Minutes of the meeting of the GOVERNORS

Wednesday 9 July 2014

Present
Present: Mr Harvey McGrath (Chair), Mr Richard Abbott, Mr Charles-Michael Berry, Ms Julia Collins, Professor Philip Dewe, Mr Hugh Ferrand, Dr Rebecca Gumbrell-McCormick, Professor John Kelly, Professor David Latchman, Mr John Lindner, Ms Caroline Luker, Mrs Joy Manners, Ms Elizabeth Meek, Mr Stuart Popham, 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 (Governance and Corporate Support Co-ordinator), Mr Keith Willett (Director of Finance)

Apologies for absence
Mr Robert Allison, Mr John Biggs, Dr Alex Colas

39 RETIRING GOVERNORS AND OFFICERS
Noted
39.1 Governors thanked Professor Philip Dewe, who would be stepping down from his Vice Master post at the end of July. His many contributions to College included the Stratford development, Trade Union liaison, chairing the HR Strategy and Policy Committee and leading the successful initiation of UCAS student recruitment.

39.2 The Committee thanked Dr Alex Colas and Professor John Kelly, who had reached the end of their terms of office as Academic Staff and Academic Board Governor respectively.

40 NEW DIRECTOR OF FINANCE
Noted
40.1 Governors welcomed Mr Keith Willett, the newly appointed Director of Finance.

42 DECLARATION OF INTERESTS
Noted
42.1 Governors were asked to disclose in advance any conflicts of interest in relation to the matters listed on the agenda. None were disclosed.

43 MINUTES
Confirmed
43.1 The minutes of the meeting of 19 March 2014.
MATTERS ARISING

Noted

44.1 The Students’ Union had asked for further consultation on the closing of the 24 hour IT facilities and the possibility of keeping facilities at University Square Stratford open later. These issues would be taken forward outside the meeting.

MASTER’S REPORT

45.1 In the last year of Student Number Control (SNC), staff were working hard to meet the target of 1,100. It was important to meet the SNC as closely as possible, to secure maximum expansion of three year student numbers while avoiding an over-recruitment fine. Each School had an individual recruitment target and the overarching strategy was to allow Schools projecting deficits to improve their positions through increased student numbers if possible.

45.2 Post-SNC, the College would consider to the balance between undergraduate and postgraduate students and home and international students. Postgraduate taught programme applications were higher than at the same point the previous year, although postgraduate taught recruitment across the sector was down. The possibility of more marketing of postgraduate programmes outside London was being explored.

45.3 For international students, Birkbeck needed to be fully aware of and enact all the Home Office immigration regulations to ensure that the College retained its Highly Trusted visa sponsor status.

45.4 Governors asked how the College recruited international students. Efforts to attract students from outside the EU had increased recently: Birkbeck was starting to use agents in certain countries, as well as targeting particular subjects in particular countries, for instance a sports management based event in South Korea. The College also recruited students from the Cambridge Education Group, which prepared international students for study at UK universities and operated in rented space at Birkbeck.

45.5 Governors noted the importance of English language competence for international students. Birkbeck had relatively high English Language requirements and offered courses in academic English. The Pro-Vice-Master for Learning and Teaching was looking at ways to expand and strengthen this.

45.6 Governors discussed entry tariffs for undergraduate programmes. In the mainstream UK undergraduate market, “A” level tariffs were seen as sending a message about the quality of the institution and were used as part of the formula for league table rankings. There was a delicate balance to strike for Birkbeck competing in this market while also fulfilling its commitment to open access education for mature students from diverse backgrounds.

45.7 Following the expansion of three year degrees, the College was likely to appear in league tables and needed to consider its strategy in relation to them. A working group had been
set up to explore the methodology of league tables and ways for College to ensure that it was well presented in them. The College would lobby on this where possible, making the argument that the rankings should consider the value added by university study rather than qualifications on entry.

46 BUDGETS AND FINANCIAL FORECASTS

Received

46.1 A report from the Finance and General Purposes Committee on budgets and financial forecasts (G 2013 19)

Noted

2013-14

46.2 The current forecast surplus was £5.2M, compared with £2.2M reported in March. Estimated HEFCE funding had increased, although this was offset by the fine for over-recruitment against the SNC. Better than predicted income from room lettings, donations and services had contributed to the improved position, as had lower than predicted Teaching and Scholarship staff costs and School non staff costs. The Teaching and Scholarship reduction was not due to cuts. The budgets had assumed that all planned modules would run at full capacity, but in reality there had been less activity.

