

## **MINUTES OF THE PROCEEDINGS**

**at the**

**Third Meeting of the**

**COURT**

**of the**

**IMPERIAL COLLEGE OF SCIENCE, TECHNOLOGY AND MEDICINE**

The Third Meeting of the Court was held in the Great Hall, Sherfield Building at 2:15 p.m. on Friday, 31 March 2000, when there were present 66 members of whom 43 were lay members.

### **Apologies**

Apologies for absence were received from:

Professor P.W. Bearman, Professor J.N.B. Bell, Mr. G. Bickerton, Mr. R.D. Buchanan-Dunlop, Mr. A.R.F. Buxton, Professor G. Bydder, Dr. N.A.D. Carey, Dr. J. Cox, Professor Sir David Davies, Mr. S. de Grey, Professor P. Dowling, Professor C. Frayling, Mr. P. Gaffney, Mr. W.J. Goldfinch, Professor E.C. Gordon-Smith, Professor I.J. Graham-Bryce, Mr. M. Green, Dr. J.D.G. Groom, Professor J.S. Higgins, Professor S.P.F. Hughes, Dr. T.D. Inch, Dr. J.L. Jay, Dr. T.H. Jones, Mr. R.H. Jones, Mr. F.J.M. Kinsman, Dr. M.P. Knight, Professor D. Lane, Mr. L.E. Linaker, Mr. S.A. Lipton, Mr. W.A. Manson, Rear Admiral P. Middleton, Mr. R.J. Parker, Lord Patel, Mr. T. Phillips, Professor P. Poole-Wilson, Mr. J.E. Ratcliff, Professor R.D. Rawlings, Mr. D. Reddaway, Lady Rees Mogg, Dr. W. Reith, Dame Stella Rimington, Mr. S.R. Ward, Professor J.M.A. Whitehouse, Professor J.G. Williams.

### **Welcome**

The Chairman welcomed the new members of the Court to their first meeting and also welcomed Mrs. Beryl Castle, the new Director of Finance, who had joined the College in November 1999, to her first meeting of the Court.

### **MINUTES**

1. The Minutes of the 2<sup>nd</sup> Meeting of the Court, held on 25<sup>th</sup> June 1999 were taken as read, confirmed and signed.

## MATTERS ARISING

2. There were no matters arising.

## REPORT BY THE CHAIRMAN

3. The Chairman commenced his report by stating that, although the first meeting of the Court had been held in December 1998 and the second in June 1999, it was intended that future meetings of the Court would be held in March. The next meeting would therefore be in March 2001. Turning to the main purpose of his Report, which was to provide an update on the more significant items of business which the Council had undertaken since the Court's last meeting, the Chairman reminded members that at that meeting he had reported on the review of governance conducted by the Clerk, directed by a small, *ad hoc* working group led by the Deputy Chairman, the Hon. Mrs. Sara Morrison. Although he had been pleased to report that the College complied with the vast majority of the numerous recommendations on governance made by various distinguished outside committees and advisory bodies, he had also identified a few areas where further work was required. Since that meeting, good progress had been made on a number of these.
4. Firstly, he reported, in December the Council approved a new Regulation defining the College's Policy and Procedures for Instances of Public Interest Disclosure, the 'Whistle Blowers' Charter' of which he had spoken at the last meeting. This Regulation had been produced in response to the Government's Public Interest Disclosure Act, which came into force last year, and took full account of the latest guidance on best practice provided by bodies such as the Committee of Vice Chancellors and Principals (CVCP) and the Association of Heads of University Administration. Together with the College's other formal Regulations, it had now been published on the College's web site so that everyone in the College could have access to it.
5. Secondly, the Deputy Chairman's working group had now been formalised as a Governance Committee of the Council with proper terms of reference and membership. He stated that it was not intended that this Committee should meet very often - rather it was there to be called on when there were particular governance issues for the College to consider.
6. Thirdly, the forthcoming merger with Wye College would necessitate some changes to both the Charter and Statutes. The College had also taken this opportunity to review other aspects of these important documents and intended to propose to the Privy Council certain additional changes where appropriate. Although most of the changes were relatively minor, he drew the Court's attention to two in particular. These were the proposals to relax slightly the restrictions on the number of terms of office which members of the Court and Council could serve, and to seek the power for the College to award its own degrees.

