Minutes of the meeting of the GOVERNORS

1 July 2010

Present:
Mr Garth Pollard (in the chair),
Mr Richard Agutter, Mr John Biggs, Mr Richard Clarke, Professor Philip Dewe,
Ms Susie Hodge, Mr Tom Hoffman, Professor David Latchman, Mr Drummond Leslie,
Mrs. Joy Manners,
Mr Sean Rillo Raczka, Ms Tami Peterson, Mr Paul Shelton,
Professor Julian Swann, Dr Ruth Thompson.

By invitation:
Mr Robert Allison
Mr Philip Cowling and Mr James Taylor (for item 50)

In attendance:
Mrs. Katharine Bock (Deputy Clerk to the Governors), Mr Keith Harrison (Secretary and Clerk to the Governors), Mr David McGhie (Director of Planning), Mr Peter Westley (Director of Finance).

Apologies for absence:
Lord Marshall of Knightsbridge, Mr John Poggioli, Dr Rebecca Gumbrell McCormick, Ms Shrupti Shah. Professor Michael Oaksford,

46 DECLARATION OF INTERESTS
Noted

46.1 Governors 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. Mr Allison noted a consultancy arrangement with the external auditor KPMG.

47 MINUTES
Confirmed:

47.1 The Minutes of the meeting of 18 March 2010.

48 MASTER’S REPORT
Noted

48.1 The Quality Assessment Agency (QAA) Institutional Audit had resulted in confirmation of confidence in both the categories assessed by the QAA: the College’s management of the academic standards of awards and the soundness of its management of the quality of the learning opportunities provided to students. This was the best possible outcome.

48.2 The QAA had highlighted areas of good practice related to the restructuring of the College, in particular the Student Centre and the integration of Faculty of Lifelong Learning activities.

48.3 Conclusion of institutional audit would put Birkbeck in a position to ask the QAA to resume assessment for degree awarding powers. As was the case during the initial phase of application and assessment, the College was not intending to exercise degree awarding powers but was acquiring them as insurance against unforeseen changes in the University of London.
48.4 The Master and Governors thanked Professor Sue Jackson (Pro Vice Master Learning and Teaching) and Birkbeck staff and the Students’ Union for their contributions to the audit.

48.5 The Browne review of tuition fees and student finance was not likely to report until October. This would lead to a tight timeframe for the legislative process for implementation in 2012-13. In the meantime the College was preparing for further cuts. The indications were that the cuts would be to teaching funding but that the focus for savings would be on support services. For Birkbeck this could involve sharing of services with other Bloomsbury Colleges. The portfolio review which was ongoing in Schools would also support preparation for cuts by ensuring provision was cost effective. The financial scenario modelling being overseen by Audit Committee would continue to be used to identify the effects of different fee and funding outcomes and the measures to be taken in response. Birkbeck was better prepared for impending changes than other HE institutions following restructuring.

48.6 Governors discussed the effects of Browne’s potential recommendations around fees and loans. It was not clear how part time students, especially those on low incomes who were currently eligible for grants to the level of about half the current fee, would respond to loans.

48.7 HEFCE’s sector-wide exercise to fine institutions for over-recruiting full time undergraduates in 2009-10 had led to a fine of c£200K for recruiting graduate diploma students onto one-year intensive programmes. Birkbeck’s HEFCE student number targets were all part-time. The College had successfully appealed against the fine and, having sought clarification with the funding council, would return such students in future as part time but with a full time equivalence of one.

49 BUDGET AND INCOME DISTRIBUTION MODEL
Considered

49.1 A report from the Finance and General Purposes Committee on financial matters. (G 2009 29)

49.2 The forecast financial outturn for 2009-10. (G 2009 30)

49.3 The forecast deficit had decreased from £1,005K to £493K since March 2010, an improvement of £512K.

49.4 The main causes of variance were increased tuition fee income, release of portions of the SDF grant into expenditure headings and release of the contingency provision. F&GPC recommended adding £150K to the long term estate maintenance budget, noting the need to ensure the viability of the fabric of the College as well as its finances. The major uncertainty remaining was the impact of fluctuations in the financial markets. Any loss would be reflected in the year-end operating position.

49.5 The £500K provision made in 2008-09 for potential clawback of HEFCE funding would be carried forward if necessary. F&GPC reported that the College now had a better system in place for predicting fundable student numbers, including assessment of students’ ELQ status. HEFCE had not indicated that there would be any clawback in 209-10.

