

MINUTES OF THE PROCEEDINGS

at the

Sixth Meeting of the

COURT

of the

IMPERIAL COLLEGE OF SCIENCE, TECHNOLOGY AND MEDICINE

The Sixth Meeting of the Court was held in Lecture Hall G16 in the Sir Alexander Fleming Building, South Kensington Campus at 2:15 p.m. on Friday, 28 March 2003, when there were present:

Lord Vincent (Chairman), Miss N. Ahamat, Ms. A. Barrett, M.C. Black, Dr. E. Buttle, Professor R. Carrell, Cllr. J. Corbet-Singleton, Dr. J. Cox, Mr. M. C. Das, Mr. C. Edge, Mr. T. Evens, Mr. S. Ganesh, Mr. B. Gidoomal, Professor D. Griffiths, Dr. A. Grocock, Dr. J.D.G. Groom, Professor D.J. Hand, Professor C.L. Hankin, Ms. S. Hartman, Mr. D.P. Hearn, Professor D.W. Hill, Professor R. Himsworth, Professor E.D. Hondros, Mr. N. Joseph, Mr. R. Knowland, Dr. M. Lee, Professor F. Leppington, Professor A. Malcolm, Mr. W.A. Manson, Mr. G. McMullen, Professor G.H.C. New, Mr. P. Osborne, Mr. P. O'Shea, Cllr. M. Page, Professor D. Phillips, Eur. Ing. A.D. Roche, Miss S. Ross, Mr. M.W.M. Rowlandson, Dr. M. Sanderson, Dr. M. Shears, Mr. A. Smith, Dr. B.G. Smith, Dr. G. Tuttle, Professor J. van Griethuysen, Mr. N.C. Wheatley, Dr. D.J. Wilbraham, Sir Peter Williams, the Rector, the Deputy Rector and the Clerk to the Court and Council.

In Attendance:

Professor C. Pantelides, the Academic Registrar, the Director of Finance, the Director of Human Resources, the Director of Strategy Development and Communications, Ms. M. Coupland and the Assistant Clerk to the Court and Council.

Apologies:

Mr. G. Able, the Revd. G. Blacktop, Mr. I. Blatchford, Professor S. Bloom, Professor Sir Leszek Borysiewicz, Professor K. Buck, Sir Neil Chalmers, Professor Sir David Davies, Mr. D.R.L. Duncan, Mr. D. Elleray, Dr. T.J. Evans, Mr. C. Fairweather, Professor B. Foxwell, Professor Sir Christopher Frayling, Mr. P. Gershon, Dr. D.J. Giachardi, Mr. M. Green, Professor M. Green, Mr. M. Heath, Professor G.F. Hewitt, Professor Dame Julia Higgins, Professor S.P.F. Hughes, Mr. C. Humphries, Professor D. Jeffries, Mr. R.H. Jones, Professor A.B. Kay, Dr. M.P. Knight, Professor Sir John Lilleyman, Mr. I.E. Linaker, Mr. H.B. Lowe, Professor V. Lund, Mr. R.J. Margetts, Dame Judith Mayhew, Professor A.J. Monhemius, Sir Alastair Morton, Mr. M. Noble, Professor J. Perkins, the Rt. Hon. Michael Portillo MP, Professor R.D.

Rawlings, Lady Rees-Mogg, Dame Stella Rimington, Sir Alan Rudge, Mr. C. Soley MP, Dame Rosemary Spencer, Cllr. T. Stanley, Professor H. Thomas, Mr. D. Young, the Director of ICT, the Director of Policy and Planning and the Pro Rector for Development and Corporate Affairs,

WELCOME

The Chairman reported that no less than 32 new members had joined the Court over the past year - too many to mention all by name - but he extended an especially warm welcome to all of those who were present for their first meeting of the Court.

