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 listed on this agenda. No substantive conflicts were identified.

1.2 With reference to the business recorded in minute x, Mr Allison noted a consultancy agreement with KPMG, the College’s external auditor.

2 TERMS OF REFERENCE AND MEMBERSHIP  
Received  
2.1 The Terms of Reference, Scheme of Membership and Members for 2011-12. (F 2011 01)

3 MINUTES  
Confirmed  
3.1 The Minutes of the meeting of 22 June 2011.

4 REPORT TO THE GOVERNORS  
Noted  
4.2 Governors’ receipt of the Report of the Committee following its meeting on 15 June and the resulting decisions made by Governors. (F 2011 02)
5 MATTERS ARISING

5.1 In relation to Minute 38.2, it was noted that the new Financial Regulations were being rolled out to Schools and Professional Services.

5.2 In relation to minute 42.6, the Income Distribution Model budget working group had been set up with the Dean of Science in the chair. The group was working on income distribution principles including charging for space.

5.3 In relation to minute 42.20, the business case for restructuring business relations activities had been confirmed and the current arrangements were drawing to a close after which the activity would be redeveloped within Schools.

6 FINANCIAL STATEMENTS 2010-11

Received

6.1 The draft Financial Statements for the year ending 31 July 2011. (F 2011 03)

6.2 A report from the Strategic Planning Committee on the Income Distribution Model budget outturn for 2010-11 (F 2011 03A)

Noted

6.2 The overall position, a £6.7M surplus, had improved considerably since the mid-year review, at which point an unmoderated surplus of £2.6M, including contingency provisions of £2.3M, was forecast.

6.3 The improved position reflected increased income from tuition fees and reduced pay and non pay expenditure in the Schools and the professional services.

6.4 In addition, several one-off factors had contributed to the surplus:

• Investment returns were higher than originally forecast due to increased cash deposits and higher interest rates.
• Provision for potential staff cost liabilities carried over from past years was released
• Practice for accruals – allocation of expenditure falling in the boundary between financial years – changed in response to a recommendation from the auditor. Expenditure originally expected to be in the 2010-11 accounts will be in the 2011-12 accounts
• Recharges were made from professional services budgets to the Higher Education Innovation Fund and Linking London Lifelong Learning Network grants, which are being wound up. The recharges reflect contributions from professional services sections to work funded by these grants
• The College spent £1.9M of its SDF grant in 2010-11.

6.5 Discounting the one-off factors, the underlying surplus was £3M, in line with HEFCE’s expectation that HE institutions made a surplus of 3% of turnover to demonstrate long term sustainability.

6.6 F&GPC commended the College and all staff involved in the excellent outturn for 2010-11. The Schools had delivered an excellent performance. Arts and SSHP in particular had improved considerably following the mid year review. BEL, Law and Science were in surplus, SSHP was breaking even and Arts had a reduced deficit. This demonstrated the success of the strategy to optimise the College’s financial position, which had been helped by the restructuring of the Schools. This placed the College in a strong position to respond to the challenges of 2012-13.
6.7 The £2.3M contingency, which had been retained throughout the year but was not in the end called on, reflected continuing prudent concerns in relation to tuition fees, outstanding pay negotiations and further funding cuts. Members of F&GPC asked whether different resourcing decisions would have been made during the year if the contingency had been released earlier. It heard that the College’s strategy was to build up assets and reserves during 2010-11 and 2011-12 and not to make additional spending commitments, given the uncertainties ahead. F&GPC endorsed this strategy.

6.8 F&GPC noted that the College’s capital allocation had reduced from £13.1M in 2008-11 to £2.6M for 2011-14. While the 2010-11 surplus should not be used for recurrent costs given the uncertainty in 2012-13, it could be possible to identify resource for maintaining and improving the buildings and infrastructure.

6.9 The risk profile for 2012-13 was likely to fluctuate during the year and the key factor influencing this would be levels of student recruitment. To enable flexibility to be built into the budget, the practice of reforecasting expenditure following a mid-year review would continue. Spending budgets would be maintained or retrenched, depending on income from tuition fees which would be confirmed during the first half of the year.

6.10 F&GPC discussed the approach to contingency provision. In 2010-11 and 2011-12 a large tuition fee contingency had been set aside, to offset the risks involved in the current ambitious expansion plans. Rather than wait until the year-end, this contingency could be released incrementally throughout the year, depending on monitored income.

