MINUTES OF THE PROCEEDINGS

at the

Fifteenth Meeting of the

COUNCIL

of the

IMPERIAL COLLEGE OF SCIENCE, TECHNOLOGY AND MEDICINE

The Fifteenth Meeting of the Council was held in the Council Room, 170 Queen’s Gate, South Kensington Campus, at 9:30 a.m. on Friday, 7th May 2010, when there were present:

The Lord Kerr of Kinlochard (Chairman), Professor D.K.H. Begg, Professor M.J. Dallman, Sir Peter Gershon, Professor Dame Julia Higgins, Dr. M.P. Knight, Professor Sir Peter Knight, Ms. J.R. Lomax, Baroness Manningham-Buller, Mr. J. Newsum, Mr. S. Newton, Ms. K. Owen, Professor S.M. Richardson, Professor S.K. Smith, the Lord Tugendhat, Baroness Wilcox, the Rector (from Minute 3 onwards), the President of the Imperial College Union and the Clerk to the Court and Council.

Apologies: Mrs. P. Couttie, Ms. C. Griffiths and Professor J. Kramer.

In attendance: The Assistant Clerk to the Court and Council and from Minutes 53 to 56 the Pro-Rector for International Affairs and the Director of Commercial Projects.

CONGRATULATIONS

1. Before opening the Meeting, the Chairman advised members that the Imperial College Union President had been awarded his PhD on 1 May and was therefore now “Dr. Ashley Brown”. On behalf of the Council the Chairman congratulated Dr. Brown on his achievement.

CHAIRMAN’S BUSINESS

2. The Chairman reported that the Nominations Committee had met that morning to consider whether to initiate the search process for the next Rector. He reminded members that Professor Sir Keith O’Nions had been appointed until the Summer of 2011 and so there was no immediate urgency to find a successor. Furthermore, although the Governance Review was clearly making excellent progress, its final conclusions would not be presented to the Council until its next Meeting in July. For these reasons, the Nominations Committee felt that it would be premature to initiate the search for the next Rector at this time. The Committee would, he said, meet again before the next Council meeting to consider whether and when to commence a search process, and would make a recommendation to Council. He invited Council members to let him have any views in advance.
MINUTES

Council – 11th February 2010

3. The Minutes of the fourteenth Meeting of the Council, held on Friday, 11th February 2010 were taken as read, confirmed and signed.

MATTTERS ARISING

4. **Update on the College’s Pension Provision (Minute 3 refers).** The Chief Operating Officer, Dr. Knight, reminded members that the employers had been in extended discussion with trades’ union representatives to try and agree changes to the USS pension scheme. At one stage it had appeared that an agreement would be reached on the introduction of a CARE (career average revalued earnings) scheme for new entrants, together with increased contributions from both employers and employees. Regrettably, it now appeared that the unions were reluctant to agree this package. This meant that discussions were effectively stalled, and it now appeared unlikely that an agreement would be reached before the scheme was due to be revalued in 2011. There was now a real prospect that, once the scheme had been revalued, the Pensions Regulator would step in and impose a solution that was more onerous for employers and employees alike. As before, Dr. Knight agreed to inform the Council if there were any further developments in this area.

5. **Reactor Centre Options (Minute 4 refers).** The Rector reported that he and the Chief Operating Officer, Dr. Knight, would be meeting with the Nuclear Decommissioning Authority (NDA) shortly. They would discuss with the NDA what options were available for the decommissioning of the Reactor Centre, whether it would be possible to designate the Reactor and if it was in the College’s best interests to do so. The Rector also agreed to keep the Council informed of developments.

RECTOR’S BUSINESS

Staff Matters (Paper A)

6. Paper A was received for information.

Oral Report by the Rector

7. The Rector reminded members that the Quality Assurance Agency for Higher Education (QAA) had conducted an institutional audit of the College in February. The results of the review were clearly important for maintaining the College’s reputation for providing a high quality education. Although the report had yet to be published, he was pleased to say that the auditors had confirmed at the end of the audit visit that they had confidence in the soundness of the College’s academic standards and the quality of learning opportunities for students. This was an excellent result and he congratulated all the staff who had been involved in the extensive preparations for the visit; in particular the Pro-Rector for Education, Professor Julia Buckingham, and the Dean for Students, Professor Denis Wright, who had led the College’s preparations for this visit.
8. The Rector then said that the College had held an Education Day on 20 April, which had been led by Professor Buckingham. The day had focused on the role of teaching in the College and had provided a forum for sharing good practice across departments and faculties. External speakers had included Professor Diana Laurillard, Chair of Learning with Digital Technologies at the Institute of Education, Mr Anthony McClaran, Chief Executive of the QAA and Dr Julie Varley, Highdown School and Sixth Form Centre, Reading. Mr. McClaran had made some very positive comments about the College and its commitment to education at the Education Day.

9. Bringing his brief report to a close, the Rector said that College staff continued to be recognised for their achievements. Professor Eric Aboagye, from the Department of Oncology, Professor Jeremy Nicholson, the Head of the Department of Surgery & Cancer, and Professor Richard Wise, Professor of Neurology in the Department of Neuroscience & Mental Health, had all been elected as Fellows of the Academy of Medical Sciences. Professor Marc Feldmann and Professor Ravinder Maini had also been elected as Fellows of the US National Academy of Sciences. New Fellows of the Royal Society and the Royal Academy of Engineering were due to be announced shortly, and here too the Rector expected that the College would do well.

Oral Report by the Deputy Rector and Principal of the Faculty of Engineering

10. Professor Richardson first reported on his activities as Deputy Rector. The Management Board had recently established a new Space Committee under his Chairmanship. The Committee would review space usage across the whole College and would try to establish some space norms. The Committee would also provide a mechanism for allocating space to new activities. The Committee had now started its work and good progress was being made. However, space issues were always complex and he recognised that there was still much to do. As Deputy Rector, he had also been heavily involved in the recent promotions round. The Faculty of Engineering had introduced an accelerated process this year and its promotions had all been completed just before the Easter vacation. The other Faculties were close to finalising their promotions for the year. One issue that had become clear through this process was that some staff were being put forward for promotion prematurely. This was sometimes because their Head of Department did not fully understand the criteria, and sometimes because it was felt to be easier to leave the decision to the promotion panel than to refuse to put someone forward. However, it was potentially demoralising for staff to be rejected in this way and he suggested that it would be better if unrealistic applications could be avoided. It was therefore proposed that newer Heads of Department should gain experience of sitting on promotion panels so that they could improve their understanding of the criteria and how these were applied. It was hoped that this action would reduce the number of premature promotion applications in future.

11. The Planning and Budgeting round was also proceeding apace and departments were now preparing their draft budgets for the coming year. In view of the current economic situation, Departments had been asked to prepare two scenarios for their budgeting discussions. The first assumed a flat budget with no increase on the 2009-10 baseline. In addition, Departments had been asked to prepare proposals for what they would do if there was a 5% cut in budget for 2010-11. This would help the College assess each department’s strategic priorities for the coming year.
12. Turning to Faculty matters, Professor Richardson was pleased to say that Professor Neil Alford had been appointed as the next Head of Department of Materials. This was, he said an excellent choice and he was sure that Professor Alford would help to build on the success of his predecessor in making the Materials Department one of the preeminent engineering departments in the Country.

13. Professor Dame Julia Higgins said that she had recently been involved in a promotions round at another prestigious university. That University included financial considerations in the panel's deliberations so that, once it had determined which academics met the qualitative requirements for promotion, it then had to consider which of these promotions could be afforded. She felt that this was an unsatisfactory process and she said that, in comparison, the College procedure, in which academic excellence was the only criteria, was preferable; at Imperial staff were promoted because they had reached the appropriate quality criteria. It was then for the Head of Department to manage these promotions within the budget given to him or her.

Oral Report by the Principal of the Faculty of Natural Sciences

14. Professor Dallman reported on recent developments in the Faculty of Natural Sciences. The Faculty was very close to completing its promotion round for this year and she said she had been impressed by the high quality of many of the applicants considered by the Panel. Research continued to be buoyant and she was pleased to say that the Faculty was on budget and meeting all its challenging targets for research income. The Faculty was now focusing on the planning round. Previously the departmental plans had been produced largely in isolation, so this year the Faculty was encouraging them to work together and to think more about the strategic interfaces between the departments and how developing these areas might impact on their own departmental plans. This was quite a change in the way departments prepared their plans, but would provide real benefits in that it would reduce the extent to which departments felt they were competing with one another; this would instead enable them to identify opportunities to expand into new areas where the College could compete successfully against other institutions.

Oral Report by the Principal of the Faculty of Medicine

22. Professor Smith said that, following the completion of its restructuring exercise, the Faculty was now undertaking a major consultation on its future strategy. This would not only help to define the Faculty’s strategy, but would also help to improve morale. It was clear from this exercise that there was strong support within the Faculty for developing the public health agenda. Professor Smith explained that there were essentially two strands to medicine: public health and epidemiology on one side and the biosciences on the other. There was a very strong feeling that the Faculty should build on its strengths in public health and epidemiology and consider developing a school of public health. In due course, this could even grow to the point where it might become a Faculty in its own right. If this was the case, the potential expansion space provided by the Woodlands development could be a key factor. Growing the public health side would also be helpful to the Faculty as, by and large, these staff were not involved in the AHSC developments and there was a risk that they could feel marginalised by a perceived concentration on the AHSC.
Oral Report by the Principal of the Imperial College Business School

23. Professor Begg said that the Business School was also doing well. Its restructuring exercise had been completed successfully and income was projected to rise by 15% again next year, as it had done in previous years. He was confident that income would continue to rise at a similar rate for the next five years. Importantly, Business School activities continued to be integrated with the rest of the College. One of the Business School’s strengths was its focus on science, technology and medicine issues and its close relationship with the other Faculties. This meant that the Business School would be able to work with the other Faculties to mutual benefit.

24. Moving on, Professor Begg reminded members that he had previously reported on a proposed agreement with Microsoft to work with it and several prestigious partners on technology transfer issues. He was pleased to say that the agreement had now been signed. Microsoft clearly valued this new relationship as the signing had been announced publicly at Microsoft’s convention in Seattle. Microsoft had also decided to move an important seminar with its main business partners from its own facility in Cambridge to the College. This was a very exciting prospect for the College and not just for the Business School; the School’s close relationship with the Engineering Faculty was key to the agreement and the Faculty would also benefit from this new relationship with Microsoft.

25. The Business School had also recently secured an agreement with Finmeccanica, Professor Begg continued, which was being celebrated with an exhibition of Finmeccanica developments in the College’s main entrance. He then said that the School provided some business courses to members of Teach First. Teach First was an independent charity which aimed to bring excellent teachers into challenged secondary schools across the UK. Its mission was to address educational disadvantage by transforming exceptional graduates into effective, inspirational teachers and leaders in all fields. Teach First was now the fourth highest employer of new graduates in the UK; this was outreach on a grand scale, but was also commercially attractive because of the premier businesses involved.

26. Baroness Wilcox congratulated Professor Begg on the Business School’s continued success under his leadership and she asked if the College had an effective plan in place to ensure a smooth transition to whoever would succeed Professor Begg as Principal. Professor Begg said that he had a very good deputy in Professor Dot Griffiths and he also noted that the heads of the four sections within the School were all excellent academic leaders in their own rights. Importantly, their remuneration depended on the performance of the School as a whole, rather than just their own sections. This meant they took a keen interest in the whole School and weren’t just focused on their own areas.

Oral Report by the Deputy Rector (Research)

27. Professor Sir Peter Knight said that he was working closely with the Department of Business, Innovation and Skills (BIS) and with the Research Councils on their plans for the future development of research. BIS was keen to focus its funding initiatives on centres of excellence, a strategy which would play to the College’s strengths. He was also in discussions with BIS on the implementation of the recent Hauser Report on the Current and Future Role of Technology and Innovation Centres in the UK. It was vital that the Innovation Centres recommended by Dr Hauser were embedded within universities and not established as separate entities and Professor Knight was promoting this view to BIS.
FINANCIAL MANAGEMENT REPORT (PAPER B)

28. Presenting Paper B, the Chief Operating Officer, Dr. Knight, said that the College’s income and expenditure (I&E) figures were very good – almost embarrassingly so. While this was positive for the College’s financial health, it did make it more difficult to plan for the tough budgeting decisions ahead. Since the downturn in 2008, he had been sending a clear message to the Faculties and Departments that the recession would eventually have an impact on Imperial’s income and that times would be hard. This was still the case, although the College’s continuing good financial health made this a harder sell in presentational terms. Consequently, the Finance Division was considering how it could sensibly reduce the size of the overall surplus, consistent with sound financial management. Having said that, Dr. Knight reminded members that he viewed the College’s cash position as more meaningful than its I&E figures. Although the cash position was currently better than budgeted, the College was still now in a net debt position, and would remain so until the end of the financial year. Finally, Dr. Knight said that the main focus for Finance at the moment was the annual budgeting round. As Professor Richardson had reported, departments were preparing their budgets on the basis of a flat budget at best, but were also being asked to consider the consequences of reducing next year’s budget by 5%, just in case the new Government decided to reduce public expenditure (including HEFCE Funding) with an emergency budget.

29. The Rector acknowledged that the College’s current position was very good, but that the future funding environment was uncertain. He believed that this was well understood within the College and that departments were preparing their budgets responsibly. Mr. Newton said that he was very encouraged by this. Addressing the scale of public debt would be a major issue for the incoming Government and it was not yet clear how it would go about reducing such a large deficit. He was very pleased that the culture across the College was one that sought to achieve academic excellence, while behaving in a way that was financially responsible and which showed clear commercial understanding. He felt that this twin approach was the best way for the College to secure its future position and continue to grow. In particular, he said it was very important that the College could show that it was a very well-managed organisation, particularly when it was entering such a volatile period. In this context, he suggested that Imperial should not be embarrassed by its success.

30. The Chairman asked Dr. Knight how the Reactor Centre was dealt with in the accounts. Dr. Knight said that the accounts included a provision of about £8M for the eventual decommissioning of the Reactor. This level of provision had been agreed with the auditors and was based on mix of the Centre’s net present value and the likely future costs to the College of its decommissioning. He suggested that it would be premature to revisit the provision while discussions were continuing with the NDA on the options available for decommissioning. The Chairman acknowledged this, but said he was also concerned about the impact of the Reactor on the value of the Silwood campus and he said he would like to be assured that these additional costs were understood and had been factored into the costs of continuing to operate the Reactor.

31. Mr. Newsum agreed that the Reactor would have a knock-on effect on the value of the Silwood Campus. However, in terms of the College’s own liabilities, he felt the pensions issue was a much greater concern. The Chairman agreed and suggested that the Council should return to this issue in the autumn, by which time the chances of securing any progress in the discussions between the employers and the trades’ unions should have become clear. Personally, he was pessimistic.
GOVERNANCE REVIEW (PAPER C)

32. The Clerk presented Paper C on behalf of the Governance Review Group’s Chairman, Sir Rob Margetts, who had not been able to attend this meeting of the Council. He said that the Review Group was not recommending any major changes to the College’s constitution but instead would suggest a small number of amendments designed to clarify the College’s governance arrangements and ensure that these were in line with best practice. In particular, it was suggested that the delegations of authority by the Council be clarified, including those to the Rector. It was also proposed that the existence of the Management Board should be formally recognised and established by Ordinance; that the Nominations and Remunerations committees be re-established as separate committees in their own right; that the consideration of risk be separated out from the other audit committee responsibilities; that the Development Advisory Board be made a Committee of the Council; that the Council play a larger and more formal role in the appointment of senior staff members of the Council; and finally that the Court’s role be resolved. Before asking for members’ views, the Chairman noted that the Council was not being asked to make any decisions at this stage, but was rather being asked to reflect on the Governance Review Group’s interim report. The Group’s final report would be presented to the Council at its next meeting.

33. Ms. Owen welcomed the report and said she agreed with the Review Group’s general direction, which was very clear. The proposals regarding the Court seemed very sensible and she asked if there were any precedents elsewhere in the sector for the creation of this sort of stakeholder body. She said that many other institutions had Human Resource sub-committees reporting to their governing bodies; Imperial did not currently have one and nor was the Review Group proposing that such a committee be created. She suggested it might be helpful for the Group to review this position. She also noted that the Group had not yet considered the appropriate size and structure of the Council and she looked forward to seeing its views on this issue at the Council’s next Meeting.

34. Baroness Wilcox welcomed the report as well and suggested that consideration should also be given to involving the Court in fundraising. This would both help raise the profile of the College’s fundraising activities and also help to engage all the Court members in the life and work of the College. Mr. Newsum also supported the general direction taken by the review, although he recognised that, whatever structure was eventually chosen for the Council, a key factor in its success would be the people chosen to serve on the Council.

35. Mr. Newton suggested that the Review Group should also look at the issue of remuneration for key members of the Council. He acknowledged that most Council members should be unremunerated; however, a much greater time commitment was required of some members, such as the Chairman and potentially, the Chairs of the main committees such as the Audit Committee or the proposed Risk Committee. It could be argued that the College would have to remunerate this small number of external governors if it was to get the level of commitment it required. Even if the funds were donated to charity by the individuals concerned, he suggested that the fact that they were being remunerated would oblige them to give a higher time commitment to the College. Baroness Manningham-Buller agreed, saying that the time commitment required of a chairman was now substantial and should be recognised accordingly.

36. Sir Peter Gershon asked how health and safety matters would be considered under the new structure. He recognised that health and safety was an important issue for
the College, but suggested that it did not fit well with the Audit Committee’s primary remit. The Clerk said it was likely that health and safety matters would be considered by the new Risk Committee as health and safety management was more closely related to risk management than to the auditing of financial and other controls. Sir Peter Gershon welcomed this clarification and agreed that this was a more suitable location for health and safety matters to be considered.

37. The Rector highlighted the proposed changes to the delegation of powers to the Rector and the formal recognition of the Management Board as particularly important elements of the Review. He also welcomed the suggestion that Council members should serve on the appointment panels for senior staff and that their appointments should be formally approved by the Council. He also endorsed the proposed creation of a new Risk Committee.

