** The Rector is the academic and administrative head of the College, appointed by Council under University Statute 8(1)(a), whose duties are set out in Ordinance D2. He is the Principal Accounting Officer for the purposes of the Memorandum of Understanding with the HEFCE.

14. **The Chief Operating Officer.** The Chief Operating Officer is the head of support services of the University and is responsible to the Rector. Functions required under this Ordinance to be performed by the Chief Operating Officer may, in his absence, be fulfilled by the Director of Finance, the College Secretary or such other College Officer as the Rector may from time to time determine.
15. **The Director of Finance.** The Director of Finance is responsible to the Chief Operating Officer. The Director of Finance is responsible for:

- a. Ensuring that adequate controls and procedures are in place to record all transactions of the University in an accurate and timely manner;
- b. The provision of financial information and advice to all Budget Holders; and
- c. Advising the relevant university bodies and officers on financial policies and planning, and the financial implications of any proposals.

Functions required under this Ordinance to be performed by the Director of Finance may, in his absence, be fulfilled by the Chief Operating Officer, the College Secretary or such other College Officer as the Rector may from time to time determine.

16. **Financial Memorandum with HEFCE.** The Council is responsible for ensuring that the University complies with the Financial Memorandum with HEFCE and any related guidance issued by HEFCE under the Financial Memorandum. HEFCE must be satisfied that the Council has appropriate arrangements for financial management and accounting and that the uses to which HEFCE funds are put are consistent with the purposes for which they were given. The Council is also required to ensure that the University has a robust system of internal financial management and control and that value for money is delivered from public funds. The Financial Memorandum sets out detailed guidelines covering a number of areas referred to in these regulations; in such cases this Ordinance has been framed to incorporate the requirements of the Financial Memorandum.

**RISK MANAGEMENT**

17. The University acknowledges the risks inherent in its business, and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. The University publishes detailed guidance on the management of risk, in a policy document with which all Members of the University are required to comply.

**DELEGATION OF POWERS AND RESPONSIBILITIES**

18. The following principles apply to all delegated authorities within the University:

- a. In specific instances, which are clearly indicated in this Ordinance, the person designated to fulfil a particular function is required to fulfil the responsibility personally. In such cases, further delegation is not permitted. Where he or she is unavailable, authority must pass up the line rather than down it.

- b. In all other cases, authority may be delegated downwards, but on the understanding that adequate controls are to be put in place by the delegator to ensure that the delegatee fully understands his obligations. The main elements of the matters delegated must be recorded in writing, for the avoidance of doubt between delegator and delegatee. Although the responsibility for carrying out certain duties may be
delegated, together with the authority and resources to carry them out, the person making the delegation is not absolved by this from his overarching responsibility and the delegator continues to bear managerial responsibility.

c. Where Members of the University delegate their powers to third parties, it is the duty of the delegator to ensure continuing compliance with this Ordinance.

FINANCIAL PLANNING

19. The Council is responsible for long and short-term planning and allocation of resources to all parts of the University Group, and for producing plans in accordance with HEFCE requirements.

20. The Rector is responsible for advising the Council on all aspects of the College’s Strategic Plan and its implications for the College’s financial well-being, as is the Chairman of the College Fund on behalf of the College Fund and the President of the Imperial College Union for the Students Union.

FINANCIAL REPORTING, ACCOUNTING RECORDS AND INFORMATION

21. The Director of Finance shall produce, within six months after the end of the University’s financial year, group accounts for that year, which shall be presented to the Council after review by the Audit Committee.

22. The Director of Finance shall also provide the Council with management accounts, trading accounts and such other information relating to the financial affairs of the University as it may from time to time require.

23. The Director of Finance shall establish and document accounting policies for the University Group to be agreed by the Audit Committee. All accounting systems and records within the University Group shall be maintained in accordance with the requirements of the Director of Finance. The Accounting Policies shall comply with, and will be amended as required in line with changes in, generally accepted accounting principles for the UK (“UK GAAP”) and the Statements of Recommended Practice (“SORP”).

BUDGETS AND ALLOCATION OF RESOURCES

24. The Council shall determine the Budget for the University once a year, before the commencement of the financial year. It is the duty of the Rector, the Chairman of the College Fund Board and the President of the Imperial College Union to report to the Council any material variations to the expected outcome which come to their notice during the course of the year, and if necessary seek sanction for any additional expenditure.

25. The Council delegates details of the budgetary allocations to the Rector, the Chairman of the College Fund Board and the President of the Imperial College Union, each for their respective areas of responsibility within the University, and who in turn delegate, within their
agreed allocations, to Principals of Faculties, Heads of Department, Directors of Support Service units etc. Anyone to whom budgetary responsibility is delegated is known, for the purposes of this Ordinance, as a “Budget Holder”. In every case, the Budget Holder is answerable to his line manager for financial control of his budget, in accordance with directions given from time to time.

EXPENDITURE CONTROL

26. The Director of Finance is required to ensure that proper procedures exist for the control of expenditure against approved budgets throughout the University Group.

27. Budget Holders must ensure that expenditure incurred within their budgets complies with these procedures. Budget Holders may, subject to the term of this Financial Ordinance and of any Financial Regulations or procedures issued by the Director of Finance, delegate authority to incur expenditure within their budgets, but they will at all times retain ultimate responsibility for the control of such expenditure.

28. Budget Holders are required to make themselves aware of, and abide by, any budgetary constraints imposed on particular accounts by the University, HEFCE, research sponsors or other agencies. The Director of Finance will from time to time issue directions concerning use and nature of the various types of account.

INCOME CONTROL

29. The Director of Finance is responsible for ensuring that appropriate procedures exist to enable the University Group to receive all income to which it is entitled, and for the prompt collection, security and banking of all funds received.

30. The Rector is responsible for ensuring that authorisation processes exist for all University Group income streams, except that this obligation will be fulfilled by the Chairman of the College Fund Board in respect of income of the College Fund, by the President of the Imperial College Union in respect of Students Union income.

TAXATION

31. The Director of Finance is responsible for ensuring compliance with tax obligations, as required, throughout the University Group.

BANKING AND TREASURY MANAGEMENT

32. The banking and treasury management policy for the University Group (other than Imperial Innovations) shall be decided from time to time by the Council.

33. The Director of Finance shall be responsible for ensuring that proper procedures exist for the efficient management of cash resources belonging to the University Group, including
the operation of bank accounts, investment of short-term deposits, signing of cheques and other financial instruments, electronic funds transfers, etc.

34. Banking arrangements for all of the University’s Subsidiary Companies and for the Imperial College Union shall be determined by their respective boards of directors/trustees, subject to approval by the Director of Finance.

35. No Member of the University is empowered to open or operate bank accounts or establish investment funds for sums belonging to the University and/or which bear the name of the University or any department, section or campus of the University, other than in accordance with the foregoing paragraphs.

BORROWING AND SECURITY FOR BORROWING

36. Subject to the restrictions which may be contained in any trust deed or other document, the University is empowered to raise money by borrowing or by selling, converting, calling in, mortgaging or otherwise charging all or any part of the property of the University.

37. Arrangement for exercising borrowing powers on behalf of the University shall be made only by the Director of Finance. Subsidiary Companies are not permitted to borrow (except through group treasury management arrangements), without the approval of the Director of Finance, unless there is a specific legal agreement in place with the College that allows otherwise.

38. Council’s approval must be obtained prior to establishing any new borrowing facility which exceeds the limit on delegation set out in Ordinance A4.

INDEMNITIES AND GUARANTEES

39. The power to give guarantees and indemnities in the University’s name shall be exercisable only by the Rector or the Chairman of the College Fund Board, or those to whom they have delegated responsibility in accordance with Paragraph 18 above.

40. Wherever commercially viable, the University’s exposure under each indemnity or guarantee shall be protected by insurance.

41. The prior approval of the Council must be obtained before any guarantee or indemnity is given which exceeds the limit for acquisition or disposal of assets which is set out in Ordinance A4, except that such approval shall not be required if external insurance has been effected to fully protect the University’s exposure; or the guarantee or indemnity is given by one part of the University Group in favour of another, such that the overall exposure of the University is unaffected (e.g. parent company guarantees).

