Birkbeck
University of London

Minutes of the Finance and General Purposes Committee

2 March 2016

Present
Hugh Ferrand (Chair), Harvey McGrath, Gillian Broadley, Robert Allison, Jennifer Fraser, Joanne Leal, Peter Zinkin, Ruth Thompson, David Latchman

In Attendance
Keith Harrison, Keith Willett, Katharine Bock, John Kempton, Megan Reeves, Roisin Lynch

Apologies
Matthew Innes, David Kirkman

16 Declaration of Interests
Noted
16.1 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.

17 Minutes
Confirmed
17.1 The minutes of the meeting of 2 November 2016.

18 Report to the Governors
Noted
18.1 The Governors’ receipt of the Report of the Committee following its last meeting (F 2015 15)

19 Matters Arising
Sensitivity analysis
19.1 Work on sensitivity analysis would be developed as part of the ongoing detailed discussions around portfolio development and budgets.

Terms of reference
19.2 F&GPC would consider and review its own Terms of Reference at the next meeting.

20 2015-16 Budget and Mid Year Review
Received
20.1 The current budget reports, which have been updated following the mid-year review of income and expenditure in the Schools and Professional Services (F 2015 16)

Noted

20.2 Income from tuition fees is currently forecast to end the year around £6 million below the budget target, a shortfall that exceeds the contingency of £3.175 million. Work is therefore taking place with budget managers to identify adjustments which will enable the College to achieve the target surplus of £5.5 million. This includes higher than forecast income from the University of London International Programmes, and lower than forecast spending on staff (due to unfilled vacancies), non-staff budgets and student bursaries (due to lower than forecast student numbers).

20.3 The College is reviewing its non-staff budgets to determine the capacity for further recovery of the financial position. There is potential for additional savings to be made through rationalisation of previously unused budgets. This would increase the surplus, although F&GPC also noted the need to support strategic development now in order to improve the College’s position for the future. F&GPC also noted a peak in non-staff spending in July, the last month of the financial year, and asked the College to ensure that budgets were spent responsibly and only on planned and necessary activity throughout the year.

20.4 At their Awaydays, Governors and Strategic Planning Committee (SPC) considered various financial scenario models and agreed to a strategy for a staged return to a surplus of 5% of income by 2019-20. The target surplus for 2016-17 will be set during the upcoming planning round and will involve identifying efficiency savings and opportunities for increasing student and other income, as well as analysis of the risks involved in cutting costs. Staff have been advised to consider spending carefully and work has begun on developing the academic portfolio in new directions to boost recruitment.

20.5 Members noted there has been a fall in applications in the early phases of the 2016-17 student recruitment cycle and asked if this would have an impact on the financial modelling. While applications for three year undergraduate degrees are 22% lower than last year in the first phase of the UCAS cycle, for Birkbeck the conversion rate from applications to offers is much lower in this first phase and the College gets 70-80% of its three year students from the later phases of the UCAS cycle. The College is facing a challenging year in an increasingly competitive environment and is putting a considerable amount of effort into boosting student recruitment.

20.6 The College is facing a range of planning uncertainties over the coming months, including student recruitment challenges, the Cambridge House development, the potential need to construct a new building at 33 Torrington Square, other potential
projects in the estates strategy; and external factors including Government cuts, the Teaching Excellence Framework, and the possibility that Britain will leave the EU. F&GPC saw planning scenarios indicating that Birkbeck would be able to complete the two capital projects it was committed to, Cambridge House and the toddler lab, but would need to identify further funding to undertake additional projects. Potential sources include capital grants, fundraising linked to the 200th anniversary and, subject to considerations of affordability, loan financing.

20.7 As there is some further work planned to refine the numbers, the 2015-16 budget will be confirmed at the 22 March meeting of SPC, after which updated figures will be circulated to members of F&GPC.

Agreed

20.8 To advise Governors that the College is currently solvent.

21 DEBT MANAGEMENT
Received
21.1 An update on tuition fee debt management (F 2015 17)

Noted
21.2 F&GPC received a report on the management of tuition fee debt. While outstanding debt is slightly higher than at the same time last year, £30.3 million compared to £28.7 million, the total income due from tuition fees is estimated to be £66.3 million, £2 million higher than for 2014-15. The year end position is expected to be similar to last year’s. The Committee was pleased to note that process improvements continue to have a positive impact.

22 STRATEGIC PLANNING COMMITTEE
Received
22.1 The report of the Strategic Planning Committee (F 2015 18)

Noted
22.2 SPC has considered current and proposed changes to the Higher Education policy environment, including the announcement in the Spending Review that loans will be introduced for taught masters students under the age of 60 from 2016-17. This is a positive outcome for the College’s lobbying to increase the upper age limit from 30 as originally proposed. The College is liaising with the Department for Business, Innovations and Skills on how the loans can be effectively promoted to part time students.

