MINUTES OF THE PROCEEDINGS

at the

Twenty-sixth Meeting of the

COUNCIL

of the

IMPERIAL COLLEGE OF SCIENCE, TECHNOLOGY AND MEDICINE

The Twenty-sixth Meeting of the Council was held in the Council Room, 170, Queen’s Gate at 10:30 a.m. on 18th October 2002, when there were present:

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

In attendance: the Academic Registrar, the Director of Estates, the Director of Finance, the Director of Human Resources, the Director of Policy and Planning, the Pro Rector for Public and Corporate Affairs, the Director of Strategy Development and Communications, the Imperial College Union Observer and the Assistant Clerk to the Court and Council.

Apologies: Dr. B. G. Smith, Sir Peter Williams and the Director of ICT.

WELCOME

On behalf of the Council, the Chairman welcomed Mr Peter Gershon and Mr Ram Gidoomal to their first Meeting as members of the Council. The Chairman also welcomed Mr Ramnath Ramanan, the Deputy President (Finance and Services), who was attending his first Meeting as the ICU Observer.

REVISED AGENDA

The Chairman drew Members’ attention to the revised Agenda for the Meeting, which had been tabled. The changes to it were a result of the agreement by the College to enter into discussions with University College London (UCL) about closer collaboration, of which
Governors had been advised and which had been announced to the Press at the beginning of the week.

MINUTES

Council – 12 July 2002

1. The Minutes of the Twenty-fifth Meeting of the Council, held on 12 July 2002, were taken as read, confirmed and signed.

MATTERS ARISING

Restructuring of the Department of Agricultural Sciences (Council Minutes, 12 July 2002, Minute 30)

2. The Director of Human Resources, Mr. Gosling, reported that the necessary reduction in the academic staff of the Department of Agricultural Sciences had been achieved by voluntary means. Consequently, the Chairman had not been required to establish a Redundancy Committee. Mr. Gosling expressed his gratitude to all those involved in the restructuring process who had helped to achieve this.

Bernard Sunley Hall Refurbishment (Council Minutes, 12 July 2002, Minute 50)

3. The Director of Estates, Mr. Brooks-Wilson, reminded members that the expenditure which the Council had approved for the refurbishment of Bernard Sunley Hall – a total of £3.5M – was less than the initial estimate for the Project. He was able to report that this reduced price had been achieved and that he had not therefore had to refer the matter to the Vacation Powers Committee.

FURTHER COLLABORATION WITH UNIVERSITY COLLEGE LONDON (UCL)

4. Before inviting the Rector to introduce the discussion on proposed closer collaboration with UCL, the Chairman said that both he and the Rector would have preferred for the Council to have discussed this issue before the public announcement had been made. However, the timing and sensitivities were such that this had not been possible. He had therefore both written and spoken to the majority of members personally before the announcement had been released to the Press.

5. The Rector noted that some additional information had been tabled for information and then advised Governors of the background to the proposal. In August, he said, UCL’s Provost, Professor Sir Christopher Llewellyn Smith, had stood down and Sir Derek Roberts had returned from retirement as Provost on a temporary basis. The Rector had then contacted Sir Derek to suggest that UCL and Imperial should consider closer collaboration. Before his retirement, Sir Derek had himself suggested to the previous Rector, Lord Oxburgh, that UCL and Imperial might consider some
form of merger. He had therefore been immediately sympathetic to Sir Richard’s
suggestion and they had agreed to discuss the matter with the Chairmen of their
respective governing bodies. The Rector, Sir Derek and the two Chairmen had met
on Friday, 11 October and agreed to take the proposal forward, the College’s
Executive Committee having been made aware of the proposals the previous day.

6. It had become clear quite quickly, he said, that both sides were positive about the
vision for a merged institution. This exercise was not, the Rector stressed, about cost-
cutting. Over many years higher education in the UK had been failing because of
chronic under-funding. This was therefore an opportunity to put two of the top five
institutions in the Country together to create something that would be very special - a
university with the quality and the critical mass required to compete on the world
stage.

7. The question now, the Rector continued, was whether the merger could be achieved.
A Merger Board had therefore been established comprising senior staff from both
institutions. It would be meeting weekly and would consider whether there were any
major stumbling blocks which might prevent the merger from succeeding. The
Committee, which would be assisted by a number of sub-groups, would report back to
the two governing bodies in December with a clear recommendation on whether or
not the merger should proceed. The Rector was confident that there would be enough
data available within that time for the Council to take a fully informed view on the
proposal.

8. Taking up this last point, the Chairman said that it was important that the two
Councils should make their decisions on the proposed merger in December at the
same time. To achieve this, Imperial’s next meeting would be moved from Friday,
13 December to 10.30 a.m. on Thursday, 19 December, while UCL’s would be moved
from the afternoon to the morning of that day. He then reminded the Council that, at
its last meeting, it had agreed to the establishment of a Search Committee to identify a
replacement for himself as Chairman. Clearly, if the merger were to go ahead,
consideration would have to be given to transitional governance arrangements. In the
circumstances, he suggested that the work of the Search Committee should be
suspended until a decision on possible merger had been taken.

9. Professor Bell reported that staff in his Department had discussed the proposals at a
recent meeting and that all had been in favour of the proposed merger. Mr. Margetts
congratulated the Rector on what he said was a very exciting initiative. Professor
Dame Julia Higgins reported, however, that staff in her Department had expressed
their concerns about the extent to which academics would be consulted and involved
in the decision to merge. The Rector said that he had personally written to every
academic informing them of the proposal and inviting their views. These views
would certainly be taken into account, for there would be no object in proceeding in
the face of overwhelming academic opposition. However, for the two academic
communities to spend many months discussing the fine detail of the proposal before
coming to a conclusion was quite unnecessary. What was required was for all
concerned to focus on the strategic issues and for this a decision based on two
months’ intensive consideration was more than adequate.
10. Dame Judith Mayhew reminded the Council that she was appointed to the Council by the University of London. A merger of Imperial and UCL would have significant implications for the University and for the smaller institutions within the University. It would be important not to fragment the University too much and she hoped that, if the merger created a ‘super-college’, it would still remain under the auspices of the University. She recognised, however, that ultimately the strategic importance of the merger for both Imperial and UCL would be the priority for them.