**Recommended to Governors**

6.11 Approval of the financial statements for the year ending 31 July 2011.

7 **STUDENT RECRUITMENT**

Received

7.1 A report on recruitment against the HEFCE contract target for 2011-12 and the provisional end of year student numbers outturn for 2010-11. *(F 2011 04)*

Noted

7.2 F&GPC was pleased to note that the provisional end of year return for 2010-11 indicated that the College would meet its HEFCE fundable student number targets. Although HEFCE funding was being phased out, the targets were likely to form the basis for future student number controls, so meeting them was important.

7.3 International student recruitment was also rising, against a national downward trend. The College was building up its international numbers from a comparatively low base. There were signs that evening learning - and mixing with working Londoners – was proving appealing to Birkbeck’s international students, including employees posted to London who were able both to work and study. The College had brought home and international recruitment under one manager.

7.4 Recruitment numbers for 2011-12 indicated a strong overall recruitment performance exceeding 90% of the ambitious targets set by Schools and currently 11% higher than 2010-11. In response to a question about the School of Law, it was noted that the School had achieved lower recruitment compared with target than the other Schools. It was noted that Law’s target had been particularly ambitious.
7.5 The decline in modular enrolment was an ongoing trend, partly in reaction to fee changes and the withdrawal of funding. Schools were planning to review and reposition their modular provision either as feeder routes to degrees or standalone programmes. The College was also planning an alternative programme for students interested in learning rather than obtaining qualifications, through the Birkbeck Association.

7.6 Members asked whether the current proposals for three-term learning and teaching would affect student numbers. It was confirmed that the aim was to support programmes that are already teaching in three terms rather than impose a three term model on all programmes.

8 BUDGET ESTIMATES 2011-12
Received
8.1 The revised Forecast Outturn for 2011-12. (F 2011 05)

Noted
8.2 The forecast surplus had increased from £732K to £1.938M since the budgets were approved in the summer term. This was due to good early indications on student recruitment and release of £0.5M provision for potential clawback of HEFCE funding related to previous under-recruitment. £153K more of teaching HEFCE grant had been allocated compared with the provisional allocation used in the first estimates.

8.3 The estimate of deferred capital grants that would be released into the income and expenditure budget - and the estimate of expenditure related to depreciation of assets – was reduced, based on a re-estimation of the length over the period over which the income would be released.

8.4 The forecast for income from research grants and contracts had improved since the first estimates. A £764K increase in forecast income was matched by a corresponding increase in forecast expenditure.

8.5 The position of actual against forecast outturn was as would be expected after the first three months. F&GPC endorsed the retention of large contingency provisions at this stage, including for increased pay costs and against the large predicted increase in tuition fee income.

8.6 The position would be monitored regularly over the year. As well as the termly reports to F&GPC, the College was implementing monthly financial management reporting to support the early identification and resolution of budget issues and variances as the year progressed.

8.7 F&GPC would oversee the mid year budget review in December/January, at which point there would be a more definitive forecast of tuition fee income and a revised Income Distribution Model budget indicating the surplus/deficit positions of the Schools.

9 FINANCIAL FORECASTS
Received
9.1 Updated financial forecasts including the outturn for 2010-11 and the forecast for 2011-12, to be submitted to HEFCE. (F 2011 06A)

9.2 A note on the development of financial forecasts and financial modelling this year. (F 2011 06B)
9.3 The update to HEFCE supplemented the financial forecasts to 2013-14 that had been submitted in April 2011. HEFCE had asked for the next full revision of financial forecasts to be submitted in June 2012. This would take into account the contents of the March HEFCE grant letter and early indications of student recruitment for 2012-13.

9.4 The College would model different tuition fee income scenarios going forward over the next five years, based on best and worst case changes to student numbers in the new system. The Strategic Planning Committee was planning an awayday meeting at which the scenarios – and strategies in response to them – would be discussed. This would set the context for the 2012 planning round and be the basis for the June financial forecasts.

9.5 Cashflow would change under the new fee system and the College would adjust its cashflow forecasting and monitoring to take account of this. Rather than receiving money from HEFCE on a monthly basis, income for undergraduates would come from the Student Loan Company in three termly instalments of 25%, 25% and 50% of the total fee.