22.3 Maintenance loans for part time undergraduates will be introduced from 2018-19. The College is lobbying for these loans to be available for all students that year, including those who have already started their courses. This would offset the risk
that students will delay enrolling until the loans are available, which could have a negative impact on 2017-18 student numbers. One option could then be for the College to offer a bursary for 2017-18 on the basis that students would be eligible for loans from 2018-19. The loans will also support a more seamless transition for students who need to transfer between full and part time study. The College expects this to improve retention as students would be able to adjust the intensity of their study according to their circumstances.

22.4 It has been announced that restrictions on accessing tuition fee loans for a second degree will be removed from 2017 for Science, Technology, Engineering and Mathematics (STEM) subjects. The detailed list of which subjects will be exempt has not yet been released. The College will continue to advocate for the phasing out of these restrictions.

22.5 SPC also reported its consideration of the Higher Education Green Paper, in particular the focus on the experience and outcomes for students. The College’s work towards improving the student experience is set out in the Student Engagement Strategy that was approved last term. A set of projects to improve specific areas has been prioritised and is reporting via the Student Engagement and Widening Participation Committee to Academic Board. F&GPC asked for a report on these projects to be made to a future meeting of the Governors.

Secretary’s Note: Academic Board has forwarded the full report of the Student Engagement and Widening Participation Committee to Governors, and proposes that this area is an agenda item for the summer term Governors’ meeting.

22.6 SPC is closely monitoring student recruitment. As noted above, applications for three year undergraduate degrees are down 22% compared with this point last year, but the drop in offers is lower at 9%. The number of offers made to applicants for part time undergraduate degrees, and part time and full time Masters degrees are all up on this time last year, although applications for part time undergraduate degrees continue to fall and applications for Masters degrees are broadly level compared with previous years. Staff are making efforts to make offers as early as possible, and measures have been put into place to improve application handling and offer making.

22.7 As reported last term, a review of the Economics, Mathematics and Statistics Department had led to recommendations to improve leadership, management and communications, address research and student recruitment performance and improve internal organisation and staff development. SPC strongly endorsed the recommendations and confirmed its expectation that they will be implemented promptly. SPC will receive and scrutinise regular reports on progress and will hold the department to account in implementing the recommendations.
23 **RESEARCH GRANTS AND CONTACTS**

Received  

23.1 The annual report from the Research Grants and Contracts Office on research income for the financial year 2014-15 *(F 2015 19)*

Noted  

23.2 Birkbeck’s research income for the year was £10.4m. Funding from the Research Councils and related bodies continued to be the largest source of research income, at 40% of total income.

23.3 245 research grant applications were submitted in 2014-15, the highest ever number. However, the success rate, 22%, is lower than last year. This was partly caused by multiple applications to a very competitive fellowship scheme, with a 5% success rate. The College is putting in place a more structured approach, aiming to ensure high quality bids with strategic co-ordination where appropriate, which should improve the success rate.

23.4 The Committee noted that EU bodies were the second largest source of research income for the College, and asked what impact a potential British exit from the European Union would have on this funding. This could affect funding streams for individual projects, but the overall impact would be mitigated because the UK would not have to contribute to the EU research budget, freeing up resource with the potential to be redirected to fund UK research. For Birkbeck the bigger risk is around ability to recruit EU students, as these students would no longer be eligible for home fees or student loans.

24 **INVESTMENT COMMITTEE**

Received  

24.1 The draft report of the Investment Committee *(F 2015 20)*

Noted  

24.2 As at 31 January 2016, the market values of the General Fund and Endowment Fund were £12.44 million and £3.76 million respectively, representing an increase of £4k and £2k compared with their market values as at 31 July 2015. Newton Investment Management Limited, the College’s fund managers, continue to remain cautious about the economic outlook and concentrate on high yielding defensive and less volatile stocks. They would not suggest further investment in their fund at this time.

24.3 The Investment Committee has started to consider the development of a socially responsible investment policy, a complex issue that needs careful consideration. At their next meeting the Investment Committee would hear from a representative from Newton and a representative from an ethical fund on their respective approaches to responsible investing, and continue to report to F&GPC on this issue.
25  **FUNDING FOR UNIVERSITIES**  
Noted

25.1 At the time of the meeting, it was reported that HEFCE were expecting to be informed of their budget by BIS imminently, enabling them to determine institutional allocations. It is likely that the institutional allocations will be announced after the next meeting of the Governors on 15 March, in which case details will be circulated by email.

*Secretary’s note: BIS’s letter to HEFCE was published on 5 March and is available from this link.*


It signals cuts and retargeting of the Student Opportunity Fund to focus on part time and disadvantaged students, supportive statements about part time and flexible learning in HE, further development of degree apprenticeships, implementation of the Nurse review to bring the research councils closer together, and an expectation for the next Research Excellence Framework to be over by 2021.

26  **INSTITUTIONAL FINANCIAL COMPARISON**  
Received

26.1 A report noting Birkbeck’s sound financial position last year compared to that of comparable institutions *(F 2015 21)*

Noted

26.2 The College’s surplus as a percentage of turnover was 9% in 2014-15, compared to a sector average of 3.9%.

26.3 Birkbeck has the lowest external borrowings as a percentage of total income of all the institutions shown. Borrowing is one of the options that will be considered for resourcing future estates strategy developments. Members noted that the current financial climate is favourable for borrowers.