MINUTES

1. The Minutes of the Fifth Meeting of the Court, held on 12 April 2002, were taken as read, confirmed and signed.

MATTERS ARISING

2. There were no matters arising.

REPORT BY THE CHAIRMAN

3. The Chairman opened his Report by reminding the Court that Imperial had featured prominently in the press in recent months. In addition to various notable scientific achievements, the College's discussions with University College London about a possible merger had generated great interest, as had the issue of university funding and student fees in advance of the Government's White Paper on Higher Education. The White Paper contained some disappointments, he said, in that it failed to address adequately the pressing need to improve funding for Higher Education overall, from whatever source. However, its recognition of the importance to the Country of research excellence in science, technology and medicine was to be welcomed. That the Government intended to back up this recognition by concentrating resources into the few institutions like Imperial that could claim true international research excellence was also to be welcomed.
4. In advance of the publication of the White Paper, the Chairman continued, the Council had considered an important Paper from the Rector on the true economic costs of undergraduate education. This showed that it cost, on average, approximately £10,500 *per annum* to teach an undergraduate student at Imperial. However, the College only received around £7,700 per student, a sum that included both the Teaching Grant from the Higher Education Funding Council for England (HEFCE) and the current student fee of £1,000. Hence, the College currently lost some £2,800 per home student per year. Clearly, he said, such losses could not continue indefinitely and the Government's proposal to increase the student fee to £3,000 was its response to this issue. The Rector's original Paper had aroused

considerable interest in the media but the subsequent national debate quickly moved on from focusing just on Imperial to a discussion of the real issue – the decline in overall funding for Higher Education. Furthermore, this debate also served helpfully to underline the quality of the education offered at the College.

5. Imperial had also received extensive coverage in the press before Christmas over its discussions with UCL about a possible merger. Quite properly, and with the Council's agreement, the College had established a joint merger board with UCL to consider all aspects of the proposed merger to determine whether or not it should proceed. There was also wide consultation with staff at both institutions. However, it quickly became clear, the Chairman said, that there was considerable resistance to the merger amongst some staff at UCL and it was therefore decided not to continue with the process. Nevertheless, a number of positive developments had come out of the merger talks. The College had identified with UCL several new areas for academic collaboration and all who had been involved in the process had been very impressed by the commitment, professionalism and energy displayed by Imperial staff throughout.

6. Moving on to the Council's other activities, the Chairman said that the College had continued with its extensive capital programme this year. He reminded the Court that two years earlier the College had been allocated £46.1M in Round 1 of the Government's Science Research Investment Fund (SRIF). This was now being spent on major projects, which, together with the College's contribution, had a total value in excess of £67M. This year alone, he said, Imperial was spending £78M on the largest number of capital projects it had ever undertaken. These included:
 - a. The Tanaka Business School and a new College Entrance from Exhibition Road;
 - b. A new Faculty Building, which would house the College's central administration and also free up valuable space elsewhere on the South Kensington campus for academic activities;
 - c. Refurbishments in the Biochemistry and Physics buildings, at the St Mary's Campus and in other buildings around the College;
 - d. The continuing refurbishment of College's halls of residence;
 - e. The provision of a new Engineering Research Workshop;
 - f. The provision of a new electricity supply for the College to cope with its increasing demands and which had involved bringing in new power lines from Oxford Street; and,
 - g. The refurbishment of the Central Library.

7. The second round of SRIF funding had recently been announced, he said, and this again demonstrated the Government's commitment to supporting excellent research. Under this settlement the lion's share of funding had been given to just four

universities. Imperial, Oxford, Cambridge and UCL had each received about £60M. The next highest allocation had been to Kings College London, which had received approximately £37M. This meant that Imperial, which was also required to make a contribution of 10%, would have another £70M to spend in two years' time. All of this, he said, would require some additional funding by the College and the Council had, and would continue to have, due regard for the finely balanced state of the College's finances which included no large endowments to call upon.

