

**MINUTES OF THE PROCEEDINGS**

at the

**Eighth Meeting of the****COURT**

of the

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

The Eighth Meeting of the Court was held in the Pippard Lecture Theatre in the Sherfield Building, South Kensington Campus at 2:15 p.m. on Friday, 1<sup>st</sup> April 2005, when there were present:

The Lord Kerr of Kinlochard (Chairman), Ms. J. Austin, Mrs. A. Barrett, Professor J.N. Bell, M.C. Black Esq., The Rev. G. Blacktop, Professor P. Bowler, Dr. K. Brodia, Dr. E. Buttle CBE, Professor R. Carrell, Professor P.Y.K. Cheung, Mr. J. Collins, Cllr. J. Corbet-Singleton CBE, Mr. C. Edge, Dr. G.G. Gray, Professor M. Green, Dr. A. Grocock, Mr. A. Guite, Professor D.J. Hand, Ms. S. Hartman, Ms. N. Hawkins, Mr. D.P. Hearn, Mr. M. Heath, Professor G.F. Hewitt, Professor Dame Julia Higgins, Professor R. Himsworth, Mr. N. Joseph, Dr. J. King CBE, Professor R. Kitney OBE, Dr. M.P. Knight, Mr. P. Madden, Cllr. A. Mallinson OBE, Ms. S. Misbahuddin, Professor G.H.C. New, Mr. P. O'Shea, Cllr. M. Page, Dr. V. Payne, Professor Dame Julia Polak, Mr. S. Rorke, Miss S. Ross, Mr. M. Rowlandson, Professor C.P. Sandbank, Dr. M. Sanderson, Professor S.K. Smith, Professor J. van Griethuysen, Mr. N. Wheatley, Dr. D.J. Wilbraham, the Rector, the Deputy Rector, the President of the Imperial College Union and the Clerk to the Court and Council.

**In Attendance:**

The Academic Registrar, the Director of Project Management & Communications and the Assistant Clerk to the Court and Council.

**Apologies:**

Mr. I Blatchford, Professor S. Bloom, Sir Neil Chalmers, Ms. C.L. Chothia, Dr. J. Cox, Mr. D.R.L. Duncan, Mr. D. Elleray, Dr. T.J. Evans, Mr. C. Fairweather, Professor Sir Christopher Frayling, Sir Peter Gershon CBE, Dr. D. Giachardi, Mr. R. Gidoomal, Dr. J.D.G. Groom, Professor C. Hankin, Professor S.P.F. Hughes, Mr. C. Humphries CBE, Cllr. J. Hyde, Professor D. Jeffries, Professor D. Johnston, Mr. R.,H. Jones, Professor C. Kennard, Mr. S. Leathes, Dr. M. Lee, Mr. L.E. Linaker, Professor V. Lund, Mr. A. Manson, Mr. G. McMullen, Mr. J. Newsum, Mr. P. Osborne, Professor P.M. Shaughn, Professor D. Phillips, the Rt. Hon. M. Portillo MP, Professor R.D. Rawlings, Lady Rees-Mogg, Professor M. Ritter, Mr. A.D. Roche, Sir Alan Rudge CBE, Dr. M. Shears, Dr. B.G. Smith CBE, Mr. C. Soley MP, Dame Rosemary Spencer, Dr. G. Tuttle, Dr. C. Vaughan, Mr. R. Walker, Professor M.R. Warner, Sir Peter Williams CBE, and Mr. D. Young.

### **RECTOR'S AWARD FOR EXCELLENCE IN HEALTH AND SAFETY**

Before the start of the Meeting, the Rector presented the 2005 Awards for Excellence in Health and Safety. The Awards, which provide for a top prize of £2,000, together with a commendation prize of £500, are made to staff in recognition of their contributions to improving the management, development and practice of health and safety in the College. The first prize of £2,000 was awarded to Dr. Pietro Spanu of the Division of Biological Sciences and Chairman of its Genetic Modification Safety Committee. Dr. Spanu had inherited a diverse and confusing variety of processes for carrying out risk assessments in his Department and had arranged for the entire system of submission and review to be completely renewed and unified. His new methods meant that the processes could now be carried out effectively and quickly whilst ensuring that delays to research work were kept to a minimum. His approach to a sensitive and complex area had been highly industrious and professional and he was a worthy recipient of the 2005 Award.

The Commendation of £500 was awarded to Mr. Sukwinder Singh, for his work in the Division of Neurosciences and Psychological Medicine. Since his appointment in 1997 as Divisional Health & Safety Officer, he had embarked on a programme of education and personal development, which he had used to good effect in putting in place a far reaching programme of good practice and safety management within his Division.

The Court congratulated both prizewinners on their achievements.

### **MINUTES**

1. Mr. Edge reported that, although he had sent his apologies before the last Meeting of the Court, he had been able to attend the Meeting and, in fact, had done so. He asked that his attendance be recorded in the Minutes.
2. Subject to the change noted above, the Minutes of the Seventh Meeting of the Court, held on 26<sup>th</sup> March 2004, were taken as read, confirmed and signed.

### **MATTERS ARISING**

3. There were no matters arising.

### **REPORT BY THE CHAIRMAN**

4. Opening his Report, Lord Kerr said that he had commenced his appointment as Chairman of the Court and Council on 1<sup>st</sup> January. As he had only been in post for three months his report on the work of the Council would necessarily be rather different to the more comprehensive reports the Court had received from his predecessor, Lord Vincent. The Chairman then paid tribute to Lord Vincent's chairmanship. It was clear that he had done a wonderful job during a period of rapid change for higher education in general and for Imperial in particular. Lord Vincent could claim much credit for the fact that this change had been so well handled by the College.
5. Moving on, the Chairman said that, later in the Meeting, the Rector would update the Court on major developments in the College since the last meeting. Following his Report, the Chief Finance Officer, Dr. Knight, would address issues of financial

management. The Chairman's own Report would concentrate on the most significant change to the College's governance arrangements since the Court and Council were created in 1998: the governance reforms which had been so well conducted by Dr. Eileen Buttle, as acting Chairman, before his appointment.

