MINUTES OF THE PROCEEDINGS

at the

Sixteenth Meeting of the

COUNCIL

of the

IMPERIAL COLLEGE OF SCIENCE, TECHNOLOGY AND MEDICINE

The Sixteenth Meeting of the Council was held in the Council Room, 170, Queen’s Gate at 2:00 p.m. on Friday 16th February 2001, when there were present:

Lord Vincent (Chairman), Mr. G. Able, Professor P. W. Bearman, Professor J. N. B. Bell, Professor Sir Leszek Borysiewicz, Mr. R. D. Buchanan-Dunlop, Professor T. J. H. Clark, Professor M. Green, Professor M. G. Haines, Professor J. S. Higgins, Professor S. P. F. Hughes, Dr. M. P. Knight, Mr. H. B. Lowe, The Hon. Mrs. Sara Morrison, Sir Alan Munro, Mr. H. M. Neal, Professor R. D. Rawlings, Dr. B. G. Smith, the Rector, the Deputy Rector and the President of ICU, together with the Clerk to the Court and Council.

Imperial College Union Observer: Mr. E. Pollard (Deputy President, Finance and Services).

In attendance: the Academic Registrar, the Director of Estates, the Director of Finance, the Director of Personnel, the Director of Planning and MIS, the Director of Research Support and Development, the Director of Strategy Development and the Assistant Clerk to the Court and Council.

Apologies: Mr. W. L. Banks, Dr. E. Buttle, Mr. A. R. F. Buxton, Professor I. J. Graham-Bryce, Dr. D. P. Isherwood, Sir Stuart Lipton, Mr. R. J. Margetts, Professor P. Poole-Wilson and Dr. C. L. Vaughan.

Welcome

The Chairman welcomed Sir Richard Sykes to his first meeting of the Council as Rector. The Chairman also welcomed to their first meeting Professor Sir Leszek Borysiewicz, the new Principal of the School of Medicine, Professor Malcolm Green, Mr Anthony Cannon, who was in attendance as the newly appointed Director of Finance, and Dr Christopher Towler, who was in attendance as the new Director of Strategy Development. The Chairman went on to congratulate Professor Sir Leszek Borysiewicz on his knighthood awarded in the New Year’s Honours List.

Before proceeding, the Chairman apologised to members for the change in the time of the meeting. The Rector had, he said, been asked to attend an important meeting with the Prime Minister at Chequers that morning. Both he and the Rector had felt that this was an invitation
that should not be refused, but also felt that the Rector could not be absent from the Council’s first meeting in his term of office. They had therefore agreed that it would be preferable to move the start time of the Council Meeting to the afternoon so that the Rector could attend both events.

MINUTES

Council – 14th December 2000

1. The Minutes of the Fifteenth Meeting of the Council, held on 14th December 2000, were taken as read, confirmed and signed.

MATTERS ARISING

Memorandum of Understanding with the Imperial College Union (Council Minutes, 14th December 2000, Minute 2)

2. The Clerk reported that work on the Memorandum of Understanding was well advanced and that the College and ICU were broadly in agreement over its terms. However, as he reminded Governors, the ICU were also revising their Constitution and, because of their inter-relationship, there was merit in both these documents being presented to the Council together at its next meeting in March. The ICU President, Mr. Common, confirmed that the revision of the ICU Constitution would be finished in time for the next Meeting of the Council. Governors accordingly accepted this course of action.

Restructuring of the Divisions of the School of Medicine (Council Minutes, 14th December 2000, Minutes 3 - 5)

3. The Deputy Rector reminded the Council that the targets set for the restructuring of the Divisions of the School of Medicine (ICSM) had been a reduction of 64 posts and a saving of £2.3M annually. The College had now achieved a reduction of 55 posts and, by 2001-02, a forecast saving of £3.6M, in part by the restructuring and in part from natural wastage. However, the School of Medicine had also been recruiting new staff to improve its research. It was likely therefore that the net saving would be nearer to £3M. This was, he believed, a major achievement and he again paid tribute to the efforts of the staff in the medical Divisions, in Finance and in Personnel who had contributed to this.

4. The Deputy Rector went on to say that the position of two members of staff was still being considered and that there might be a need to refer these cases to redundancy committees. If this was the case, he expected that the referral would take place very shortly.

Effectiveness of the Governing Body (Council Minutes, 14th December 2000, Minutes 6 - 7)

5. The Deputy Chairman, the Hon. Mrs. Sara Morrison, reported that the Governance
Committee had not met since the last meeting of the Council. She herself had decided that the issues it had been asked to consider, although not trivial, were not immediately critical to the College’s performance. Given the Clerk’s involvement in the Finance Division’s work before the arrival of the new Director of Finance and in assisting the Rector in his first days at the College, she had felt that a meeting of the Governance Committee would have been an unnecessary distraction. However, the Committee would be meeting shortly and would report on its deliberations at the next Council meeting.

