6 DECLARATION OF INTERESTS  
Noted:
6.1 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 disclosed. Mr Allison noted a consultancy arrangement with KPMG, the College’s external auditor.

7 CONFIRMATION OF THE MINUTES  
Confirmed:
7.1 The Minutes of the meeting of 29 September 2009.

8 STATEMENT OF PRIMARY RESPONSIBILITIES  
Approved:
8.1 A revised Statement of Governors’ primary responsibilities and responsibilities delegated by Governors to Committees, updated to reflect the new Committee structure, subject to an amendment to reflect Governors’ responsibility to give active annual consideration to the risk register. (G 2009 02)

9 MASTER’S REPORT  
Noted:
9.1 The political campaign for fair part-time funding was ongoing. The Government had published its “Higher Ambitions” framework for the future of Higher Education, stating that part-time study should be expanded and that there should be more flexible boundaries between part-time and full-time study. The framework focused on people gaining additional skills for employment and the need to increase and widen participation in STEM subjects.
(Science, Technology, Engineering and Mathematics). The College was well placed to deliver in these areas and should consider developing more STEM subjects.

9.2 The terms of reference for the Independent Review of Fees and Student Finance had also been published. The issue of part-time fees and funding was on the Review's agenda. Birkbeck would continue to press for proper consideration of part-time fees and financial support. Issues around loans and grants for part-time students were complex and there was evidence that part time students, especially those on low incomes, did not take up loan opportunities as readily as full-time students. The College would also need to assess the implications of any proposal to regulate part-time fees. Lord Browne, who was heading the review, was expected to visit the College in January.

10 STRATEGIC REVIEW AND STRATEGIC OBJECTIVES

Considered:

10.1 A progress report on developments in the Strategic Review. (G 2009 03)

10.2 Proposed strategic objectives for 2009-10 and key performance indicators to monitor success in achieving them. (G 2009 04)

Noted:

10.3 The College’s £5M grant and loan from HEFC’s Strategic Development Fund (SDF) was linked to success criteria based on a business plan for growth over the next five years and defined in agreement with HEFCE. Criteria included growth in student numbers, increases in fees towards market rates, reduced proportion of income from grant and increased proportion of income from fees; retention and diversification of income; and management of costs, particularly staff costs, to reduce them in relation to total income. HEFCE could withhold the grant or increase the proportion of loan to grant if the College did not meet these criteria.

10.4 In order to provide a clear framework for the 2009-10 planning and budgeting cycle, key objectives and performance indicators had been developed. These were linked to the delivery of the College’s mission; principles agreed through the Strategic Review; the Master’s annual strategy paper endorsed by Governors at the last meeting; and the criteria related to the HEFCE SDF award. The objectives and indicators had been considered and endorsed by Strategic Planning Committee (SPC), F&GPC and Audit Committee.

10.5 The College had progressed significantly with the Strategic Review, moving from restructuring to an implementation phase. Portfolio review would be the critical activity for Schools during the autumn term with the aim of identifying courses which were not financially viable as well as opportunities for new developments that would bring in more students. Schools would make their initial reports on portfolio review in January 2010, prior to strategic planning and budgeting in the spring.

10.6 The objective to improve student retention and completion was critical for sustainability. Governors discussed the objective for student retention in relation to the objective to achieve greater efficiency in the staff to student ratio, noting the need to maintain and enhance support for an expanding body of students. The role of Assistant Deans in each School with responsibility for recruitment and retention, working with the Pro-Vice-Masters for Learning and Teaching and Student Experience, would be important in achieving this, as would programme development increasing the flexibility of delivery; the Student Centre; and improvements in planning teaching space to address capacity issues.

10.7 The SDF award was intended to support development agreed through the portfolio review; student retention and learning support initiatives; restructuring and project costs; and
system enhancements to support expansion. SPC would consider and allocate resource for strategic development, taking into account the need to be accountable to F&GPC and Governors and to HEFCE for disbursement of College and SDF funds.

