Minutes of the meeting of the GOVERNORS

Wednesday 3 July 2013

Present
Mr Harvey McGrath (Chair), Mr Richard Abbott, Mr Robert Allison, Professor Philip Dewe, Mr Hugh Ferrand, Dr Rebecca Gumbrell-McCormick, Professor David Latchman, Mrs Joy Manners, Ms Elizabeth Meek, Mr Stuart Popham, Mr Paul Shelton, Professor Julian Swann, Dr Ruth Thompson, Mr Peter Zinkin

In attendance
Mrs Katharine Bock (Head of Governance), Mr Keith Harrison (College Secretary and Clerk to the Governors), Professor Matthew Innes (Vice Master Designate), Ms Roisin Lynch (Corporate Support Officer), Mr David McGhie (Director of Planning), Mr Peter Westley (Director of Finance)

Apologies for absence
Mr John Biggs, Dr Alex Colas, Ms Julia Collins, Ms Annabel Jones, Professor John Kelly, Mr Eamonn Moyles, Mr Pierre Smith Khanna

40 DECLARATION OF INTERESTS
Noted

40.1 Governors were asked to disclose in advance any conflicts of interest in relation to the matters listed on the agenda. Robert Allison noted a consultancy arrangement with the external auditor KPMG.

41 CONFIRMATION OF THE MINUTES
Confirmed
41.1 The minutes of the meeting of 19 March 2013.

42 MATTERS ARISING
Noted (arising from Minute 36.2 of the meeting on 19 March 2013)

Equality and Diversity Report 2011-12

42.1 Governors had asked for more information on performance compared with the HE sector at large. A preliminary analysis indicated that Birkbeck was in line with the sector on factors such as age, gender, gender among senior grades and ethnicity. The College’s objective was to continue to improve on these measures. Fuller comparative benchmarking with other HE institutions would be presented in the 2012-13 report.

42.2 Governors had also asked for further analysis on application to interview statistics and staff recruitment broken down by religious groups. The Equalities Committee confirmed that it would continue to monitor and report on these data. It was also confirmed that interview panels had no access to data on applicants’ religious beliefs.
43  MASTER’S REPORT

Noted

43.1 Recruitment to three year undergraduate degrees was on target so far and the College was planning an intensive recruitment drive during the August Clearing period, to put it in a strong position to reach the Student Number Control target for 2013-14 and to continue to lobby for an increased target in future years.

43.2 Birkbeck was bidding to the HEFCE Catalyst fund to support further development of the three year offer, including flexible intensive study at undergraduate and postgraduate levels and support for students balancing work and study. As students in the new fees system moved towards graduation with large amounts of debt, it was expected that the government’s focus would turn towards the potential impact on postgraduate study. Masters programmes which allowed students to continue to work while studying in the evening might be one way to address the issue.

43.3 The College continued to lobby for a better deal for part time provision. Colleagues had met with the Minister for Education for Wales, where part time provision had retained Government subsidy and lower fees. A meeting had been arranged with the Director of the Office for Fair Access, who had expressed concerns about the part time system. The College was continuing to build a network of supportive peers, including those who had spoken in support of Baroness Bakewell’s speech in favour of part time education in the House of Lords.

43.4 Birkbeck’s market research suggested that a significant cause of the downturn in part-time recruitment was a lack of confidence among middle income students that a degree would add value to their lives and careers justifying the large amount of debt. The College’s communication plan therefore focused on demonstrating the value of a Birkbeck degree.

44  BUDGETS AND FINANCIAL FORECASTS (G 2012 24)

Received

44.1 A report from Finance and General Purposes Committee on the forecast outturn for 2012-13, budget proposals for 2013-14 and updated financial forecasts (G 2012 24)

Noted

2012-13

44.2 The current forecast surplus for 2012-13 was £1.9M net of contingency provision, compared with a surplus of £1.5M reported in March. The variation was due to the in-year reduction in HEFCE T funding reported to Governors in March, revised tuition fee income forecasts taking into account forecast student drop-out and bad debt, an increased estimate of room letting income and savings in pay and non-pay costs throughout Schools and Professional Services.