Beit Refurbishment Project and the Sale of the Ice Rink Site (Council Minutes, 14th December 2000, Minutes 26 - 28 and 32)

6. The Director of Estates, Mr. Caldwell, reminded the Council that the College’s financial forecasts included an assumption that at least £9M would be achieved from the sale of the Ice Rink Site. This sale had taken considerably longer to complete than originally anticipated, principally because of the protracted negotiations concerning rights of light issues. However, he was pleased to report that these negotiations had now been concluded. One of the Government Departments involved had raised some concerns about construction issues, but he expected these to be resolved shortly. The College was now expecting to complete the sale by 23rd March 2001 and was hoping to achieve more than the £9M predicted.

7. Moving on to the Beit Refurbishment Project, Mr. Caldwell reminded members that he had advised them of a possible cost overrun at the last meeting. He cautioned that this overrun might now be as much as £1.5M. Because the Project involved dealing with defects left by the previous prime contractors, James Longley, and two other key sub-contractors who had also gone into receivership, it was taking longer and was costing more than had originally been anticipated. However, the College had taken conference bookings for Beit Hall from 2nd July onwards and was determined to adhere the target completion date of 4 June. The Contractors were trying to keep to this programme and the Estates Committee, which was meeting on 21st February, would be reviewing progress on this in detail. He undertook to make a full report to the Council at its next meeting in March.

8. The Chairman stressed that the Beit Refurbishment Project was still a cause for concern and asked that this report should include a statement of projected costs to completion, together with confirmation of the final completion date and an assessment of how these additional costs were to be met from within the College’s existing budget.

RECTOR’S BUSINESS

Staff Matters (Paper A)

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

Minutes of the Senate (Paper B)

10. The Deputy Rector introduced Paper B, noting in particular the introduction of the
College’s Certificate of Advanced Study in Learning and Teaching (CASLAT). The CASLAT had been developed in response to the creation of a national Institute of Learning and Teaching (ILT). It was likely that all teachers would, at some stage in the future, be required to be members of the Institute and it was intended that the CASLAT would eventually receive ILT accreditation. He was pleased to report that the CASLAT, which had been approved in November, had been offered for the first time from January and that 10 members of staff had already commenced the course.

11. Moving on, the Deputy Rector noted that the Senate had established a Quality Assurance Advisory Committee as a joint sub-committee of the Undergraduate Studies Committee and the Graduate Studies Committee. He finished his summary by highlighting the pilot programme for Library User Education. Now that libraries encompassed much more than just books, it was important that students understood how to make the best use of all the facilities available within them. This pilot scheme was intended to provide just such an introduction.

Oral Reports

12. Before providing the Council with his vision for the future development of Imperial, the Rector reported on recent events. He was pleased to advise the Council that, at a reception on 15th February at Buckingham Palace, Her Majesty The Queen had presented the Queen's Anniversary Prize to the College for its outstanding contribution in the area of research and training in surgery. The prize was in recognition of the work of the Academic Surgical Unit, led by Professor Ara Darzi, the Head of the Department of Surgical Oncology and Technology in the Division of Surgery, Anaesthesia and Intensive Care. This was clearly a great honour for the College and for Professor Darzi and his team.

13. The Rector went on to say that, as the Chairman had indicated at the beginning of the meeting, he had been called to a meeting at Chequers with the Prime Minister and the Chancellor of the Exchequer that morning together with about twenty industrial leaders. He had been the only representative from higher education and had impressed upon the meeting that tertiary education was reaching a crisis point. Others at the meeting had expressed their concerns that graduates did not have the skills needed by British Industry. He had also stressed the importance of halting the current expansion of higher education in favour of improving the quality of applicants. Without more money being made available, it would be impossible to increase access to higher education to 50%. He reported that the Prime Minister had been sympathetic to these views and had indicated that he would shortly be proposing radical changes in the university system, albeit ones in which the position of the elite universities would be protected.

