

**GOLDSMITHS
University of London**

COUNCIL

**FINANCE AND RESOURCES COMMITTEE
28 May 2009**

Present: Mr Mark Baillache (in the Chair), Mr Barry Benjamin, Dr Philip Broadhead, Professor Geoffrey Crossick, Lord Harrowby, Mr Hugh Jones, Mrs Alyson McGarrigle, Professor Simon McVeigh, Mr Dick Melly (for items 30 – 36 only), Professor Jane Powell, Ms Sally Townsend, Ms Jess Tratt.

In attendance: Acting Academic Registrar, Mr Michael Dick (for items 30 – 36 only), Quality and Governance Administrator (Secretary).

Observers: Chair of Human Resources Committee, Visiting Researcher¹.

Apologies: Dr David Barrett

OPEN BUSINESS

30 ANNOUNCEMENTS

The Committee welcomed Sally Townsend, the newly-appointed Director of Finance, to her first meeting.

31 MINUTES

Resolved:

that the Minutes of the meeting held on 5 March 2009 be approved.

32 REPORT FROM SUMMER TERM MEETING OF HUMAN RESOURCES COMMITTEE

Received:

a report from the Chair of Human Resources Committee (09-237).

33 STUDENTS' UNION BUDGET

Received:

the draft Students' Union budget for 2009-10 (09-240).

34 AGREED TUITION FEES FOR 2010-11

Received:

the detailed tuition fee schedule for 2010-11 (09-241).

35 FINANCIAL REGULATIONS

¹ Name removed.

Received:

a paper detailing changes to Financial Regulations for 2009-10 (09-242).

Recommended:

that the Financial Regulations be amended, with effect from 1 August 2009, as set out in paper 09-242.

36 BACKFIELD BUILDING

Received:

a report on progress on the Backfield Building (09-243).

The Committee heard that there was an implicit need to increase borrowing to fund the overall Backfield project, from £6m (which was the limit agreed in June 2008) to £10m: the building as approved by the planners had a larger floor area and therefore had increased in cost.

The Committee was clear that the project should proceed. There were a number of reasons for this:

- (i) the rationale for the building had been carefully considered by Estates Committee and it was felt correct to proceed with the building in anticipation of the master-planning exercise;
- (ii) the additional space which would be contained in the building, given its quality and flexibility, would be useful to the College;
- (iii) the cost per square metre of the building was below average for buildings of its type: it represented good value for money in its own terms;
- (iv) to delay the project whilst matters were reconsidered would jeopardize the ability of the Department of Media and Communications to continue to recruit, and to increase recruitment of, students to its programmes.

The Committee was nevertheless not *content* with the situation. The form of contract to be signed for the building would be a fixed price, which placed the risk with the contractor rather than the College. This mitigated the risk that the price would rise again. But it appeared that the project's *scope* had grown, without this being addressed at an early-enough stage to make real choices. This raised serious concerns for the Committee which were considered at some length.

It was agreed therefore that two actions were necessary.

Firstly, the College must learn from the project, to stop this kind of scope and consequential price-drift from happening again. An external review of the process would be commissioned, to report to SMT and Finance and Resources Committee, from which lessons would be learned and any necessary changes put in place to processes for managing large projects.

Secondly, the increase in the costs of borrowing would need to be addressed. (Preliminary discussions with lenders suggested the College should plan for an additional cost of £250k per annum as a consequence of the increase in costs for the duration of the loan.) Whilst it would be difficult to articulate all of the actions necessary to find this money from current spending plans, in isolation from other changes to estate use and capital spend within the College, it is clear that a combination of reduction in space use and increased growth in student recruitment

and research income, concomitant with the increased quality space available, will need to be achieved. SMT would include this in ongoing strategic and budgetary plans.

Recommended:

that an increase in borrowing from £6m to £10m to fund the Backfield Building project be approved.

37 ST JAMES' CHURCH

Received:

an oral report from the Registrar and Secretary.

