Present
Mr Paul Shelton (Chair), Professor David Latchman, Professor Philip Dewe, Dr Ruth Thompson, Professor Julian Swann

By invitation
Mr Robert Allison

In attendance
Mr Keith Harrison (Secretary and Clerk to the Governors), Mr Peter Westley (Director of Finance), Mr David McGhie (Director of Finance and Estates), Mr Dean Pateman (Academic Registrar), Mrs Naina Patel (Director of Human Resources), Ms Megan Reeves (Deputy Secretary), Mrs Katharine Bock (Head of Governance and Corporate Support), Ms Roisin Lynch (Corporate Support Intern)

Apologies for absence
Mr John Biggs, Mr David Butler, Mr Hugh Ferrand, Professor John Kelly, Mr Harvey McGrath, Mr John Poggioli, Mr Sean Rillo Raczka

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 listed on this agenda. No substantive conflicts were identified.

16 MINUTES
Confirmed
16.1 The Minutes of the meeting of 15 November 2011, subject to the replacement of 'minute x' with the correct reference to 'minute 6' in 1.2.

17 REPORT
Noted
17.1 Governors’ receipt of the report of the Committee following its last meeting (F 2011 12)

18 BUDGET ESTIMATES 2011-12
Received
A report on the mid year review of income and expenditure in the Schools and Professional Services (F 2011 13)

Noted

The forecast outturn had improved from the £732K surplus forecast in the predictive IDM agreed in summer 2011, to a moderated surplus of £2.5M.

The main cause was a reduction in forecast pay costs. School pay spending estimates had been reduced by £678K to take account of posts not yet recruited to or that had been vacant for all or some of the year. The School pay contingency of £378K was removed following the pay spend reforecast.

There had also been a reduction in forecast non pay costs, particularly in Professional Services, as part of the mid year review. In addition to savings, some extra investment had been made in marketing and improving student IT facilities.

Schools had come very close to meeting their student number targets, but the mix of students was different than had been predicted, causing the overall fee income to be lower than forecast. It had therefore been necessary to use the full tuition fee contingency provision.

It might be necessary to make additional provision for student bursaries and bad debt, which would call on part of the contingency provision.

It was noted that the mid year review was useful in maintaining the balance between delegating greater budgetary control to Schools that were in surplus and safeguarding against making large scale recurrent cost commitments. F&GPC endorsed the College's approach of not making large scale commitments while the future was uncertain.

The financial balance depended on maintaining postgraduate recruitment and conversion of applications to offers. It was noted in the report of the Strategic Planning Committee (F 2011 17) that patterns of conversion to enrolment were changing. Members asked if this could be to do with changes to fees.

It was confirmed that the College had not raised postgraduate fees significantly for 2012-13, due to the need to be competitive and promote stability in postgraduate marketing.

There would be a review of Masters provision within Birkbeck. There was a need to differentiate the postgraduate offer by concentrating on the particular advantages of the provision that Birkbeck was able to offer, including links with London's cultural and business life.

The Committee was satisfied with the overall position on fee income, but noted the need to take into account the mix of students paying different levels of fee when forecasting and monitoring.

Approved
The updated Income Distribution Model and College level budget estimates showing revised forecast income and expenditure following the mid year review. (F 2011 14)

19  HEFCE FUNDING
Received
19.1  HEFCE’s notification to HE institutions on sector-wide funding for 2012-13. (F 2011 15)

Noted
19.2  The College was awaiting its individual annual grant letter, which would be received on the 19th March 2012.

19.3  The general impression received from meetings with HEFCE staff was that the 2012-13 grant was likely to be slightly higher than anticipated and that London Weighting would be retained. Even so, the level of grant was decreasing in real terms.

19.4  HEFCE had not been very sympathetic about retaining the part time premium and was signalling that the extra per full time equivalent costs of part time teaching should be incorporated into part time fees. However, the regulations had capped part time fees at £6,750 per year, 75% of the full time cap.

19.5  The funding was not going up significantly; in real terms it was decreasing.

19.6  The College’s grant notification would be reported at the Governors’ meeting on 22nd March 2012.

20  FINANCIAL MODELLING 2012-15
Received
20.1  Updated financial scenario modelling, taking into account the anticipated impact of changes to tuition fee and teaching funding policy, and the actions being taken in planning and preparing for 2012-13 (F 2011 16).