6. The Chairman then reminded members that Richard Lambert had presented his independent review of Business-University Collaboration to the Government on 4<sup>th</sup> December 2003. His Report had contained a number of recommendations, including the suggestions that universities should develop a code of governance and be able to demonstrate good management and strong performance in return for a lighter regulatory touch from Government and the Funding Councils. He had also proposed that universities' governing bodies should be smaller and more business-like, with members appointed for their skills and experience rather than as representatives of particular interest groups. Partly in response to these recommendations Dr. Buttle had instigated a thoroughgoing review of the College's governance. In doing so, she had met every Governor individually and had also consulted more widely. A consensus had quickly emerged that the role of the College's governing body should be:
  - To appoint the College's most senior executive - the Rector;
  - To approve its mission, strategy, business plans, and budgets;
  - To establish and monitor systems of control and accountability; and
  - To keep the performance of the College under review.
7. The Chairman said that these were serious, but limited, tasks. The management of the College was not the Council's job but that of the Rector and his executive team and there was a concern that this distinction between governance and management had been blurred. Dr. Buttle's reforms provided the Council with a much clearer rationale and also made the distinction between it and the executive clearer. In order to allow the Council to discharge its redefined responsibilities more effectively, it had also been proposed that its membership should be reduced as far as possible to provide far greater efficiency. To this end, it had been agreed to reduce the internal members of the Council from fifteen to nine: the Rector, his Deputy, the four Faculty Principals, the Chief Finance Officer, one member of staff elected from amongst the College's Deans, and the Students' Union President. To maintain a lay majority, there would be nine external members and a lay Chairman, in a Council of 19, a considerable improvement over the previous, somewhat unwieldy membership of 32.
8. The second area of reform touched on by Dr. Buttle's review was that of the Council's committees, some of which had been straying into areas that were properly the responsibility of College management. It was right that the College should have a powerful Council taking full responsibility for the decisions that were properly for it to take, rather than delegating them to a series of committees. It had therefore been agreed that in future there would be only two Committees; the Audit Committee and a combined Remunerations and Nominations Committee. All other existing committees had been disbanded. The Council's Finance Committee had looked in detail at financial plans, budgets and investment proposals before they were presented to Council for formal approval: this activity lay at the heart of the Council's role, and the new Council would undertake it without delegation elsewhere.

9. An area of concern was that of health and safety. Over the last few years the Health and Safety Audit Committee had been assiduous in encouraging improvements in this area across the College and had been particularly well served by its lay members drawn from the Court. However, Governors had been uneasy that the Committee's activities had blurred the line between management and governance; it had therefore been agreed that this role should in future be carried out by the College's executive. The Council would monitor the management of health and safety by receiving regular reports.
10. The Council had first considered these proposals in July 2004 and the necessary amendments to the College's Statutes had been agreed in October. The changes to the Committee structure had been implemented immediately, with the changes to the Council's membership taking effect on 12<sup>th</sup> February, after formal Privy Council approval.
11. It had been necessary to effect the reduction in size of the Council, an invidious task given the contribution that all Council members had made. In the end it had been agreed to apply the first in, first out principle so that the most recently appointed Governors were the ones re-appointed in the new Council. The Chairman thanked the retiring members for their active support to the College during their time as Governors.
12. The Chairman then said that Dr. Buttle's reforms had concentrated on the position and role of the Council. Court members might well wonder how the questions of good governance which had informed the Council review might also apply to the Court and its role in the governance of the College. This was, he said, an issue for the Council as well, but as the new Chairman he wanted to proceed on it without undue haste so that he could get to know the Court and its members and consider how best to optimise its value for Imperial.
13. Concluding his Report, the Chairman said that it was clear to him, as an outside observer, that the College had taken huge steps forward in recent years and had consolidated its position as one of the foremost universities in the world. This change had clearly been driven by the Rector and by Imperial's staff, and the continuing success of the College was a tribute to all their hard work. It was both a privilege and an exciting challenge to be involved with the College as it continued to develop.

#### **REPORT BY THE RECTOR**

14. For his Report, the Rector gave a presentation on recent developments in the College as well its objectives for the coming year. A copy of his presentation is attached as Annex A to these Minutes.
15. Following his presentation, the Rector invited the Chief Finance Office, Dr. Knight, to give a presentation on Issues in the Financial Management of a Modern University. A copy of Dr. Knight's presentation is attached as Annex B to these Minutes. The Rector and Dr. Knight then answered questions from members of the Court.
16. It was noted that, in his presentation, Dr. Knight had said that research would, in future, have to be measured in terms of quality rather than quantity. He was asked how this would be judged. Dr. Knight said that, in the past, the primacy of the RAE had meant that the volume of research undertaken at the College was extremely important. The gradual introduction of full economic costing was likely to change

this; for the College, it would be necessary to assess of whether a proposed research programme fitted with the College's mission and also whether it would be able to recoup its costs. However, the College was an academic institution and its prime concern would continue to be to conduct the best research. The Rector agreed, and said that universities could not continue to offer high quality research at the lowest possible price. The UK higher education system at present was, he said, the only cartel that operated to reduce prices.

17. The Rector was then asked about the internal resources devoted to exploiting the College's intellectual property. The Rector said that Imperial College Innovations Limited was one of the most experienced organisations in the higher education sector in exploiting IPR and spinning out new companies. As it was a wholly-owned subsidiary of the College, it provided an excellent resource for exploiting the College's assets to the benefit of the College and its staff.
18. The Rector was then asked if there had been any decline in the number of students or applicants as a result of current and proposed student fees. In particular, it was suggested that some excellent students from both the UK and overseas might now be choosing to study at American universities. The Rector said that there were some UK students who wanted to study in America, but that he did not think the fee situation had changed this situation at all. For overseas students, he said, the cost of studying at Imperial was comparable with the cost of studying at Harvard. However, the numbers of excellent students from overseas applying to study at the College had increased markedly in recent years. This year's applications showed a similar increase.
19. It was suggested that one aspect of managing research had to be good contract management. However, the downside was that too much central control might lead to too many bureaucrats being employed to the detriment of the academic mission. Dr. Knight said that the College was aware of this risk. He felt the key to improving the administration was to employ fewer, better qualified staff and to make use of the very best up-to-date software. The College was doing this and had recently implemented the Oracle Grants system to help manage research contracts. Like the Academic Departments, the College Administration would have to demonstrate that it delivered quality and provided value for money.

