

*Incorporating any amendments approved at subsequent Board meetings*

**The University of Dublin**

**Trinity College**

**Minutes of Board Meeting, 26 January 2005**

*Present* Provost\* (Dr J Hegarty), Vice-Provost (Dr J B Grimson), Registrar (Dr D J Dickson), Bursar (Dr J W O'Hagan), Senior Lecturer (Dr J A Murray), Dr S P A Allwright, Dr W J Blau, Dr L E Doyle, Dr J A Fitzpatrick, Dr H Gibbons, Mr H Kearns, Mr F Kieran, Dr J G Lunney, Mr D Mac Síthigh, Dr A N M Ní Chasaide, Dr M M O'Mahony, Mr L Ryder, Mr R P Sheridan, Dr M K Simms, Ms E K Stokes, Mr B Sweeney, Dr D L Weaire.

*Apologies* Mr B Connolly, Dr H M C V Hoey, Ms M Leahy, Mrs J O'Hara, Dr F Shevlin.

*In attendance*

*(ex officio)* Secretary\*, Treasurer, Assistant Secretary.

*(by invitation)* Ms Laura Gallagher, KPMG, the Deputy Treasurer, and Mr T Forsyth, Chairman of the Audit Committee for BD/04-05/146.

Dean of Research BD/04-05/150-151

*(present for)* \*BD/04-05/146-150

The Provost welcomed Dr O'Mahony and Dr Simms attending Board for the first time, noting that in accordance with the regulations which governed the election to the Board they replace Dr Sexton and Dr Duffy who have resigned from the Board.

The Board, noting that the meeting was a Statutory meeting to consider the Financial Statements for 2003/2004 agreed that Items A.2 - A.4 as listed on the agenda would also be considered should time permit.

**SECTION A**

**BD/04-05/146 Financial Statements - Year to 30 September 2004** The Treasurer invited Board's attention to the following documents which had been circulated in relation to the financial year ending on 30 September 2004: Financial Statements for the College; Additional Financial Information; Analysis of Recurrent Expenditure and Research Accounts; Financial Statements for Ghala Limited; and a Report from KPMG, dated 13 December 2004, in relation to the Prompt Payments of Accounts Act 1997.

Introducing the Financial Statements, the Treasurer advised Board that they represented Phase 1 of the reporting and had been prepared in accordance with the harmonised accounting policies adopted by the university sector following agreement between the HEA and the Comptroller and Auditor General. Phase 2 would involve the preparation of consolidated accounts prepared in accordance Generally Accepted Accounting Principles (GAAP). The Treasurer indicated that the Financial Statements prepared in accordance with the harmonised sectoral policies have helped considerably with

transparency and comparability within the sector but that the financial accounts prepared according in GAAP will not be readily comparable across the sector as they encompass all university activity, publicly and privately funded, which varies considerably in breadth and structure across institutions. The Treasurer advised the Board that the finalisation and publication of consolidated financial accounts in respect of 2002/2003 and 2003/2004 would only be achieved following agreement with the HEA and the State on the format of the accounts and on substantive pension-related issues. The Treasurer noted that work would commence early in 2005 on the preparation of the 2003/2004 consolidated accounts.

The Treasurer invited Board's attention to specific issues in relation to the financial outturn for the year, noting in particular:

- (i) that the deficit for the year (€130,000) was significantly less than that which had occurred the previous year (€893,000) due to reductions in both pay expenditure and departmental balances, noting that, in the current year, the College has made some provision for expected restructuring costs and other contingencies;
- (ii) that the State recurrent allocation had remained relatively static during the period and it had not been sufficient to pay the State approved pay awards including benchmarking and sustaining progress and that in effect it represented a real reduction in funds available to the College;
- (iii) that the pay:non-pay ratio for the year was 75:25 which represented a significant deviation from the College's objective of 70:30, which had been achieved during the mid-late 1990s;
- (iv) the growth in research income of almost twenty percent to reach €56.6m, noting that research activity now supports over 1,300 employees.

