BIRKBECK
University of London

MINUTES OF THE FINANCE AND GENERAL PURPOSES COMMITTEE

13 November 2012

Present
Mr Paul Shelton (Chair), Mr Richard Abbott, Mr Robert Allison, Professor Philip Dewe, Mr Hugh Ferrand, Professor John Kelly, Professor David Latchman, Mr Harvey McGrath, Mr Rob Park (for the Students’ Union), Professor Julian Swann, Dr Ruth Thompson, Mr Peter Zinkin

In attendance
Mrs Katharine Bock (Head of Governance and Corporate Support), Mr Keith Harrison (Secretary and Clerk to the Governors), Professor Matthew Innes (Pro Vice Master Strategy and Special Projects), Ms Roisin Lynch (Corporate Support Officer), Mr David McGhie (Director of Estates), Mrs Naina Patel (Director of Human Resources), Mr Peter Westley (Director of Finance),

Apologies for absence
Mr John Biggs, Mr Pierre Smith Khanna, Mr Dean Pateman, Ms Megan Reeves

1 DECLARATION OF INTERESTS
Noted
1.1 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.

1.2 No substantive conflicts were identified. Mr Robert Allison noted a consultancy agreement with KPMG, the College’s external auditor.

2 TERMS OF REFERENCE AND MEMBERSHIP
Approved
2.1 Terms of Reference, Scheme of Membership and Members for 2012-13 (F 2012 01)

Noted
2.2 The Chair welcomed the new members and thanked David Butler, who had resigned from the Committee, for his contributions.

3 MINUTES
Confirmed
3.1 The Minutes of the meeting of 12 June 2012.

4 REPORT
Noted
4.1 Governors’ receipt of the Report of the Committee following its meeting on 12 June 2012 (F 2012 02)

5 MATTERS ARISING
Noted
Study Assistance Scheme

5.1 Uptake of the scheme had increased under the new arrangements.
5.2 At its last meeting the Committee had asked to be informed about College involvement in Employment Tribunals. In 2011-12 there had been two cases: one did not reach the tribunal stage and one which had found against the College. As a result the redundancy policy was being reviewed. The Human Resources department would report to the Committee on employment tribunals in the summer term annually.

6 FINANCIAL STATEMENTS 2011-12

6.1 A report from Strategic Planning Committee on the Income Distribution Model budget outturn for 2011-12 (F 2012 03)

Noted

6.2 The year-end surplus was £6.5M compared with £6.7M in 2010-11. All Schools were in surplus at the end of the year for the first time. The Committee congratulated the Schools for the progress they had made.

6.3 The surplus was due to the efforts of both the Schools and the Professional Services. It reflected a second year of good student recruitment performance in the Schools, as well as some genuine pay and non-pay savings and some variances between early forecasts and actual spending.

6.4 It was a testament to all Birkbeck staff, particularly the senior management and the Executive Deans, that the College was in such a good financial position five years after the ELQ crisis.

6.5 Members noted however that there had been larger improvements in some areas than in others.

6.6 The outturn figures were measured against the mid-year budget review. Income forecasting had improved compared to last year, and the College planned to continue to improve on this in the coming year. Steps were being taken to improve in-year pay spend forecasting, including a more detailed analysis and comparison of mid-year and year-end pay costs and discussion between Schools and the Finance department.

6.7 There were differences in School culture which could impact on forecasting and in year budget adjustments. For instance the School of Social Sciences, History and Philosophy had set ambitious student recruitment targets and although it had not met them it had continued to grow and improve its position. The Schools of Business, Economics and Informatics and Law had similarly planned for growth while the Schools of Arts and Science had been more prudent based on current national student recruitment patterns. The College took these approaches into account and allocated contingency accordingly.

6.8 Support service costs were distributed according to student and staff numbers and HEFCE grant income according to student numbers, so the outcome for each School was influenced not only by its own performance but also by the relative performances of the other Schools. For instance the improved positions of the Schools of Arts and Science in the budget out-turn compared with the mid-year budget was due in part to re-apportioning of HEFCE income based on student completions at the year end.