Noted
20.2  The models focused on predicted changes to income. They assumed that from 2012-13 there would be no income from undergraduate ELQ students, who would not be able to get loans to pay the much higher fees. Two income scenarios were modelled covering the period 2012-13 to 2015-15: Scenario 1 based on the 2011-12 student numbers but with no ELQ students and a further 25% drop in new undergraduate enrolments; and Scenario 2 based on no ELQ students and a further 40% drop in new undergraduate enrolments. The model indicated that the income loss under Scenario 1 would be manageable.

20.3  The outcomes predicted by these models were not evenly distributed across the Schools. For example, under the first scenario the School of Business, Economics and Informatics would do comparatively well. It was noted that the model predicted increases in the existing imbalances in financial performance between departments. The areas expected to do best were those that were already doing well.
The Committee discussed the large decline in income predicted for the Biological Sciences department. This was because it was currently reliant on HEFCE T funding for its large Certificate of Higher Education programme and was expecting a decline in student numbers after the fee increase. Members suggested a shift towards teaching more Masters courses but it was reported that this would not be feasible given the staff profile, which included teams working on high profile externally funded research projects. The College wished both to recognise such research excellence and to keep as wide a breadth of subjects as possible.

The model indicated that departments planning to recruit onto three-year degrees via UCAS did better in terms of new system tuition fee income. It was also noted that three-year degree applications for 2012-13 had significantly increased because more subjects were being offered. However, there were risks in relying on increased income from these programmes. They could divert prospective students who would otherwise have joined the four-year versions, and the College would be operating in the more competitive mainstream market with lower rates of conversion of applications to enrolments.

Current figures suggested that international applications were up, postgraduate applications were level and four-year programme undergraduate applications were 35% down, tracking the modelled scenario 1. Scenario 1 was being used as the basis for financial planning for 2012-13. There would be higher, aspirational student number targets for recruitment teams to work to.

The drop in applications for four-year undergraduate degrees was partly attributable to the lack of national level information available to prospective students about part time higher education fees and finance.

The College would seek to address this lack of information in several ways. The Academic Registrar would be chairing a group set up by the Student Loans Company focusing on part time matters. The Master would be chairing a group made up of various London Higher Education Institutions with a significant interest in part time study.

Birkbeck had launched its ‘Our Promise to You’ campaign, which promised prospective students that if they were eligible for and applied for a loan, the College would not pursue them for fees while the Student Loans Company was processing their application. There was a risk of changes to the College’s cashflow, but arrangements would be made to manage this.

21 STRATEGIC PLANNING COMMITTEE

Received

The Report of the Strategic Planning Committee (F 2011 17)

Noted

Student financial support for 2012-13 included:

The National Scholarship Programme: Fee waivers of £3K pro rata to full time would be awarded to students with a household income of less than £20K. This
would be funded partly through the Government and partly through matched funding from Birkbeck.

21.4 As part of this scheme, 40 FE to HE progression scholarships would be allocated. Birkbeck’s FE partners would be invited to identify students meeting the eligibility criteria, who would then apply in the standard way. The allocation would be reviewed annually.

21.5 The Birkbeck cash bursary scheme, awarding £1K pro rata to full time to those with a household income of less than £25K.

21.6 In addition, there would be full fee waivers for up to 30 students studying for the Higher Education Introductory Studies programme at two community centres in the East End of London. This would promote the College’s mission of access and widening participation. The scheme would be renewed annually.

21.7 There would be a new year-round Hardship Fund, which would provide additional discretionary funding for students experiencing unforeseen changes in their financial circumstances and who had exhausted alternative possibilities for funding. It would be widely communicated to students and the budget carefully monitored to allow for supplementary fundraising efforts to be initiated if necessary.