42. The Director of Finance is responsible for maintaining a central record of all guarantees and indemnities given by the University.
PURCHASE OF GOODS AND SERVICES

43. The Director of Finance shall be responsible for ensuring that proper procedures exist for University purchasing.

44. All employees involved in purchasing must ensure that value for money is obtained, which they may be called upon to demonstrate in particular contracts or transactions.

45. Gifts, vouchers, hospitality or payments offered personally to any Member of the University by any external organisation which has, or is seeking to establish a contractual relationship with the University must not, if the gift’s value exceeds £25, be accepted without the approval of the employee’s line manager. If the value of any proposed gift exceeds £500, the express written approval of the Director of Finance must also be obtained prior to acceptance. The Director of Finance will maintain a register of any such large gifts, for report annually to the Audit Committee.

46. Private purchases through University channels shall not be permitted, except with the express written approval of the Director of Finance, or through a scheme that has been approved by the Director of Finance.

TRAVEL AND SUBSISTENCE EXPENSES

47. The Director of Finance shall be responsible for devising and publishing rules relating to expenses for University Group employees (other than employees of Imperial Innovations), students and visitors travelling on College business.

CAPITAL EXPENDITURE

48. The University’s capital investment plan is approved by the Council within the context of the Strategic Plan (see paragraphs 19 and 20 of this Ordinance). The Rector is responsible for presenting the capital investment plan to Council on an annual basis, and for providing interim updates whenever necessary.

49. The Director of Finance is responsible for ensuring that procedures are in place for the authorisation of all Capital Expenditure throughout the University Group, except that this provision shall not apply to Imperial Innovations, whose directors will make their own arrangements.

PROJECT APPROVALS

The College Fund’s Non-Core Assets

50. Subject to Paragraph 52 below and to any conditions imposed by the Council in relation to the Strategic Assets as defined in Ordinance F2, final approval for those projects dealing exclusively with Non-Core Assets held within the College Fund as defined in Ordinance F2 shall be delegated to the College Fund Board.
51. Where a project involves both Non-Core and other College assets, the project will be subject to the project approval requirements set out in Paragraphs 52 - 55 below in respect of other College assets.

**All Other Project Approvals**

52. Final approval for those projects with a total value of less than £5M shall be delegated to the Rector, as advised by the Management Board.

53. Final approval for those projects with a value exceeding £5m but less than £10M, which have been included in the University’s Capital Investment Plan and which have been approved in principle by the Council, shall be delegated to the Rector, as advised by the Management Board.

54. The Rector, as advised by the Management Board, shall have delegated authority to approve expenditure up to a maximum of £5M, where such expenditure is required for development work on a project to be carried out prior to its inclusion in the Capital Investment Plan.

55. For those projects with a total cost in excess of £10M which have been included in the Capital Investment Plan and which have been formally approved by the Council, the Rector, as advised by the Management Board, shall have delegated authority to approve subsequent variations to the total cost of the project, provided that the variation does not exceed 10% of the total project cost (regardless of whether this variation is the result of a single increase or of the aggregation of two or more smaller increases). This delegation of approval only applies to project changes and does not apply to variations between a project’s initial cost estimates and the receipt of firm tenders.

**INVESTMENTS**

56. Subject to any obligation to which the College is bound in respect of any monies held by it on trust, and any relevant law, monies in the hands of the University and available for investment may be invested by the University in any of the following modes or objects of investment:

   a. By placing them on deposit with any bank or licensed deposit taker;

   b. By investing them in such stocks, funds, shares, securities and other investments (including land of any tenure or any interest therein) of whatsoever nature and wheresoever and whether involving liability or not, as the Council shall, in its absolute discretion, think fit.

57. The Council shall have the power at any time and from time to time by writing to appoint (and in like manner to revoke or to vary the terms of any such appointment) any person or persons including a company or firm to act as investment advisers or investment managers and to permit any monies, investments or other property belonging to or in the hands of the University to be registered or held in the name or names of any nominee or nominees on behalf of the University without being liable for any loss occasioned thereby in each case subject to such conditions and upon such terms (including the payment of
remuneration) as shall from time to time be agreed in writing between the Council and such person or persons as aforesaid.

58. The College Fund Board is responsible to the Council for the management of the College’s investment assets that have been formally transferred to it in accordance with Ordinance F2. In the case of any investment asset which is not vested in the College Fund Board the Rector is responsible to the Council for its management.

SUBSIDIARY COMPANIES

59. In accordance with its statutory powers, the University has the power to establish Subsidiary Companies as vehicles for carrying out commercial activities or for other purposes. Subsidiary Companies may be established, and the injection of investment or loan capital authorised by the Rector and Director of Finance. In addition, subject to the agreement of the Director of Finance, the College Fund Board shall have the authority to establish Subsidiary Companies in order to undertake commercial activities in relation to assets within the College Fund (the "Fund Subsidiaries").

60. This Ordinance shall apply to the financial affairs of the Subsidiary Companies, except in so far that their Memoranda and Articles of Association require otherwise, or where special arrangements have been agreed by the University’s Audit Committee. Any proposed amendments to the Memorandum or Articles of Association of any Subsidiary Company must be referred to the University’s Director of Finance for approval prior to adoption by the company in general meeting.

61. Each Subsidiary Company shall adopt its own internal Financial Regulations, approved by the Rector, with the advice of the Director of Finance, covering similar matters to those set out in the College’s Financial Regulations. All Subsidiary Company accounts are consolidated into the University’s published accounts and Subsidiary Companies are required to maintain their financial records in accordance with the University Group’s accounting policies.

62. Where the University has the power to appoint:
   a. directors to the board of a company; and/or
   b. representative(s) at shareholder meetings

such directors or shareholder representatives shall be appointed and removed by the Rector; except that the Chairman of the College Fund Board shall have the power to appoint and remove such persons in respect of Fund Subsidiaries.

63. The Auditors of Subsidiary Companies shall be nominated by the University’s Audit Committee.

64. The financial year-end of subsidiaries shall coincide with that of the University unless otherwise agreed by the University Audit Committee. The Director of Finance shall ensure compliance by Subsidiary Companies of their statutory filing obligations.
65. Subsidiary Companies must (save where precluded by external regulatory prohibition) provide the University’s Director of Finance with such budgetary and other financial information concerning the conduct of their business as he may from time to time require.

DONATIONS AND TRUST FUNDS

66. The Council is responsible for ensuring that all of the University’s trust funds are operated in accordance with any relevant law and the specific requirements for each Trust. This obligation is delegated to the Director of Finance in accordance with paragraph 18 hereof.

67. The Director of Finance is responsible for ensuring that appropriate procedures exist for the consideration and acceptance of donations.

INSURANCE

68. The Council shall be responsible for determining the University’s overall strategy for insurance, risk management and risk transfer. Subject to this, the Director of Finance is responsible for insurance matters.

69. The Director of Finance must be informed at once if any new activity is commenced which materially affects the University’s overall exposure to an insurable risk, or if substantial additional property is acquired, requiring to be insured. The Director of Finance shall maintain a register of insurance policies.

SIGNING OF LEGAL DOCUMENTS

70. The Rector shall be responsible for ensuring that arrangements for authorising and signing legal documents in the University’s name are devised and published.

71. Documents that are required to be signed under the Common Seal of the University shall be authorised, signed and sealed in accordance with the terms of Ordinance A6.

ASSET REGISTERS

72. The Director of Finance is responsible for maintaining an inventory of all land and buildings owned or leased by the University Group.

73. The Director of Finance is responsible for devising and publishing policies and procedures for the maintenance of asset registers for University equipment and other capital items. These will include arrangements for the sale or disposal of obsolete or surplus University equipment.
INTELLECTUAL PROPERTY

74. The Council is responsible for determining policy concerning the ownership, protection and exploitation of patents, copyright and other forms of intellectual property arising anywhere within the University Group.

75. Intellectual property rights arising from work done by employees of the University in the course of their normal duties belongs to the University, rather than to the employee personally. The University has a policy for rewarding employees who produce commercially valuable intellectual property in the course of their work.

76. The College has entered into an agreement with Imperial Innovations whereby Imperial Innovations is granted a right of first refusal for exploitation of all intellectual property arising from work done by employees of the university in the course of their employment.