49.6 F&GPC reported an increase in room letting income. The College aimed to continue to capitalise on its space by letting rooms during the daytime.
Approved

49.7 The forecast budget outturn 2009-10.

Considered

49.8 The **Income Distribution Model for 2010-11. (G 2009 31)**

49.9 The **College level budget estimates** and a schedule reconciling the IDM with the College budget (G 2009 32)

Noted

49.10 The draft budgets were the outcome of the College’s first planning and resource allocation round following restructuring and the introduction of devolved budgets. The process was overseen by the Strategic Planning Committee (SPC) reporting to F&GPC.

49.11 A number of factors had influenced budget planning:

a. The provisional recurrent HEFCE funding for 2010-11 was cut by 0.7% compared with the current year. This included £723K of moderation funding, allocated for one year only to mitigate changes in funding policy.

b. Implementation of tiered tuition fees as agreed by Governors in November 2009, including an increase in first year undergraduate fees towards pro rata comparability with full time university fees and postgraduate fees in line with comparable institutions.

c. Agreement of an undergraduate bursary scheme, to be available to all students in receipt of the state Part Time Student Grant (PTG) “topping up” the PTG to the full tuition fee to all PTG holders who applied. The cost was forecast to be £1.2M in 2010-11.

d. The initial School plans, which had set out creative, clear and sensibly argued strategies marking a positive development in the transformation of the College. Schools had made significant plans for delivering the student number growth needed to support the College’s strategy for long term sustainability. These plans included new multiple pathway degrees in Arts, Social Sciences and Business as well as expansion of existing programmes at undergraduate and postgraduate taught level in the home and international markets.

e. The Schools’ student recruitment targets were ambitious; if achieved the College would secure the student numbers needed to convert post-ELQ safety net funding into recurrent teaching funding by the last-chance year of 2011-12, as well as significant growth beyond that point. SPC and F&GPC had commended the Schools and asked them and the professional services to support and deliver the forecast numbers and continue to plan for expansion.

f. In response to the financial planning risks involved in achieving these ambitions student number targets, F&GPC had endorsed a £2.5M moderation factor for tuition fee income in the 2010-11 estimates given that it may not be possible to meet the new targets immediately.

g. In response to wider uncertainties on funding, School contingencies had been established, calculated on the basis of 2% of overall staff costs, together with a central contingency provision of £335K,

h. Having reviewed an initial draft of the IDM, SPC had asked Schools and professional services to reduce their expenditure forecasts to reach, as far as possible, a break-even budget. Areas of deferral of expenditure would be reviewed in December at the mid
point of the financial year, once the tuition fee and student number picture was clearer.

49.12 Taking these factors into account the forecast, following tuition fee moderation and deferral of expenditure, was for a moderate deficit of £457K.

49.13 F&GPC had also considered the College level budget estimates for 2010-11, noting that they had been reformatatted to be consistent with the IDM budget headings and reflect the functional and academic areas where financial accountability was located, rather than as previously by more broad categories. This change was intended to facilitate closer in-year monitoring of budget variance.

49.14 F&GPC reported that compared with the previous year the forecast was for increased income overall, with more income coming from tuition fees and proportionately less from HEFCE grant and research grant and contract income, together with a moderate increase in expenditure reflecting increased student numbers and agreed expansion plans.

49.15 School direct non-pay spending estimates had increased by 6% compared with 2009-10 once the impact of transfer of allocations from central budgets to Schools was set aside. Central and professional services spending estimates reflected increased premises costs to accommodate increased student numbers, increased Library costs following the agreement of a new charging model for the Senate House Library and increased provision for the enhanced undergraduate bursary scheme.

49.16 Taking these factors into account, and excluding areas where expenditure was directly linked to income such as specific HEFCE grants and research grants and contracts:

- Forecast income with tuition fee moderation increased by 8%
- Forecast income without tuition fee moderation increased by 12%
- Forecast School direct expenditure increased by 5%
- Forecast overall expenditure increased by 5%

49.17 Noting that further significant grant cuts were expected, F&GPC had endorsed the proposed mid-year budget review and recommended that Governors approve the budgets subject to the outcome this review. SPC and F&GPC would oversee the process and would also consider reinstatement of deferred or reduced expenditure if there were sufficient additional income over and above the estimated moderated tuition fee.

49.18 Governors seconded F&GPC’s thanks to staff for their work in producing these documents.

**Approved**

49.19 The Income Distribution Model and the College level budget, subject to a formal review of budget estimates at the mid point of the financial year.