#### **ANNUAL FINANCIAL STATEMENTS – COMMENTS BY THE AUDIT COMMITTEE** **(Paper A)**

20. The Chairman of the Audit Committee, Mr. Hearn, introduced Paper A, saying that the Committee had very little to report this year. The auditors had raised only minor points and the Committee's reviews of the College's control environment had provided it with the comfort required to reassure the Council.
21. Turning to the Financial Statements, he noted that the College's total Income was now well over £400M and that the College had reported a surplus of £12M. However, the surplus was largely the result of the sale of land. The College's financial position continued to be uncomfortably tight although there were encouraging signs on the horizon: the introduction of top-up fees of £3,000 would reduce the loss on teaching from next year; while research grants were being increased to cover the costs of overheads. These were positive moves which would strengthen the College's ability to meet its strategic academic goals. In the light of this, Mr. Hearn was pleased to commend the Financial Statements to the Court.

22. The Chairman thanked Mr. Hearn for the important work done by the Audit Committee.

### **MEMBERSHIP OF THE COURT AND COUNCIL (PAPER B)**

23. The Clerk formally presented Paper B, which was received for information.

### **ANY OTHER BUSINESS**

#### **Wye College Merger**

24. Professor Berkely Hill, an elected staff member of the Court and a former staff Governor of Wye College had written to the Chairman to request that this issue be discussed by the Court.<sup>(1)</sup> Introducing the item, Professor Hill hoped that the Court would ask the Council to institute a review of the merger of Imperial with Wye College in 2000 and how it had been managed. He was doing this because, he said, the merger had turned out very differently from what had been expected by Wye College's Governing Body prior to merger. In his view undertakings given in the Heads of Agreement had not been met. In particular, he cited a sentence in Paragraph 33 of the Heads of Agreement, which stated that "it is recognised that substantively the mission and the estate of Wye will remain intact at Wye as a developing part of the mission of Imperial". This had not turned out to be the case post-merger. Had Wye's Governing Body known that things would turn out as they had, he doubted that they would have voted for the merger. Professor Hill then said that he was also concerned that Imperial's treatment of Wye was likely to reduce its standing within the University sector. He believed that he had a duty, as a staff representative, to bring to the Court's attention the problems the staff were experiencing at Wye, with several rounds of restructuring and uncertainty about their jobs. Finally, Professor Hill said, the purpose of such a review would not be to assign blame for any past failings, but to learn any lessons from this merger that might be applicable to future mergers.
25. The Chairman said that, procedurally, Professor Hill had been absolutely correct to write to him and to raise this matter with the Court. But he had been concerned about the implicit suggestion that Imperial might have acted in bad faith. He had therefore reviewed the files. These showed that Professor Hill's quotation from the Heads of Agreement was a little selective. Paragraph 33 went on to say that "it is also recognised that there will be continuing discussions on the teaching and research programmes at Wye". Moreover all the undertakings in the Heads of Agreement were governed by Paragraph 32, which stated that "unless otherwise agreed below or by mutual consent, these arrangements will operate in the form stated for a minimum of 2 years, after which they will be subject to Imperial's normal review procedures". The Chairman said that his research had uncovered no evidence to support any bad faith, or non-compliance with the terms of the Heads of Agreement. As to the other issues raised, he said that he would be visiting the Wye Campus in the following week with the Deputy Rector, when he hoped to learn more about these matters.
26. The Deputy Rector, Professor Sir Leszek Borysiewicz, responded to the other issues raised by Professor Hill. As Deputy Rector he was also having to act as the Principal of the Faculty of Life Sciences, which was the Faculty in which all of Wye's activities sat.

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1 A copy of Professor Hill's letter of 14<sup>th</sup> March 2004 to the Chairman is attached at Annex C to these Minutes.

There were two contexts within which these issues should be considered: the first was the restructuring of scientific activity at the Wye Campus, which was a Faculty issue; and the second was the future of the Wye Campus itself, which was a College-wide issue.

27. With regard to the Faculty, the Deputy Rector said that it had an income of £16M *per annum*, but was generating an annual deficit of £4.4M, nearly half of which was directly attributable to the Department of Agricultural Sciences at Wye. Clearly this could not continue and the College had decided to take immediate action to address this annual deficit. In August the Faculty had reviewed its scientific activity and decided that its current academic structure was untenable. It had therefore been re-organised into a set of new Divisions that would allow it to develop its strengths and address its financial weaknesses. The academic activity at Wye had also been reviewed. Most of its undergraduate courses were not successful. Indeed, only a single course, the Applied Business Management Course, recruited well. The seven other undergraduate degrees recruited a total of 30 students between them, with six only recruiting a total of 15 students. It had therefore been agreed to close these seven courses forthwith.
28. With regard to other scientific activity at Wye, the Deputy Rector said that there was some excellent research work being done there, but it lacked a critical mass in its current location. It was therefore being linked to other cognate groups in College to provide it with the necessary support structure. The one other area which was still being considered was environmental sciences, which was being reviewed by Professor Waage. It had quickly become clear that this was an issue of importance for the whole College and that a Faculty-based solution would be insufficient. Professor Waage was therefore working with the other Faculties to determine a College-wide solution. Unfortunately, this meant there would be a delay in resolving the position of staff in this area; however, they had been involved in these discussions and were aware of the reasons for this. As the Chairman had indicated, he and the Chairman would be visiting Wye in the following week, and there would be further discussions with staff involved in this area.
29. Turning to the future of the Campus, the Deputy Rector said that it was recognised that this was a College-wide issue and could not be solved by the Faculty alone. Consequently, his predecessor as Deputy Rector, Professor Peter Bearman, had been asked to conduct a separate review of the Wye Campus. He would report in due course, but was discussing possible options with various interested parties, including some of Wye College's former Governors. Concluding his response, the Deputy Rector said that he was sympathetic with some of the views expressed, but that the College had had to address the considerable annual deficit the Faculty of Life Sciences had been generating. He also agreed with the Chairman's view that the College had acted in good faith and had complied fully with the Heads of Agreement.
30. The Chairman then said, on Professor Hill's specific proposal, that he did not believe that the time was right for a retrospective review. The most important issue now was to secure the future of the Wye Campus. The key prospective review was being conducted by Professor Bearman. He was also concerned that holding another separate review at the present time might divert energy away from Professor Bearman's work.
31. Professor Hill thanked the Chairman for the opportunity to raise the issue and said that it had not been his intention to suggest that Imperial had acted in bad faith. But he hoped that it would still be possible to conduct a review of the merger at some point.
32. The Rector said that he had joined the College shortly after the merger: the College had been very committed to making a success of Wye. Professor Waage had been brought