**Approved:**

**10.8** The strategic objectives as set out in G 2009 04, with the addition of an objective to increase flexibility of delivery of academic programmes.

**11 FUNDABLE STUDENT NUMBERS 2008-09**

**Noted:**

11.1 Audit Committee and F&GPC both reported on the annual student number reconciliation exercise for 2008-09. The in-year return made in December 2008 was higher than the end of year reconciliation returned in November 2009. It was reported that one potential factor was the complexity of Birkbeck’s students’ study patterns and of variable outcomes when the records of their successful completion of courses were fed through the HEFCE re-creation system. College officers were in dialogue with HEFCE and were checking individual records. The external auditor had agreed that provision of £500K should be added to the 2008-09 financial statements in case the outcome involved clawback of HEFCE funding.

11.2 Audit Committee would monitor progress in resolving the issue and would commission an internal audit report if a material difference transpired between the number of confirmed fundable students and the number originally returned.

11.3 Governors endorsed this approach. It was confirmed that College management had raised the issue promptly, that adequate measures were in place to address it and that Governors would be kept informed on progress in resolving it.

**12 ANNUAL REPORT OF THE AUDIT COMMITTEE**

Considered and Approved:

12.1 The Annual Report of the Audit Committee for 2008-09, which enclosed the internal auditors’ annual report and the annual report on value for money. (G 2009 05)

**13 FINANCIAL STATEMENTS 2008-09**

Considered:

13.1 Audit Committee’s recommendation to authorise the Chair to sign, on Governors’ behalf, the management representation letter sought by the external auditors, concluding the audit of the financial statements. (G 2009 06)

13.2 Finance and General Purposes Committee’s recommendation to approve the Financial Statements for the year ended 31 July 2009. (G 2009 07)

**Noted:**

13.3 The auditors had confirmed satisfaction with the Financial Statements. The Audit Committee had received confirmation of College management’s confidence in the integrity of internal controls and procedures.

13.4 A deficit of £1.08 M was recorded, compared with a surplus of £1.9M in 2008. Total income had increased by £3.1M (4.3%) primarily through increases in tuition fees, donations and room letting revenue. Grant and endowment income had reduced compared with the previous year.
Expenditure had increased by £6.14M (8.7%), reflecting an overall increase in College activity in academic and support areas. Staff costs had increased by 7.7% reflecting the final, generous stage of the previously negotiated national pay award.

The deficit was greater than the £600K forecast in June caused by two exceptional factors during the year: £500K provision for funding clawback noted in Minute 11.1 above, and a £780K downward revaluation of long term investments at the end of the financial year. In the absence of these factors, a small surplus would have been recorded.

Agreed:

To authorise the Chair of Governors to sign the management representation letter.

Approved:

The Financial Statements for the year ending 31 July 2009.

FINANCIAL FORECASTS

Considered:

Five-year financial forecasts. (G 2009 08)

The forecasts had been endorsed by Finance and General Purposes Committee. They reflected a pattern of losses turning into surpluses from 2012-13 onward, in accordance with the SDF bid business plan. The forecasts were for a progressive reduction in reliance on HEFCE income over the period and an increase in student numbers of more than 1,000 full-time equivalents.

Significant improvements had been made compared with the forecast made in December 2008, when the College faced a choice between a “do nothing” option risking rapid decline after the withdrawal of safety net funding; self-funding all Strategic Review developments; or agreeing a partnership funding option with HEFCE through the SDF award. The 2008 forecast had essentially shown the self-funding scenario, with the College meeting the full investment cost of transformation to a sustainable position. This assumption had resulted in a forecast deficit in excess of £5M for 2009-10, compared with the current estimate of a deficit just under £2M.