The Treasurer noted the provision in the accounts for the College's estimated liabilities under the Fixed Term Workers Act which came into force in July 2003, noting in particular the requirement to include pension contributions for fixed-term employees. She advised the Board that the associated cost implications in relation to staff employed on research contracts would have to be considered on a case-by-case basis following which the College will enter into discussions with research sponsors in relation to the additional costs incurred in this regard. In response a query, the Treasurer advised the Board that, with additional resources, it was hoped to have completed the analysis by the end of the current financial year.

The Board, noting that the HEA/Forfás recommendations on research overheads had not been adopted by all sponsors, noted that one major research funder had initiated a competitive institution-based process which requires consideration of, not just essential support services, but also direct investment in research infrastructure within the recommended thirty percent limit. The Treasurer advised that this approach means that overhead contributions will no longer be attributable to specific research projects and that consideration may have to be given in the future as to how the data on research accounts will be presented. The Board expressed its ongoing concern that because of inadequate indirect cost contributions, an element of the State grant is being used to support research activity and requested that discussions continue to try to ensure that research sponsors provide sufficient funds for all overhead costs associated with externally-funded research.

The Board noted that the total capital expenditure in the year amounted to €32.9m and that at 30 September 2004 €19.6m was due from the HEA in respect of on-going and completed projects.

The Treasurer invited the Board's attention to a number of key reports which had been issued during 2004, including the OECD report, the HEA reviews on the financial position of Irish universities and on the prioritisation of capital projects, and the

European Universities Association review of quality related issues in the sector, noting that these reports provided the context for the future funding of the sector.

The Treasurer advised Board that the College had received notification of the State grant for 2005 and that estimates were now being prepared. The Board noted that the level of funding being provided by the State will not be sufficient for the College's needs and that there will be significant financial pressure during the current year, further noting the need to engage at a sectoral level in addressing funding issues. The Treasurer stated that, while there had been a good financial outcome for the year 2003/2004, the actions taken had created pressure and difficulties in many areas of the College and she advised that provision will have to be made for the implementation of necessary strategic initiatives which will result from the current discussions on restructuring and resource allocation.

The Treasurer concluded by advising Board that the final audit meeting had taken place with KPMG on 3 December 2004 and that the Financial Statements had been considered by the Audit Committee at its meeting on 16 December 2004 (minute AC/04-05/25 refers) and by the Finance Committee on 12 January 2005 (minute FN/04-05/35 refers). She thanked the Deputy Treasurer and his staff for facilitating the completion of the audit within such a short time-scale.

Ms Gallagher, KPMG, present by invitation, advised Board that they had presented their audit plan to the Audit Committee in September 2004 and that the audit had been conducted accordingly. The Board noted that there had been no areas of disagreement between KPMG and the Treasurer's Office in relation to accounting treatments and that there were no material unadjusted audit differences. Ms Gallagher advised Board that it is their intention to issue an unqualified audit report in relation to the College's Financial Statements and that unqualified opinions had already been issued in respect of the Financial Statements for Ghala Ltd and in relation to the College's adherence to the Prompt Payment of Accounts Act 1997.

Ms Gallagher invited Board's attention to specific issues raised in the letter to the Chairman of the Audit Committee in relation to impact of restructuring on the maintenance of strong internal controls, the adequacy of resources in the Internal Audit area to undertake testing of internal controls required by the HEA, the need to complete the top-level risk assessment which is currently underway, and the College's legal costs which are considered to be high compared with what would be expected in the corporate sector.

Ms Gallagher thanked the Audit Committee and the Treasurer's Office for their cooperation during the year.