7. The Chairman reminded the Court that the Statutes currently restricted members of the Court and Council to serving only two consecutive terms of four years each. This was felt to be rather a strict interpretation of what the Dearing and Nolan Committees had recommended and it meant that members of the Court and Council had to stand down after eight years service just when their knowledge of Imperial had reached the point when they were most valuable to the College. He stated that, while there was no prospect of getting a general dispensation to extend the term of service for the majority of members, the College would like to have the flexibility in exceptional circumstances to be able to ask particular members to stay on for an additional four years.
8. The Chairman went on to note that Imperial did not currently have the power to award its own degrees. He assured the Court that the College did not intend to break away from the University of London, and for the foreseeable future would continue to award its degrees. However, it would be advantageous for the College to have in reserve the power to grant degrees of its own and, indeed, the University itself had encouraged Imperial to do so. It had therefore been decided to ask the Privy Council to grant this power. Before they could do so, there was a convoluted process through which the College would need to go. The first step of this was for Imperial to amend the terms of its Charter to include the power to award degrees and the Court would be asked to make a formal resolution on this matter later in the Meeting. The Chairman concluded this section of his Report by stating that work was also progressing on the other governance issues he had identified at the last meeting. He expected to report further on these at the Court's next meeting.
9. Moving on to consider the College's Capital Investment Plan, the Chairman reminded the Court that the second edition of this had been considered and approved by the Council in March of last year and he reported that a third edition was now close to completion. Members of the Court, he continued, could not have failed to notice the large number of works projects being conducted by the College. Indeed, at times South Kensington appeared to be more like a permanent building site than a University campus. In part, this was due to the College's history. Many of its buildings were put up in the 1960s when the Government had funded a major building programme. The services for all these buildings were now reaching the end of their effective life and this had necessitated a major programme of refurbishments and improvements. Unfortunately, about ten years ago, the Government had ceased to provide central funding for such capital projects and this change had left the College with a substantial and expensive legacy of long term maintenance which it must fund itself.
10. The major capital projects with which the College was now involved included:
  - a. The construction of a new Obstetrics and Gynaecology Building at the Hammersmith Campus at a cost of £7.8M. This followed from the NHS decision to close the present Queen Charlotte's Hospital and re-establish it as part of the Hammersmith Hospital. The Obstetrics and Gynaecology Building was now well on the way to completion and had been funded largely from a very successful appeal sponsored by Lord Winston;

- b. The Multi-Disciplinary Research Building at South Kensington at a cost of £17.3M, currently under construction. This would provide a new focus for work in the field of Structural Biology;
  - c. The much needed refurbishment of the Royal School of Mines. This was a very large and complex project with an anticipated cost of £80 - 90M for which the College did not yet have funding and which would take many years to complete;
  - d. the refurbishment of Beit Quadrangle, at a cost of £11M. This would provide the Students' Union with additional space for its clubs and societies, as well as 270 bedrooms which would provide accommodation for 320 students during term time. The Project was expected to be completed in time for the British Association for the Advancement of Science - BA2000 - Conference in September when, together with the Natural History Museum, the Science Museum and the Royal Albert Hall, Imperial would be host to some thousands of people from all over the world;
  - e. The refurbishment of the Senior Common Room in the Sherfield Building. This Project, which would cost £1.6M, was likewise scheduled to be completed in time for the BA2000 Conference and would provide members of staff and postgraduate students on the South Kensington campus with much enhanced and more flexible social and dining facilities. This was seen as part of an overall strategy to raise the standard of staff and student amenities at South Kensington and to establish the Walkway complex as the social 'heart' of the Campus.
  - f. The development of the Sports Centre in Prince's Gardens for which the College had recently received planning permission at a projected cost of £8M. When completed this would greatly enhance the facilities for students at the College.
  - g. Finally, the Chairman stated that the Strategic Outline Case for the re-organisation of medicine in West London had been accepted by the Government. If finally implemented, this would entail the closure of the Royal Brompton and Harefield Hospitals on their present sites and their relocation in new buildings at St. Mary's as part of the redevelopment of the Paddington Basin over the next five years. The College would be a major participant in this important enterprise This was because the NHLI Building on the Royal Brompton Campus would also close and move to Paddington. Furthermore, there was major work to be done in the renovation of the St. Mary's Research Building to dovetail it into the overall scheme for what would undoubtedly be one of the world's leading medical centres.
11. However, the Chairman went on, the Capital Investment Plan was not just about buildings. It also encompassed major IT and telecommunications projects. At the last meeting he had reported that the College was evaluating a possible Private Finance Initiative (PFI) project to cover voice telecommunications for the whole College. He was pleased to report that a contract had now been signed with Ericsson worth, in

total, £11M over seven years to provide a new telecommunications system for the College and all its campuses as well as telephone and data services to bedrooms in the halls of residence. It would also establish a College-branded Internet Service Provider (ISP) scheme called 'IC4life', to be launched in May 2000. This would allow students, staff, and alumni access to the College network, and to the Internet generally, not only from this country, but world-wide. Although Ericsson's due diligence checks had taken longer than originally anticipated, they were now starting the work of wiring up the halls of residence and it was anticipated that this would be completed in time for the beginning of the new academic year.