46.3 £500K of contingency pay provision had been released, but there would be a similar amount of unbudgeted expenditure on staff restructuring. The £500K provision for a new strategic development fund would not be required in 2013-14, although criteria and processes for the College Innovation Fund had been agreed and provision would be made in the 2014-15 budget.

46.4 The College was continuing to work on improving the accuracy of in-year income and expenditure forecasting to give management and Governors a better indication of the likely financial position at the year end.

46.5 F&GPC confirmed that while the absolute level of student debt was increasing following the tuition fee increase, the bad debt provision was sufficient and, following further checks, could be reduced.

2014-15

46.6 A moderated surplus of £3.3M was predicted, with £2.4M of contingency provision and £0.5M set aside for the College Innovation Fund.

46.7 The aims of the 2014-15 planning round were to balance growth and development with the need to address areas in deficit; to respond to changes in demand from the student body; to achieve maximum benefit from the SNC of 1,100 while preparing for the challenge of unregulated recruitment in 2015-16; and to build on the improved financial position achieved in 2013-14. The exercise had run well, as processes had matured, forecasts were becoming more realistic and the imbalance in financial performance between the different Schools was diminishing.
Planned student financial support included an enhanced undergraduate bursary scheme targeted at middle income part time students. The College would honour its commitments on the National Scholarship Programme in 2014-15 despite the Government’s sudden cut to NSP funds and would also invest £400K to initiate the Birkbeck Anniversary PhD Studentships.

Financial Forecasts
Governors received proposed financial forecasts to 2016-17, to be submitted to HEFCE. Surpluses of 5% of turnover were forecast, with a longer term aim to rise to a surplus of 7% of turnover in future iterations once the costs of likely increased contributions to the Universities Superannuation Scheme had been absorbed. The forecasts assumed a 2% increase in staff costs form 2015-16 onwards.

The College’s current rate of cash generation from operating activities was slightly below average for HE institutions. This was in large part due to the lower than average depreciation charge the College needed to budget for, because it leased or rented most of its estate. The College’s ability to fund future capital projects and would depend on its ability to generate cash.

The forecasts included a calculation of earnings before interest, tax and depreciation (EBITDA), which was used to assess sustainability and to calculate how much money HEFCE would permit individual institutions to take out as loans.

Approved
The 2014-15 budget estimates, to be revised if needed following the mid-year budget review.

The financial forecasts to 2016-17 for submission to HEFCE.

RISK MANAGEMENT
Received
Audit Committee’s annual report on the management of risk in 2013-14, Risk Management Policy, and the draft College risk register for 2013-14 (G 2013 20)

Noted
The Risk Management Policy had been amended to reflect the current College structure and to define its appetite for risk.

The level of risk had reduced considerably since the previous year. While financial sustainability and student recruitment were still the top risks, the generation of a £6M surplus each year for the last three years was evidence of effective management. The nature of the financial sustainability risk would change as the College continued to shift its financial strategy from grant-based to fee-based, with income directly linked to success in
student recruitment; and would need to generate surplus income to pursue Estates developments in the future.

47.4 The other top ranked risks for 2014-15 were student and research-related. The student-related risks were highly ranked because the College needed to focus on supporting and meeting the expectations of an increasingly diverse student body paying higher fees. The research-related risk was highly ranked because the Research Excellence Framework would be announced in December 2014. Research was fundamental to the College’s mission, the research funding environment was highly competitive, and research funding resources were limited.

47.5 Emerging risks included the impact of the end of Student Number Control on Birkbeck and its competitors, and the likelihood of increased pay and pension costs in an uncertain economic climate. As reflected in the Financial Forecasts, it was likely that employer contributions to the Universities Superannuation Scheme (USS) would increase. Governors noted that at its last valuation, USS was £8 billion in deficit, representing a substantial potential liability for Birkbeck. Under the new recommended accounting practices for HE, this potential liability would appear on the balance sheet in the financial statements. The Audit Committee were monitoring the situation with USS very carefully. Governors asked about the other pension scheme in place in the College: SAUL, the Superannuation Arrangements of the University of London. They heard that there was less concern about SAUL as it was smaller and better funded. However, the underlying conditions that were causing USS’s deficit would eventually affect SAUL.