Mr Forsyth, Chairman of the Audit Committee, present by invitation, invited the Board's attention to a memorandum, dated 18 January 2005, which had been circulated together with a copy of a letter from KPMG to the Audit Committee. Mr Forsyth advised Board that independent discussions with the Treasurer's Office and the External Auditors had indicated that the audit had proceeded smoothly with maximum cooperation between all parties. Mr Forsyth also invited Board's attention to the fact that, until agreement has been reached with the HEA on the format of the consolidated accounts and also in relation to a substantive pension-related issue, the External Auditors will not be able to complete the audit of these accounts for the year 2002/2003, noting that work to date on these accounts had been considered in detail by the Audit Committee in November 2004.

The Board noted the Audit Committee's comments in relation to the favourable budgetary outcome and the actions which the College had taken to achieve this. Mr

Forsyth invited the Board's attention to the Auditors' confirmation that they considered as prudent the level of bad debt provision and that they were generally satisfied with the appropriateness of the provisions in the accounts, further noting that in order to comply with the Fixed Term Workers Act 2003 a detailed exercise is now required in order to quantify the College's actual liability on a case-by-case basis in relation to its fixed-term contracts.

Mr Forsyth stated that he was pleased to be able to advise Board that there were no significant estimates or areas of judgement with which the Auditors disagreed, no material unadjusted audit differences and no material internal control weaknesses and that the Auditors expect to issue an unqualified opinion. Mr Forsyth drew Board's particular attention to the External Auditors' comments in relation to the resourcing of the Internal Audit function and advised that the Audit Committee is examining ways in which this can be addressed, drawing, *inter alia*, on the experience of other institutions, and that a proposal will be presented to Board in due course.

In conclusion, Mr Forsyth advised Board that, based on the advice of the External Auditors, the Audit Committee had concluded that the College's financial procedures are sound and that it recommended to Board that the Financial Statements and Letter of Representation be signed.

In response to queries from a number of Board members, the Treasurer, and the Deputy Treasurer, present by invitation, clarified technical issues in relation to the accounts. The Board also noted the recommendation from Mr Sweeney that consideration should be given to the possibility of out-sourcing some of the College's internal audit activities. In response to a query, Ms Gallagher and Mr Forsyth advised Board that there were no material issues which had not been undertaken by the College after last year's audit and that the Audit Committee has out-standing items under review on an on-going basis.

In response to a query, the Treasurer advised Board that, as the employer, the College is liable for the pension costs of contract staff but that every effort will be made to secure reimbursement from research funders. The Treasurer also advised Board that the present levels of State funding continue to be under pressure and do not provide sufficient funds to meet the College's liabilities, particularly in relation to new legislative requirements.

In response to a query, the Secretary advised Board that the high legal costs are due almost entirely to the costs associated with disciplinary investigations, noting that the procedures as defined in the Statutes are very prescriptive and can result in very heavy legal bills. The Board noted that there is scope to pursue mediation and other conciliatory mechanisms prior to the implementation of formal disciplinary procedures.

The Board thanked the Ms Gallagher and the Chairman of the Audit Committee for their contributions.

Ms Gallagher, Mr Forsyth and the Deputy Treasurer withdrew from the meeting.

The Treasurer then answered further queries in relation to financial details outlined in the Financial Statements.

In a concluding discussion on the Financial Statements, the following points were made by Board members:

- (i) in view of the declining proportion of funds being allocated to academic activities, care has to be taken to maintain funding for the College's academic functions; the Board noted the Vice-Provost's comments that data currently being compiled by the Working Party on Administrative and Support

- Structures will show that the College's administration costs are low compared to other institutions;
- (ii) while noting that the increasing legal complexity of research contracts requires the College to take all possible steps to minimise risks arising from externally-funded research, it was proposed that the processing of research contracts should be reviewed to ensure a streamlined and coordinated approach so as to optimise the benefits to the College and the Board noted a request that the Research Committee would consider possible mechanisms in this regard; the Board also noted issues in relation to research overheads and the provision of central services to support the increasing level of research activity;
  - (iii) the difficulties for individual departments which have resulted from achieving the College's satisfactory financial outcome should not be ignored when discussing our financial situation with funders.

