BIRKBECK
University of London

MINUTES OF THE FINANCE AND GENERAL PURPOSES COMMITTEE

15 June 2016

Present
Hugh Ferrand (Chair), Harvey McGrath, Matthew Innes, Peter Zinkin, Jennifer Fraser,
Robert Allison, Gillian Broadley, David Latchman

In Attendance
Keith Harrison, Keith Willett, Katharine Bock, John Kempton, Jonah Duffin, Nick Head,
Megan Reeves, Roisin Lynch

Apologies
David Kirkman, Ruth Thompson

32 DECLARATION OF INTERESTS
Noted
32.1 Members of the Committee were asked to disclose in advance any actual or
potential conflicts of interest in relation to the matters on the meeting agenda. No
substantive conflicts were identified.

33 MINUTES
Confirmed
33.1 The minutes of the meeting of 2 March 2016

34 REPORT TO THE GOVERNORS
Noted
34.1 The Governors’ receipt of the Report of the Committee following its last meeting (F
2015 26)

35 TERMS OF REFERENCE
Received
35.1 Updated Terms of Reference of the Committee (F 2015 27)

Noted
35.1 Members were asked to send any feedback to the Deputy College Secretary
(Governance) in advance of the next meeting, where the Terms of Reference would
be formally approved.
35.2 Members asked for a version of the Terms of Reference with track changes showing to be circulated.

36 BUDGET REPORT

Received

36.1 A paper on the financial position for 2015-16 (F 2015 28)

Noted

36.2 F&GPC received a report on the forecast outturn for the current year. Current forecasts indicate a surplus of £7.4 million, which is £1.9 million above the target surplus of £5.5 million. The College will now consider whether there are any additional activities which can be undertaken prior to 31 July 2016, including bringing forward spend from 2016-17 plans or undertaking projects which were put on hold in order to maintain the target surplus.

36.3 Members expressed concern that variances against the budget might indicate issues around budgetary control. College management noted that the majority of the variances were due to budget allocations not being fully spent, in which case any variance would always be positive. College management reported that efforts are being made to develop a more systematic approach to budget setting and management which aims to reduce the risk of significant budget variances, and to identify variances earlier in the year where they do occur. The College needs to be increasingly financially prudent to ensure financial stability going forward and should not assume there will be a windfall surplus at the end of each year.

Received

36.5 A proposed budget for 2016-17 and financial forecasts (F 2015 29)

Noted

36.6 An underlying surplus of £2.7 million is forecast, equating to a surplus of £0.5 million after including a contingency of £2.2 million. This budget has been set after iterations with budget managers, building on historical data in most areas with estimated changes and predictions based on School and Professional Service plans.

36.7 As noted above a more systematic approach to budget setting will be taken for 2017-18, and in order to assist with this, costs will be reviewed in conjunction with up to date enrolment data in the Autumn. The outcome of this audit will help to determine a revised planning methodology.

36.8 Members asked to see more detail on how depreciation had been calculated in the budget.

Secretary’s note
In 2011/12, 23 estates refurbishment projects were completed costing £6.7 million. This included work funded from HEFCE Strategic Research Infrastructure Funding and Salix (Carbon Trust) loans. All the expenditure was capitalised in line with the College accounting policy at the time and depreciated over 5 years. 2015/16 is, therefore, the final year in which depreciation of £1.3 million relating to these projects will be charged to the revenue budget. This accounts for the bulk of the £1.1 million reduction identified between the budget for 2016/17 and the forecasts presented at the Governor awayday. We now only capitalise major refurbishment projects exceeding £0.25 million with smaller projects being charged to the revenue budget in the year in which the works are undertaken. In 2015/16, two refurbishment projects costing £1.1 million will be capitalised and £0.8 million for smaller projects will be charged to the revenue budget.

36.9 F&GPC considered five year forecasts to July 2020. Members heard that fee income projections, which included some targets for recruitment to planned new academic provision, were felt to be prudent estimates. Although process improvements have had a positive impact on the numbers of offers and acceptances this year, members noted the need to plan for worst case recruitment scenarios before they occurred. The Committee therefore asked to see modelling for a range of possible outcomes based on possible recruitment scenarios for the 2016-17 budget and future budgets as part of the forecasting process.