PRIVATE WORK

77. Rules governing private work undertaken by University employees in their own time are set out in their conditions of service. Private work must not impair the performance of employees’ University duties nor conflict with the interests of the University.

78. Registers of Interests shall be maintained, showing details of external consultancies, directorships and membership of external committees held by employees of the University, members of the Council and College Officers. Responsibility for maintaining such registers rests with:

a. The College Secretary in respect of members of Council and College Officers; and

b. The Director of Human Resources in respect of all other employees of the University.

79. Under no circumstances shall stationery (printed or otherwise) bearing the University’s name, letter heading, crest or logo be used in connection with private work.

80. Companies and other business entities are permitted to trade from University premises only if written authority has been given by the Rector, the Chairman of the College Fund Board or those to whom they have explicitly delegated this power.

CONFIDENTIALITY, SECURITY AND ACCESS TO FINANCIAL INFORMATION

81. Other than the University’s published Annual Report and Accounts, all financial information and records are confidential and must not be disclosed to third parties without the consent of the Director of Finance. Except as provided hereunder (see paragraph 90 on Audit), and by statutory enactment, access to the University’s financial records will be accorded only on a "need to know" basis to persons approved by or under the authority of the Director of Finance.
82. Heads of Department and Budget Holders must ensure that financial records are held securely and that access to such information via computer terminals is controlled in accordance with procedures issued by the Directors of Finance and ICT.

83. The Freedom of Information Act 2000 imposes a number of obligations on public authorities, which for these purposes only include the University. The College is committed to complying fully with the Freedom of Information Act. Information will only be withheld in accordance with the exemptions laid down in the Act.

**AUDIT**

84. The Council shall appoint, on the recommendation of the Audit Committee, the University External Auditor.

85. The University Group’s External Auditor audits the Financial Statements of the University Group and reports to the Audit Committee whether in his or her opinion the financial statements give a true and fair view of the state of the financial affairs of the University Group at the balance sheet date, and of their income and expenditure for the year then ended. (See also Paragraph 63 above concerning Subsidiary Companies.)

86. The Internal Auditor is appointed by the Council on the advice of the Audit Committee. The prime responsibility of the internal audit service is to provide the Council, the Rector and other senior managers with assurance on the adequacy and effectiveness of the University’s risk management, control and governance arrangements. In order to do so, the internal audit service will carry out an independent appraisal of the University’s internal control systems covering the whole of the University’s risk management, control and governance arrangements, including all its operations, resources, staff, services and responsibilities for other bodies and will cover all activities associated with the University, however funded. The Internal Auditor is also responsible for providing the Audit Committee, the Council and the Rector with an opinion on the adequacy and effectiveness of the University’s arrangements for risk management, control and governance, and value for money - and the extent to which the Council can rely on them. The Internal Auditor also provide a service to all levels of management by evaluating and reporting to them the effectiveness of the controls for which they are responsible.

87. The Internal Auditor normally reports to the Clerk to the Court and Council but has the right of direct report to the Rector, or Chairman of the Audit Committee, and, if necessary, the Chairman of the Court and Council.

88. The University may be audited by the HEFCE Audit Service and may be visited by the National Audit Office.

89. The External and Internal Auditors, HEFCE and the National Audit Office all have unrestricted right of access to all premises, assets, minutes, books of account, vouchers, documents, computer data, and any other relevant information. They have the right to verify assets and to have direct access to any employee or person responsible for the administration or management of university funds with whom it is felt necessary to raise and discuss such matters.
90. The University’s audit arrangements are required to comply with the HEFCE Audit Code of Practice.

FINANCIAL ETHICS AND CONFLICT OF INTEREST

91. University employees and others with responsibility for the administration or management of university funds should never use their authority or office for personal gain and should always seek to uphold and enhance the standing of the University.

92. No one may authorise any payment or other form of benefit (goods or services) from University funds (including re-imbursement of out-of-pocket expenses) to himself or to a member of his family, or to any person with whom they have a similarly close personal relationship (a “Connected Person”) without prior written ratification by a higher authority.

93. Anyone having a personal interest in any transaction between the University or any Subsidiary Company and third parties (including partnerships and companies in which he or a Connected Person has a material stake) shall immediately disclose the nature and extent of their interest in writing to all University Group personnel involved in conducting the negotiation, and thereafter must not take any part in determining the price or conditions associated with it. This duty of disclosure applies equally to any renewal or extension of such contract.

94. No person employed by a third-party organisation may, when acting on the University’s behalf under power delegated in accordance with paragraph 18(c) hereof, participate in any contractual negotiations undertaken between the University and their main employer.

FRAUDULENT IRREGULARITIES AND WHISTLEBLOWING

95. Anyone who has reason to believe that a fraudulent or other irregularity with financial implications for any part of the University Group has or is about to take place (including those involving cash, stores, equipment, facilities, information, staff time, physical or intellectual property, non-disclosure of any personal, financial or beneficial interest as required under the University’s Registers of Interests policy, etc.) is required to inform his Head of Department immediately, who must in turn notify the College Secretary or Director of Finance (except in the case of Imperial Innovations, where such matters must be reported to the Company’s Director of Finance or Chairman). Matters concerning members of the Court or of the Council should in the first instance be referred to the College Secretary.

96. Ordinance C2 sets out the University’s Policy and Response Plan for the Treatment of Fraud, Corruption and Irregularities, and Ordinance D18 Investigation of Public Interest Disclosures (whistle-blowing).
STATUTORY AND CONTEXTUAL MATERIAL

1. This annex contains material derived from other sources which have a direct bearing on the Financial Ordinance C1. Its text will be amended without formality whenever any of the underlying material is revised.

INCORPORATION, LEGAL NAME AND ADDRESS, USE OF THE UNIVERSITY’S NAME, CREST, LOGO AND TRADE MARKS

2. The University is an independent corporation whose legal status derives from a Royal Charter, originally granted under Letters Patent in 1907. A Supplementary Charter was granted in 2007. The Imperial College Acts 1997 and 1999 also provide primary legislative material. The full text of the University’s Charter and Statutes may be viewed on the University web-site or obtained from the Clerk to the Council and Court.

3. The University’s legal name is "the Imperial College of Science, Technology and Medicine." The constituent colleges, faculties, academic departments, centres and units have no independent existence as legal entities, though it is acceptable to use their names on letter headings etc., providing that the University’s full legal name appears somewhere on any document which seeks to establish a contractual relationship with an outside party.

4. The words "Imperial College", “Imperial College of Science, Technology and Medicine” and “Imperial College London” are registered trade marks. The College’s preferred brand identity is “Imperial College London”.

5. The College crest is granted by the College of Heralds and is also a registered trade mark.

6. The trade marks may be used only with the College’s prior written consent. The name and logo may be used routinely and without formality in connection with the academic work of University Departments. Use of the crest is restricted to instances where a historical association is appropriate. Advice should be sought from the Director of Communications.

7. The College’s prior written consent to the use of the words must be obtained whenever it is proposed to use the words "Imperial College" (either alone or as part of a longer name), and/ or the crest and/ or the logo, for any commercial purpose where the income does not accrue to the College, or for any social purpose. Applications should be addressed to the College Secretary.

8. By virtue of Section 10 of the Imperial College Act 1997, and Section 10 of the Imperial College Act 1999, the following names may not be used without the College’s prior written consent:

   a. National Heart and Lung Institute.
b. Charing Cross and Westminster Medical School.

c. Royal Postgraduate Medical School.

d. Wye College.

e. The College of St. Gregory and St. Martin at Wye.

OFFICIAL ADDRESSES

9. The College has no registered office as such. The address for the delivery of legal documents is:

    The Faculty Building
    Exhibition Road
    South Kensington
    London SW7 2AZ

10. Such documents should be marked for the attention of the College Secretary or the Director of Finance.

11. All Subsidiary Companies shall have the Faculty Building as their registered office, except where otherwise agreed by the University Audit Committee.

12. Neither the College’s official address, nor that of any of its constituent faculties, divisions, departments, etc., may be used for the conduct of private business or as an office for social organisations, except with the College’s written consent. It must not be used as the Registered Office for limited companies, or as the registration address for VAT or income tax matters, without the written consent of the Director of Finance.