The Financial Statements for 2003/2004 were approved by the Board.

**BD/04-05/147 Minutes**

- (i) The Minutes of the meeting held on 14 December 2004 were approved and signed subject to the following amendment:

**BD/04-05/118 Roadmap for Decision on ARAM and Structures** Delete the words 'members' on line one and 'the proposed' on line two of the final paragraph on page 5.

- (ii) The Minutes of the meeting held on 18 January 2005 were approved and signed subject to the following amendment:

**BD/04-05/144 Key features of an Academic-Based Resource Allocation Model (ARAM) Proposals: Paper 2** Insert the following sentence at the end of point (ii) on page 3: 'a view was also expressed that there should be no differentiation between disciplines when allocating Library costs.'

**BD/04-05/148 Matters Arising from the Minutes** A matter arising from the Minutes was discussed and has been recorded below, (see Minute BD/04-05/149).

**BD/04-05/149 Audit Committee - Annual Report 2004 (see minute BD/04-05/117 of 14 December 2004)** In response to a query, the Secretary advised Board that clarification has been sought from the Standards in Public Office Commission in relation the implementation of the *Ethics in Public Office (Prescribed Public Bodies, Designated Directorships of Public Bodies and Designated Positions in Public Bodies) Regulations 2004* and that when this has been received a standard form for completion will be sent to Board members and people in designated positions in the College. The Board noted that required disclosure will relate to 1 January 2005 to 31 December 2005 and that the deadline for submission is 31 January 2006.

**BD/04-05/150 Key Features of an Academic-Based Resource Allocation Model** The Bursar invited Board's attention to his memorandum, dated 20 January 2005, which had been circulated together with a document entitled *Key Features of an Academic-Based Resource Allocation Model*, which was a composite of the two documents which had been considered at previous Board meetings (minutes BD/04-05/119 and 144 refer) and which incorporated, in so far as was possible, all comments received from Board and

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Council members, and from the College Community, since previous discussions. The Bursar invited Board's attention to the four distinct stages that must be addressed before full implementation of an academic-based resource allocation model can be achieved:

- determination of key academic criteria that will shape the outcome of the model;
- determination of the various ways in which achievement in meeting these criteria is to be measured;
- determination of the outcomes of the 'model' using these criteria and available data, identifying what academic areas are over- or under-funded on the basis of this model, and identifying what the possible causes of this might be;
- given the profile of under- and over-funded academic units, the determination of what action will follow the provision of such information and over what time period.

The Bursar also invited Board's attention to the need to introduce, as a matter of priority, new Management Information Systems to facilitate devolved decision-making.

In considering each proposal in turn, the Bursar invited Board's attention to the amendments which were also highlighted in the accompanying memorandum.

In discussing the proposals, the Board agreed that Proposal 6 in relation to Undergraduate Teaching Cost by Subject would be amended to note the relatively high teaching costs associated with medical undergraduate students and that it would be acknowledged that a subject weighting of 4.0 should apply in the case of undergraduate students in the clinical stages of medicine and dentistry and every effort should be made by the College to obtain extra funding in recognition of this, but from sources other than the existing core recurrent budget.

The Board noted Mr Sheridan's proposal that the allocation of a proportion of the proposed Strategic Fund be allocated to Faculties which would have the authority to disburse these funds for their own strategic development. The was not agreed, the Board feeling that it would be more advantageous for the strategic development of the College as a whole to authorise the Provost and Executive Officers to formulate proposals for its consideration on the disbursement of the entire fund. The Board noted that it was envisaged that, under the proposed re-structuring, academic units would have the authority to disburse the funds allocated to them according to their own criteria and priorities, including the creation of a strategic fund.

In response to a query, the Dean of Research, present by invitation, advised Board that work is on-going in relation to the treatment of research overheads and that it was hoped that, when the measurement of research output would be more refined than is currently possible, the College would be better able to incorporate the requirements of SFI and other funding bodies into the ARAM.