in as the Head of Agricultural Sciences and had worked extremely hard to increase its profile and to bring in new research projects. However, the intervening years had seen the continuing problems of BSE and a devastating outbreak of Foot and Mouth Disease across the Country. In the same period the HEFCE had decided to stop funding Departments with an RAE score of 4. All of these factors could not have been foreseen at the time of the merger and all had greatly reduced the funding available for the activities at Wye. Although there was still considerable enthusiasm for Wye, the College had to deal with the situation it found itself in now: it was necessary to address the considerable annual deficit being generated by the Faculty of Life Sciences and by Agricultural Sciences.

33. The Chairman thanked Professor Hill for raising the issue, and looked forward to his visit to Wye on 6<sup>th</sup> April.

#### **DATE OF NEXT MEETING**

34. The Chairman informed members that the next Meeting of the Court would be on Friday, 24<sup>th</sup> March 2006 at 2:00 p.m.

#### **VALETE**

35. On behalf of the Court the Chairman thanked the following members of the Court, for whom this would be their last meeting, for the valuable contribution they had made to the Court and to the College:

Dr. C. Vaughan, who had also served as a member of the Council.

Dr. J.D.G. Groom, who had also served as a member of the Health and Safety Audit Committee.

#### **PRESENTATION**

36. Following the formal business of the Meeting, the Court received a presentation by two Imperial students, Mr. David Ward and Mr. Adam Rumley, on their forthcoming quest to become the youngest ever unsupported team to reach the South Pole.

# Imperial College London

## Presentation to the Court

**1 April 2005**

Sir Richard Sykes, DSc, FRS, FmedSci  
Rector,  
Imperial College London



### My agenda

- Our position
- Research
- Teaching
- Infrastructure



## We begin 2005 in an excellent position

- Ranked 3rd in all UK 2004 league tables for research and teaching
- Ranked 14th overall in the world by THES (Nov 2004)
  - 1<sup>st</sup> in Europe / 5<sup>th</sup> in the world for Engineering and IT
  - 3<sup>rd</sup> in Europe and 4<sup>th</sup> in the world for Biomedicine
- More US patents than any other UK university



## New members of senior management team

- Faculty Principals appointed for Medicine, Physical Sciences, Engineering
  - Searching for Life Sciences Principal
- Faculty Operating Officers appointed for Medicine, Physical Sciences, Engineering
  - Searching for Life Sciences Operating Officer
- New CFO in place
  - New Finance Director to start May 2005
- New Communications Director to start May 2005



## Distinguished visitors



June 2004

Princes Royal's  
flying visit to Wye

April 2004



January 2005

Deputy Prime  
Minister  
of Malaysia  
visits Imperial

March 2005



March 2005

## Educational strategy

- Maintaining entry standards
- Ensuring qualifications are recognised in Europe – Bologna Declaration
- Innovative approaches to teaching
  - Developing cross-faculty / interdisciplinary courses
  - E-learning initiatives



## Students and tuition



### Numbers

- Overall increase (4%) in full time students
- Increase of 13% in non-UK students

### Fees / access (Home students)

- We will charge maximum tuition fee = £3000 p.a. from September 2006
- No quotas for any particular sector
- No decrease in qualification standards
- Generous bursary scheme
- 29% of new income to be spent on bursaries; maximum award £4000 p.a. for students on full HEMG and with highest grades
- Ca. 33% of home students will benefit

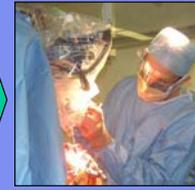
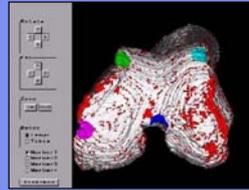
## We are building new interdisciplinary frameworks



- Our main research themes depend on interdisciplinarity
  - Health
  - Environment
  - Energy
  - Understanding nature
- New institutes
  - Biomedical Engineering
  - Mathematical Sciences Institute

## Multidisciplinary research

Mechanical engineering  
+ computing + medicine



Constrained robotic surgery

Polymer chemistry  
+ microelectronics  
+ biochemistry

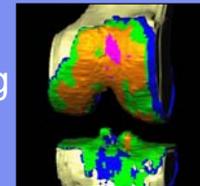


“Lab-on-a-chip”  
diagnostics

Engineering  
+ computing  
+ medicine



Advanced imaging  
techniques



## Recent research successes

- Programmes
  - Systems Biology (BBSRC)
  - Diabetes (NHS Research Centre)
  - Medicines for children (NHS Research Centre)
- Centres of excellence
  - Railway Research Centre
  - Risk Management Centre
  - Bio-nano-engineering Centre
- Other major collaborations
  - Cancer - M. D. Anderson Cancer Centre
  - Asthma – Kings College London
  - Process systems engineering – UCL and Georgia Institute of Technology



Cassini Mission



Gold & silver medals  
for tribology



Major grant for work  
in COPD

## Developing the Estate – Prince's Gardens



## Major ongoing developments



Burlington Danes  
Imaging Centre,  
Hammersmith campus



Sports Centre, S K

## Future support for our infrastructure

### SRIF 3

- £70+M
- Review of “bids” underway
- Discussions with Faculty Principals over next few weeks
- Decisions during April

### Full Economic Costing

- “Full Economic Cost”
  - But concept is far more fundamental
- ☞ Ability of Universities to carry out their “business” in a sustainable manner whilst maintaining highest standards and investing in the future.

## Exhibition Road Project



## Communicating

Information for..



Hot spots..