CHARITABLE STATUS

13. The University is an exempt charity (not a registered charity) by virtue of the Exempt Charities Order 1962, and the Second Schedule to the Charities Act 1993. This means that the University enjoys all the privileges of charitable status (including exemption from income and corporation tax on its activities to the extent that they are in support of its primary purposes) without the obligation to register with, or submit accounts and annual returns to, the Charity Commissioners. Although the University is an exempt charity it must still comply with the principles of charity law. Under the Charities Act 2006, the Higher Education Funding Council (HEFCE) is responsible for ensuring compliance.

14. As an Exempt Charity, the University has no charity registration number.

15. Under the Charities Act 2006, the Imperial College Union, as a students’ union with an income in excess of £10,000 per annum, is required to be separately registered with the Charity Commissioners as an unincorporated educational charity. Notwithstanding this separate registration, in accordance with the University’s Statutes, the Imperial College Union “shall for all purposes be treated solely as an integral part of the University”.

COMPANY REGISTRATION

16. As a Chartered Corporation, the University is not required to Register under the companies acts, or to file returns to Companies House. For information purposes only, however, it has been provided with the following reference number for company house searches, etc.: RC000231.

DELEGATION OF POWERS OF THE COUNCIL

17. Statute 3(6) provides that:

The Council may delegate any of its functions, powers and duties (other than its power to make Ordinances) to committees appointed by it, its officers, other entities (comprising its own officers or members or otherwise) or individuals, and such committees, individuals or entities may further delegate unless the Council has provided to the contrary.

18. The Council has determined that the following financial matters may not be delegated to committees or officers:

a. Final approval of the University’s Strategic Plan.
b. Final approval of the University’s Annual Budget.
c. Final approval of the University’s audited Annual Financial Statements.
d. Final approval of purchases or disposals of assets, land or buildings exceeding £5M in value other than Non-Core Assets held within the College Fund.
e. Final approval of any borrowing facility exceeding £5M.

[Ordinance A4]

COMMITTEES OF THE COUNCIL

Audit Committee

19. The Audit Committee is appointed by the Council from amongst its non-executive members with the following terms of reference:

1. To keep under review the effectiveness of internal control systems, and in particular to review the external auditors’ management letter, the internal auditors' annual report, and management responses.
2. To consider the Annual Financial Statements in the presence of the external auditor, including the auditor’s formal opinion, the statement of members’ responsibilities and any corporate governance statement.

3. To monitor the implementation of agreed recommendations arising from internal and external audit reports.

4. To advise the Council on the appointment of the external auditors, the audit fee, the provision of any non-audit services by the external auditors and any questions of resignation or dismissal of the external auditors.

5. To review the internal auditors’ audit needs assessment and the audit plan; to consider major findings of internal audit investigations and management's response; and promote co-ordination between the internal and external auditors. The Committee will ensure that the resources made available for internal audit are sufficient to meet the University’s needs.

6. To satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.

7. To monitor the effectiveness of the University’s risk management policy and procedures, and in this regard, to receive annual reports from the Rector on Risk Management and the management of Health and Safety within the University.

8. To receive any relevant reports from the National Audit Office, the HEFCE and other organisations.

9. To monitor annually the performance and effectiveness of external and internal auditors.

10. To report to the Council at least annually on its activity for the year and to give its opinion on the extent to which the Council may rely on the internal control system and the arrangements for securing economy, efficiency and effectiveness.

20. The Committee has authority to call for any information from College officers, external and internal auditors and others which it considers necessary to discharge its responsibilities effectively.

[Ordinance A9]

Remuneration And Nominations Committee

21. The Remuneration and Nominations Committee agrees salaries of the Rector and senior College staff; reviews the College’s overall remuneration and reward strategy; and makes nominations for appointment to the Council the Court. Its membership comprises the Chairman and three lay governors, with the Rector, Deputy Rector, Clerk to the Council and Court and Director of HR in attendance. Its full terms of reference are set out in Ordinance A9.
THE STUDENTS’ UNION

22. The Imperial College Union is created pursuant to Paragraph 17 of the Charter, which states that “in so far as it shall further the educational purposes of the University, there shall be a Students' Union of the University (hereinafter referred to as "the Imperial College Union") for the benefit of the students of the University and in their interests as students”. In accordance with Statute 10, the Imperial College Union “shall for all purposes be treated solely as an integral part of the University”.

23. Section 22 of the Education Act 1994 requires the governing body of every university to take such steps as are reasonably practicable to ensure that its students' union operates in a fair and democratic manner and is accountable for its finances and to ensure that the other requirements of the Act are observed by its students’ union.

24. In accordance with these requirements, the Imperial College Union conducts its financial activities in accordance with Regulations and Procedures, which are designed to ensure the proper conduct of the Union’s financial affairs and which have been approved by the Council. Amendments to the Union’s Financial Regulations are subject to the approval of the Council, as advised by the Audit Committee.

25. Ordinance C1 shall apply to the financial affairs of the Imperial College Union. In addition, the Imperial College Union shall adopt its own internal Financial Regulations, approved in accordance with its Constitution.

26. The Union’s proposed annual budget is scrutinised by the University through the annual Planning Round. The Union’s Trustee Board is responsible for monitoring the Union’s expenditure against its annual budget and for reporting any fraudulent or irregular procedures in the management of public funds and those resulting from the Union's trading activities to the University’s Internal Auditors.

27. The Union’s annual accounts and a report on its handling of public and other funds are presented annually to its Trustee Board, to the Audit Committee and to the Council. The Union’s annual accounts are consolidated into the University’s annual Financial Statements.

28. The University’s Internal Audit Service shall have the same rights of access to the Union as it has to other parts of the College for the purposes of fulfilling its remit.

UNIVERSITY ACTING AS AN AGENT

29. Any work undertaken by the University acting as agent on behalf of others is also subject to Ordinance C1. Where an outside body wishes to impose requirements which would lead to a contravention of this Ordinance the approval of the Director of Finance must be obtained before any contract is signed or undertaking given. The Director of Finance may, if he judges it necessary, require the proposal to be reported to the Audit Committee or to the Council before it is put into effect.
IMPERIAL COLLEGE LONDON

ORDINANCE D18

INVESTIGATION OF PUBLIC INTEREST DISCLOSURES

PREAMBLE

1. The University is committed to the highest standards of openness, probity and accountability. It seeks to conduct its affairs in a responsible manner, taking into account the requirements of the funding bodies and the standards in public life set out in the reports of the Committee on Standards in Public Life. This Regulation constitutes the University’s policy on, and procedures for, dealing with instances of Public Interest Disclosure and is intended to satisfy the recommendation made by the Nolan Committee that local public spending bodies, such as the University, should institute codes of practice on ‘whistle blowing’, that is, allegations made by individuals relating to the running of the institution or the activities of colleagues within the institution.

2. It is a fundamental term of every contract of employment that an employee will faithfully serve his or her employer and not disclose confidential information about the employer’s affairs. However, where an individual discovers information which he or she believes shows malpractice or wrongdoing within the institution, then that information should be disclosed without fear of reprisal, and may be made independently of line management. Under the Public Interest Disclosure Act 1998 a worker making a qualifying disclosure is protected against being dismissed or penalised by their employers as a result of disclosing such concerns publicly. This means that, where a disclosure is made in good faith to the College, the person making the disclosure will be protected if he has a reasonable belief that malpractice has occurred, is occurring or is likely to occur.

3. The Public Interest Disclosure Act also protects disclosures made in good faith to certain prescribed regulatory bodies such as the Health and Safety Executive, the Inland Revenue and the Financial Services Authority, where the whistleblower reasonably believes that the information and any allegation in it are substantially true. Wider disclosures (e.g. to the police, the media, MPs, and non-prescribed regulators) may be protected if, in addition, they are reasonable in all the circumstances and they are not made for personal gain, the whistleblower reasonably believed he would be victimised if he raised the matter internally or with a prescribed regulator, reasonably believed a cover-up was likely and there was no prescribed regulator; or had already raised the matter internally or with a prescribed regulator.