The Board noted that care would have to be taken to ensure that academic units would be encouraged to develop appropriate Centres of Excellence. Comments were also made in relation to the need to ensure that inter-disciplinary activities would be facilitated in the application of the ARAM and that disciplines which are valuable to society but which may have difficulty in succeeding within the terms of the ARAM should be treated sympathetically. It was suggested that ten percent additional weighting for students from non-traditional backgrounds might not be sufficient.

The Student Members of Board invited Board's attention to their concerns in adopting the principles of the ARAM before it had been tested with actual data, noting that there was a risk that the application of the model could result in some academic units experiencing financial difficulties in the future, and that the Board was being asked to support proposals, the impact of which was not fully known and, which could impact

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adversely on students. A contrary opinion was expressed by the Bursar and the Dean of Research who advised Board that the application of the model would be transparent and fair and that proposals would be developed on the management of the transition period, which it was envisaged could run until at least 2008, during which special difficulties arising from the application of the model would be addressed. This view was supported by a number of other Board members who also advised that delaying decisions on the principles of the model any longer would not be in the best interests of the College, noting that the existing unit cost exercise provides some indication as to the possible outcomes of the model.

The Provost invited Board's attention to the dangers of developing an impartial, transparent model on the basis of current data and noted the proposal that the model would be kept under review to ensure that unforeseen issues and/or new information could be accommodated in the future.

The Board approved the adoption of the proposals as presented by the Bursar, subject to the agreed amendments. The Board, noting that the Student Members of Board had no difficulty with any of the proposed principles but that they did not want to accept them in the absence of their application to actual data, noted their dissension in this regard. (A copy of the approved proposals is reproduced in Appendix 1 to these minutes.)

The Provost and the Board thanked the Bursar and the Task Force for their extremely hard work, within very tight deadlines, in bringing the process to this stage, noting that the application of data to the agreed model would now proceed and that proposals for the management of the transition would be developed.

*In the absence of the Provost, the Vice-Provost chaired the remainder of the meeting.*

**BD/04-05/151 Structures** The Senior Lecturer invited Board's attention to the current status of discussions in relation to the proposed restructuring as outlined in a document which had been tabled. The Senior Lecturer advised Board that following the recommendation at the previous Board meeting that proposals be developed based on the *Faculties as Coordinating and Integrating Structures* (Option 2) and *Faculties Incorporating Resource Management and Planning Roles* (Option 3) and that consideration also be given to the points raised in the paper prepared by nine academic staff members (minute BD/04-05/145 refers) a further option (Model V) was being developed. The Senior Lecturer noted that the proposals presented by the nine academic staff members were similar to Option 3 but that their model was Faculty and not School based and that it proposed devolving resource allocation functions to Faculties only.

The Senior Lecturer invited Board's attention to the key features of the emerging model in which issues of difference were being addressed through the establishment of limited number of Faculties in which the Dean would have a primarily coordinating and a facilitating role and that resource allocation would be the responsibility of Heads of Schools. In areas where integrated Schools had not evolved it was suggested that there would be Federated Schools comprising individual departments with the Head of School being responsible for resource allocation. However, the Senior Lecturer advised Board that a further development and refinement of this model would address the outstanding areas of difference between the proposals currently being developed by the Executive Officers in consultation with the academic community and the issues raised in the paper by the nine academic staff members.

The Senior Lecturer also invited Board's attention, on a confidential basis, to the current status of discussions in relation to a number of emerging Schools.

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In the course of a brief discussion, the Senior Lecturer clarified a number of matters in relation to the proposals. The Board noted the importance of addressing the representation of Schools in the decision-making processes of the College under the new arrangements.

In conclusion, the Senior Lecturer invited Board members to submit comments directly to him and advised that a more detailed version of the proposed model would be presented to the next Board meeting.

