Present:
Mr Paul Shelton (Chair), Prof David Latchman, Prof Philip Dewe, Mr Harvey McGrath, Prof Michael Oaksford, Prof Julian Swann, Mr Drummond Leslie, Mr David Butler, Mr Sean Rillo Raczka, Mr John Poggioli, Mr Tom Hoffman, Dr Ruth Thompson.

By invitation:
Mr Robert Allison.

In attendance:
Mr Keith Harrison (Secretary and Clerk to the Governors), Mr Peter Westley (Director of Finance), Mr Ian Doyle (Financial Accountant), Mr David McGhie (Director of Planning and Estates), Mrs Naina Patel (Director of Human Resources), Mr Dean Pateman (Academic Registrar), Ms Megan Reeves (Deputy Secretary), Mrs Katharine Bock (Head of Governance and Corporate Support), Ms Julia Lerch (Corporate Support Intern).

Apologies for Absence:
Mr Hugh Ferrand.

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 the Agenda. No substantive conflicts were identified.

1.2 In relation to Minute 5 Mr Allison noted a consultancy agreement with KPMG, the College’s external auditor.

1.3 In relation to Minute 11.8 Mr Leslie noted his position as Council Member at the Institute of Education.

2 TERMS OF REFERENCE AND MEMBERSHIP
Received

2.1 The Terms of Reference and Scheme of Membership for 2010-11. (F 2010 01)
Agreed

2.2 To amend the Committee’s Terms of Reference next session to note its responsibility for the inflow of research grant and contract income and to reflect the College’s five-School structure.

3 MINUTES AND MATTERS ARISING

Confirmed

3.1 The Minutes of the meeting of 15 June 2010.

Agreed

3.2 Having previously endorsed draft new financial regulations governing the new budgetary structure, to consider a finalised version of the document by the end of this session.

4 REPORT TO THE GOVERNORS

Noted

4.1 Governors’ receipt of F&GPC’s Report following its last meeting. (F 2010 02)

5 FINANCIAL STATEMENTS 2009-10

Considered

5.1 The draft Financial Statements for the year ended 31 July 2010. (F 2010 03)

Noted

5.2 Minor updates would be made before presentation to Governors on 24 November.

5.3 Turnover had increased by £5.5M compared with the previous year with a £4M increase in tuition fees from undergraduate and postgraduate courses. The £2.5M increase in HEFCE grants was a temporary increase caused by release of SDF award funds. Room lettings income had increased by £0.5M. Income from research grants and contracts fell by £0.6M, largely due to the winding up of the large National Evaluation of Sure Start project. The overall research grant overhead recovery rate had been maintained at 31%.

5.4 Expenditure had increased by £5M, split evenly between staff and non staff costs. On the non staff side there were increases in utilities spend (£0.5M) and on an enhanced scholarship and bursary scheme reflecting the increased tuition fee levels (£0.7M). The increased staff costs reflected expansion of activities and student numbers as well as an exceptional spend on the voluntary severance and early retirement scheme, resourced from the SDF grant.

5.5 The end of year deficit was £625K compared with £1.08M forecast in June 2009 and £493K forecast in June 2010. The variation between June 2010 and year-end was due to a late reduction in HEFCE T grant and a decision to put the difference in valuation of 29 Russell Square between purchase from the University and onward lease to the Wiener Library through the 2009-10 income and expenditure account.
5.6 F&GPC confirmed that £600K compensation from the University for relinquishing accommodation in Senate House North Block had been paid.

Recommended to Governors

5.7 Approval of the Financial Statements for the year ended 31 July 2010.

6 FUNDABLE STUDENT RECRUITMENT

Received

6.1 A report on fundable student numbers in 2009-10 and 2010-11. (F 2010 04)

Noted

6.2 The report for 2009-10 indicated that the outcome would be 4,223 FTE, within 1% of the in-year prediction made in December 2009.

6.3 The report for 2010-11 included an estimate of fundable completions at the end of the academic year. The College had made significant inroads towards meeting its HEFCE contract target of 5,165 FTE by 2011-12 and was currently projecting a fundable FTE 230 short of this number. The College would continue its recruitment drive for courses starting in the spring and summer terms, to get as close to meeting the HEFCE target as possible and put the College in the best possible position to meet the challenges expected in 2011-12 and beyond.

