

BIRKBECK

University of London

MINUTES OF THE FINANCE AND GENERAL PURPOSES COMMITTEE

3 March 2011

Present:

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

By invitation:

Mr Robert Allison, Mr Rob Park (General Manager Students' Union, for item 29), Mr Tom McCartney (Health & Safety Officer, for item 28).

In attendance:

Mr Keith Harrison (Secretary and Clerk to the Governors), Mr Peter Westley (Director of Finance), Mr David McGhie (Director of Planning and Estates), Mrs Naina Patel (Director of Human Resources), Mrs Katharine Bock (Head of Governance and Corporate Support), Ms Julia Lerch (Corporate Support Intern).

Apologies for Absence:

Mr Harvey McGrath, Prof Mike Oaksford, Ms Megan Reeves, Mr Dean Pateman, Mr John Poggioli.

16 DECLARATION OF INTERESTS

Noted

- 16.1 Members of the Committee were asked to disclose in advance any actual or potential conflicts of interest in relation to the matters listed on the Agenda. No substantive conflicts were identified.
- 16.2 In relation to Minute 26.6 Mr Leslie noted his position as Council Member at the Institute of Education.
- 16.3 In relation to Minutes 22.9 – 22.17 Dr Thompson noted her position as Governor at Staffordshire University.

17 MINUTES AND MATTERS ARISING

Confirmed

- 17.1 The Minutes of the meeting of 16 November 2010, subject to the following amendment:
- 5.5 (*Correction*) The end of year deficit was £625K [not £535] compared with £1.08M forecast in June 2009 and £493K forecast in June 2010.

Agreed

- 17.2** To consider updated Terms of Reference at the summer term meeting to note F&GPC's responsibility for the inflow of research grants and contract income and to reflect the new structure.
- 17.3** To consider a finalised version of the new financial regulations governing the new budgetary structure at the summer term meeting.

18 REPORT TO THE GOVERNORS

Noted

- 18.1** Governors' receipt of the report of the committee following its meeting on 16 November 2010. Governors had approved the recommendations in the report. **(F 2010 14)**

19 BUDGET ESTIMATES 2010-11: MID YEAR BUDGET REVIEW

Noted

- 19.1** A report on the mid year review of income and expenditure. **(F 2010 15)**

Endorsed

- 19.2** Updated Income Distribution Model budget estimates showing revised forecast income and expenditure following the mid year review. **(F 2010 16)**

Noted

- 19.3** The review had led to an improvement in the forecast outturn for 2010-11, from the £457 and £767K deficits forecast in June and November 2010 to a surplus of £275K. This was the sum of the operating positions of Schools in surplus and Schools in deficit and included the costs of the Professional Services whose activities were resourced as indirect costs charged to Schools. The Schools of Law and Business, Economics and Informatics were in surplus, the School of Science was close to break-even and the Schools of Arts and Social Sciences, History and Philosophy were in deficit.
- 19.4** Taking into account estimated in-year cuts in HEFCE funding, the review had sought to identify the largest savings from the Schools most in deficit, as well as to minimise indirect costs for all Schools by reviewing Professional Services spending. The revised income and spending forecasts would form the basis of budget allocations for the remainder of 2010-11. The HEFCE in-year cuts would be confirmed after the grant letter on 14 March, which would be presented to Governors at their meeting on 17 March.
- 19.5** Savings had been identified in pay costs because the pay award implemented (0.4%) was lower than the original budget forecasts. Pay cost savings had also been achieved by Schools deciding to defer or delay appointments.
- 19.6** Savings in non pay costs had been achieved by review of budgets, with Schools and Professional Services contributing by identifying areas of spending that could be minimised or deferred and areas of work that could be done more cost-effectively. The School of Social Sciences History and Philosophy, which currently carried the largest deficit,

identified significant non pay savings as did the Professional Services sections, reducing the indirect costs of professional and support services to Schools.

- 19.7 An important theme of the review had been the need to ensure that the costs of expansion were sustainable. As part of the exercise, performance indicators on increases in income compared with increases in spending had been considered.
- 19.8 The estimated income from tuition fees was £32M, compared with the £34M unmoderated estimate based on the ambitious targets set by Schools in last year's planning round. The £2.5M contingency line against tuition fee income had therefore been removed and replaced by a £300K contingency provision. Other contingency lines included provision for the additional HEFCE cuts, and for staff and general costs.
- 19.9 F&GPC thanked all staff involved in the review, noting the importance of the new School structure in the facilitation of savings and the move toward a surplus forecast in anticipation of leaner years from 2012-13 onward when the new fees and funding regime was implemented. F&GPC also noted that the SDF award had been supporting College income (£2.5M in 2009-10 and £1.9M in 2010-11), and that this resource would diminish next year after which the loan element would need to be paid back.