44.3 Provision for £2.07M of bad debt had been built into the mid-year estimates, in addition to the £3.5M provision brought forward from 2011-12. There was no historical data available to predict the extent of irrecoverable debt under the new fee system. The College had made prudent provision and was closely monitoring the situation, adjusting the strategy for managing it as necessary. In addition, F&GPC had asked for a comprehensive report to clarify the bad debt position and the College’s Internal Auditor would review arrangements for debt management.

44.4 Some students had still not applied for loans and the College was directing effort to encourage them to do so. Students who had not applied for loans would be liable for, and pursued for, their fee debts.
F&GPC had considered the provisional budget estimates for 2013-14. These incorporated the results of the Schools’ detailed student numbers planning, together with staff and other spending estimates. After contingency provision, a surplus of £235K was predicted.

It had been an exceptionally challenging planning and budgeting round. Governors commended Schools and central staff who had worked together constructively to produce a viable budget.

Schools had set their student number targets taking into account planned numbers compared with the 2012-13 intake and 2013-14 applications data. Early indications on applications for four year and Masters degrees were that demand had fallen further, although offer levels were higher than at the same point in 2012. It was necessary to plan for the possibility of lower than forecast recruitment. There was a total of £3.365M tuition fee related contingency provision in the estimates, including provision based on a prediction that 10% of invoiced income would not be received because of drop-out, withdrawal and bad debt; and £865K of provision against the risk of under-recruitment.

There were additional costs to absorb, including the impact of harmonisation of pay and conditions for hourly paid teaching and scholarship staff. Staff costs would be carefully monitored. Planned new posts had been deferred wherever possible unless justified by a growth in student numbers. The challenge would be to balance finances while preserving the College’s multi-faculty nature and diverse mission. Governors noted the need to recognise the potential impact of the wider economic climate on student choice: for example it was likely that there would be higher demand for professionally and vocationally oriented courses. All of Birkbeck’s courses should take into account the needs of students related to employability, enterprise and community participation.

The Schools of Science and Arts were predicting deficits in 2013-14. F&GPC had noted the School of Social Science’s recovery from deficit in 2009-10 to the current projection of a small surplus. This had been achieved through sustained and detailed work to address underperforming courses, diversify the teaching portfolio, restructure and redeploy resources. This example represented a potential way forward for Arts and Science. In 2013-14 there would be an emphasis on supporting these Schools in developing sustainable strategies.

As in 2012-13, the Vice-Master designate would convene monthly meetings of the budget/planning team and the Executive Deans, to review and take action the financial implications of recruitment trends and review the budget estimates at the mid-point of the financial year, prior to presentation of revised estimates to F&GPC in March.

Financial Forecasts

Governors received proposed financial forecasts to 2015-16, to be submitted to HEFCE. A break-even position was forecast, based on assumptions that student recruitment would hold at the level predicted for 2013-14 and that spending would be contained.

A new commentary to accompany the forecasts had been drafted, setting out the action Birkbeck was taking to meet the challenges of the new fees and funding regime. Primary initiatives were developing the College’s portfolio to meet the needs and aspirations of non traditional students; developing an embedded employability/enterprise agenda; creating a flexible fee and enrolment infrastructure; and exploring innovative teaching and learning practice including new technologies.
44.13 The College’s strategy on staff costs had been to increase total income without increasing staff costs. Even with staff costs under control, Birkbeck was among the HE institutions with the highest proportion of staff costs in relation to income. This was because unlike most institutions the College did not have any student accommodation, which in other institutions accounted for a large percentage of both income and expenditure.

44.14 The Higher Education sector was facing a period of uncertainty caused by a number of factors. Apart from the tuition fee changes and changing economy and job market, there were growing expectations that universities would be expected to compete with private providers. The College would need to be flexible and react quickly, making it necessary to revisit the financial forecasts frequently. Governors’ view was that the current forecasts struck an appropriate balance taking into account the current situation and the uncertain future.

Approved

44.15 The 2013-14 Budget Estimates, to be revised and resubmitted following the mid year budget review.

44.16 The financial forecasts to 2015-16 for submission to HEFCE.

45 RISK MANAGEMENT

Received

45.1 Audit Committee’s annual report on the management of risk in 2012-13 and the draft College risk register for 2013-14 (G 2012 25)

Noted

45.2 The risk profile had increased. Financial sustainability and insufficient student recruitment remained as the top risk, with increased scores reflecting the impact of projected reduced student recruitment in 2013-14.