38. The Chairman said that he was personally opposed to the remuneration of some or all external members of the Council. Remuneration might create problems with the Charity Commission, and he did not believe this would have any effect on the calibre of members the College could recruit, but he recognised that others might feel differently. He suggested that there was no need to do anything about this now, provided the Council had the option to consider this at some stage in the future (which he understood it did) and the terms and conditions for the appointment of the next Chairman were left to the Search Committee that would identify the Chairman and propose his or her appointment to the Council. He agreed that the relationship between the Council, the Rector and the Management Board was key and he was pleased the Review Group had addressed this. It was also clear to him that the Council would have to meet more frequently in future. He suggested that the recent introduction of a Council dinner on the eve of each meeting had been successful and should be continued. As for whether the Chairman should be more involved in day-to-day College affairs, he saw a risk of blurring the lines between governance and management, which might not be helpful. Mr. Newton said he respected the Chairman’s views on remuneration, and indeed, had some sympathy with them. He also agreed that, provided the Council could explore the available options in the future, there was no need to make an explicit statement on remuneration in the constitution.

**COLLEGE STRATEGY**

39. The Rector then gave the Council a presentation on the College’s developing strategy, a copy of which is attached to these Minutes. A key factor in the strategy was, he said, the aim to strengthen the College’s core disciplines and to achieve excellence in each of these disciplines. The College would, of course, continue to undertake multi-disciplinary research, but for this to be truly successful, it had to be underpinned by the fundamental sciences; without these, the College would not be able to maintain its lead in multi-disciplinary work, or support the work of the Global Institutes it had been establishing. The Rector then noted that several other universities had been closing departments in the fundamental sciences and in engineering and he gave an undertaking that Imperial would not do this. This was not to say, however, that there were not some areas that the College would not close, or seek to improve. The Rector then said that, underpinning the whole strategy was an understanding that maintaining excellence would be the College’s surest defence in the difficult financial times ahead. To this end, the strategy would include the objective that all the College’s departments should at least be in the top three departments in the country in their discipline. Many, of course, were already recognised as such and some were recognised as the very best. A few others were
close to attaining this position. However, there were a few departments for which this target would be a challenge. The Faculties would have to work with these departments and consider what actions needed to be taken to help them achieve this aim. This might involve some restructuring and/or additional investment in key areas.

40. Ms. Owen asked what would be the consequences for the College if its departments did not achieve this aim. The Rector said that the consequences were potentially serious; the College depended on the UK government, charities and industry for a large part of its funding. It was clear that these would all be squeezed in the coming years and he believed that research funding in particular would inevitably be concentrated in the best institutions. Institutions that were not excellent would find the financial environment increasingly difficult. Ms. Lomax asked how the College currently measured against this target. The Rector confirmed that many departments were already there. Across the College, he estimated that about 30% of the departments needed to improve to reach this aim, although many of these were already on the right trajectory. Baroness Manningham-Buller welcomed the strategy, which was developing well and showed much greater substance than the issues that had been presented to the Council in September. She cautioned though that the Government would be subject to a number of political pressures in reducing the deficit; it could not therefore be assumed that the Government would be able to protect the best universities from the worst of the expenditure cuts.

41. Mr. Newton said that one of the features of this recession was the extent to which debt had shifted from the private to the public sector. Although government expenditure would be severely constrained in the immediate future, there was now a lot of cash in the private sector with companies such as Microsoft and Apple holding very large research budgets. These companies were looking to invest in IP; if the College was able to exploit this opportunity, the shortfalls in public funding might be matched or exceeded by private sector expenditure. Professor Begg agreed, saying that public funding would be limited for some time to come. The College should have a strategy which could unlock corporate funding by building up its strong relationships with key companies. Dr. Knight also agreed, although he cautioned that the relationship with these companies would be very different to that with the research councils. Companies would not fund blue skies research and would expect to exploit any IP themselves.

42. The Imperial College President, Dr. Brown, noted that one of the key aims of the strategy was to provide an educational experience in STEMB subjects that was world-leading. He said the College had performed relatively poorly in recent national student surveys, particularly with regard to the quality and frequency of feedback given to students. He accepted that Imperial students had high standards and that responses to such surveys tended to elicit more polarised views. Nevertheless, this was an area in which the College would have to improve. The Rector agreed and said the College could not afford to ignore this issue. He contended that the solution would be found by changing the culture and behaviour of the College’s academic staff rather than by creating additional bureaucratic structures. Although important, he did not believe that it would require significant additional resources to resolve.

43. The Clerk than noted that the College’s submission to the Browne Review of Students Funding was summarised at the end of the Rector’s presentation. As this set out the College’s views on any increase in the student fee, he suggested that this would need to be reflected in the College Strategy and he drew members attention to the issue of private loans being made available to students if the government was unable itself to fund an increase in student tuition fees. In relation to this, Dr. Knight
said that the original aim of introducing student fees was to provide more money for universities. However, he cautioned that raising the cap on fees in this way was unlikely to provide any additional money for universities; indeed, in his view it could have the opposite effect.

44. The Chairman said that he understood the Browne Review was intended to consider the options for raising the cap on student fees, provided a portion of the income was used to provide additional bursaries for students from disadvantaged backgrounds. The presentation appeared to suggest that institutions might now be expected to make private loans available to meet the difference between the public loan and the student fee. He did not believe that universities should be acting as banks in this way and was concerned at any suggestion that Imperial might consider this option. The Clerk explained that under the current system, the fee was tied to a zero real rate of interest student loan provided by the Government. Given the state of the public finances, the Government could not afford to increase the level of student loans. Any release of the cap on the fee would therefore have to be accompanied by a de-coupling of the current loan and fee arrangements. It was suggested that the provision of private loans by other providers (such as banks) would enable this decoupling to take place. It was not suggested that universities should themselves be responsible for providing these loans. Sir Peter Gershon agreed that universities should not provide loans for students; this should be done by the government or by the banks. Dr. Knight said that, even if loans were provided by banks, they would seek some form of guarantee for these loans and would probably look to universities to provide these in the first instance. This was a potential liability that universities could not afford to take on. Dr. Brown noted that students already left university with significant levels of debt. If this was increased, it would place many students in real difficulty and many would struggle to pay back these debts.

45. Ms. Lomax suggested that the College’s response to any decision by Government to remove the cap on fees was a very important issue that would need to be discussed in detail by the Council. She asked when the College’s submission to the Browne Review was to be made. The Clerk explained that the deadline for submission was imminent. However, he clarified that the College’s response was in line with the response submitted by the Russell Group, which had already been published. Browne was expected to report in September. The Chairman said that the potential freeing of the current cap on student fees, and the College’s reaction to this, was a complex issue that would need to be fully considered by the Council. He therefore suggested that the Strategy should remain silent on this issue until this discussion had taken place and a firm view established by the Council. Although the fee issue was difficult, he suggested that the other elements of the College’s submission were uncontroversial. It was clear that the College wanted to recruit the very best students, regardless of their background or ability to pay, and that the College would continue to provide generous bursaries to ensure that students from poorer backgrounds could study at Imperial. He saw no reason for the cap on student fees to remain in place, but it was, he said, for the Government to determine how any increase in the fee level could be funded. Finally, he said the College should be clear that it would not itself provide loans to students, or act as guarantor for loans provided by other institutions.

46. Returning to the substance of the strategy, Sir Peter Gershon said that the College was aiming for all departments to be in the top three in the country. He asked if there should be a similar aim for some form of international calibration expressed in the Strategy. The Rector noted that the Times Higher Education-QS World University Rankings for 2009 listed the College as joint 5th in the world alongside Oxford and suggested that a realistic aim was for the College to remain in the top 7 world
universities over the five year period as measured in this league table, though *Times Higher Education* is significantly changing the methodology it uses for the 2010 list and the effect on our ranking could not be predicted.

47. Mr. Newsum said that these were external measures. He asked if the College was also developing any internal measures which could be used to examine the extent to which the College was making progress against its plan over the next five years. The Rector agreed that the Council should have some key performance indicators for measuring performance against the plan. As always, the key was to determine the right indicators, which it was often difficult to do. He suggested that once the strategy had been determined the Council should, with support from the Management Board, consider a set of indicators that would assist the Council in measuring progress and ultimately in determining whether the plan had been successful.

48. The Chairman noted that the developing strategy made no mention of the College’s academic footprint, nor did it include any proposals or suggestions for mergers with other institutions. In his view, the College’s current academic profile was about right and it was right not to pursue mergers at the present time, but he asked what the College’s view on these issues was. The Rector said that the College was not pursuing any mergers at present, but that if a strategic opportunity arose in the lifetime of the plan, this should be considered on its own merits. Indeed, he suggested that the criteria set out in the plan for considering collaborations could apply equally to mergers. Any potential proposals (and he stressed that no such proposals were being considered at present) would first have to be measured against these criteria before being considered more widely. Lord Tugendhat endorsed this approach and said that the criteria set out in the plan would set a high bar for any such proposals to cross. He also endorsed the Chairman’s comments that pursuing any mergers in the current circumstances would be very problematic; in his view there would need to be a compelling case to change the College’s current shape, which he thought was appropriate and fit for purpose.

49. Ms. Lomax suggested that the Strategy should also seek to articulate Imperial’s identity as this would help to define its academic shape. The Rector said it was intended to cover this point in the introduction to the Strategy. Essentially, the College was a STEMB University and had no desire to extend its offering beyond these core disciplines. Professor Begg said that, at the moment, organic growth within and between these disciplines was sufficient to move the College forward and ensure that it could meet its strategic aims. This might change in the future and the College might therefore need to change its footprint accordingly. However, this was not an objective at present.

**UK CENTRE FOR MEDICAL RESEARCH AND INNOVATION (PAPER D)**

50. Professor Dallman introduced Paper D and said that the opportunity for the College to be involved in the UK Centre for Medical Research and Innovation (UKCMRI) was a major benefit for the Imperial. It was intended that UKCMRI would use interdisciplinary and innovative approaches to reveal the basic biology underlying the understanding of human health that was necessary to attack the causes of disease and death. It was, she said, the most exciting UK biomedical research project in a generation and one that the College could not afford not to be a part of. The benefits to the whole College were clear: It would provide the opportunity for Imperial scientists to collaborate with other world-leading biomedical scientists from the MRC and UCL in state of the art facilities. It was likely that the Centre would become the London ‘hub’ of national resource, which would also provide a portal into Europe. It
would also provide an opportunity to further the College’s translation agenda through the AHSC. Although focused on the biosciences, it was particularly attractive to Imperial because of the additional research opportunities it would provide for the Medical and Engineering faculties. It was therefore a development of strategic importance for the whole College and not just for the Faculty of Natural Sciences. The potential downsides of not being involved were also significant, both in terms of a potential reduction in funding and a ‘brain drain’ as it was likely that the best scientists would be attracted to work at the Centre. She acknowledged that the costs of involvement were considerable; however, Professor Dallman noted that the College would still need to invest in these areas regardless of its involvement in UKCMRI. Consequently, the sums the College would have to devote to the UKCMRI project over its life time were not in addition to its current budgetary forecasts, but were, at least in part, a redirection of sums that would otherwise have been used to invest in scientific facilities and staffing at South Kensington.

52. The Chairman said that this was clearly an important decision for the College and one that would have to be taken carefully. It was also clear that the worst possible scenario for the College would be for UKCMRI to go ahead without its involvement. He recognised that there was still much work to be done before an agreement was ready to be brought to the Council for approval. However, he said the Council recognised the strategic importance for the College of this development and strongly supported the College’s continued engagement with UKCMRI.

SINGAPORE MEDICAL SCHOOL (PAPER E) (1)

53. The Pro-Rector for International Affairs, Professor Mary Ritter, and the Director of Commercial Projects, Mr. Charles Mallo, were invited to join the Meeting to present Paper E. Professor Ritter reminded members that the proposal for the College to create an Imperial College-Nanyang Medical School (ICNMS) in Singapore had been discussed at the Council’s last meeting and that the Council had endorsed the College’s general approach. She reported that the College had had positive discussions with the Singapore Government since then and the proposal was progressing well. It was hoped that the College would be in a position to sign a Memorandum of Understanding in the summer, with the detailed Agreement to follow very soon thereafter.

54. Mr. Newton sought an assurance that the College had considered all the risks associated with the proposal, including exchange rate and inflation risks, and was taking appropriate action to ameliorate them. Professor Ritter reported on the principles underlying the College’s continuing discussions and also on the measures being taken to ensure that these and other risks were properly considered and accounted for. Mr. Newton thanked Professor Ritter and said he was now satisfied that the financial risks associated with a long contract such as this were being handled appropriately.

55. Sir Peter Gershon asked if the College, as a charity, was allowed to enter agreements such as this. The Clerk assured him that the creation of a joint medical school in Singapore was consistent with the College’s charitable objects to give the highest specialised instruction, and provide the fullest equipment for the most advanced training and research in various branches of science.

1. Paper E is commercially sensitive and confidential and is therefore not included with these Minutes.
56. On behalf of the Council, the Chairman congratulated Professor Ritter, Mr. Mallo and Mr. Astle, the Pro-Rector for Enterprise who had also been heavily involved in preparing this proposal, on the progress that had been made and he looked forward to the Council receiving the formal Partnership Agreement in September.

Resolved: That the Rector be authorised to sign a non-binding Memorandum of Understanding with NTU to confirm the College’s intent to enter a partnership with them to create ICNMS, as set out in Paper E.

DEVELOPMENT STRATEGY

57. The Council received a presentation from the Rector on the College’s proposed Development Strategy, a copy of which is attached to these Minutes. When he was appointed as Rector, he had been very concerned at the lack of a strategic direction being given to the College’s development function and the poor use that was being made of the Development Advisory Board, which appeared to have largely fallen into abeyance. This latter point would now be addressed through the governance review which was recommending that the Development Advisory Board be reconstituted as a Council Committee, a recommendation which he endorsed. With the support of the new Development Board, the Management Board would also be responsible for giving the College’s development activities a more strategic focus, in line with the proposals set out in the presentation.

58. The Chairman agreed with the Rector’s conclusions and said that, in his view, the Development Committee should be chaired by the Rector (as it had been when first established by Sir Richard Sykes), and that the Council itself should also be fully engaged with development. To this end the Development Board should include a significant number of external Council members in its membership, alongside other external members chosen for their expertise in fundraising and their ability to contribute to the College’s development programmes. Although a reconstituted Development Board would be expected to drive the search for large donors, the prioritisation of strategic projects had to come from the Management Board; the Chairman was pleased to see that the Rector was addressing this side of the equation as well.

ANNUAL REPORT OF THE EQUAL OPPORTUNITIES AND DIVERSITY COMMITTEE (PAPER F)

59. The Chairman of the Equal Opportunities and Diversity Committee, Professor Begg, introduced Paper F and said that, as last year, the report showed the College was continuing to make steady progress and was moving in the right direction; there was good commitment to equal opportunities at senior levels, although more work was required to fully embed the same level of commitment at all levels across the College. He believed the College was now fully compliant with its legal responsibilities in this area, but the aim was to do more than this. Although the equality and diversity team had achieved a great deal in the year, it lacked the additional resources that would enable it to obtain and analyse bespoke data on the College’s performance that might assist it in its work. This also made it difficult for the College to demonstrate that it was complying with its responsibilities. Indeed, he said, the College was currently in discussion with the Equality and Human Rights Commission on this very point; the Commission had asked the College to do more work to demonstrate its compliance, which was now being done. He was hopeful that this issue could be resolved.
60. Professor Dame Julia Higgins agreed that the College was making slow but steady progress. However, she said that performance was patchy across the College. Some areas (such as Physics, which had recently been awarded a Silver Athena Swan Award for its female-friendly employment practices and working environment) had shown significant improvements, but there were other parts of the College where there was still much to be done. She said it was important that this was led from the top and that the momentum was maintained and, if possible, heightened. She suggested that it was also time to think about the structure of the College’s equal opportunities committees to ensure that the whole College was engaged with this issue.

61. Ms. Lomax said that it was clear from the report that the College had made progress, but she suggested that many of the statistics were still disappointing. She noted that while 40% of postdocs were female, just 10% of the professors were female. The Civil Service had been similarly unrepresentative, but had made significant progress in recent years. She suggested that this gap needed to be closed and she urged the College to do more and to be more ambitious in its targets. Professor Dallman said that the College had done a lot of work on the problems facing women academics; the biggest hurdle was not promotion to professor, but the transition from post-doctoral researcher to academic. It was at this stage that the majority of women scientists dropped out. The College had introduced a very good support structure and worked hard to persuade young women researchers to pursue a career in science. This was, she said, not just an issue for the College, but a problem that was endemic in science and engineering; indeed the number of women postdocs who went on to become academics was probably better at the College than in a number of other similar institutions. Professor Dallman then noted that about 50% of the new Junior Research Fellows were female, which suggested that this scheme, which aimed to identify and support excellent young scientists, was providing the sort of support that young women scientists needed. This was very positive and showed that, although many of the College schemes to support and promote career development were not intended to be gender specific, they were nonetheless having a positive impact on women staff.

62. Ms. Owen agreed that the College had made considerable progress in the last ten years and said that maintaining or exceeding this level was crucial to the success of the College's strategy; if the College was to be recognised as being in the top 3 in all subject areas, it would have to ensure that it made the best use of all its talented staff. For her, one of the key factors in eliminating discrimination was that this would ensure that the College did not waste any of that talent. For this reason, she fully endorsed the recommendations for further action set out at the end of the report. Sir Peter Gershon agreed and said that the College had to be more ambitious. It should not seek just to be compliant, but must embrace the equality and diversity agenda wholeheartedly. Professor Begg assured the Council that the College did not just aim to be compliant but wanted to achieve more than this.

63. Bringing the discussion to a close, the Chairman said it was clear that the Council supported what had been achieved thus far, but also wanted the pace of change to be increased and for the College to be more ambitious in ensuring that female, ethnic minority and gay staff were supported and that no artificial barriers were being put in their way consciously or unconsciously. Professor Begg said he was happy to take this direction back and said that the College would seek to increase the pace of progress in this area.
COLLEGE FUND (PAPER G)

64. Mr. Newton introduced Paper G and highlighted in particular the volatility of the Innovations share holding, the share price of which had increased by 54.2% since the last financial year. Although this level of performance was to be welcomed, this level of volatility was an issue for the Fund Board because Innovations now accounted for about half of the Fund’s total holdings in terms of value. Dr. Knight, who is also the Chairman of Innovations, said that Company was doing very well and was very close to proving the success of its business model. The big challenge for Imperial was dealing with this liquidity issue.