20 STUDENT NUMBERS

Received

- 20.1 Updated information on student numbers for 2010-11. **(F 2010 17)**

Noted

- 20.2 The College's in-year HESES10 return to HEFCE had shown a predicted out-turn of 4,899 fundable FTEs. The College had met its targets for HEFCE funded students for 2010-11 and was just 266FTE short of the target of 5,165 fundable FTEs, which included all of the Additional Student Numbers for which there would be a second chance to recruit in 2011-12. The final out-turn figure would be confirmed in October 2011 when the 2010-11 HESA return was submitted.
- 20.3 The HEFCE targets for 2011-12 would be available when notification had been received of the College's provisional allocation of recurrent grant from HEFCE on 14 March 2011.

21 HEFCE FUNDING

Received

- 21.1 HEFCE's notification to HE institutions on overall funding for 2011-12. **(F 2010 18)**

Noted

- 21.2 The notification had announced sector level figures for cuts in 2010-11 and funding in 2011-12. The College would receive its institutional grant notification on 14 March.

21.3 HEFCE had responded to the Government's steer that research funding should selectively focus on internationally excellent and world-leading research. F&GPC heard that this change of weighting was likely to be neutral or marginally beneficial for the College.

22 STRATEGIC PLANNING COMMITTEE

Considered

22.1 The report of the Strategic Planning Committee following its spring term meetings. **(F 2010 19)**

Considered and endorsed

22.2 The strategic statement *Next Steps for Birkbeck* on proposed responses to changes to tuition fee and funding policy **(F 2010 19B)**

Noted

22.3 The strategic statement outlined Birkbeck's next steps in response to the fundamental changes to HE funding that would take effect in 2012-13. The document had formed the basis of consultation meetings between the Master and the Schools, Professional Services and students. The response would be made on a broad front and build on the successful restructuring of the Strategic Review. Schools would need to plan to deliver programmes that attracted students in the new environment as well as maintain their capacity to conduct high quality research. Professional Services would need to support these developments in a cost effective way.

22.4 Institutional challenges included:

- Ensuring sufficient and sustainable tuition fee income in response to funding cuts,
- Reviewing tuition fee and student financial support strategy,
- Improving space, facilities and support to meet raised expectations of higher fee payers,
- Identifying flexible study patterns and payment options for students taking advantage of student loans and for students not able or willing to take out loans,
- Supporting research and preparation for the Research Excellence Framework
- Controlling costs while facilitating necessary expansion.

22.5 The strategic statement included an analysis of risks but also opportunities for the College linked to the changes in student funding, which F&GPC endorsed, noting however that it would not be possible to properly evaluate the risks involved until there was better information on the external policy and funding environment.

22.6 The influencing and lobbying campaign continued. The Master had given evidence at the Parliamentary Committee considering the Education Bill that included proposals to regulate part time fees and make part time students eligible for student loans. The current focus of the campaign was the conditions for repayment of student loans and ensuring the criteria for eligibility covered as many as possible of Birkbeck's students and courses. The College was seeking to ensure that part time students would not be required to pay back loans until after they had completed their studies, as was the case for full time students. The Students' Union was also campaigning on this issue.

22.7 The emerging strategy for tuition fees involved continuation of the tiered fee system with a default fee pro rata to a full time fee in the region between the new £6K and £9K lower and upper levels agreed by Government, together with a fee at the lower level to be used where there was a business case and a premium fee at the upper level.

22.8 For fees above £6K the College would also need to ensure an appropriate bursary scheme was in place, as required by the Office for Fair Access (OFFA). The College would need to take a different approach to undergraduate student financial support once the new fee regime was in place and would be reviewing and making proposals on new bursary schemes. It was confirmed that feedback from students would be taken into account in identifying the new bursary schemes.

22.9 The College would not be permitting students to defer enrolment in order to enter at the previous year's fee level in 2012. However it would make a commitment that students enrolled on Certificates of HE and Foundation Degrees with defined progression routes to degrees could proceed to the higher level programmes at current fee levels and that similar principles would apply to students who had breaks in study agreed according to College procedures.

Considered

22.10 Tuition fees for 2011-12 that had been proposed by the Fee Bursary and Scholarship Committee and endorsed by SPC. **(F 2010 19C)**

Noted

22.11 The fees proposed reflected Governors' resolution to increase undergraduate degree fees until they reached pro rata equivalence with the current regulated full time "top up" fee. The proposed fees for 2011-12 had reached this point.

22.12 F&GPC members made a range of comments on fees, including views from student representatives that the fees should not be increased and views from independent Governors that the fees should be as high as was feasible for 2011-12, to make the most of the expected high levels of student recruitment.

