MINUTES OF THE FINANCE AND GENERAL PURPOSES COMMITTEE

6 March 2014

Present
Mr Harvey McGrath (In the Chair, for Paul Shelton), Mr Richard Abbott, Mr Charles-Michael Berry, Professor Philip Dewe, Professor David Latchman, 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 (Vice Master Designate), Ms Roisin Lynch (Corporate Support Officer), Mrs Naina Patel (Director of Human Resources), Ms Megan Reeves (Deputy Secretary)

Apologies for absence
Mr Robert Allison, Mr Hugh Ferrand, Professor John Kelly, Mr Paul Shelton, Professor Julian Swann, Dr Ruth Thompson

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.

15.2 No substantive conflicts were identified. Dr Ruth Thompson reported that she was co-chairing the Higher Education Commission’s 2014 enquiry into the financial sustainability of Higher Education.

16 MINUTES
Confirmed
16.1 The minutes of the meeting of the 20 November 2013

17 REPORT TO THE GOVERNORS
Noted
17.1 Governors’ receipt of the Report of the Committee following its meeting on 20 November 2013 (F 2013 12)

18 BUDGET ESTIMATES
Received
18.1 The year-end Income Distribution Model report for 2012-13 (F 2013 13)

Noted
18.2 Good student recruitment performance had had a positive impact on the Schools’ finances. Pay and non-pay spend was lower than forecast, while non tuition fee income was higher than forecast. For 2013-14 there was a focus on further improving in-year forecasting in 2013-14.
18.3 All the Schools had consolidated or improved their positions compared with the 2012-13 mid-year review.

Received


Received

18.5 Updated College budget estimates for 2013-14 (F 2013 15).

Noted

18.6 The moderated forecast surplus was £2.19M, an improvement of £2.2M since the first prediction in June 2013.

18.7 The main positive changes between the initial and mid-year forecasts were:
- Increased tuition fee income year-end forecast
- Increased income from Professional Services, Room Bookings, and research grants and contracts.
- Reduced forecast of Schools' pay spending.
- Increased central pay and restructuring contingency.
- Release of contingencies related to student recruitment

18.8 The main negative changes were due to:
- An adjustment relating to students whose withdrawal was recorded after the 2012-13 year end.
- The HEFCE in year grant adjustment (fine) for over-recruitment.

18.9 Members asked about the adjustment for student withdrawals recorded after year end. It was reported that in cases where the College had initiated debt chasing but established that a student had not actually started to attend, the student would be retrospectively withdrawn.

18.10 £0.5M had been set aside for the establishment of a College Strategic Development Fund.

18.11 The 2013-14 mid-year review process had aimed to hone the estimates to be as close as possible to the likely year-end position.

18.12 The review process had also included initial consideration of prospects for the next three to five years in each School. If the 2013 student recruitment performance was maintained over a five year cycle, the two Schools currently in deficit (Arts and Science) were likely to reach a better position. Achieving this would require ongoing commitment and focus on recruitment.

18.13 F&GPC noted the importance of avoiding becoming complacent about the recent positive recruitment trends. The large four year cohorts recruited in 2010 and 2011 would start to diminish after 2013-14 and Birkbeck would need to expand its new three year cohorts to
make up for this, while carefully monitoring and responding to the implications of taking on more and different kinds of students.

18.14 Work was ongoing to explore innovative ways of increasing recruitment. One example was an option for students to study at part-time intensity in term time but complete within three years by continuing to study over the summer.

18.15 As reported last term, the successful recruitment of students onto three year programmes in 2013 had taken the College over its Student Number Control (SNC) and triggered a fine from HEFCE in the form of an adjustment to the 2013-14 T fund grant. The College’s appeal against the fine had succeeded in respect of students who transferred from part time to full time courses but not in respect of new students. The fine was £1.1M.

18.16 The College had received a provisional SNC for 2014-15. HEFCE’s systems automatically reduced institutional allocations when there was over-recruitment the previous year. The College had appealed against the automatic allocation, asking for an increase in numbers to 1,100. After 2014-15 the SNC would end, although it was likely that penalties for over-recruiting in 2014-15 would carry over into future years. The College would need to keep to its SNC in 2014-15.

