

MINUTES OF THE PROCEEDINGS

at the

Thirty-sixth Meeting of the

COUNCIL

of the

IMPERIAL COLLEGE OF SCIENCE, TECHNOLOGY AND MEDICINE

The Thirty-sixth Meeting of the Council was held in the Council Room, 170 Queen's Gate, South Kensington Campus, Imperial College London, at 10:00 a.m. on Friday, 16th May 2014, when there were present:

The Baroness Manningham-Buller (Chair), Professor A. Anandalingam, Mr. C. Brinsmead, Dame Ruth Carnall, Mrs. P. Coultie, Professor M.J. Dallman, Mr. P. Dilley, Mr. D. Goldsmith, Professor N. Gooderham, Professor Dame Julia Higgins, Professor D.P.A. Kelleher, Ms. J.R. Lomax, Professor J. Magee, Mr. J. Newsum, Mr. S. Newton, Ms. K. Owen, Mr. M. Sanderson, Professor J Stirling, the President & Rector and the Clerk to the Court and Council.

Apologies

Mr. I. Conn.

MINUTES

Council – 7th February 2014

1. The Minutes of the thirty-fifth Meeting of the Council, held on Friday, 7th February 2014, were taken as read, confirmed and signed.

CHAIR'S REPORT

2. The Chair advised members that, following his appointment as Chair of the Chelsea and Westminster Hospital NHS Foundation Trust, Sir Thomas Hughes-Hallett had resigned as a co-opted member of the Council on 11 February.

PRESIDENT & RECTOR'S REPORT

3. The President & Rector reported that this year's Imperial Festival, held on 9th and 10th May, had received many visitors at the South Kensington campus to enjoy the various demonstrations, talks

and other activities on offer. What had started as a relatively modest pilot project in 2012 to explore how Imperial College London might share its research with more people had now evolved into a large-scale and prominent annual fixture in the College's calendar. It had also received positive coverage in the national press. Before it had opened to the public on the Friday, for the first time the College had also arranged a dedicated private view for school groups. One hundred students from a range of primary and secondary schools local to the College had booked places to take part in a series of workshops and interactive displays linked to curriculum topics. Members who had attended the Festival praised the event and its focus on enthusing the next generation of scientists. The Council recorded its thanks to the 250 staff and students who had participated in the Festival, and whose hard work and enthusiasm had made it such a success.

4. Turning to Development, the President & Rector said that the College was doing very well this year and had already raised over £50M in philanthropic donations. It was hoped that a further £20M would be raised before the end of the year. The President was also pleased to announce that Michael Uren, who had graduated in Mechanical Engineering in 1943, had just agreed to give the College £40M to fund a Michael Uren Biomedical Engineering Hub at Imperial West. With the addition of this building, the plans for the north side Imperial West were now nearly complete.
5. Finally, the President & Rector reported on the members of College who had recently been elected as Fellows of the Royal Society or the Academy of Medical Sciences.

PROVOST'S REPORT

6. The Provost, Professor Stirling, reported on the results of the recently completed Imperial College Staff Survey. The survey had achieved an overall response rate of 60% with generally positive results; 89% of staff had said they were proud to work at Imperial College. However, there were some areas of concern which would have to be addressed. 25% of the staff had said they were not confident about expressing their views and opinions and 12% of staff indicated that they experienced unreasonable levels of pressure 'a lot of the time'. The results would now be presented to staff and an action plan agreed. The Council asked if the Company that had conducted the survey could supply anonymised baseline data against which the College's performance could be measured. Professor Stirling said this was not possible for all questions, some of which were specific to the College. However, the in-depth analysis provided by the Company sought to compare results with other universities, where this was possible. It was suggested that the more generic questions should also be compared against baseline data from other organisations and not just universities. It was also agreed that a presentation on the results of the Staff Survey should be provided for the Council at a future meeting.
7. Professor Stirling then highlighted two recent appointments. He was pleased to say that Professor Maggie Dallman had accepted appointment as Associate Provost (Academic Partnerships), a role she would take up when her current term as Dean of the Faculty of Natural Sciences expired. Professor Dot Griffiths had also accepted appointment as Provost's Envoy for Gender Equality until 31st August 2015. Both these appointment meant that the College would continue to benefit from the advice and support of Professor Dallman and Professor Griffiths at the highest level.
8. Finally, Professor Stirling and Professor Magee updated members on the College's plans to purchase the Exhibition Road Post Office site from the Science Museum. Although the Science

Museum had applied for permission to convert the site for residential use, it was suggested that obtaining planning permission for such a change might not be straightforward. The College was still hopeful that it would be able to purchase the site at a reasonable cost. Professor Magee reported that the Faculty's plans to open a new School of Design Engineering in 2015 were not dependent on the purchase of the Post Office site.