The screenshot shows the Imperial College London website interface. At the top, there is a search bar with the text "Quick Navigation" and a "Go" button. Below the search bar is a navigation menu with links for "ABOUT IMPERIAL", "CONTACTS / GETTING HERE", "ALUMNI", "RESEARCH", "COURSES", and "ABOUT THIS SITE". A "text size" selector is also present. The main content area features a large image of a group of people, with the headline "Prime Minister visits the College". Below this, there are four news items, each with a small image and a title: "Dysentery uses 'sword and shield' approach to cause infection", "Ranked 4th in world for biomedicine", "Come fly with me: new simulator opens at Imperial College London", and "Contaminated needles not contributing to spread of HIV in Africa". At the bottom, there are four columns for "Study @Imperial", "Events", "Work @Imperial", and "IDEA League".

New search engine



5 News items  
+ images  
(change regularly)



Highlights



Phase 1 of new website



# Thank you

Imperial College  
London

## Issues in the financial management of a modern university

Martin Knight  
Chief Finance Officer

### The changing backdrop to university funding

- Historical approach to university funding
- Changes afoot:
  - Top-up fees
  - The exploitation of Intellectual Property
  - Full Economic Costing
- Conclusions and consequences

## Historical university funding structure

- 42% of the College's regular income has come from Government sources (e.g. HEFCE, Research Councils): £180m out of £435m.
- Underfunding on the current account:
  - Teaching Home and EU undergraduates - £5k "loss" per student
  - Under recovery of full research costs - £42m "loss" per year.
- Intermittent, but substantial, capital grants:
  - £180m committed via the SRIF programme since 2001.
- ie and erratic and ill-balanced funding structure not suited to building financial stability.

## Current key issues

- There is a recognition, as described in the Dearing and Lambert reports, of the need to move away from the current structure.
- This is evidenced by:
  - The debate on "Top-up" fees and the funding of undergraduate teaching
  - The drive to exploit Intellectual Property and the role of Universities in the 'Knowledge Economy'
  - The acceptance of the need for full economic cost recovery on research.
- The College is in the vanguard in developing strategies to address these issues.

## Top-up fees

- The major political debate led to a conclusion which will result in an increase in income from tuition fees. The College expects an additional £2.5m from 2006/07, rising to £12.5m by 2010/11.
- However, after the cost of scholarship schemes, it is estimated that there will still be a net deficit in 2006 of up to £3k p.a. for each Home/ EU undergraduate student.
- Overseas student fee levels provide full cost recovery.
- ie – top-up fees help with, but do not remove, the cost issue of funding teaching. And the Home/ overseas student debate will become more, not less, acute.

## The exploitation of Intellectual Property

- The Government expects Universities to optimise the financial opportunities available through the exploitation of Intellectual Property.
- Imperial is well placed to respond:
  - our technology exploitation subsidiary is already a leader in its field (Innovations)
  - Innovations is raising funds to position itself so it can fully realise its potential
  - Imperial already recognises that its Intellectual Property is a valuable asset.
- Managing, protecting and exploiting Intellectual Property is a key component of the financial strategy of the College.

## Full Economic Costing

- Much the most important element of the changing backdrop is Full Economic Costing (fEC). fEC is a programme designed for universities to recover the full economic cost of the research they do, so this activity can be fully financially sustainable by 2010.
- The flip-side of this is the ending of the intermittent, but significant, capital grants that have characterised the recent past.
- The consequences will be the necessity for Imperial to build up its own reserves to enable it to fund future investment.

## fEC - challenges and opportunities

- This will mean a radical shift in attitude:
  - Quality, not quantity, will determine the level of research activity – terms of trade; surpluses
  - Research needs to be priced accordingly
  - Contract management will need to be more acute
  - Surpluses generated will need to be harboured, not spent
  - Asset management will be at a premium – cash, property, investments etc.
  - Strategic and investment planning will be required to ensure targeted and focused allocation of resource.
- In short, the modern UK university has to manage its financial affairs like a business.

## Conclusions and consequences

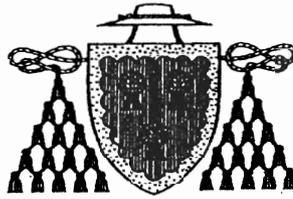
- This challenge is exciting and clear
- But the picture is not black and white:
  - Top-up fees – 2010
  - fEC – 2010
  - Competition – domestic/ global
  - The 2008 RAE
- Which makes the need for acute financial management more challenging and more than ever necessary.

1st April 2005

Annex C

**Berkeley Hill  
Professor of Policy Analysis, University of London**

*University Office*  
Imperial College London  
(Wye campus)  
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Lord Kerr of Kinlochard  
Chairman of the Court of Imperial College  
Faculty Building  
Imperial College London  
South Kensington campus  
LONDON SW7 2AZ  
UK

Monday, 14 March 2005

Dear Lord Kerr

I wish to have an item included on the agenda for the forthcoming meeting of Court (1<sup>st</sup> April) relating to the merger activities of Imperial College and their consequences. I am an elected member of the Court representing the academic staff. Before the merger between Imperial College and Wye College in 2000 I was a Governor of Wye College and took part in the decisiontaking that led to that merger.

The statutes of Imperial College enable the Court to “discuss any matters relating to the College and convey its opinion thereon to the Council”. I wish the Court to use this facility to recommend to the Council that it puts in motion a review of the Imperial-Wye merger and how it has been managed. This should cover the impacts on the institutions, on the careers of their staff and on the academic subject areas in which their staff have established reputations. In view of the close association between the Council and College management, some input from independent observers would be essential.

My reasons for proposing this review are, in brief, as follows.

- As a former governor of Wye College, it is evident to me that the merger has turned out very differently from what was expected in the light of the assurances given by Imperial in the period during which the decision to merge was taken. The Heads of Agreement between the two Colleges specifically mentioned (para 33) that “It is recognised that substantively the mission and the estate of Wye will remain intact at Wye as a developing part of the mission of Imperial”. This has manifestly not happened post merger. Several exchanges of

correspondence have taken place on this issue between former staff governors (co-ordinated by Dr Dorward) and the acting chairman (Dr Buttle) to which you no doubt have access, without a satisfactory resolution of the concerns raised. Bluntly, had Wye's governing body known how the merger was to affect the staff at Wye, it is unlikely that a majority for it could have been achieved. The reasons for the gap between expectations and outcomes require explanation.