Agreed

22.13 To forward proposed fees to Governors for discussion of fee strategy in the round at their meeting on 17 March.

22.14 To invite the Pro Vice Master for Strategy and Special Projects to the meeting for this discussion.

Considered and endorsed

22.15 The planning context established by SPC for 2011-12 and beyond **(F 2010 19A)**

Noted

22.16 The College's overall financial aim, in anticipation of the likelihood of several lean years until at least 2013-14, was to expand income in a sustainable way, to control spending without compromising expansion and to minimise the draw on reserves. The short term financial strategy was to maximise student recruitment in 2011-12 to consolidate income in preparation for the uncertain period that would follow. Schools' and Professional Services' plans for 2011-12 would reflect this strategy.

Noted

22.17 SPC also reviewed progress on accelerated undergraduate programmes with admission via UCAS, considering data on age distribution, as well as data on enrolments, withdrawals and transfers. It had noted that most of the cohorts were aged between 21 and 30. Although the UCAS system would not be live for part-time students until 2013-14, the College would be able to list its standard part-time provision alongside the accelerated UCAS equivalents the year before, and SPC had asked Schools to identify more programmes could be considered for intensive delivery and UCAS admission. Thirteen programmes had so far been identified.

22.18 SPC had commissioned and considered a report on numbers of students progressing from Certificates of Higher Education to higher level programmes and at Birkbeck and had requested that Schools increase opportunities for progression.

22.19 SPC had also received the report from the International Working Group (IWG) which had reported increased income from international students this session: £5.45M overseas fees had been invoiced in 2010-11 compared with £4.28 M in 2009-10 and £3.38M in 2008-09.

23 RESEARCH GRANTS AND CONTRACTS

Received

23.1 An annual report from the Research Grants and Contracts Officer on research income for the financial year 2009-10. **(F 2010 20)**

Noted

23.2 In 2009/10 Birkbeck's research income was £10.17M, down from the previous year's £10.78M. It made up 12.5% of total College income. Funding from BIS Research Councils and related bodies was £4.32M. Income from UK charitable bodies continued to increase, to £2.7M. Income from UK Government Departments had reduced as expected, mainly due to reduction in annual budget for the National Evaluation of Sure Start programme as it wound down. The College was successfully maintaining its rate of overhead recovery and contribution of research income to the costs of running the institution.

23.3 The success rate of research grant and contract applications, 33%, was comparatively good compared with the HE sector at large. The College's Research Committee was organising presentations from groups who had secured research grant and contract income to share good practice in making applications.

24 INVESTMENT COMMITTEE

Received

24.1 The draft report of the Investment Committee. **(F 2010 21)**

Noted

24.2 The Committee would be giving particular attention to maintaining College reserves given the commitment to the Stratford building project and the financial uncertainty caused by HE funding changes. Investment Committee had examined projected cashflow, noting that the College was continuing to maintain increased levels of cash balances at the best possible interest rates.

24.3 The investment portfolio, managed by Newton, made a good return because financial markets were currently rising. It was reported that Newton were actively managing investment risk by broad diversification of investments, including in derivatives.

25 PERFORMANCE INDICATORS

Noted

25.1 Key financial performance indicators. **(F 2010 22)**

26 ESTATES COMMITTEE

Received

26.1 The Report of the Estates Committee following its meeting on 26 January 2011. **(F 2010 23)**

Noted

26.2 Good progress was reported on the implementation of the Estates Strategy at Russell Square, Gordon Square, Emerald Street and the main building.

26.3 At Russell Square the initial phase of refurbishment at houses 27-28 was concluded. The planning application for work on houses 25-26 had been successful. The extent of work that would be carried out would depend on budget availability and the budget would be reviewed once new income streams had been confirmed.

26.4 The School of Arts' relocation to Gordon Square was complete. The Keynes Library room had been refurbished following a £50K pledge by a donor.

26.5 In the main building basement, Schools had installed their servers in the new shared data centre facility and the next phase involved relocation of the College servers.

26.6 The Chair of Governors and the Chair of Finance and General Purposes Committee had agreed a price of £1.634M for sale of the College's share of 23-29 Emerald Street to the Institute of Education. The sale was due to be completed by the end of March. Estates officers were discussing with their counterparts at IoE leasing back space short term until alternative accommodation in the main building could be provided. Although Birkbeck staff would ultimately relocate, this would not affect Birkbeck's commitment to the London Knowledge Lab partnership with IoE.