**SECTION B**

**BD/04-05/152 Audit Committee** The Board noted the draft minutes of the meeting of the Audit Committee held on 16 December 2004 and approved the recommendations.

**BD/04-05/153 Finance Committee** The Board noted the draft minutes of the meeting of the Finance Committee held on 12 January 2005 and approved the recommendations.

Signed: .....

Date: .....

**Appendix 1. Key Features of an Academic-based Resource Allocation Model (ARAM) approved by Board on 26 January 2005**

**1. Principles in Relation to State Income**

- 1.1 Five per cent of the state grant<sup>1</sup> and undergraduate EU fees (core recurrent budget) should be allocated to a Strategic Fund.
- 1.2 Decisions in relation to this Fund should be made by the Provost, in consultation with Executive Officers and ratified by Board.
- 1.3 Not less than 30 per cent of the remaining state grant should be allocated to research, thereby leaving up to 70 per cent of the remaining state grant directly for teaching, plus 95 per cent of undergraduate EU fees.<sup>2</sup>
- 1.4 While recognising the special cost factors attaching to the clinical stages of medicine and dentistry course (see Proposal 6), three basic 'subject weights' will apply in the case of undergraduate students.  
 Category A. Laboratory-based subjects (science, pre-clinical and clinical stages of medicine and dentistry, engineering and technology), with a subject weighting of 1.7.  
 Category B. Subjects with a studio, laboratory or fieldwork element, with a subject weighting of 1.3.  
 Category C. All other subjects, with a subject weighting of 1.0.
- 1.5 While deviations from the above will be considered, they should be minimal and based only on a substantial and exceptional case for such deviation, such cases to be considered by the Task Force.
- 1.6 A subject weighting of 4.0 should apply in the case of undergraduate students in the clinical stages of medicine and dentistry and every effort should be made by the College to obtain extra funding in recognition of this, but from sources other than the existing core recurrent budget.
- 1.7 The assignment of subject weights to different academic units should be brought back for later decision by Board but should follow the same broad logic as that applied above.
- 1.8 Postgraduate research students should carry a student weighting of 3.0.
- 1.9 Three subject weights should apply to postgraduate research students, to reflect the relative costs of graduate student research in different subjects.  
 Category A. High-cost laboratory and clinical subjects, with a subject weighting of 1.6.  
 Category B. Intermediate cost subjects, with a subject weighting of 1.3.  
 Category C. Others, with a subject weighting of 1.0.
- 1.10 In line with existing practice in relation to College Awards and HEA-recommended criteria, it is proposed that 'credit' be assigned only for two years in the case of a full-time Masters and four years for a full-time PhD.
- 1.11 Undergraduate students (all years) should carry a weighting of 1.0.

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<sup>1</sup> After adjustments for pension supplementation and other factors.

<sup>2</sup> This would mean in practice that around 20 per cent of total recurrent state funding would be allocated to research. This is low by international standards but in line with the situation applying in Northern Ireland and Britain.