10 INVESTMENT COMMITTEE

10.1 The draft Report of the Investment Committee. (F 2011 07)

Noted

10.2 Investment Committee had evaluated the security of banking arrangements for the College’s £30M cash holdings and had agreed that in the current financial climate cash should be deposited only with five banks identified as stable by the Corporation of London: Barclays, HSBC, Lloyds, Nationwide and RBS. There was a need to balance diversification with safety. As these banks often offered lower interest rates, the Committee was also considering moving some cash into longer term deposits to increase returns.

10.3 The College’s investments had lost a small amount over the quarter, but less than would have been lost with the previous investment management arrangement. Since inception on 1 August 2009 to 30 September 2011, the fund had achieved a total return of 15.3%.

11 STRATEGIC PLANNING COMMITTEE

11.1 The Report of the Strategic Planning Committee (F 2011 08)

Noted

11.2 Strategic Planning Committee (SPC) reported the College’s success in securing a fairer policy for repayment of part time student loans in the new system. The Government had agreed that part time students would be required to pay back their loans in the April four years after their start of study rather than three years as previously proposed. For Birkbeck students this would be after graduation, rather than during their final year. F&GPC congratulated the Master and colleagues on this important development.

Fees, Bursaries and Scholarships

11.3 Tuition fees for 2012-13 entry undergraduate degrees had been published. The Committee asked how Birkbeck’s fee compared with its competitors and heard that no other institutions presented direct comparisons with Birkbeck. Most University of London and 1994 Group institutions were charging fees at or near £9,000. Some institutions were reviewing their fees following the Government’s announcement of extra places for
institutions charging £7,500 or below. Birkbeck would be continuing with its strategy of three tiers, equivalent to £6,000, £8,000 and £9,000 full time.

11.4 SPC had agreed fees for Certificates of Higher Education, which Schools had set against agreed tiers. The six tier structure included rates equivalent to the three degree tiers plus three lower tiers intended for price sensitive areas including lifelong learning oriented provision.

11.5 The criteria and processes for new system undergraduate financial support had been confirmed. The Government National Scholarship Programme (NSP) did not permit real money bursary awards to part time students. SPC considered this to be unfair. It approved a scheme in which, in addition to the NSP awards, real money bursaries would be available from a College funded scheme and eligible students could hold both an NSP and a Birkbeck award.

11.6 The NSP award was a fee waiver worth up to £3,000 pro rata to full time, for students studying at 25% intensity or more on a programme with a fee pro rata to £6,000 or higher and a household income lower than £20,000. The Birkbeck bursary was a real money award worth up to £1,000 pro rata to full time, for students studying at 25% intensity or more with a household income lower than £25,000. The initial estimated cost was £1M, plus £240K of Government funding.

11.7 It was reported that, based on existing student number patterns, the resources available should be sufficient for the initial year. There were inevitable uncertainties on actual uptake and this would be closely monitored and decisions made about topping up allocations by transferring funds or stepping up fundraising. Efforts were also continuing to raise additional funds so that the income threshold for fee waivers could be raised.

11.8 The concessionary fees available on some subjects of modular provision would be withdrawn in 2012-13. Most students formerly receiving concessions would be eligible for bursaries in the new system.

11.9 SPC agreed fee tier levels for postgraduate taught programmes. It noted the public confusion over postgraduate fees including the belief that they would be increasing at a similar level to undergraduate fees. Establishing a clear message on postgraduate fees was therefore crucial. The tier levels would increase by 5%. Although some individual programmes would move to higher fee tiers, to compensate for lost HEFCE income or where the market and competition justified a higher price, the overall message was that postgraduate fees were rising only at the level of the cost of living. Some full time fees would rise by higher amounts to achieve parity with their part time equivalents.

11.10 F&GPC discussed the balance between undergraduate and postgraduate fee income and the extent of cross subsidy between the two levels in the new system. It was reported that the indications were that HEFCE would seek stability in postgraduate taught funding. This would provide a degree of continuity to offset the upheaval in undergraduate provision.

