BIRKBECK
University of London

MINUTES OF THE FINANCE AND GENERAL PURPOSES COMMITTEE

22 June 2011

Present:
Mr Paul Shelton (Chair), Prof David Latchman, Prof Philip Dewe, Prof Julian Swann, Mr Drummond Leslie, Mr Hugh Ferrand, Prof Mike Oaksford, Mr Sean Rillo Raczka, Mr Tom Hoffman, Dr Ruth Thompson

By invitation:
Mr Robert Allison, Professor Eric Evans (Quality Assurance Agency)

In attendance:
Mr Keith Harrison (Secretary and Clerk to the Governors), Mr Peter Westley (Director of Finance), 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 David Butler, Mr Harvey McGrath, Mr John Poggioli

I PROCEEDURAL MATTERS

32 DECLARATION OF INTERESTS
Noted
32.1 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.

32.2 In relation to Minute 44.3 Mr Leslie noted his position as Council Member at the Institute of Education.

32.3 In relation to Minutes 42.8-42.19 Dr Thompson noted her position as Governor at Staffordshire University.

33 MINUTES
Confirmed
33.1 The Minutes of the meeting of 3 March 2011.

34 REPORT TO THE GOVERNORS
Noted
34.1 Governors’ receipt of the Report of the Committee following its meeting on 3 March 2011. (F 2010 27)
35 TERMS OF REFERENCE
Confirmed
35.1 Revisions the Committee’s terms of reference, to reflect restructuring; responsibility for budgetary control and financial planning; and oversight of research grant and contract income. (F 2010 28)

II FINANCE

36 FORECAST BUDGET OUTTURN 2010-11
Considered
36.1 A report on the forecast budget outturn for 2010-11 (F 2010 29)

Noted
36.2 A surplus of £748K was forecast, compared with a surplus of £275K reported in March. The variation was due to increased forecast tuition fee income, based on invoiced fees, and decreased forecast investment income. Provision had already been made for the in-year cut to HEFCE funding. The year-end outcome would be subject to reconciliation of invoices with fee payments and spending allocations with actual spend, before the contingency provision was released. Additional provision could be required for the Voluntary Severance and Early Retirement Scheme (see x below) and for sessional lecturer pay costs.

36.3 Following the mid year budget review, the College was working towards a more even distribution of surplus and deficit position among the five Schools. The current position was that Business, Economics and Informatics and Law were in surplus, Science was breaking even and Arts and Social Sciences, History and Philosophy were projecting deficits. In the current climate, with economic challenges and uncertainty caused by changes to university funding, the College was adopting a strategy of minimizing deficits and building up reserves where possible rather than spending. F&GPC endorsed this approach.

37 BUDGET ESTIMATES AND INCOME DISTRIBUTION MODEL 2011-12
Considered
37.1 A report on budget estimates for 2011-12, at College level and broken down by School in the Income Distribution Model (F 2010 29)

Noted
37.2 A surplus of £732K was predicted for the College. This included provision for in-year HEFCE grant reductions and a £2.1M general contingency provision. F&GPC endorsed this level of contingency provision as appropriate in the current economic climate, given that the resource from the SDF award was winding down and could not be called on to fund further strategic change and development.

37.3 The estimates had been considered and endorsed by the Strategic Planning Committee (SPC). They incorporated the results of the Schools’ detailed student number planning, together with Schools’ and Professional Services spending estimates.

37.4 The overall trends were similar to those reported the previous year. Income had increased with a larger proportion coming from tuition fees and less from HEFCE grant and research grant and contract income. School direct non-pay costs had increased, reflecting operating costs for laboratory equipment in Science; increased contributions to partner institutions for shared fee income for larger numbers of students; and increased
budgets in BEI and Law where student numbers were expanding. Similarly, increases had been made to Professional Service non-pay budgets to cover extra external teaching accommodation; additional student bursary provision; extra IT teaching room equipment; and Student Centre costs previously supported by SDF funding. The total increase in Professional Services spending of £1.1M had been offset to £0.8M by savings and efficiency measures.