11. The Rector noted that, like the College, UCL and the London School of Economics and Political Science (LSE) were applying for their own degree-awarding powers. Imperial’s brand was recognised in its own right, and not as part of the University. He also noted that, following the announcement of the merger, he had received requests from some of the other Colleges in the University to join the merged institution. He agreed that Imperial and UCL should not try to recreate the University of London and acknowledged that the merger proposals should be discussed with the University’s Vice-Chancellor. However, he said, Imperial’s prime consideration had to be its own position and the strength of its own brand.

12. Dr. Vaughan said that the vision for the merged institution was extremely positive, but asked if any potential pitfalls had been identified as yet. She suggested that one might be the College’s capacity to handle a major merger such as this when there was so much else being done.

13. The Rector replied that the Merger Committee was seeking to identify any such pitfalls. If in December it was agreed that the merger should go ahead, the two Colleges would begin to co-operate much more closely. Unlike the business world, much could be done prior to the formal merger of the institutions. For instance, if the merger was agreed, he would become the President of both Colleges by September 2003 and the Administrative and Academic Departments would start to work closely together. He reminded the Council that, as the merger could only be effected by an Act of Parliament, it was likely that it would take at least two or three years for UCL and Imperial to merge fully. Before then, a lot could be achieved to integrate the two institutions in all but name. It was also clear, he said, that a merger on this scale would be costly if it was to be managed effectively and it would, he suggested, have to be properly funded by the Government if it was to proceed. He believed that such funding would be forthcoming, given that the Government had previously provided £75M to assist Cambridge’s collaboration with Massachusetts Institute of Technology.

14. Dame Rosemary Spencer congratulated the Rector on the proposal, but asked if Governors could be given more information on UCL. The Rector agreed to circulate an Information Pack on UCL to the Council.

15. Dr. Buttle applauded the vision but suggested that consideration might also be given to a merger with the LSE as a combination of these three institutions would make for a university of major influence. She was, she said, concerned that UCL was perceived to be at a low ebb currently, with much press emphasis being placed on its financial position. It might therefore be thought of as the lesser partner in the proposed merger. If the LSE were to join as well, the proposal would be a truly
visionary one. The Rector stated that it would be very difficult to achieve the merger of two large bodies such as UCL and Imperial. To add a third large and complex institution would, in his view, make such a merger well nigh impossible. This should not, however, preclude further co-operation with the LSE or indeed consideration of possible mergers in the future.

16. Mr. Gidoomal, too, welcomed the vision. His concerns, he said, centred on communication as he had seen other smaller mergers fail because of poor passage of information. He also agreed with Dr. Buttle that, if this were seen as a takeover, it would be wrong and potentially damaging to the success of the merger. The Rector agreed that communication was vital. For this reason, he had informed all staff of the proposals at the same time on the previous Monday morning and had invited them to give him their comments. A website on the College Intranet had also been created, which would carry the latest merger news as well as the answers to frequently asked questions.

Resolved: (i) That the next Meeting of the Council should be postponed from Friday, 13 December to 10:30 a.m. on Thursday, 19 December 2002.

(ii) That, until the next Meeting of the Council, the work of the Search Committee to identify a new Chairman should be suspended.

RECTOR’S BUSINESS

Staff Matters (Paper A)

17. The Rector formally presented Paper A, which was received for information. In response to a question from Mr Roche, he confirmed that Professor Hassell had been appointed as the Chairman of the Health and Safety Council in succession to Professor Caldwell.

Vacation Powers Committee (Paper B)

18. The Clerk introduced Paper B, reminding Governors that the Vacation Powers Committee had been established to act on behalf of the Council during the summer holiday period. The Committee had considered two issues. First, it had approved the Financial Forecast as at 31 July 2002 to be submitted to the Higher Education Funding Council of England (HEFCE) and, second, it had approved £1.55M expenditure on fees required for the Burlington Danes Project up to mid-January.

19. The Principal of the Faculty of Medicine, Professor Borysiewicz, reminded the Council that the Burlington Danes site next to the Hammersmith Hospital Campus had been purchased in conjunction with the Special Trustees of the Hammersmith Hospital as a strategic initiative to secure the only remaining space adjacent to the Hospital available for expansion. Earlier in the year the Faculty had put together a proposal for the use of this land to develop a world-class Imaging Centre in conjunction with GlaxoSmithKline (GSK). Despite competition from a number of
other prestigious US and UK institutions, the College’s proposal had been successful and GSK had indicated their intention to contribute £35 – 40M towards the development of a purpose-built Centre on the site. Moreover, the relationship proposed was a long term one and GSK’s commitment to the Centre, and hence the College, for the next 40 years could amount in total nearer to £200M.

The Faculty was also collaborating with the Medical Research Council (MRC) to develop additional research facilities on this site. These two related developments would allow the Faculty to concentrate its work on cancer, genetics and stem-cell biology at the Hammersmith and this was therefore an important strategic development for the Faculty. However, he noted that the full costs of the development were likely to be in excess of £100M and it was clear that the College itself could not afford to be the lead developer for the site nor could it accept the financial risk of the development. Proposals for funding this ambitious project were being prepared and would be brought to the Executive Committee in due course. In the meantime, as already indicated, the Vacation Powers Committee had approved the £1.55M required for professional fees to take the proposals to Design Stage C.