Approved

18.17 The IDM (F 2013 14) and updated College budget estimates for 2013-14 (F 2013 15) following the mid-year review.

Received

18.18 Tuition Fee Income Inflow and Debt Reports (F 2013 16).

Noted

18.19 In 2012-13, the tuition fee income position had not been fully clear until close to the end of the year, after delays in confirming student loans. The College had since tightened its processes for loan confirmation, so there was less unconfirmed debt in 2013-14 compared with the same point the previous year.

18.20 Members heard that bad debt provision had been made to cover the debt older than one year, but attempts were still being made to collect it through a variety of methods including long term payment plans and debt collection agencies.

18.21 The Committee asked for this report to be presented with greater granularity in the future and that a narrative be included to clarify the nature of the debt and debtors.

Funding for Universities 2014-15

Noted

19.1 Confirmation by Department of Business, Innovation and Skills (BIS) of funding for universities in 2014-15. (F 2013 17)
This confirmation was later than normal as BIS’s budget for 2014-15 had been cut. BIS’s policy directive included protection of high cost subjects including science; and review of widening participation, access and disability funding. The overall picture was one of increasingly limited resource with further cuts to university funding in 2015-16.

HEFCE planned to notify institutions of their individual grant allocations on 27th March 2014.

**UNIVERSITY SQUARE STRATFORD: SPACE SHARING**

Received

A proposal to revise the space sharing arrangements within the University Square Stratford Building (**F 2013 18**).

Noted

The proposal was in accordance with Birkbeck’s strategy to time-share space with daytime institutions. It was confirmed that the evening teaching space would not change; the arrangement was to make a long term deal with UEL rather than attempt to hire the space out commercially in the daytime. It was reported that the conference room hire market in East London had more supply and less demand compared with Bloomsbury.

Part of the arrangement involved transfer of a dance studio to UEL. Members asked if it would be available for Birkbeck students if performing arts provision at Stratford was developed, noting that the School of Arts had performing arts degrees in its portfolio. It was confirmed that the studio was a key part of the agreement from the UEL perspective but that there would be negotiations to secure use for Birkbeck students should the need arise.

Members noted that the College would need to communicate effectively that this did not indicate a retreat from Stratford. Birkbeck’s Estates Committee had made useful suggestions that were being taken forward on branding and signage in the common areas of the building, to promote both institutions’ identities.

Members asked why this proposal had come forward now, and heard that the opportunity had only become available now as part of the University of East London’s own estates strategy.

**The proposal for revised space sharing at University Square, Stratford for approval by Governors.**

**STRATEGIC PLANNING COMMITTEE**

Received

The Report of the Strategic Planning Committee (**F 2013 19**).
21.2 The College had received a draft letter confirming approval of £1.45M of HEFCE funding for a project to develop and enhance intensive flexible provision with complementary services and support, in response to the increased demand for three year. The final version of the letter would include success criteria for the project, to be identified by the College.

21.3 A project manager had been appointed, a formal governance structure defined, and work had begun. There were five strands to the bid:
- Portfolio innovation and flexibility, including online development
- Linking work and study
- Student recruitment and progression
- Student achievement and success
- Research, interpretation and dissemination

21.4 SPC continued to oversee strategy for tuition fee and student financial support through its Fees, Bursaries and Scholarships Committee. FBSC was reviewing the College’s student financial support strategy in the light of the announcement that National Scholarship Programme (NSP) support for undergraduates will end from 2015-16. This would leave the College free to create a scheme to meet the particular needs of its undergraduates.

21.5 The review of technical services in the Department of Biological Sciences, led by independent Governor Julia Collins, had identified a business need for change and greater flexibility and had recommended a revised staffing structure and improved processes and procedures. Work was moving forward on the recommendations of the review, including following established College policy on potential redundancies and maintaining ongoing dialogue with the Trade Unions.

21.6 The Master had commissioned a review of modern languages provision, led by Academic Governor Professor Julian Swann and Independent Governor Hugh Ferrand, to consider how to ensure a flexible and financially sustainable future for modern languages at Birkbeck, in a context of a national decline in numbers on modern languages courses and specific issues of languages research and teaching at Birkbeck.

21.7 The recommendations of the review included the creation of a fully merged department to replace the current departments of Iberian and Latin American Studies and European Cultures and Languages, with an expanded teaching portfolio taking advantage of the College’s move into three year programmes recruited via UCAS. Members heard that the merger was a key part of the strategy to strengthen modern languages at Birkbeck, as it would enable efficient administration of the joint honours programmes that were part of the three year degree expansion plan. The merger would also enable increased language teaching and reduction in the use of Teaching and Scholarship staff.
21.8 Targets for significant student number and income growth and cost monitoring had been set. These would be monitored by the review panel. F&GPC noted that while the targets were challenging the recommendations were constructive, especially in an environment where other HE institutions were closing language departments.