65. Mr. Newsum said that he was very impressed with the progress made on the property side. Many of these properties had been in very poor condition when they had transferred to the Fund, but the Fund had taken these properties, refurbished them and was now achieving an excellent return on this investment with both sales and rental. The Fund’s strategy in this regard had been very successful. Dr. Knight then reported on the Woodlands development. It had been decided not to submit the planning application until after the elections, so this would now be submitted shortly. He then reported another issue with the College’s plans. Hammersmith and Fulham Council had encouraged the College to include a tall tower as a signature building in its masterplan. Although the local council was keen on this, the London Mayor, Boris Johnson, was known to oppose tall buildings. There was therefore a concern that he might block such a signature building if it was too high. Dr. Knight was sure though that any conflict would be resolvable.

66. The Chairman thanked Mr. Newton for his report and said that once again the Council had to thank Mr. Newton and the other members of the Fund Board for the tremendous performance of the Fund, which was all the more remarkable given the general economic conditions.

RENTAL GUARANTEE AGREEMENT (PAPER H)

67. The Clerk introduced Paper H and reminded members that the Council had previously resolved to delegate authority to enter into all and any documentation necessary to facilitate the proposed development of postgraduate student accommodation to the College Fund, provided that the terms of the rental guarantees required to support the developments were limited to a maximum of fifteen years from practical completion and that each rental guarantee was specifically approved by the Council. Although the commercial terms on which the rental guarantee was to be given had been clearly set out in the Council’s earlier paper and the provision of such a rental guarantee had already been accepted in principle by the Council, the terms on which the Winstanley Road project had been approved by Council suggested that the actual form of the document itself had to be presented to and approved by the Council. Furthermore, the Rental Guarantee Agreement was for a maximum period of 25 years, with an option for the College to exercise a break clause after 15 years provided that 12 months notice had been given. This differed to the proviso in the general approval of the project that it should be subject to a maximum of 15 years, and would therefore require separate approval by the Council. The Clerk then tabled the Rental Guarantee Agreement and asked for the Council’s approval of it and its terms, as set out in Paper H.

Resolved: That the form of Rental Guarantee Agreement produced to the meeting be approved by Council and that authority to enter into the Rental Guarantee Agreement be delegated to the College Fund Board,
notwithstanding that the Rental Guarantee Agreement is subject to a maximum term of 25 years with a break clause at 15 years.

MAJOR BUILDING PROJECTS (PAPER I)

68. Paper I was received for information.

THE HEFCE INSTITUTIONAL RISK ASSESSMENT (PAPER J)

69. The Clerk introduced Paper J and noted that the HEFCE had confirmed that Imperial was not at higher risk, the standard designation for most institutions.

ANY OTHER BUSINESS

70. PhoenixWyeCollege. The Chairman noted that several, although not all, of the external members of the Council had recently received a letter from PhoenixWyeCollege about its plans to create a 'new Wye College'. He suggested that he and the Clerk reply to the letter on behalf of the Council.

71. College Strategy. Mr. Newsum said that, although Imperial College was clearly a global institution, its main campus was in South Kensington. He suggested that the College Strategy should also include a consideration of Imperial's place within its local community. The Rector agreed and said this was a timely suggestion as the College was currently in discussion with its near neighbour, the Natural History Museum, on plans to engage the public with science. He hoped that, when these came to fruition, the Science Museum and the Victoria and Albert Museum would also be fully involved. In addition to these discussions, the College was also exploring other ways in which it could engage with its local community. There was much therefore that could be included in the Strategy.

NEXT MEETING

72. The Clerk reminded members that the Council's next Meeting would be held on Friday, 9 July 2010, with a dinner on the preceding evening.
PAPER A

STAFF MATTERS FOR THE PERIOD 1 FEBRUARY – 30 APRIL 2010

A Note by the Rector

PROFESSORS

Professor Peter O’HARE, formerly Director of Research of the Marie Curie Cancer Care and Group Leader at the Marie Curie Research Institute, has been appointed to the post of Chair in Virology in the Division of Investigative Science, Faculty of Medicine, with effect from 1 February 2010.

Professor Myung Shik KIM, currently Professor and Director of the Centre for Theoretical Atomic, Molecular and Optical Physics at Queen’s University, Belfast, has been appointed to the post of Chair in Theoretical Quantum Optics/Quantum Information Science in the Department of Physics, Faculty of Natural Sciences.

Dr Alastair J FRASER, currently Petroleum Geologist and Exploration Manager at British Petroleum, has been appointed to the post of ESGI Chair in Petroleum Geoscience in the Department of Earth Science and Engineering, Faculty of Engineering, with effect from 1 June 2010 for a period of three years.

READERS

Dr Daniel J GRAHAM, formerly Senior Research Fellow within the Centre for Transport Studies in the Department of Civil and Environmental Engineering, Faculty of Engineering, has been appointed to the post of Reader in Transport and Economics and Statistics, Faculty of Engineering, with effect from 1 November 2009.

VISITING PROFESSORS

Professor Christine NORTON, formerly Associate Dean at King’s College London, has accepted an association with the College as Visiting Professor in the Department of Biosurgery and Surgical Technology, Faculty of Medicine, with effect from 1 March 2010 for a period of five years.

Professor Tawfik KHOJA, formerly Adjunct Professor at the University of Oklahoma, USA, has accepted an association with the College as Visiting Professor in the Division of Epidemiology, Public Health and Primary Care, Faculty of Medicine, with effect from 1 February 2010 for a period of three years.

Professor Marina TAVARES, formerly Professor at the University of Sao Paulo, has been offered an association with the College as Visiting Professor in the Division of Surgery, Oncology, Reproductive Biology and Anaesthetics, Faculty of Medicine, with effect from 15 March 2010 for a period of one year.

Professor Donna Gail BLACKMOND, formerly Chair in Catalysis in the Department of Chemistry at Imperial College London, has accepted an association with the College as Visiting Professor in the Department of Chemical Engineering, Faculty of Engineering, with effect from 1 February 2010 for a period of three years.
Professor Dominic John WELLS, has been offered an association with the College as Visiting Professor in the Division of Neurosciences and Mental Health, Faculty of Medicine, with effect from 1 February 2010 for a period of two years.

Professor Jonathan COOKE, has been offered an association with the College as Visiting Professor in the Division of Investigative Science, Faculty of Medicine, with effect from 1 March 2010 for a period of three years.

Professor Christian MUNZ, has been offered an association with the College as Visiting Professor in the Division of Investigative Science, Faculty of Medicine, with effect from 1 February 2010 for a period of five years.

Dr Satnam SINGH, has been offered an association with the College as Visiting Professor in the Department of Electrical and Electronic Engineering, Faculty of Engineering, with effect from 1 February 2010 for a period of three years.

Professor Chandrashekhar (Chan) JOSHI, has been offered an association with the College as Visiting Professor in the Department of Physics, Faculty of Natural Sciences, with effect 1 March 2010 for a period of two years and six months.

Professor Alain BUCAILLE, Senior Vice President in the Research and Innovation Corporate Department at AREVA, has accepted an association with the College as Visiting Professor in the Department of Earth Science and Engineering, Faculty of Engineering, with effect from 15 March 2010 for a period of three years.

RETIREMENTS

Professor Margaret HODSON, Professor of Respiratory Medicine, National Heart and Lung Institute, Faculty of Medicine, retired on 7 April 2010. Following retirement, she will continue her association with the College as a Senior Research Investigator.

Professor Howard Christopher THOMAS, FMedSci, Clinical Professor, Division of Medicine, Faculty of Medicine, retired on 31 March 2010.

RESIGNATIONS

Professor Chen-Lung Steve LIN (Steve), MD FRCS DPhil, Chair in Paediatric Surgery, Division of Surgery, Oncology, Reproductive Biology and Anaesthetics, Faculty of Medicine, resigned with effect from 31 March 2010.

Professor Bernard John MORLEY, Professor of Molecular Genetics, Director of Graduate School of Life Sciences and Medicine, Division of Medicine, Faculty of Medicine, resigned with effect from 28 February 2010.

DEATH IN SERVICE

Dr Andrew TEMPLE, Visiting Professor, in the Department of Mechanical Engineering, Faculty of Engineering, died on 6 February 2010.
PAPER B

FINANCIAL MANAGEMENT REPORT

A Report by the Chief Operating Officer

1. At the half year the College undertook a detailed review and reforecast of the full year financial performance. The financial performance is sound, with a surplus of over £30m forecast for the full year. Cash is also likely to be better than budget, even after allowing for the £28m cash purchase of Woodlands, which was unbudgeted. Even so, the College will, it is forecast, be in a net debt position of £45m at the year end.

MANAGEMENT ACCOUNTS TO 31 MARCH 2010

2. The main trends to report for the period ending 31 March 2010 are:
   a. Revenue remains up 3% compared to last year (pg 2),
   b. Costs remain under control with the adverse position to budget entirely driven by income related expenditure (pg 2),
   c. The surplus is continuing to grow, and is now £33.4m, some £8.6m ahead of budget (pg 2),

3. Research income is 2% higher than last year and ahead of budget, and very pleasingly contribution is also both up on last year and ahead of budget. It is worth highlighting that that FoNS are 8% ahead of last year, and the Business School is 29% up (pg 8).

4. Academic fee income is up by 14%, driven by the final year impact of the introduction of top up fees and higher numbers of overseas students.

5. Faculty recurring expenditure is favourable driven by savings on staff costs and the usual slower non staff spend in the early part of the year. Support Services costs are better than budget due to savings in Facilities Management and the timing of expenditure in ICT, which might well reverse in the second half. Corporate costs remain better than budget primarily driven by favourable net interest. The College Fund also remains ahead of budget, with profit generated from asset switches, higher donations and lower than budget distributions to unit holders, partially offset by adverse income due to a lower proportion of income yielding investments.

6. On the balance sheet, invoiced debtors are falling in line with their normal annual profile, but importantly the aged debtor profile continues to improve (pg11). It is worth noting that the debt includes £2.8m of fees billed to PG students under the new fee payment basis for unconditional offers that has been introduced this year. Research WIP remains high at £58m driven primarily by increases in FoM. However Payments in Advance have also increased to £136m and so the net position remains broadly in line with previous months and higher than last March (pg 10).

7. Net cash is worse than budget, by £6m. This is driven by the unbudgeted £28m Woodlands purchase. Allowing for this, the underlying cash position is £22m favourable,

1. The Finance Management Report Booklet is confidential and is not included with these Minutes.
helped by the favourable operating position, lower than budgeted capex, favourable spend against redundancy provisions, and the College Fund continuing to hold more cash than expected. The net debt at the end of March is £15m.

FULL YEAR FORECAST

8. The full year forecast sees the I&E surplus increase to £35.5m, some £8.2m better than budget, of which £4m relates to exceptional income in the College Fund (see 9e below). The half year review has highlighted some further potential upsides which will be reviewed through the remainder of the financial year. The cash position is forecast to be £7m better than budget at a net debt position of £45m.

9. There are a number of factors that are worth noting:

   a. Overall Income is forecast to be 2% higher than last year. When consolidated to include the College Fund, Innovations, other subsidiaries and the Commercial Services income, the Group turnover will be close to £690m.

   b. Research income for the full year is forecast to increase by 1% over last year to £288m, some £3m better than budget (pg 8), with contribution income of £55m, which is slightly ahead of budget. By Faculty, income in FoNS is forecast to rise by 8% over last year, Engineering by 3%, and 13% in the Business School. Medicine is forecasting a 3% reduction in research income. It is worth noting that the 3 large Faculties have all secured the orders to cover their research volume target for the rest of this year and also that the research order book cover has increased slightly since May 2009, to stand at 1.9 years cover. This is in line with the previous 3 years.

   c. All Faculties, with the exception of Medicine, are forecasting to have bottom line outturns in line with budget (pg 7). The forecast for Medicine is a breakeven position against a £1.0m surplus budget, principally due to the delay on a slightly restricted restructuring programme.

   d. Academic Services are forecasting an overspend of £1.4m, principally due to not achieving the £1.3m budgeted cost reduction target (pg 13). Support Services are forecasting an on budget outturn, despite a significant increase in the forecast cost of maternity pay (held in HR), which is offset by underspends in Facilities Management and other areas (pg 13).

   e. The College Fund is forecasting to generate an exceptional profit of £4m on the granting of a long lease on 52 Princes Gate.

   f. The net borrowing position at 31st July 2010 is forecast at £45m against a budget of £52m (pg 3). This, as highlighted above, continues to be due to better than budget cash generation from operations, lower than budget spend against provisions, the College Fund continuing to hold more cash than expected and the proceeds from the granting of the lease on 52 Princes Gate, partially offset by higher than budgeted capex following the Woodlands purchase.

2010/11 BUDGET

10. The College is currently preparing its 2010/11 budget. The good forecast financial position has had 2 potentially conflicting effects: firstly, it provides a good platform as we enter uncertain financial times; but secondly it has made some of the important financial decisions more difficult to sell, for example the freeze on non academic staff and the critical
review of capital expenditure. In this context it is worth noting that we can still not be certain of the 2010/11 HEFCE grant, even though it has already been announced (with a reduction of less than 1% for College), in the light of a likely emergency budget following the general election. In short, the College is preparing its budget from a solid financial position, but against a very uncertain backdrop.

MPK

April 2010
1. The Governance Review established by Council earlier this year has met on three occasions to date. Its Chairman, Sir Rob Margetts, has seen many interested individuals including Council members. He has also issued an open invitation to College staff and members of the Court to make written submissions. The group has heard evidence from two outsiders including a former Dean from a leading US institution.

2. In keeping with its terms of reference, the group has prepared the attached interim draft report on its work to date. Much business remains to be done, but the Council is invited to consider the report and provide any reaction for the group to consider when developing its final report for the July meeting of Council.

3. In reading the report, please be aware of its draft, interim and incomplete nature. *Italic text in square brackets* signifies work in progress.

RFE
29 April 2010
INTERIM REPORT OF THE GOVERNANCE REVIEW GROUP

EXECUTIVE SUMMARY

INTRODUCTION

…. History of governance review given in Annex n. ….

The terms of reference given us by the Council were as follows:

1. To review the constitutional structures in place for the governance, leadership and effective management of the College, and in particular
   a) the relationship (including delegated powers and oversight arrangements) between the Council and the College’s executive;
   b) the roles and responsibilities of the Rector and other executive members of Council, in relation to the Council as a whole, to the senior management group, and to the wider university;
   c) the role, composition and effectiveness of the Council and its committees, and frequency of meetings, and the role of the Chairman, other non-executive members of Council, and committee chairs;
   d) the role and composition of the Court.

2. To do so taking into account the experience of those knowledgeable in these matters and the practice of other leading universities in the UK and elsewhere.

3. To report on progress at every meeting of Council, to receive and consider Council feedback as appropriate, and to deliver a final report, with recommendations, to Council by July 2010.

Our membership was as follows:

Sir Rob Margetts (Chairman) Chairman, Legal and General group plc; former Vice-President, Royal Academy of Engineering; former member of the College Council
Sir Cyril Chantler Former Principal of Guys and St Thomas's Medical School; former Chairman of Great Ormond Street Hospital NHS Trust
ROLE AND RESPONSIBILITIES OF COUNCIL, RECTOR AND MANAGEMENT BOARD

1. The Charter determines that the Council “shall be the governing and executive body of the University and shall exercise all the powers of the University,...” (clause 9) though it may delegate almost all of its powers to committees or officers (clause 11). The Statutes further say that the Council should “be responsible for the efficient management and good conduct of all aspects of the affairs of the University (including its finances and property).” Council has determined, through adoption of a Statement of Primary Responsibilities (see Annex 1), to delegate authority to the rector for the academic, corporate, financial, estate and personnel management of the College (point 4 of Statement).

2. We considered different roles for the Council, including one which was modelled on boards of businesses, but our view is that the Council should remain primarily a supervisory body, not an executive one. This structure has served the College well for over 100 years and is the predominant model in UK higher education. The Committee of Chairs of University Councils (CUC) states, for example, that the governing body is responsible for “overseeing the institution’s activities” and that executive powers are delegated through the head of the institution: “the head of the institution is responsible for the executive management of the institution”. In our view, current and foreseeable circumstances do not necessitate any radical restructuring of the governance arrangements, though improvements in process and accountability can be identified. Fundamental change to the constitution of the College and its Council is therefore not recommended.

3. We looked at the chain of accountability and delegated authorities running down from the Council. We endorse the Statement of Primary Responsibilities (which is based on the CUC recommended model as endorsed by HEFCE) as the principal framework for delegations from the Council to the executive and recommend that it be incorporated into Ordinance A4 rather than lie simply as a Council resolution.

4. Ordinance A4 (Annex 2) specifies which matters the Council shall not delegate, but, other than for capital projects, is silent on those matters which it does delegate. The effect of point 4 of the Statement of Primary Responsibilities and Ordinance A4 is to give the rector wide powers in the exercise of his delegated authority.

1 https://www8.imperial.ac.uk/content/dav/ad/workspaces/secretariat/CharterJul09.pdf

2 Statute 5 (e) – see page 11 of https://www8.imperial.ac.uk/content/dav/ad/workspaces/secretariat/CharterJul09.pdf
5. Ordinance D2\(^3\) (attached at Annex 3) describes the duties and responsibilities of the rector in general terms. It may be helpful to the rector and Council if the authority delegated from the Council to the rector was more specific, always recognising that the rector’s remit, as chief executive, should not be unduly constrained.

6. Whilst accepting that the Council rightly delegates authority to its chief executive, as currently constituted, the rector has no check or balance on the exercise of that authority. We consider that it would be helpful for the constitution to require him to take advice from a senior board as, of course, in practice he does. We recommend therefore that point 4 of the Statement of Primary Responsibilities (to be incorporated into Ordinance A4) and the appropriate place in the list of the rector’s duties and responsibilities in Ordinance D2 include a phrase such as “as advised by the Management Board” when exercising his delegated authority. He should also be given the explicit power to delegate further along the management chain.

7. The amended Ordinance A4 incorporating the Statement, as amended, is included at Annex 2. The amended Ordinance D2 (Rector’s duties and responsibilities), essentially mirroring the list of Management Board responsibilities (below) and requiring the rector to consult the Management Board, is also attached at Annex 3.

8. The existence of the senior executive team acting as a group is not recognised currently in the constitution. Essentially, this group, the Management Board, is responsible for devising and delivering strategy and policy, for proposing and monitoring budgets, agreeing financial, staffing and organisational plans, for holding organisational units to account for delivery of their plans, for initiating projects, and generally for ensuring the good, safe, healthy, effective and efficient running of the university. Currently, the rector, as the delegate of the Council’s authority, determines which senior staff sit on the Board.