Resolved: That the decision made by the Vacation Powers Committee on behalf of the Council since its last Meeting be approved.

ANNUAL REPORT OF THE REMUNERATION COMMITTEE (PAPER C)

Introducing Paper C, the Director of Human Resources, Mr. Gosling, reminded the Council that the Remuneration Committee’s terms of reference had been amended and that it now only considered the remuneration of the Rector and the senior staff reporting to him. The remuneration of professors and other senior members of staff was now considered by the Executive Committee. This revised process, he said, appeared to have operated successfully. The Committee had also received reports on the College’s continuing work to improve academic salaries and on proposals for the introduction of a new framework for pay and grading. Mr. Gosling said that a Paper on this new framework would be presented to the Council in due course.

IMPERIAL COLLEGE – A GOOD PLACE TO WORK? (PAPER D)

Mr. Gosling next introduced Paper D and noted that, for some time, the Government had regarded the Higher Education Sector as not being in the forefront of good practice in equality and diversity issues. Higher Education institutions were therefore being required to address diversity as a matter of priority. Accordingly, the College had decided to conduct an audit of its entire staff with the help of external consultants, Schneider Ross. The Report of this exercise was attached to Paper D and highlighted three areas that needed particular attention: the positions of women academics, of those from ethnic minorities and of staff with disabilities. These findings, he said, had not been altogether unexpected, although the strength of feeling expressed by some members of staff had been a surprise. Mr. Gosling also noted that there were some areas where the College’s performance was better than staff perceived. This
suggested that it needed to concentrate on better communication as well. Concluding his Report, Mr. Gosling said that the College had recently appointed a Diversity Advisor who was developing a number of initiatives in these areas.

23. The Rector said that the Report only confirmed what was already understood by the College. Indeed, had a similar audit been conducted for any comparable institution, he would have expected to see a very similar report and recommendations. Dr. Vaughan said she was pleased that this work had now been undertaken. What was important was that the implementation of the recommendations should be taken forward vigorously. Professor Bell, too, welcomed the Report. The College had, for some time, been concerned with the health and safety of its staff and he was pleased that it was now also giving consideration to their well-being.

24. Mr. Gidoomal commended the Report and hoped that the College would provide sufficient resources for its recommendations to be implemented. Mr. Gosling confirmed that part of the HR Strategy funding which the College had received from the HEFCE would be used to assist in implementation. However, he acknowledged that this would create some additional workload within the College’s Departments.

25. Dame Julia Higgins reminded the Council that the Rector’s Academic Opportunities Committee had a specific remit to improve the position of women academics at Imperial. It had already achieved much and was continuing to take action. However, there were some factors that were outside the College’s control. For example, the high cost of housing in central London made it difficult for academics with children to live close to campus. It was also clear that many women academics still perceived that pregnancy and childcare would prevent them from continuing a research-led career, even though the availability of new flexible working arrangements meant that this was no longer the case.

26. Mr. Margetts made the point that the Higher Education Sector was behind the times. The Report, he said, reminded him of the type of report that had been produced in the corporate world 15 years ago. However, this meant that there was a wealth of experience in implementing such initiatives in the corporate sector and he urged the College to take advantage of these.

REPORT FROM THE HEALTH AND SAFETY AUDIT COMMITTEE (PAPER E)

27. The Chairman of the Health and Safety Audit Committee, Mr. Roche, introduced Paper E and thanked the Council for appointing two new members to the Committee. Professor Himsworth and Professor Jeffries would undoubtedly both be invaluable members of the Committee. Moving on, he said that the Committee had most recently examined the health and safety arrangements in the Division of Medicine and had been impressed with the commitment demonstrated by staff there. Recognising that the Council had an extensive agenda, Mr. Roche highlighted just two issues in his Report. First, he welcomed the Report on Long Term Maintenance (LTM), which had been received by the Committee. This showed that £5M would be required per annum for the College to address all its health and safety issues. Second, with only a few exceptions, the annual health and safety reports being submitted by Departments
and Divisions were now achieving a very high standard. This suggested that the College was developing a better health and safety culture and he hoped that the improvements noted in the last few years would continue.

**STRATEGIC PLAN 2003-06 (PAPER F)**

28. The Rector gave a presentation on the Strategic Plan, a copy of which is attached to these Minutes. This incorporated a section on the College’s Branding Project, which was to have formed a separate item on the Agenda but which, because of the shortage of time, were included in this discussion. The Chairman confirmed that a copy of the full Branding presentation could be provided for members of the Council on request.

29. Dame Rosemary Spencer noted that the number of overseas students in the College was increasing year on year. She asked what determined how many of such students were admitted. The Rector said that, with the exception of Medicine, where the Government imposed a limit of 7.5%, it was up to Departments to determine how many overseas students they should accept. For some Departments, this ratio could be quite high. For example, he said, some 60% of Electrical Engineering students were classified as overseas. He emphasised that admission to the College was based on merit and that, since overseas students were, in general, amongst the best at the College, these proportions could have been higher.

30. Moving on to another point in the Plan, Dame Rosemary Spencer noted that the College needed to secure funding for the true economic costs of research. However, there was a danger that, in trying to do so, it might be undercut by other universities competing for the same research funds. She asked if there was a chance that the universities would agree not to compete for research funding that was uneconomic. The Rector said that this was being discussed by the Russell Group universities, but that it was a difficult issue. One of the advantages of the proposed merger with UCL was, he suggested, that the two Colleges would no longer be competing for the same money.

31. Mr. Able thanked the Rector for his presentation and asked at what stage, if the merger went ahead, the strategic planning processes of Imperial and UCL would be brought together. The Rector said that, if the merger was agreed, it would be necessary to work on a joint Strategic plan during 2003. Mr. Margetts agreed, noting that the production of such a plan would help to embed the vision for the merged institution. He also agreed that it was right not to consider a name or brand for the new institution at this stage. Furthermore, it should be recognised that too long a name would be a weakness.

