FINANCE AND GENERAL PURPOSES COMMITTEE

7 March 2017

Present
Mr Hugh Ferrand (Chair), Professor David Latchman, Professor Matthew Innes, Mr Peter Zinkin, Mr Rob McWilliam, Mr Robert Allison, Dr Joanne Leal, Dr Eddie Bruce-Jones, Ms Rose Devaney

In attendance
Mrs Katharine Bock, Mr Keith Harrison, Ms Megan Reeves, Mr Fraser Keir, Mr Keith Willett, Ms Roisin Lynch, Mr Jeremy Tanner (for item), Mr Keith Ryan (for item )

Apologies
Sir Harvey McGrath, Mrs Gillian Broadley, Ms Naomi Holloway

15 DECLARATION OF INTERESTS
Noted
15.1 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.

16 MINUTES
Confirmed
16.1 The minutes of the meeting of 7 November 2016.

17 REPORT TO THE GOVERNORS
Noted
17.1 The Governors’ receipt of the Report of the Committee following its last meeting (F 2016 11)

18 FINANCIAL POSITION
Received
18.1 A report on the College’s current financial position (F 2016 12)

Noted
18.2 Enrolments have exceeded target this year, particularly in relation to postgraduate taught entrants, which has been a major contributor to the positive income variance of £2 million. Members heard that the introduction of the postgraduate loan in 2016 has had a positive impact on recruitment and income; however it has resulted in an
increase in tuition fee debt. The postgraduate loans are paid directly to students, who then pay the HEI, and some students have not met their payment obligations to the College. These students have all been contacted in accordance with the College’s debt procedures, and this situation is being monitored.

18.3 In the spring of 2016 an increase in the marketing budget of £0.1 million for marketing activity in the period May to July 2016 was agreed, and this funding contributed significantly to the increase in home enrolments. An increase in the marketing budget for 2016-17 of £0.15 million, to be funded from the contingency, was therefore proposed.

18.4 Members asked whether the surplus was expected to be higher than the current prediction at year end. They heard that the new finance system being introduced for the 2017-18 financial year would allow the College to introduce a “period thirteen” into the financial year that would enable management to have more clarity around year end transactions and thus more certainty around the surplus. The Committee also heard that the Colleges is continuing to improve its budget monitoring processes to improve control and accuracy of the budget forecasts by having regular conversations with the Schools and departments about income and expenditure during the year, and that the new system is expected to facilitate this by providing more regular budget information.

18.5 For 2016-17, it is anticipated that the surplus at year end will be higher than currently predicted, although there will still be a need to have regard to ongoing uncertainty. The College will continue to monitor risks linked to Brexit, the long term viability of the current surge in postgraduate taught recruitment, the likelihood of increases in inflation and the upcoming revaluation of the USS pension scheme. The next triennial valuation of USS will take place on 31 March 2017 and it is likely that the deficit will worsen.

19 BANK MANDATE
Approved

19.1 Proposed amendments to the College’s bank mandate and investment policy (F 2016 13) to take into account the appointment of a Deputy Director of Finance. The bank mandate will be amended to add her to signatory list B, and the investment policy will be amended to add her to the list of staff who are able to place short term investments with approved counterparties.

20 INSTITUTION FINANCIAL COMPARISON
Received

20.1 A paper comparing Birkbeck’s financial position with other HE institutions (F 2016 14).
20.2 This year’s charts were indicative of the current volatility of the sector, due to the removal of the Student Number Control, changes in pension liabilities and other issues.

20.3 Members heard that the pension liability for Birkbeck increased by £5.6 million in 2014-15 to £12 million.

20.4 Members heard that the benchmarking institutions were the other ex-members of the 1994 Group, with the addition of some further London HE institutions. In general, Birkbeck’s financial performance compares well with these institutions. At a future meeting the Committee will be presented with benchmarking data on the College’s funding sources.

21 INVESTMENT COMMITTEE

21.1 The report of the Investment Committee (F 2016 15)

21.2 The value of the College’s General and Unified Fund investments has fallen by £1.1m since 31 July 2016. The new financial reporting requirements will include the loss when calculating the Comprehensive Income of the College this year. Variations in the value of the fund are expected in the short term with long term growth the important consideration. The Committee has requested an attribution analysis to understand Newton’s risk mitigation strategy in more detail.

21.3 Investment Committee considered the funding requirements of the College’s estates strategy, and requested a report exploring the range of investment options based on the working capital required during the life of the project, the funds available for investment at different points in the period and the time period in which funds can be invested. Investment Committee agreed to reconvene for an additional meeting to discuss the options presented.

22 STUDENTS’ UNION

22.1 The financial statements of the Students’ Union for 2015-16 (F 2016 16)

22.2 The Committee noted its approval that, in contrast to previous years, the accounts had been audited and presented in good time. Members heard that the Union turnaround project is bringing significant improvements to the operation of the SU: the current representatives are engaging well with the College and are keen to move
the Union in a positive direction. The turnaround continues to be managed by a joint SU-College Board which is considering a three year plan for the SU.