6.4 Overall recruitment was currently 84% of target, including a strong performance for degree/certificate/diploma programmes and a less strong performance in modular programmes and for ELQ (non fundable) students.

6.5 There had been a small increase in the non completion rate, possibly an effect of larger student numbers overall. This was being further evaluated. It was reported that learning support resource had been assigned to each School to support the Schools in student retention.

6.6 F&GPC heard that further evaluation would be needed to determine whether the fall in modular recruitment was caused by price sensitivity, recession or diversion of ELQs onto other programmes. The College was evaluating modular fee strategy as part of its consideration of the overall pricing and marketing strategy in response to the Browne review (see 11 below).

6.7 The number of international students had increased following recruitment of a specialist staff member and improvements in the efficiency of responses to applications and enquiries. The next stage would be to increase the volume of business with international agents and explore new markets for international students. It was confirmed that Schools controlled the quality of intake of both home and international students by setting and applying admissions criteria.
6.8 F&GPC commended all those involved in the considerable achievement of increasing student numbers at the same time as restructuring.

7 **BUDGET ESTIMATES 2010-11**
   **Considered**

7.1 The revised forecast out-turn for 2010-11. *(F 2010 05)*
   A note on budget monitoring and review in 2010-11. *(F 2010 06)*

   **Noted**

7.2 The forecast deficit had increased from £457K to £767K but at this early stage the year-end projection was subject to many variable factors, including a possible T grant cut in the final four months of 2010-11 if HEFCE’s budget was cut for 2011-12.

7.3 Anticipated spending on utilities had already been recorded in advance using the commitment accounting system which explained why the revised out-turn showed the utilities allocation as largely already spent.

7.4 The College would conduct a mid-year budget review early in 2011 to reforecast anticipated income at the mid point of the financial year and, if necessary, to re-cast expenditure allocations to reach a balanced budget. Revised income forecasts and spending reports would be produced in the Income Distribution Model format and sent to Schools in December for review in January. The outcome would be reported to F&GPC in March.

   **Agreed**

7.5 To authorise the Chair of F&GPC to take any necessary action before March if it was necessary to alter spending allocations significantly.

8 **FINANCIAL FORECASTING AND MODELLING**
   **Considered**

8.1 A note on the development of financial forecasts and financial modelling. *(F 2010 07)*

   **Noted**

8.2 HEFCE had extended its five year financial forecast deadline until April 2011, after the issue of its annual institutional grant letters in March. Much of the information normally required for planning had not yet been established at the national level because of the policy changes signalled by the Browne review of tuition fees and student funding and anticipated teaching funding cuts.

9 **INVESTMENT COMMITTEE**
   **Received**

9.1 The draft Report of the Investment Committee. *(F 2010 08)*

   **Noted**
9.2 Investment Committee had raised the level of cash holdings in response to the need for greater flexibility in an uncertain period, in terms of potential funding cuts and gaps and the possible need to spend money on the Stratford building. There was £16M of cash split evenly between instant access and one year fixed term accounts. F&GPC noted the relatively good rate of interest secured in the fixed term accounts.

9.3 In relation to Stratford, F&GPC asked when the College expected to make a return on its investment in the project. It heard that significant returns had already been recouped in terms of the College’s position in east London and with HE policymakers. The next stage would be payback in financial terms once the building was in use.

10 STRATEGIC PLANNING COMMITTEE

Received

10.1 The Report of the Strategic Planning Committee. (F 2010 09)

Noted

10.2 SPC reported on the immediate impact of the Browne Review recommending diminution of direct teaching funding and increased tuition fees funded by student loans. An important positive aspect of Browne for Birkbeck was its recommendation that student loans for tuition fees should be available to all students studying at 33% or more of full time intensity.