32. Mr. Gershon queried whether there was scope for obtaining better value for money from procurement strategies, as this was not mentioned in the Plan. The Director of Finance, Mr. Cannon, confirmed that the Finance Division was exploring ways in which procurement could reduce costs, one recent initiative being to rationalise the purchasing of personal computers. This would provide considerable savings. The Clerk reminded Governors that the College also conducted an annual review of value for money initiatives, the results of which were reported to the Audit Committee.
Resolved: That the Strategic Plan 2003-06, as set out in Paper F, be approved.

ESTATES STRATEGY – PRINCE’S GARDENS, RESIDENCES AND SPORTS GROUNDS (PAPER G)

33. The Director of Estates, Mr. Brooks-Wilson, gave a presentation on the Estates Strategy, highlighting, in particular, the proposal that Prince’s Gardens should be developed so as to concentrate the College’s student accommodation close to the South Kensington Campus. Central to this strategy was the proposed demolition of the Southside Hall of Residence and its replacement with a building that would provide more and better quality accommodation for students. However, in order for this to progress the building would have to be de-listed. If this was not achievable, the College would explore other options for the refurbishment of the building which would, in turn, affect the development of the remainder of Prince’s Gardens.

34. The ICU President, Mr. Ganesh, welcomed the proposed strategy for Prince’s Gardens. Students recognised that the Southside Hall was in a poor state and that, because of the nature of its design, even when refurbished would not provide high quality student rooms. The ICU also welcomed the proposal to provide additional student accommodation close to the South Kensington Campus. He said that students were also concerned about the proposals for rationalising the College’s sports fields and the possible impact of the disposal of outlying halls of residence. Mr Brooks-Wilson said that the provision of a new sports centre at South Kensington, together with the remaining sports fields, meant that the College would still have ample provision for student sporting activities.

35. Mr. Able welcomed the proposals and stressed the importance of accommodating the majority of students close to the main Campus. Drawing the discussion to a close, the Chairman reminded the Council that these proposals represented an emerging strategy and that much was dependent on whether it would be possible to de-list the Southside Hall of Residence. He hoped that it would be possible to obtain an early indication of whether this would be feasible. He noted that, as and when individual project proposals arising from the Strategy were confirmed, they would be presented to the Council for approval in the normal manner.

MAJOR PROJECTS UPDATE (PAPER H)

36. Mr Brooks-Wilson next introduced Paper H. This was presented in the form of a red amber and green ‘traffic light’ summary, designed to provide clear and concise information in a readily understandable format which had been agreed by the Finance Committee. The two projects most in need of attention were highlighted in red. The first, the refurbishment in the Biochemistry Building had been completed, but the M&E contractor had gone into liquidation and it was expected that the main contractor would make a claim against the College. The second Project was the refurbishment of the Physics Building which had not gone to tender as the forecast cost exceeded the financial provision. The Project was therefore being re-scoped to
bring it back within the original budget.

37. The Honorary Treasurer, Dr. Knight, said that the Finance Committee had asked for the Report in this form as part of its drive to provide the Council with clear, detailed and precise management information.

LONG TERM MAINTENANCE (PAPER I)

38. Mr Brooks-Wilson introduced Paper I and said that the Paper was presented to the Council for information at present. The College currently had 5 or 6 buildings, which together accounted for most of the backlog of Long Term Maintenance (LTM). If these could be removed from the equation, either through replacement or refurbishment, the LTM requirement would be significantly reduced. He then confirmed that the College was currently compliant with health and safety and other legislation. However, the costs identified in the Paper were those necessary for the College to comply with impending legislative requirements, such as those from the Disability Discrimination Act.

39. The Chairman of the Health and Safety Audit Committee, Mr. Roche, welcomed the Report as it set out the LTM issues facing the College. It was clear, he said, that the College’s current funding for LTM was inadequate if it was to remain both safe and legislatively compliant. Dr. Vaughan noted that LTM funding was currently provided on an annual basis, but that if funding was committed for more than one year at a time, this would allow for better planning of the LTM programme. The Director of Finance, Mr. Cannon, said that this suggestion could be considered during this year’s Planning Round.

40. Mr. Margetts said that planning LTM funding should be a core part of the College’s financial strategy and strongly urged that the need to meet the LTM shortfall should be built into the College’s future plans. The Rector acknowledged that this would be so in a perfect world. However, he reminded Governors that both the JIF and SRIF initiatives required the College to make a 25% contribution to the costs of each project. It had not been possible to predict very far in advance the extent of the College’s success in these exercises. The College could not reject the substantial funds available from them, but its own contribution meant that there was less available for other requirements such as LTM. Turning to future legislation, Dr. Knight remarked that pressure was building on several fronts for the Government to meet some of the costs of the requirements that it imposed on organisations.

41. Drawing discussion to a close, the Chairman said that the LTM programme had to be integrated with the College’s Estates Strategy as some of the identified backlog would be removed by disposals, refurbishments and new buildings. He also suggested that the College should, in future, look at providing an LTM budget on a longer timescale than just 12 months.

FINANCE COMMITTEE (PAPER J)
The Honorary Treasurer, Dr. Knight, introduced Paper J and said that progress on revising the Finance Reports to the Committee and the Council had not been as swift as he would have hoped. This was, however, still a priority and he hoped that a revised format could be adopted sooner rather than later. The main focus for the Committee at its last meeting had been the proposal to change the College’s funding policy, which was the subject of a later Paper on the Agenda.

