

***Funding strong universities:  
an institutional perspective***

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# The Higher Education Policy Matrix

## *the emerging paradigm*

- Who should receive a higher education? ➤ Mass higher education
- What kind of higher education should they receive? ➤ Wide spectrum of quality and diversity
- Who should pay? ➤ Mixed public/private funding
- Which kind of higher education system offers the best solutions? ➤ Differentiated, allowing significant institutional autonomy & freedom to be entrepreneurial

# The University of Manchester 2004-05

**ESTABLISHED 1 OCTOBER 2004**

- **Undergraduate students** = **25,683**
- **Postgraduate students** = **9,335**
- **Academic/Research Staff** = **4,587**
- **Academic related staff** = **1,895**
- **Total staff** = **10,407**
- **University budget** = **£550 million**
- **Research expenditure** = **£308 million**

**2004-11: undertaking the largest capital development programme in UK higher education history**

# **funding strong universities**

*the entrepreneurial idea of a university*

- 1. a substantial degree of institutional autonomy; and*
- 2. a strategic commitment to increasing financial self-reliance*

# **funding strong universities**

*institutional autonomy and entrepreneurial success*

**a substantial  
measure of  
institutional  
autonomy**

```
graph TD; A["a substantial measure of institutional autonomy"] --- B; B --- C["sufficiently powerful to encourage and defend academic freedom"]; B --- D["sufficiently de-regulated to be innovative"]; B --- E["sufficiently independent to transcend any narrow, vocational idea of a university"]; B --- F["sufficiently self-reliant to be businesslike, entrepreneurial"];
```

**sufficiently  
powerful to  
encourage and  
defend  
academic  
freedom**

**sufficiently  
de-regulated to  
be innovative**

**sufficiently  
independent  
to transcend  
any narrow,  
vocational  
idea of a  
university**

**sufficiently  
self-reliant  
to be  
businesslike,  
entrepreneurial**

# funding strong universities

*towards financial self-reliance*

the drivers - (i) the *partial* funding gap, and (ii) the *aspirational* funding gap

"gap" analysis against international comparators

focus on growth of recurrent, discretionary resources

securing significant efficiency gains

# funding strong universities

**emergence of  
funding gaps**

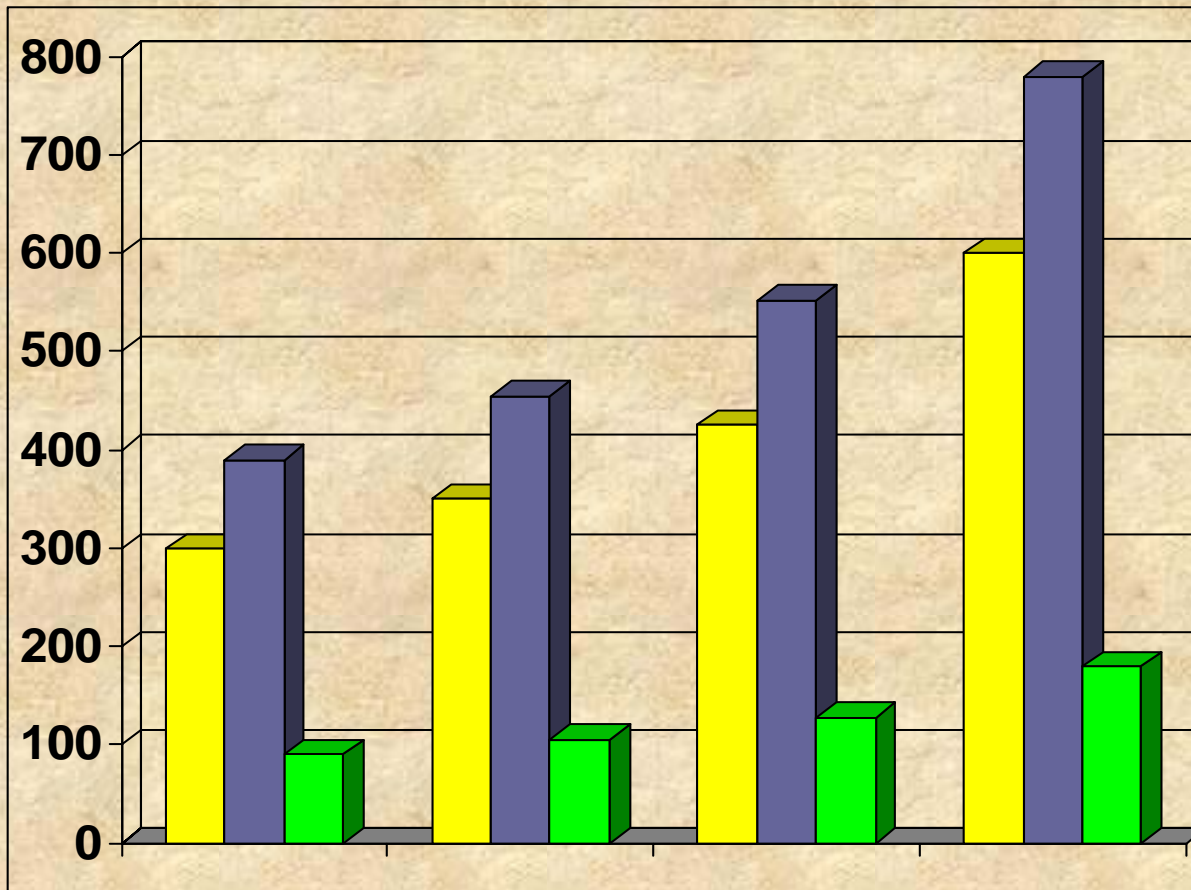
```
graph TD; A[emergence of funding gaps] --> B[partial funding factor: a maintenance issue]; A --> C[aspirational factor: an improvement challenge];
```

**partial funding  
factor:  
*a maintenance issue***

**aspirational factor:  
*an improvement  
challenge***

# the research funding gap

## implications of a doubling of research income, 2004-2015



Research income growth = £480 million

Full economic costing requirement = £780 million

Gap requiring new, recurrent, discretionary income = £180 million

■ Research income (£m)

■ FEC (£m)

■ University Subsidy (£m)



# closing revenue gaps

generating  
recurrent,  
discretionary  
revenue

```
graph TD; A[generating recurrent, discretionary revenue] --- B[global fee-based educational services]; A --- C[exploitation of intellectual property (IP)]; A --- D[contract research]; A --- E[research consultancy]; A --- F[donations, bequests, etc.]
```

global  
fee-based  
educational  
services

exploitation  
of  
intellectual  
property  
(IP)

contract  
research

research  
consultancy

donations,  
bequests,  
etc.

# closing revenue gaps

**reducing  
Costs**

```
graph TD; A[reducing Costs] --- B[research/teaching specialisation]; A --- C[programme diversity]; A --- D[functional duplication and re-work]; A --- E[competitive costing]; A --- F[market-based pricing];
```

**research/  
teaching  
specialisation**

**programme  
diversity**

**functional  
duplication  
and  
re-work**

**competitive  
costing**

**market-based  
pricing**

# cost efficiency

## workload variance in teaching 100 students

- One Unit/100 students
  - 2 x 1 hour lectures
  - 10 x 1 hour seminars
  - 8 hours lecture preparation
  - 3 hours seminar preparation
  - Total Workload =  
23 hours
- 10 Units of 10 students
  - 20 x 1 hour lectures
  - 10 x 1 hour seminars
  - 80 hours lecture preparation
  - 30 hours seminar preparation
  - Total workload =  
140 hours