6.9 F&GPC heard that this experience would be taken into account in future budget forecasting, but that the major factor in income prediction was student recruitment, which
had inherent unpredictability. To manage this, the College would continue with its mid-year budget review approach, in which the budget was re-set in the spring term following confirmation of the student recruitment and income position at the end of the autumn term.

6.10 The new academic structure had allowed for more delegation to the Schools. For example, Schools operating in surplus were allowed to approve replacement posts provided the replacement was at a junior level, without central approval. However it would be necessary to retain a high level of central control given the instability of the Higher Education sector.

Received

6.11 The draft financial statements for the year ending 31 July 2012 (F 2012 04)

Noted

6.12 The Committee discussed the College’s current and likely future pensions liabilities. The College is a member of the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL) scheme. Both schemes currently had valuations lower than their predicted liabilities. Given this, as well as the continuing harsh economic climate, F&GPC’s view was that employer contribution rates for these schemes were likely to increase and that the College should take account of this in its future financial forecasting.

6.13 In relation to the cash flow statement it was noted that the College expected increased student debt in 2012-13 due to the impact of the new fees and funding regime and had built up cash reserves with the expectation that they would be called on over the next two years.

Recommended to Governors

6.14 Approval of the Financial Statements for the year ending 31 July 2012.

7 STUDENT RECRUITMENT 2012-13

Received

7.1 A report from the Strategic Planning Committee on student recruitment and tuition fee income for 2012-13 (F 2012 05)

Noted

7.2 New student recruitment onto undergraduate part time degrees was 37% lower than at the same point in 2011-12, worse than the 35% drop the College had been using for modelling. This reflected the situation for part time recruitment nationally. Previous research had found that potential part time students take longer, up to four years, to make the decision to enrol.

7.3 There was £3.9M of contingency in the budget against a tuition fee income prediction of £53M and the indications were that a substantial proportion would be used. Although this would not be an issue for 2012-13 provided the contingency was not all used, the College could not sustain this level of recruitment long term, especially as the numbers would continue to decrease as the larger cohorts from earlier years finished.

7.4 One of the College’s strategies was to build up its portfolio of three year degrees recruited via UCAS. Recruitment to these degrees in 2012-13 had been strong. Unlike four year students, three year students had been subject to a Student Number Control (SNC) for
the first time. The College had exceeded its SNC target, which would lead to a HEFCE grant reduction based on numbers over-recruited.

7.5 The College was planning to appeal against the grant reduction because it was given the SNC very late in the recruitment cycle and had no historical data to plan with. It would also be asking HEFCE to increase the SNC target for the next recruitment round. Schools had been asked to continue to plan and develop new UCAS courses to prepare for this.

7.6 F&GPC also noted the importance of maintaining the four year programmes as these were a key part of the distinctiveness of Birkbeck’s brand in the undergraduate student market.

7.7 There had been a 9% increase in students returning to later years of undergraduate study, presumably taking to take advantage of the chance to do so while remaining old system students.

7.8 Recruitment to Masters programmes had decreased by 15% for full time and 7% for part time. Full time evening Masters were an important part of the College’s provision, and future marketing would focus more on the unique opportunity of getting a chance to gain experience and contacts by working during the day and studying in the evening alongside other working Londoners. The College was in dialogue with HEFCE over a potential Catalyst Fund bid based on further development of intensive evening programmes for undergraduates and postgraduates, linked to the potential for synergy between study and employment.

7.9 The evidence suggested that lower income students had not been deterred from applying, probably due to the College’s generous financial support package for undergraduates. As lower income students had increased the College would need to spend more than expected on financial support, but this was also a welcome opportunity to demonstrate fulfilment of the widening participation mission.

7.10 The College was conducting a survey of enrollers and those who had offers but had not enrolled, in order to develop an effective recruitment strategy for the coming years by understanding why students decided to study at Birkbeck, and why some who had been offered places had decided not to take them up. This would be discussed at SPC’s Awayday meeting in January 2013, which would focus on future strategy in response to 2012-13.