50 **BIRKBECK STRATFORD**

**Considered**

50.1 A progress report on the Stratford initiative. (G 2009 33)

50.2 A presentation on the development of the Stratford Island University Campus by James Taylor, a representative of the architects Make.

**Noted**

50.3 Good progress was being made on all fronts, with joint University of East London (UEL) - Birkbeck governance and project management structures in place; the building project
progressing; increases in applications for the existing Stratford programmes; and further
development of outreach, student services and fundraising initiatives.

50.4 The project had moved to RIBA Stage C (outline proposals for construction). The project
was on track to secure planning consent in 2010, commence building in 2011 and hand over
the completed building in time for the 2013-14 academic year.

50.5 The College had secured a grant of £1 million from the Garfield Weston Foundation for
student facilities in the building. Governors commended the fundraising team for this
achievement. Other fundraising possibilities were being followed up.

50.6 The building would have five storeys and be connected by an atrium. It would be close to
the new Westfield shopping development, Stratford international station and the Olympic
village. Pedestrian accessibility was a key factor.

50.7 Space had been allocated for Birkbeck, UEL and joint use although the building had a raised
floor making it flexible in terms of locations of walls. Governors noted that as Birkbeck was
an evening institution there were good opportunities for sharing space creatively.

50.8 Issues of security were discussed. The intention was for a balance between open access and
effective security. A deliberate aspect of the design was visibility from the street, enhancing
security. The café and lobby would be accessible to all, overseen by the security reception
desk. Beyond these areas there would be swipe card access.

51 STRATEGIC REVIEW
Received

51.1 A progress report on the Strategic Review. (G 2009 34)

Noted

51.2 The 2009-10 projects were divided into three strands: restructuring, value for
money/business continuity and estates. They continued to be overseen by the Strategic
Review Implementation Team of project leaders and managers, reporting to a Steering
Group chaired by the Master with senior College and Governor representation.

51.3 Good progress was being made in the projects:

a Restructuring: the five new Schools were fully functional, the initial phase of
portfolio review complete with new degrees in train, School plans with student
number targets endorsed and budgets for 2010-11 agreed.

b Value for Money and business continuity: Voluntary Severance and Early Retirement
Scheme launched, financial control and monitoring projects initiated, Teaching Space
project reviewing teaching and space planning, online application and enrolments
launched, Media Services centre consolidating audio visual and media support
services agreed, common approach and distributed resource for learning support in
each School agreed.

c Estates projects as reported by the F&GPC in Minute 53 below.

52 ACADEMIC BOARD
Received

52.1 The Report of the Academic Board. (G 2009 35)

Approved

52.2 The Widening Participation Strategic Assessment.
52.3 The Widening Participation Strategic Assessment included a document previously submitted to HECFE which referred to Birkbeck’s former structure. Governors asked if it was possible for it to be updated. College management would follow this up with HEFCE.

53 **FINANCE AND GENERAL PURPOSES COMMITTEE**

**Received**

53.1 The Report of the Finance and General Purposes Committee on general matters. *(G 2009 36)*

**Noted**

53.2 F&GPC reported on the work of the Strategic Planning Committee (SPC) overseeing improvements to **student recruitment** monitoring, agreement of **student retention** strategy and successful implementation of strategy to improve **international student recruitment and retention**, all supporting important College objectives.

53.3 SPC also reported its endorsement of proposals for resourcing the Birkbeck Institute. The Birkbeck Institute (the Birkbeck Institute for Humanities and the Birkbeck Institute for Social Research) undertook collaborative research involving academic staff from the Schools of Arts, Social Sciences History and Philosophy and Law, who would share the costs.

53.4 The College’s new **investment fund** manager, Newton, had a different approach to investments compared with the previous manager Legal and General. They included elements in the portfolio which acted as insurance against short term market fluctuations.

53.5 F&GPC reported on the work of the Estates Committee. There had been good progress in the implementation of the Estates Strategy.

53.6 Refurbishment and relocation at Gordon Square was proceeding and the School of Arts was due to be fully in place in autumn 2010. Planning consent for 27-28 Russell Square had been secured and building work commenced. The planning application for 25-26 was more extensive, involving a lift, a single reception area and internal access between the houses and was subject to further consideration of planning and resources. F&GPC would keep these under review.

53.7 Birkbeck and the Wiener Library had concluded lease negotiations for 29 Russell Square and the agreed lease had been drafted in preparation for signing following consultation with the University of London.