IMPERIAL WEST REPORT (PAPER A)

9. Mr. Newsum presented Paper A and said that the recent confirmation of the final disposition of the north side of Imperial West, as noted by the President & Rector in his report, was very positive and was helping to provide a focus for the development of the rest of the site. The next priority for the Project was the appointment of a Project Director and for the College to provide a firm development brief for the Council and the Syndicate. The adjunct paper on the Imperial West Financial Strategy that had been prepared by the Chief Financial Officer was a major step forward in this regard.
10. The Chief Financial Officer, Mr. Sanderson, presented his paper on the Imperial West Financial Strategy. An outline strategy would be presented to Syndicate at its next meeting, with a presentation to Council to follow. However, the main elements of the strategy were likely to be a division of land usage broadly on the basis of 40% academic, 40% academic-related and 20% commercial. To support this, the College would have to fund the academic buildings with a mixture of philanthropy, capital grants and core cash flows, while the academic-related buildings would have to be funded from predicated future cash flows by third party operators. Initial infrastructure investment would have to be funded upfront by the College and then recouped from future commercial income. To do this the College would need access to upfront cash for a significant proportion of the infrastructure investment. This would probably be in the form of a simple unsecured debt to be repaid over twenty-five years. To this end, the College had been in discussions with the European Investment Bank about taking on an additional loan of up to £140M on preferential terms. This appeared to be a very good deal for the College.
11. Members agreed that the College would have to invest in infrastructure as a corollary of developing the site, and it was recognised that the best way of funding these initial costs would be with unsecured debt. However, the College would need to understand the likely income flows from the academic-related and commercial operations on the site in order to provide a degree of security that the loan could be repaid. As the proposed split was similar to that on the north side of Imperial West, the assumptions that such a split was economically viable appeared to be well-founded. A key issue would be how the College could manage the risk that the income stream might be inconsistent or might not meet all of the original expectations. It was also acknowledged that, while it was sensible to set out an overall split for the whole site, in practice the development of the south side over time would not conform to the strategy at all times. The strategy had to be flexible enough to adapt to circumstances over the life of the development. Members agreed that the proposed EIB loan was attractive and, as it was very unlikely that the College would be able to get philanthropic or grant funding for infrastructure, appeared the best option for funding the necessary investment in infrastructure for the whole site.

CHIEF FINANCIAL OFFICER'S REPORT - THINKSPACE "GOLDEN TRIANGLE" OPPORTUNITIES (PAPER B)

12. Mr. Sanderson presented Paper B. He reminded members that ThinkSpace had been created to generate income through providing space and support to start-ups and that this was part of the College's strategy of diversifying its income sources. There was an opportunity for ThinkSpace to develop facilities for mid-stage biotechnology R&D companies at the BBSRC's Babraham Research Campus near Cambridge. The business case for the development suggested that this should be a profitable and well located development for ThinkSpace. The proposal was still being finalised and would be presented for formal approval at the Council's next meeting.

13. At the beginning of the discussion, Professor Dallman declared an interest as a member of the BBSRC Board. It was suggested that the proposal as presented appeared to be structured primarily as a property development. However, neither ThinkSpace nor the College were property developers. Furthermore, long-lease deals, such as was proposed, were not generally considered to offer good value from a property perspective. It was suggested that this aspect of the proposal should be revisited to see if a different structure could be found that was a better fit with ThinkSpace's business. Some concern was also expressed about the location and whether this was a good fit with the College's longer term translation strategy. If this was simply a business development, it was not clear if it was a good fit with the College. However, the Council noted that co-location with the Babraham Institute, a specialist research institution focused on understanding the biological mechanisms underpinning lifelong health, would be very attractive for spin-out companies, so there were good reasons for the College to offer facilities for its companies at the Babraham Research Campus. Although there were academic synergies in the co-location with the Babraham Institute, the primary purpose of this development was to generate additional income to support the academic mission. This underlined the need for ThinkSpace to be professionally managed with a clear commercial focus. This would also be vital to the future development of the commercial and academic-related facilities at Imperial West. The President & Rector agreed and reminded members that the College was in the process of recruiting a Commercial Director for ThinkSpace.

FRANCIS CRICK INSTITUTE UPDATE

14. Professor Dallman provided members with an update on the College's involvement with the Francis Crick Institute. She reminded members that the Institute was a partnership of the three major biomedical funders – the Medical Research Council, Cancer Research UK and the Wellcome Trust – and the three major London Universities, Imperial College, UCL and King's. The universities had each contributed £40M to the Institute. Professor Dallman reported that the Crick building at King's Cross was nearing completion and good progress was also being made on the programmes and research to be located at the Crick. The proposed PhD programme, in particular, was developing well, and it was intended that this would now commence in September 2014, with students to be registered at each of the three university partners. Imperial would have 17 PhD students based at the Crick. Another key issue for the Institute was translation. The College expected to make a strong contribution in this area, with its experience of spin-out companies and running clinical trials. Although there was a funding gap in set-up costs, the MRC and CRUK had agreed transitional funding for the Institute. However, the long-term financial sustainability of the Institute was still an issue for its partners. The Council agreed that it should continue to receive

updates on the Francis Crick Institute.