- As a current member of Court, I am concerned that the reputation that Imperial College is earning from its behaviour following merger and from its current management style is likely to reduce its standing within the university sector. At a time when institutional change and further mergers are in prospect, this may put Imperial at a disadvantage in attempting to maintain its international status. Potential collaborators may be wary of Imperial because of its track record.
- As a staff representative, it is my duty to bring to the Court's attention the particular problems of the employees that Imperial College took over from Wye College. Several rounds of restructuring have had major impacts on their careers. The management of change by senior Imperial staff has been less than satisfactory. For at least some people at Wye (including a substantial group of social scientists) the outcome of the restructuring announced last August has still not been clarified, resulting in stress that is both unwelcome and unnecessary. As a result, the performance of Imperial is also likely to be sub-optimal as the remaining Wye staff are bound to be affected by their current unsatisfactory working environment

Despite the problems that have led to this request for a review, I am sure that such an exercise could have a positive effect by pointing to lessons that could be learned in the way that future mergers could be managed.

I shall be leaving Court at the end of this academic year. I have agreed to take early retirement.

Yours sincerely

A handwritten signature in black ink that reads "Berkeley Hill". The signature is written in a cursive, flowing style.

Berkeley Hill

PAPER A

**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> JULY 2004**

**COMMENTS BY THE AUDIT COMMITTEE**

A Note by the Chairman of the Audit Committee

1. The Audit Committee met on 25<sup>th</sup> November 2004 with the External and Internal Auditors to review the Consolidated Financial Statements of the College for the year ended 31<sup>st</sup> July 2004.

2. PricewaterhouseCoopers (PwC) reported on their audit and provided a Management Letter which formed the basis of discussion at the meeting. The Management Letter was subsequently considered by the Council. The key issues raised in the Letter are summarised below:

**FINANCIAL PERFORMANCE IN 2003-04**

3. The College's income for the year 2003-04 was £434.4M, which represents an increase of 6.1% on the previous year. Although there was a small operating deficit of £1.5M, this was offset by £12.8M of exceptional income from the sale of fixed assets. After an additional transfer of £1M accumulated income from specific endowments, the College achieved a surplus for the year of £12.3M (less than 3% of the total annual income for the year).

**AUDIT ISSUES TO BE ADDRESSED**

4. The external auditors noted that the College had made significant progress in implementing the recommendations from previous audits. Particular progress had been made in Research where the quality of data held had been improved in advance of the transfer of contract records to a new IT system, Oracle Grants. Debt collection had also seen significant improvements and individual control accounts are now rigorously reconciled and cleared on a monthly basis. The Audit Committee was pleased to note that the Auditors had made relatively few recommendations and those were of a largely technical nature:

a. **Specialist Engineering Facility.** The College has been reviewing its plans and cost calculations with regard to the possible decommissioning of its specialist engineering facility. The Auditors have recommended that the College continue to closely monitor the Facility Business Unit to ensure that any changes to the expected returns or direct costs of the asset can be reflected in an amended provision in the Financial Statements.

b. **Restructuring.** The College had £4M of exceptional expenditure from restructuring in the College. The auditors noted that provisions for redundancy would be released once all those identified as redundant had left the service of the College.

c. **Research Projects.** The collection of additional income to fund debit balances on research grant accounts from research councils is not assured. Consequently a provision had been made against the proportion of debit balances the College estimated would not be recoverable. The auditors confirmed that the

provision was reasonable, but recommended that the College continue to collect and analyse data in 2004-05 to further refine this provision.

d. **Burlington Danes Construction Limited**. This company was created to manage and record the development of the College's real estate where this involved collaborative funding from, and the granting of leases to, third parties. The auditors noted that accounting for these sort of transactions was not straightforward and recommended that they should, in future, be consulted at an early stage before the College enters into such complex transactions to ensure that the accounting impact could be assessed in advance. The auditors also recommended that a detailed assessment of the technical tax arrangements be conducted

### **VALUE FOR MONEY (VFM)**

5. Responsibility for delivering initiatives to secure economy, efficiency and effectiveness rests with the College's senior management. A report on VFM initiatives was presented to the Management Board in July 2004. A copy of this comprehensive report was also circulated to Audit Committee members in September and, on that basis, the Committee was able to confirm that appropriate management systems were in place for the evaluation and monitoring of the College's VFM strategy.

### **RISK MANAGEMENT**

6. Since 2003 HEFCE has required higher education institutions to comply with the Turnbull and Combined Code Recommendations on Corporate Governance. This means that, when the Council approves the annual Financial Statements, it should state whether or not it is satisfied that all material risks facing the institution have been identified.

7. The College's Management Board conducted its annual review of the College's Risk Register in July and a revised Risk Register and Action Plan was approved. In addition to this, PwC conducted a strategic review of the College's risk management arrangements. While this found that these arrangements complied with HEFCE requirements, it was suggested that additional action could be taken to further embed risk management within the normal operations of the College's departments and divisions. Accordingly, the annual Planning Round process was amended, with Departments and Divisions now being required to submit their complete risk registers. These risk registers were in turn scrutinised by the Management Board as part of its annual review of risk management.

8. In the light of the Reviews conducted by the Management Board and by PwC, the Audit Committee was satisfied that the College is operating in accordance with the Turnbull and Combined Code Recommendations and that it is in full compliance with HEFCE's current Accounts Direction.

### **APPOINTMENT OF EXTERNAL AUDITORS**

9. During the year the Audit Committee conducted a tendering process for the appointment of external auditors and the provision of limited consultancy services to supplement the College's internal audit service. The Committee made the following recommendations, which were approved by the Council in March 2004

a. That PricewaterhouseCoopers (PWC) be re-appointed as the College's external auditors for a period of five years from 1 August 2004.

b. That KPMG be appointed formally to provide additional internal audit services to supplement the College's in-house service and in particular to provide IT audit services for a period of five years from 1 August 2004.

c. That the College retain the option of purchasing additional consultancy services from KPMG, PwC and/ or other firms for strategic reviews.

### **OPINION**

10. The External Auditors have provided an unqualified opinion on the Consolidated Financial Statements, stating that they give a true and fair view of the state of affairs of the College and its subsidiaries as at 31<sup>st</sup> July 2004, and have been properly prepared in accordance with the relevant Statement of Recommended Practice and with the College's Statutes.