10.3 SPC had followed up on Governors’ discussion in October of the strategic direction of Birkbeck and had identified some initial challenges:

• planning for the future given that teaching funding was likely to reduce or disappear;
• responding to the likely need for regulated funding for students without traditional university entry qualifications, linked to widening participation objectives;
• pressure on the estate, in particular teaching space, as student numbers grew further;
• the quality of the student experience, which would become increasingly important in an environment of higher fees. Students would have legitimate expectations of space, service levels and access to information and answers.

10.4 There were opportunities arising from part time students’ equal access to the student loan system and scope for more innovative part time programme development, but also many unknown factors. SPC was planning an extended meeting in December to further consider the strategic response to the new fees and funding environment. The agenda would cover financial modelling of the impact of the changes, portfolio development, pricing strategy and how to protect and benefit from the College’s unique mission and market position.

10.5 The opening up of student loans to part time students had already been endorsed by Government. This was the successful outcome of the College’s campaign for fair funding for part time students and provision. The College would be seeking to influence policy to make loans available to students studying at 25% intensity, as that was the study load of a substantial number of Birkbeck students.
For tuition fees, the College’s pre-Browne priority had been to move towards market-rate fees including an undergraduate fee that was, pro rata, equivalent to the full time capped fee. The new issue was to identify what strategy to adopt given that full time undergraduate fees were likely to double in 2012-13, with mixed indications on the extent to which the market would differentiate between a £6K and a £9K full time fee. The fee strategy would be crucial and would need to take account of the extent to which part time students would be prepared to take out loans and pay higher fees.

SPC had delegated recommendations for 2011-12 fees to the Fee Bursary and Scholarship Committee and asked it to report back in the spring term.

SPC also reported its consideration of the management of postgraduate research scholarships. Analysis of the budgets had shown that a disproportionate amount of postgraduate research fee income was spent on fee waivers. SPC agreed that it was not financially viable to continue this level of commitment and that the College had to adopt a more integrated approach to postgraduate scholarships. F&GPC confirmed that the College’s student representatives would be consulted about any new bursary and scholarship proposals.

Following Governors’ discussion of possible involvement in part time HE delivery outside London, SPC reported that one model would be to act in an advisory role, working with a provider delivering locally with appropriate quality assurance measures in place. Analysis of feasibility, including existing provision and potential demand, was taking place.

In response to a specific question about balance of provision at Stratford, it was reported that there were currently 210 FTE enrolled on certificate diploma and degree programmes and 100FTE enrolled on modular and short courses; and that the same recruitment criteria and processes applied to Stratford and Bloomsbury.

**ESTATES COMMITTEE**

Received

The Report of the Estates Committee. (F 2010 10)

Noted

Good progress had been achieved in the implementation of the Estates strategy. At Russell Square, refurbishment at houses 27-28 was concluded and the Department of History, Classics and Archaeology had moved in. Informal liaison continued with Camden Council’s planning office prior to submission of the formal planning application for more extensive work on houses 25-26.

Birkbeck and the Wiener Library had signed the lease for the Wiener’s accommodation at 29 Russell Square and the Wiener had started to refurbish the house.
11.4 The School of Arts was now in place at 39-47 Gordon Square and 32 Tavistock Square. At Gordon Square, energy efficient heating had been installed and the fire alarms and electrical wiring replaced.

11.5 Registry Services had moved to Egmont House, completing the transfer of most Professional Services sections to that building. The student centre and associated student services remained on the ground floor of Malet Street and the former ground floor Registry offices had been converted for teaching.

11.6 Computer Science and Psychological Sciences had moved out of Senate House and into Malet Street. The former Library entrance had been remodelled creating 20+ new study places. In the basement, the shared data centre was ready for installation of servers and equipment, testing facilities for Psychological Sciences were in use and refurbishment of Crystallography laboratories was nearly complete.

11.7 The main lifts had been replaced over the summer vacation. The work had been completed to budget and the new lifts were larger, faster and of better quality than the previous lifts.

11.8 As reported to Governors on October 13, the College was investigating selling its share in 23-29 Emerald Street, jointly owned with the Institute of Education (IoE) to accommodate the London Knowledge Lab, to IoE. As well as focusing Computer Science’s activity on one site, this would generate additional capital for other projects as determined by Governors; and reduce costs. This would not affect Birkbeck’s continuing commitment to the London Knowledge Lab partnership with IoE.