12. The College, he continued, had also undertaken a major capital investment in upgrading its financial and personnel computer systems to be Year 2000 compliant. The new system, known as ICIS, had gone live on 1 August 1999, in good time for the start of the present financial year. Almost inevitably with a large and complex system such as this, there had been teething problems with ICIS, but it had been introduced both on schedule and to budget. The Chairman noted that any members of the Court with experience of such major implementations would know that this was a major achievement in itself.
13. The Chairman acknowledged that all of this activity had major implications for the College's finances. The Capital Investment Plan had therefore been prepared by phasing investment in such a way as to match expenditure under the Plan to the surplus which it was forecast that the College would be able to generate each year. This had been built into the College's annual budget, oversight of which remained a key responsibility of the Council. In order to discharge this function effectively, he stated, the Council received regular reports on the College's financial position so that it could monitor performance against the agreed budget and take corrective action if necessary.
14. The Council, he continued, also received regular reports on the College's initiative to achieve technology transfer through the creation of spin-out companies. This had been a major development for the College and marked a significant change in the way it sought, not just to protect its IPR, but to exploit the results of research conducted in its laboratories. Recognising the importance of this, the Council had asked to receive an annual report on spin-out companies and the first of these had been considered at the Council meeting that morning. The Chairman advised that, as these companies matured and developed, it was anticipated that some of them would become successful in their own right. Indeed, this was already happening and some of these companies were now being listed. However, this in itself could create problems for the College and he drew the Court's attention to the College's annual accounts in which its investment in these companies had been noted. Although this investment had been valued at nil, this would not be the case in future. As soon as these companies were listed, the College would need to include a market valuation for them in its accounts. This, the Chairman remarked, might lead to interesting fluctuations in the accounts in future years, though this was a problem the College was pleased to accept so long as some at least of the companies provided a substantial return.
15. This, in turn, raised the issue of when to realise the College's investment in those spin-out companies which proved to be successful. The Chairman assured the Court

that the Council had agreed a process for the disposal of shares in companies. As well as realising its investments in successful companies, it had also to encourage the further exploitation of its technology. He was therefore pleased to report that the College had recently been awarded £3M from the DTI to support technology transfer and the creation of spin-out companies. The use of this fund would be managed by a Fund Investment Committee, which included a majority of lay members, most of whom were venture capitalists. This money, together with an additional £1M provided by the College, would be used to support two types of investment; relatively large sums would be invested in the formation of spin-out companies, with smaller sums being used as 'pathfinder' investments to allow market research and other development work to be undertaken in order to see whether it was worth exploiting particular ideas at a more embryonic stage. The College recognised that the majority of its spin-out companies were likely to fail. Indeed, he stated, if that were not the case, it would indicate that the College was taking too few risks and not being sufficiently innovative. Experience was already showing that the few companies that did succeed, could do so spectacularly.

16. While all of this was positive, the Chairman had also to report that some of the College's Departments and Divisions were continuing to experience significant financial difficulties and were consequently having to restructure themselves. One such, the Division of Investigative Science in the School of Medicine, had been in growing deficit since its inception at the medical mergers two years ago. The Division currently had some 400 staff in 19 different units on 17 separate sites and although much of its teaching and research was excellent, because of its diffuse structure the Division was currently unable to fulfil its mission, particularly in relation to its research performance, within its allocated budget. The Chairman informed the Court that, regrettably, the Council had concluded that it was desirable that there be a reduction in the academic staff of the Division. Consultation was taking place within the Division on how this reduction could be achieved and it was to be hoped that this could be done voluntarily. However, the Council had made arrangements for a Redundancy Committee to be instituted in accordance with the College's Statutes, should one be required. If it were to be required, he advised, this would be the first time that Imperial would have had to take such measures and he assured the Court that any decisions on redundancy would be considered most carefully by the College.
17. On a happier note, the Chairman was able to report that the College was continuing to consider strategic alliances and mergers where these were to its benefit. The forthcoming merger with Wye College on 1 August 2000 was progressing well and was being overseen by a Steering Group and Project Team who were ensuring that everything necessary was being done to ensure a smooth transition on that date. Also on 1 August, Imperial would be merging with the Kennedy Institute of Rheumatology, a small but very highly regarded independent research unit based on the Charing Cross Campus.
18. In conclusion, the Chairman stated that the last year had seen a continuation of the immense changes for the College which had followed the medical mergers in 1997. Imperial was now double its former size and, with its multiple campuses and the NHS dimension, several times more complex than before; the Wye and Kennedy mergers were still to come; and the College had embarked on a major programme of building