4. This Ordinance is intended to assist individuals who believe they have discovered malpractice or impropriety in Imperial College London. It is not designed to allow them to question financial, strategic or business decisions taken by the University; nor may it be used to enable them to require reconsideration of any matters which should have already been addressed under the University’s grievance or disciplinary procedures. The University expects its members to follow the provisions of this Ordinance rather than to air their complaints outside the University.
45. An employee who has discovered information which he or she believes shows malpractice or wrongdoing has a duty to bring this to the attention of the University. Normally this will be achieved by raising the matter with the appropriate College Officer, usually the employee’s Head of the Faculty/Department/Division, concerned in the matter. The University recognises that the majority of such cases will be dealt with by this means. There will, however, be instances when the nature of the alleged malpractice or wrongdoing is such that the employee considers it necessary to make use of these Procedures. The College Officer receiving a complaint should consider whether the allegation falls within the criteria set out in Paragraph 8 below. If so, the College Officer should inform the College Secretary about the allegation and, in consultation with the College Secretary, consider whether the allegation should be investigated in accordance with the procedures set out in Paragraphs 25 – 37 below.

6. If an employee believes that he or she has discovered information which may show evidence of malpractice or wrongdoing, he or she may discuss their concerns in confidence with the College Secretary or the Director of HR Operations before making an allegation under this Ordinance. In certain circumstances, an employee may also wish to discuss their concerns with the organisation Public Concern at Work, before making an allegation. (1)

SCOPE OF POLICY

57. This Policy is designed to enable employees, Governors, students, or other members of the University to raise, at a high level, concerns or to disclose information which the complainant in good faith believes shows malpractice or impropriety.

58. The University has a number of related policies and procedures already in place, including those for grievance and discipline, scientific misconduct and the treatment of fraud. Allegations which fall within the scope of those procedures should normally be made and considered in accordance with them. This Ordinance is intended to cover concerns which are in the public interest and may (at least initially) be investigated separately, but might then revert to such other existing procedures. Examples of these types of concern include instances where the complainant has a reasonable belief that tends to show one or more of the following:

a. Commission of That a criminal offence has been committed, is being committed or is likely to be committed;

b. That a person has Failure-failed, is failing or is likely to fail to comply with any legal obligation or with any obligation under the University’s the Statutes, Ordinances and/or Regulations of the University to which he is subject;

c. That a Miscarriage miscarriage of justice has occurred or is likely to occur;

d. Dangers to That the health and safety of an individual or individuals has been or is likely to be endangered.

e. That or the environment has been or is likely to be endangered;

1. Public Concern at Work (PCaW) is an independent authority on public interest whistleblowing, which was established as a charity in 1993. PCaW promotes compliance with the law and good practice in organisations across all sectors. PCaW offers free advice to people concerned about danger or malpractice in the workplace but who are unsure whether or how to raise the matter.
ef. That financial or non-financial maladministration and/or malpractice has been committed, is being committed or is likely to be committed;

f. Obstruction or frustration of the exercise of academic freedom;

g. Academic or professional malpractice;

h. Improper conduct or unethical behaviour;

ig. Suppression or concealment of any information relating to any of the matters set out above has been, is being or is likely to be deliberately concealed.

PRINCIPLES

29. No detrimental action of any kind will be taken against a person making a complaint of the nature described above, provided that the complaint is:

a. Made in good faith and without malice;

b. Made in the reasonable belief of the complainant that it is "substantially true" and tends to show malpractice;

c. Not made for personal gain; and,

d. Made to an appropriate person or body as defined in Paragraphs 18 - 21 of this Ordinance.

810. Where the complainant makes an allegation in good faith, which is not confirmed by subsequent investigation, no action will be taken against the complainant. The University will also take reasonable steps to protect the position of the complainant.

911. A complainant who persists in making allegations which, having previously been investigated under these procedures, were deemed to be without foundation may be subject to disciplinary action including, in extreme cases, summary dismissal for gross misconduct.

1012. A complainant who makes malicious or vexatious allegations or who persist in making such allegations or who discloses concerns or allegations of malpractice or misconduct publicly without having first made use of these procedures may also be subject to disciplinary action including, in extreme cases, summary dismissal for gross misconduct.

1113. Under the Public Interest Disclosure Act 1998, a worker who makes a qualifying disclosure under the Act has the right not to suffer any detriment (such as straightforward dismissal, dismissal under cover of redundancy, bullying, demotion or failure to receive promotion) as a result of that disclosure. If a worker does suffer such a detriment as a result of a disclosure he or she has the right to submit a complaint to an employment tribunal. It is for the Tribunal to determine the facts of the case including whether a ‘qualifying disclosure’ as defined under the Act, had been made, and any appropriate remedy for the worker.

1214. The University will treat all complaints made in accordance with these procedures in a confidential and sensitive manner. The identity of the complainant will be kept confidential, if so
requested, for as long as possible provided that this does not hinder or frustrate a proper investigation. However, the investigation process may reveal the source of the information, and the complainant may need to provide a statement as part of the evidence required. If further action is taken under the University’s disciplinary or other procedures as a result of the complaint, the complainant may also be required to provide a statement or give evidence as part of that process.

15. The University expects the complainant to keep the nature of their complaint and the identity of those involved confidential until such time as the complaint has been fully considered under these procedures and the final outcome of the complaint reported. Failure to keep the complaint confidential may result in disciplinary action.

16. Where a complaint concerns another or other members of staff of the University, the person or persons identified in the complaint will may be informed of the allegation and of the evidence supporting it and will may be allowed to comment before any investigation, or further action, is concluded - except in cases of alleged fraud or where there is a criminal investigation where this could provide the individual(s) concerned with an opportunity to destroy or conceal evidence.

17. Individuals are encouraged to put their name to any disclosure they make. Anonymous complaints may be reported, investigated and acted upon or may be set aside at the discretion of the University, having regard to the seriousness of the issue raised, the credibility of the complaint, the prospect of being able to conduct a proper investigation, and fairness to any individual mentioned in the complaint.

18. Investigations should not be carried out by the person who will have to reach a decision on the matter. Any investigations are to be conducted as sensitively and as speedily as possible, having regard to the nature and complexity of the complaint.

19. An official written record will be kept of each stage of the procedure.

20. The Designated Person is to review this Ordinance annually, or following the conclusion of an investigation, if sooner.

THE PROCEDURE

STEP 1

21. A person who believes in good faith that they have discovered evidence of malpractice within the University should make a complaint in writing to the College Secretary and Clerk to the Council (the ‘College Secretary’) as the Designated Person under this Ordinance. The College Secretary will, as soon as is practicable, inform the Rector and the Chairman of the Council of the complaint except where:

a. Specifically requested not to do so by the complainant;

b. The allegation of misconduct concerns the Rector or the Chairman; or

c. The Rector or the Chairman is likely to be involved at any subsequent hearing or appeal.

22. In cases where financial malpractice is alleged, the College Secretary shall act throughout in close consultation with the Rector, as the Accounting Officer for the University’s public funding,
and with the University’s Internal Auditors as required by Financial Regulations.

2023. If the allegation concerns the actions of the College Secretary, or the complainant otherwise considers it inappropriate to refer the matter to the College Secretary, the disclosure should be made directly to the Rector who will then act as the Designated Person and inform the Chairman of the Council of the disclosure, except where the provisions noted under Paragraph 18 above apply. The Rector will consult with the University’s Internal Auditors in the event of a matter arising under the provisions of the University’s Financial Ordinance, Regulations and Procedures.

2124. If the allegation concerns the actions of the Rector, or the complainant has grounds to consider it inappropriate to refer the matter to the College Secretary or the Rector, the disclosure should be made to either the Chairman of the Audit Committee, where the allegation falls within the terms of reference of that Committee, or directly to the Chairman of the Council. Whichever Chairman receives a disclosure will then become the Designated Person for the purpose of these procedures.

**STEP 2**

2225. The Designated Person to whom the complaint has been addressed will decide, after appropriate consultation, whether the matter is to be investigated further and will determine the form such an investigation will take. This would normally be:

   a. To investigate the matter internally;
   b. To refer the matter directly to the police or other outside body; or,
   c. To call for an independent inquiry.

2326. Although a preliminary internal investigation will usually be necessary first, some complaints may require immediate referral to an outside body for consideration and investigation (for example, the Police, the General Medical Council, the Health and Safety Executive, the National Audit Office, or the Higher Education Funding Council for England (HEFCE)).

