

# HUMANE

Heads of University Management & Administration Network in Europe

## SEMINAR

University of Birmingham  
Friday 28<sup>th</sup> to Saturday 29<sup>th</sup> March 2003

### *Finance and Funding*

## Abstracts

**David Allen (University of Birmingham, UK)**

### **The Future of Higher Education (White Paper)**

David Allen will start with brief introduction to the University of Birmingham, including its planning and resource allocation processes. The presentation will brief delegates on some of the key proposals in the UK Government's recent strategy document "The Future of Higher Education" ("White Paper").

**Gerry Webber (Napier University, Edinburgh, UK)**

### **Funding and financial management: trends and issues in UK universities**

The relentless squeeze on the unit of teaching resource, the introduction of formula funding for Universities, and the devolution of budgets within them, have together created a situation where the process of financial management now involves an ever-widening group of staff, both administrative and academic. The nature of University funding and the processes of financial management have both been profoundly affected by these developments, and those changes have in turn come to influence the way we understand the University as an enterprise, and a business.

This session will explore some of the associated trends and issues that have emerged in the funding and financial management of UK Universities.

**David Holmes (University of Oxford, UK)**

### **Resource Allocation Model**

Under its new governance procedures, Oxford University has switched from being a 'centrally planned' to a 'decentralised market' economy. In the former, a central agency micro-managed by dictating what should be 'produced' and what resources were available for doing so. Now both income and expenditure budgets are primarily determined by the activities of departments. This major transformation has taken place over a very few years. Although our change is quite minor in scale compared to that which confronted the Eastern European transition economics, in principle similar problems could have arisen – such adjustments can be costly and confront prolonged difficulties. In Oxford, the change has been accomplished with remarkably little disruption, and the Resource allocation Model (RAM) is the tool that has made such a successful transition possible!

A RAM is any device that distributes resources from a central recipient (here the central University) to final spending units (in this case, the five Divisions and the Department for Continuing Education, referred to below collectively as Divisions). Nevertheless, such a mechanism could take many forms, and to function successfully needs to be carefully designed. In the past, the General Board acted as a RAM. However, by their very nature, transfers resulting from any agency like a General Board cannot closely track a complex evolving system. An autonomous RAM is integral to implementing the University's new structure of devolved budgetary control at Divisional levels, which thereby became responsible for determining spending decisions. Thus, its design had to ensure that appropriate resources were allocated at the Divisional level in the first instance. Divisions in turn needed a process for allocating across departments.

This session will concentrate on the important principles in designing the Oxford RAM, as well as problems and difficulties arising.

### **Jiri Jirka (Palacky University Olomouc, Czech Republic)**

#### **Resource Allocation at the Palacky University**

This contribution will provide participants with brief information about allocation procedures on the Ministry of Education level. Next part will introduce the Resource Allocation Model used for last few years within the Palacky University which is based partly on student numbers (student load) and partly on R+D results. It includes also a calculation of subsidy for central services and central administration.

### **Andrée Turuban (Université Paris 1 Pantheon – Sorbonne, France)**

#### **Resource Allocation to French Universities, the Example of Paris 1**

The allocation to French Universities from the Ministry of Education and Research based on the RAM represents hardly 25% of the total funding from this ministry. An equivalent amount is allocated on the basis of a four year contract between HEIs and the Ministry, and the other 50% are grants given for particular purposes, mostly for buildings.

However, the RAM is not limited to money, but it also includes staff, academics as well as non academics.

It should be noted that the French University budget does not include salaries directly paid by the State, but the RAM helps to share between the institutions the new jobs created in the State budget for higher education.

The RAM itself is called SANREMO (Systeme Analytique de Répartition des Moyens). It aims at calculating the theoretical needs of HEIs for academic and non academic staff and credits for current running.

The system takes into account:

- the number of students preparing national diplomas to calculate the theoretical need for academic staff and the credits for teaching,
- the surface of buildings for logistic needs,
- the number of non academic staff per function (teaching assistance, research assistance, administration, finance, ...) to calculate the need for non academic staff.

Credits are allowed to compensate insufficient staff.

### **Steffen Richter (university of Kiel, Germany)**

#### **A resource allocation procedure at the University of Kiel – some problems of the implementation process**

As a traditional University the Christian-Albrechts-Universität zu Kiel used to have an extremely centralised system of resource allocation with hardly any rational and transparent rules. The goal of the present effort is to introduce a rational model of allocating part of the budget, to decentralise decision making and to strengthen the role of the faculties. The process has to overcome a number of obstacles.

### **Noel Lloyd (University of Wales, Aberystwyth, UK)**

#### **Allocation of Resources to central services – some questions**

The University of Wales Aberystwyth has a reasonably transparent mechanism for the allocation of available resources to academic departments driven by research income and student numbers. The difficulty we face is the required switch of resources to departments which perform well in these terms and from departments which under perform. However, we do not have a corresponding mechanism for the allocation of resources to sections of central services. We are striving to develop some approach, depending on assessment of need, benchmarking and assessment of performance. We are at an early stage in these developments, and each aspect raises difficult questions in terms of establishing priorities. I hope that it will be possible to discuss various approaches to these decisions.

### **Roger Broo (Abo Akademi University, Finland)**

#### **Performance-based funding produces results and changes the university culture in Finland**

All Finnish universities are state institutions. They are primarily financed from public funds. Tuition fees are prohibited by law. Two thirds of the funding come from the Ministry of Education. Up till 1997 the allocation of that money to universities was historically based. A gradual change to performance-based funding (numbers of Master's and Doctor's degrees) has increased the number of degrees produced. At the same time the growing quantity of researches causes heavy competition for research grants. Having been largely Humboldtian (Bildunguniversität) the university culture in a short period of time seems getting strongly focused on competition and measurable results.