8. Turning to the wider financial context, the Chairman recalled that, with the major increase in the size and complexity of Imperial over the last few years, it had had some difficulties with its financial controls and the Auditors had made a number of recommendations for their improvement in previous years. He was therefore pleased to say that last year's report had recognised that the College's controls had now been greatly enhanced, although there were still no grounds for complacency.
9. The Chairman went on to note that, unlike almost all other universities in the Country, the College had previously adopted a conservative approach to taking on debt, preferring to fund capital expenditure from general reserves or from the sale of assets. However, the sheer scale of activity over the next few years would make that extremely difficult. The College's contribution to the SRIF projects, together with other important capital projects, could only be afforded if the College was prepared to sell off some of its prime assets at times when the market might not give the best return on them. Consequently, the Council had reviewed the College's funding strategy and agreed to establish a College-controlled endowment fund to obtain a far greater degree of financial independence from Government. It had also been agreed that the College should exploit its assets to their best advantage, either through the sale of non-core elements on the right terms and at the right time, or by leveraging these assets to produce additional funding. To this end, the Council had agreed that the College should borrow up to £100M to fund the longer-term Capital Plan. This was to be spread between long, medium and short-term borrowing.
10. The Chairman then explained that long-term borrowing had been arranged by way of a private placement of £50M with selected financial institutions at a fixed rate of 5.39% for 30 years. Medium term borrowing would be provided by a loan of £23.2M from the European Investment Bank (EIB) on advantageous terms, with short-term borrowing to be provided by a committed money market facility of £13M from Barclays. This £100M, although a very significant sum, was already fully committed to funding the College's approved, and much needed, capital programme. This would, he said, enable the College to provide its staff and students with the excellent facilities befitting an institution of Imperial's reputation and stature. He then assured the Court that the long-term cash-flow projections, which included these loans, were monitored closely and were now reported to each meeting of the Council.
11. Moving on, the Chairman reported that the Imperial College Union had, after some internal debate, decided to re-align itself with the College's new faculty structure. This had resulted in the previous Constituent College Unions being reformed as Faculty Student Associations, one for each of the Faculties. At the same time the opportunity had been taken to update and revise other aspects of the Union's Constitution. In addition to this, the introduction of Faculties had necessitated

various changes in the College's Financial and other Regulations. Again, the opportunity had been taken to update and revise these policies and procedures.

12. The Chairman then reminded the Court that the Council also had a prime responsibility for health and safety in the College. After two well-publicised prosecutions two years ago, the Council had decided to enhance the membership of the Health and Safety Audit Committee and had brought its Chairman, Eur. Ing. A. D. Roche, onto the Council. The Committee, which consisted entirely of lay members of the Court and Council, met three times a year to review the work of the College's internal Safety Council and to provide it with additional advice and support. Where the Committee had previously reported to Council just once a year, it now provided a report after each of its meetings. Before each of these meetings, the Committee visited a different College Department to review that Department's management of health and safety. These visits were particularly useful to the Committee because they allowed its members to understand the extent to which the safety culture permeates throughout the College. They were also helpful for the Departments themselves because they underlined the importance placed on health and safety by the Council and encouraged the sharing of best practice. This year, the Chairman reported, the Committee had visited the Divisions of Medicine and Investigative Sciences in the Faculty of Medicine. Its next visit would be to the Imperial College Union.
13. The Chairman then noted the Council's other work in the past 12 months:
 - a. In May 2002 the Council had approved the College's Policy for Promoting Race Equality. The Race Relations (Amendment) Act 2000 required all public authorities to be pro-active in the promotion of race equality and this Policy set out how the College was going to respond to this requirement. Since then, he said, the College's Equal Opportunities and Diversity Committee had been developing a number of supporting codes of practice.
 - b. In July the Council had agreed a proposal for the Department of Agricultural Sciences at the Wye Campus to be restructured. The Department had been in deficit and was not fulfilling its academic potential. The Council agreed the Restructuring Plan as the best way of improving the Department's financial and academic performance and the Chairman was pleased to say that the reduction in the academic staff of the Department called for by the Plan had been achieved entirely by voluntary means.
 - c. Also in July, the Council had approved the College's Risk Management Policy. All institutions are now required by the HEFCE to have a comprehensive Risk Management process and in response the College had produced a Risk Management Policy, a comprehensive Risk Register and an Action Plan, and had also embedded risk management in its annual planning processes. The College's approach to risk management had also been commended by the Audit Committee.
 - d. In December, the Council had received a report of a staff survey, which had examined equality and diversity issues at the College. The Report had made a

number of challenging recommendations, which were now being implemented.