53.8 An agreement with the University had been signed confirming £600K compensation to Birkbeck for relinquishing space in Senate House North Block. Birkbeck would not therefore be pursuing the option of co-leasing 31 Tavistock Square. Governors thanked the Master for ensuring a positive conclusion to the long running issue of Senate House space.

53.9 At Malet Street, planned summer work included the basement data centre, facilities for Psychological Sciences, refurbishment of Crystallography laboratories, relocation of Registry Services to Egmont House and replacement of the main reception lifts.

53.10 Estates Committee reported on the implications for Birkbeck of the Government’s Carbon Reduction Commitment. The Government had confirmed that it would consider the University of London as a single entity for the purposes of this exercise, although the performance of each College would be evaluated separately. Collectively, the University was over the carbon emission threshold and would be required to offset via carbon trading.
53.11 The College had secured £800K in interest free loans from Salix (a Carbon Trust company) for installing energy efficient heating and cooling systems.

53.12 The contractor providing the Combined Heat and Power system (shared with the University of London, SOAS, IoE and UCL) had been acquired by a new parent company, making it necessary to change the parent company guarantee and to sign and seal a new guarantee and a Deed of Release for the guarantee with the former contractor.

Agreed

53.13 To authorise the use of the College seal for the above documents.

Noted

53.14 F&GPC reported the retirement of Philip Cowling, Director of Estates and Facilities. Governors thanked him for his significant contribution to developing and improving the College estate.

53.15 Governors also thanked staff for their resilience and positive response to the estates changes taking place to accommodate the new Schools.

54 AUDIT COMMITTEE

Received

54.1 The Report of the Audit Committee. (G 2009 37)

Noted

54.2 Following reports of concerns over financial irregularities in the Students’ Union, Audit Committee had asked the internal auditor to review the financial management of the Union. Although the amount of money involved in the irregularity was not large, the review identified a systemic lack of financial control and ineffective governance. The internal auditor recommended that the Union update its expenses policy, ensure prompt banking of cash and recording of petty cash transactions, reinstate accounting records as a matter of urgency and amend its constitution to allow a College-nominated person with appropriate financial skills to join the Board of Trustees.

54.3 Audit Committee had discussed the matter at length with representatives of the Students’ Union. It recorded its concern over inappropriate exercise of judgment and responsibility by Union personnel and asked the Union to respond to the recommendations as a matter of urgency. The Committee emphasised the need for the Union’s Trustees and the College to be confident that the officers managing Union finances were competent to do so. It asked College management to write to the Union, defining their requirements for an appropriately qualified person to be responsible for managing Union finances and setting out what else they required to be satisfied that the Union was operating properly.

54.4 Students’ Union representatives noted their awareness of the seriousness of the issue and confirmed that the Trustees were actively involved in resolving it. It was reported that progress had been made in recreating accounting records, leading to production of draft accounts. The next step would be external audit of the accounts. Union representatives also reported appointment of a new financial manager and creation of a new expenses policy and an audit committee,

Agreed

54.5 To delegate authority to the Chair of Audit Committee, the Master and College Secretary to suspend the Students’ Union grant if they were not satisfied with the progress being made by the Union.
54.6 Audit Committee considered a follow up report from the internal auditor on the **student data return** and the reported discrepancy between the in-year HESES return and the end of year reconciliation for 2008-09. The main causes had been identified as relating to HEFCE ELQ policy and the data issues had been resolved.

54.7 Audit Committee forwarded to Governors a **financial scenario model** assessing the impact of an economic boom and an economic recession, as well as the action the College would take to ensure financial stability under these circumstances. The main risks were funding cuts, inability to secure increased tuition fee income and rising pay costs. The main controls were staged increases in tuition fees, a monitored and responsive student recruitment strategy and effective management of staff resource and remuneration. Funding cuts would have a significant impact on the College, but their effect could be mitigated provided the student recruitment and tuition fee strategy was successful.

54.8 Audit Committee forwarded for Governors’ approval a **report on the management of risk in 2009-10** and the updated **College Risk Register for 2010-11**. The Committee had identified in particular the need to monitor risks associated with the strategy to increase income by raising tuition fees; new risks associated with increased demands on teaching space which would require effective planning and cost and quality management; and the need to further diversify income streams and reduce reliance on government funding by increasing commercial income. In relation to the latter it was reported that Dr Thompson would review the College’s Business Relations activity, working with the Dean of Business Economic and Informatics.