36.10 Members asked about anticipated trends in staff costs and asked what plans the College had to manage them. It was reported that the College is revisiting its processes for reviewing the staff establishment and making decisions on new and replacement posts.

Confirmed

36.11 The Committee’s opinion, based on the information provided, that Birkbeck College remains solvent.

36.12 The Committee heard that various capital projects will need to be undertaken in the medium term, including the Cambridge House and HR/Payroll and Finance system replacement projects. There is a need to invest more in long term maintenance of the estate, which will include a mixture of revenue and capital projects over the next ten years. The scope and timing of projects will be considered by Estates Committee and capital budgets will be requested from F&GPC at the appropriate time. Three critical improvements to IT infrastructure have been identified, with an anticipated cost of £860,000 over three years. This includes upgrade of the telephone system and the network servers. Tender exercises will be undertaken to ensure the achievement of value for money, and progress will be reported to Governors.

Approved

36.13 A budget of up to £860,000 to be put aside for IT infrastructure improvements.
37 STUDENT RECRUITMENT AND PORTFOLIO DEVELOPMENT

Received

37.1 A paper on student recruitment and academic portfolio development (F 2015 30)

Noted

37.2 The Committee heard that every effort is being made to maximise the efficiency of student recruitment and marketing in the 2016/17 cycle, leveraging as much recruitment as possible from the new postgraduate student loans as well as general recruitment process improvements. Alongside this, work is ongoing to develop and launch new provision starting in 2017, aiming to increase numbers of new students, widen access and improve student retention to support the size of student body that is necessary to ensure a sustainable future for the College.

37.3 Applications to full time undergraduate degrees remain lower than last year, but significant work to increase the speed of offer making means the number of firm acceptances for undergraduate degrees is on a par with this time last year.

37.4 Members asked about the impact of the removal of Student Number Control, and heard that this, together with the advent of new private providers, has made the undergraduate market more competitive and unpredictable, with institutions that previously asked for higher entrance grades accepting students with lower scores.

37.5 Applications and offer acceptances for postgraduate courses are up on last year. The College is running a campaign to raise awareness of the new national postgraduate loans and the College’s existing financial support and interest free monthly/termly payment schemes.

37.6 It is important that Schools and Departments do not become complacent at this stage in the recruitment cycle, and continue to make every effort to maximise recruitment. Members asked what information was available in the College to monitor recruitment and heard that there is a data visualisation service (Tableau) which is extensively used and updated daily.

37.7 The Committee heard that the College has identified the following portfolio initiatives as opportunities to increase student numbers, in a way that is consistent with Birkbeck’s mission and identity and where there is believed to be market potential: five undergraduate degrees with Foundation Year; three Higher and Degree Apprenticeships; and new or newly consolidated offers in Health, Software Engineering and Data Science. The Foundation Year and Apprenticeships initiatives are proposed to launch in 2017.

38 DEBT MANAGEMENT

Received
38.1 An update on tuition fee debt management *(F 2015 31)*

Noted

38.2 Improvements to enrolment, student record keeping and debt collection processes have resulted in an improved debt position, and the income collection team will continue to manage this area carefully, including analysis of cases where students are not confirmed as ineligible for Student Loan Company funding until midway through the year. It is expected that the debt position will stabilise.

38.3 Members asked about benchmarking and heard that the College’s debt position is comparable to that of other institutions with similar student profiles.

38.4 Members noted that, while the repayment profile of the debt due from the SLC is similar across all Schools, the debt due from self-financing students in the School of Law is out of step. The Law School and the Finance Department are working together to determine reasons for this. The Committee heard that there is an overall review of the School of Law underway.

39 **INVESTMENT COMMITTEE**

Received


Noted

39.2 As at 30 April 2016 the market values of the General Fund and Endowment Fund were £12.844M and £3.882M respectively, representing increases of £407K and £123K respectively compared with their market values at 31 July 2015.