11.11 SPC had also endorsed international fee levels. An increase of 5% had been applied across the board except for the undergraduate part time fee, which had increased to be pro rata equivalent to the full time fee.
Financial and Strategic Planning and Budgeting 2012-13

11.12 2012-13 would be an atypical year requiring an atypical planning cycle. It would be necessary to make decisions as early as possible to facilitate planning and preparation, but the overriding principle was flexibility, with scope to adapt to changes tactically as the year progressed.

11.13 Although the College would seek to recruit as many students as possible, in the first years of the new system, part time undergraduate numbers were expected to fall, with ELQ numbers dropping dramatically. Reflecting the success of current strategies, international and UCAS entry student numbers were expected to increase and postgraduate taught numbers to stay level. These assumptions would feed into the scenario models as well as a forecast of 2012-13 fundable student numbers that HEFCE had asked for.

11.14 In preparation for the 2012-13 planning round, SPC reviewed the procedure for authorising staffing expenditure. The new procedure linked authorisation of staff changes with planning, using online forms to streamline the process. Senior posts and changes involving new spending would continue to be signed off by the Master as Chair of SPC, but authority for like for like replacement posts at Lecturer A/grade 7 or below - and cover for sabbatical and maternity leave - had been delegated to Executive Deans and Heads of Professional Services in recognition of their responsibilities as budget holders. For Schools, this was with the proviso that the School is in surplus. SPC would retain its role in considering and providing high level approval for School and Professional Service plans and budgets.

The Birkbeck Association

11.15 SPC endorsed proposals for development of a membership association for lifelong learning, the Birkbeck Association, to launch in 2013. There would be a programme of educational events and opportunities including events developed with partner London cultural institutions.

11.16 The aim was for Birkbeck Association events to become part of the London cultural calendar. There would be an annual membership fee and a menu of events free to members and events with an extra fee. The cost of development and launch was estimated to cost £160K. After this, projections were for the scheme to break even from year 2, provided there were more than 1,000 members. SPC supported the notion that, once the scheme was established, some of the income could go to the student hardship fund.

Review of Certificates of Higher Education

11.17 SPC reported on the review of Certificates of Higher Education. An audit of existing provision had identified a number of issues including the need to clarify progression and integration into degrees and potential decline in take-up in subjects where not all students are interested in acquiring a qualification and are therefore unlikely to be willing to pay higher fees. SPC had asked Schools to give feedback on these issues.

12 ESTATES COMMITTEE

Received

12.1 The Report of the Estates Committee (F 2011 09)

Noted

Teaching space and facilities

12.2 Estates Committee reported on the start of the 2011-12 session, including allocation of teaching space and front of house support for the arrival of the students. In general
operations went well, with evidence of advance planning and online student timetables paying dividends.

12.3 With student numbers growing, teaching space was at a premium. The College was exploring opportunities with partner organisations to secure additional high quality teaching rooms near the College while reducing reliance on poorer quality space and more distant space.

**Estates Strategy**

12.4 The estates strategy was 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.

12.5 The University Square Stratford building was being jointly developed with the University of East London (UEL). The land lease had been acquired and the Co-operation Agreement between the partners finalised. The building contractor Volker Fitzpatrick had been appointed and had taken possession of the site and begun preliminary works. The schedule was unchanged with completion due for the start of the 2013-14 academic year.

12.6 Funding was being drawn down from London Thames Gateway Development Corporation and HEFCE. UEL’s and Birkbeck’s contributions would then be drawn on, with the majority of spending in the 2011-12 and 2012-13 financial years. As previously agreed, Birkbeck’s share was £7M. £2M had been earmarked from the HEFCE Capital Investment Fund allocation. In addition £0.5M from the Government matched funding scheme and a £1M donation from the Garfield Weston Trust had been secured. Further fundraising efforts continued.

12.7 Completion of outstanding restructuring projects included reconfiguration of space on the fifth floor main building for Psychological Sciences, a reception area for the School of Social Sciences History and Philosophy at 26 Russell Square, accommodation of Psychosocial Studies at 30 Russell Square and lease of the second floor of 18-20 Gower Street for use by the School of Law. To enhance teaching space, the Clore Lecture Theatre had been enlarged from 180 seats to 240 seats and a 100 seat IT teaching room provided in the main building.

12.8 In the main building reception a revolving door had been installed with the aim of reducing heat loss. A major upgrade was taking place to the main building air conditioning plant with the replacement of rooftop chiller units. This work was essential to ensure service resilience and capacity to support the Data Centre and teaching and laboratory areas.