- e. Also in December, the Council had approved the annual update to the Strategic Plan and reviewed the first part of a new Estates Strategy for the College.
14. Before closing his Report, the Chairman reminded the Court that some three years ago it had approved a number of proposed changes to the College's Charter and Statutes and had also noted that the College would be applying to the Privy Council for the granting of its own degree-awarding powers. None of these changes could take effect until approved by the Privy Council and each year since then he had had to report that there had been no progress towards the approval of either the changes to the Statutes or of degree-awarding powers. He was therefore pleased to say that the Privy Council now appeared to have agreed to all of the proposed changes and had included these in a draft Order in Council, which the College had seen. However, he did not yet know when the Order was to be passed formally. Similarly, the College had also heard informally that its application for degree-awarding powers was to be approved, although, again, there was no indication of a timescale for formal confirmation.
 15. The Chairman then recalled that the College's Statutes required members of the Court and Council to stand down once they had served two terms of four years in office. He told the Court that his own second term of office was due to expire in November and that this would be his last Court Meeting as Chairman. A Search Committee to identify his successor had been established and, in the normal course of events, he would have hoped that the Council would have been able to make a recommendation to the Court at this meeting. Regrettably, it had not yet been possible for the Search Committee to conclude its work. However, he assured the Court that, as soon as a successor had been identified, a recommendation would be made to Council and the Court.
 16. Concluding his Report, the Chairman said that there had been immense developments in the College. If anything, the rate of change was increasing, with the largest capital programme in the College's history now under way. With an annual turnover of nearly £400M Imperial was now one of the largest university operations in the Country. It had multiple campuses and had to work closely with not one, but several, NHS Trusts. Most significantly of all, he said, the College had consolidated still further its position as one of the leading higher education institutions and as a world-class research establishment. The Chairman then paid tribute to the skill and hard work under the Rector's leadership of both the staff and students of Imperial and said that it had been a privilege for him to be associated with the College since 1995.

ANNUAL ACCOUNTS – COMMENTS OF THE AUDIT COMMITTEE (Paper A)

17. The Chairman of the Audit Committee, Mr. Hearn, introduced Paper A, saying that the Committee had reviewed the College's Accounts in detailed discussions with the External Auditors, PricewaterhouseCoopers (PwC) and the College's financial

management. At the last Court Meeting he had indicated the good progress that was being made in improving the College's financial systems. This had now been borne out by the successful upgrade of the Finance software and by improved control over debtors. College management was now grappling with the complex issues of monitoring research grants and contracts.

18. Turning to the Financial Statements for 2001-02, which had been circulated to members of the Court in February, he said that these showed a small surplus of £1M at the operating level, following a small deficit in the previous year. This demonstrated once again the very tight financial constraints within which the College had to operate. The Honorary Treasurer had, in his Report included with the Financial Statements, drawn attention to three particular points. First, each UK student cost almost £3K more to teach than the Government provided in funding. Second, research grants did not at present cover the full costs of the work, and third, the College had spent £30M of its own money on upgrading its buildings, many of which were out-dated. These presented real financial challenges, and the Court would, Mr. Hearn suggested, be reassured to know that they were being faced positively and with resolute determination by the College's management.
19. Before concluding his Report, Mr. Hearn reported that the actuaries of the combined universities' pension scheme had confirmed that it was still in surplus, albeit only just so. This meant that the College would not have to worry about any additional pension liabilities for the next three years. On behalf of the Audit Committee Mr Hearn was pleased to commend the Financial Statements for the year ended 31 July 2002 to the Court.