39.3 The Investment Committee had considered a presentation on responsible investment, and had invited a member of the Newton Ethical Investment team to attend the next meeting. The development of an ethical investment policy was a complicated area, and the Investment Committee would continue to report to F&GPC on progress.

39.4 Investment Committee was considering potential options on how borrowing might fit into the College’s Estates development strategy. F&GPC asked to receive more information at the next meeting on the likely terms for any borrowing option and their implications.

40 **STRATEGIC PLANNING COMMITTEE**

Received

40.1 The Report of the Strategic Planning Committee *(F 2015 33)*

Noted
Higher Education policy developments

40.2 SPC has been considering regular briefings on HE policy developments, which are moving quickly as the HE Bill moves through Parliament and a new quality assurance regime including the Teaching Excellence Framework (TEF) is put in place. The QAA led Higher Education Review (HER) process will not now go ahead. Instead, all HE institutions will be expected to sign off assurance of the quality of provision, academic standards and the student experience through their governing bodies, as part of the annual accountability return made in December 2016.

40.3 In June 2016 it was announced that universities who believe that they meet the requirement (an existing positive QAA review outcome) for the initial year of TEF can review their Access Agreements for 2017-18 and increase their undergraduate tuition fees within an upper cap of £9,250 (2.8% higher than the cap of £9,000 that has been in place since 2012). The full QA regime and TEF, including metrics, contextual narratives, levels of outcome linked to tuition fee increases, and subject specific assessment, will be put in place incrementally in the following years and the policy landscape for this is currently not fully defined.

40.4 The University of London is establishing a process by which constituent Colleges can become universities in their own rights. This will require an amendment to the University of London Act, and in the meantime Colleges have been asked to consider the proposition through their internal governance structures. F&GPC endorsed SPC’s support for a proposal for Birkbeck to pursue this possibility.

Agreed

40.5 To recommend that Governors approve the proposal that Birkbeck should engage with the University of London process to become a university in its own right.

League tables

40.6 SPC considered Birkbeck’s likely future performance in university league tables. It was the view of SPC that the College should remain outside of the league table rankings for as long as possible. Given the unique nature of the Birkbeck student body, the College may not perform in a way that reflects its actual quality, and league tables do not allow an opportunity to contextualise the data used. Indications suggest that most Birkbeck students are not influenced by league tables, but come to Birkbeck due to the appeal of its unique offer. However some groups, including young and international students or their parents, do take stock of league tables. Work is ongoing in the College to address issues around the student experience, including those raised by the National Student Survey.

40.7 The College has estimated what its rankings would be if it did appear in league tables. F&GPC members noted that Birkbeck’s performance in some areas is lower
than expected. It heard that some universities deploy gaming strategies to improve their rankings. Birkbeck does not intend to do this, but will pay attention to the measures that will be used in the TEF, as the TEF outcome will have a tangible impact on the College.

**Free speech and safeguarding policies**

40.8 SPC discussed draft policies on free speech, safeguarding and supporting students who have disclosed criminal convictions. SPC noted the need to have robust and operable policies that comply with the law and do so in a way which is appropriate for Birkbeck. The free speech policy is required for compliance with the Prevent duty in the 2015 Counterterrorism and Security Act.

**Review of School of Law**

40.9 F&GPC noted that a review is taking place of the School of Law. It will be led by the Vice Master with Professor Mike Oaksford, Head of the Department of Psychological Sciences as the academic lead and independent Governor Robert Allison having oversight. The outcome of the review will be reported to SPC and Governors, who will also have oversight of implementation.

### ESTATES COMMITTEE

**Received**

41.1 The report of the Estates Committee *(F 2015 34)*

**Noted**

**Cambridge House**

41.2 Estates Committee reported that a project board, chaired by the Master and including Independent Governor Peter Zinkin, had been established to oversee the development of the Cambridge House project. The project board saw three options developed by the design team and agreed that the option to demolish and rebuild, which provided the largest amount of space, should be pursued. This would enable co-location of the whole of the School of Business, Economics and Informatics (BEI) staff. Representatives of the School have joined the project board and are working on developing this option with College officers and the design team. BEI representatives have also been encouraged to discuss developments with their colleagues in the School. The next steps will be contingent on obtaining planning permission. Estates Committee noted the considerable opportunity presented by Cambridge House, as a landmark building and an enabler of large amounts of additional teaching space on the Bloomsbury campus.