21.9 The review also confirmed the intention to initiate a broader Birkbeck language strategy. Members observed that there was a large market for modern languages teaching in London within which the College should be able to find a niche for its own offer.

21.10 The outcome of the Languages Review had also been discussed by Research Committee and would be discussed at the Academic Board although, as the recommendations were business-related, the formal approval process would be through Strategic Planning Committee.

Be-Birkbeck/Guardian partnership

21.11 SPC reported that a draft Heads of Terms agreement from the Guardian, for Birkbeck’s participation along with other educational and cultural organisations in the Guardian’s new public events programme, was being reviewed by the College’s lawyers. The current plan was for a soft launch in September 2014, with a major launch in January 2015 linked to the Guardian’s new building in the King’s Cross development.

21.12 Members asked about the School of Life, which was one of the other organisations involved in the Guardian’s new programme, and heard that while not an academic institution, it was a bona fide cultural organisation.

Awayday and future planning

21.13 In February SPC held its annual awayday to discuss future strategy for the College. Members received information on student recruitment, student success measures, the size and shape of Birkbeck and comparable research institutions, and five year income and student number scenarios. They heard presentations from the College’s Strategic Futures Group, with nominees from Schools and Professional Services outside the senior management tasked with thinking about new directions for the College; and from Mary Curnock Cook, the Chief Executive of UCAS.

21.14 Discussions focused on the next stages of the College’s strategic direction: further development and enhancement of three year and intensive degrees; more work to address and analyse student achievement and success; and further definition of a strategy for growth taking in financial, staffing and estate matters and the balance between teaching and research. These ideas fed into the Governors Strategic Horizons meeting on 10 March.

22 **RESEARCH GRANTS AND CONTRACTS**

Received

22.1 The Annual Report from the Research Grants and Contracts Office on research income for the financial year 2012-13 (F 2013 20)
Birkbeck's overall research income increased from £8.4M to £9.2M. Small decreases in funding from the Research Councils and from UK charities were offset by a significant increase in funding from EU bodies to £1.9M.

Members asked whether the number or the value of research grant applications was the more important measure. It heard that both were significant and asked that for future reports to present both in a format that allowed for comparison.

The value of grants was also influenced by the nature of the research being carried out; awards in science for example reflected the use of expensive equipment. F&GPC also noted that a high percentage of successful applications was not in itself a measure of success, as it might indicate scope for increasing the number of applications made.

INVESTMENT COMMITTEE

The committee was reminded that at the previous meeting it had been decided that while the College would continue to keep substantial cash reserves, it would also make capital investments including the development of the estate.

On the advice of the investment managers, the investment fund continued to concentrate on high-yielding defensive and less volatile stocks, with correspondingly modest returns. F&GPC asked the Chair of Governors and the Master to have further discussions on whether the College wished to continue with this level of caution.

STUDENTS’ UNION FINANCIAL STATEMENTS 2012-13

F&GPC was expecting to receive audited financial statements for the 2012-13 financial year from the Students’ Union, as this was a requirement of the College’s annual grant to the SU. The College Secretary had received draft financial statements showing a small surplus, an improvement compared with the previous year’s deficit. However, there were some concerns which, while involving a small amount that would not materially affect the outcome, needed further investigation before the accounts could be submitted. Given the recent history of financial management problems in the SU, the College had asked the auditors to investigate.

PERFORMANCE INDICATORS

HEFCE had asked HE institutions to define a range of targets and make an annual assessment of institutional sustainability, starting from the December 2014 accountability return. A set of draft Key Performance Indicators was under development in tandem with
the next phase of College strategy development, and was being reviewed by SPC, F&GPC and Audit Committee.

25.3 Defining realistic targets for income generation would be challenging. As well as the need to define College strategic objectives, there was a need to evaluate the likely impact of external factors including further funding cuts, the impact of the REF and the liability to the College of the large deficit in the Universities Superannuation Scheme, the main pension scheme for the College’s academic and management staff.

25.4 Members noted that the pension liabilities would be reflected in the College balance sheet from 2015-16, as part of the introduction of new accounting standards for universities. The Universities Superannuation Scheme was taking remedial action to address the size of the deficit, including increasing employer contributions by up to 5%. This would lead to a significant increase to the Birkbeck pay bill.