11. Given the assurances contained in the reports made to the Audit Committee during the year by the Internal and External Auditors together with those received from the College's management, the Audit Committee was able to give the Council the necessary assurances that the Council's responsibilities, set out on page 5 of the Financial Statements, had been satisfactorily discharged.

D.P. Hearn  
Chairman, Audit Committee

## PAPER B

**MEMBERSHIP OF THE COURT AND COUNCIL**

A Note by the Clerk

**CURRENT MEMBERSHIP**

1 For information, the current membership of the Court is attached at Annex A to this Paper, with the membership of the Council at Annex B.

**CURRENT AND FORTHCOMING VACANCIES**2. **Appointed Members.**

a. As can be seen from Annex A, there are a small number of current vacancies for appointed members. In addition, the following appointed members are due to complete their current term of office on 30<sup>th</sup> September 2005, although most are eligible for re-appointment under the terms of the College's Charter and Statutes, which provide for members normally to serve for two terms of office of four years each:

<b>Appointing Body</b>	<b>Member</b>
The Crown	Ms C. Lucy Chothia
The Crown	Mr. Trevor Phillips
City & Guilds of London Institute	Mr David Young
City & Guilds of London Institute	Mr Christopher Humphries CBE
Worshipful Company of Goldsmiths	Professor Richard Himsworth
Worshipful Company of Clothworkers	Mr Richard Harding Jones
Royal College of Surgeons	Professor Valerie Lund
Royal Society of Chemistry	Dr David Giachardi
Royal Academy of Engineering	Dr Michael Shears
Institution of Mechanical Engineers	Mr Tony Roche
Institution of Mining & Metallurgy	Dr. John Groom
Trustee of the Science Museum	Dr Anne Grocock
Corporation of the Hall of Arts & Sciences (RAH)	Mr Charles Fairweather
Royal Commission for the Exhibition of 1851	Dr. Caroline Vaughan
Head appointed by Secondary Head Teachers' Association	Mr M Noble
Head appointed by Secondary Head Teachers' Association	Mr P O'Shea
Member of Parliament	Mr Mark Field MP
Government of Australia	Ms C Jack
Government of Pakistan	Mr Masud Khan Raja

b. The College will shortly be writing to the appointing bodies concerned to ensure that the current and forthcoming vacancies are filled before 1<sup>st</sup> October 2005, when the next terms of office are due to start.

3. **Elected Members.** Similarly, there are a number of vacancies for members elected by the academic staff of the College. Nominations for election are currently being sought and, if required, elections will be held in May to ensure that these positions are filled before the start of the next academic year.

4. **Co-opted Members.**

a. The following co-opted members are due to complete their current term of office on 30<sup>th</sup> September 2005, although again they are eligible for re-appointment:

- Mr David Elleray
- Mr Simon Leathes
- Dame Rosemary Spencer

b. The Council's Nominations Committee will be meeting in due course to make recommendations for appointments and re-appointments to the co-opted positions on the Court and Council.

K.A.M.

**THE COURT OF IMPERIAL COLLEGE OF SCIENCE, TECHNOLOGY & MEDICINE****MEMBERSHIP 2004-05****Appointed Members**

*Appointed by The Crown*  
Ms Charlotte Lucy Chothia  
Mr Ram Gidoomal CBE  
Mr Trevor Phillips  
Sir Peter Williams  
*Two vacancies*

*University of London*  
Dame Stella Rimington, DCB  
*One vacancy*

*Worshipful Company of Goldsmiths*  
Professor Richard Himsworth MD, FRCP

*Worshipful Company of Clothworkers*  
Mr Richard H Jones

*City and Guilds of London Institute*  
Mr Christopher Humphries CBE  
Dr David J Wilbraham  
Mr David Young

*City and Guilds of London Institute (Worshipful Company of Coopers)*  
Eur Ing Michael Heath BSc ACGI CEng  
FICHEM E

*City and Guilds of London Institute (Worshipful Company of Painter-Stainers)*  
The Reverend Graham Blacktop

*City and Guilds of London Institute (Worshipful Company of Wheelwrights)*  
Mr Neville Joseph

*City and Guilds of London Institute (Worshipful Company of Farriers)*  
Mr S J Curtis

*City and Guilds of London Institute (Worshipful Company of Dyers)*  
Mr M W M Rowlandson

*City and Guilds of London Institute (Worshipful Company of Horners)*  
Mr R Knowland CBE

*City and Guilds of London Institute (Worshipful Company of Paviers)*  
*One vacancy*

*City and Guilds of London Institute (Worshipful Company of Carpenters)*  
Mr P Osborne

*City and Guilds of London Institute (Worshipful Company of Tallow Chandlers)*  
*One vacancy*

*City and Guilds of London Institute (Worshipful Company of Clockmakers)*  
Dr Michael Sanderson

*Royal Commission for the Exhibition of 1851*  
Dr Caroline L Vaughan  
Mr G Clerehugh