9. We recommend that the Board with these functions and responsibilities be recognised in Ordinance and, as proposed above, that the rector be required to consult the Board on matters within its purview. We recommend that the Council determine, in Ordinance, that the Board should be chaired by the rector and contain in its membership those staff who are members of the Council. It is important that the rector has the ability to select members of his cabinet so that the full membership of the Board should not be constrained by Ordinance.

10. A proposed new Ordinance (A11) is attached at Annex 3.

11. The institution of the changes suggested above should clarify the line of specific delegated authority from the Council to the rector, as advised by the Management Board, keeping leadership of the university clearly with the rector whilst promoting good decision making and protecting against any arbitrary application of delegated authority.

12. One of the most important responsibilities of Council is the selection and appointment of the rector. The current Ordinance which governs this (D1\(^4\)) specifies that the search committee shall be the Remuneration and Nominations Committee together with co-opted members agreed by Council, but excluding the current rector or any possible candidate. The Remuneration and Nominations Committee has as its members the Chairman and Deputy Chairman plus two other external non-executive members of Council. For the last search, the Committee invited onto it the senior Dean and one other senior member of academic staff plus the President of the Royal Society. The resultant balance of

\(^3\) [http://www3.imperial.ac.uk/secretariat/governance/charterandstatutes/d2]
\(^4\) [http://www3.imperial.ac.uk/secretariat/governance/charterandstatutes/d1]
the committee was such that it did not contain any member of the Management Board
though the choice of academic staff was constrained as suitable members were potential
candidates for the rector's post. It seems to us that the search committee for the rector
should include those who have an intimate, inside, knowledge of the university at senior
level and the complex requirements of the role. Such a requirement is likely to be met by
executive members of Council. We recommend that the search committee for a new rector
should be chaired by the chairman, serviced by the Clerk with membership, recommended
by the Nominations Committee and approved by Council, to be drawn primarily from
executive and non-executive members of Council in equal numbers with the ability to co-opt
outside independent advisors.

13. Ordinance D1 has been amended to reflect this (see the attached Annex 4).

14. The Remuneration Committee and the Nominations Committee were merged at
the last governance review and for much business, a single committee makes sense.
However, the Nominations Committee plays a crucial role in shaping the Council and
appointing search committees for the rector and chairman. The current membership
consists of the Chairman, Deputy Chairman and two other external members of Council, with
the rector and the deputy rector in attendance. A membership equally balanced between the
executive and non-executive elements of Council, though retaining a non-executive majority
through the Chairman, is likely to be better placed to identify suitable candidates for
membership of Council [and see below for discussion of the range of expertise and
experience sought for external members of Council]. Clearly such a composition would not
be appropriate for the Remuneration Committee and so we recommend that the restitution
of the two separate committees should be made. The current terms of reference for the
committee are silent on the need to appoint a search committee for the chairman. Selecting
the right person for this role needs as much attention as a search for a rector. We
recommend that the Ordinance make clear that the Nominations Committee establishes a
search committee when a new chairman needs to be indentified.

15. [New Ordinance A9 required]

16. Apart from the rector, the Council under Statute 8 (6) is formally responsible for
appointing the deputy rector, an undefined number of pro-rectors, its Clerk and the
College Secretary (usually one person fulfilling both roles) all on the recommendation of the
rector and (and with the exception of the Clerk role) to carry out duties assigned by the
rector. This seems sensible except that appointment of staff to other posts (the Faculty
Principals) which are designated in Ordinance A3 as carrying membership of Council is not
formally the responsibility of Council. We make three recommendations for change.
Firstly, that in addition to the deputy rector and Clerk/College Secretary all executive
appointments to Council (specified in Ordinance A3) should be approved by Council (on the
recommendation of the rector). The Council similarly should be responsible for extending
the term of appointment of these posts or removing the post-holders from office (on the
recommendation of the rector). We also recommend that the executive responsible for
the financial affairs of the College always, by statute, be a member of Council. At present,
Ordinance A3 includes the Chief Operating Officer as one of the designated posts which are
members of Council, but the holder of the finance brief may not always be the COO. In
addition to these posts, the Council appears to appoint some 20 or more other officers under
Statute 8 (6) and Ordinance D3. It is not clear in the constitution whether the Council
formally appoints these staff to their substantive posts or simply recognises the list of

http://www3.imperial.ac.uk/secretariat/governance/charterandstatutes/a9
See page 12 of https://www8.imperial.ac.uk/content/dav/ad/workspaces/secretariat/CharterJul09.pdf
http://www3.imperial.ac.uk/secretariat/governance/charterandstatutes/a3
http://www3.imperial.ac.uk/secretariat/governance/charterandstatutes/d3
specified post-holders as officers of the university. The latter is preferable and, of course, current practice. We **recommend** that the Statute should make clear that Council appoints only those executives who are members of Council; the current reference to Pro-rectors should be dropped.

17. The process by which the rector arrives at recommendations for Council appointments is not specified. It is entirely appropriate that the rector has the ultimate responsibility for identifying a suitable candidate to join his senior team. In doing this, though, it may be helpful to him to have access to advice from the non-executive side of Council. A suitable external member of Council would be in a position to advise on potential candidates and on the scope of the role in a way that may not be appropriate for another member of the senior executive team. We **recommend** therefore that the rector invite an external member of Council, as agreed with the Chairman, onto interview panels for selection to those positions whose post-holders would, on appointment, become members of Council themselves ie Deputy rector, Faculty Principals, Chief Operating Officer (see Ordinance A3) plus the Clerk/College Secretary. The rector may wish also to include an external member of Council on panels recommending appointment of Pro Rectors, but this would be a matter for him.

18. **[New Statute to be drafted making clear distinction between posts and officers, including CFO role as a designated Council post, making clear that membership of Council is restricted to Rector, Deputy rector and CFO and those persons holding posts designated in Ordinance A3 – and for the elected staff member to have a term (if this is results from a re-organised Decanal system. Ordinance A3 to outline the method by which the rector recommends for appointment those who would fill the designated (ie Council membership) posts.]**

19. The College is unusual in having only three committees of Council – **audit, remuneration and nominations** (one committee) and the **College Fund** Board. We have already suggested that the remuneration and nominations committee split to form two separate committees (see xx above). The Council has no finance, estates or HR committees though it is common practice elsewhere. At the last governance review, the Finance and Estates committees were disbanded, with these issues dealt with by management and in Council directly. We support this approach. The Audit committee’s remit is broad and growing, covering environmental (ie carbon reduction) issues, data quality, health and safety as well as traditional internal and external audit, risk, control and financial practice issues. Risk and associated topics might be better managed through a separate, forward looking, committee rather than included in the broad scope of the Audit Committee which necessarily looks at outcomes. **We recommend that a separate risk committee of Council be established.**

20. One increasingly important activity of the college is currently not scrutinised or supported well by Council and that is fund-raising. A Development Advisory Board was established some years ago but its current chairman and most members have no other connection with the College. The need for a high level body to oversee fundraising and take an active part in its development is paramount. The members, and especially its chair, need to be committed to and feel part of the college. This is more likely to happen if the body were a formal committee of Council. Its chair and membership should be recommended by the Nominations Committee and drawn from the Council but include others who are experienced in this field, co-opted as appropriate. **We recommend the dissolution of the Development Advisory Board** and the establishment of the Development Board as a committee of Council.

21. **[New Ordinance A9 needs to be drafted]**
22. The Senate is the body responsible for the educational work of the College and acts “under the general superintendence and control of Council”\(^9\). Its minutes are received by Council at every meeting. Similarly, we propose that the Management Board, although not a committee of Council, also submit its minutes to Council at every meeting and any report of business that it wishes to draw to the attention of Council which has not arisen through other channels.

**ROLE OF THE COURT**

23. The Court\(^10\) is an anachronistic, atrophying, body. Its original purpose was to act as a forum for those organisations which had some historic connection with the College, e.g., learned societies, professional institutions, livery companies, governments of the former British Empire. Until the latest revision to the statutes, its formal responsibility was to approve the Council’s recommendation for the appointment of the chairman, deputy chairman, and honorary treasurer. It also supplied three members for the then much larger (33) Council. These powers were removed in 2007 and now its only constitutional function is to approve any proposals by Council to the Privy Council for changes to the charter. Its present membership is over 150 strong, though attendance at the annual meeting has declined in recent years and is now not more than about 50, of whom about half are college staff, students or members of Council.

24. The Court does no harm and, if left unchanged, will doubtless continue to meet once a year for lunch and an afternoon session hearing reports from the Chairman, rector, and COO, followed by a talk from one of our eminent scientists. It could be abolished without perceivable loss (though would require the Charter to be amended) or it might be radically reformed. One such reform might be to establish the Court as a true stakeholder forum with, for example, representatives of our associated NHS Trusts, funding agencies, alumni, schools with whom we have strong links, companies, public sector bodies, and charities which fund our research and employ our graduates, etc. Staff and students would retain their existing constituencies in a reformed Court. If it were thought that an AGM style meeting of stakeholders would be suitable for the Court, then the extent of any Council accountability to the Court would need to be considered. One possibility would be for the Court to approve the appointment of the Chairman and Deputy Chairman (as recommended by Council). Such a requirement would give the Court a periodic reason to exist and offer stakeholders external to the Council a voice on crucial appointments. We do not underestimate the amount of work which would be required to move from the current, unsatisfactory, position to one which members of Court valued their association with the College and the network that Court provided. Nevertheless, proper consideration needs to be given to finding an alternative to the present structure.

25. We **recommend** that the Court be radically restructured with a membership representative of our principal stakeholders, normally meet no more than twice a year and be responsible for the periodic appointment of the Chairman and Deputy Chairman of Council, on the recommendations of Council.

26. The Statutes allow for a post of Chancellor with powers and responsibilities determined by Council. The post has never been filled but might be used as Chair of the Court, even if filled concurrently with that of Chairman. A separate Chancellor, though, might be desirable for a number of reasons. A Chancellor might, as a senior figure, be helpful during the appointment of a new chairman and provide senior support to the

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\(^9\) Charter section 14

https://www8.imperial.ac.uk/content/dav/ad/workspaces/secretariat/CharterJul09.pdf

\(^10\) http://www3.imperial.ac.uk/secretariat/governance/charterandstatutes/a7
chairman and rector at such times as would be helpful to them. He or she could also share some of the ambassatorial and ceremonial duties of the chairman. The Chancellor might also be expected to be a respected figure for fund raising purposes. On the other hand, another senior figure will add complexity to the relationships and may unnecessarily introduce another layer of governance. We make no recommendation now, but propose that the power to appoint a Chancellor be retained and periodic consideration given to its use.

27. [New Ordinance A7 (Court) required to be drafted]
THE COUNCIL OF IMPERIAL COLLEGE LONDON

STATEMENT OF PRIMARY RESPONSIBILITIES

The Council’s principal responsibilities are:

1. To approve the mission and strategic objectives of the College, its long-term business plans and key performance indicators, and to ensure that these take account of the interests of the College’s stakeholders.

2. To safeguard the good name and values of the College.

3. To appoint the Rector, the College’s chief executive, and to put in place suitable arrangements for monitoring his/her performance.

4. To appoint other executive members of Council as specified in Statutes.

5. To delegate authority to the Rector, as chief executive, as advised by the Management Board, for the academic, corporate, financial, estate and personnel management of the College.

6. To assess risk to the College and to position its management and mitigation.

7. To ensure the establishment of systems of control and accountability, including financial and operational controls, and procedures for managing conflicts of interest; and monitor the effectiveness of these systems.

8. To ensure that processes are in place for regular monitoring and evaluation of the performance and effectiveness of the College against its approved plans and key performance indicators.

9. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.

10. To be the principal financial and business authority of the College, to ensure that proper accounts are kept, to approve the annual budget and financial statements, and to have overall responsibility for the university’s assets, property and estate.

11. To be the College’s legal authority and, as such, to ensure that systems are in place to ensure that all its legal obligations, including those arising from contracts and other legal commitments made in its name, are properly met.

12. In accordance with the College’s Charter and Statutes, to act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the College.

13. To ensure that the College’s Charter and Statutes are adhered to at all times, with appropriate advice available as necessary.

14. To approve the College’s human resources strategy.
15. To establish processes to monitor and evaluate the performance and effectiveness of the Council itself and all its members and to identify opportunities for improvement.

16. To appoint a Clerk to the Council and ensure that accountability for his/ her performance in that capacity is properly separated from such managerial responsibilities as her/ she may have in the College.

*Note: The Statement is based on a model recommended by the Committee of Chairs of University Councils and endorsed by HEFCE.*
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   e. To delegate authority to the Rector, as chief executive, as advised by the Management Board, for the academic, corporate, financial, estate and personnel management of the College.

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   h. To ensure that processes are in place for regular monitoring and evaluation of the performance and effectiveness of the College against its approved plans and key performance indicators.

   i. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.

   j. To be the principal financial and business authority of the College, to ensure that proper accounts are kept, to approve the annual budget and financial statements, and to have overall responsibility for the university’s assets, property and estate.
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n. To approve the College’s human resources strategy.

o. To establish processes to monitor and evaluate the performance and effectiveness of the Council itself and all its members and to identify opportunities for improvement.

p. To appoint a Clerk to the Council and ensure that accountability for his/ her performance in that capacity is properly separated from such managerial responsibilities as her/ she may have in the College.

**DELEGATION OF POWERS**

2. The delegation of Powers of the Council is defined in Statute 3(6) of the University’s Statutes as follows:

“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.”

3. Pursuant to Statute 3(6), the Council has determined that the following matters may not be delegated to its committees or its officers except by resolution of the Council:

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, prior to drawdown, of any borrowing facility exceeding £5M.

f. Final approval of the University’s Investment Policy.


g. The appointment of the Rector.
h. The appointment of the Deputy Rector and other executive members of Council as specified in Statutes

i. The appointment of the Chairman of the College Fund Board;

j. The appointment of the Clerk to the Council and of the College Secretary.

**CHAIRMAN’S ACTION**

4. Pursuant to Statute 3(6) the Chairman shall have delegated powers to act on the Council’s behalf between its scheduled Meetings on:

   a. Items of routine business that would not normally merit discussion at a meeting of the Council;

   b. Matters relating to the implementation of policies that have already been approved by the Council.

5. Where an issue arises which, in the view of the Chairman, is too urgent and important for consideration to be deferred until the next scheduled Meeting of the Council, the Chairman shall have delegated authority to take action on the Council’s behalf. Such action may, at the discretion of the Chairman, take the form of:

   a. Calling a Special Meeting of the Council;

   b. Consulting with the Members of the Council by correspondence;

   c. Taking Chairman’s action.

6. In all cases, the Chairman will exercise great care before taking action on behalf of the Council, and will consult with the Clerk to the Council on the most appropriate course of action. Chairman’s action on matters of importance will be taken only where delaying a decision would disadvantage the University.

7. Where the Chairman has exercised his delegated authority to act on behalf of the Council, a written report on the action taken will be made to the next scheduled Meeting of the Council which shall give its formal endorsement or otherwise to the action.

Approved by the Council: 23 March 2007
Effective from 8 July 2007
Revised by the Council: 13 July 2007
Revised by the Council: 14 March 2008
DUTIES AND RESPONSIBILITIES OF THE RECTOR

1. In accordance with Article 15 of the University’s Charter the Rector is appointed by the Council to be the chief academic and administrative officer of the University. As such, he is its Chief Executive, is ex officio a member of the Council and the Court, and is Chairman of the Senate.

2. The Rector, working with the Management Board, is responsible to the Council for:

   a. Providing the leadership necessary to ensure that the objects of the University are fulfilled. In accordance with Article 4 of the University’s Charter these are that the University shall provide the highest specialised instruction and the most advanced training, education, research and scholarship in science, engineering, technology, medicine and business, especially in their application to industry; and in pursuit of these objects to act in co-operation with other bodies.

   b. Ensuring that the highest standards of excellence in teaching and research are promoted throughout the University.

   c. Developing strategic initiatives and formulating policy under the general guidance of the Council and implementing such policy decisions as the Council may from time to time determine.

   d. Maintaining and promoting the efficient and proper leadership of the University, including responsibility for proposing and monitoring budgets, agreeing financial, staffing and organisational plans, for holding organisational units to account for delivery of their plans, for initiating projects, and generally for ensuring the good, safe, healthy, effective and efficient running of the university.

   e. Undertaking such duties as are necessary to promote the University’s national and international standing and to represent its interests, including developing its fund-raising programme, maintaining contact with its alumni, and influencing, both directly and in conjunction with other bodies, the development of Government policy relating to education and research.

   f. Discharging such other duties as may be determined by the Council from time to time.

3. The post is full time and the Rector is required, for the proper performance of its duties, to reside in a lodging provided rent-free by the University.

4. The Rector may undertake or retain directorships and consultancies which sustain his or her own professional interests, but only after obtaining the permission of the Council, and
provided that such commitments do not detract from his or her ability to ensure that the objects of the University are fulfilled.

Approved by the Council 23 March 2007
Effective from 8 July 2007
POWERS AND FUNCTIONS OF THE MANAGEMENT BOARD

1. The Management Board is the College’s senior management committee and is chaired by the Rector. It is primarily responsible for devising and delivering strategy and policy, for proposing and monitoring budgets, agreeing financial, staffing and organisational plans, for holding organisational units to account for delivery of their plans, for initiating projects, and generally for ensuring the good, safe, healthy, effective and efficient running of the university. It also considers and approves, or recommends to Council the approval of, major projects.