REPORT BY THE RECTOR

20. For his Report, the Rector gave a presentation on the College's objectives for the coming year, a copy of which is attached as an Annex to these Minutes.

GOVERNMENT WHITE PAPER ON HIGHER EDUCATION (PAPER B)

21. The Rector introduced Paper B by noting that the recognition of, and concentration on, research excellence in the Paper was to be welcomed. However, he acknowledged that this also created a problem in the Higher Education sector since the Government would have to remove research funding from some universities if it was to give extra to the excellent research institutions such as Imperial. The Paper also showed the Government's commitment to the links between higher education and business. This was not just aimed at universities like Imperial that had been working with industry for a great many years. The Paper also sought to encourage different types of university to involve themselves with industry, each in the most appropriate way for them. Hence, Imperial would be expected to maintain and build on its links with large multi-national corporations, whereas a university that primarily served its local community would be expected to build links with local businesses. In support of this, the Government had asked Richard Lambert to conduct a review of higher education and business, a review to which the College would contribute.

22. Moving on, the Rector said that the Government's proposal to remove the requirement for a 'university' to conduct research appeared to be designed to allow the proposed NHS University to be granted university status. There was considerable controversy over this proposal and a great many universities were unhappy about this attempt to remove the link between research and teaching. More positively, he said, the Government would be providing extra funding to support good teaching through the creation of centres of excellence.
23. The White Paper also saw a move away from the Government's commitment to expand higher education participation to 50%. This would now be achieved through the use of 2-year foundation degrees, the majority of which would not be taught in universities. The question remained, he suggested, whether or not these would prove to be useful for either the students or their prospective employers. The Government's other proposals to support access had also impacted the College as they had resulted in a 5½% cut in the College's teaching grant. This money would now be used to give additional funding to those universities that recruited from so-called deprived post-codes. Entry to Imperial was, and should remain, entirely based on merit. In order to maintain its standards, students had to be suitably qualified to enter the College. The Government's proposals for an Access Regulator also seemed poorly thought through. It was unclear what this person would be expected to do. Although Imperial welcomed students from all backgrounds provided they were suitably qualified, the Rector reiterated that it must not compromise its standards.
24. Summing up, the Rector said that the White Paper failed to give universities the freedom they needed to face the challenges of the 21st Century. In fact, it represented yet more regulation, rather than less. He suggested that opening the system up more would have been beneficial for universities, for students and for the Country.
25. The Rector was asked if the Government's support for research would result in an improved career structure for science researchers. It was suggested that the increase in fees would mean that students were less likely to stay on to complete postgraduate qualifications, especially if research posts were poorly remunerated and had poor prospects for advancement. The Rector agreed that this was a significant issue. Researchers stipends had recently been increased and he said that Imperial would have to ensure that it could offer its staff both a good career structure and competitive salaries. It was unrealistic to expect the best researchers to stay in academia if the most they could expect was a salary of just £30K.
26. The Rector was then asked about Imperial's level of recognition outside the UK and the opportunity it would soon have to grant its own degrees. The Rector said Imperial College had to be recognised in its own right as a world-class institution and that awarding its own degrees would be crucial in obtaining this. At the moment, it was seen in some quarters as just a part of the University of London, which was not helpful.

DATE OF NEXT MEETING

27. The Chairman informed members that the next meeting of the Court would be on Friday, 26 March 2004 at 2:15 p.m.

ANY OTHER BUSINESS

28. There was no other business.

VALETE

29. On behalf of the Court the Chairman thanked two retiring members of the Court, Mr. D. Hattersley and Mr. R. J. Margetts for their very significant contributions to the College over the years.

PRESENTATION

30. Following the formal business of the meeting, the Court received a most interesting presentation by Professor Costas Pantelides on Process Systems Engineering.