- 1.12 An extra weight of 10 per cent should apply in the case of students from a non-traditional background,<sup>3</sup> to reflect both cost differences and College and government policy, if an appropriate way of doing this can be identified.
- 1.13 Suitable adjustments to the above should be made where students are not full-time, to reflect pro-rata reductions in cost<sup>4</sup> and to facilitate the spreading of 'core credits' in relation to research postgraduate students over a longer period.
- 1.14 Fees for non-EU students and postgraduate courses can be determined by the College and students in these categories should be considered in the context of recommendations made in relation to non-EU and postgraduate fees (see Part 2).
- 1.15 The 30 per cent allocation of the core grant to research should apply from the start in the ARAM, through the use of proxy measures.
- 1.16 One of the proxy measures should be the weighted number of research graduate degrees in an academic unit, expressed as a proportion of the total weighted number of research graduate degrees awarded in the College, with a PhD counting as double that of a research Masters in recognition of the longer time required.
- 1.17 A second proxy measure should be the level of research expenditure in an academic unit, expressed as a proportion of total research expenditure in the College.
- 1.18 Research expenditure in different groups of disciplines should be scaled appropriately to reflect differences in the need for and availability of funding between these broad groups.<sup>5</sup>
- 1.19 A third proxy measure of research output, namely publications, should be considered for inclusion in the model at the earliest possible date, with the Research Committee to address this issue as a matter of urgency.
- 1.20 The proxy measures of research output should be reviewed by the Research Committee within one year of the start of the application of the ARAM.
- 1.21 A key principle underlying the transition period in particular and which should be agreed now, as it implicitly underlies much of the thinking of the Task Force in relation to an ARAM and links to the principles of predictability and fairness discussed earlier, is that an academic unit should not be permitted to adopt unilateral measures, which could cause unacceptable financial and/or academic consequences for another academic unit.
- 1.22 Contribution to the community, both within and without College, is an important aspect of the work of staff. While this applies to all staff categories and would be very difficult to measure in any meaningful way at the level of the academic unit, it should nonetheless be considered and taken into account at College level.

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<sup>3</sup> Students from a non-traditional background fall into several subcategories and the Task Force should consider whether or not any distinction be made at the implementation stage with regard to these subcategories.

<sup>4</sup> Bearing in mind that the administrative cost of a part-time course is probably higher per student FTE than with a full-time course.

<sup>5</sup> An obvious distinction in this regard is that between the science and non-science areas, but within science and the non-science areas there may be further distinctions that the Task Force, in consultation with the Research Committee, should consider, bearing in mind though that such gradations should probably not exceed three-four in number. The Task Force might also give consideration to providing a higher weight to research that spans more than one academic unit, in order to foster interdisciplinary research. Research expenditure also, of course, will, for the purposes of this exercise, have to be assigned appropriately to the different academic units, even though the actual money will flow to/from an individual principal investigator or his/her research centre.

## 2. Proposals in Relation to Other Income and Costs

- 2.1 All of this income should flow directly to the academic unit in question.<sup>6</sup>
- 2.2 The present method for assigning the running costs of space, under the unit-cost exercise, should be continued.<sup>7</sup>
- 2.3 The running costs of all space in an academic unit should be assigned to the unit, including the costs of space for external research-funded activity, with the unit to recoup these costs from the associated overheads where they apply.<sup>8</sup>
- 2.4 The present method of assigning the costs of IS Services, under the unit-cost exercise, should be continued.<sup>9</sup>
- 2.5 The cost of library and academic services should be funded on the following basis: the student FTE for the unit arising from taught courses; the weighted (not by subject though) FTE for postgraduate research students; a weighted staff FTE for the unit.
- 2.6 The weights in calculating the weighted staff FTE should be reviewed by the Task Force, but for now a minimum weight of 3.0 should apply to all full-time staff and researchers in the unit, with a pro-rata reduction for part-time staff.<sup>10</sup>
- 2.7 The method of assigning the costs of Administrative Services should in all but one case (see below) be based on a weighted student FTE for each unit, with all EU students having a weight of 1.0 and all non-EU students having a weight of 1.5.<sup>11</sup>

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<sup>6</sup> Miscellaneous income to the College, generated for example from interest earned, contributions from the commercial activities of College, etc, should accrue directly to the Strategic Fund. Partly as a result of this, but also to provide increased incentives, it is not proposed here that any proportion of other income accruing to academic units be allocated to the Strategic Fund. The Task Force is not proposing any change for now in the way in which incomes from the different commercial operations (e.g. letting of property, the Long Room) within College are treated at present.