7.11 F&GPC’s view was that the College was doing as well as could be expected under difficult circumstances.

8 BUDGET ESTIMATES 2012-13 AND FINANCIAL FORECASTS

8.1 The revised forecast outturn for 2012-13 (F 2012 06)

8.2 The forecast surplus had increased from £770K at the end of June to £1,117K, an increase of £347K. The main causes of this increase were:

- Forecast increase in donation income based on the year’s donations to date;
- Forecast increase in investment income based on actual investment income to date;
- A reduction in forecast pay costs.
8.3 The Pro Vice Master for Strategy would be leading a mid-year review of spending allocations against income forecasts based on actual student numbers, as was done last year.

8.4 A more formal reporting process for monitoring tuition fee income and debt balances had been introduced. The bad debt provision had been increased at the end of 2011-12, and it was possible that it would require a further increase for 2012-13.

8.5 The process for dealing with debtors had been reviewed. In future debtors would receive monthly emails and after a set period the debt would be passed to debt collectors.

8.6 HEFCE had asked for the financial forecasts agreed in summer 2012 to be resubmitted, updated with the confirmed outturn for 2011-12 and the updated estimates for 2012-13. There were submitted to the Committee (F 2012 06A) which recommended that Governors approve them.

9 INVESTMENT COMMITTEE

9.1 The draft report of the Investment Committee (F 2012 07) was received.

9.2 Instant access and fixed-term deposits had been placed with the revised approved list of authorised deposit takers, and the withdrawal of deposits from others not on the revised approved list was nearing completion. The investment portfolio was doing well.

10 BLOOMSBURY COLLEGES COLLABORATION

10.1 There had been developments within The Bloomsbury Colleges (TBC) following the departure of the School of Pharmacy at the end of 2011 on its merger with University College London; and the Institute of Education’s recent announcement of a strategic alliance with UCL. The IoE/UCL alliance included potential collaboration on professional services, increasing the risks for the TBC’s development of shared Estates services.

10.2 Through TBC the College was also signed up to support the London International Development Centre (LIDC). LIDC was a multidisciplinary centre housing academic staff involved in international development fields and fostering joint research and collaborative developments between them. It had been established via a HEFCE Strategic Development Fund grant made to TBC. The grant had been spent and the centre was dependent on subscriptions from TBC Colleges.

10.3 While LIDC had secured significant participation from and benefits for the London School of Hygiene and Tropical Medicine, SOAS and IoE, all of whom had international development in their core missions, Birkbeck’s mission was different and, while it was supportive of the LIDC and its aims, its involvement had been more peripheral.

10.4 LIDC had its own premises in Gordon Square, jointly owned by the TBC institutions under an agreement with a “last man standing” exit arrangement in which, if a partner institution left, the remaining partners would pay back their share in the property. This had been enacted when SoP left TBC.

10.5 TBC was reviewing the exit arrangement and that LIDC’s management group had been asked to consider the centre’s budget and the charges to members in relation to the
benefits derived by each. Nevertheless, there was concern that Birkbeck’s potential liabilities in relation to LIDC were increasing while the academic benefit it derived was small.

**Recommended to Governors**

10.6 If an acceptable alternative to the “last man standing” exit arrangement could not be agreed, or if the recurrent costs of LIDC to Birkbeck increased further, Birkbeck should consider withdrawing from the LIDC.

**11 STRATEGIC PLANNING COMMITTEE**

*Received*

11.1 The Report of the Strategic Planning Committee *(F 2012 08)*

*Noted*

**Fees, Bursaries and Scholarships**

11.2 Postgraduate, Undergraduate and Certificate fees had been confirmed. Fees remained at their current level with the exception of Certificate Tiers 1 and 2 which were increased towards a rate covering costs of provision.

11.3 FBSC and SPC would oversee a full review of fees for 2014, taking in comparability between Certificates and degrees in cognate subjects, the need for fees to cover the cost of the programmes, and potential price sensitivity issues.

11.4 International fees would be increased by 5% for 2013-14.

11.5 FBSC had endorsed a new operational process for fee setting, charging and publication, produced during a recent Rapid Improvement Workshop as part of the College’s Operational Excellence initiative.