2427. Where the matter is to be the subject of an internal investigation, the Designated Person will then consider how best to determine whether there is a prima facie case to answer. In doing so, the Designated Person should decide:

   a. Who should be appointed as the ‘Investigating Officer’ to undertake the investigation; (2)
   b. The procedure to be followed for the investigation; and,
   c. The scope and nature of the concluding report.

2528. Where the allegation concerns a breach of the University’s Financial Ordinance, Regulations and/or Procedures, the University’s Internal Auditors will normally undertake this investigation as the Investigating Officer.

2629. Where the allegation does not involve a breach of the University’s Financial Ordinances, and the Designated Person is either the Chairman of the Council or the Chairman of the Audit Committee and the allegation concerns senior members of the College, the Investigating Officer may be an independent person.

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2. Where the Designated Person is either the Chairman of the Council or the Chairman of the Audit Committee and the allegation concerns senior members of the College, the Investigating Officer may be an independent person.
Regulations and/or Procedures, the investigation may be undertaken by another member of staff of
the University appointed as the Investigating Officer by the Designated Person for this purpose.

2730. Where a decision is taken not to investigate or take any further action, the complainant and
the Audit Committee should be so informed.

STEP 3

3281. The Investigating Officer will report his or her findings to the Designated Person who will,
as a result of this report, determine whether there is a prima facie case to answer and, if so, what
further action may be required. This may include:

a. Appropriate management action to correct the error;
b. Further action under the University’s Disciplinary Procedures;
c. Further action under the University’s Policy and Procedures for the Investigation of
   Allegations of Scientific Misconduct;
d. Referral to an outside body such as the police, the General Medical Council, the
   Health and Safety Executive, the National Audit Office, the HEFCE; or,
e. Referral to an independent inquiry.

2932. The Designated Person will inform the complainant in writing of what action, if any, is to be
taken. Where the Designated Person’s decision is that no action is to be taken the complainant shall
be informed of the reasons for this. The complainant shall have the right of appeal against this
decision. Such an appeal must be made within fourteen days and may be made to the Chairman of
the Audit Committee or to the Chairman of the Council as appropriate.

3033. The Chairman will consider all the information presented, the Investigating Officer’s report
to the Designated Person, the procedures that were followed and the reasons given by the
Designated Person for not taking any further action. The Chairman will then decide either:

a. To confirm the decision of the Designated Person that no further action is required;
or,
b. That further action is required in accordance with Paragraph 28 above.

3134. The complainant will be informed of the outcome of his or her appeal in writing. Where the
decision is to confirm that no further action is to be taken the complainant shall be informed of the
reasons for this.

STEP 4

3235. If, having exhausted the University’s internal procedures, a complainant is dissatisfied with
the outcome of a complaint and there are no other opportunities for taking the matter further
internally, the complainant may request that the Clerk to the Council refers the matter to the Visitor.
Under Article 25 of the University’s Charter, the Visitor is Her Majesty the Queen acting through
the President of the Privy Council.
33. Where the decision is to confirm that no further action is to be taken the complainant has the right to raise their concern with an external body, such as the HEFCE, or the University’s external auditors, provided they have sufficient evidence to support their concern.

34. However, the University would strongly advise that, before reporting a concern externally, the complainant seeks advice from one of the following:

   a. Employees’ representatives in the University: *i.e.* UCU, UNISON, MSF and AEEU.
   b. Public Concern at Work (see Annex B).

**REPORTING OF OUTCOMES**

35. A report of all complaints and any subsequent action taken will be made by the Designated Person who will retain such reports for a period of 6 years. A report of all complaints and of the outcomes of any investigation will be made to the Audit Committee in confidence. Where the issue falls within its terms of reference or within the scope of the University Fraud Policy the Committee will receive a detailed report. In all other cases the Committee will receive a summary report so as to monitor the effectiveness of these procedures.

36. The College Secretary will maintain a register of all confirmed Public Interest Disclosure cases which are investigated within the University. This Register will be available for external inspection and should include the following information:

   a. The date the complaint was made;
   b. The file reference number;
   c. The type of allegation made;
   d. The potential cost to the University;
   e. The status of the investigation.

Approved by the Council 23 March 2007
Effective from 8 July 2007
## Annex A

### KEY UNIVERSITY CONTACTS UNDER THE POLICY

(in order of approach)

<table>
<thead>
<tr>
<th>Designation</th>
<th>Contact details</th>
<th>Telephone No.&amp; e-mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 College Secretary and Clerk to the Council</td>
<td>Room 4.05, Faculty Building South Kensington Campus</td>
<td>020-7594 8801 <a href="mailto:a.mitcheson@imperial.ac.uk">a.mitcheson@imperial.ac.uk</a> <a href="mailto:r.eastwood@imperial.ac.uk">r.eastwood@imperial.ac.uk</a></td>
</tr>
<tr>
<td>2 Rector</td>
<td>Room 4.17, Faculty Building South Kensington Campus</td>
<td>020-7594 5000 <a href="mailto:rector@imperial.ac.uk">rector@imperial.ac.uk</a></td>
</tr>
<tr>
<td>3 Chairman of the Audit Committee</td>
<td>c/o Head of the Central Secretariat Level 4, Faculty Building South Kensington Campus</td>
<td>020-7594 5535 <a href="mailto:jonathan.hancock@imperial.ac.uk">jonathan.hancock@imperial.ac.uk</a></td>
</tr>
<tr>
<td>4 Chairman of the Council</td>
<td>Clerk to the Council c/o Room 4.05, Faculty Building South Kensington Campus</td>
<td>020-7594 8801 <a href="mailto:r.eastwood@imperial.ac.uk">r.eastwood@imperial.ac.uk</a></td>
</tr>
</tbody>
</table>

Contacts for concerns not necessarily arising under the Policy

<table>
<thead>
<tr>
<th>Type of Concern</th>
<th>Contact</th>
<th>Telephone No. &amp; e-mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraud, or other financial irregularity, breaches of financial regulations, or conflicts of interest</td>
<td>Internal Auditors c/o The Chief Operating Officer Clerk to the Council Room 4.05, Faculty Building South Kensington Campus Level 5, Sherfield Building South Kensington Campus</td>
<td>020-7594 1403 <a href="mailto:m.knight@imperial.ac.uk">m.knight@imperial.ac.uk</a> <a href="mailto:r.eastwood@imperial.ac.uk">r.eastwood@imperial.ac.uk</a></td>
</tr>
<tr>
<td>Misuse of IT equipment or systems</td>
<td>Director of Information and Communications Technologies 477, Mechanical Engineering Building, South Kensington Campus</td>
<td>020-7594 6910 <a href="mailto:h.allan@imperial.ac.uk">h.allan@imperial.ac.uk</a></td>
</tr>
<tr>
<td>Unsafe working practices or environment</td>
<td>Safety Director Level 5, Sherfield Building South Kensington Campus</td>
<td>020-7594 9420 <a href="mailto:i.gillett@imperial.ac.uk">i.gillett@imperial.ac.uk</a></td>
</tr>
<tr>
<td>Health matters</td>
<td>Director of Occupational Health Services Level 4, Sherfield Building South Kensington Campus</td>
<td>(020) 7594 9385 <a href="mailto:a.swann@imperial.ac.uk">a.swann@imperial.ac.uk</a></td>
</tr>
<tr>
<td>Breaches of data protection standards, corporate governance or Council Ordinances and Regulations</td>
<td>Head of Central Secretariat Level 4, Faculty Building South Kensington Campus</td>
<td>(020) 7594 5535 <a href="mailto:jonathan.hancock@imperial.ac.uk">jonathan.hancock@imperial.ac.uk</a></td>
</tr>
<tr>
<td>Physical security issues</td>
<td>Director of Facilities Management Level 5, Sherfield Building South Kensington Campus</td>
<td>020-7594 9187 <a href="mailto:n.roalfe@imperial.ac.uk">n.roalfe@imperial.ac.uk</a></td>
</tr>
<tr>
<td>Grievance or disciplinary issues</td>
<td>Director of HR Operations Level 3, Faculty Building South Kensington Campus</td>
<td>(020) 7594 5540 <a href="mailto:l.lindsay@imperial.ac.uk">l.lindsay@imperial.ac.uk</a></td>
</tr>
</tbody>
</table>
PUBLIC CONCERN AT WORK

1. *Public Concern at Work* is an independent charity which promotes good practice, compliance with the law and accountability in the workplace.