47.6 Governors noted the new risk focusing on management capacity to develop and deliver strategy and implement change.

Approved

47.7 The updated Risk Management Policy

47.8 The report on risk management 2013-14

47.9 The Risk Register 2014-15

48 ACADEMIC BOARD

Received

48.1 The Report of the Academic Board (G 2013 21)

Noted

48.2 Research Committee was overseeing Birkbeck’s response to HEFCE’s open access research publication policy. To be classified in the next Research Excellence Framework, research outputs must be published in an open access journal or lodged in an open access repository. Governors heard that adhering to this would require a cultural change and that there would be a need to raise awareness among academic colleagues.
A new Birkbeck Briefing had been published, intended for College stakeholders and friends and aiming to celebrate the success of Birkbeck’s development of three year courses as a response to the recent changes in government HE policy on part-time education, while acknowledging the impact these changes had had, resulting in the decline of four year courses. The Governors commended the team who had produced the Birkbeck Briefing.

Governors heard that the Committees of the Academic Board were responsible for overseeing student complaints and asked for their consideration to be included in the Academic Board report to Governors in the future, including data to allow year on year comparison.

AUDIT COMMITTEE

Received

The Report of the Audit Committee (G 2013 22)

Noted

The External Auditor noted some sector-wide emerging issues:

- Increasing scrutiny of HE by the Competitions and Markets Authority, the successor to the Office of Fair Trading.
- A new Higher Education Code of Governance from the Committee of University Chairs
- A new Memorandum of assurance and accountability from HEFCE, applying to the 2014-15 financial year onwards.

Audit Committee continued to monitor international student visa compliance and noted that it was satisfied that the College was following up internal audit recommendations to ensure compliance. However, new Home Office requirements gave universities the additional responsibility of ensuring that all students, not only those with student visas, had permission to be in the UK. This was likely to have a greater impact on Birkbeck than on other universities because of the modular open enrolment courses.

The Audit Committee had looked carefully the student debt position and noted the considerable effort put into improving student debt management and reducing student debt, as well as the need for more follow-up in relation to sponsored students. Audit Committee and Governors asked College management to consider apportioning bad debt to each School through the Income Distribution Model.

The Audit Committee had also asked College management to expedite consideration of a common costing methodology for new courses.

Audit Committee was pleased to note increased participation in Progress and Development Review (PDR). The rate for professional and support staff was 94%, and the rate for academic staff was 59%, although there was marked variation in participation in different departments. The Committee asked management to continue to encourage staff to use the formal PDR process and to record it annually.
**FINANCE AND GENERAL PURPOSES COMMITTEE**

**Received**

50.1 The Report of the Finance and General Purposes Committee *(G 2013 23)*

**Noted**

**Investment Committee**

50.2 The Investment Committee continued to oversee a conservative investment strategy, given the current financial environment.

**Strategic Planning Committee**

50.3 SPC had discussed the Government’s announcement of cuts to the Disabled Students Allowance. This would have a disproportionate impact on Birkbeck since mature first-time disabled students who did not proceed straight from school to university would have no existing access to support and equipment, in addition to often having more complex needs. Birkbeck was likely to have to provide significantly more equipment such as laptop computers. The College would lobby the government on the policy in general and its unfair impact on Birkbeck in particular.

50.4 SPC also reported on the Catalyst programme to develop and support flexible part time study and opportunities to combine work and study, including on the three year undergraduate degrees. HEFCE funding for the programme had been formally confirmed.

**Estates Committee**

50.5 The University of London Trustees had agreed in principle to the scheme to construct a ‘Toddler Lab’ research centre, subject to the Warburg Institute’s acceptance of the development. The University and the Warburg were involved in a separate legal dispute which had delayed matters, but a resolution to the estate negotiation was expected soon. Birkbeck would then negotiate with the University of London on the price and terms of the land lease.

50.6 Discussions with UCL on a potential joint Science building continued. Camden Council had indicated that it would not approve a building spanning the north end of Torrington Square, so alternative options were being discussed. Governors noted the recent announcement of joint funding for the London School of Hygiene and Tropical Medicine and UCL for a joint building for research on infectious diseases.