*Royal Society*  
Professor Ernest Hondros  
*One Vacancy*

*Royal Academy of Engineering*  
Professor G F Hewitt  
Dr M Shears CBE FREng

*Royal Society of Chemistry*  
Dr D Giachardi

*Royal College of Physicians*  
Professor Stephen Bloom

*Royal College of Surgeons*  
Professor Valerie Lund FRCS

*Royal College of Anaesthetists*  
Professor Ronald M Jones

*Royal College of General Practitioners*  
Ms Jane Austin

*Royal College of Obstetrics & Gynaecologists*  
Professor PM Shaughn O'Brien

*Royal College of Ophthalmologists*  
Mr N Astbury

*Royal College of Pathologists*  
One vacancy

*Royal College of Psychiatrists*  
Professor Steven Hirsch

*Royal College of Radiologists*  
Professor Graham Bydder

*Royal College of Paediatrics and Child Health*  
Professor Alan W Craft

*Royal Aeronautical Society*  
One Vacancy

*Royal Statistical Society*  
Professor D J Hand

*Royal Institution of Naval Architects*  
Professor John van Griethuysen

*Royal Agricultural Society of England*  
One Vacancy

*Royal Horticultural Society*  
Dr Valerie Payne

*Institution of Chemical Engineers*  
Dr Trevor J Evans

*Institution of Civil Engineers*  
Mrs Jean Venables MBE

*Institution of Electrical Engineers*  
Professor Charles Sandbank

*Institution of Mechanical Engineers*  
Mr Anthony D Roche

*Institute of Materials, Minerals and Mining*  
Dr John D G Groom

*Institute of Biology*  
Professor Alan D B Malcolm

*Institute of Management*  
Mr Christopher Edge

*Institute of Physics*  
Professor Dennis W Hill

*Society of Chemical Industry*  
One vacancy

*British Computer Society*  
Mr N Geoffrey McMullen

*British Society for the History of Science*  
Professor PJ Bowler

*Head Teacher appointed by the Head Masters' Conference*  
Mr Graham Able

*Head Teacher appointed by the Girls' Schools Association*  
Miss Susan A Ross

*Head teachers appointed by the Secondary Heads' Association*  
Mr M Noble  
Mr P O'Shea

*Local Authorities*  
Councillor John Corbet-Singleton CBE  
(The Royal Borough of Kensington & Chelsea)  
Councillor Mark Page  
(City of Westminster)  
Councillor Tim Stanley  
(London Borough of Hammersmith & Fulham)  
Councillor Jeremy Hyde  
(Royal Borough of Windsor & Maidenhead)

*Government of the Commonwealth of Australia*  
Ms C Jack

*Government of Canada*  
Dr Caroline Martin

*Government of India*  
Mr N Suri

*Government of New Zealand*  
Professor Robin Carrell

*High Commission for Pakistan*  
Mr M K Raja

*Government of the Republic of South Africa*  
One vacancy

*Government of the Republic of Sri Lanka*  
Mr K W S Gauthamadasa

*Secretary of States for Foreign & Commonwealth Affairs*  
Mr M Reilly

*Imperial College Union*  
Ms Sameena Misbahuddin  
(Deputy President, Finance and Services)  
Mr Samuel Rorke  
(Deputy President, Education & Welfare)  
Mr Richard Walker  
(Deputy President, Clubs and Societies)  
Mr John Collins  
(President, Engineering Faculty Students Association)  
Mr Jonathan Ng  
(President, Life Sciences Faculty Student Association)  
Ms Lucy Pickard  
(President, Faculty of Medicine Students Association)

Mr Alexander Guite  
(*President, Physical Sciences Faculty Student Association*)  
One vacancy

*Royal College of Art*  
Professor Sir Christopher Frayling

*Royal College of Music*  
Dr Jeremy N Cox

*Trustees of the Science Museum*  
Dr Anne Grocock

*Trustees of the Natural History Museum*  
Sir Neil Chalmers

*Trustees of The Victoria and Albert Museum*  
Mr Ian Blatchford

*The Corporation of the Hall of Arts and Science, Royal Albert Hall*  
Mr C Fairweather

*Members of the Commons House of Parliament*  
Mr Mark Field MP  
Mr Clive Soley MP  
The Rt Hon Michael Portillo MP

*Ex Officio*  
The Rector  
The Deputy Rector  
Pro-Rectors  
Deans  
Faculty Principals  
Faculty Vice-Principals  
Provosts  
President, ICU  
Presidents of the Constituent College Associations

*Elected Staff Representatives (Engineering)*  
Dr Krysia Broda  
Professor Peter Y K Cheung  
Professor Dorothy S Griffiths  
Professor Christopher L Hankin  
Professor Dame Julia S Higgins  
Professor Sandro Macchietto  
Professor Michael R Warner  
One vacancy

*Elected Staff Representatives (Medicine)*  
Dr Jan Domin  
Professor MA Ghatei  
Professor Christopher Kennard  
Professor Dame Julia Polak  
Three vacancies

*Elected Staff Representatives (Science)*

Professor J Nigel Bell  
Professor NWF Berkeley Hill  
Professor Z Makuch  
Professor Geoffrey H C New  
Four vacancies

*Academic Related Staff*  
Mrs Anne Barrett BA, MA, DIPLIB  
Ms Susan Hartman  
Dr Matthew Lee  
Mr Nigel Wheatley BA

*Co-opted Members*  
Mr Garth Bickerton  
MC Black Esq  
Dr Eileen Buttle CBE  
Mr Spencer de Grey CBE  
Mr D Richard L Duncan  
Mr David Elleray  
Sir Peter Gershon CBE  
Dr George Gray CBE  
Mr Michael Green  
Mr Donald P Hearn  
Professor Donald Jeffries  
Lord Kerr of Kinlochard (*Chairman*)  
Mr Simon Leathes  
Mr L E Linaker  
Cllr Mrs Anne Mallinson  
Mr WA Manson  
Lady Rees-Mogg  
Mr Jeremy Newsum  
Sir Alan Rudge CBE  
Dr Bruce Gordon Smith CBE  
Dame Rosemary Spencer DCMG  
Dr Graham H Tuttle  
Mr Simon Ward

*Clerk to the Court and Council*  
Mr K A Mitcheson OBE, MA

**THE COUNCIL OF IMPERIAL COLLEGE OF SCIENCE, TECHNOLOGY & MEDICINE**

**MEMBERSHIP 2005**

*Chairman*

Lord Kerr of Kinlochard

*Court Nominees*

Mr Graham Able  
Mr A D (Tony) Roche  
Dr David J Wilbraham

*Co-opted External Members*

Dr Eileen Buttle CBE  
Sir Peter Gershon CBE  
Mr Balram (Ram) Gidoomal CBE  
Dr George Gray CBE  
Mr Donald P Hearn  
Mr Jeremy Newsum

*Ex-Officio*

Rector, Sir Richard Sykes  
Deputy Rector, Professor Sir Leszek Borysiewicz

*Senior Staff Representatives*

Dr Julia King CBE  
Dr Martin P Knight  
Professor Stephen Smith  
*Two vacancies (Principals of the Faculties of Physical Sciences and Life Sciences)*

*Elected Staff Member*

Professor Richard Kitney OBE

*President, Imperial College Union*

Mr Mustafa Arif

*Clerk to the Court and Council*

Mr K A (Tony) Mitcheson OBE