and refurbishment that would continue into the next decade. Most significant of all, the College had improved its position as one of the premier higher education institutions in the country and as a world-class research establishment, as was demonstrated by the recent article on research funding in the Times Higher Education Supplement, a copy of which had been tabled for information. The Chairman expressed his opinion that this was a remarkable achievement and concluded his Report by expressing his thanks to all those at every level in the College whose professionalism, hard work and dedication were making it possible. In particular, the Chairman thanked the Rector for his part in the continuing success and further development of Imperial College.

## **PROPOSED REVISIONS TO THE CHARTER (Paper A)**

19. The Clerk to the Court introduced Paper A stating that, as the Chairman had reported, Imperial was proposing to make a number of changes to its Charter and Statutes. The Council had, at its meeting that morning, approved the proposed revisions to the Statutes by Special Resolution but it was for the Court to approve the proposed amendments to the Charter before these were submitted to the Privy Council. He reported that the Council had also agreed to recommend the amendments to the Charter to the Court for approval.

**Resolved:** That this Court, in pursuance of Article 20 of the Royal Charter of the College, hereby approves such amendments to the Charter as are necessary to enable the College to have the power to award its own degrees, and as may hereafter be required by the Privy Council, and the amendment of the Charter such that Article 4(a) thereof is replaced by the following paragraph:

“(a) to award:

- (i) degrees of the College; and
- (ii) diplomas and certificates to persons who have pursued courses of study approved by the College.”

## **REPORT BY THE RECTOR**

20. The Rector opened his Report by giving a presentation on the considerable changes which had been experienced by the whole of Higher Education generally, and by the College in particular, in the last decade. Imperial’s students had increased in number from 6,000 to 9,000, with the greatest increase being in Medicine; its staff had doubled; its income had increased from £135M ten years ago to nearly £350M now, the rise in research income being especially significant. The College was now a very different place from the Imperial of even two years ago. It also differed from other UK higher education institutions in that it provided a very intensive and rigorous education in an environment of active research which was very unusual, if not unique, in the United Kingdom.

21. It was also different from other institutions in that it did not rely on student income to the same extent; Imperial currently received three times as much funding from research as it did from student income. However, it too had been adversely affected by the continued reduction in the student unit of resource, that is the money paid by the Government annually for each student, and he felt it was therefore timely to consider carefully how Imperial should operate in the future. As an example of the important questions facing the College, he cited the issue of standardisation: for example, if Imperial determined that one type of personal computer and operating system was to be adopted as standard across the College, considerable economies and efficiencies could be achieved. However, Departments and Divisions had differing needs and the imposition of a standard format in this way could adversely affect the College's research performance and thus jeopardise funding. This was indicative of the difficult balances an organisation as complex as Imperial was constantly having to strike. The Rector noted that, because of the range of its activities, Imperial was a considerably more complicated organisation than many companies with an equivalent turnover of £350M annually.
22. Turning to the Sector as a whole, the Rector stated his belief that the current formulaic approach to the funding of Higher Education was no longer sustainable given the Sector's increasing diversity. The last decade had seen an enormous expansion in Higher Education, an expansion that had been both necessary and desirable. However, the extent to which access to Higher Education could continue to expand while retaining its current structures and modes of delivery was questionable. It was likely that the development of "e-universities" and the prevalence of the "dot.com" culture would have an increasing role to play in the future. This would have significant implications for Imperial because the process of teaching within a research environment, which was an integral part of the College's mode of delivery, would, he felt, be particularly hard to translate to the electronic delivery of teaching material across cyberspace. Imperial's forthcoming merger with Wye would, he believed, be important in responding to this challenge because of the very successful distance learning programme at Wye College which Imperial would want to maintain and expand.
23. In concluding his presentation, the Rector noted that the expansion of Higher Education in the last decade had also brought with it an increase in intrusive legislation and attempted regulation of universities. This was being driven by the increasing diversity within the Sector and the need to regulate those institutions which had only recently gained university status and which were not used to managing themselves. There was a very real concern that, in seeking to control these institutions, bodies such as the Quality Assurance Agency for Higher Education could adversely affect the ability of institutions such as Imperial to compete internationally. The Rector then invited members of the Court to raise issues of interest to them.
24. The existence of the 'Ivy League' universities in the USA was noted and the Rector was asked to what extent Imperial was involved in attempts to break free of excessive regulation of the Higher Education Sector within the UK. The Rector stated that Imperial was in regular contact with other comparable institutions, known as the "Russell Group" of universities. He suggested that it was possible that the Russell