27  **STUDENTS’ UNION**  
Noted

27.1 The Students’ Union financial statements for 2014-15 are being processed by Birkbeck’s accounting team and it is expected that they will be completed and audited by the end of March. F&GPC will review them by email.

27.2 The Academic Registrar and Director of Finance have been working with the SU on the development of strategic Key Performance Indicators. The NUS have recently made a ‘diagnostic’ visit to assist the SU in defining their strategic goals.

28  **ESTATES**
28.1 An update on the development of Cambridge House (F 2015 22)

Noted

28.2 The College has appointed an architect with a strong track record both in the HE sector and in the Camden area to deliver a pre-tender costed design for the property, with planning consent. With the agreement of Estates Committee a project board has been established to oversee the work. The next steps will be to appoint a design team, including planning consultants, Quantity Surveyors, Rights of Light experts and structural engineers, to produce a report with information to support a decision on the best use case for the building. The two use cases under consideration are a consolidated building for research, and academic office accommodation. Assuming no unexpected delays are encountered, the College plans to submit an application for planning approval by the end of summer 2016.

Approved

28.3 An additional £250K to resource the delivery of a costed design with planning permission. The funds will be loaned to the College subsidiary, Birkbeck College Cambridge House Limited, which holds the building asset.

Received

28.4 The report of the Estates Committee (F 2015 23)

Noted

28.5 The Committee noted the ongoing development of College estates strategy. The immediate focus of the strategy would be the extension building, including the laboratories, and increasing the availability of teaching space on the Torrington Square campus. Discussions were ongoing, with UCL on potential collaboration and with the University of London on potential use of buildings in the University estate.

28.6 The sale of 7 Bedford Square is in its final stages, and should be concluded when some final documentation is made available by the buyer.

28.7 Good progress was reported in the 2015 project programme. Estates Committee also considered proposed projects for 2016, and asked for more detailed cost benefit analyses to be considered before the final list of projects is approved. Good progress was also reported in promoting sustainability and environmental matters.

28.8 Estates Committee plans to consider a ten year long term maintenance proposal at its next meeting. In the meantime, having considered a report on structural concerns at 27 Russell Square, Estates Committee asked for the necessary remedial work to be done as soon as possible, in summer 2016.
28.9 Last term it was reported that the façade of 32 Torrington Square requires remedial work estimated to cost £350K. This is likely to be a complicated project, as it will need to take into account the lease negotiations for both the house and the site (33) next to it, which is being acquired potentially for the toddler lab. The College needs to integrate redevelopment of no. 32 with new development at no. 33. Estates Committee therefore recommended that F&GPC approve the remedial work budget in principle, and that the Chair of Estates should approve the sequence of work taking these factors into account.

**Approved**

28.10 A £350K capital funds budget for repairs to 32 Torrington Square.

29 **HR STRATEGY AND POLICY COMMITTEE**

*Received*

29.1 The Report of the HR Strategy and Policy Committee (F 2015 24)

*Noted*

29.2 HRSPC noted that recent changes in case law had prompted a review of the College’s use of overtime. Earnings resulting from contractual or compulsory overtime will need to be factored into holiday pay calculations. It is unlikely that the College will be liable for any back pay under the new case law.

29.3 The Higher Education Statistics Agency (HESA) is proposing to change the parameters of the annual staff return in a way that could impact on the staff/student ratio used to inform league tables. Under HESA’s proposals, academic staff without defined teaching hours in their contracts will be returned as research only. HRSPC will keep this area under review and report as more details become available.

30 **HEALTH AND SAFETY**

*Received*

30.1 The annual report of the College Safety Committee (F 2015 25)

*Noted*

30.2 Members heard that the regulatory environment for Health and Safety has changed, with the publication of definitive guidelines on sentencing and fines for Health and Safety Offences, Corporate Manslaughter and Food Safety and Hygiene offences. In addition, guidance on health and safety for universities has been released by the Universities Safety and Health Association (USHHA) and the Universities and Colleges Employers Association (UCEA).

30.3 The Safety Committee had agreed that management systems should be put into place to support compliance with the requirements of this document. A ‘Compliance
Audit Tool' and a rolling timetable of audits have been introduced to help ensure that Schools and Departments meet the minimum legal requirements. The Safety Committee will continue to monitor progress. Safety Committee also approved a simplified College Health and Safety Policy.

**Actions**

30.4 *(College Secretary/Academic Registrar/Health and Safety Officer)* Review the health and safety related aspects of the increasing numbers of younger students, and the College’s duty of care towards all its students.

30.5 *(Safety Committee)* Add the Academic Registrar to the Scheme of Membership.

30.6 Noted

Guidance on health and safety considerations for students and staff is being developed and will be available on the staff intranet soon.

31 **DATE OF NEXT MEETING**

Noted

31.1 The date of the summer term meeting:

- Wednesday 15 June 2016 at 4.30pm