Governors discussed the large forecast increase in tuition fee income and noted that it was based on evidence of under-pricing identified during the pre-Strategic Review consultancy exercise. The international tuition fee forecast was based on an aim to recruit more students while the home forecast was based on an aim to recruit more students and increase fees. Although the fee increases applied in recent years had not had a negative impact on student recruitment, future increases would need to be applied alongside close monitoring of impact on recruitment. Management reported that staff resource for growth would be through existing resource or short term contracts, allowing for responsiveness should income not meet forecasts.

Governors noted that the financial forecasts, in particular the forecast increases in fee cost, international expansion and staff costs, should be kept under review and the risks associated with them closely monitored by the College as Strategic Review developments progressed. They also noted that savings from the current Value for Money initiatives and expenditure on Birkbeck Stratford had not yet been built into the forecasts but that future updates would take them into account.
Approved:

14.6 The five year financial forecasts, subject to their being kept under review and updated as necessary.

15 **ANNUAL MONITORING STATEMENT**

Considered and Approved:

15.1 The Annual Monitoring Statement for 2009. (G 2009 09)

16 **CORPORATE PLANNING STATEMENT**

Considered and Approved:

16.1 The Corporate Planning Statement for 2009. (G 2009 10)

17 **ANNUAL RETURN TO HEFCE**

Noted:

17.1 The financial statements, Audit Committee annual report, external audit management representation letter, financial forecasts, annual monitoring statement and corporate planning statement would be submitted to HEFCE as part of the annual accountability return.

18 **FEES BURSARIES AND SCHOLARSHIPS**

Considered:

18.1 A strategy for fees, bursaries and scholarships. (G 2009 11)

18.2 Proposed fee levels for 2010-11. (G 2009 12)

Noted:

18.3 The proposed strategy for the development of linked fee, bursary and scholarship frameworks had been endorsed by SPC and F&GPC. The aim was to progressively raise undergraduate part-time fees to be equivalent pro-rata to full-time fees charged by other HE institutions; to introduce tiers of fee rather than standard fees with variable premiums; and to integrate the fee strategy with the developing bursary strategy to ensure and maintain accessibility for students with lower incomes.

18.4 Student Governors expressed support for introduction of modular fees across all provision but expressed the view that not all international students would be able to pay the international fee. It was confirmed that the international fee had been frozen in 2009-10 and that recruitment had been positive, but that a broad range of market factors needed to be considered in setting international fees. A 3% increase was proposed for 2010-11.

18.5 The need to ensure and maintain quality of the student experience was an essential factor contributing to success in maintaining recruitment and increasing fees. Governors’ discussion of this is recoded above in Minute 10.6.

18.6 The strategy for tuition fees would be reviewed again following the conclusion of the national fee and funding review.

Approved:

18.7 The fees, bursaries and scholarships strategy.

18.8 Proposed fee levels for 2010-11.

19 **BIRKBECK STRATFORD**

Considered:

19.1 A report from the College Secretary on progress at Birkbeck Stratford. (G 2009 13)
Noted:

19.2 Recruitment and outreach work continued and strong upward recruitment trends had been maintained, with enrolments rising incrementally over the three years since launch. Enquiries had also risen by 120% over the previous year. Progression routes were being negotiated with local Further Education providers.

19.3 Teaching provision had been consolidated on the University of East London (UEL) campus to create a sense of Birkbeck community and work was continuing on enhancing the use of space. It was reported that the student body at Stratford was younger and there were more enrolments on entry level programmes than at Bloomsbury.

19.4 Governors commended the Stratford based Community Leadership Programme team on winning a *Times Higher Education Award* for Outstanding Contribution to the Local Community.

19.5 The fundraising drive was ongoing with meetings with potential donors for the building project as well as for student support and, potentially, research funding.

19.6 The partnership between Birkbeck, UEL, London Thames Gateway Urban Development Corporation (LTGDC) and Newham Council continued to develop the Stratford Island building project, which would be a joint facility developed and managed by Birkbeck and UEL. LTGDC was negotiating on behalf of the education partners with Newham Council on the final stages of acquisition of land for the building.