2. Its terms of reference are:

   a. In conjunction with the Rector, to develop the vision and overall strategy, priorities and total budgets for the College;

   b. To oversee the strategic planning process and to recommend the draft Strategic Plan and supporting strategies for approval by Council;

   c. To ensure delivery of the Strategic Plan;

   d. To ensure that resources are deployed effectively and to that end, oversee the annual budgeting process and recommend the budget for approval by Council;

   e. To hold the Planning Units (the Faculties, Support Service Divisions and others) to account for delivery of their plans and budgets;

   f. To approve and track major projects in line with the financial authorities delegated to it by the Council;

   g. To ensure that effective management and legal compliance structures are in place within College;

   h. To respond to major external opportunities and threats and to review periodically the College’s Risk Register to ensure that key risks affecting the College are being appropriately managed, and to make appropriate reports and recommendations to the Audit Committee and the Council;

   i. To receive regular reports on significant health and safety matters and to advise the Rector on health and safety matters as appropriate.
j. To approve all tuition fees and fee bands, subject to prior consultation with the Council on major changes in strategy.

k. To oversee the College's arrangements for ensuring economy, efficiency and effectiveness, and to make appropriate reports and recommendations to Audit Committee and Council.

l. To approve the Annual Operating Statement, Corporate Planning Statement and other statutory returns for submission to HEFCE.

m. To ensure effective internal and external communication of College activities;

n. To develop and nurture relationships which will enhance the reputation, image and funding of the College;

o. To frame recommendations requiring Council approval, including those relating to the acquisition and disposal of property.

p. To submit the minutes of its meetings to Council and any reports as appropriate.

CONSTITUTION

Chairman
Rector

Ex-Officio Members
Deputy Rector
Chief Operating Officer / Chief Finance Officer
Principal of the Faculty of Engineering
Principal of the Faculty of Medicine
Principal of the Faculty of Natural Sciences
Principal of the Imperial College Business School
College Secretary

Other Members
The Rector may appoint other members of the Senior Staff of the College as members of the Management Board, as he sees fit.

Secretary
Head of Central Secretariat

MODUS OPERANDI

3. The Management Board is the College’s senior management committee.

4. It has delegated authority from the Council to approve project expenditure up to a maximum of £10M, where the project has previously been approved as part of the College’s
Capital Investment Plan. The Board also has delegated authority to approve Projects with a total value of less than £5M which have not been included in the Capital Investment Plan.

5. Health and safety is considered as a priority standing agenda item at each Management Board meeting.

6. Reports for the Council and proposals for expenditure above the delegated limits must be submitted to the Management Board for consideration before they are presented to the Council.

QUORUM

7. The Quorum is to be the Rector, or Deputy Rector and four members, two of whom are to be Principals.
Annex 5

IMPERIAL COLLEGE LONDON

ORDINANCE D1

APPOINTMENT OF THE RECTOR

1. On any vacancy in the office of Rector, or at least 10 months before the Rector leaves office, or on the Rector’s giving notice of resignation if the period of notice is 10 months or less, the Clerk to the Council shall arrange for the appointment of a Search Committee for the Appointment of the Rector (referred to in this Ordinance as 'the Committee’) whose duty it shall be to recommend to the Council the appointment of a Rector.

2. The Search Committee shall be appointed by the Council on the recommendation of the Nominations Committee. The Search Committee will normally be chaired by the Chairman and may include those who are not members of the University.

3. The Clerk to the Council shall be Secretary to the Committee. If the Clerk is unable to act, the Secretary shall be another College Officer, not being a member of the Council.

4. Neither the Rector nor any candidate for the office of Rector shall be a member of the Committee. Notwithstanding other provisions in the Ordinances, only members of the Committee and its Secretary may be present at meetings of the Committee. A member of the Committee becoming a candidate for the office of Rector shall cease to be a member.

5. A meeting of the Committee may be held provided the Chairman and two other members are present. The Committee shall not normally meet if the Chairman cannot be present. If, in the opinion of the Secretary, it is urgent that the Committee should meet even though the Chairman cannot be present, the Deputy Chairman of the Council shall serve as chairman until the Chairman is able to act and shall have the powers of the Chairman in respect of the Committee.

6. Decisions of the Committee shall be taken by a simple majority of those present and voting, except that the Chairman shall have a second and casting vote. All decisions shall be presented as decisions of the Committee without reference to any division of opinion.

7. The proceedings of the Committee, except its recommendation, shall be confidential.

8. If the Committee is informed that the Rector is eligible for a further period of office and the Rector has indicated his or her willingness to serve for a further period, the Committee may decide without considering other candidates to recommend to the Council the reappointment of the Rector for a defined period. If the Rector is not eligible or does not wish to serve for a further term or if the Committee at that stage does not wish to recommend the reappointment of the Rector, the Committee shall invite members of the Council to submit to the Secretary within a reasonable time the names of any persons whom they wish to be considered by the Committee. The Committee may also, at its discretion, invite applications or nominations from elsewhere within and outside the University.
9. If the Committee considers there is no candidate suitable for appointment, the Secretary shall arrange for further applications or nominations and shall continue to do so until the Committee is able to recommend the appointment of a Rector.

10. The Committee shall advise the Council on the period, terms and conditions on which the Rector shall serve, excluding matters within the remit of the Remuneration Committee.

11. The Remuneration Committee shall decide the salary, emoluments, allowances and other financial benefits payable to the Rector.

12. Before the Committee recommends to the Council the appointment of a Rector, the Chairman shall obtain the candidate's agreement to serve if the appointment is confirmed.

13. The Council shall consider the recommendation of the Committee and shall appoint the Rector for such a period of office as it shall determine.

14. If the Council does not accept the Committee’s recommendation, the Secretary shall arrange for further applications or nominations and shall continue to do so until the Committee is able to make a further recommendation to the Council for the appointment of a Rector.

Approved by the Council 23 March 2007
Effective from 8 July 2007
GOVERNANCE HISTORY

Imperial College’s current governance structure dates from 1998 and was introduced as a result of the merger with the Charing Cross and Westminster Medical School and the Royal Postgraduate Medical School and the resultant creation of the Imperial College School of Medicine (now the Faculty of Medicine).

Prior to this, Imperial College had a Governing Body, consisting of some 55 members, most of whom were appointed by external bodies such as the Crown, the University of London, the Royal Society, the City and Guilds of London Institute etc. The Rector, Deputy Rector and three other senior staff were ex-officio members and there were four elected members from the academic staff. The President and two deputy presidents of the Imperial College Union were also members. Finally there was provision for three external co-opted members.

The Governing Body met four times a year, in November, December, March and June.

It was supported in its work by an Executive Committee (essentially a sub-group of the Governing Body consisting of 29 members), which met three times a year; in October, February and May. It was also supported in its work by a number of Governing Body committees with specific remits:

- Athletics Committee
- Audit Committee
- Estates Committee
- Fellowships Committee
- Finance Strategy Committee
- Health and Safety Audit Committee
- House Committee
- Investments Committee
- Nominations Committee
- Remuneration Committee

Academic matters were dealt with by the Board of Studies, the precursor to the Senate.

The Charter of 1998

In 1997 the Imperial College of Science and Technology merged with the Charing Cross and Westminster Medical School and the Royal Postgraduate Medical School and became the Imperial College of Science, Technology and Medicine. These mergers were enacted by the Imperial College Act 1997 (chapter ii) and resulted in the College being granted a Supplemental Royal Charter, the Charter of 1998. This Charter introduced the College’s current governance structure and created the Court, the Council and the Senate.

This new structure was broadly in line with best practice in governance noted in the Dearing Report on Higher Education, which was published in 1997 and with guidance produced by the Committee of University Chairmen (CUC). Sir Ron Dearing recommended that Governing Bodies or Councils should be small (ideally not more than 25 in number) and that institutions should ensure that the Governing Body or Council was the ultimate decision-making body,
with a Court taking a wider representative role, to inform decision-making but not to take decisions.

The College’s new Charter and Statutes confirmed that the new Council was the “the governing and executive body of the College” and its membership was reduced from 55 to 32. The Council now consisted of 15 internal members, including the Rector and Deputy Rector, 5 members of the senior staff and 6 elected members of the academic staff, and 17 external or non-executive members. In addition to the Chairman, the Council also had positions for a Deputy Chairman and an Honorary Treasurer, both of which were filled by external members of the Council.

The Court, which had very few powers, consisted of up to 156 members, most of whom were again appointed by outside bodies.

The Council now met six times a year, while the Court met just once, to receive the annual accounts.

The Senate replaced the Board of Studies as the body responsible for academic matters.

The Council Committees remained as before: Athletics Committee (subsequently renamed as the Sport and Leisure Committee), Audit Committee, Estates Committee, Fellowships Committee, Finance Strategy Committee, Health and Safety Audit Committee, House Committee, Investments Committee, Nominations Committee and Remuneration Committee. These were later supplemented with a Vacation Powers Committee and a Chairman’s Committee.

Effectiveness Review - 2000

In 2000 the Committee of University Chairmen published a report on the effectiveness of governing bodies in higher education. This report recommended that governing bodies should review their own effectiveness periodically (usually at least once every five years) and provided a template questionnaire to assist in the conduct of these reviews. In May 2000 the Council established a Governance Committee to conduct this review. The review was led by the Deputy Chairman, the Hon. Mrs Sara Morrison and reported its conclusions in October of that year.

Prior to the granting of the new Charter in 1998, it was recognised that the College’s governance arrangements had been rather rudimentary. However, the College was fortunate in that its post-1998 governance structure was still relatively new and had been created in the knowledge of best practice recommendations in the Dearing Report and elsewhere. This placed the College in a better position than some other universities. The review showed that, although there was much that could still be done to improve the Council’s effectiveness, a great deal had been achieved in the two years since the new Charter had been granted. The Review made four recommendations for improvement, all of which were implemented:

1. That an induction programme for new governors be developed to provide an introduction to their roles and responsibilities as governors and to include information on the College and the wider higher education sector.

2. That the performance indicators being developed for regular review within the College should be reported to the Council at least annually.
3. That the Finance Strategy Committee should be replaced by a new Finance Committee with specific responsibility to recommend the College’s annual budget for approval, monitor the College’s finances throughout the year and consider the Annual Accounts.

4. That the Health and Safety Audit Committee should provide a report to Council after each of its meetings.

**Effectiveness Review – 2004**

In December 2003 the Lambert Review of Business-University Collaboration was published. The Review was commissioned by the Treasury and was intended to consider the ways in which universities and business were collaborating on research and to make recommendations to help shape policy. The Review included a consideration of governance and management in universities and concluded that, although there were examples of best practice in management and governance across the sector with marked changes for the better in recent years in the way that universities were run, a renewed effort was required to ensure that both management and governance in universities were fit for modern times.

Taking the Lambert Review as a lead, the Acting Chairman of the Council, Dr Eileen Buttle, initiated a review of the effectiveness of the Council in May and June 2004. This Review confirmed that the role of the College’s governing body should be:

- To appoint the College’s most senior executive, the Rector;
- To approve its mission, strategy, business plans, and budgets;
- To establish and monitor systems of control and accountability; and
- To keep the performance of the College under review.

However, the review also concluded that the Council was not as effective a governing body as it should be, principally because it had too many members and too many persons in attendance at each meeting. Moreover, it was agreed that if it were a smaller body, and if the delineation between its role and that of the Executive were to be clearer, the number of its Committees could be markedly reduced.

The review included a number of far-reaching recommendations, all of which were accepted by the Council:

1. Membership of the Council to be reduced from 32 to 19, comprising an external Chairman, 9 external members and 9 internal (or staff) members (*i.e.* the Rector, the Deputy Rector, 5 senior staff members nominated by the Rector, an elected staff member and the President of the ICU).

2. The quorum for Council Meetings to be 10 members.

3. The post of Honorary Treasurer to be discontinued and its functions to be transferred to the Executive.

4. The Council to meet four times a year with the dates of meetings set annually for four years ahead.

5. Other College staff to attend Council Meetings only for specific agenda items as required by the Rector.
6. The Audit Committee to be restructured so that its membership was exclusively drawn from the Council and its remit extended to include oversight of the management of health and safety risks in the College.

7. The Remuneration and Nominations Committees to be combined, with a restructured membership drawn exclusively from the Council.

8. The House, Sport & Leisure, Fellowships, Finance, Health and Safety Audit, and Investments Committees to be disbanded as their functions had been assumed by the College’s management. However, the Council should nominate 2 of its non-executives to take part with the relevant management committee in the selection of candidates for Fellowships, Associateships and Honorary Degrees.

9. The Vacation Powers and Chairman’s Committees to be disbanded.

10. The Council to be more closely involved in the early development of College strategy and, to that end, it would hold an annual away day on strategic issues each Autumn.

11. The Court to remain in being in its present form.

These recommendations were fully implemented in January 2005, when the smaller Council of 19 members was introduced.

This structure was amended slightly in 2009 when the number of external members of the Council was increased to a maximum of 14, giving a total Council membership of up to 23 members.
College Strategy
An Update for Council

Keith O’Nions
6-7 May 2010

College Strategy: development process to date

• Strategic Review: Examination of internal environment (from Strategic Committees, Strategic Plans and internal vision documents) and the external environment (the strategies of other institutions, the College’s key collaborators and funders and the broader academic, political, social, and economic environment).

• Heads of Departments survey: key comments and feedback

• Rector’s Away Day: outcomes and messages from senior staff discussions

• Consultation with Principal Officers: engagement with colleagues leading the development of specific strategies (e.g. SRC, SEC, ISC)

• Rector’s visits to Departments: engagement with local academic constituents

• College wide online consultation: invitation to all staff to contribute views

• Rector’s Open Panel: feedback to all staff and discussion of key issues
### Strategy Development Timetable

**Phases**

- **Phase 1:** research and analysis
- **Phase 2:** meetings and initial consultation
- **Phase 3:** away days
- **Phase 4:** strategy preparation
- **Phase 5:** consultation

**Milestones**

- **Sep 2009**
  - Questionnaire to be issued to HoDs (7 Oct 09)
  - Deadline for HoD responses (21 Oct 09)
  - Focus groups to commence

- **Oct 2009**
  - Council Away Day (25 Sept 09)
  - Management Board Away Day (15 Oct 09)
  - Rector’s Away Day (29 - 30 Oct 09)

- **Nov 2009**
  - Management Board to discuss main issues arising from the away days, including next steps (27 Nov 09)

- **Dec 2009**
  - Management Board to discuss themes and strategic objectives with a view to approval for College-wide consultation (15 Jan 10)

- **Jan 2010**
  - Consultation with College constituents (1-12 Mar 10)
  - Consultation with College constituents (1-12 Mar 10)
  - Consultation with College constituents (1-12 Mar 10)

- **Feb 2010**
  - Consultation with Council – endorsement of updated Mission, Vision & Aims (12 Feb 10)
  - Rector’s open panel discussion with staff (24 Mar 10)

- **Mar 2010**
  - Consultation with College constituents (1-12 Mar 10)

- **Apr 2010**
  - MB (23 April 10)

- **May 2010**
  - MB (21 May 10)
  - Consultation with Council – update on progress and discussion of key strategic issues (6-7 May 10)

- **Jun 2010**
  - Seek Management Board approval of Final Strategy (25th Jun 10)

- **Jul**
  - Seek Council approval of Final Strategy (9th July 10)
An outline of the planned publication

**General Principles**

Chapters to address relevant strategic aims

Text to articulate and capture strategic position:

- Where we have come from
- Where we are today
- Where we anticipate being in the future

International outlook a common theme throughout

Emerging priorities from consultations with College staff
### Core Themes: Research

- **93%** of staff respondents agree with the aims for research
  - We should use our strategy to **differentiate** the College
  - Multidisciplinarity is key, but more needs to be done to facilitate **internal collaboration**
  - Attracting and developing **talent**
  - A long-term vision in which **curiosity-driven** research plays a central role
  - International engagement will enhance our **global** position

### Core Themes: Education

- **87%** of staff respondents agree with the aims for education
  - **Attract, enable** and **select** students of the highest quality
  - Provide our students with an excellent **experience**
  - A **broad education** that equips students with academic knowledge and independent thinking skills
  - **Innovative** design and delivery, informed by cutting edge research
Core Themes: Translation

- **88%** of staff respondents agree with the aims for translation
- **Excellence** in core disciplines and curiosity-driven research is paramount
- Innovative approaches to **education** support translation
- The College could **do more** to enable and facilitate
- **External engagement** is necessary to achieve the College’s aims
- Commercial and **social benefits** are important outcomes

Enabling Themes: Resources, Organisation & Influence

Further consultation with Council on:

1. International
2. Collaboration
3. Infrastructure
4. Investment
5. Development
6. Browne Review
College Strategy – Council Meeting

Keith O’Nions
6 -7 May 2010

Academic Mission & Vision – Key Requirements

1. World-class and sustainable core disciplines.

2. These provide the secure foundation for increasing multi-disciplinary activity – e.g. Institutes addressing ‘global challenges’.

3. Translation (KT) of outputs.

4. Excellence in teaching and educational development.

5. An educational experience in STUMB that is world leading.

6. To be a leading source of influence in Science world-wide.
1. **Strengthen core disciplines:**

- Maintain academic recruitment - others may slow down - gain competitive advantage (invest as a priority).
- Clear strategies for all Departments – aim is to stay in, or get into, the top 3 departments nationally.
- Core disciplines are the priority for infrastructure investment – identify critical path investments to achieve/maintain top 3 position.

2. **Promote interdisciplinary Centres and Institutes:**

- Maintain “Faculty homes” for Centres and Institutes.
- Develop the “global challenge” Institutes to capture shifting priorities in research funding – must be done in a transparent and financially sustainable way.

3. **Support our Staff:**

- Preserve ethos, develop staff experience, maintain inspiring environment, attract, retain and reward talent.

4. **Build our translation activities further...**
Translation Strategy

• Do more of it, prove/communicate we are doing it.

• Work more closely with our biggest external asset - our global community of alumni.

• Find new ways to embed translation in our education & research.

• Re-examine our relationship with industry:
  - closer dialogue, encourage and facilitate joint solution-making.
  - move away from industry as provider of funding, Imperial as provider of solutions.
  - clarify and position the role of Innovations more strategically.

Translation – AHSC model

• Single Research Directorate and research strategy for College/Trust.

• Joint Clinical Research Office (College and Trust).

• Clinical Trials Unit (interest from local Trusts to join)
  - Developing the IT & systems to support research.
  - Joint appointments and programmes.

• Above provides opportunity to access to NIHR funding (total budget £30m, new research budget £6m).

• Note: still only 4% of clinical studies recorded at Imperial last year were commercial.
Education

Overarching goal
To be in the top 3 nationally for all criteria of education and the broader student experience that league tables measure.

Education Strategy

- Attract the most able and motivated students from around the world.
- Provide a world-class, discipline-based & research-led scientific education.
- Increase the opportunities for work-based student placements and PGT training courses.
- Develop e-learning.
- Raise the status and profile of teaching across College.
- Aim to grow PGR numbers and develop interdisciplinary and professional PGT training.
Education - Student Experience

**Student Support**
- Improve support to adapt new students to the style and demands of university education.
- Develop pastoral care services to meet the changing needs of students.