45.3 The College routinely devoted significant resource to marketing because the majority of students did not come through UCAS. To meet the current challenges effective marketing would become even more vital. The College was investigating new options to offer students including Be Birkbeck and increased flexibility, for example through modular provision and intensive courses.

45.4 The impact of national student fee and funding policies was ranked third, with the same score as the previous year. There had been significant progress on systems and operations to support the requirements of the fee and funding policy changes, but a high level of uncertainty remained over the direction of Government policy for part time and mature students. The College would continue its lobbying efforts on these issues.

45.5 University Square Stratford was ranked joint fourth, as it had been in 2012-13. The building project was coming to an end and the risks would shift to student recruitment, joint operations with UEL, development of the academic programme in agreement with UEL and absorbing the increased costs of managing and maintaining an additional building.

45.6 The risk of inability to make effective use of technology to facilitate and support academic activities was ranked joint ninth. This risk encompassed the emerging issue of the development of MOOCs (massive open online courses) potentially competing with universities, the cost of development of online provision, partnerships with other institutions and the College’s reputation. An online strategy was under development.
45.7 Governors commended College management for their hard work on addressing current challenges. The risks were significant and increasing, but were being effectively addressed. The College and the Audit Committee would continue to monitor risk management throughout the year.

Approved

45.8 The report on risk management 2012-13

45.9 The College risk register 2013-14

46 BIRKBECK STRATFORD

Received

46.1 A progress report on activities at Stratford (G 2012 26)

Noted

46.2 The University Square Stratford building works were expected conclude in July 2013. This was later than planned, but the later date would enable timely completion of the work to a good standard. The fit-out programme would continue as planned and College management were confident that the building in operation from early September. It would be formally opened by the Princess Royal on 5 November.

46.3 It was likely that the contractor, Volker Fitzpatrick, would submit a claim for Extension of Time with associated costs, due to the construction programme overrunning. Birkbeck and UEL would contest any claim.

46.4 Significant outreach work was being undertaken in East London, including public events, workshops and taster sessions and work with feeder colleges. Governors commended this provision and noted the importance of skills courses for students who were motivated but whose educational backgrounds might not have prepared them for Higher Education.

47 REVIEW OF GOVERNORS’ EFFECTIVENESS

Received

47.1 The recommendations of the Review of Governors’ Effectiveness working group (G 2012 27)

Noted

47.2 As reported at the last meeting, Ruth Thompson had led a working group to conduct a review of Governor Effectiveness, focusing on experience-based evaluation of the effectiveness of the governing body, of individual Governors and of supporting mechanisms. The review had involved a programme of structured interviews with Governors and with the College’s senior officers; consideration by the working group of the support and guidance available to Governors; and a review of the constitutional documents of the College and the responsibilities of the Governors in relation to them.

47.3 A consistent view had emerged from the interviews that Birkbeck had an effective governing body and executive team but that Governors wanted more engagement with the College outside of formal meetings, including with students; and more opportunities to contribute to the evaluation of medium to long term strategic challenges for the College and potential responses to them.

47.4 The recommendations of the working group therefore focused on ways to deepen Governors’ engagement with the College, as well as on improving the quality of
information available for Governors; developing the Governor induction programme and Governor recruitment; improving governance mechanisms; introducing a paperless meeting system; introducing an additional meeting to focus on horizon scanning and medium term strategy; and making changes to the College’s constitutional documents to remove procedural information, resolve ambiguities and inconsistencies and reflect the College’s recently acquired degree awarding powers.

47.5 Governors agreed that the review process had been a very worthwhile exercise. They thanked Ruth Thompson and the working group for their hard work.

Approved
47.6 The recommendations of the Review of Governors Effectiveness as set out in G 2012 27.

Agreed
47.7 There would be training on the paperless meeting system once developed; and papers would still be available for Governors who needed them.

47.8 The changes to the Charter, Statutes and Standing Orders agreed at this meeting in principle would be brought back for formal resolution in December 2013.