14. The Rector then turned to Imperial’s own position. The College had changed significantly over the last few years, he said, increasing in both size and complexity and now had an annual turnover of nearly £400M. At the same time, the environment within which it operated was subject to increasing regulation and external oversight. Furthermore it was situated in one of the most expensive areas in the Country and had an extensive and ageing estate. He believed that, if Imperial was to meet the challenges it currently faced, it needed to develop a long term Strategic Plan which would be supported by a Business Plan. The College also required a professional administration to support it, as well as a radical review of its academic structures - there were
currently over 30 academic departments reporting directly to him, as Rector. He proposed to replace the current structure with 3 or 4 main faculties. Each would operate a matrix structure to ensure the maximum co-operation between its departments and between them and the departments in other faculties. The recent joining of the Departments of Biochemistry and Biology under a single Head of Department could be seen as a first step towards achieving this new organisation.

15. The Rector continued by saying that he was close to agreeing a Mission and a Strategic Vision for the College. However, if Imperial was to continue to develop into the 21st Century, it would have to have access to independent funding as well as capitalising on its intellectual property rights. Most importantly of all, the College would have to concentrate on, and improve, its fund raising. To that end, he reported, Oxford Philanthropic - the premier fund raising organisation in the Higher Education sector - had been employed to advise the College on developing this area of activity. The donation of £25M by Dr Tanaka would, he said, have to be the tip of an iceberg if the College was to continue to be a world leader in teaching and research.

16. The Council welcomed the Rector’s statement and his analysis of the College’s future challenges. The ICU President, Mr. Common, said that the students also welcomed his vision. However, as the College became more independent of Government, it would be important to ensure that students from poorer backgrounds were not discouraged from coming to the College. The Rector agreed, saying that it was fundamental to the College’s future that it should continue to attract the best students, regardless of their ability to pay. Indeed, in his view, this could only be assured if the College had independent means.

FINANCE MANAGEMENT REPORT (Paper C)

17. Introducing Paper C, the new Director of Finance, Mr. Cannon, reminded members that he had been in post for only three weeks and was therefore still assessing the College’s financial situation. His first priority would be to deal with the College’s accounting problems. It was clear that these were not new, but that they had been compounded by the introduction of the new Finance and Personnel computer system, ICIS. With regard to the other significant difficulties facing the Finance Division, he reported that additional staff had been brought in to complete the manual bank reconciliation. It was expected that this would be complete for the period up to the end of December 2000 by the end of the present month. Thereafter, he hoped that the backlog would be steadily eliminated. He went on to note that, at the Council’s last meeting, it had been suggested that the College should seek to recover at least £16M of its aged debts by the end of the financial year. Although he had not, as yet, had time to test the assumptions underlying this target, he believed that it might be over-optimistic. Moving on to consider the Report itself, he said that the forecast contained on the first page was not, in his view, a thoroughgoing forecast as it did not include all known variances. He would be considering how the Report might be modified to make it more useful for future Council meetings.

18. The Chairman advised that he had, that morning, had sight of the draft Management Letter from the External Auditors. It was, in his view, a helpful document which was intended to be constructive rather than simply critical of the failures in the College’s
processes. He was conscious of the need not to interfere with senior management, while at the same time ensuring that Governors were provided with adequate information. He was therefore clear that it should be for the Rector to ensure that the College implemented the action plan contained in the Management Letter, while the Audit Committee would be asked to monitor progress and to report to Council accordingly. However, there was one recommendation in the Management Letter which concerned the Council’s governance arrangements. This was that there should be a Council Committee concerned with Risk Management and Corporate Governance. The Chairman suggested that the Governance Committee, which would be meeting to review its Report on the Effectiveness of the Governing Body, should also consider how this recommendation might be implemented.

19. The Chairman went on to say that the issues confronting the Finance Division had been dissected at length at the Council’s previous meeting. It was important now that these problems were rectified. The Rector advised Governors that he had established an Executive Committee which would review the College’s performance on a monthly basis. The College’s financial problems were not new, but had been mostly identified in the previous year’s Management Letter and should have been dealt with much sooner.

20. Dr. Smith asked whether the cash flow forecasts included with the Report were accurate. Mr. Cannon acknowledged that work on cash flow forecasting was still at an early stage. He would be reviewing the underlying assumptions, but believed the forecasts might be optimistic.

21. Noting the shortfall in student numbers, Mr. Buchanan-Dunlop asked if there was a particular reason for this. The Director of Planning and MIS, Dr Eastwood, replied that Home student numbers had declined in a number of disciplines. This was partly because the entry standards at Wye had been raised and partly because there was a national decline in students continuing into postgraduate education. This latter was felt to be a reflection of the strength of the economy. Graduates could readily obtain highly paid jobs in the City and were therefore less likely to undertake postgraduate study. This decline, he continued, had also been compounded by the over-optimistic forecasts of student numbers made by some of the academic departments. He confirmed that, regrettably, this would lead to a reduction in the College’s block grant from the Higher Education Funding Council for England (HEFCE).