25.5 The Committee noted that it was necessary for the College to continue to monitor the situation carefully.

26 ESTATES COMMITTEE


26.2 Estates Strategy

Progress was reported in developing the project to construct a new building to house the Centre for Brain and Cognitive Development’s ‘Toddler lab’ facility. Negotiations are underway on the details of the purchase of a 99 year lease for the site from the University of London. Progress is being influenced by the need to consult with the site’s neighbours, the Warburg institute, as well as the University, College management confirmed its opinion that satisfactory progress was being made.

26.3 The feasibility study to consider the potential for a joint development with UCL of a new building on the site of the North Heating Chamber was underway, with discussions in train with London Borough of Camden planning officers. Inevitably, this development raised complex planning issues and further work would be undertaken with professional advisers on developing a successful planning application.

26.4 Estates Committee reported that the College was considering options for 7 Bedford Square, currently leased to Amity University. A break clause in the contract was approaching, bringing an option to sell the property or bring it back into College use. Notice would need to be given to Amity by the summer if the College decided to end the contract.

26.5 Estates projects

Estates Committee received and was satisfied with reports of progress in the 2013 works programme. Works had concluded satisfactorily and slightly under budget. The
Committee approved a set of initial project proposals for 2014 with an estimated cost of approximately £1.5M.

Long Term Maintenance

26.6 Estates Committee had considered and prioritised the remedial works identified by the recent building condition survey and has agreed a plan and budget for 2014-15. This included essential work in the Malet Street extension building, bearing in mind that serious consideration would be given to rebuilding this part of the estate in the long term. Estates Committee would keep this matter under review.

Energy and environmental management

26.7 Estates Committee reported that work had begun to revise Birkbeck’s Carbon Management Plan and to create a Carbon Energy Information Reporting Portal to allow the college to gather accurate data for analysis and reporting to guide the deployment of resources. It will report on progress in this initiative.

Bloomsbury Combined Heat and Power Consortium (CHP)

26.8 Estates Committee reported that the long term contract held by Cofely District Energy to operate the CHP system was due to expire in 2020. The existing system had come to the end of its life and planning was underway for its replacement and upgrade. Options under consideration included early termination of the contract with CDE to allow the partners to move forward with the renewal, upgrading and expansion of the CHP plant and infrastructure.

26.9 An engineering feasibility study had been commissioned to identify options for the renewal. The estimated full cost for renewal, upgrading and expansion was reported to be in the region of £15M spread across the consortium members. Price Waterhouse Coopers were preparing a business case for the future financing, deliver, ownership and operation of the system as well as a cost benefit analysis and lifecycle costs.

26.10 Members heard that Birkbeck had a share of approximately 20% in the CHP, which was a historical figure that would need to be renewed to take into account the changes since the consortium had been established. It was noted that the College had a smaller share than the other members as it only drew heating not electricity from the CHP system.

26.11 Estates Committee had expressed the view that all potential options should be considered, including renegotiating the existing contract with Cofely. Estates Committee had asked its Governor member to review and advise on PWC’s business case when it was available.

26.12 It was noted that the UCL/IoE merger could potentially complicate IoE’s involvement with the CHP, and the College would need to gain confirmation from UCL of their role after the merger and whether the IoE building would remain in the scheme before moving forward with any agreement.
27 **HR STRATEGY AND POLICY COMMITTEE**

Received

27.1 The Report of the HR Strategy and Policy Committee *(F 2013 25).*

Noted

Relocation procedure

27.2 Members asked how many colleagues would become eligible for a relocation allowance under the new policy, and heard that although numbers were modest, the policy was considered significant for staff recruitment.

27.3 It was agreed that the new Relocation Procedure would be publicised widely and that the College would monitor costs of implementation before any consideration of a further expansion of the policy.

**Recommended for approval by Governors:**

27.4.1 Probation Procedure

27.4.2 Relocation Procedure

28 **SAFETY**

Received

28.1 The annual report of the Safety Committee. *(F 2013 26).*

29 **FINANCE DIRECTOR**

Noted

29.1 Keith Willet, currently the Chief Accountant at the University of East London, would take up the post of Finance Director in May 2014.

30 **DATE OF NEXT MEETING**

Noted

30.1 The date of the summer term meeting:
- Wednesday 25 June 2014 at 4.30 pm.