22.3 The Student Union is currently financially reliant on the College to continue operating. A recommendation on future financing of the SU will be brought to the next meeting of F&GPC.

22.4 The Committee noted that the student representative for F&GPC had not attended the last three meetings. The SU would therefore be asked to nominate a student representative for this Committee.

22.5 The Committee commended the Director of Finance, the Deputy College Secretary Governance and the Academic Registrar for the good progress that had been made with the Students’ Union.

23 STRATEGIC PLANNING COMMITTEE

Received

23.1 The spring term report of the Strategic Planning Committee (F 2016 17)

Noted

23.2 SPC reported that it has closely monitored student recruitment. Overall applications and offers are looking positive compared to last year, with increases across all levels and modes of study, although the Committee noted the importance of avoiding complacency at this critical time of the year, and continuing to work to increase applications, make offers, and encourage conversion into firm acceptances and enrolments. There is currently robust competition from other HE institutions for new students.

23.3 Members asked if the College was concerned about any threats from the plans announced by the Government to encourage universities to introduce two year degrees. College management confirmed that this was not currently considered to be a significant concern because it would not compete with the College’s unique offer, which is the ability to get a degree in 3-4 years while working during the day.

23.4 SPC had met for their annual strategic awayday, which had fed through into the Governors’ Strategic Horizons meeting. One focus of the meetings had been the fundraising campaign for the 2023 anniversary. Members noted that fundraising is not simply about soliciting donations but also about making potentially advantageous connections for the College. F&GPC asked to be regularly briefed on the progress of the fundraising campaign.

23.5 F&GPC also noted that the Estates Strategy would be funded by a combination of fundraising, borrowing and drawing on the College’s reserves.
23.6 SPC heard that the College has made its Teaching Excellence Framework (TEF) submission and will find out the results in May. According to official metrics we will receive a bronze ranking, although we have made a contextual argument for a silver ranking. Members heard that neither league tables nor the TEF as it is currently constituted account for the added value that institutions contribute to their students.

23.7 The Governor liaison scheme is being relaunched, and Governors will soon receive an invitation to express interest in being linked with a particular School, strategic portfolio, or professional service area.

23.8 SPC approved a proposal to launch an annual process to review and agree any changes to published UCAS A level tariffs, in order to ensure that the College is making sensible offers compared to its competitors. It also approved a proposal that Birkbeck’s researchers should take part in nationally benchmarked surveys on research careers.

23.9 SPC received updates on IT capital projects, the HR/Payroll and Finance systems replacement project, the project to improve Birkbeck’s digital presence, and the tendering process for Birkbeck’s catering services. It was pleased to report that the HR/Payroll and Finance system project remains on time and in budget.

24 Estates Committee

Received

24.1 The Report of the Estates Committee (F 2016 18)

Noted

24.2 Following the Governors’ awayday, a direction has been established for the estates strategy based on four core projects aimed at delivering additional research and teaching space. The four core projects are:

- 32/33 Torrington Square (the Toddler Lab)
- Cambridge House, renovated for use as a high quality teaching and events facility.
- Science Wing (Malet Street infill site or alternative)
- Teaching Centre (Malet Street extension building)

24.3 A RIBA stage one design process for 32/33 Torrington Square (the Toddler Lab) has been concluded. This has led to a cost estimate of £9M, higher than previous broader brush estimates. The Committee heard that this estimate went beyond the build costs originally provided and included professional fees, equipment and a
revised design for a bigger building. The cost per square metre is lower than in previous estimates.

24.4 A project board for the Toddlerlab is being established; further scrutiny of figures will be carried out following a stage two report and decisions to proceed with the project will be subject to acceptable costs. A project board for Cambridge House will also be established and both boards will report through the Estates Committee.

24.5 Members noted the importance of being realistic about the costs of the core projects in the estates strategy, and of spending some resource at this stage to refine the cost estimates. These will not only include build costs, but also the costs associated with the tendering and design processes, building purchases, and maintenance and running of the buildings afterwards. Members heard that initial estimates have been based on prudent figures to demonstrate that the College would be able to complete part one of the estates strategy (Torrington Square and Cambridge House) comfortably even in a worst case scenario.

24.6 Members noted the need to consider available project management resource as the sequencing of the projects is planned. The search for a new building for the Science Wing, if the Malet Street infill site is not suitable, involves a very specific set of requirements due to the nature of the research that will be carried out in it. Members noted the importance of close engagement with the clients, in this case the School of Science, throughout this process. An initial steer on briefs and costing for the Malet Street and Science Wing projects will be available by the Autumn 2017 term College Committee cycle.

**Approved**

24.7 A budget of £1.10 million for design fees to progress the Estates Strategy projects; £450K of this had already been approved for the development of the Toddler Lab last term.