FINANCE MANAGEMENT REPORT (PAPER K)

Introducing Paper K, Mr. Cannon reminded the Council that his Report covered the period to the end of July 2002, although, as they were still subject to audit, the figures it contained were provisional. He was pleased to note that the College had made a modest surplus before exceptional income. As a deficit had been forecast this was, he said, a positive improvement. He was, however, more concerned that premises costs had been £4.1M higher than forecast. The two main issues to arise from this were, first, that there was a need to ensure that utilities budgets were realistic and that utilities costs were monitored more effectively and, second, that the rules governing the capitalisation of project costs needed to be clearly stated. With regard to debts, over 12-month debt now stood at £6M, which was the lowest figure for 4 years.

On this last point, Mr. Margetts asked if the provision for doubtful debts would be reviewed. Mr. Cannon replied that the current provision was, he felt, satisfactory. The formula used to calculate it had been revised with a view to ensuring that it remained adequate, bearing in mind that as the College attempted to collect more of its older debts, the proportion that was still recoverable would decline. Concluding his Report, he drew attention to the fact that the College had spent £30M on Capital Projects in the previous year, but was proposing to spend £60M this year.

Dr. Knight said that achieving a surplus, however modest, when a deficit had been forecast was important. He also congratulated the Finance Division on the work done to reduce aged debt.

THE COLLEGE’S FUNDING POLICY (PAPER L)

Mr. Cannon introduced Paper L and reminded Governors that he had raised the issue of the College’s funding policy at their last meeting. The College had previously been cautious about borrowing and had therefore always met its capital costs from existing reserves or the sale of assets. This policy had meant that the College had sometimes disposed of assets when it needed to raise funds rather than when it could realise the maximum value from those assets. It was now proposed that the College should borrow up to £100M to create an endowment fund that could be used to fund its capital programme. The College would then be able to hold onto its assets for value. Mr. Cannon noted that, under the HEFCE rules, the College could not devote more than 4% of its income to servicing debts. The proposal was well within this envelope. Further constraints on borrowing were what the market would bear and what the College itself would be comfortable with. Clearly it would be essential for the College to ensure that any such borrowing should be properly managed
throughout its term. This would be the responsibility of the Director of Estates and the Pro-Rector for Public and Corporate Affairs.

47. Dr. Knight said that he was very supportive of this proposal which was a clear change of policy to allow the College to use borrowing to achieve financial flexibility. Dr. Wilbraham said that he could see the attraction of bridging a financial shortfall through borrowing rather than being forced to sell an asset. However, as well as servicing the debt through interest payments, the College would also have to repay the capital at the end of the term. Dr. Knight confirmed that the HEFCE rules on debt servicing included both interest payments and re-payment of the capital sum. Mr Gidoomal asked if the change in policy would have to be noted in the accounts and, if so, whether this could jeopardise other sources of funding. Dr. Knight confirmed that this was not a risk. Indeed, the HEFCE had expressed surprise that Imperial had not adopted this policy before.

Resolved: (i) That the College’s revised Funding Policy, as set out in Paper L, be approved.

(ii) That the proposal to borrow up to £100M, as set out in Paper L, be approved in principle.

(iii) That the establishment of a Committee to oversee the review of the College’s borrowing requirement, as set out in Paper L, be approved.

(iv) That this Committee be given delegated authority on behalf of the Council to agree the detail of the loans to meet this requirement, reporting back to the Council through the Finance Committee on its decisions in this regard.

DE-REGULATION OF HOME/ EU UNDERGRADUATE STUDENT FEES
(PAPER M)

48. Introducing Paper M, the Rector said that, although the contents of the forthcoming White Paper on Higher Education were not yet known in detail, it was already apparent that the Government were not prepared to provide universities with the additional money necessary to redress their present under-resourcing. It followed that such extra funds would have to come from those who most directly benefited from higher education, students themselves, even though the Government’s manifesto commitment meant this could not happen until the next parliament, that is, until 2006 at the earliest. The purpose of Paper M, he said, was to establish with clarity the College’s policy position in advance of the publication of the White Paper.

49. Expanding on this, the Rector said that the previous model, with the Government, and hence the taxpayer, funding higher education for the benefit of the few, was no longer tenable. The best option was for higher education to be funded by a mixture of Government, society and students themselves. Those students who could afford to, should meet the economic costs of their education, while those who could not afford these fees would be subsidised with bursaries provided in part by the Government and
in part from other sources, such as industry and private donations. He believed that, once the cap on student fees was released and institutions started charging differential fees, the provision of bursaries and studentships would be attractive to external funders. He accepted that the introduction of such a scheme would be difficult, but he was sure that, once there was general recognition that admission to universities would still be ‘needs-blind’ and that the position of the poorer students would be protected, the public, and students themselves, would understand that this was the only way to ensure that high quality institutions such as Imperial could be properly funded. Finally, the Rector reassured the Council that, once the White Paper was published, the College would consult widely on how to respond to the Government’s detailed proposals.

50. Dame Rosemary Spencer welcomed the Paper, but felt that some of the financial forecasts might be too optimistic. She doubted that 30% of students would be able to meet the full costs of their education and was concerned that this would result in a gap in funding. Dame Julia Higgins said that, if the College were to charge differential fees, it would have to be sure that the Government would not reduce its level of funding or try to claw back this money in other areas.

51. Professor Borysiewicz reported that he had spoken to the President of the Medical Students’ Association and that the latter had raised two concerns that were specific to medical students. The first was that an increase in fees would have particularly serious implications for medical students since their studies lasted for six years. The second was that many would be employed by the NHS, which was a monopoly employer. Their ability to increase their earning capacity was consequently limited. Having said this, Professor Borysiewicz confirmed that he himself strongly supported the Paper.

52. The ICU President, Mr. Ganesh, said that the Students’ Union had discussed the issues raised by the Paper at an Emergency General Meeting on Wednesday evening. While they recognised that higher education was under-funded, they were adamant that it was for the Government to rectify this shortfall. The Rector was pleased that the students recognised the gap in funding. However, he said, if there was no more money from the Government - and it was clear that there would not be - the College had to do something to maintain the quality of education it provided for its students.