**32 Torrington Square**

41.3 F&GPC noted the successful completion of lease negotiations with the University of London for 32 Torrington Square and commended the College Secretary for his work on this. 32 Torrington Square is currently vacant and requires structural
work; and 33 Torrington Square is the site earmarked for development of research facilities for Psychological Sciences. Given the situation surrounding these properties the College accepted a revised valuation of £1.28M, a 15% discount on the £1.5M headline valuation. Estates Committee noted their concern over the general stance being taken by the University in relation to such property disposals, especially the application of commercial valuation principles to sites which could only be used for University purposes.

**Long term maintenance**

41.4 Estates Committee considered a ten year Long Term Maintenance plan. The work, estimated at £26M over ten years, involves replacement of windows and roofs as well as water, air and heating infrastructure, and will be planned and budgeted each year, taking into account the progress of the Estate Development Strategy.

42 **HUMAN RESOURCES STRATEGY AND POLICY COMMITTEE**

Received

42.1 The report of the HR Strategy and Policy Committee *(F 2015 35)*

Noted

42.2 HRSPC had considered various staffing issues that arising during the 2016-17 planning round, and agreed that the top priorities for action were developing an expectations model which would help to manage under performance; and developing a framework to support managers in dealing with retirement issues. It was important to move towards a less ad hoc and more strategic approach to academic recruitment.

42.3 The College needs to increase the number of academic and teaching and Scholarship staff holding a recognised Academic Teaching Qualification or Higher Education Academy (HEA) fellowship. The proportion of staff holding such a qualification will be a performance metric in the TEF. HRSPC had agreed that work will be undertaken in HR and Schools to support and encourage academic staff in applying for HEA fellowship.

42.4 HRSPC noted a change in legislation in relation to gender pay reporting which would require metrics to be published by April 2018. The College has already committed to undertaking an equal pay audit which will be reported next term. The College confirmed its commitment to ensuring its procedures are gender blind. HRSPC will report further on this issue as the Equalities Review progresses.

43 **STUDENTS’ UNION**

Received

43.1 An update on the Birkbeck Students’ Union *(F 2015 36)*
F&GPC heard that there have been ongoing management, governance and HR issues in the Birkbeck College Students' Union (BCSU), which is currently in need of extensive assistance from the College. A NUS diagnostic report has indicated that fundamental improvements need to be made, and recommended the appointment of a strategic change manager.

The diagnostic report recommends establishment of a Turnaround Board comprised of members of the College and the BCSU. The College has asked the BCSU Trustees to forward Minutes confirming their agreement of the recommendations. The College will appoint the change manager on a 6 – 9 month contract. An individual with considerable experience working with struggling students’ unions, recommended by the NUS, has agreed to take on this work.

College management affirmed commitment to support a functioning Students Union in order to support clubs and societies, the student voice and overall experience of a changing student body. However, it was reported that significant and fundamental change is clearly required if BCSU is to meet the needs of Birkbeck students. College management expressed hope that the BCSU Trustees will be able to meet the challenge by following the recommendations from the NUS but if they fail to do so the College will need to consider its ongoing financial support for the union.

F&GPC also received the financial statements of the Birkbeck College Students’ Union for 2014-15, noting that these should have been reported the previous term. The statements were submitted to Companies House in line with an extended deadline.

The Committee’s support for the approach outlined by College management as recorded in 43.2-43.5 above.

The Terms and Reference and Schemes of Membership of the Committees reporting to F&GPC next session (F 2015 37)

- Estates Committee
- Human Resources Strategy and Policy Committee
- Safety Committee
- Strategic Planning Committee
- Investment Committee

The Dates of Meetings in 2016-17

Noted
45.1 The dates of meetings in 2016-17:
- Monday 7 November 2016 at 4.30pm
- Tuesday 7 March 2017 at 4.30pm
- Tuesday 20 June 2017 at 4.30pm