19.7 The project was costed at £33M, to be met by contributions from UEL, Birkbeck, LTGDC and HEFCE through its Strategic Development Fund (SDF). Birkbeck had already secured a £4M SDF grant and loan for the project and UEL was leading on a further bid.

19.8 As well as the SDF awards, the partners had identified levels of financial contribution to the project. Birkbeck’s contribution was £7M in addition to the £4M SDF award (£3M grant and £1M loan) already secured. This could be sourced from fundraising, capital grant and cash balances/reserves. F&GPC had reported that £2M could be made available from current capital funds.

19.9 As the outcome of UEL’s SDF bid was expected in December, it was possible that subsequent decisions would need to be taken before the next scheduled Governors’ meeting.

Agreed:

19.10 To delegate the decision on next steps in the Stratford Island project to a group consisting of the Chair of Governors, the Deputy Chair, the Chairs of the Finance and General Purposes and Investment Committees, the Master and the College Secretary, who would report back to Governors.

Secretary’s Note of a meeting of the Chair of Governors, the Deputy Chair of Governors, the Chair of Investment Committee, the Master and the College Secretary 20 January 2010. The Chair of F&GPC was consulted prior to the meeting:

Noted:

19.11 Following UEL’s submission of the bid, the SDF Panel agreed in December 2009 to award a grant of £4M to the project in addition to the £4M award already made to Birkbeck.
19.12 Birkbeck and UEL, as the two principal partners, had agreed to divide their share of the capital cost in the proportion one-third to two-thirds respectively; reflecting the planned apportionment of space in the building; and were process of negotiating agreement of a formal co-operation agreement to govern the ownership and operation of the new building.

19.13 Subject to agreement to proceed, work on the design development would recommence in February 2010 with project completion scheduled for August 2013 in time for the 2013-14 academic year.

Agreed:
19.14 To give authority for the project to proceed, subject to formal confirmation from HEFCE of the SDF award.

20 UPDATED VOLUNTARY SEVERANCE AND EARLY RETIREMENT SCHEME
Considered:
20.1 A progress report on updating the Voluntary Severance and Early Retirement Scheme. (G 2009 14)

20.2 The Scheme was being updated in response to changes in pensions legislation because it was considered appropriate to have an up-to-date policy at a time of institutional transformation.

20.3 The updated scheme introduced transparency by defining a sum equivalent to a year’s gross salary, to be used depending on individual circumstances as a lump sum or towards pension contributions. Governors agreed that the scheme was generous.

20.4 F&GPC reported that, as the scheme would be funded through the SDF award and was designed to be accommodated within existing pensions provision, it was not expected to have any negative impact on the forecast financial operating position.

20.5 It was confirmed that the Scheme was wholly voluntary and also that College management could decline applications not in the interests of the College.

20.6 The Trade Unions had been consulted on the proposals and had asked how the impact on workload for remaining staff would be addressed. It was reported that each application must be accompanied by a satisfactory business case confirming how residual workload would be covered and demonstrating cost savings. The Unions’ requests for the scheme to include provision for appeals and for Union observers on decision making panels were declined on the basis that the decisions would be financially driven rather than about individual merits. Management had, however, undertaken to report back on the numbers taking up scheme and the numbers agreed and declined.

20.7 Management and the Unions had also discussed whether individuals could make applications directly to the decision making panel. It had been confirmed that applications should be via line managers to facilitate development of viable business cases, but that the Director of HR and the College Secretary would be available to discuss applications with individuals.

20.8 Governors asked how the success of the policy would be judged. It was reported that the intention was to launch the Scheme for six months from January and then assess its impact and effectiveness and revise as appropriate.

21 AUDIT COMMITTEE
Received:
21.1 The Report of the Audit Committee. (G 2009 15)
21.2 Audit Committee had forwarded a summary of the key performance indicators associated with the College’s greatest risks and main strategic aims. It reported that the risk profile had changed following confirmation of the SDF award and conclusion of restructuring, but the College remained at a critical stage with financial, process and student recruitment challenges ahead. It concluded that these risks were being effectively managed.