**Birkbeck Association**

11.6 The brand identity of the membership scheme would be presented to the Governors at their November meeting, and announced internally in December. Sign up to the scheme would be open from early 2013.

**Student Loans**

11.7 The College was addressing the risk that some students who had applied on the basis that they would take out a student loan might never provide the Student Loans Company with the appropriate documentation. The College would transfer the debt from the SLC to these students once it was clear they were not pursuing a loan application. The ‘Our Promise to You’ undertaking only applied to students who applied for and had been honest about being eligible for loans.

11.8 There had been some improvements in SLC’s part time loan processing. An online form for part time students was in use and applications were being processed. Birkbeck’s Academic Registrar was Chair of the SLC part time working group focusing on improvements for 2013-14. There was an expectation that loans would be processed earlier for 2013-14, although it was likely that the College would still have something similar to the ‘Our Promise to You’ campaign to encourage applications.

11.9 SPC agreed action to be taken in relation to the c.800 2012-13 enrollers who had applied on the basis of a loan and whose applications had either not been received or not fully processed by the SLC. These students would be contacted by email and phone to remind
them to fully complete loan applications and to offer the College’s support if there were outstanding issues preventing them from completing the process. SPC would continue to monitor the situation. Any financial implications would be addressed as part of the mid-year budget review.

**UKBA Compliance**

11.10 Following the events in autumn 2012 when the UKBA withdrew London Metropolitan University’s sponsor status, the College asked the internal auditors to review the robustness of policies and procedures in relation to UKBA compliance at Birkbeck. The report indicated that there were robust arrangements in place but that the College should consolidate its procedures for attendance recording for taught programmes and record keeping in relation to supervision meetings and other forms of attendance for research programmes.

11.11 A standardised class list for attendance recording would be made available for all taught programmes. Attendance records would be kept locally with a reporting framework including a regular return to the Registry so that any problems with attendance could be noted.

11.12 The College would need to maintain a structured approach to meetings between supervisors and research students, to meet UKBA criteria for scheduled contact points.

11.13 The crucial need to meet the UKBA requirements had been made clear to all staff, and would be reinforced again at the upcoming Master’s Address.

11.14 The Student Union representative noted that the SU were supportive of the College in their efforts to ensure compliance with the regulations. Aside from UKBA compliance, the College had a pastoral responsibility to look after the well being of international students.

11.15 F&GPC agreed that attendance monitoring and record keeping of supervision meetings were important not just to meet the requirements of the Border Agency, but for retention, pastoral and pedagogic reasons.

**12 ESTATES COMMITTEE**

Received

12.1 The Report of the Estates Committee *(F 2012 09)*

Noted

**Estates Projects**

12.2 The Estates Committee reported that most of the programme of work agreed for the summer had been completed, including

- Laboratory fit-out for Biological Sciences research
- PhD student space for Psychological Sciences.
- The School of Law’s new staff/visitor space at 12 Gower Street
- Reception space at the School of Arts’ Gordon Square base
- Work on the connecting corridors between the houses in the School of Social Sciences, History and Philosophy base in Russell Square
- Relocation of Geography, Environment and Development staff at 32 Tavistock Square.
- An accessible meeting room designated in 30 Russell Square.
- The School of Business, Economics and Informatics postgraduate research student centre in the Clore Management Centre.
- An awning extension to the main building fifth floor catering facility.
12.3 Estates Committee had confirmed that Governors were responsible for the approval of higher value and longer lease arrangements, advised by Estates Committee and F&GPC, while decisions on lower value and shorter leases were delegated to management and reported via Estates Committee.

12.4 Estates Committee reported on a feasibility study into reorganising the Library’s space. The recommendations would be considered by the Library Advisory Group. Projects arising from the study would be managed through the Estates Committee.

**Space Management**

12.5 Start of term operations had been successful and uptake of the online timetable system by staff and students had been high.

12.6 User surveys on teaching venues had been conducted and one of the venues would no longer be used as a result. More user surveys would be conducted in the future.

12.7 Digital signage was in use in the four main basement lecture theatres in Malet Street. More signage would be installed over the coming weeks.