22. The Rector agreed, but reminded the Council that, because of the increased numbers of students being allowed to enter Medicine nationally, the pool of ‘A’ students for other subjects had reduced accordingly. Imperial would have no problem in filling its courses if it dropped its standards, but it was not prepared to do this. Mr. Able asked whether the College had considered how it promoted itself to prospective students as he believed a number of other less well-known universities were putting considerable resources into advertising to promote their courses to the higher quality applicants. He said that a few years previously Dulwich College had decided to make more use of its web site in promoting itself even though, at that time, it had no immediate need to do so. He believed this had protected his College when external competition had increased and its web site now attracted 38,000 hits a year.

23. Professor Bell said that the level of debt for postgraduate students in London was a real
concern. Professor Higgins agreed, noting that the EPSRC had recently changed its procedures for awarding student grants and had done away with the London Weighting element in them. This would adversely affect postgraduate students in London. The ICU observer, Mr. Pollard supported this, saying that independent research showed that the London Weighting for students bore no relation to the real costs of living in the Capital.

24. Concluding the discussion, the Chairman said that the Executive Summary of the Management Letter would come forward to the next meeting of the Council in March, together with a reframed Report from the Director of Finance.

INVESTMENTS COMMITTEE REPORT (Paper D)

25. The Chairman of the Investments Committee, Dr. Knight, introduced Paper D, noting that the Report covered the 12 months to 31 July 2000. It was a year that had been characterised by the performance of technology stocks, which had done very well in the early part of the year, but had crashed in April. He went on to report that Capital International had been appointed as the College’s fund managers alongside Dresdner RCM following the sale of M&G to Deutsche Bank. The Committee had at the same time reviewed the benchmark against which the managers’ performance was measured. It was felt that this was too reliant on the performance of the London Stock Exchange and so it was decided to lower the UK component of the benchmark.

26. Moving on to consider the fund managers’ performance, Dr. Knight reported that it had been recognised that they were unlikely to match their achievement of a 20 - 30% return in previous years. This had indeed proved to be the case, with the managers achieving 10% which, although lower than in previous years, was in line with the benchmark. Dr. Knight ended his report by saying that performance in the present financial year was likely to show a further decline. The markets were currently very volatile and there had been a significant sell-off of technology stocks. In the first quarter of the present year, Dresdner RCM’s portfolio had fallen by 10%. Although Capital International were expected to perform better than this as they had a wider portfolio with less technology exposure.

HARLINGTON TRUST (Paper E)

27. Introducing Paper E, the Chairman of the Harlington Trust, Dr. Knight, reminded the Council that it had previously agreed that the Trustees could expend an additional £36,706.05 over and above their annual grant of £50K in order to support an application from the Imperial College Union related to the refurbishment of the basements in Beit Quad. Because of the delay to the Beit Refurbishment Project none of this money had yet been spent. He was therefore asking for the authority granted to the Trustees to be extended for a further year. In response to a query from Mr. Able, the ICU President, Mr. Common, confirmed that the cost of the refurbishment for which this money was being awarded had not increased, despite the delay.

Resolved: That the Harlington Trustees be given authority to expend £36,706.05 over 2000-01 and 2001-02 as set out in Paper E.
CLERK’S BUSINESS

Premium Fees for Home Students (Paper F)

28. The Director of Planning and MIS, Dr. Eastwood, introduced Paper F, noting that, although student numbers had declined overall, there were still a few courses where the College was able to charge premium fees without adversely affecting recruitment. These were all postgraduate courses which were not subject to the Government regulations restricting the introduction of additional fees. He confirmed that the College had been charging premium fees for these courses for some time and that, in doing so, it was not setting a precedent that would be extended to its other courses. The Rector agreed, stating that the College had no intention of extending premium fees to its other postgraduate or any of its undergraduate courses. Concluding his introduction, Dr. Eastwood confirmed that the fee levels had been proposed by the Departments in which the courses were based and were therefore realistic.

Resolved: (i) That the premium fees for home and EU postgraduate students entering the College in 2001-02, as set out in Paper F, be approved.

(ii) That the Rector be given delegated authority to determine premium fees for home and EU students on particular postgraduate full-time courses within the maximum approved annually by Council for overseas students as long as no fee for a home and EU student exceeds the fee for the same course for an overseas student.

(iii) That the Rector also be given delegated authority to determine fees for part-time students, both home and overseas, on particular postgraduate courses.

Dates for Council Meetings (Paper G)

29. The Clerk introduced Paper G.

Resolved: That the dates for meetings of the Court and Council, as set out in Paper G, be approved.