53. Mr. Ganesh went on to say that the Union was also concerned that bursaries could only be offered to a limited number of students and that this would result in fewer students from poor backgrounds coming to Imperial. The Rector confirmed that the College did not now, and would not in the future, differentiate between applicants on the basis of their financial position when making them offers. However, he pointed out that, because students had to have a strong educational background if they were to cope with Imperial’s courses, the normal schemes for widening access by offering places to applicants with lower qualifications were not appropriate for the College. Dr. Knight agreed and suggested that, in addition to all the other caveats at the end of the Paper, it should re-affirm that the College would continue to have a needs-blind admissions process.

54. Mr. Ganesh then said that the views of other institutions would also be important and
suggested that Imperial’s competitive position against European universities would be harmed by increased fees. The Rector acknowledged that the number of European students might decline. However, he said the current system in the rest of Europe was untenable as it was very expensive and the drop out rate in some European countries was now at 50%. Imperial’s policy had to be to offer a quality education and to ensure that it recovered the full economic costs of doing so, regardless of who was responsible for finding those funds.

55. Mr. Ganesh next queried the system of means testing, pointing out that, nationally, some 30% of parents either failed to pay the parental contribution or paid less than was required. The Rector agreed that this was a problem for many students and the College would have to develop innovative schemes to support student hardship. However, the College could not underwrite parental contributions as this would simply result in more parents refusing to make a proper contribution. He noted again that the current system was socially unjust in that ordinary taxpayers were subsiding the education of children from rich families.

56. Finally, Mr. Ganesh asked the Council to consider deferring consideration of the Paper until after the Government’s White Paper was published. If that was not acceptable, he asked that Governors should vote to indicate their support or otherwise for the proposals in the Paper. Responding to his first point, the Rector said that the Paper could not be deferred as it was intended to crystallise the College’s response in advance of the White Paper.

57. Drawing the discussion to a close, the Chairman said that the current situation meant that, like other higher education institutions, the College had no way of closing the funding gap itself. This problem was not created by Imperial but by successive governments’ under-funding of higher education. Before moving to the resolutions, the Chairman reminded all those present that Council papers were confidential to those attending Council meetings until the papers were published in the Minutes. It did not help the College, he said, for its confidential papers to be leaked to the Press and published on a BBC web site before the Council itself had had a chance to discuss them. To release papers in this manner was, he said, both a discourtesy to the Council and a clear breach of College Regulations. The Council then passed the following resolution by 26 votes to 1.

Resolved: That the recommendations set out in Paper M be approved.

CLERK’S BUSINESS

Independent Review of Student Complaints (Paper N)

58. The Clerk introduced Paper N and advised the Council that the proposal to establish an Independent Adjudicator to hear student complaints was being led by Universities UK (UUK). The higher education sector was split on the issue with many universities expressing significant doubts about the model proposed by UUK. In particular, there was a concern that it was overly bureaucratic, would encourage frivolous complaints, would be costly and could, in any case, still be subject to judicial review.
College, the preferred solution would be to retain the current system whereby complaints were referred to the Visitor. However, both the Lord Chancellor’s Office and the Privy Council Office had indicated that, once an Independent Adjudicator had been established, they would require any complaints to be heard by that person before any consideration by the Visitor. In the circumstances, it seemed that the College had little option but to accept the course being advocated by UUK.

59. Dame Judith Mayhew said that she had been leading the opposition to UUK’s proposals. She explained that the UUK scheme had been initiated before the Human Rights Act had been passed and she believed that there was no guarantee that it would be compliant with the terms of the Act. This meant that, unlike the current Visitorial system, UUK’s proposals would not protect universities from action in the Courts. Furthermore, the proposed system would require a large and unwieldy bureaucracy and would increase greatly the number of student complaints being submitted. She pointed out that universities did not have uniform procedures in any other area and she could see no compelling reason why they should be required to have a uniform process in this one. She also felt that it would be a retrograde step for the entire sector to adopt such an unwieldy system simply to solve a problem for the post-1992 universities and she reminded the Council that an expensive system such as this would, in all probability, have to be paid for with a top-slice from the education budget.

60. The LSE had proposed an alternative solution, she said, which was to appoint its own adjudicator - in their case a High Court Judge. This was preferable since this person would become familiar with the LSE’s procedures and would therefore be in a position to give a more informed and balanced judgement than someone who was dealing with complaints from a large number of very different institutions. If the problem with the Visitorial system was a lack of resources, it would be preferable, she suggested, to provide extra resources to the Privy Council Office rather than create a considerably more costly system. Finally, she said that she would encourage the College to take a firm line and, rather than acquiesce to UUK’s proposals, it should follow the LSE’s model and appoint its own Independent Adjudicator. She reminded the Council that UUK could only force its model on the sector if it obtained primary legislation.

61. The Council agreed not to accept the recommendations contained in the Paper, but instead to explore the available options further. In the meantime, the Clerk was asked to write to UUK to confirm that the College was satisfied with its current arrangements whereby complaints were referred to the Visitor.
The Imperial College Strategic Plan
2003 - 2006

Sir Richard Sykes
October 2002

…expect great things

Main Drivers of the Strategic Agenda

- Imperative to remain amongst the best in the world
- Increasing global competition
- Transparency of underfunding of all activities
- Acceptance that Public funding will never support all we want to do
- Recognition of untapped opportunities
- Our infrastructure is aged and often inadequate to support our potential
- Corporate Governance demands better administration
- We need an organisation which allows development of Academic Mission and Professional Management
Our Environment

Our Current Position

- Top 4 in UK (Teaching overall)
- Top 3 in UK for Science & Engineering
- Research Assessment: 78% of staff in departments of International standing
- Funding: ca. 6.2% total National public funding of University Research
- Publications in *Science* and *Nature* comparable to MIT, Harvard, Stanford, Chicago
- Quoted in the media over 3000 times in 2001
We currently lose money on everything...

