

Developing Universities in a New Era

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How do we Develop Sustainability in the HE Sector

- What is Sustainability?
- Challenges for the Sector and for Institutions

What is Sustainability?

- Recovering full economic costs across all activities.
- Investing in infrastructure (physical, human and intellectual) :
 - to maintain future productive capacity;
 - appropriate to meet the needs of the strategic plan;
 - for stakeholders (students, sponsors and other customers) .
- Or, to put it another way, operating today without damaging our ability to do so tomorrow.

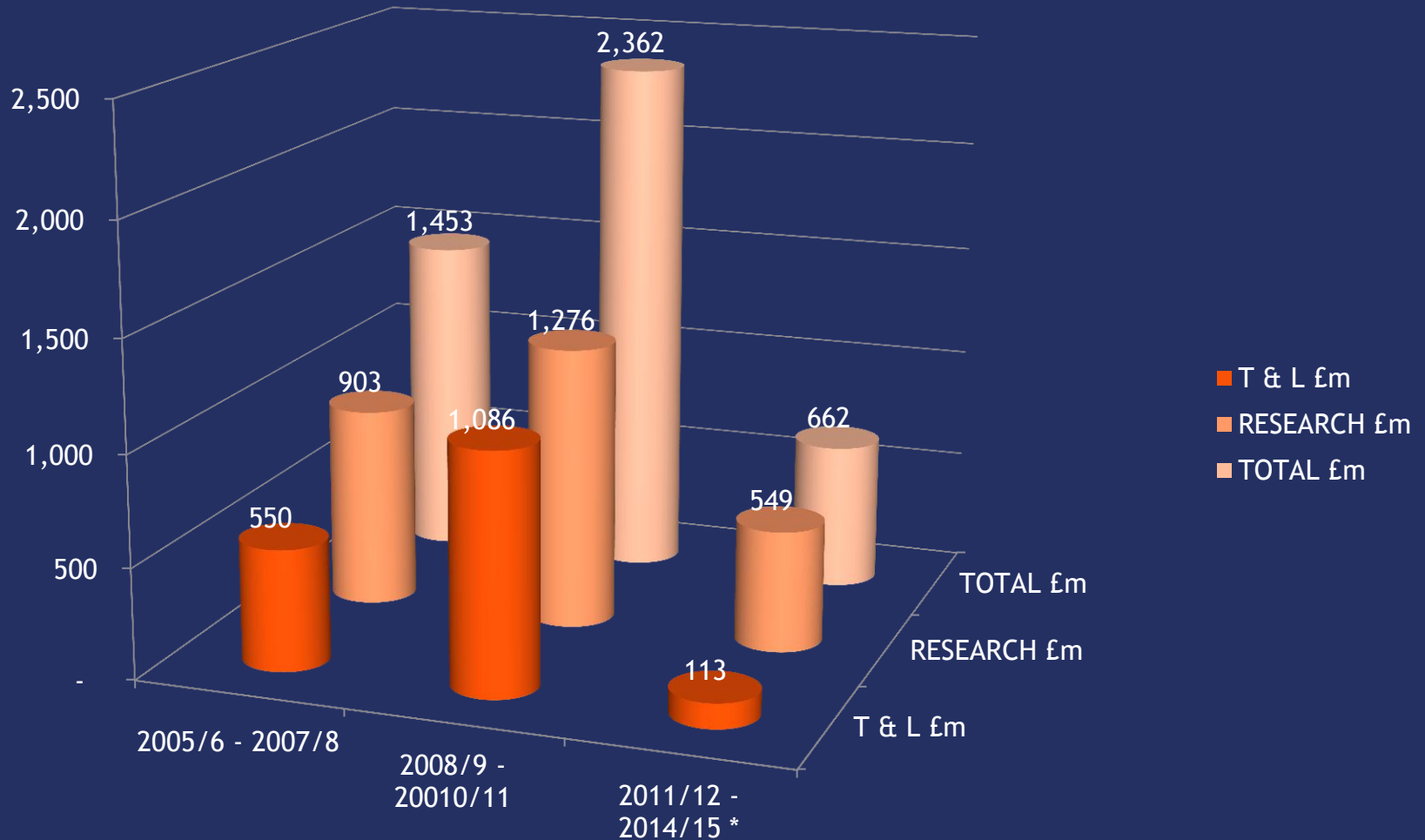
The Changing Economic Context

- The Browne Review
- The Comprehensive Spending Review
- The Government's Response
- Changing Announcements
- Government Policies

A Changing Environment

- Lower Capital Funding.
- Sustainability a real issue:
 - what cash is required to allow for investment in infrastructure (capital and IT)?
- Post-Browne and CSR and the Government Reponse:
 - shift towards linking teaching funding with the student;
 - implication - we can expect more emphasis on what happens to this funding.

HEFCE Capital Funding 2005-2015



Does Teaching Subsidise Research?

- TRAC surplus and deficits by area of activity for the same average institution:-

	£m
Publicly funded teaching	0
Non-publicly funded teaching	5
Research	(16)
Other	2
Total	(9)

- The impact of the recent changes could be to increase this cross subsidy - how will this sit with future students?

Some Internal Issues to Consider

- How big does the surplus need to be to achieve sustainability?
- What counts as efficiency and inefficiency?
- How do we set prices?
- What makes money and what loses money?

Governance and Management

- Questions used by Academics, Managers and by Governors.
- Issues and Reports used by Academics, Managers and by Governors.
- Key Performance Indicators - to:
 - positively influence and manage the University's reputation, market position, and relationship with key stakeholders;
 - develop income from non-HEFCE sources of funding;
 - provide graduate employment prospects which match the University's desired market position, and which meet the expectations of its students;
 - organise, operate, manage and lead the University's activities in order to meet current internal and external requirements and to support long term sustainability.

- Risk Management - capacity and capability to:
 - maintain and improve the University's research performance relative to its competitors;
 - provide and manage a high quality 'whole student' experience across all aspects of academic and social life at the University;
 - provide accommodation for teaching, research, staff and students that caters adequately for the University's current requirements and planned growth;
 - maintain effective budgetary control, and to provide timely and reliable financial management information.