47.9 Governors would review progress against the implementation plan in July 2014.

48 BE BIRKBECK/GUARDIAN PROPOSAL

Received
48.1 Proposals on the development of collaboration with the Guardian, extending the activities and reach of the Be Birkbeck programme (G 2012 28)

Noted
48.2 The Guardian was developing a space at Kings Cross for learning and other events and was looking for partners to contribute events. The proposed collaboration would involve a programme of Be Birkbeck branded events, with Birkbeck taking responsibility for the content and delivery of the programme and the Guardian handling marketing, ticketing and venue management.

48.3 The proposed business model was that Birkbeck would receive a 70% share of revenue from events. Both Be Birkbeck and Guardian members would be able to sign up for events at a reduced rate. The two organisations would keep the income from the membership fees of their respective schemes. Only the Guardian would be exposed financially to the liability for the lease on the building.

48.4 The scheme presented an opportunity to build on existing innovative College provision such as Be Birkbeck, extend Birkbeck’s reach and raise the public profile of our academics, working in partnership with a culturally compatible organisation. This programme would be an integrated part of the College’s academic activities, and involvement with it would be part of the academic duties of staff rather than an additional arrangement.
A project team had been set up to work on the development of the initiative, led by the Executive Dean of the School of Social Sciences, History and Philosophy. They had worked with consultants to draw up a sample programme of events to indicate the creative potential, reach and profitability of the partnership. The project team would consider the financial issues and risks to ensure that involvement with the partnership was appropriate and advantageous for Birkbeck. Governors noted the need to consider reputational as well as financial risks, given the wider public exposure.

The Guardian planned to undertake more work to define the roles of the partners and the managing entity bringing them together. An initial Memorandum of Understanding was expected to be ready for signing over the summer.

Approved

Further development of the proposal to enter a partnership with Guardian News and Media.

Delegation of the authority to scrutinise and sign the Memorandum of Understanding to a sub-group of the Chair and Deputy Chair of Governors, the Master and the College Secretary.

ACADEMIC BOARD

Received

The Report of the Academic Board (G 2012 29)

Approved

Academic Board’s recommendation that, in principle, the College could use its own degree awarding powers for degrees offered in partnership with other organisations that could not be offered as University of London degrees under their Regulations.

Noted

Proposals for the use of degree awarding powers for specific degrees would be submitted as appropriate for approval by Academic Board and the Governing Body.

FINANCE AND GENERAL PURPOSES COMMITTEE

Received

The Report of the Finance and General Purposes Committee (G 2012 30)

Noted

Investment Committee

The investment strategy continued to focus on protection from short term market volatility through use of derivative instruments, aiming to generate long term returns.

Estates Committee

As reported last term, the College had commissioned a Master plan to identify potential development sites around Torrington Square. Since then, work had focused on the proposed scheme for a ‘Toddler lab’ research centre on the vacant site next to the Warburg Institute. A bid to the Wolfson Foundation for partial funding had been approved. College management was putting together a funding package for the £3.7M development which would be brought to a future meeting of the Governors.
50.4 The College was exploring the potential of a proposal by the Biological Sciences department for a joint development with UCL of a research institute at the north end of Torrington Square. Any development would be compatible with a long term strategy to rebuild the extension building.

Human Resources Strategy and Policy Committee
50.5 Approved
- Market Supplements Policy
- Disclosure and Barring Policy
- Consultancy Code of Practice

Financial Regulations
50.6 The Financial Regulations on academic staff consultancy had been changed to reflect the current organisational structure following the closure of the Business Relations Unit, with responsibilities delegated to Schools.

Approved
50.7 The amended Financial Regulations on academic staff consultancy.

Students’ Union Financial Memorandum
Approved
50.8 The Students’ Union Financial Memorandum for 2013-14

51 AUDIT COMMITTEE
Received
51.1 The Report of the Audit Committee (G 2012 31)

Noted
51.2 Audit Committee had considered and was satisfied with reports from the internal auditor on Health and Safety, Student Examinations and Assessment, Research Grants and Capital Building Works, as well as a report on progress against the internal audit plan.

51.3 The Committee had decided to add an extra meeting to its annual schedule, to be held in October, to focus on internal audit.