<sup>7</sup> Under this method the *average* running cost per sqm of useable space in College is calculated. The usable space then of an academic or administrative unit is multiplied by this average, to give the total space running cost of the unit. No distinction is made between different types of space, be it laboratory or office space, or between the quality or location of given spaces. The running costs of space though can vary very significantly, especially between laboratory and non-laboratory space, and reliable information on such variations should be accumulated and in time perhaps incorporated into the ARAM. There are also significant variations in the purchase/rental cost of space depending on the location of such space and this is something that also needs to be considered. The location of an academic unit's space can also influence the ability of its members to access College administrative and support services and this is something the Task Force should consider taking into account at the implementation stage in assigning costs in relation to these services. Under the present method, the costs of all balance and common space is assigned pro-rata to the academic and administrative units, a practice the Task Force also recommends continues.

<sup>8</sup> Where space is used jointly with other academic units, e.g. lecture halls, there will be a pro-rata allocation to each unit based on usage.

<sup>9</sup> All costs in IS Services are assigned to particular services in proportion to the time spent providing each service and service costs are allocated to academic and administrative units on the basis of their usage of the service. Service usage is measured by the time connected by users; use of the College network is charged per network point in use during the year; usage of the external network is monitored continuously and the logs of usage used to allocate costs; the use of computer rooms is logged and used to allocate costs; help-desk charges are allocated by time spent; training costs are allocated by usage of the service. In relation to AVMS the following applies: photographic, video and audio service costs are allocated to departments based on the invoice totals during the year; pool room equipment service costs are allocated according to usage.

<sup>10</sup> Where the conversion of part-time staff into FTE is done on basis of pay.

<sup>11</sup> Student Affairs (ISA) Office. Given this extra weighting, though, it is important to review the operation of this office to ensure that all non-EU students fall within its remit. If academic units are assigned an appropriate extra allocation for students from a non-traditional background, then there should also perhaps be

- 2.8 A separate method for assigning the costs of Administrative Services for external research-funded activity should be developed by the Task Force at the latest by the end of 2004/05, reflecting both the greatly varying use of the different services by researchers and the requirements of different external funding agencies.
- 2.9 The present method of assigning the costs of General Educational Expenses, under the unit-cost exercise, should be continued.<sup>12</sup>
- 2.10 The method of assigning the costs of Student Services and Miscellaneous Expenses should be based on a weighted student FTE for each unit, with all EU students having a weight of 1.0 and all non-EU students having a weight of 1.5.<sup>13</sup>

### **3. Proposals in Relation to Future Issues**

- 3.1 Within weeks of the approval of the proposals in Parts 1 and 2, the Task Force should apply data to the model agreed and provide preliminary information to Heads of academic units and others on the outcomes of the model (namely the funding balances in relation to different academic units) based on the criteria agreed and using the most reliable and up-to-date information available at the time, bearing in mind all of the caveats that may attach to these data.
- 3.2 The Task Force strongly recommends that the College gives the highest priority to the introduction of the new Management Information Systems that are required for the ARAM to facilitate devolved decision making to Heads of academic units.
- 3.3 The Task Force should prepare as soon as possible a paper for Board on how the transition period, commencing in September 2005 and running to at least September 2008, should be managed, in relation both to academic and administrative and support units. In particular, the acceptable 'rules of operation' over the transition period and beyond should be identified, bearing in mind Proposal 1.21.
- 3.4 All cost levels should be scrutinised, as a matter of some urgency, to ensure that the level of activity of the university is optimised given its overall budget constraint.
- 3.5 Finally, it is recommended that the more detailed aspects of the ARAM should be reviewed by the Task Force, for now on an on-going basis, to reflect unforeseen issues and/or new information. Each year there should also be a report to Board on the key features/criteria of the model, taking into account its operation up to that point and possible changes in external factors, and bearing in mind the importance of the principles of fairness and predictability.

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an additional weighting for these students in assigning the costs of different support services, including Student Services.

<sup>12</sup> Academic units are assigned costs according to their unweighted student FTEs and no change is recommended in this regard.

<sup>13</sup> See Footnote 12. Again, it is important that in recognition of this higher cost weighting appropriate services are provided to all non-EU students.