**Broader student experience**
- Transferable skills for PGR, UG, PGT students.
- Range of extra curricular courses to broaden students' knowledge and experience.
- Create ‘Arts Imperial’: partner with Royal Colleges of Arts and Music, RADA, local museums?

International

1. Building Imperial College campuses outside the UK is not a strategic imperative, but we should explore opportunities based on their merits and strategic fit (geographical regions, target institutions).

2. Collaboration on education and research that materially benefits Imperial’s academic mission (e.g. Singapore, Climate KIC).

3. Develop the Imperial College brand globally.

4. Seeking students from around the world (e.g. India). Sending our own abroad as appropriate.
**Collaboration**

**Institution to Institution Collaboration**

Collaborate at the institutional level where:-

- it furthers significantly the academic mission of the College;
- it protects the brand;
- it maintains our freedom for total independent action.

**Academic to Academic Collaboration**

Follow time-honoured practice.

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**Infrastructure**

1. **SEQ (Phase II) on the back burner** until a development campaign is viable.

2. **Identify the (5-10 year) critical path requirements** for the core academic mission. Invest in these as resources allow.

3. **IT systems development** - using information to drive strategic decision-making.
Investment – Candidates for discussion

**Priority growth/refurbishment:**
- Chemical Sciences Building
- Aeronautics refurbishment within Mechanical & Civil Engineering
- Business School space

**AHSC:**
- J and L blocks (Hammersmith)
- FoM space at Woodlands Development

**UG and PG Education:**
- Winstanley Road
- Woodlands

Development

- A few large priority campaigns - Management Board responsible for agreeing these with transparency.
- Future role of the Development Advisory Board – would bespoke campaign boards be more effective?
- Incentives and benefits to engage donors, in particular Imperial Alumni.
**Browne Review – Our Response**

**The key challenge**
- Increase investment in institutions whilst addressing the cost of tuition fee loan subsidies.

**Management Board has approved the following proposal for submission to the review:**
- To address subsidies: retain cap on public loan amount and charge real rate of interest.
- To increase investment: increase/remove cap on tuition fees – institutions have option to charge more.
- Institutions must make private loans available to meet the difference between the public loan and fee.
- Private loan must be needs blind, with a reasonable rate of interest and income contingent repayments.

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**Browne Review – Strategic Implications**

**Short/medium term:**
- Balancing of UG fee income against reduction in HEFCE grant.
- Fee caps, loans – outcome of Browne Review.
- EU vis á vis non-EU students.

**Long term:**
- Do we need to move towards provision of UG bursaries?
  - Ivy league does
  - Oxbridge will
  - Should we? If so, how?
PAPER D

Paper D is at present commercially sensitive and confidential and is therefore not included with these Minutes.
Paper E is commercially sensitive and confidential and is therefore not included with these Minutes.
Development and Fundraising
For Discussion at the 7 May Council

Keith O’Nions
7 May 2010

Tier 1: College Campaigns

Tier 2: Faculty/Department Led Campaigns

Alumni long term giving
**Tier 1: College Campaigns (multi-million)**

- A Limited Number (1-3), key to College Mission.
- For major initiatives:
  - Capital Projects
  - Undergraduate Support/Bursaries
  - International Scholarships

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**Tier 1: College Campaigns - Candidates**

**Capital Projects: (need to prioritise).**
- Chemical Sciences Building
- Aeronautics refurbishment within Mechanical & Civil Engineering
- Business School space
- J and L blocks (Hammersmith)
- FoM space at Woodlands Development
- Winstanley Road
- Woodlands

**Undergraduate Support:**
- Bursaries schemes/private loans

**International Scholarships:**
- Junior Research Fellowships (existing)
- Imperial Prize Scholarships (new)
Tier 2: Faculty-Department Level

• Priority areas agreed between Faculty-Department and Development Office.

• Small items: eg.
  - Lab refurbishments
  - Endowed Chair or Fellowship
  - …

The Alumni Journey

• At present Imperial College alumni participation rate is 2% (cf. Bristol 5%, Cambridge 11%).

Aim is to:

• Manage entire alumni journey from fresher to legacy.

• Develop alumni giving as appropriate to support the College strategic campaigns.

• Encourage long term giving by new approaches and options for giving.

• Establish set of goals for Development.
Strategic Considerations for Council

- **Proposal 1:** Few large priority campaigns created; Management Board responsible for agreeing these with transparency.

- **Proposal 2:** Dissolve DAB. Create a Development Board as a sub-committee of Council. Bespoke campaign boards as appropriate.

- **Proposal 3:** Agree and establish a set of goals for Development.

- **Proposal 4:** Consider role and responsibilities of Development Office (eg. devolvement of alumni engagement to Departmental level beneficial?)

- **Proposal 5:** Consider whether use of external professional services for fundraising is desirable.

Development Office - Proposed Functions

Director & Development Team to:

a) Support Council and College Office on Tier 1 campaigns.

b) Provide coordination role in Faculty/Department Tier 2 campaigns.

c) Run Alumni Journey.
Tier Control – the Gateway Issue

- Ensure there is no adverse overlap between the College campaigns (Tier 1) and the Faculty-Department level (Tier 2) campaigns.
- Ensure where a College campaign involves particular Faculties-Departments that efforts are coordinated effectively.
- How? Director of Development as Gatekeeper/Coordinator? Reporting mechanisms up and down Tiers through the Gatekeeper.

The Oxford Model (Details from website, March 10)

Development Office
(Team members assigned to projects currently active. Examples below)

Person 1: New student teaching, accommodation and conference building for Jesus College. Coordinate campaign with Jesus College.

Person 2: Development of interdisciplinary units for Division of Mathematical, Physical and Life Sciences. Coordinate campaign with Divisional HQ.

Person 3: New Chairs in Balkan Middle Eastern, Central Asian and South-East Asian History. Coordinate campaign with History Faculty.

Central OAD Team: Fundraising at University Level. Work in OAD office. Colleges may also have their own permanent Alumni Officer.
The Bottom-Up Model

Development Office
• Supports Faculty-Department campaigns
• Manages the gateway between these campaigns, and College Level campaigns
• Leads on Alumni Journey (long term giving)

Seek advice on fundraising methods and events from OAD.
Refer and cross-check central development database with OAD.
Keep in regular communication with the OAD to check for overlap or opportunity.
Seek administrative or coordinating support from OAD.

Faculties and Departments
• Identify priority campaigns
• Lead fundraising activity and efforts on these campaigns

Annex – Experience Elsewhere

Development Elsewhere: UK

Oxford University: ca £0.7 Bn (09/10)
• Taglines: “Oxford Thinking”, “The Campaign”.
• 3 core Campaign priorities: students, posts, buildings.
• Another strand of donations available for non-specific purposes to the University, Colleges or Divisions.

University of Cambridge: ca £1 Bn (09/10)
• Tagline: “Making a Difference”.
• Campaign priorities: Collegiate Campaign + 4 areas below:
  - Student support – liberating potential;
  - Outstanding academics – sustaining leadership;
  - The freedom to discover – investing in the power of ideas;
  - Collections and heritage – enriching the future.
Development Elsewhere – The US Model

The Yale experience -from $500m to $20+Bn in a generation to deliver >30% of annual income.

Yale University:
- Tagline: “Yale Tomorrow”.
- Use of language: “Browse for gifts” (by school or unit, purpose, campaign priority, dollar amount), “gift opportunities”, “giving catalog”

Harvard University:
Tagline: “Make a Gift”
No overall campaign, rather, a set of ways to give:
- Make a Gift (immediate gift);
- Planned Giving (long term);
- Bequest;
- Gift that pays you income (income and tax benefits);
- Lead Trusts (pick area of interest at Harvard);
- Gifts to College/Graduate Schools.
SUMMARY

1. This Annual Report provides an overview of the proactive, major activities undertaken between October 2008 and December 2009 to promote equality and to meet our statutory obligations. Last year’s Report contained a significant amount of data and statistics. This year, the Report is more illustrative in style with statistics used to highlight major trends. The College produces comprehensive monitoring data which is available separately. Appendix 1 provides a Diversity Overview of College staff.

2. Top-level commitment and support has been provided by the Rector and Management Board members and they have participated in activities and events to promote equality initiatives generally. It is not possible to assert, however, that commitment to equality is integrated fully into College strategy or integrated systematically into departmental plans.

3. The Report identifies many successes which have been achieved during the review period which include: the winning of four departmental Silver SWAN Awards to recognise good employment practice for female academic and research staff; the increase in the disability disclosure rate for students; the increased take up of equalities training; our widening participation and outreach activities; becoming one of the Top 100 employers in the Stonewall Workplace Index; the merger between the College’s and Imperial College Healthcare NHS Trust’s Black and Asian Minority Ethnic (BAME) networks to form an enlarged Imperial As One.

4. Eliminating discrimination and promoting equality requires long-term plans to challenge long-established patterns of behaviour and operation. In spite, however, of considerable dedicated activity to increase gender and ethnic origin representation, there is still a continuing need to address the following: the percentages of female academic and research staff remains largely static in spite of sustained efforts; the continuing under-representation of BAME and female staff, particularly at senior levels.

INTRODUCTION

5. The College has statutory duties to be proactive to eliminate discrimination, to promote equality and to promote good race relations across all of our functions e.g. as an education provider, an employer, a purchaser of goods and services.

6. This sixth Annual Report focuses on the progress achieved between October 2008 and December 2009 and makes, and endorses, recommendations for activity that should be undertaken in the coming 12-18 months. It is divided into the following sections:

   - Section 1: Overview of Progress and Current Trends;
   - Section 2: Issues for Discussion;
   - Section 3: Recommendations.
SECTION 1: OVERVIEW OF PROGRESS AND CURRENT TRENDS

7. Imperial has responded energetically to the wide-ranging legislation that has been enacted over recent years. The College has introduced and maintained equality initiatives enabling us to be a more inclusive and welcoming institution. It has developed and mainstreamed annual diversity activities and events, and is particularly progressive in some equality areas. The establishment of specialist diversity committees and consultative groups have contributed to sustained progress over the years. Imperial, however, shares some of the traditional under-representation which is endemic to Russell Group universities. An overview of key achievements and the impact these have had are as follows:

DISABILITY

8. The College has seen a major shift in disability awareness and services with the provision of additional resources and the embedding of disability equalities actions. 2010, therefore, should see the sign off of a Section 5 Agreement, thus avoiding a potential enforcement notice.

9. A high-level Disability Action Committee (DAC) was established in 2009, composed of managers and academics with decision-making roles and responsibilities. All departments and divisions have nominated disability liaison officers and disability training has continued with an increased take-up from key front-line services, such as the Student Hub. Considerably better opportunities now exist to hear from disabled students and staff so that their views inform policies and the Disability Equality Scheme (DES), a statutory requirement. For example, there are separate Staff and Student Consultative Groups which report in to the DAC and these, together with the results from surveys and focus groups, provide us with concrete information about the needs and views of disabled people.

10. Disclosure rates for students have risen e.g. 202 students declared a disability in 04/05 with 801 (at April 10) making a declaration. This represents a disclosure rate of nearly 6% and it is expected that this will increase further to at least match the average 7.3% declaration rate for UK HEIs (07/08 figures - Equality in HE – Statistical Report 2009). This increase is a direct result of positive and welcoming communications sent to prospective students, active involvement of students to ensure that we get their views and feedback, together with increased visible provision and support.

11. The latest statistics (07/08) show that attainment rates of disabled students closely mirror those of non-disabled students, with 68% of disabled students receiving firsts or 2:1s. Clearly, this is an example of important statistical data which will continue to be collected and monitored.

GENDER

12. The Academic Opportunities Committee (AOC) is responsible for leading and sustaining progress on gender equality, primarily for female academics. Under the auspices of the AOC, Imperial has the opportunity to be one of the first institutional Athena SWAN Gold Award winners. Progress has been made to date with the success of four departments winning Silver status in 2009 and with another four departments preparing to submit applications for Silver in 2010. This has demonstrated top level commitment and support for a wide range of actions to address gender discrimination, remove barriers, and ensure a level playing field for female academics.
13. There has been considerable activity prior to the Athena Swan awards to increase the proportion and retention of female academics at Imperial. To date, for example, this has resulted in a slow but steady increase of female professors, rising from 10.5% (41) in 2003 to 13.4% (72) at November 2009 - see Appendix 2. While this slowly rising trend is encouraging, even if we have a 1% increase each year, we will be well into the century before we reach 25%.

14. Our Faculty Female Ambassadors have established local committees representing academics and research staff (and in some cases support staff and technicians), to consider and address faculty-specific issues. There is recognition of the bottleneck at postdoc level, and an attempt to directly engage, consult and communicate more transparently with all team members. The trend is for greater cross-level engagement, enabling staff to feel more valued and therefore more motivated to remain and succeed at Imperial. Generally, there is a more supportive and female-friendly climate where the predominantly male HODs and Heads of Groups are taking equality responsibilities seriously.

15. Some dissatisfaction remains, however, as evidenced by exit interviews or complaints to HR. Also, we have to report again that the proportion of female academic staff has remained virtually at a standstill at 20.7% (20.6% last year) – see Appendix 3. Without sustaining a momentum for change the College is potentially at risk of undermining its hard-earned achievements.

16. An exemplary project which has raised the profile of Imperial’s talented female academics and students, and which was also designed to raise aspirations in the wider community, is the 100 women 100 visions project. Launched in support of International Women’s Day 2009, the pictures celebrate the increasingly important role played by women in all academic disciplines across the College, and the sense of change taking place in this historically male-dominated sector. The student society WSET (Women in Science, Engineering & Technology) used creative arts to capture a snapshot of this growing community of inspiring and diverse individuals ranging from undergraduates to professors.

**RACE**

17. The College’s widening participation and outreach programmes address equality issues generally, with race equality promoted specifically via initiatives such as Creative Futures. Additionally, the new Reach Out Labs afford schools without access to “state of the art facilities” to include science in the curriculum, thus encouraging young pupils to pursue maths and science subjects. As these schools tend to be those from economically disadvantaged areas, and have diverse populations, in time this should serve to increase Imperial’s BAME student profile.

18. If graduates from the Russell Group universities are considered to be those who contribute significantly to economic prosperity and public life, it is notable that the Group’s London-based universities of King’s College London, UCL, the LSE and Imperial continue to attract the most BAME (Black and Asian Minority Ethnic) students. They did twelve years ago and do so today. Drilling down, however, shows that Black or Black British Caribbean students and British Bangladeshi students are the least represented at Russell Group universities. Black or Black British Caribbean students are highly represented only at King’s and Birmingham. British Bangladeshi students are highly represented only at LSE, Kings

and UCL. Chinese students are the largest ethnic minority group at Imperial – see Appendix 4.

19. Turning to Admissions specifically, Imperial needs to identify if it can do more to receive more firmly accepted offers from suitably qualified Black Caribbean, Black African, and Bangladeshi students. For example, applications were received from 54,401 and 130 prospective undergraduate students respectively for 09/10, with respective acceptances from 9, 38 and 13 people.

20. We have had modest success in respect of increasing BAME staff representation overall but this year’s figures reverse that trend. Using the November 2006 figure as a baseline, we set ourselves the target of increasing representation across all staff groups by 1% by March 2008. The actual figure of 20.4% was slightly ahead of target and had risen again at November 2008 to 20.7%. It had dropped to 20.1% at November 2009.

21. Representation at the more senior support grades (levels 5-7) remains low (non-existent in the most senior support grade, level 7) and the number of BAME staff has reduced – 39 at November 2009 compared with 42 at November 2008 - see Appendix 5. Specific talent management programmes such as the Management Trainee Scheme and the Horizon Programme reveal disproportionate under-representation of BAME staff.

22. At Imperial, this is mitigated somewhat by the in-house BAME leadership and management programme (I-Lead) which ran for a second time in 2009. Based on this success, we were awarded a grant to turn the in-house programme into a national pilot BAME leadership development programme. This HEFCE-funded programme attracted partners from nine other HEIs, with a waiting list of others who would like to participate. This bodes well for Imperial being able to influence and share good practice in the sector.

23. Further progress has been made with the merger of the College’s and Imperial College Healthcare NHS Trust’s race equality advisory groups to form a larger Imperial As One (IAO). IAO promotes race equality and improved race relations among staff and students.

24. Overall, Imperial takes opportunities to showcase the wide range of diversity among its student and staff populations. The student prospectuses and internal and external publications promote positive images and the College takes many opportunities to celebrate diversity. This has helped to lead to increasing numbers of BAME staff and students. The challenge is to be able to reflect this diversity where traditional under-representation most generally occurs.

**SEXUAL ORIENTATION**

25. A major achievement for the College in 2008/09 was becoming a Top 100 Employer in the Stonewall Workplace Index, placing us in the company of highly successful organisations. Through the efforts of Imperial 600, the College became one of only two HEIs to reach the Top 100 and the aim is to improve our ranking (79th) year on year. This success, achieved in a relatively short time (three years), shows that by meeting clear criteria in the areas of policy, strategy, monitoring and communications, good practice for equality is embedded and mainstreamed throughout the organisation.
26. The Equality Challenge Unit's first comprehensive study of the experiences of LGBT staff and students in higher education \(^2\) revealed that a significant number of respondents had been bullied at school. The survey also reported that LGB staff and students experience significant levels of negative treatment from colleagues, from students (to staff), from fellow students and from tutors/lecturers (to students). These findings, together with feedback from Imperial 600 and the student network, IQ, will be used as background to help inform our training plans and the development of our policies and procedures.

**GENERAL**

27. Equality and diversity are celebrated with successful Lectures, Roadshows, Open Days and events. There has been a great deal of investment in the College estate - refurbishments and new build – and there has been a high level of sensitivity to the needs of specific groups in their design. Initiatives such as the Reach Out Labs, with the increased engagement of academics, support staff and students, have served to highlight the provision of high-quality services and enabled collaboration and shared good practice among teams.

28. 2008/09 also saw the establishment of a Coaching Academy, regular faculty and student surveys and improved communications within College. The latest International Student Barometer and Student Barometer surveys show an across the board improvement on last year and Imperial came top of the Russell Group in some categories.

29. There are many good practice initiatives, including the Volunteer Centre and Widening Participation programmes, which have enhanced Imperial’s reputation and broadened community links and relationships.