Group might, at some stage, consider separating themselves from the rest of the Sector. However, no such move had been proposed or was being considered at present. In relation to this, the costs of being a part of the University of London were queried. The Rector confirmed that these were now much lower than previously when University College London, the London School of Economics and Imperial had considered leaving the University. Although more was spent at Senate House than the College might wish, this sum was declining each year and there was still a benefit to the College in being part of the University. Imperial was able to discuss matters of mutual concern with the other colleges in the University and, because both Imperial and UCL gave University of London degrees, it was a much simpler matter to run a joint degree course with UCL than would otherwise be the case.

25. The Rector was then asked about the future of distance learning and the “electronic university”. He felt that currently only the Open University had the capability to develop the electronic delivery of education on its own and that it was more likely that this form of delivery would eventually be launched by one of the major global communications companies rather than by an individual university. In such a scenario, universities, as providers of individual courses or programmes would, he suggested, have a similar relationship to that company as independent television production companies currently had to the BBC. The private company would finance and promote electronic education and would put together the programmes, picking from the best courses available from the universities.
26. Moving on to the staffing situation, the Rector was asked whether the additional expense of living in London, the ‘London factor’, had an impact on Imperial’s ability to recruit the best staff. The Rector stated that having the right staff was crucial to Imperial’s success. He agreed that academic salaries were too low but stated that they were not the only factor in motivating staff to come to, or to stay at, Imperial. A considerable factor in an individual’s decision to come to Imperial was the academic environment, the people they would be working with and the quality of the students they would be teaching. Indeed, the Rector stated, Imperial wanted staff who wanted to be at the College for this reason rather than just for the money. However, it was important that the College could pay its staff enough so that they were not forced to go elsewhere and he assured the Court that Imperial had devised a number of ways in which to ensure that this was so.
27. It was noted that this year’s graduates would be the last who had not had to pay fees. The Rector was asked about the impact of the introduction of student fees on Imperial’s financial position and whether this had helped. The Rector reminded the Court that the introduction of student fees had not resulted in additional money coming to the College, but had rather shifted part of the responsibility for this income stream from the Government to students and their families. He recognised that there was pressure from some sources for universities to be allowed to charge differential or top-up fees in order to increase their income. However, he cautioned that, given Imperial’s balance of teaching and research, even a significant increase in student fees would not make a big difference to the College’s financial position, especially as any agreement to introduce such fees would have to be allied to schemes to subsidise attendance by other, less well off students. In closing, the Rector noted that, at MIT, less than 20% of students paid full fees.

**ANNUAL ACCOUNTS – COMMENTS OF THE AUDIT COMMITTEE (Paper B)**

28. The Chairman of the Audit Committee, Mr Donald Hearn, introduced Paper B, noting that the College's income had increased by 7% and that the surplus generated by the College was slightly lower than in the previous year. He drew the Court's attention to the Treasurer's report in the Annual Accounts, in which he had noted the modest improvement in the College's financial position while recognising that it was trying to reduce the backlog of maintenance required by its estate. In relation to this, he noted that the College had spent £24M on capital projects during the year. Mr Hearn went on to report that the previous year had been a difficult one for the College's Finance Division. It had implemented the new Personnel and Finance IT system, ICIS, with all the complications entailed in such a project. There had been some inevitable teething problems but, he assured the Court, the system would prove to be very useful in the future. In conclusion he stated that the College's external auditors, PriceWaterhouseCoopers, had signed the accounts and the Audit Committee commended the accounts to the Court.

**ANY OTHER BUSINESS**

29. It was noted that this might be the Rector's last meeting of the Court. Members of the Court agreed that, when the time came for the current Rector to stand down, they would welcome the opportunity to thank the Rector formally for his contribution to the success of the College. The Chairman undertook to ensure that this opportunity was given to members of the Court.
30. It was suggested that members of the Court would welcome regular information about the work of the College but that copies of IC Reporter had not been circulated to them recently. The Clerk undertook to ensure that copies of IC Reporter were circulated regularly to all lay members of the Court.

**DATE OF NEXT MEETING**

31. The Chairman advised the Court that its next meeting would be on Friday, 30 March 2001 at 2:15 p.m.

**PRESENTATION**

32. Following the formal business of the meeting, the Court received a presentation on Artificial Intelligence and Neural Networks by Professor Igor Aleksander FREng.