37.5 Excluding areas where expenditure was directly linked to income such as specific grants and contracts:
- Forecast income increased by 15%
- Forecast income without tuition fee moderation increased by 19%
- Forecast School direct expenditure increased by 7%
- Forecast indirect expenditure increased by 4%
- Forecast overall expenditure increased by 6%

37.6 Schools had presented ambitious plans, building on the delivery of significant (16%) student number growth based on the current year’s expansion as well as increased levels of tuition fee, implementing previously agreed strategy. A 40% (£12.6M) increase in tuition fee income was projected, compared to an un-moderated forecast increase of 36% (£8M) made in summer 2010 for 2010-11.

37.7 F&GPC seconded SPC’s commendation of the Schools for their creative and positive responses to the challenge of moving rapidly to replace reduced HEFCE funding and capitalise on opportunities in 2011-12, when there was expected to be high demand in the last year of the current fee system.

37.8 Although initial indications for 2011-12 student recruitment were encouraging, it was necessary to balance ambition with caution in financial planning. F&GPC therefore endorsed a tuition fee contingency provision of £3.3M, representing 26% of increased income. A 31% provision had been made for the previous year. The lower proportion of 26% took into account the indications that year end fee income would exceed the moderated figure; and the fact that some of the increase was ‘built in’ in the form of higher fee paying students entering their second and third years.

37.9 The current bottom line for Schools was affected by inherited and historical factors. However, Schools forecasting deficit outcomes needed to move more quickly towards surplus positions. These Schools had comparatively high staff cost bases and discussions on staffing issues and proposals had been taking place with the aim of reducing individual deficit forecasts.

37.10 The need for a sustainable staff cost base would be balanced against the need to retain academic range in the staff profile. Although discussions on staff plans had been informed by staff costs and deficit projection metrics, decisions were being taken on a broader and academically strategic basis. The Committee noted the need to retain and encourage research active staff in anticipation of the Research Excellence Framework assessment in 2014.

37.11 The Committee discussed incentivisation for Schools predicting surpluses and heard that proposals for staffing expansion and enhanced space and facilities, on the basis of delivered student numbers; had been agreed, with the aim of making the most of limited resources but also rewarding and encouraging successful growth.

2.12 F&GPC commended staff involved in the planning and budgeting round for their work.
Agreed

37.12 Given the significant changes coming in 2012-13 and the large budget cuts already happening, a formal mid year budget review would take place in January, overseen by the Strategic Planning Committee reporting to F&GPC. This would allow budgets to be reviewed in terms of the concrete data of enrolments and invoiced fees and ensure that longer term commitments were being made on the basis of a firm picture of income.

Recommended to Governors

37.13 Approval of the 2011-12 Budget Estimates, subject to revision in the spring term following the mid year budget review.

38 FINANCIAL REGULATIONS

Considered

38.1 Proposed new financial regulations governing the new budgetary structure. (F 2010 31)

Noted

38.2 As well as reflecting current structures, the document had been shortened and updated to reflect current best practice in financial administration. Once approved the regulations would be rolled out to staff groups, along with a training programme.

Recommended to Governors

38.3 Approval of the new Financial Regulations.

39 VOLUNTARY SEVERANCE AND EARLY RETIREMENT SCHEME

Noted

39.1 The College had re-opened the Voluntary Severance and Early Retirement (VSER) Scheme, with staff invited to express interest by 17 June. The aim of the re-opened Scheme was to make savings in preparation for uncertainty in the future, especially in Schools with historically large proportions of staff costs and deficit budget forecasts.

40 UNIVERSITY OF LONDON INTERNATIONAL PROGRAMMES

Noted

40.1 Following the launch by a group including former Birkbeck staff of a private institution, New College of the Humanities, offering tuition for University of London International Programme students at £18,000 per year, the issue of unregulated teaching of International Programme students was raised. There was concern that individuals and organizations could offer tuition for International Programme students in the UK, effectively competing with the Colleges of the University, with no requirement for approval or validation.

41 INVESTMENT COMMITTEE

Received

41.1 The Report of the Investment Committee. (F 2010 32)

Noted

41.2 Investment Committee had identified and was acting on the need to diversify cash holdings. It had also forwarded a Scheme of Membership to F&GPC for approval, to formalise and place on the record the Committee’s established arrangements for membership.
41.3 F&GPC thanked Mr Drummond Leslie, who would be retiring from the Governing Body at the end of the session, for his service as Chair of Investments Committee.