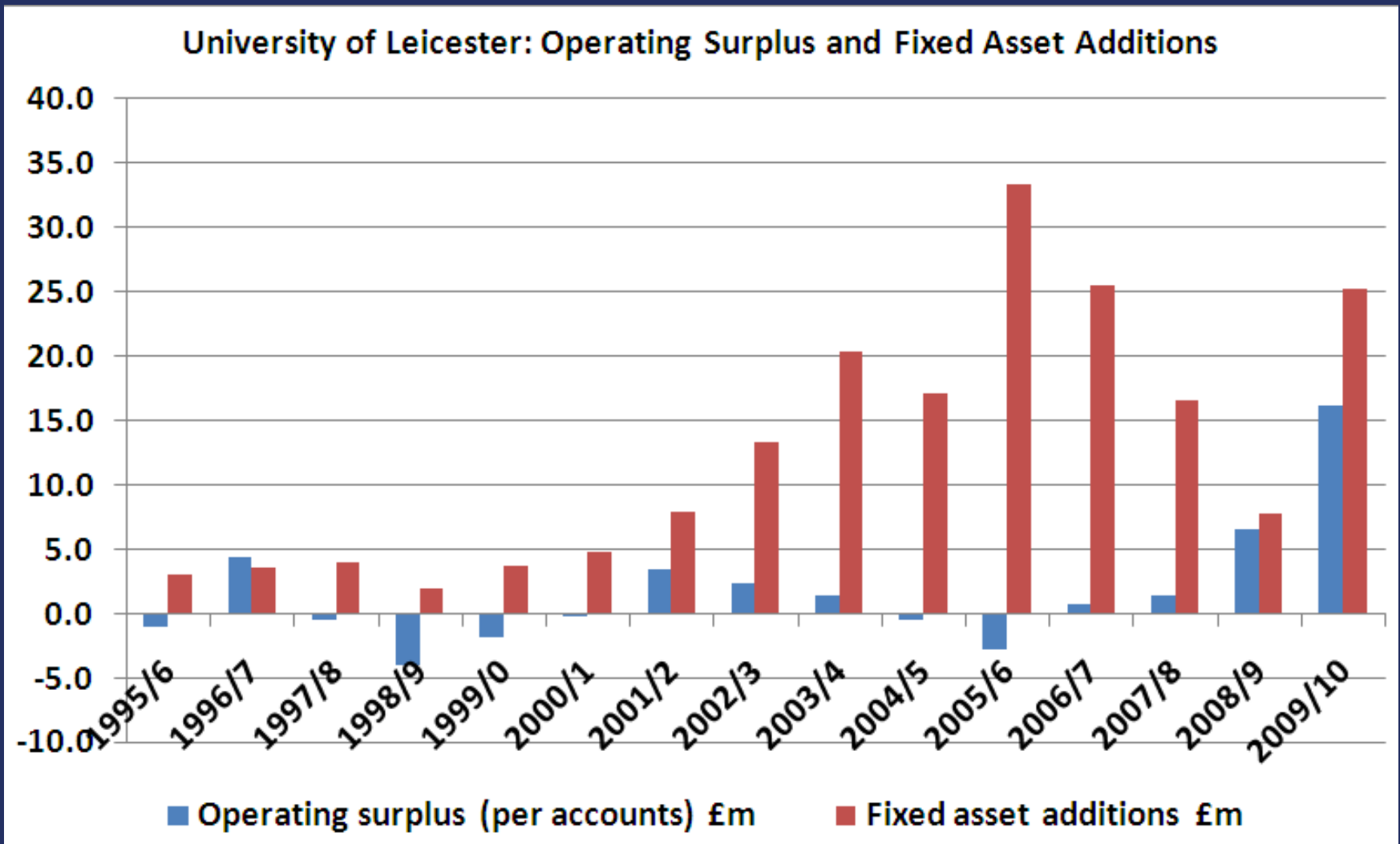
Perceptions of the Governing Body and Lay People

- Inducting Governors.
- Building on the mix of experience and knowledge.
- Focus on governance aspects, and ensuring that the Management are addressing the key issues in an appropriate way. KPIs and Risk.
- Well informed and clear analysis essential.
- Handling a complex and rapidly changing environment.
- Short, medium and long-term perspectives.

The Leicester Experience

- Reviews of:
 - KPIs
 - TRAC data
 - Corporate Risk Register
- Financial Forecasting
- Reviews to focus on Research and Teaching

Investing in the Estate



Financial Forecasting: setting the strategy

- Key Questions:
 - Are we able to invest enough in developing teaching and research?
 - What surplus do we need to generate to meet our investment needs?
 - What will our cash position be in the future?
 - What is our preference in terms of new loans?
 - What are funding prospects for the future (both recurrent and capital)?

Considering our Aspirations

- Research strength, excellent student satisfaction and teaching quality are key.
- Must generate operating surplus (at least 2%, but aim for at least 4% in longer term).
- Aim to invest in capital, especially the estate and IT.

Some Internal Tools

- College and Departmental profitability analysis:
 - calculated using TRAC basis (if not the full fEC cost adjustments);
 - shows the cross subsidy between Colleges, and also the financial performance of departments within the Colleges.
- Course Costing:
 - shows the profitability of courses;
 - newly developed, being rolled out.

The Development of Fundraising Universities

- Fundraising at the heart of income generation.
- Ownership by the Institution.
- Competing Priorities.
- Cultivating Prospects and Securing Donors.

What does the Future Hold for University Development?