- Research grant awarding bodies use formulae - Cost plus
- 0- 46% awarded as “overhead” on salaries
- True overhead for research:
  - At least 100%
- We also lose money on teaching
  - £K 2.8 p.a. per student
- And there is no money to refurbish our facilities

2001: problems in the UK science base

“House of Commons Science & Technology Committee: A serious skills shortage is threatening the UK’s science base”

- Poor pay and job security for post-doc researchers
  - e.g. PhD researcher in London paid less than office receptionist
- Still barriers for women in science, technology and engineering
- Must ensure reasonable balance between wealth creation and pursuit of knowledge

“UK has not yet reached its potential”
2002: Tertiary education and Industry

- Roberts Report (April 2002)
  - Fewer students studying key subjects (physical sciences, maths, engineering)
  - Fewer graduates pursuing a research career or research training
  - Situation will constrain innovation in UK

Investing in Innovation

- July 2002
  - Government acknowledges the erosion of the science base
  - Announces major injection of money into science (+£1.25bn per year by 2005 / 2006)
  - Major potential benefits for science and engineering in Universities
There may even be hope for academic salaries...

THES: 20th September 2002

“Science Minister, Lord Sainsbury, told a meeting of university. Government and industry representatives that academic salaries would play a major part in this Autumn’s higher education policy paper.

We can’t go on with a system which pays so badly...”

Our 13 Major Strategic Goals

- Teaching & Learning
- Recruitment of suitably qualified students
- Research
- Exploitation of intellectual assets and skills
- Fund raising
- Financial management
- Staff attraction, retention & development
- Strengthening the reputation and global dimension of Imperial
- Developing the Estate
- Improving the effectiveness of the organisation
- Influencing the higher education environment
- Improving access to, and use of, information
- Improving the positioning of the Management School
Finances & Financial Management

Latest Financial position

<table>
<thead>
<tr>
<th>INCOME (2001-02)</th>
<th>£K total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Council Grants</td>
<td></td>
</tr>
<tr>
<td>Includes HEFCE recurrent teaching</td>
<td>45,228</td>
</tr>
<tr>
<td>Includes HEFCE recurrent research</td>
<td>56,304</td>
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<tr>
<td>Other</td>
<td>11,434</td>
</tr>
<tr>
<td>Subtotal</td>
<td>112,966</td>
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<tr>
<td>Academic Fees &amp; Support Grants</td>
<td>43,424</td>
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<tr>
<td>Research Grants &amp; Contracts</td>
<td>152,984</td>
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<tr>
<td>Other Operating Income</td>
<td>68,194</td>
</tr>
<tr>
<td>Exceptional Income</td>
<td>9,732</td>
</tr>
<tr>
<td>Endowments &amp; Interest</td>
<td>3,440</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>390,740</strong></td>
</tr>
</tbody>
</table>
Financial Management Strategy

- Organising term finance facilities required to fund projected expenditure;
- Improving the operating result (surplus/deficit) of the College;
- Improving the efficiency of the administration of research finances.

Capital Investment Plan

- Planned Projects over 3 years = £179m
- Funding from variety of sources
  - SRIF
  - College surplus
  - Private benefaction
  - IPR realisation
  - Property disposals
  - Borrowing
Review of research grant administration

- Transparent, seamless process
- Clear accountabilities
- Effective accounting procedures
- Electronic systems which interface with other College systems
- Easy-to-use web resources

Fund-raising

- Organisation and resources well advanced
- Structuring approach to various streams of fund-raising
- Identifying projects
  - Priority to studentship funds
- Early successes
  - Donation of £2m as cornerstone to studentship fund
- New alumni association
Student Fees

- We cannot continue to lose money
- Government will never provide the funds necessary for us to fulfil our potential
- There is a large gap between the true cost of teaching and current financial support (ca. £K 2.8 p.a. per student)
- We will ensure that there is provision for those without means

Admissions / Admissions Strategy
Undergraduate Applications 2002

![Graph showing Undergraduate Applications 2002 with categories: Total, Home, Overseas, and subjects: Engineering, Life Sciences, Medicine, Physical Sciences. The total applications are 11552, Home applications are 8240, and Overseas applications are 3372.

Admissions Strategy

- Courses offered at Imperial College;
- External influences (e.g. from the EU) on the courses that are offered;
- The Imperial campuses and their appeal to prospective students;
- Communication to potential students about the College and its courses;
- The effectiveness of our processing of the applications.
Teaching & Learning

Imperial College is an internationally competitive University, based in the UK, and committed to the delivery of high quality research-led higher education within the UK, and also to a global clientele.

Key foci of Teaching & Learning Strategy

- Continuous improvement of quality
  - Feedback
  - Professional development
  - Audit
- Student welfare
- Developing new modes of teaching
  - e-learning tools
- Establishing promotions policy for “teachers” who are less active in research
Research

We already have much to be proud of in Research...