DEVELOPMENT OF THE COLLEGE STRATEGY (PAPER C)

15. Professor Stirling presented Paper C. Following an Away Day with the Deans and heads of department, the College had identified a number of key themes which would inform the development of its Strategy for 2015 -2020. The College was also proposing to adopt a different structure for the Strategy, which would emphasise the College's strengths in its core disciplines and the extent to which these underpinned the College's multidisciplinary research and education. Pleasingly, there was also a high degree of synergy between the developing academic strategy and the College's plans for Imperial West. Indeed, the Imperial West development would not be considered as a separate item in the Strategy, but would rather be embedded in every part of the Strategy. Finally, he said that the developing strategy had been discussed with the incoming President, Professor Alice Gast. She was very supportive of the way in which the Strategy was being developed.

IMPERIAL INNOVATIONS UPDATE

16. The Chair of the Endowment Board, Mr. Newton, apologised to the Council for not circulating a paper in advance of the meeting, but said that any such paper would necessarily have contained privileged and market sensitive-information about Imperial Innovations' plans and could only have been circulated with Innovations' permission. Mr Newton was now able to report that Imperial Innovations was proposing to raise up to £150m in additional capital through the placement of new shares. Unless the College chose to make a further investment from its own funds, this would dilute the College's shareholding below 30%. Such a dilution would also reduce the number of College-appointed directors on the Innovations Board to one. However, Mr. Newton noted that, since the College had ceased to be the majority shareholder in 2010, protection of the College's interests was provided primarily by the Technology Pipeline Agreement with Innovations, rather than by its appointed directors. The Technology Pipeline Agreement was not affected by these latest proposals, and so this would still be the case even if the College's shareholding was diluted below 30%. He advised members that the Endowment Board had discussed the proposals in confidence and had agreed to recommend to the Council that the College should provide conditional support for the fundraise and that, provided the share price on offer was at least 400p per share, it should also place some of the College's shares in the Company in parallel with the fund raise. The final decision on this could not be made until Imperial Innovations Board agreed the final terms of the placement and made a formal announcement of its proposals. In the circumstances, he suggested that the Council give delegated authority to the Endowment Board to make the final decision and he issued an open invitation to any members of the Council who wished to attend the Endowment Board meeting at which the decision was to be made. Concluding his report, he reminded members that they were all now party to privileged information and that the Share Dealing Code and the rules of AIM required that they not deal in any of the Company's shares before the formal announcement of Innovations' proposals.
17. Members who held personal shares in Innovations declared their interests before contributing to the debate. Although this transaction would result in the dilution of the College's shareholding, there should be no change in Innovations' commitment and approach to developing

unencumbered IP at the College because of the Technology Pipeline Agreement.

Resolved: The Council, having considered the advice of the Endowment Board:

- a. noting that there should be no effect on Innovations' obligations to the College under the Technology Pipeline Agreement, confirms that it would be ready to see the College's shareholding in Innovations fall to less than 30 per cent;
- b. sees advantage in the opportunity for Imperial Innovations to raise £150M by issuing new shares and confirms that it supports the sale by the College of Ordinary Shares in Imperial Innovations (the "Sale") and the issue and allotment of further Ordinary Shares pursuant to the Placing such that the College's shareholding will fall below 30 per cent of the Company's Ordinary Shares and waiving any pre-emption rights that the College may have in connection with the Placing;
- c. delegates authority to the Endowment Board to approve the final terms of the Sale and the entry by the College into any documents the Endowment Board considers necessary or desirable in connection with the Sale and the Placing including, without limitation, a placing agreement with Imperial Innovations and its bookrunners and underwriter and any certificates and documents contemplated by the terms of such placing agreement (all together, the "Documents");
- d. authorises any one of Mr. Muir Sanderson and Mr. John Neilson to sign on behalf of the College any of the Documents required to be executed under hand only; and
- e. authorises Mr. Muir Sanderson and Mr. John Neilson to jointly execute on behalf of the College any of the Documents required to be executed as a deed by jointly signing any such Documents and affixing the College seal thereto.

FINANCIAL MANAGEMENT REPORT (PAPER E)

18. Mr. Sanderson presented Paper E.

ENDOWMENT REPORT (PAPER F)

19. Mr. Newton presented Paper F.

ICU STUDENT CONSULTATION FRAMEWORK (PAPER G)

20. Presenting Paper G the ICU President, Mr. Goldsmith, said that the Union had developed the Student Consultation Framework in order to facilitate consultation with the student body. The Framework was intended to enable effective student engagement and included a suggested

approach for efficient and effective decision-making, with student consultation applied in a proportionate and relevant manner. While the framework was not binding on the College or its departments, he hoped that it would be used by departments to assist them in engaging with students at the College. He confirmed that the Framework was itself the result of an extensive consultative process.

21. Members noted the Framework and suggested that it could have a wider application than just to the College. It was suggested that the Union brand the Framework as the work of the Imperial College Union and then make it available to others to use.

HEFCE ANNUAL RISK ASSESSMENT (PAPER H)

21. The Council received the annual HEFCE Risk Assessment and noted that that HEFCE had confirmed that Imperial was not at higher risk.

STAFF MATTERS (PAPER I)

22. Paper I was received for information.

SENATE REPORT (PAPER J)

23. Paper J was received for information

ANY OTHER BUSINESS

24. There was none.

NEXT MEETING

25. The Chair reminded members that the date of the next meeting was Friday, 11 July 2014.