Agreed

21.8 To ask for a full report on the strategies and allocations for these schemes to be considered at the next meeting.

22 RESEARCH GRANTS AND CONTRACTS

Received

22.1 The annual report from the Research Grants and Contracts Officer on research income for the financial year 2012-11. (F 2011 18)

Noted

22.2 In 2010/11 Birkbeck’s research income was £9.1M, down from the previous year of £10.17M, and as a whole made up 10.3% of total Birkbeck income. Funding from the BIS Research Councils and related bodies was £4.1M, 46% of the overall amount. Income from UK charitable bodies was £2.4M, down from £2.7M in the previous year. Income from UK Government Departments reduced again this year due to the end of Sure Start related contracts in the department of Psychological Sciences.

22.3 Grant application success rates had improved, after seeing a slight decline over the last two years. The College had 80 successful awards confirmed, with 19 decisions still outstanding. This was a good sign of the College’s ability to sustain its level of research funding in the medium term.

22.4 There had been substantial successes from departments across the College. It was, however, noted that some departments were still reluctant to apply for grants.

23 INVESTMENT COMMITTEE

Received

23.1 The draft report of the Investment Committee (F 2011 19)
23.2 The cash flow forecast showed a balance of £33.3M at the start of the 24 month period beginning February 2012, decreasing to £12.9M by the end of January 2014. The Committee was pleased that the cash position was sufficiently strong to protect against potential processing delays at the Student Loans Company. The main reasons for the drop in cash balance were the reduction in HEFCE T funding and University Square Stratford building costs.

23.3 It was reported that the investment fund manager (Newton Investment Management) had reduced the proportion of the fund held in equities and increased the proportion held in cash, due to the continuing volatility of stock markets.

24 STUDENTS’ UNION FINANCIAL STATEMENTS

Noted

24.1 The Students’ Union’s audited accounts had been due to be submitted to this meeting but were not presented. It was reported that the Union would be posting a £90K deficit, larger than its reserves, and that completion of the statements could not take place until the Union’s auditor had confirmed their opinion on the Union’s status as a going concern.

24.2 The College had taken action to contain the ongoing losses being made by the Union and the issue, with proposed remedies, had been referred to the Audit Committee.

24.3 The College was working with the Union on restructuring, including the transfer of operational services into the College with the Union retaining its focus on advice, representation and advocacy. This would significantly cut the Union’s costs. Confirmation of a restructuring agreement would enable the College to confirm its future intentions for support of the Union, which would in turn enable the auditor to confirm its going concern opinion so that the Union could post its accounts.

Endorsed

24.4 College’s management’s actions in relation to the Union’s structure, management and finances, as outlined above.

25 PERFORMANCE INDICATORS

Noted

25.1 Key financial performance indicators (F 2011 21)

26 ESTATES COMMITTEE

Received

26.1 The Report of the Estates Committee (F 2011 22)

Noted

Estates Strategy

26.2 The estates strategy was currently focused on three areas:
- the University Square building project at Stratford
- completion of outstanding works commissioned to support restructuring and the provision of accommodation for the five Schools
• planning for the long-term development of the estate.

26.3 The University Square Stratford building was being jointly developed with the University of East London (UEL). The first stages of construction had commenced. A new partnership project manager was in post. The schedule was unchanged and building completion was due for the start of the 2013-14 academic year.

26.4 There would be an opportunity to publicise the new building during the Olympics. Advertising was being prepared for the building site hoardings.

26.5 The project's funding partners were London Thames Gateway Development Corporation, HEFCE, UEL and Birkbeck. Most of Birkbeck's £7M contribution would be drawn on in the 2011-12 and 2012-13 financial years.

26.6 It was proposed that the Governors' annual strategic meeting should include a visit to the Stratford site.

26.7 In Bloomsbury, completed projects included relocation of Earth Sciences from space rented from UCL to the main building; relocation of the Institute of Children, Family and Social Issues from 7 Bedford Square to the main building; refurbishment of 7 Bedford Square and handover to the new tenants, Amity Global Business School; accommodation of School of Law staff in refurbished space at 18-20 Gower Street; and refurbishment of the main building basement lobby.

26.8 Estates Committee reported on the capital programmes budget. There was £12.3M available for current and future projects of which £3.5M was earmarked for Stratford and £6.1M was allocated to current projects. Following the report made last term, the budget heads for completed projects had been closed. The current projects were £138K over budget but further savings were expected to be recouped from the air conditioning work, where the cost of remedial work would be claimed back from the contractor.