2. *Public Concern at Work* is recognised as a leader in its field and its work has been endorsed by Government, the Committee on Standards in Public Life, the TUC, the CBI and the Institute of Directors. Among the services it provides to organisations in the public, private and voluntary sectors is a helpline staffed by qualified lawyers providing advice, free of charge, to employees.

3. *Public Concern at Work* can be contacted at:

   Suite 306
   16 Baldwin’s Gardens
   London EC1N 7RJ

   Tel: 020 7404 6609
   Fax: 020 7404 6576

   e.mail: whistle@pcaw.demon.co.uk
INTRODUCTION

1. The objective of this policy is to safeguard the proper use of the University’s finances and resources, including the finances and resources of its subsidiary companies. The University derives much of its income from public funds, benefactions and charitable organisations, and so has a particular responsibility to ensure that income and resources are used solely for the purposes intended.

2. As the aftermath of fraud is costly, time-consuming, disruptive and unpleasant, and may lead to unwelcome adverse publicity, a major thrust of this fraud policy is prevention.

3. The first line of defence for an organisation against fraudulent acts is the establishment and maintenance of carefully designed and consistently operated management procedures, which deny opportunities for fraud. In particular, management has the prime responsibility for establishing internal control arrangements to minimise the risk of fraud and other irregularity within their areas of responsibility.

DEFINITIONS

4. For the purposes of this Policy, the definition of “fraud” is as covered in the Fraud Act 2006 and is characterised by dishonest acts, whereby the individual knowingly makes a false representation, or similar, with the intention of acquiring a gain for themselves and/or others, or where the University is at the risk of a loss. It is important to note that the Fraud Act 2006 focuses on the ‘intention’ of the act, so whether there has been an actual gain or loss is immaterial to whether a fraud has been committed. Additionally, for the purposes of this Policy, fraud includes acts such as forgery, theft, extortion, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

5. For the purposes of this policy, “corruption” is defined as the “offering, giving, soliciting or acceptance of an inducement or reward, which may influence a person to act against the interest of the organisation”. Corruption relates to rewards or inducements, such as bribes. Under the Prevention of Corruption Act 1916 any money, gift or consideration received by an employee in public service from a person or organisation holding or seeking to obtain a contract will be deemed

1. Management in this context refers equally to both academic and administrative managers.

2. Many of the offences referred to as fraud were covered by the Theft Acts of 1968 and 1978 with fraud for practical purposes defined as the use of deception with the intention to obtain an advantage, avoid an obligation, or cause loss to another party. This definition implied deliberate intent and thus could exclude negligence. The Fraud Act 2006 makes it no longer necessary to prove a person has been deceived. The focus is now on the dishonest behaviour of the subject and their intent to make a gain or loss. Many cases are still likely to be prosecuted under the Theft Acts with the Fraud Act being used for matters after 15th January 2007.
by the Courts to have been received corruptly unless the employee proves the contrary. The

6. Fraud can be perpetrated by persons outside as well as inside an organisation.

7. Other offences, including those covered by the Proceeds of Crime Act 2002 and Money
Laundering Regulations 2007, may also be considered and investigated in accordance with the
procedures set out in this Policy. (3)

COLLEGE POLICY

8. Fraud and corruption are a serious matter and the College is committed to investigating all
cases of suspected fraud or corruption. Any member of staff, regardless of their position or
seniority, against whom prima facie evidence of fraud or corruption is found, will be subject to
disciplinary procedures that may result in dismissal. The University will normally involve the
police and may seek redress via civil proceedings. This policy will apply to all members of the
College, including those granted honorary staff status.

9. Any member of the College, staff or person of honorary status within the College who has
reason to believe that a fraudulent, or any other irregularity has taken, or is about to take, place
(including those involving cash, stores, equipment, facilities, information, staff time, physical or
intellectual property, non-disclosure of any personal, financial or beneficial interest as required
under the College Registers of Interests, etc.) is required to inform the College Secretary
immediately.

10. On being notified, the College Secretary will inform the members of the Fraud Project
Group immediately. Internal Audit may then be commissioned to undertake such investigations as
are considered appropriate in line with the College’s Fraud Response Plan. This may involve
liaising with the College’s Internal Security Department or (with the approval of the College
Secretary) the police where necessary.

PUBLIC INTEREST DISCLOSURE POLICY

11. Anyone suspecting fraud may use the University’s Public Interest Disclosure Policy,
Ordinance D18, which provides protection against reprisal for any such disclosure.

FRAUD RESPONSE PLAN

3. Legislation defines money laundering as: concealing, disguising, converting, transferring criminal property or
removing it from the UK; entering into or becoming concerned in an arrangement which you know or suspect
facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person; and/or
acquiring, using or possessing criminal property. The Money Laundering Regulations apply to cash transactions in
excess of €15,000 (approximately £10,000). However, the Proceeds of Crime Act applies to all transactions and can
include dealings with agents, third parties, property or equipment, cheques, cash or bank transfers.
PURPOSE

12. The purpose of this Fraud Response Plan is to define authority levels, responsibilities for action and reporting lines in the event of suspected fraud, corruption or irregularity. Those investigating a suspected fraud should:

- Aim to prevent further loss.
- Establish and secure evidence necessary for criminal and disciplinary action
- Notify the Police and the HEFCE, where necessary.
- Endeavour to recover any losses.
- Take appropriate action against those responsible.
- Deal with requests for references for employees who have been disciplined and/ or prosecuted for fraud.
- Review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud.
- Keep all personnel with a need to know suitably informed about the incident and the University’s response.

INITIATING ACTION

13. Any member of the College, staff or person of honorary status within the College who has reason to believe that a fraudulent, or any other irregularity has taken, or is about to take, place should report it as soon as possible to the College Secretary. No investigation shall commence without the authority of the College Secretary.

14. The College Secretary should, as soon as possible (and with the aim of acting within two working days), convene a meeting of the fraud project group to decide on the initial response. The Fraud Project Group will consist of the following individuals, using properly appointed deputies where necessary, and may be augmented by other members, such as the Pro-Rector (Education), the Director of ICT or the Head of Security as appropriate:

   College Secretary (Chair)
   Director of Finance
   Head of Internal Audit
   Director of HR Operations

15. If the actual or suspected incident concerns or implicates the Director of Finance or a member of the Management Board, it should be reported without delay to the Rector, Chairman of Council and Chairman of the Audit Committee. Should the incident concern or implicate any other member of the project group, the College Secretary will appoint a suitable substitute. If the incident concerns or implicates the College Secretary, the Director of Finance will be responsible for implementing this Fraud Response Plan.
16. The project group will decide on the action to be taken. This will normally be an investigation led by the Head of Internal Audit or another qualified investigator appointed by the Head of Internal Audit for this purpose. A decision by the project group to initiate an investigation will constitute authority to the Head of Internal Audit to use time provided in the Internal Audit Plan for investigations, or contingency time, or to switch internal audit resources from planned audits. The report of the investigation and review of the circumstances surrounding the incident shall include those items listed in paragraph 32.

INVESTIGATION

17. On the decision being made that an investigation will be undertaken, the Head of Internal Audit will either undertake, or nominate an appropriately qualified investigator to undertake, the investigation. The investigation will consist of, but not be limited to, the interviewing of all necessary witnesses by the investigator, and the collection and analysis of all relevant records available.

18. In the early stages of any fraud investigation the Head of Internal Audit, in conjunction with the investigator, will make an assessment on the appropriateness of referring the matter to the police.

19. Where necessary, the Head of Internal Audit and investigator will liaise with the Director of HR Operations on matters that may concern or influence any disciplinary proceedings.

20. On conclusion of the fraud investigation an investigation report will be provided to the College Secretary and where necessary the Director of HR Operations.

PREVENTION OF FURTHER LOSS

21. Where initial investigation provides reasonable grounds for suspecting a member or members of staff or others of fraud, the project group will decide how to prevent further loss. This may require the suspension of the suspect or suspects, under the appropriate disciplinary procedure. It may be necessary to plan the timing of suspension to prevent suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.