30. The Harassment Support Contacts (HSC) scheme continues to be successful with HSCs providing additional informal support to staff and management, for example, by undertaking further training and being called upon as mentors, mediators, facilitators in attempts to resolve minor disputes before they escalate.

31. Members from our advisory networks e.g. Imperial As One, Imperial 600, the Staff Disability Consultative Group, contribute regularly to policy development and revision as part of our Equality Impact Assessment process.

32. Staff complaints are labour-intensive and can be very damaging. HR is spearheading a project to ensure that staff complaints are dealt within a tighter timeframe and, moreover, that Investigating Officers have undertaken relevant training.

**SECTION 2: ISSUES FOR DISCUSSION**

**DISABILITY**

33. There is still much to do, particularly in respect of increasing the disclosure rate of staff with disabilities and to continue to respond positively to the issues which disabled staff raise. Imperial lags behind many other HEIs when it comes to resourcing dedicated disability services and it is notable that we do not have any dedicated service provision for disabled staff. To build upon, and maintain, our recent progress, it is probable that additional

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2. Equality Challenge Unit. The experience of lesbian, gay, bisexual and trans staff and students in HE Research Report 2009.
resources will need to be provided to support both staff and students. Gaining the Two Ticks symbol will indicate that we are positive about employing disabled people.

**GENDER**

34. The *100 women 100 visions* project (see para. 16) is an excellent idea. Something similar could be replicated each year until the majority of the College’s academics have been profiled in this or other creative ways, i.e. profile all female professors and the majority of female academics.

35. We could look, for example, at American university structures, to assess if there is scope to create new posts to provide more opportunities for female academics to take up senior academic and managerial roles, for example, Associate Deans/Heads of Departments, director and deputy director level posts. While we have high-level female representation on the Management Board, currently we do not have a female Dean and we have only one female employee HoD. We need more women to have gained managerial experience so that they are better placed to take on more senior College roles.

36. The roles and responsibilities of our Faculty Female Ambassadors should be reviewed to ensure that all of them have real influence on faculty strategies and procedures.

37. Currently, while we have some academic staff who work part time, it has proved difficult for some to arrive at an agreed arrangement that suits both the individual and the department. More guidance could help, together with some positive publicity about successful part-time working for men and women, or job shares.

38. A large gap remains between male and female representation in the senior support grades – see Appendix 3.

**RACE, DIVERSITY AND GENERAL REPRESENTATION**

39. We need to address under-representation, particularly on decision-making bodies and in senior posts. The College should consider its recruitment strategies and only use external agencies with a proven track record in equalities and diversity.

40. Decision-making panel members e.g. for recruitment, promotions, Awards, Fellowships etc. should have undertaken appropriate equalities training before being able to sit on a panel. Every effort should be made to have diverse panels, i.e. at least in terms of gender and ethnicity composition, with consideration being given to widening membership where appropriate e.g. using externals to increase diversity or using internal representatives such as staff from the Disability Advisory Service, the Equalities Unit, the Trades Unions, members of Imperial 600 or Imperial As One.

41. Equal opportunities training should be mandatory for all senior managers, including Council and Management Board members. This might take the form of briefings rather than skills workshops, although a range of options should be available. This recommendation comes from staff feedback on training evaluations, and is especially recommended in respect of disabilities, race equalities, harassment and bullying, and recruitment and selection. Academics at Imperial have a traditionally low take-up of specialist equality training. This can give the impression that training is “for others” and not necessarily considered important by senior management. To minimise assertions of possible institutional racism, attendance by senior managers at, for example, race equality training,
would demonstrate Imperial’s commitment to addressing and tackling potential race discrimination.

**SEXUAL ORIENTATION**

42. Imperial 600 is motivated and energetic. The group is working to extend its network with others in the sector and has made contact with a number of HEIs to share ideas for collaboration. In time, and perhaps in line with activity in the States, making Imperial 600 a Gay/Straight Alliance could bring about greater engagement with all staff and students whereby, for example, champions for sexual orientation equality do not necessarily have to be gay. The College’s networks should continue to be involved in Gay and Pride events, and we could consider enhancing publicity about our achievements e.g. commission a banner “Top Performing University in the Stonewall Workplace Index 2010”.

**GENERAL**

43. The College needs to explore its technology for monitoring, e.g. the staff database is not able to record all the “protected characteristics” covered by legislation.

44. All anonymous surveys and questionnaires should collect anonymous personal details to facilitate more comprehensive and effective monitoring. They should also include questions relating to equality. Currently, for example, local surveys often omit specific diversity questions, meaning the College can only respond to more general comments.

45. We should continue to improve how we respond to staff and student complaints, and ensure that those we ask to undertake the important role of Investigating Officer are fully trained and impartial.

**SECTION 3: RECOMMENDATIONS**

46. At its meeting on 23 April 2010, the Management Board considered this Annual Report and agreed that there have been many achievements and successes but momentum must be maintained. The Management Board endorsed the following recommendations:

   a. Individual Management Board members should be visible champions for each of the equality strands e.g. age, disability, gender and gender identity, race, religious belief, sexual orientation;

   b. Ensure that equalities and diversity are embedded within the College’s Strategic Plan, containing agreed targets where relevant;

   c. To facilitate our mission to be a global player, to promote diversity and to avoid being inward-looking, continue to seek and welcome involvement from external partners and organisations;

   d. Renew our targets to increase the number and percentage of female academic staff and research staff (our targets, set in June 2004, were – by 2010 - to increase the number and percentage of female academics from 19% (223) to 23% and to do the same for female research staff from 36% (664) to 41%); at 2009, our figures were 20.7% (academics) and 38.6% (research) – activity to attract and retain
females should continue to be a priority and our targets should remain with a new
date of 2012;

e. Ensure that our senior decision-making bodies are diverse and include ethnic
minority men and women – set realistic representation targets; assess whether there
are any barriers in place that may be affecting the representation of women in the
senior support grades;

f. Consider the practicability of creating positions with managerial responsibility
which would provide a training ground for female academics in particular;

g. Consider whether there are any barriers in place that may be affecting the
representation of Black and Bangladeshi students;

h. Review the College resource that is provided to support disabled staff and
students and apply for the Two Tick (positive about disability) symbol;

i. Equal opportunities briefing/training should become mandatory for all those
on senior decision-making bodies;

j. Plan for databases to include extra fields for monitoring purposes;

k. Ensure all talent pipelines are diverse, are representative of the workforce or
promote positive action to gain greater representation;

l. Implement the requirements of the Equality Act 2010 which aims to
harmonise discrimination law and strengthen the law to promote progress on
equality.

47. The **Council** is asked to consider this Annual Report and:

a. Note the activities that have been undertaken and the areas which have been
identified as requiring action to ensure improvement;

b. Highlight any issues that it considers to be of particular importance and make
any recommendations in addition to those above.

Professor David Begg – Chair of the Equal Opportunities and Diversity Committee
April 2010
**Appendix 1**

### DIVERSITY OVERVIEW – ALL STAFF AS AT NOVEMBER EACH YEAR

#### Gender

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Appendix 2

PROFESSORS BY GENDER

Professors by Gender 2003 - 2009

Professors by Gender % 2003 - 2009
## Appendix 3

### GENDER OVERVIEW

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## TOTAL STUDENTS BY ETHNIC ORIGIN 2008-2009

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### Appendix 5

**ETHNIC ORIGIN OVERVIEW BY GRADE**

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PAPER G

COLLEGE FUND BOARD REPORT TO COUNCIL

A Report by the Chairman of the College Fund Board

BACKGROUND

1. The purpose of this report is to bring the Council up to date with the progress of the College Fund in for the Financial Year to Date, covering the 8 month period up to the 31st of March.

YEAR TO DATE

2. At the consolidated level, the position of the College Fund is as follows

<table>
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<tr>
<th>Portfolio</th>
<th>31 Jul 09</th>
<th>31 Mar 10</th>
<th>YTD Variance</th>
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<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
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</tr>
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<td>£69.1m</td>
<td>£75.2m</td>
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</tr>
<tr>
<td>Special Circumstances:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Imperial Innovations</td>
<td>£98.8m</td>
<td>£152.3m</td>
<td>£53.5m</td>
</tr>
<tr>
<td>Non Core Property</td>
<td>£89.7m</td>
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<td>Long Term Debt</td>
<td>(£18.0m)</td>
<td>(£19.8m)</td>
<td>(£1.8m)</td>
</tr>
<tr>
<td>Woodlands Loan</td>
<td>-</td>
<td>(£20.0m)</td>
<td>(£20.0m)</td>
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<tr>
<td>Net Property</td>
<td>£71.7m</td>
<td>£76.9m</td>
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<tr>
<td>Total</td>
<td>£239.6m</td>
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</table>

* After Distributions and Net Additions

SPECIAL CIRCUMSTANCES PORTFOLIO

3. **Imperial Innovations** – Innovations has continued to perform strongly. The share price was 505p at the end of March 10; this is an increase of 54.2% from the position at the end of the last financial year (327.5p). At the operational level, the company is continuing to make good progress and notably Innovations invested a further £1.12 million, as part of a £3.6 million funding round, to develop Veryan’s novel technology for peripheral vascular disease treatment. During April, Innovations invested £750,000 into Osspray as part of a further £1.5 million drawdown to commercialise its new dental technology application for using a bioactive glass as desensitising and cleaning agent for air polishing teeth. Innovations has therefore invested £6.2m in the first six months of the financial year.

4. **Operational Property** – Lettings activity remains positive, with the highlight being the continued strong performance of our recent developments in South Kensington. As at 24 April 2010, for the first time, all 27 of the Fund’s residential units on Princes Gardens were let and occupied.

  a. **52 Princes Gate** - Negotiations are continuing in relation to the occupational lease with Imperial Innovations, and works to prepare the building for occupation have been approved and commenced. It is anticipated that Innovations will be in a position to relocate any date from 1 June 2010. A notice of enfranchisement is due to be served on the freeholder ahead of that occupation in order to commence proceedings prior to the provision of a long lease to a third party purchaser - this lease will be conditional upon
agreement in relation to the access to the rear terrace, and planning usage. It is hoped that conditional contracts will be exchanged before the end of the Financial Year.

b. **Wye Residential** – Brennans have been selected as contractor for the three residential projects at Wye – Edward Partridge House, Old Flying Horse and Old Vicarage. A Guaranteed Maximum Price contract of £1.1m for the three has been agreed, and the sites will be handed over to Brennans in 8 weeks. The last properties at Harwood House have been let, meaning the property is now fully let.

5. **Development Properties** – The **Farmhouse at Silwood Park** is now complete, and has been handed over to the Fund. The work has been completed on budget and to a pleasingly high standard. The development is forecast to provide a gross rental income of c.£12,500 pcm and will be launched to the rental market in the early summer once a full series of operational tests have been undertaken. However, following a consideration of the effective net yield, it was agreed that the Fund would also consider a sale of the property if a substantial offer were to be obtained. Market advice indicates that that a capital receipt in excess of £4m could be achieved for the completed property.

6. **Planning Schemes** – Progress has been made in relation to the following projects:

a. **Pembridge Annex** – A scheme for 3 houses and six two/three bedroom houses was taken to a Pre-Application meeting with the planners from the Royal Borough of Kensington and Chelsea on 16 April. The planners have raised issues with the scheme’s proposals, namely that the original proposal will now be subject to the Government’s Affordable Homes policy. This is a very unsatisfactory position given that the original scheme was deferred on the advice of the planning authority ostensibly to enable minor issues to be dealt with and avoid a breach of their obligations to determine the application within the regulatory period. A Project Strategy meeting was held on 28 April to decide a way forward, and subject to a viability appraisal, a revised scheme will be submitted in May, but the imposition of an affordable housing provision will result in a diminished return and therefore may require a significant revision to the plans.

b. **Withersdane, Wye** – The scheme to create c.200,000 square feet of residential care accommodation at the Withersdane site continues. The planning application for the conversion of the site to a continuing care facility was submitted to Ashford Borough Council in early January 2010. A planning decision is due in May.

c. **Fisher Hall, Evelyn Gardens** – Concept proposals have been taken forward with the Wellcome Trust (the freeholders) to create a residential care facility at the Fisher Hall student residence in Evelyn Gardens. The plans have been submitted to the Royal Borough of Kensington and Chelsea for consideration. This would convert the existing hall into 20-25 sheltered housing units, in a ‘care hotel’ style development. Initial indications are that the development is likely to be viewed in a positive light by councillors, and therefore options to take forward the application in the current year are being considered.

7. **Postgraduate Student Accommodation Schemes** – Progress has been made on both
the Winstanley Road and Woodlands postgraduate accommodation schemes, with both schemes remaining on target for occupation by October 2012 at the latest. The Woodlands and Winstanley Road schemes, when combined, will mean the College will be able to supply c.1175 postgraduate bedspaces from October 2012. This means that the Council’s stated ambition of providing accommodation for 25% of Imperial’s full-time postgraduate population will have been achieved.

a. **Winstanley Road** – Construction of Phase 1 has progressed according to schedule. The layout of the rooms is still to be approved and a full-scale mock-up is currently being prepared. Marketing activity is planned for the end of the summer term and a design team has been tasked with developing a name and brand for the development that can be assimilated into a larger ‘umbrella’ brand that could be used for all postgraduate developments. A preferred hall operator has been selected and will be approached shortly to finalise the 3 year operational financial model. The planning application for Phase 2 (approx 114 rooms) will be submitted on 16 September and, if approved, work will start on site in October, with a projected completion time of summer 2012.

b. **Woodlands Scheme** – Progress has been made towards finalising the design of the accommodation. The architects, Aukett Fitzroy Robinson, have submitted a 604 unit scheme for the consideration and approval by the Director of Commercial Services. The mix assumes just over 100 ‘Duets’ with the balance being studios of a similar specification to those being delivered at Winstanley Road. The cost plan currently indicates that the proposed scheme can be delivered within the proposed budget, however a value review is being undertaken to ensure that all capital expenditure is being applied to areas that deliver income returns whilst recognising that the scheme will be critical to the creation of the tone and sense of place for the entire site. The design will be approved and frozen by 7 May to enable a final cost plan to be submitted as part of the funding term-sheet.

**UNITISED SCHEME**

8. **Asset Allocation** – at the Strategic Level, the Fund has now fully reallocated the cash held within the Unitised Scheme back into risk assets. This is highlighted in the chart below with the increased weighting to Global Equity and Emerging Markets. Notably these changes were implemented to also achieve a reallocation of the Scheme’s currency exposure so that by the end of March the exposure to Sterling denominated assets was down to 40%. This decision has provided strong support to performance as the Dollar has appreciated by 10% against the Pound since the decision was implemented. The chart continues to record a substantial cash holding. This reflects the need to reserve the cash requirements for the Postgraduate Property schemes noted above. To date £4m of the £19m allocated to this Asset Class this has been formally drawn down. However, there will be a phased drawdown of the remaining funds over the next 18 months.

9. Since the end of March, the Fund also took the tactical decision to switch £500k from its Emerging Markets position into Ceres Power following a period of price weakness following their recent fundraising exercise. The transaction was undertaken in two tranches over 8/9th April, with the Emerging Markets iShare being sold at £26.58 on average (a more that 100% increase on the £13.05 acquisition price in December 2008) and the Ceres Power shares being acquired at £1.16 on average. The trades reduced the Unitised Scheme’s exposure to the Emerging Markets iShare to below 10% and took the Scheme's position back toward 3% in relation to Ceres Power.
10. **Performance** – For the eight months to the end of March 2010 the Unitised Scheme delivered a total return of 11.4%. Whilst it is clearly pleasing that the Unitised Scheme is performing ahead of the Investment Objective (as shown in the chart below), it should be noted that the performance is below a pure equity return. This is to be expected in strong markets given the need to reserve cash pending investments in the two Postgraduate Schemes outlined above where the Board is very confident returns significantly ahead of the Objective will be achieved in the medium term once the projects are operational. In addition, this performance needs to be considered in the context of the commitment to ensure that the Unitised Scheme is managed to deliver its Objective with relatively low volatility.
BACKGROUND

1. In May 2009 the Council decided to allow the College Fund to make an investment in joint ventures for the provision of postgraduate accommodation.

2. Council also agreed that the College would provide a rental guarantee to underpin these investments. This was on condition that certain criteria were satisfied:
   a. That satisfactory planning consents were obtained and that the accommodation would be to a standard specified by the College through the Director of Commercial Services;
   b. The operational risks associated with the schemes were underwritten by the College Fund from the investment returns from the activity;
   c. The scheme would be demonstrably off balance sheet and would not conflict with covenants on existing debt facilities;
   d. The terms of any rental guarantee required to support the developments would be limited to a maximum of fifteen years from practical completion, with each rental guarantee being specifically approved by Council;
   e. The number of beds being created within this activity should be subject to a cap of 25% (c.1300) of the currently estimated postgraduate population of the College; and
   f. The rental guarantees for such schemes would be at a level at least 10% below the market level at opening.

3. Following this decision, the College Fund negotiated terms with Berkeley First for College participation in a scheme at Winstanley Road directly opposite the west entrance to Clapham Junction railway station, to provide 452 Studio bedspaces for postgraduates from January 2012, with an approved rental guarantee of £215p/w. At the last Meeting of the Council, it was further agreed to provide additional postgraduate accommodation at second Winstanley Road development and at Woodlands.

4. Drawdown of the initial funds to complete the land transfer for the first Winstanley Road development was completed on the 16 January 2010. However, this process involved the provision of an opinion from the College Solicitors, Mills & Reeve, on the authority of the College to enter into the Rental Guarantee. The solicitors have now requested that the resolution made by the Council at its meeting on 8 May 2009 be clarified.

CLARIFICATION OF RESOLUTION

5. At its meeting on 8 May 2009, the Council resolved “that authority to enter into all and any documentation necessary to facilitate the proposed development of postgraduate student accommodation, as set out in Paper D, be delegated to the College Fund, provided that …… (d) the terms of the rental guarantees required to support the developments are
limited to a maximum of fifteen years from practical completion with each rental guarantee being specifically approved by the Council."

6. The commercial terms on which the rental guarantee is to be given are clearly set out in Paper D and the provision of such a rental guarantee has already been accepted in principle by Council. However, the terms on which the Winstanley Road project was approved by Council suggest that the actual form of the document itself must be presented to and approved by the Council.