11.9 The property had been acquired as part of a HEFCE scheme in which institutions working in partnership were exempt from costs. Since then, the development of estates strategy had moved on to consolidating and realising assets, so it made sense for the College to sell its share.

11.10 The possibility of leasing the second floor of 18–20 Gower Street from the University was being explored. This could be used as decant space and to accommodate expansion and development.

11.11 The College had submitted its Capital Investment Framework (CIF) application to HEFCE, who would advise institutions whether they had satisfied requirements in January 2011. The provision of capital funding from April 2011 would depend on the Government’s spending review and there was speculation that the fund could be 40-60% of the 2008-11 allocation.

11.12 Estates Committee had considered a report from the College’s teaching space project. An IT system linking data on teaching modules with the room allocation process had been introduced. This had enabled better planning of teaching space and personalised online
timetables for students. It had also produced management information on teaching patterns and space use which would be used during the second phase of the project, which would examine whether different teaching patterns could make better use of teaching space.

11.13 Estates Committee was starting to plan the next phase of the Estates strategy. This would depend on the resources available, including from Emerald Street and CIF. There would be a need to balance resource between Stratford, Russell Square and the emerging need to expand and enhance teaching space to meet the expectations of students paying higher fees. The Committee had taken preliminary action to improve two aspects of teaching space: to create a larger IT teaching space and to commission a report on options and preliminary costings for a large lecture theatre, to be used to assess fundraising potential. The Committee would make an overall decision on resource allocation once the CIF allocation was confirmed.

11.14 Estates Committee endorsed a report on energy and environmental management, identifying low cost measures to reduce electricity consumption, which led to 86% of the College’s carbon emissions. The Committee would monitor and report on the effect of these measures.

11.15 Estates Committee had also considered and was satisfied with reports on:
- The operational Estates and Facilities budget
- The capital programmes budget
- The Stratford Island project
- The Long Term Maintenance programme
- Estates objectives and Key Performance Indicators (KPIs)

11.16 F&GPC endorsed Estates Committee’s commendation of the Estates team and members of the Schools for their contribution to the relocation and refurbishment projects, which were already delivering benefits for staff and students.

12 HR STRATEGY AND POLICY COMMITTEE
Considered
12.1 The Report of the HR Strategy and Policy Committee. (F 2010 11)

Noted
12.2 HRSPC reported its consideration of HR priorities for 2010-11 including completion of the sessional lecturer project; leadership and management development programmes; customer service training; equality; and reviewing the future direction of HR.

12.3 HRSPC also noted the need to review recruitment policy to take account of changes in immigration regulations; the Equalities Act; the removal of the default retirement age; and internal devolution of financial budgets.
**Recommended to Governors**

12.4 Approval of the Right to Request Time Off for Training Policy.

12.5 Approval of the Policy on Delegated Authority for Sign-off of Voluntary Severance Agreements.

Noted

12.6 HRSPC had endorsed policy on Sickness Absence, but Governors’ approval of the policy would be deferred until the consultation process with the Unions was concluded.

13 **VOLUNTARY SEVERANCE AND EARLY RETIREMENT SCHEME**

Considered

13.1 A progress report on the VSER Scheme. (F 2010 12)

Noted

13.2 The updated VSERS ran from January to July 2010, funded by the Strategic Development Fund grant. The Scheme had met College management’s objectives in terms of cost savings (£1.4M net savings over five years). Some potential funding remained and the College would need to identify whether the scheme should be re-launched and what the objectives and criteria would be.

14 **STUDENTS’ UNION**

Received

14.1 The audited financial statements of the Birkbeck College Students’ Union for the financial year 2008-09 (F 2010 13)

Noted

14.2 The statements should have been received by March 2010. The audited 2009-10 accounts would be due for submission in March 2011.

15 **DATE OF NEXT MEETING**

Noted

15.1 The dates of the Spring and Summer term meetings:

- Thursday 3 March 2011
- Wednesday 22 June 2011

at 4.30 p.m.