22. In these circumstances, the suspect or suspects will be approached unannounced and will be supervised at all times before leaving the University’s premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the University. Any security passes and keys to premises, offices and furniture will be returned. The Head of Security may be asked to advise on the best means of denying access to the University while suspects remain suspended, for example by changing locks, deactivating swipe cards and informing security staff not to admit the individuals to any part of the premises. Similarly, the Director of ICT may be instructed to withdraw without delay access permissions to the University’s networks and computer systems.

23. The project group will consider whether it is necessary to investigate systems other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the University’s assets.
ESTABLISHING AND SECURING EVIDENCE

24. Any member of staff or student alleged to have committed fraud will be subject to the University’s disciplinary procedures. In addition, the University will normally refer such an individual to the police for possible prosecution through the criminal courts.

25. To ensure that disciplinary and/or criminal proceedings may be pursued, The Head of Internal Audit will:

   a. Ensure that evidence requirements are met during any fraud investigation.

   c. Ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

26. The College’s Head of Security will be responsible for establishing and maintaining contact with the police and will liaison with the Head of Internal Audit and/or the nominated fraud investigator prior to making any contact with the police on fraud related matters.

RECOVERY OF LOSSES

27. Recovering losses is a major objective of any fraud investigation. The Head of Internal Audit will ensure that in all fraud investigations the amount of any loss is quantified. Repayment of losses will be sought in all cases.

28. Where the loss is substantial, legal advice may be obtained about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice may also be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. The University will normally seek to recover its costs in addition to any losses as a result of the fraud.

NOTIFYING HEFCE

29. The HEFCE Audit Code of Practice includes a requirement that universities must notify the HEFCE Chief Executive of any attempted, suspected or actual fraud or irregularity where:

   a. The sums involved are, or potentially are, in excess of £20,000.

   b. The particulars of the fraud are novel, unusual or complex.

   c. There is likely to be public interest because of the nature of the fraud or the people involved.

30. The Rector is responsible for informing the HEFCE of any such incidents.
REPORTING

31. Any attempted, suspected or actual fraud or irregularity matching the criteria in the HEFCE Audit Code of Practice will be reported without delay to the Chairman of the Council, the Chairman of the Audit Committee and the External Audit Partner.

32. During the course of an investigation, the project group will provide a confidential report to the Rector, Chairman of the Council, Chairman of the Audit Committee and External Audit Partner on a monthly basis, unless the report recipients agree to less frequent reports. This report will include:
   a. A quantification of the likely losses.
   b. Progress with recovery action.
   c. Progress with disciplinary action.
   d. Progress with criminal action.
   e. An estimate of the resources required to conclude the investigation.
   f. Actions taken to prevent and detect similar incidents.

33. On completion of a special investigation, a written report, normally prepared by the Head of Internal Audit, shall be submitted to the Audit Committee containing:
   a. A description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud.
   b. Measures proposed to reduce the likelihood of a recurrence with a follow-up report on whether the actions have been taken.
   c. Any action needed to strengthen future responses to fraud.

34. The Director of Communications in consultation with the College Secretary will be responsible for dealing with any enquiries from the press and other media.

REFERENCES FOR EMPLOYEES OR STUDENTS DISCIPLINED OR PROSECUTED FOR FRAUD

35. Any request for a reference for a member of staff or a student who has been disciplined or prosecuted for fraud must be referred to the College Secretary for advice.

REVIEW OF FRAUD RESPONSE PLAN

36. This Fraud Response Plan will be reviewed annually for fitness of purpose. Any recommended change will be reported to the Audit Committee for consideration and to the Council for approval.
1. In accordance with Statute 8, the Rector, the Deputy Rector, the Pro-Rectors, the Clerk to the Council and the College Secretary are *ex officio* officers of the University.

2. In accordance with Statute 8(6), the Rector may recommend to the Council any other senior academic or non-academic member of staff of the University to be designated as an Officer of the University (hereinafter called a “College Officer”). Such recommendations would normally include the Chief Operating Officer and the Directors of the Support Services, including but not limited to estates, finance, human resources and information and communication technologies, the Director of Strategy and Planning, the Academic Registrar and the Principals of the Faculties and of the Business School.

3. Any person designated as a College Officer by the Council shall only retain that title for so long as they hold the appointment in which they were initially so designated or until the Council withdraws the designation.

4. Except in so far as a person is an *ex officio* member of the Court, or a member of the Council in accordance with Statute 3(1)(a), persons designated College Officers may not be nominated for election to the Court or the Council.

5. The Officers of the University, appointed by the Council as such, shall be:

   The Rector
   The Deputy Rector
   The Clerk to the Council
   The College Secretary
   The Pro-Rectors
   The Principals of the Faculties
   The Principal of the Business School
   The Deans of the Faculties as defined in Ordinance D6
   The Director of Strategy and Planning
   The Director of the Research Office
   The Chief Operating Officer
   The Chief Executive Officer of the College Fund
   The Director of Finance
   The Director of Human Resources
   The Director of Information and Communication Technologies
   The Director of Estates Project Management
   The Director of Facilities Management
   The Director of Property Management
   The Academic Registrar
The Assistant Clerk to the Court and Council

Approved by the Council: 23 March 2007
Effective from 8 July 2007
Revised by the Council: 13 July 2007
1. As is noted in the attached letter, the HEFCE monitors the risk of the institutions it funds and now shares its annual risk assessments with each institution.

2. Members will note from the attached that the HEFCE has assessed that Imperial is not at higher risk and that it is meeting the accountability obligations set out in the Financial Memorandum and the Accountability and Audit Code of Practice.

3. The full assessment from the HEFCE is attached at Annex A.

R.F.E
9 April 2008

Sir Richard Sykes
Rector
Imperial College London
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South Kensington Campus
Exhibition Road
London
SW7 2AZ

Northavon House
Goldharbour Lane
BRISTOL BS16 1OD

Telephone 0117 931 7317
Facsimile 0117 931 7203
www.hefce.ac.uk

Direct Line 0117 931 7300
Direct Fax 0117 931 7150
E-mail d.eastwood@hefce.ac.uk


Dear Richard,

HEFCE's assessment of institutional risk

We monitor the risk of the institutions we fund and formally share our risk assessment with individual institutions on an annual basis. Our assessments are based on current information across many areas, including student recruitment and retention, financial performance, audit findings and estates management. We normally assess only a small number of institutions to be 'at higher risk'; the vast majority are 'not at higher risk'. It is the responsibility of the governing body to ensure risks are being managed effectively.

Our overall assessment at this time is that Imperial College London is not at higher risk. In making this assessment we are also able to conclude that the institution is meeting the accountability obligations set out in the Financial Memorandum and Accountability and Audit: HEFCE Code of Practice.

We have copied this letter to Lord Kerr of Kinlochard, the chair of the governing body, and ask that you formally present it to its next meeting.

If you would like to discuss this letter or any issues relating to risk assessment or accountability, please contact the HEFCE Assurance Consultant, Julian Knight, 0117 931 7423, j.knight@hefce.ac.uk in the first instance, or David James, Head of Institutional Risk (0117 931 7328, d.james@hefce.ac.uk).
This letter is provided confidentially to Imperial College London. Whilst we have no objection to it being made available to third parties, we do not accept responsibility for any reliance they may place upon it. Though we have no plans to disclose this information, we are subject to the Freedom of Information Act 2000, and the content of this letter may be disclosable if a request is made to us under that Act.

Professor David Eastwood
Chief Executive

cc: Lord Kerr of Kinlochard, Chair of the governing body
PAPER N

DATES OF FUTURE COUNCIL MEETINGS

A Note by the Clerk to the Council

1. At its Meeting in November 2007, the Council considered proposed dates for 2008-2012. At that time a concern was expressed that the schedule of Council Meetings was not quite right. In particular, members felt that having just one meeting of the Council between November and July was presenting it with certain logistical difficulties. It was suggested that, instead of a meeting in March, it would be preferable for the Council to meet in February and then again in May and I was asked to review the schedule of meetings and come forward with proposals for a move to a five meeting per annum schedule.

2. Attached at Annex A is a revised schedule for Council Meetings for the years 2008-09 to 2011-12 providing five rather than four meetings per annum.

3. The Council is invited to consider and, if it sees fit, approve the dates for future meetings as set out in Annex A.

R.F.E.
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