24.8 Members heard that issues around air rights on the 999 year lease on the main Malet Street building have been resolved, which will allow for the possibility of building up to the same height as the main building in future. The lease will have a new clause that restricts the College from selling the building or passing it onto another institution on merger. The University of London is finalising a mechanism by which the College can acquire the Malet Street infill site on the same terms as the lease for the Main Building. It was also noted that the College currently leases seven houses on Gower Street from the University of London on a variety of different terms including leases and annually renewed letters. The leases will be coming to an end in summer 2018, and UoL has indicated that it intends to offer new leases on more commercial terms, which could increase the College’s eventual liability to £450K per annum within four years.
24.9 The College is working with the University of London to resolve this issue, either through retaining and long term interest in Gower Street or through an exchange with another University of London property. The College will pursue these possibilities as appropriate.

24.10 The College already has a five year lease on office space within the BMA building in Tavistock Square. Additional space has now become available, which will provide an opportunity to unlock more space for support services and accessible teaching space in the main Malet Street building. This will include three new large ground floor teaching rooms, the relocation of student services staff to a single location in Malet Street, the consolidation of IT Services staff in the BMA, and an opportunity to redesign the Alumni and Development team space in preparation for the 2023 fundraising campaign. The Committee received and was satisfied with a breakdown of costs for this project and agreed that the College should proceed with the initiative.

Approved

24.11 The proposal to rent additional space estimated to cost £200K in the BMA building, and in principle the work to fit out the space in Malet Street and at the BMA, estimated to cost £700K. Estates Committee will formally consider the work element when it considers the annual estates development projects programme next term.

24.12 The Committee noted a list of estates development projects currently under consideration. Estates Committee reported that the College had been successful in securing significant funding from the Wellcome Trust for a new electron microscope. UCL and Birkbeck will share the microscope. Birkbeck’s contribution to its purchase will be £300K. The College will also need to identify a suitable location in its estate to house the microscope and fund the installation costs, estimated to be £1.2M. Members heard that the modifications required to fit the microscope into the extension building are the cause of the high cost; it will be necessary to put the microscope into service as soon as possible because it is critical to Biological Science’s research operation. The microscope will eventually be moved to the new science wing. This building will have better infrastructure, so the second installation costs will not be as high.

24.13 F&GPC noted that this award was a significant achievement for the College, and congratulated Professors Gabriel Waksman and Helen Saibil on their successful bid.

24.14 Estates Committee noted that the College does not have a route to formally propose non Estates capital expenditure to F&GPC and Governors, and proposed that it amend its Terms of Reference to provide for this.
Recommended for approval by Governors:

24.15 The purchase of an electron microscope and associated building works at a total cost of £1.5M

24.16 An amendment to the Terms of Reference of the Estates Committee to state that it should be the executive committee which considers all requests for capital equipment and infrastructure projects prior to approval by Governors.

25 **HUMAN RESOURCES STRATEGY AND POLICY COMMITTEE**

Received

25.1 The Report of the HR Strategy and Policy Committee *(F 2016 19)*

Noted

25.2 HRSPC considered a discussion paper on the work of the Strategic Equalities Review Group to date, and noted a series of proposed equality objectives under the following themes:
- To ensure the College’s culture and structures are inclusive of all staff and student groups.
- To support diversity and equality amongst our community of staff, by identifying and investing in talent at all levels and advancing equality of opportunity in employment.
- To provide an inclusive educational experience and learning environment for all students.
- To establish new Governance frameworks to ensure the effective management of equality and diversity for staff and students.

25.3 HRSPC approved this proposed way forward, including further consultation and engagement with the wider college, and participation in equality and diversity benchmarking schemes.

25.4 F&GPC were pleased to note that there had been an overall participation rate of 85% in the new pilot scheme for academic review. The new style of review would continue, overseen by the steering group as necessary.

26 **HEALTH AND SAFETY REPORT**

Received


Noted

26.2 In the year since the last report, which referenced the changes in the regulatory guidelines around health and safety that gave courts guidelines on sentencing both companies and individuals on health and safety and food safety offences, the penalties
that have been given for violations have been significant. Courts are also required to factor in the potential for harm as well as any actual harm.

26.3 The Committee heard that the College is providing more health and safety training and moving to an online risk assessment system to address this new regulatory environment.

**Approved**

26.4 Revised Terms of Reference for a College Health and Safety Committee *(F 2016 21)*

**Noted**

26.5 The current Terms of Reference of the Safety Committee do not fulfil the legislative requirements. The UCEA/USHA guidance document, *Leadership and management of health and safety in Higher Education*, advises that a senior member of the executive team should chair the Safety Committee. Changes were therefore recommended to the Committee’s Terms of Reference to bring it in line with this guidance.

**27 DATE OF NEXT MEETING**

**Noted**

27.1 The date of the Summer term meeting:

- Tuesday 20 June 2017 at 4.30pm