- Excellent outcome of RAE
- Highest research income in the UK HE sector
- Highest research income per academic FTE
- Critical mass of complementary knowledge and skills
- Culture of interdisciplinary working
- Entrepreneurship and commercialisation
Statistics for 2000-2001

Total Research income - £M202.3

<table>
<thead>
<tr>
<th>University</th>
<th>Income £k / FTE staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imperial College</td>
<td>112.2</td>
</tr>
<tr>
<td>University College London</td>
<td>72.5</td>
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<tr>
<td>The University of Oxford</td>
<td>68.9</td>
</tr>
<tr>
<td>The University of Cambridge</td>
<td>68.4</td>
</tr>
<tr>
<td>King's College London</td>
<td>61.7</td>
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</table>

OST Research Councils

<table>
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<th>University</th>
<th>Income £k / FTE staff</th>
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<tbody>
<tr>
<td>Imperial College</td>
<td>31.9</td>
</tr>
<tr>
<td>The University of Oxford</td>
<td>22.5</td>
</tr>
<tr>
<td>University College London</td>
<td>21.7</td>
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<tr>
<td>King's College London</td>
<td>12.7</td>
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UK Based Charities

<table>
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<tr>
<th>University</th>
<th>Income £k / FTE staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imperial College</td>
<td>36.2</td>
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<tr>
<td>University College London</td>
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<td>King's College London</td>
<td>24.2</td>
</tr>
<tr>
<td>The University of Oxford</td>
<td>23.2</td>
</tr>
<tr>
<td>The University of Cambridge</td>
<td>21.9</td>
</tr>
</tbody>
</table>

Statistics for 2001-2002

Total Research income - £209.3

External Research Income 2000-01

- OST Research Councils: £M1.6
- UK Based Charities: £M73
- UK Govt. Bodies, Health & Hosp. Authorities: £M9.1
- UK Industry, Commerce & Public Corps: £M21.6
- EU Government: £M7.7
- EU Other Sources: £M3.8
- Other Overseas Sources: £M12.0
- Other Sources: £M3.3
- Total: £M146.4

External Research Income

- Research Councils: 47,042
- Charities: 46,532
- EC Contracts: 9,984
- Other Contracts: 48,912
Our position

- Universities are not publicly-owned services although we do receive a public subsidy
- We must recoup true economic costs of Research and Teaching with sufficient allowance for continuous maintenance and upgrade of the infrastructure & support
- We should compete for grants on the basis of our quality not on “cheapest price”
- The Transparency Review gives us a clear mandate to seek significant changes in the way in which research is funded and the level of funding
- We recognise that there are clear financial and cultural hurdles to be addressed
- In some areas we can lead but will need support from peers; in other areas we can act alone

Reasons for doing Research & funding cultures

- Pioneering; New platforms
  - Work more important than level of funding
  - Strategic:
    - Professional advancement
    - Attraction of best minds

- Contract Research
  - Only worth doing if properly funded
  - Helps overall funding:
    - Personal
    - Departmental

Possible cost model

Cost recovery → Profit
Exploiting our Intellectual Assets and Skills

Technology Transfer at Imperial

- >50 Technology-related Companies
- >10 have raised more than £1m funding
- 2 Companies publicly quoted
- Approximately 1 Company added per month
- Wide range of technologies
  - Power generation, materials, therapeutic drugs, diagnostic tests, vaccines, software, medical instrumentation, imaging, genetics
Benefits of creating spinouts

• Allow academics to found companies and profit from their inventions
  – Retains best minds in the university sector
• Bring funds to Imperial through exploiting equity
  – Recent limited liability partnership
• Creates an important link with Industry
  – Technology transfer / investment opportunities
  – Brings commercial awareness to Imperial

Issues being addressed

• Balance between licensing and company formation
• Ensuring business case is sound before spinout
• Accessing the right skills for Board membership
• Professional support resources
• Incubator accommodation
• Commercialisation Board created
Organisational Effectiveness

Our new organisation...
Key foci

- Risk management
- Health and safety management and improvement
- Events management
- Faculty Building
- Improved internal communications
  - Web
  - Link managers
  - Communications manager

Attraction, Retention & Development of Staff

- **Key Drivers:**
  - Recognition that our future success will depend on our ability to attract and retain the best staff (academic and administrative)
  - Responding effectively to the competitive environment
  - Dealing with the “London factor”
  - Embracing “equal opportunities”
Improving access to, and use of, information

• Reviewing basic computing needs across the College
• Identifying opportunities for standardisation
• Centralising funding and support for network and desktop
• Re-designing web presence (internal & external)
• Developing MIS in line with business needs

Enhancing the reputation of Imperial
The Challenge

"We already recognise that our Brand may not be as strong as we would like..."

"Raising awareness and the value of our Brand globally in all relevant stakeholder sectors is thus a major priority"

Imperial College Strategic Plan 2002-2005

The Benefits of Stronger Brand Awareness

- Wider understanding of the vision and strategic intents of the College
- Gaining the recognition Imperial College deserves
- Recruiting the best students and staff
- Stimulating philanthropy and research funding
- Helping promote internal cohesion
- Simplifying management of the brand identity
What is a Brand?

• “What we stand for”
  • Our name
  • Our attributes & differentiators
  • Our “tone of voice”
  • Our personality
  • Our badge and livery / Our visual identity
  • Key messages

➤ How we portray, position and promote ourselves

Summary of Brand Attributes

• Specialisation in world class science
• Academic excellence
• London location
• An enterprise culture
• Inspiring people in a culturally diverse environment
• Interaction
• Pinnacle of innovative science
• Global connections
• Interaction between scientific disciplines
Recommendations for Brand Identity

- Imperial College should be renamed “Imperial College London”
- ‘University’ should not be adopted even when legal, as it would not strengthen the Imperial brand
- The use of ‘Imperial’ rather than ‘ICL’ or ‘IC’ as the abbreviated name for the institution should be actively encouraged
- The line ‘of Science, Technology and Medicine’ should be dropped from the brand identity
- The Crest should be retained to embellish formal and ceremonial occasions

Branding and the potential merger

- Any formal merger would be at least 2 years off
- Understanding who we are – and getting recognition externally – is even more vital
- Much of the material (art, photography, slogans, web design) we have produced will remain useful
- The generic processes will be essential to branding a merged organisation
- We are sharing our process with UCL who are about to embark on a branding exercise
- We will match the roll out of the new Brand elements with the pace of the merger