50.7 Birkbeck was a member of the Bloomsbury Combined Heat and Power (CHP) consortium, along with SOAS, the Institute of Education, UCL and Senate House. The long term contract for the CHP’s operation was due to expire in 2020 and elements of the infrastructure were at risk of failure. A high level strategic group with representation from the member colleges had been formed, to consider options for the future. Birkbeck would also consider the best options for meeting its energy requirements, in or out of the CHP.
50.8 Members asked if there were solar panels at Birkbeck, and heard that the structure of the roof and the location of heating plant precluded this. The University Square Stratford building was fitted with solar panels.

**Human Resources Strategy and Policy Committee**

*Approved*

50.9 **Adverse Weather Conditions and Travel Disruption Policy**

50.10 **Sickness Absence Policy**

50.11 **Disability in Employment Policy**

50.12 **Flexible Working Policy**

**51 NOMINATIONS COMMITTEE**

*Received*

51.1 The Report of the Nominations Committee *(G 2013 33)*

*Approved*

51.2 The re-appointment of the following Governors for a second term of office ending on 30 September 2017:

- Mr Hugh Ferrand
- Ms Liz Meek
- Mr Stuart Popham
- Ms Julia Collins
- Mr Peter Zinkin

*Noted*

51.3 Elections were taking place among the academic staff to fill the vacancies arising at the end of the terms of office of Dr Alex Colas and Professor John Kelly.

*Secretary’s note: Professor Costas Douzinas and Dr Joanne Leal were later elected as Academic Board and Academic Staff Governor respectively.*

51.4 Independent Governor Mr Paul Shelton had stepped down from his appointment for health reasons. Governors thanked Mr Shelton for his valuable contributions to the College, as Chair of the Finance and General Purposes and Deputy Chair of Governors, and before that as a co-opted member of the Audit Committee.

*Approved*

51.5 Appointment of Harvey McGrath as Chair of Governors for 2014-15.

51.6 Appointment of Baroness Bakewell of Stockport as College President for 2014-15.
51.7 Appointment to Committees for 2014-15 as set out in the Nominations Committee Report.

51.8 Appointments to the Fellowship of the College:
- Laurel Brake
- Mary Curnock Cook
- Philip Dewe
- Sir Alan Langlands
- John McDonnell
- Peter Westley

51.9 The adoption of the post nominal letters F Bbk for Fellows to use if they wished.

51.10 Appointments to Honorary Life Membership of the College:
- Emeritus Professor Christine Slingsby, Department of Biological Sciences
- Mr Phil O’Grady, Teaching Laboratory technician, Department of Biological Sciences
- Ms Pramila Rajani, Teaching Laboratory technician, Department of Biological Sciences
- Mr Paul Stukas, Engineering Workshop Manager, Department of Biological Sciences
- Mr David Renouf, Technical Services Manager, Department of Biological Sciences
- Mr Peter Westley, Director of Finance
- Mr Tom McCartney, Health and Safety Officer
- Mrs Pauline Kerbey, Administrative Assistant, Estates and Facilities

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

51.12 The principle of conducting a pilot appraisal system in 2014-15 for Governors, to be reviewed by the Nominations Committee in summer 2015.

Noted

51.13 The Alumnus Governor’s role on College Committees was the same as the independent governors. This would be made explicit in the Governors’ role description.

52 REMUNERATION COMMITTEE

Received

52.1 The Report of the Remuneration Committee (G 2013 25)

Noted

52.2 The Remuneration Committee had agreed that in future all applicants to the panel for pay review would be required to confirm that they had undergone a PDR in the preceding 12 months. Applicants with staff reporting directly to them would also be required to confirm that those staff had either had a PDR or had been offered one. Applications would not be considered if these confirmations were not provided.
It was confirmed that the Remuneration Committee took gender, ethnicity and other equality and diversity factors into account; and that there were mechanisms in place encouraging professors on the lowest spine points, and professors who rarely applied for a pay increase, to apply.

Governors asked about the comparator institutions used to consider the Master’s salary, and heard that the Remuneration Committee intended to widen the scope of comparators in the future to include Queen Mary, the Open University, King’s College London, Imperial College and UCL. This expansion of the comparator group was due to the changing circumstances of Birkbeck and the Higher Education sector which made a wider group more appropriate. The comparative data was used to inform the Remuneration Committee’s discussion of the Master’s salary.