The Committee noted that the College was considering making a bid to purchase St James' Church after discussion at Estates Committee, and agreed that acquisition of the Church would allow for strategic improvements in the overall footprint of the College. The building was not listed, nor was it ever likely to be, and it could be used immediately for studio or performance space. It was noted that a purchase of this size would be approved by the Chair of the Committee on behalf of the College.

38 HALL FEES

Received:

a paper detailing arrangements for hall fees for 2009-10 (09-238).

Noted:

- (i) that the Students' Union was disappointed at what it considered to be an unreasonable rise in hall fees, which it felt were not commensurate with the prices of private accommodation in the area;
- (ii) that while SU concerns about price rises were understood, the College could not continue to run residences at a loss, and it was felt that the long-term financial sustainability of the College had to be the primary concern;
- (iii) that it was unlikely that the increase in hall fees would deter students, given that many students preferred to live in halls;
- (iv) that the College was dedicated to formulating, with the input and cooperation of the SU, a Residences Strategy that would secure the long-term financial viability of the College's residences.

39 NURSERY FEES

Received:

the arrangements for Nursery Fees for 2009-10 (09-239).

The Committee noted that that the principal reason to increase fees was to hold the deficit at the same level as for 2008-09, and to pre-empt further increases in staffing costs expected in 2009-10. A thorough review of the financial basis of Nursery provision was planned, and any

future decisions about Nursery fees would therefore be taken on the basis of more detailed evidence.

Recommended:

that the arrangements for Nursery Fees for 2009-10 be approved as set out in paper 09-239.

40 PROGRESS ON STUDENT RECORDS SYSTEM

Received:

an oral report from the Registrar and Secretary.

Noted:

- (i) that the procurement process had been successful;
- (ii) that it was expected that the College would further reduce costs on the SRS by implementing the system out-of-the-box, with few bespoke features;
- (iii) that the Project itself was running very smoothly and within agreed deadlines.

41 CURRENT DEBT POSITION

Received:

a report from the Interim Director of Finance (09-244).

The Committee noted that there had been a substantial decrease in debt, but that it was expected that a lot of student debt could still be recovered (in particular, that of the Student Loan Company). It was vital that the College addressed its long-term debt, and this would be explored at the first meeting of 2009-10, when the Committee would receive a paper analysing the >1 year debt.

42 OUT-TURN FORECAST 2008-09, BUDGET 2009-10, AND INDICATIVE FINANCIAL PROJECTION FOR 2010-11 TO 2013-14

Received:

the budget proposal from the Interim Director of Finance (09-245).

The Committee noted that the budget round process for 2009-10 involved individual meetings with Heads of academic departments as well as major support departments, with the purpose of obtaining accountability from Heads for out-turn projections from 2008-09, as well as to assist them in thinking more creatively about their budgets for the future.

The 2009-10 budget round presented a major challenge in ensuring an overall surplus for the College, but also in addressing the immediate difficulties arising out of the HEFCE grant announcement in March 2009 together with the subsequent implications of the statement announced by HEFCE on 13 May 2009 for 2009-10 in respect of the re-appraisal of the grant for that year. The Committee heard that that the College was committed to the achievement of an overall budget for 2009-10 that delivered a surplus of income over expenditure.

It was noted that indicative projections in Section 4 referred to worst case scenario planning, ie the potential financial impact of reductions in public funding, alongside increasing staff costs. Given that the short term outlook for higher education finance within the context of the overall state of the public sector finances over the next few years was extremely difficult, the College would have to consider its financial and strategic decision-making, as well as its portfolio development.

The Committee was pleased to hear that the College's Development and Alumni Office was seeking out ways to proactively develop its relationships with alumni and generate their support.

Recommended:

that the Budget for 2009-10, as set out paper 09-245, be approved.

43 DATES OF FUTURE MEETINGS

To note that meetings for 2009-10 would be held on the following dates:

Monday 16 November

Thursday 4 March

Tuesday 8 June

Jessica Pavlos

Quality and Governance Administrator

June 2009