**Estates Strategy Update**

12.8 The feasibility study and master planning exercise on the development of the Bloomsbury campus had been completed. Several sites with potential for development had been identified. The most feasible, depending on the College’s ability to raise funds, were a freestanding building at the north end of Torrington Square, and a development of the gap between the Torrington Square houses and the Warburg Institute for the Toddlerlab.

12.9 F&GPC heard that any of these potential developments would require negotiation with the University of London over leases and other issues but that indications so far were that the UoL were favourably disposed towards Birkbeck’s plans.

**University Square Stratford**

12.10 The USS project was proceeding satisfactorily. The concrete frame was 95% complete. Work had begun on planning the procurement of the furniture, fit-out and equipment elements of the project, and staffing was being discussed.

**Energy and Environmental Management**

12.11 The College had exceeded its target to achieve all five phases of the BS8555 Environmental Management System standard by July 2013, having achieved the certification in September 2012. The College with its Bloomsbury Consortium partners had been shortlisted for a Green Gown Award for environmental excellence in higher education.

12.12 Staff would be trained as Green Champions to act as representatives in the Schools and Professional Services and network with other Champions across the Bloomsbury Colleges.

**Budget Reports**

12.13 Estates Committee reported on the capital projects budget. A total of £13.9M was available for current and future projects, of which £3.5M was earmarked for Stratford and £7.4M for current projects. The current projects were £265K over budget.

13 **HR STRATEGY AND POLICY COMMITTEE**

Received
13.1 The Report of the HR Strategy and Policy Committee (F 2012 10)

Noted

13.2 Agreement between management and Unions had been reached on harmonisation of pay and conditions for Teaching and Scholarship (formerly sessional) staff. The agreement was currently with the UCU ratification committee and had the approval of the Birkbeck UCU members. Once ratification was confirmed work would begin to get T&S staff onto the standard pay spine.

13.3 The Committee thanked the Vice Master and the Human Resources department for their hard work on securing this agreement.

Recommended to Governors

13.4 Approval of the Recruitment and Employment of Ex-Offenders Policy

14 STUDENTS’ UNION FINANCES

Received

14.1 The financial memorandum between the College and the Students’ Union for 2012-13 (F 2012 11)

Noted

14.2 The revised financial memorandum had been designed to reflect a significantly restructured Students’ Union focused around the core activities of advocacy, advice and representation of student issues. The shop and counselling service had transferred to the College providing an opportunity to build a more coherent counselling service.

14.3 The memorandum laid out procedures for the Union’s financial planning and management in order to reduce risk, including that all financial transactions would pass through the College ledger in order to ensure that the Union could rely on a sound system of financial management and control. The SU bank account should operate in surplus, and no overdrafts, credit cards or loan facilities should be applied for without the express consent of the College Secretary or Director of Finance.

14.4 Staffing costs had been cut and a realistic non-staff budget set. The outstanding debt to the College would be paid through the trading income from the shop and the bar. There would be annual confirmation from F&GPC that the Committee was satisfied with how the SU was operating.

14.5 Committee members asked whether repayment of the debt, which was £247K, was a realistic expectation considering the significant loss at which the Union was operating. College management noted that that it intended to support the core services of the Union for the benefit of students but would act immediately if there were any further indications of financial mismanagement. The Financial Memorandum could be revisited in the future if necessary.

14.6 Thanks were given from the Committee and from the SU representative to colleagues involved in the restructuring of the SU.

Received

14.7 The audited accounts of the Students’ Union for 2011-12 (F 2012 12)
Noted

14.8 The Committee drew particular attention to note 19, on the Union as a going concern, and noted that the Union was only viable with the support of the College.

Recommended for approval by the Governors

14.9 The financial memorandum between the College and the Students' Union for 2012-13 (F 2012 11)

14.10 The allocation of the SU's grant for 2012-13: £215,000 including £165,000 of staff costs and £50,000 of non staff costs.

15 DATES OF THE NEXT MEETING

Noted

15.1 The dates of the Spring and Summer term meetings:

- Tuesday 5 March 2013 at 4.30 pm
- Wednesday 19 June 2013 at 4.30 pm