RENEWAL PROJECT

Extract from the minutes of the Strategic Resources Committee in October.

This extract has been provided to give further context to the options put to the Senate in response to the request to reduce the cost based of the University on a recurring basis.

22 October 2015

The 2016 University Budget
The University’s 2016 Budget has been prepared in conjunction with the 2015 Budget Reforecast and 2017-2018 indicative budgets.

The draft budget was presented to the Committee at the meeting held on 22 October 2015.

As minuted:
“Following consensus the Committee agreed to defer any recommendation of the 2016 Budget to Senate at this time.

The Committee requested the University Executive bring back for consideration at the next meeting on 17th November 2015, a proposal outlining a permanent reduction in the University’s cost base to ensure there are sufficient funds to invest in Strategic Initiatives and secure a more sustainable cost base for the future. The Committee also requested a greater strategic focus on centralising financial controls and decisions around the strategic intent of the University.”

The revised 2016 Budget Summary is to be considered in the context of the proposal to effect a permanent reduction in the University’s cost base and ensure sufficient funds are available for investment in Strategic Initiatives. The Vice Chancellor will lead discussion on this item.

It is recommended the Committee resolves to recommend Senate:
1. Approve the 2016 Budget including an increase in the budget deficit to support
2. strategic investment in cost base management strategies;
3. Note the 2015 Reforecast (November);
4. Note the 2016 Budget risks and issues; and
5. Note the strategic investment into the Sustainable Futures IT Transformation and Operational Model initiatives are subject to separate business case
6. discussion papers

Extract from the briefing note for the Strategic Resources Committee in November.

17 November 2015

Options
In the context of the current performance against the strategy, and a number of external drivers including: Higher Education reform with the possibility of further funding cuts and doubt regarding the extra income from fee deregulation; tighter research funding with consequent pressure on research recovery income and increased pressure on the cost base through for example, increasing staff costs, the following options are put forward:
1. Continue with management responses and work towards increased performance over time. This option has been pursued over the last 5 years and has had success but will be unlikely to deliver on our ambition of being in the top 50 in the foreseeable future. Natural attrition and performance management will require a 10+ year window of opportunity. This response time is too slow and will not free up the resources necessary to invest in significant developments such as IT architecture and to recruit the high quality international staff we need.

2. Develop a plan for reduction in .fte by 200 professional staff and 100 academic staff with no immediate planned restructure of academic Faculties but accelerated implementation of a shared service model across functions.

   Proceed with localised organisational change process and increase performance in academic outputs and professional services over time through both staff renewal and improved performance framework. This would require a 4-8 year window and while it would deliver efficiency, additional capacity and resources to invest those benefits would not be realized in the short term.

3. Develop a plan for reduction in .fte by 200 professional and 100 academic staff (as above) with a concurrent plan being developed through consultation regarding the academic structure of the University, and concomitant implementation of the shared services model across functions.

Financial Implications
Implementation of Options 2/3 above would also serve to resolve the requirement by SRC to deliver a permanent reduction in the University’s cost base, with an opportunity to secure a more sustainable cost base for the future.

A further financial option is to manage option 2 or 3 across the financial years 16/17.