52 REMUNERATION COMMITTEE
Received
52.1 The Report of the Remuneration Committee (G 2012 32)

Noted
52.2 Remuneration Committee had discussed a banding system for professorial staff and had agreed that HR would undertake further work on the potential impact of such a scheme.

52.3 Other improvements to the Committee’s procedures were also agreed, including a mechanism in respect of salary levels for newly promoted professors already on a salary equivalent to the minimum professorial point; a means of considering long serving professorial staff who had not applied for a pay increase since promotion; and the provision of equal pay information to inform the annual positive review.

53 NOMINATIONS COMMITTEE
Received
53.1 The Report of the Nominations Committee (G 2012 33)
Noted

53.2 Elections were taking place to fill the Alumnus Governor vacancy. The Student Governor appointments would be confirmed following elections in the Students' Union.

53.3 Governors had already confirmed the appointment of Baroness Bakewell of Stockport as College President for 2013-14.

Approved

53.4 Appointment of Harvey McGrath as an independent Governor for a second term of office ending on 30 September 2016.

53.5 Appointment of Harvey McGrath as Chair and Paul Shelton as Deputy Chair for 2013-14.

53.6 Appointment of the Lord Mayor of London as honorary Vice President.

53.7 Appointments to Committees for 2013-14 as set out in the Nominations Committee Report.

53.8 Appointments to the Fellowship of the College:
   • Paul Brickell
   • John Middleton
   • Professor Glaucius Oliva
   • Baroness Valentine of Putney
   • Sarah Weir OBE

53.9 Appointments to Honorary Life Membership:
   • Philip Payne, Director of Library and Media Services
   • Dr Glen Baggott, Department of Biological Sciences, School of Science

53.10 To authorise the Chair to appoint to Honorary Life Membership of the College any eligible member of staff whose retirement was confirmed before 30 September 2013.

54 NOMINATIONS COMMITTEE MEMBERSHIP

Agreed

54.1 The membership of the Nominations Committee for 2013-14 (G 2012 34)

55 STUDENTS’ UNION

Received

55.1 A Report on recent activities in the Students’ Union (G 2012 35)

Noted

55.2 Governors should email the Head of Governance with any questions they might have to be passed onto the Students’ Union.

56 RETURNING OFFICER FOR THE STUDENTS’ UNION

Agreed

56.1 Re-appointment of Mr Tom McCartney as Returning Officer for Students’ Union elections for a further one year term ending on 31 July 2014.
57  **SEALING OF DOCUMENTS**

Received

57.1 A note on use of the College Seal since the last meeting *(G 2012 36)*

Noted

57.2 Two documents had been sealed since the last meeting, one concerning a short term lease from the University of London, and the other an agreement for works to roads and associated infrastructure adjoining the University Square Stratford site.

58  **RETIRING MEMBERS**

Noted

58.3 The Committee thanked retiring members for their work on the Governing Body.

- Eamonn Moyles (Alumnus Governor)
- Annabel Jones (Student Governor)
- Pierre Smith Khanna (Student Governor)

59  **SCHOOL OF BUSINESS, ECONOMICS AND INFORMATICS**

Received

59.1 A presentation from the Dean of the School of Business, Economics and Informatics, explaining overall strategy and areas of academic focus. The School was ambitious in targeting growth, tackling many areas simultaneously. It had worked to streamline the student admissions process, reducing the time from application to offer and encouraging early enrolment. As a result student numbers had increased and BEI position as the largest School in the College in terms of fee income, with a good financial surplus. The School was developing innovative and diverse provision for students, including exploring online delivery to extend the geographical reach of the Birkbeck experience and increase flexibility, and developing the B4E (Birkbeck Engagement, Employability and Employment Ecosystem) concept to exploit Birkbeck’s unique sources of competitive advantage, such as its large London-based alumni population.

60  **DATES OF MEETINGS IN 2013-14**

Noted

60.1 Dates for meetings of the Governors in 2013-14:

- Tuesday 15 October 2013 (Strategic meeting and dinner)
- Wednesday 4 December 2013
- Wednesday 19 March 2014
- Wednesday 9 July 2014

Note: The date of the additional “horizons” meeting has since been identified: Monday 10 March 2013, 9.00 a.m. – 1.00 p.m.