53 **EQUALITIES COMMITTEE**

Received
53.1 The Report of the Equalities Committee *(G 2013 26)*

Approved

Noted
53.3 Governors asked the Equalities Committee to report back on the success of the actions outlined in the action plan; and to consider producing a similar report on students next year.

54 **NOMINATIONS COMMITTEE MEMBERSHIP**

Approved
54.1 The membership of the Nominations Committee for 2013-14 *(G 2013 27)*

55 **PRO VICE MASTERS**

Approved
55.1 The appointment of Professor Philip Dewe as Pro Vice Master for Special Projects, for a three year term ending on 31 July 2017.

56 **SEALING OF DOCUMENTS**

Received
56.1 A note on use of the College Seal since the last meeting *(G 2013 36)*

Noted
56.2 Four documents had been sealed since the last meeting:
- The Declaration of Trust for 36-38 Gordon Square
- The Lease for the 2nd and 3rd floor of 18-20 Gower Street
- The opening of a Barclays stockbroker account
• Agreement with University of London International Programmes: Collaboration Agreement, Deed of Adherence and College Programmes Agreement: Philosophy & OPHRM/Multiple College Programmes Agreement: Undergraduate Laws

## DATES

**Noted**

57.1 Dates for meetings of the Governors in 2014-15:

- Tuesday 25 November 2014
- Thursday 19 February 2014 (Strategic Horizons meeting)
- Thursday 19 March 2015
- Tuesday 23 June 2015

## SCHOOL OF SOCIAL SCIENCES, HISTORY AND PHILOSOPHY

**Received**

58.1 A presentation from the Dean of the School of Social Sciences, History and Philosophy (SSHP), explaining the current position of the School in terms of finances, students, research and estates, and its plans for the future.

**Noted**

58.2 The new School structure had been in place for nearly five years. SSHP’s mission statement was to “create a School which: carries out innovative, world-leading research in the social sciences, history and philosophy; offers flexible, research-led, transformative higher education that is responsive to and engaged with a changing work; and draws on the best traditions of liberal education.”

58.3 SSHP consisted of six departments. Its management team had tried to build a strong overarching School identity as well as strong departmental identities. Assistant Deans had responsibilities for departments as well as strategic areas, and were members of the School’s strategic decision making body the School Executive.

58.4 The School’s approach to finance was to consider matters at School rather than department level. This had allowed the School to support departments and allow them to develop. The School had been working on managing staffing levels and growing student numbers in order to move all departments into surplus. The management team = encouraged the development of financial literacy across the School, so that all colleagues understood what they could do to contribute to the positive financial position of the School, for example by increasing applications for funding that includes research overheads.

58.5 Governors heard that SSHP was satisfied with the level of achievement of its students, and particularly with the success of the Higher Education Introductory Studies programme. However, though good practice was taking place on an individual level, there was still more systematic work to do on retaining students between their first and second years, and on
ensuring that students taking “breaks in studies” were encouraged to return to complete their course. Student achievement data was being developed for the College as a whole.

58.6 As part of the School’s work on widening participation and outreach, a new foundation programme for postgraduate study had been developed in addition to the currently available pre-sessional academic English courses. This was aimed at helping international students improve their academic English, and also providing discipline-specific support to students who were changing academic disciplines between undergraduate and postgraduate.

58.7 The Schools had a thriving research environment. During the recent REF preparation, SSHP had contributed to several of the research impact case studies, with evidence that research done in the School had made a significant difference in the outside world. Governors noted that the impact case studies were likely to be among the elements of the REF results that would be most reported by the press when the results were released after December. SSHP would work to ensure that high-impact research continued to be carried out and recognised. Governors heard, however, that some very valuable research by its nature would not have an immediate measurable impact.

58.8 The School’s accommodation had developed and been consolidated, but as most of the accommodation was in listed Georgian houses there was still work to be done on improving accessibility and creating a more unified physical School identity. Outside spaces in Russell Square and Tavistock Square had been identified as sites for a garden project.

58.9 Going forward, the School would endeavour to maintain its excellent academic reputation in research and teaching in core subject areas. It would continue to respond to the changing HE environment through, for example, establishment of experts in residence; new programme initiatives including post-Masters qualifications, transitional qualifications, new access provision; and expansion of international student numbers.