41.4 The Committee also welcomed Mr Hugh Ferrand, who would be taking on the role next session.

Agreed

41.5 The scheme of membership of the Investment Committee. (F 2010 33)

42 STRATEGIC PLANNING COMMITTEE

Received

42.1 The Report of the Strategic Planning Committee (SPC). (F 2010 34)

Noted

42.2 SPC had been monitoring developments in HE funding policy. As well as lobbying to secure optimal outcomes for part time students, College officers were taking part in consultation and working groups organised by the organisations that would develop and implement the new system. Through these channels, Birkbeck had been influential in important new policy developments:

- Confirmation that the Student Loan Company would introduce loans for part time students for 2012-13
- Certificate students progressing onto a degree would not be required to pay back their student loan until 3.5 years after commencing studies.
- Revisions to the Government’s information leaflets to enhance information on fees and loans for part time students.

42.3 The College continued its campaign for a fairer payback point for part-time students of 4.5 years after the start of study, rather than 3.5 years as currently planned.

42.4 The Government campaign to inform prospective students about finance in the new system was aimed at school leavers heading for full time university places. In contrast, Birkbeck needed to reach students from diverse and different groups and was seeking to ensure that its advertising campaigns and website included information on fees, loans and financial support as well as the academic provision on offer.

School Plans and Income Distribution Model Budget 2011-12

42.5 SPC had received and commended the School plans and narrative statements, which demonstrate the ongoing fulfilment of the Schools’ strategic aims of expansion, rationalisation and academic development and had led to the budget proposals described in minute 37 above.

42.6 SPC also considered a number of issues related to the principles of the distribution of income and contribution to costs in the budget model. These included the cost of space and facilities, research student skills training and agent commission for international student recruitment. SPC resolved to establish an academically led working group to oversee the principles of income distribution and cost contribution and referred these issues to it for more detailed consideration.

Student Financial Support 2011-12

42.7 SPC also agreed the distribution of donor funds for 2011-12, with an emphasis on fully funding requests for fee top-up payments for Part Time Grant (PTG1) holders. SPC endorsed the aim of fully supporting all Part Time Grant holders to the level of the
Birkbeck fee. The budget proposals described in Minute 37 include a £1.6M allocation to support this, along with donor and State funds.

Fees, Bursaries and Scholarships 2012-13

42.8 The Fee, Bursary and Scholarship Committee (FBSC) had been reporting to SPC regularly during the critical period of undergraduate degree fee setting for 2012-13. Consideration took place in the context of the national debate on university funding; policy for part time student loans; indications of the impact of fee changes on the part time market; the ability and inclination of part time students to pay higher fees; and the need to maximise income given the deficits projected for 2012-13 and 2013-14.

42.9 Governors had already agreed that undergraduate fees would be placed on three tiers: the upper tier pro rata to the upper level of the regulated fee (£9,000 full time) and the lower tier pro rata to the lower level of the regulated fee (£6,000 full time). The tiered approach had been adopted because it constituted effective risk management, enabling the College to test demand at a variety of fee levels and make adjustments in subsequent years; it reflected the diversity of provision; and it positioned Birkbeck in a recognisable but distinctive manner reflecting its unique mission.

42.10 FBSC and SPC agreed the level for the middle tier, to be pro rata to £8,000 per year (full time) and £6,000 per year for a four year degree programmes.

42.11 SPC endorsed criteria for assigning degrees to the tiers:
- The lower tier for provision supporting the access and widening participation mission.
- The upper tier for provision with a vocational, career oriented or academically distinctive outcome; leading to a professional qualification; or accredited/recognised by a professional body.

42.12 As agreed by Governors in March, the Chair and Deputy Chair of Governors, the Chair of F&GPC and the Master had been consulted on and had agreed the fee tiers. School Executives had confirmed their assignment of provision to the tiers and validation was taking place via a small group of College officers acting for the Master. The Master commended the Schools for their considered and efficient approach to fee setting. A statement on fees and financial support was being prepared for publication.