12.9 Estates Committee agreed three further projects:
- Refurbishment of 7 Bedford Square prior to letting it on a short term lease to Amity Global Business School, Amity University, an established daytime user of the College’s teaching space. The cost would be offset by rental income from Amity.
- Replacement offices for the Institute of Children, Family and Social Issues, relocating from 7 Bedford Square to the main building in December.
- Increasing study places in the Library by repurposing a basement area for book storage.
12.10 Estates Committee also noted postponed projects that could be resourced if funds become available:

- Completion of the refurbishment of 25/26 Russell Square and relocation of Philosophy to 30 Russell Square;
- Consolidation of the School of Law in Gower Street;
- Further development of teaching facilities to increase capacity and improve the student experience;
- Provision of additional research space to support new appointments in the School of Science;
- Refurbishment in Gordon Square to improve teaching, student and public space in the School of Arts.

12.11 Planning for the longer term was focused on improving facilities in Bloomsbury. A master planning feasibility study to examine the potential for expanding teaching space was scheduled to commence in the New Year, in partnership with Amity University.

12.12 The College had submitted an expression of interest, jointly with SOAS, in developing Senate House North Block. The University was seeking bidders to underwrite the cost of refurbishment work. SOAS was lead bidder and the College’s interest was in acquiring teaching space which SOAS would use during the day and Birkbeck in the evening.

Budget reports

12.13 Estates Committee reported on the capital projects budget. A total of £12.74M has been budgeted and the current projected expenditure is £13.04M, £294K (equivalent to 2.3%) over budget. The main areas of additional spending were:

- Gordon Square refurbishment (£200K) due to addition of new heating systems and rewiring to the project specification. The cost will be offset against future annual Long Term Maintenance allocations
- Provision of consolidated accommodation for the five Schools (£180K) due to removal costs and additional office specifications increasing the size and scope of this substantial project
- Main building basement and data centre (£97K) for which c£80K will be claimed back because elements of the work are exempt from VAT
- Earth Sciences (£55K) due to revision of costings following more detailed evaluation of the work
- External roof chiller (£39K) due to the need for remedial work, the cost of which will be claimed back from the contractor.

Energy and Environmental Management

12.14 Estates Committee considered a report on energy and environmental management including an initial evaluation of the impact of initiatives to reduce carbon consumption. It agreed to join a Bloomsbury Colleges partnership approach to the development of environmental policy, an environmental management system and certification.

Long-Term Maintenance Programme

12.15 Estates Committee had considered and was satisfied with progress in implementing the Long Term Maintenance programme 2010-11 and endorsed the plan for 2011-12.

Security Policy

12.16 Estates Committee had recommended that Governors agree an updated security policy drawing together existing policies and established good practice.
Recommended to Governors

12.17 Approval of the Security Policy.

London Olympics 2012

12.18 Estates Committee reported discussion of the impact of the 2012 London Olympics. In July and August 2012 the College would be next to the Olympics media hub in Russell Square. There would be road closures and disruption, with coaches carrying media workers between the hub and the Games sites.

12.19 Schools and Professional Services were making plans to ensure that the College could carry out necessary operations and business activities, including student admissions, in preparation for the 2012-13 academic year. Officers were liaising with the planning authorities and with other Colleges on the Bloomsbury precinct. There would be implications for the summer 2012 building programme because it would not be feasible to carry out Estates projects or building refurbishments at this time.

13 HR STRATEGY AND POLICY COMMITTEE

Received

13.1 The Report of the HR Strategy and Policy Committee (F 2011 10)

Noted

13.2 The Retirement Policy had been reviewed to incorporate new legislation on retirement age and guidance on retirement planning.

Recommended to Governors

13.3 Approval of the Retirement Policy.

14 UPDATED VOLUNTARY SEVERANCE AND EARLY RETIREMENT (VSER) SCHEME

Received

14.1 A progress report on the scheme (F 2011 11)

Noted

14.2 The Scheme had been opened twice, in 2010 and 2011. 92 cases had been approved costing £2.47M, funded from the HEFCE Strategic Development Fund grant/loan and with anticipated savings over five years of £6.49M putting the College in a more financially viable position.