21.3 The external auditor had made a recommendation concerning a delay in bank reconciliations. Audit Committee had been satisfied that this was being addressed and Governors heard that the reconciliations were close to completion.

22 FINANCE AND GENERAL PURPOSES COMMITTEE

22.1 The Report of the Finance and General Purposes Committee. (G 2009 16)

Noted:

Budget estimates 2009-10.

22.2 A projected deficit of £1.8M was reported, close to the £1.77M forecast in June 2009. The main variations were release of the first tranche of the SDF award into the budget, mapping of staff between central sections and Schools as a result of restructuring and reassessment of repair and maintenance costs leading to an increase in forecast expenditure. F&GPC had concluded that the forecast outturn represented a snapshot of the current situation and that further detail, including developments on allocation of strategic development resources, should be reported at subsequent meetings.

Fundable Student Recruitment 2009-10

22.3 Early numbers indicated a strong response to the major challenge of recruiting the additional funded student numbers (ASNs) secured through the SDF bid. The College would continue the strong recruitment effort throughout the year and take steps to improve retention rates, to meet the target. There were fewer ELQ students in the College compared with 2008-09. F&GPC would consider further reports on fundable student number recruitment during the year.

22.4 The ASNs would be factored into the HEFCE contract target over two years and, for each tranche, there would be two consecutive opportunities to recruit the numbers and convert post-ELQ safety net grant into mainstream teaching grant. If the targets were not reached, funding would be maintained in the short term through the safety net, but to retain the grant in the long term the College must recruit all the ASNs by 2011-12.

Income Distribution Model

22.5 F&GPC approved the 2009-10 Income Distribution Model devolving budget allocations to Schools. As previously reported, two Schools were in deficit and three in surplus within the overall forecast deficit of £1.8M. Further work was taking place to develop the IDM for 2010-11 and subsequent years, overseen by an academic group with School representation.

Capital Programme and Budget

22.6 F&GPC reported its endorsement of capital programme budget allocations for refurbishment and relocation of accommodation for Schools and central sections following restructuring, reflecting the need to move out of Senate House North Block and also setting aside an allocation for use on the Stratford building should this proceed. Funding sources included HEFCE Capital Infrastructure Framework funding; and donor and other funds. F&GPC paid tribute to the College’s fundraising team for their success so far in raising more than £3M for capital projects.
Approved:

22.7 The proposed capital programme and budget allocations.

23 ACADEMIC BOARD
Received:
23.1 The Report of the Academic Board. (G 2009 17)

24 MEMBERSHIP OF THE GOVERNING BODY
Noted:
24.1 The membership of the Governing body for 2008-09. (G 2009 18)

25 APPOINTMENTS TO THE FINANCE AND GENERAL PURPOSES COMMITTEE
Approved:
25.1 The following appointments to F&GPC as recommended by Nominations Committee:
   • Dr Ruth Thompson as an Independent Governor member of F&GPC.
   • Mr Hugh Ferrand as a co-opted expert member of F&GPC for a term of office starting on 1 October 2009 and expiring on 30 September 2012.

26 STANDING ORDERS OF THE GOVERNORS
Noted:
26.1 The Standing Orders of the Governors had been made available on the Governors’ website from the following link:
   http://www.bbk.ac.uk/committees/governors

27 SEALING OF DOCUMENTS
Resolved:
27.1 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 this meeting.

28 GOVERNORS LIAISON SCHEME
Noted:
28.1 The Governor – School liaison scheme had been restarted following restructuring. Individual arrangements had been made between Governors and the five new Schools. Governors asked for a report at the next meeting on assignments to Schools and for an end-of-year assessment on the success of the scheme to be made over the summer vacation.

29 MEETING DATES
Noted:
29.1 Dates of the spring and summer term meetings:
   • Thursday 18 March 2010;
   • Thursday 1 July 2010.