54.9 Governors asked whether the risks were raw or mitigated and heard that the College used an approach in which risks and the mitigations were reported in mutual context. It was agreed that the HE policy environment was changing too rapidly to make realistic annual reports differentiating between raw and unmitigated risks. Audit Committee had also forwarded its termly report of key performance indicators on the top risks, which included a commentary on the effectiveness of mitigations.

54.10 Audit Committee had also noted receipt of a letter from HEFCE confirming the funding council’s assessment that Birkbeck was not currently at higher risk.

Approved

54.11 The report on the management of risk in 2009-10

54.12 The College Risk Register 2010-11

55 **RENUMERATION COMMITTEE**

Noted

55.1 The Remuneration Committee had agreed, given the financial position of the College, not to consider proposals to increase the remuneration of senior postholders' above the standard cost of living increase in 2009-10. Promotion and contribution related pay panels for other postholders went ahead according to the usual procedures.

56 **NOMINATIONS COMMITTEE**

Received

56.1 The Report of the Nominations Committee. *(G 2009 38)*

Agreed

56.2 Appointment of Mr Harvey McGrath as an independent Governor, initially for a three year term of office ending on 30 September 2013.
56.3 Appointment of Mr McGrath as Chair of Governors for 2010-11, from a date to be agreed between Mr McGrath and the outgoing Chair Lord Marshall of Knightsbridge.

56.4 Appointment of Mr Garth Pollard as Deputy Chair of the Governors for 2010-11.

56.5 Appointment of Emeritus Professor Eric Hobsbawm, CH, as President of the College for 2010-11.

56.6 Appointment of the Audit Committee, Finance and General Purposes Committee, and Remuneration Committee for 2010-11 as recommended by Nominations Committee and noted in its Report.

56.7 Appointments to Honorary Life Membership of the College:
- Professor Christopher Gilbert, Professor of Econometrics, School of Business Economics & Informatics
- Professor Sam Guttenplan, Professor of Philosophy, School of Social Science, History and Philosophy
- Professor Elizabeth Hounsell, Professor of Biological Chemistry, School of Science
- Mr Peter Lee, Attendant & Driver, Estates & Facilities
- Mr Christopher Mottershead, Associate Lecturer Film and Media, School of Arts
- Mrs Beatrice Rennie, Room Bookings Officer, Estates & Facilities
- Dr David Rosen, MIS Manager, IT Services
- Mr Michael Symes, Sessional Lecturer in Garden History, School of Arts
- Paul Terry, Lecturer in Counseling, School of Social Science, History and Philosophy.

56.8 Appointments to the Fellowship of the College:
- Mr Richard Agutter
- Alison Chitty OBE
- Mr Trevor Pears
- Emeritus Professor William Vaughan
- Sir Robin Wales
- Emeritus Professor Sami Zubaida.

Agreed

56.9 To authorise the Chair to appoint to Honorary Life Membership of the College any eligible member of staff whose retirement was announced between 2 July and 30 September 2010.

Noted

56.10 Mr Clarke abstained from the decision to appoint the Remuneration Committee (Minute 56.6)

56.11 There were three independent Governor vacancies. Nominations Committee would keep these open until the new Chair of Governors was appointed could be consulted.

56.12 Governors recorded their gratitude to Lord Marshall of Knightsbridge for his outstanding contribution to the College as Chair of Governors, as facilitator and critical friend.

56.13 Governors also thanked Mr Agutter for his significant contribution as Chair of F&GPC and Investment Committee.

56.14 Governors were pleased to note that Lord Marshall and Mr Agutter would be continuing their association with the College as Fellows. (Lord Marshall had been elected a Fellow in 2009).
57 NOMINATIONS COMMITTEE MEMBERSHIP 2010-11  
Agreed  
57.1 Appointment of the Nominations Committee for 2010-11. (G 2009 39)

58 RETURNING OFFICER FOR THE STUDENTS’ UNION  
Agreed  
58.1 To appoint Mr Tom McCartney as Returning Officer for Students’ Union elections from 1 August 2010 until 31 July 2011.

59 DATES OF MEETINGS IN 2010-11  
Noted  
59.1 Dates for meetings of the Governors in 2010-11  
• Wednesday 13 October 2010 (Strategic Meeting and Dinner)  
• Wednesday 24 November 2010  
• Thursday 17 March 2011  
• Thursday 7 July 2011  
  all at 5.15 p.m.

60 SEALING OF DOCUMENTS  
Resolved  
60.1 To grant authority to affix the Common Seal of the College to any deeds or documents necessary to give effect to the resolutions of the Governing Body at its present meeting.