26.9 SOAS' bid, in partnership with Birkbeck, to acquire and redevelop Senate House North Block as a teaching and learning space, had been successful. SOAS and Birkbeck had agreed that Birkbeck would have exclusive use of the space in the evenings. Members asked about the capital implications of this arrangement. It was confirmed that the initiative would be a revenue rather than a capital commitment and would allow the College to stop using rented space that was further away and of lower quality.

26.10 The partnership aspect of this bid had contributed to its success and this was likely to be the case for other new developments. Birkbeck was well placed to collaborate on the basis of using teaching space in the evenings with the partner using the space in the daytime; and would be highlighting this in its exploration of further potential partnerships.

26.11 Securing better teaching space was one of the principal drivers in the College's Estates strategy. As well as the SOAS partnership, discussions had commenced with
Friends’ House on Euston Road, whose large theatre space was hired for Law teaching, on a potential contribution to refurbishment in exchange for input to the design and guaranteed use.

26.12 As previously reported, the College was preparing to commission a master planning exercise to examine the potential for expanding teaching space in Bloomsbury, in partnership with Amity University. The Schools would be consulted on their aspirations and plans as part of this exercise.

26.13 Options and costings for the next phase of the Estates programme were being developed and would be discussed at the next meeting of the Estates Committee. It would be necessary to balance short term aspirations with long term considerations. These included developments from the master planning exercise; potential changes in student numbers when the new fee and funding system started in 2012-13; and the continuing impact of the economic downturn.

26.14 Estates Committee reported its consideration of the outcome of a survey of staff and students on teaching space. The least popular venues would not be used in 2012-13; instead, space would be hired at Senate House South Block, the adjoining Stewart House and ULU on Malet Street.

**Estates Management Projects**

26.15 There was an initiative to improve information on the estate and the definition and management of Estates projects. A new process for agreeing Estates projects, drawing on a new space and occupancy database and introducing protocols for proposing and agreeing projects, was being tested this summer before launch for 2012-13.

**Energy and Environmental Management**

26.16 Estates Committee reported its consideration of key performance indicators on energy management in 2010-11 covering energy emissions, travel, waste, procurement, recycling and biodiversity. The overall picture was positive, with ten improved, four static and two deteriorated indications. Although energy emissions per student were falling overall, the statistics showed an increase in emissions per student between 2009-10 and 2010-11. This was due to the temporary drop in student numbers following the Government’s ELQ policy rather than an energy management issue. Water consumption has increased and data on consumption was being enhanced. Estates Committee had agreed that the Environmental Management Group should report to it as a formal working group.

**London Olympic Games 2012**

26.17 In July and August 2012 the College would be next to the Olympics media hub in Russell Square. While this would not cut off the College buildings, it would make access more challenging with increased security, crowding and local daytime road closures expected. Schools and central services were making and sharing plans to address both this and the general travel and access disruption expected all over London. They included planning for staff presence and absence, offsite working and technology to support it, alternative working hours; and rescheduling of deliveries, interviews and visits.
27 HR STRATEGY AND POLICY COMMITTEE

Received

27.1 The Report of the HR Strategy and Policy Committee (F 2011 23)

Noted

27.2 HRSPC forwarded a proposed Study Assistance Scheme for staff. This would replace the previous Remission of Fees scheme and had been created in response to the new tuition fee and funding system. The College would contribute 50% of the fees of successful applicants and the rest would be met through a combination of individual contribution, student loan, or School or Department contribution, with a minimum 5% contribution from the individual, to demonstrate commitment.

Recommended to the Governors

27.3 Approval of the Study Assistance Scheme.

28 SAFETY COMMITTEE

Received

28.1 The annual report of the Safety Committee (F 2011 24) to be forwarded to the Governors.

Noted

28.2 The Committee thanked the Chair of the Committee for the report.

28.3 The Health and Safety Officer would attend the meeting of the Governors to answer any questions.

29 DATE OF NEXT MEETING

Noted

29.1 The next meeting had been rescheduled to Tuesday 12th June 2012 at 4.30pm