42.13 FBSC continued to develop strategy for Certificates of Higher Education programmes and modules, building on previous work to rationalise the fee structure. The fee framework would enable a common pro-rata to credit fee structure and also recognise the important contribution of some Certificates to the College’s access, widening participation and lifelong learning missions. The College was undertaking a review of Certificates which had identified a typology of provision: areas oriented to access; areas focusing on professional knowledge; areas focusing on subject specific skills; and areas oriented to lifelong learning. These distinctions were being used in fee setting, with professional programmes charging fees comparable with degree provision and ongoing work taking place to identify transitional fee levels for access and lifelong learning oriented provision.

42.14 Consideration of student financial support was taking place in parallel with the fee debate. For 2012-13, a new approach to student financial support would be needed. SPC oversaw the development and submission to the Office for Fair Access (OFFA) of Birkbeck’s access agreement for 2012-13, outlining the proposed fees and how a percentage of income from fees above the £6,000 baseline would be used to fund student financial support, outreach and retention work. OFFA currently regulated only full time provision, although legislation passing through Parliament would bring part time provision under its jurisdiction. In
anticipation of this, the access agreement set out fees and planned student financial support packages and resources for outreach and retention for the full range of full and part time provision.

42.15 The aim of the access agreement was to define a strategy responding to the needs and circumstances of the College’s student body and integrated with planned widening participation and student retention initiatives. Financial awards would be targeted to students on low incomes, students meeting widening participation criteria and students progressing from access courses run by the College and selected FE institutions. The initial plan for 2012-13 undergraduate entrants was made up fee waivers and real money bursaries funded via the National Scholarship Programme (£240K) and College funds (£1M). The resource would build up over four years as additional cohorts of students entered the new system.

42.16 Planned overall spending on access, including financial support, outreach and retention, was approximately 35% of income above the baseline of income earned if all fees were pro rata to £6,000. This was at the high end of the range recommended by OFFA and in keeping with Birkbeck’s mission to teach non traditional students.

42.17 The Students’ Union had proposed that full fee waivers should be offered. This option had been considered by FBSC and SPC alongside partial waiver options and the consensus had been for an award value of half the fee enabling more students to be supported with the resource available.

Endorsed

42.18 The approach being taken to tuition fees and financial support packages.

Noted

42.19 The student representative’s disagreement with the fee proposals and disappointment that no full fee waivers would be on offer.

Business Relations

42.20 SPC considered a report on the College’s Business Relations unit, following a review of activities funded by the College’s Higher Education Innovation Fund (HEIF) allocation. The report had concluded that, post restructuring, business relations activities were not fully integrated with School activities and that alternative means of delivering business engagement support should be considered. SPC agreed that new arrangements, with resource located within the Schools, should be put in place. This had human resource implications which were being addressed through the College’s standard procedures.

43 REMUNERATION COMMITTEE

Noted

43.1 The financial implications of the decisions of the 2010-11 Remuneration Committee. (F 2010 35)

III GENERAL PURPOSES

44 ESTATES COMMITTEE

Received

44.1 The report of the Estates Committee. (F 2010 36)

Noted
Estates Strategy Implementation

44.2 Work was close to completion at 27-28 Russell Square, Gordon Square and the Main Building. Work being completed included the replacement of the Malet Street goods lift and installation of chillers and equipment for the basement data centre.

44.3 Following the sale of the College’s share of 23-29 Emerald Street to the Institute of Education, a leaseback agreement had been made for use of the first floor by London Knowledge Lab staff until 31 March 2013.

Estates Strategy Development

44.4 The College’s HEFCE Capital Investment Framework (CIF 2) allocation for 2011-14 was £2.786M, considerably lower than the £13.1M allocation for 2008-11. The next phase of the estates strategy would focus on providing research facilities and supporting expansion in student numbers. The resource would come from CIF, the Higher Education Innovation Fund allocation and capital receipts including for Emerald Street (£1.634M).

44.5 Projects included a 100 seat IT-enabled classroom, postgraduate research facilities for Business, Economics and Informatics, expansion of the Clore lecture theatre and research facilities for Psychological Sciences. The total estimated cost was £1.23M with a further £0.46M of sustainability enhancement works funded by Salix energy efficiency loans.