7. The form of the Rental Guarantee Agreement runs to some 82 pages. The full form of the Rental Guarantee Agreement will be presented to the Council meeting along with a summary of its key terms (a copy of which is attached at Annex A). The terms of the agreement are substantially in line with the commercial overview set out in Paper D as presented to the Council meeting in May 2009. However, the Rental Guarantee Agreement is for a maximum period of 25 years, with an option for the College to exercise a break clause after 15 years provided that 12 months notice had been given. The form of the Rental Guarantee Agreement does not therefore fit within the terms of the proviso to the general approval of the project that it should be subject to a maximum of 15 years.

8. Council is therefore asked to consider, and if it sees fit, pass the proposed resolution set out below to regularise the rental guarantee provided for the Winstanley Road development, as recommended by the College's legal advisors:

R.F.E.
April 2010
SUMMARY OF TERMS OF RENTAL GUARANTEE AGREEMENT ("RGA") IN RESPECT OF STUDENT ACCOMMODATION – WINSTANLEY ROAD CLAPHAM (THE "PROPERTY")

1. **Term**

   The term of the RGA is 25 years from completion with five yearly breaks for Winstanley 2 Limited as service provider (the “Service Provider”) and a mutual break at 15 years.

2. **The Service Provider’s obligations**

   The RGA contains obligations on the Service Provider to procure the provision of specified services in respect of the student accommodation at the Property at its own cost, acting generally in compliance with the Accreditation Network UK Code of Practice for Student Accommodation Managed by Undertakings Subject to HMO Licensing. The Service Provider is entitled to sub-contract these services to an approved sub-contractor.

3. **ICL/subsidiary obligations**

   The RGA contains obligations on ICL (or its subsidiary, Imperial Activities Limited,) in relation to:

   3.1 the nomination of students;
   3.2 the provision of required information to the service provider; and
   3.3 the collection of residence fees/deposits.

   ICL’s subsidiary is entitled to receive an administration fee of £25,000 (indexed) for its services.

4. **Guaranteed Payment**

   Subject to compliance with the obligations on the part of the Service Provider, ICL is obliged to make a payment (the “Guaranteed Payment”) to the Service Provider on a quarterly basis throughout the term of the RGA, equating to 97% of the aggregate base rent payable for all of the units which are then available for letting on the prescribed terms.

5. **Base rent**

   The base rent is a fixed figure for each unit of accommodation, increased in accordance with the Retail Prices Index (plus 0.5%), subject to a cap and a collar. The specified base rent is £215 per unit per week, which is indexed from 1st February 2009. The cap is 5% and the collar is 1%. Note that the base rent will not necessarily be the same figure as the residence fee actually payable by students in respect of the accommodation.

   The base rent may also be subject to adjustment to reflect increases in utility costs that are in excess of RPI increases and any legislative change materially affecting the cost of the provision of services.

6. **Residence fees**

   Residence fees payable by students are inclusive of the cost of the provision of services and specified utilities.
The residence fee may be increased (or decreased if appropriate) over and above (or below) the indexed base rent by ICL or its subsidiary with the consent of the Service Provider (not to be unreasonably withheld) on an annual basis. ICL or its subsidiary are to prepare a report containing its proposals, which are to take into account, inter alia:

6.1 the effect of indices of average earnings and the Retail Prices Index;
6.2 income and occupancy rates;
6.3 a market review of actual residential rents in the London student accommodation sector and other designated categories, including the portfolio of student accommodation owned managed or controlled by ICL.

If the residence fee cannot be agreed the matter is to be referred for third party determination. The intention is that the fee be agreed by 1 February before the commencement of the relevant Residence Year to enable marketing to commence.

7. **Excess Residence Fees**

Where the total residence fee in a Residence Year exceeds the Guaranteed Payment, the excess will be split 50/50 between ICL and the Service Provider.

8. **General obligations of parties**

8.1 The parties are to adopt an open book policy and have a duty to act in good faith at all times.
8.2 All parties are to appoint representatives for administrative purposes.
8.3 The agreement provides for quarterly review meetings.
8.4 The necessary provisions are included in relation to data management and FOIA compliance.
8.5 The parties are bound by a confidentiality undertaking, subject to specified exceptions.

9. **Indemnity**

ICL and its subsidiary are obliged to indemnify the Service Provider in respect of losses, demands and expenses arising in respect of loss, damage or an injury occurring to persons and/or property to the extent that they arise out of the acts, omissions or defaults of either party. There are reciprocal obligations on the part of the Service Provider. In general, there is a £5,000,000 cap on liability under the indemnity provisions in the RGA.

10. **Insurance**

In the event of damage by an insured risk, the Service Provider is obliged to reinstate, unless prevented from doing so by any of the circumstances set out in clause 12.2 of the RGA.

If those circumstances continue for more than nine months either ICL or the Service Provider has the right to terminate the agreement.

Where units are not available for letting due to damage or destruction by any of the insured risks then the Service Provider is to use reasonable endeavours to provide
alternative accommodation, and compensate the residents for any reasonable additional expenses incurred in their relocation. In the event that alternative accommodation is not provided within seven days of the date of damage or destruction, the Guaranteed Payment will be suspended pro rata until the next residence year. Similarly, where any units are not let, the Guaranteed Payment will be suspended pro rata for the requisite period, and if that period is greater than two weeks until the end of the residence year.

The suspension also applies in the event that any units are rendered incapable of occupation by a force majeure event.

11. **Termination**

Clause 14 contains provisions for ICL to terminate the RGA in the event of the Service Provider’s breach. This entails the service of a preliminary notice giving the Service Provider a reasonable period to make good the breach and thereafter a warning notice giving the Service Provider a further two months to comply. In the event of non-compliance, ICL may terminate on at least 40 working days’ notice. ICL also have termination rights in the event of the Service Provider’s insolvency.

12. **Arbitration**

The agreement provides for third party determination in the event of dispute.

13. **Alienation**

13.1 The Service Provider can assign its rights and obligations under the agreement to a third party to whom the site is being transferred.

13.2 ICL will be permitted to assign its rights and obligations under the agreement with the consent of the Service Provider, not to be unreasonably withheld or delayed. Any assignee, though, must be of no lesser covenant strength and have an equivalent pool of students on which to draw.

13.3 The Service Provider can charge its interest in the RGA to a funder.

14. **Principal Risk Areas**

14.1 ICL is bound into the RGA for a minimum period of 15 years and the obligation to pay the Guaranteed Payment is unqualified, subject to the limited exceptions set out above. Payment is not contingent upon securing an equivalent number of student tenancies, or upon receipt of residence fees and ICL is therefore assuming the risk that residence fees are insufficient to cover the Guaranteed Payment.

14.2 In practice, the prospect of terminating or assigning the RGA is very remote so this liability is set to continue.

14.3 ICL in addition is bound to indemnify the Service Provider in respect of claims and demands arising out of its default, or that of its subsidiary. However, it is difficult to see how such claims could arise in practice.
MAJOR PROJECTS REPORT
A Note by the Chief Operating Officer

PROJECTS APPROVED AND UNDER CONSTRUCTION

1. **Block ‘L’ (£74m)**. ‘L’ Block is progressing very well on site. It is on programme with the first floor now under construction. The project is returning funds to central accounts due to the agreement to zero rate VAT and to perceived reduction in risk. This is therefore allowing some contingency funds to be released, hence the overall budget has been reduced from £82m to £74m.

2. **Hammersmith CBSH1 Facility (£10.5m)**. Following the agreement of the users to combining the final phases of work there will be a saving of 8 weeks on the programme. Progress is generally good and a visit to the cage manufacturers has ironed out several issues that would otherwise have caused some problems once delivered.

3. **Institute of Shock Physics (£0.8m)**. The Institute of Shock Physics project is on programme for an October completion date. An economy water feed to Aeronautical Engineering hypersonic equipment is being progressed, connecting with the existing system. This will cost £150k and is separately funded, but it is essential to keep research going once the Pilot Plant works strip the existing feed out.

4. **South East Quadrant 1st Phase (£76m)**
   a. **Skempton**. The Skempton Project is currently one week behind programme but Wallis are still indicating that they will complete on time. The commissioning of services is progressing satisfactorily with some delay to the installation of the lecture theatre seats due to a late carpet order, but there is currently no threat to the September launch.
   b. **Mechanical Engineering Levels 0 & 1**. An interim agreement has been drawn up to settle all current claims and variations. The completion date, following a granted extension of time, is set at no later than 15th November with earlier access for installation of equipment in some areas. This falls within the planned completion timetable. The project is now under the management of a different Arup project manager, Keith Butler, and it is under tight control.

5. **Energy Futures Teaching Space (£1.2m)**. The Energy Futures Teaching Space project is progressing well although it is two weeks behind in commencing the last phase. The project is due for completion at the end of June.

6. **Wolfson Pre Clinical Imaging Facility (£1.4m)**. The Wolfson Pre Clinical Imaging Facility is virtually complete, although some issues with the call for a dedicated chiller are being ironed out. A date for actual usage for research and licence is still unclear.
PROJECTS IN PRE CONSTRUCTION

7. **Pilot Plant (£8.9m).** Tenders for the Pilot Plant project are back and being analysed. A series of post-tender interviews have taken place and a recommendation is imminent. The appointment will be on budget.

8. **5th Floor Office Refurbishment St Mary’s (£1.5m).** The stage E TAG review has been completed and the M & E services are out to tender.

9. **St Mary’s Space Utilisation Refurbishment (£1.1m).** The minor works to various rooms have been completed. Other rooms are currently in the design stage.

10. **Cancer Imaging Centre (£0.95m).** The planning application for the Cancer Imaging Centre project has been submitted. The design team have commenced Stage E of the design. The MRC have been fully involved throughout the design process.

11. **Synthesis of Organic Photovoltaic Polymers Lab (£0.3m).** The project is over budget. Scope is being reviewed and additional prices are being sought from sub-contractors. The project has been delayed until the costs can be secured.

12. **MPAC Feasibility (£50k).** The MPAC Feasibility is progressing well. The option for 3 floors, rather than 2, looks unlikely due to headroom constraints. The study will be complete at the end of April. Some pre-planning consultation is necessary, as a walkway dating from the early 1900’s could cause a problem if it had to be retained.

13. **Chemistry & RCS1 Essential and prioritised works (£2m).** Surveys and rescoping are being finalised to ensure the works conform for the budget constraints. The design and construction programmes are being finalised.

14. **Student Residences LTM (£1.2m).** Tender documentation is being prepared for works this summer for tender in Mid April, once funding has been clarified.

16. **Maths Library Refurbishment (£0.3m).** Feasibility has been completed and a start up meeting to commence design has taken place. The objective of the works, which will be undertaken this summer, is to create a flexible learning environment.

STUDENTS’ UNION

17. The Students’ Union Stage C design is being progressed. The Project Board have agreed to the removal of the column in the night club that would have precluded full use of the stage and the audience experience. Structural modifications will be made as an enabling package, whilst the main works tender is underway.

COLLEGE FUND PROJECTS

18. **Pembridge Gardens (£3.7m).** The design is progressing to stage C/D. The cost plan will be developed with ISG from the end of Stage C. Planning rules on affordable housing is causing some concern.

19. **Wye Campus Projects – various (£1.3m).** Brennan contractors have been appointed for this work. Work is due to start on site on 12th April.
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 the each institution.

2. Members will note from the attached that the HEFCE has assessed that Imperial is not at higher risk.

3. The full assessment from the HEFCE is attached at Annex A.

R.F.E
HEFCE's assessment of institutional risk

The annual accountability returns submitted in December are the primary means by which HEFCE assesses the accountability, risk and sustainability of institutions that we fund. The risk assessments are carried out annually and are based on current information across a range of areas, including financial performance, student recruitment and retention, audit findings, and compliance with HEFCE requirements (e.g., the Financial Memorandum between HEFCE and Institutions, 2008/19). Although the risk assessment is an annual process, issues emerging during the year can lead to a review of an institution's risk status and a change to its risk assessment. We normally assess a small number of institutions as being 'at higher risk', with the vast majority 'not at higher risk'. It is the responsibility of the governing body to ensure that risks are being managed effectively.

Based on the accountability returns submitted for 2008-09, our overall assessment at this time is that Imperial College London is not at higher risk. In making this assessment we also conclude that the institution is meeting the accountability obligations set out in the Financial Memorandum. We remind you of your formal obligations under the terms and conditions of our funding to raise with us at early stage "any material adverse change in an institution's circumstances, such as a significant and immediate threat to the HEI's financial position, significant fraud or major accounting breakdown" (Financial Memorandum, Annex B, paragraph 23).

As the country moves out of recession, the process of fiscal consolidation is likely to mean reductions in public funding. There has already been a reduction in the amount of funding HEFCE has received from Government and controls on student numbers are also being implemented. We continue to encourage institutions to undertake scenario planning to understand the impact of potential funding reductions on their operations and where necessary to identify mitigating actions. There are likely to be additional challenges from changes in student demand (e.g., overseas students and post graduate taught programmes), availability of capital funding, and pay and pensions pressures.
These are among the many factors that will need to be monitored by you, your senior team and governing body and we are happy to discuss these with you as part of our regular engagements with the institution.

Benchmarking has always been available to institutions, but last year, we included key financial metrics for the institution relative to the sector as a whole in the risk assessment letter. This was favourably received and we have decided to continue the practice with updated benchmarking information included as an annex to this letter. Inclusion of this information is intended to be helpful to the institution, rather than flagging areas of significant concern to us. Additional financial benchmarking data has been made available to the institution’s head of finance. For further feedback from the annual accountability process, or if you would like to discuss any issues relating to risk assessment or accountability, please contact the HEFCE Assurance Consultant, Jacqui Brasted (0117 931 7389, j.brasted@hefce.ac.uk) in the first instance, or Regional Consultant, Derek Hicks (0117 931 7460, d.hicks@hefce.ac.uk).

We have copied this letter to Lord Kerr of Kinlochard, the Chair of the Court and Council, and ask that you formally submit it to its next meeting.

This letter is provided in confidence 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 proactively to release this information we ask you to consider carefully the implications of any public disclosure you may wish to make or are asked to make. As you know we are subject to the Freedom of Information Act 2000, and the content of this letter may ultimately be disclosable if a request is made to us under that Act.

Yours sincerely,

Alan Langlands

cc: Lord Kerr of Kinlochard, Chair of the Court and Council
### Annex – Benchmarking of key financial metrics

**Imperial College London**

<table>
<thead>
<tr>
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<tr>
<td><strong>1. Historical cost surplus / (deficit) as % of total income</strong></td>
<td><strong>Institution</strong></td>
<td><strong>2007-08</strong></td>
<td><strong>2008-09</strong></td>
<td><strong>2009-10</strong></td>
<td><strong>2010-11</strong></td>
<td><strong>2011-12</strong></td>
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<td>1.5</td>
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<tr>
<td><strong>2. Net liquidity / (total expenditure - depreciation) (days)</strong></td>
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<td><strong>2008-09</strong></td>
<td><strong>2009-10</strong></td>
<td><strong>2010-11</strong></td>
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<td>108</td>
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<tr>
<td>Median Value</td>
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<td>32</td>
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<tr>
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<td>82</td>
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<td>45</td>
<td>45</td>
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<td><strong>3. External borrowing (on balance sheet) as % of total income</strong></td>
<td><strong>Institution</strong></td>
<td><strong>2007-08</strong></td>
<td><strong>2008-09</strong></td>
<td><strong>2009-10</strong></td>
<td><strong>2010-11</strong></td>
<td><strong>2011-12</strong></td>
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<tr>
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<td>26.1</td>
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<td>22.1</td>
<td>22.1</td>
<td>20.4</td>
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<td><strong>4. Discretionary reserves (excl. pension asset/(liability)) as % of total income</strong></td>
<td><strong>Institution</strong></td>
<td><strong>2007-08</strong></td>
<td><strong>2008-09</strong></td>
<td><strong>2009-10</strong></td>
<td><strong>2010-11</strong></td>
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<td>47.1</td>
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<td>38.4</td>
<td>40.2</td>
<td>41.4</td>
<td>44.5</td>
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<td><strong>5. Net cash flow as % of total income</strong></td>
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<td><strong>2007-08</strong></td>
<td><strong>2008-09</strong></td>
<td><strong>2009-10</strong></td>
<td><strong>2010-11</strong></td>
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<td>3.7</td>
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<tr>
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<td>4.8</td>
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<tr>
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</tr>
<tr>
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<td>4.0</td>
<td>4.9</td>
<td>5.7</td>
<td>5.7</td>
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<tr>
<td><strong>6. Staff costs as % of total income</strong></td>
<td><strong>Institution</strong></td>
<td><strong>2007-08</strong></td>
<td><strong>2008-09</strong></td>
<td><strong>2009-10</strong></td>
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<tr>
<td>Overall sector mean</td>
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<td>54.5</td>
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<tr>
<td>1st quartile</td>
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<tr>
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<tr>
<td><strong>7. Estates: percentage of estate classified in condition categories C and D in 2007-08</strong></td>
<td><strong>Institution</strong></td>
<td><strong>2007-08</strong></td>
<td><strong>2008-09</strong></td>
<td><strong>2009-10</strong></td>
<td><strong>2010-11</strong></td>
<td><strong>2011-12</strong></td>
</tr>
</tbody>
</table>
| Overall sector mean | 34.2 | 28.0 | 15.9 | 26.6 | 36.5 | **Note:** Only 123 institutions provided data for this indicator.**

Source of data: Indicators 1 to 6 are calculated from the 2009 financial results and forecasts data as submitted to HEFCE in December 2009. Further details on this and on how the indicators are calculated are available on the HEFCE extranet under “2009 financial results and forecasts – summary statistics”. Details on how to access this benchmarking information has been sent to Directors of Finance. Indicators 7: 2007-08 Estates data provided from Estates Management Statistics. For further information see www.opdemoa.ac.uk or HEFCE publication 2008/1. Note that only 123 institutions provided data for this indicator.

Although not comprehensive, these indicators were chosen to provide an overall view of financial performance:

- **Historical cost surplus**: generation of surplus for investment
- **Net liquidity**: coverage of, and ability to respond quickly to, short-term financial pressures
- **External borrowing (on-balance sheet)**: reliance on borrowings for development, balancing need for growth / development with increased costs of borrowing
- **Discretionary reserves (excluding pension asset/(liability))**: provision of a buffer against large unexpected financial pressures
- **Net cash flow from operating activities**: financial sustainability of the institution’s core business
- **Staff costs**: appropriateness and significance of the staff cost structure for the institution
- **Estates**: indication of possible future estates costs