- 26.7 The College had met the requirements for eligibility for HEFCE Capital Investment Framework 2011-14 (CIF 2) funding. Allocations would be announced at the end of March. It was anticipated that these would show a sharp reduction (around 50% less) compared to the previous round of CIF (2008-11).
- 26.8 Estates Committee reported on the development of the works and relocation programme for 2011. This included creation of a 100-seat IT teaching room in the Main Building and expansion of the seating capacity in the Clore Lecture Theatre. Estates Committee had considered competing calls on the estate from Schools for new space and heard that further discussions were planned with the aim of matching needs with available accommodation as closely as possible. F&GPC would consider a costed plan once the funding available through HEFCE CIF 2 was confirmed.
- 26.9 F&GPC noted the need for an estates strategy to accommodate large numbers of students in 2011-12 without making permanent spending commitments and heard that discussions with neighbouring institutions on cost effective space rental had commenced.
- 26.10 Estates Committee had considered a report on Environmental Management from the newly appointed Environmental Manager shared with SOAS, SoP and LSHTM. The four Colleges were working together to develop a shared environmental management system. The Committee had agreed the establishment and Terms of Reference of a joint Project Board to guide and oversee the implementation of the international standard for environmental management systems.
- 26.11 Estates Committee had considered and was satisfied with
- Reports on budget allocations and expenditure
 - Progress reports on agreed Estates projects.
 - Progress on implementing the Long Term Maintenance programme 2010-11.
- 26.12 Estates Committee had also reported on the building security measures recently put in place in the College, noting that this level of security was comparable to other HEIs in London.

27 TEACHING SPACE AND TEACHING PATTERNS

Noted

- 27.1 Estates Committee and Strategic Planning Committee had considered reports on internal and external teaching space use. Birkbeck's teaching space was used exclusively for Birkbeck teaching on weekday evenings and for a mixture of Birkbeck teaching and commercial hire at other times. To accommodate all classes an additional £1.4M was budgeted for external classroom rental in 2010-11. Most teaching was carried out in Terms 1 and 2 and there was an opportunity to increase the number of classes accommodated in Birkbeck space and reduce reliance on external rental if teaching were distributed more evenly across the three terms.

27.2 An academic group led by the Pro Vice Master Learning and Teaching had been considering teaching patterns and possibilities of extending more teaching into Term 3. Estates Committee and SPC had endorsed these developments. The issue had also been raised at Academic Board and a more detailed proposal, including evaluation of the academic impact of a change to teaching patterns, would be produced for discussion in the academic committees. F&GPC noted that the workload of staff and of students would need to be taken into account in any proposals to change teaching patterns.

27.3 Estates Committee had also considered an initial report setting out how a 500 seat lecture theatre and teaching block might be constructed near the Main Building. The total cost of was estimated at c. £10M. As well as providing better facilities for Birkbeck students and savings on external room hire costs there would be significant revenue-earning potential. Estates Committee had agreed that College officers should pursue informal discussions on feasibility with the planning authority and potential funding partners.

28 HR STRATEGY AND POLICY COMMITTEE

Received

28.1 The Report of the HR Strategy and Policy Committee following its meeting on 27 January 2011. **(F 2010 24)**

Noted

28.2 HRSPC had forwarded a draft Sickness Policy for endorsement. Although the policy represented best practice and was generous compared with other Bloomsbury neighbours, it had not been able to agree a final version of the policy with the Unions. Although negotiations had started in September and accommodations made following feedback, Union representatives had raised new points delaying agreement. The financial implications of the new policy were the same, in terms of sick pay, as the existing policy.

Agreed

28.3 To authorise the Chair of F&GPC to either

- endorse a final version of the new Policy if agreement with the Unions was reached, or
- endorse the draft as presented to F&GPC if agreement with the Unions was not reached

and forward the document for approval by Governors.

Noted

28.4 HRSPC had also discussed the removal of the Default Retirement Age, making compulsory retirements at age 65 impossible after 6 April 2011. HR would work with Schools and Professional services to review those employees immediately affected by the new rules and also work on the longer term implications.

Minute 28.5 covers reserved business: personal information restricted to members of the Committee

29 SAFETY COMMITTEE

Received

29.1 The annual report of the Safety Committee. **(F 2010 25)**

Noted

29.2 F&GPC was reassured that suitable and sufficient arrangements for health and safety were in place across the College. There had been few incidents and policies and procedures were up-to-date, with an established annual planning process and systematic monitoring and reporting of compliance.

Agreed

29.2 To forward the report to Governors.

30 STUDENTS' UNION FINANCIAL STATEMENTS 2009-10

Received

30.1 The financial statements of the Students' Union for the financial year 2009-10. **(F 2010 26)**

Noted

30.2 Receipt of satisfactory financial statements was a condition of continuation of the College's grant to the Students' Union. The College Director of Finance was receiving regular financial reports from the Students' Union.

30.3 The Students' Union's Board of Trustees had approved the statements which indicated a deficit of £138K, to be taken from the Union's reserves. Income from shop sales had increased from £88K in 2008-09 to £119K and was predicted as £238K for 2010-11. Overall, the Students' Union was predicting a better picture for 2010-11 with increased income and control of expenditure.

31 DATE OF NEXT MEETING

Noted

31.1 The date of the Summer term meeting:

- Wednesday, 22 June 2011 at 4.30 p.m.