44.6 The College’s house at 7 Bedford Square had been used as a base for the National Evaluation of Sure Start research project. The project was running down and options for future use or disposal were under consideration. The house was worth a minimum of £1.5M, but its value could increase if a change from office to residential use was obtained from the local authority. Sale options would be pursued after the adjacent British Museum renovation was completed. In the interim, College officers were assessing potential use for decant space or rental to an external organisation.

Teaching Space Expansion

44.7 Estates Committee continued to consider options for extending teaching space and constructing a large lecture theatre. Enhancing learning and teaching space in Bloomsbury was a major priority. At peak teaching periods the College was teaching 50% of classes in external accommodation, costing more than £1.4M in 2011-12. In the current financial climate, the resource for any major new estates project was likely to be spread between partners.

44.8 The College had confirmed preliminary interest, with SOAS, in occupying Senate House North Block space in the future. This, if taken up, would involve contribution to the North Block refurbishment project.

44.9 The College had commissioned its property lawyers to advise on potential collaboration with third parties within and outside the University; on lease and covenant issues restricting use of the University estate; and on the risk and due diligence issues that would need to be factored into any partnership arrangement. Estates Committee also reported on plans to commission a feasibility study to assess development options and the finance issues linked to them and to assess the potential for partnership approaches. Discussions with potential partners were taking place, with a view to confirming as a first step their willingness to contribute to the costs of the feasibility study.

44.10 Given the uncertainty about student numbers after 2012, all work on teaching space expansion was exploratory. Estates Committee had confirmed that funding arrangements for any new major developments would not be at the expense of existing Estates projects.
Financial Reports and Project Progress

44.11 Estates Committee considered and was satisfied with reports on
- The operational Estates and Facilities budget
- The capital programmes budget
- The Birkbeck Stratford project
- Reports on progress on agreed Estates projects.

Long-Term Maintenance Programme

44.12 Estates Committee had been satisfied with progress on implementing the Long Term Maintenance programme 2010-11. It agreed the proposed long term maintenance programme 2011-12, funded by an allocation of £495,000 for 2011-12. As in previous years, the work had been prioritised so that urgent work and work required for safety or to comply with legislation was funded.

45 HUMAN RESOURCES POLICY AND STRATEGY COMMITTEE

Received

45.1 The Report of the HR Policy and Strategy Committee. (F 2010 37)

Noted

Retirement Policy

45.2 HRSPC reported consideration of draft retirement policy, revised in the light of the removal of the default retirement age. HR officers were reviewing practices for retirement planning in other HE institutions and this would inform further development of the draft. Potential changes to the USS pension scheme would in future allow for flexible retirement arrangements in which staff would draw down a partial pension and continue working at reduced hours.

Progress and Development Reviews (staff appraisal)

45.3 HRSPC noted a substantial increase in PDR completion rates amongst professional and support staff in most areas, although take-up amongst academic staff was still relatively low. The College’s academic PDR policy and procedures would be benchmarked against other HEIs. The development of core standards for academic staff would also be considered.

Sessional Lecturer Project

45.4 Negotiations between management and Unions were ongoing. The Unions had requested a pay increase for sessional lecturers. It had been agreed that the costs of raising the hourly rate for 'lowest paid' sessional lecturers in each School would be investigated.

IV OTHER MATTERS

46 COMMITTEES OF F&GPC 2011-12

Noted and agreed

46.1 The Terms of Reference and Schemes of Membership of the Committees reporting to F&GPC in 2011-12. (F 2010 38)
- Estates Committee
- Human Resources Policy and Strategy Committee
- Strategic Planning Committee
- Investment Committee
- Safety Committee
47 ELECTION OF CHAIR FOR 2011-12
Agreed
47.1 Election of Mr Paul Shelton as Chair of the Finance and General Purposes Committee for 2011-12.

48 DATES OF MEETINGS IN 2011-12
Noted
48.1 Dates of meetings for the 2011-12 session:
   • Tuesday 15 November 2011
   • Monday 12 March 2012
   • Thursday 14 June 2012
   all at 4.30 pm.

49 THANKS TO RETIRING MEMBERS
Confirmed
49.1 The Committee’s thanks to retiring members Professor Mike Oaksford, Mr Tom Hoffman and Mr Drummond Leslie for their invaluable contributions.