

# Academic Resource Centre Planning Cycle

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# Synopsis

1. Making use of statutory returns data in the planning process
2. Providing key data in a dynamic model to facilitate business planning and resource allocation
3. Making use of the planning process to complete statutory returns

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# Key Statutory Returns Data (1)

- HEFCW HESES Return (Higher Education Student Early Statistics)
  - Census date 1<sup>st</sup> November
  - Aggregate return of Home/EU ‘completed’ credits and registrations
  - Core dataset for all student-based statistics during the year



# Key Statutory Returns Data (2)

- HEFCW HESES Return (Higher Education Student Early Statistics)
  - Determines HEFCW teaching grant for following financial year
  - Includes assumptions about post-census date credits/registrations
  - Maintain ‘frozen’ set of all data used so return can be deconstructed/reconstructed



# Key Statutory Returns Data (3)

- HEFCW HESES Return (Higher Education Student Early Statistics)
  - HEFCW return presented by level, mode and Academic Subject Category (ASC)
  - Data remodelled for internal planning by level, mode and Academic Resource Centres (ARCs)
  - Credit data weighted by ASC to provide composite units of resource (£ per credit)
  - In effect creates skeleton data for internal Resource Allocation Model (RAM)



# Key Statutory Returns Data (4)

- Research Assessment Exercise and HEFCW RAS (Research Activity Survey)
  - Number of staff submitted in last RAE
  - Research Assistants / Research Students / Charities Income updated annually by RAS
  - Determines QR allocation by weighted volume measure



# The Planning Model (1)

- Excel workbook (21 sheets!)
- Contains data familiar to ARCs and translates this into financial information
- Primary aim is to build budget 'pro-forma' with 4-year forecasts
- Other summary statistics also generated



# The Planning Model (2)

- Student Data
  - Split by residency, mode, level and year of study
  - Drop-out rates to current and future intakes applied based on averages from previous years
  - ARCs are mainly asked to predict just future intakes
  - Where a significant distinct activity exists within an ARC, this is sometimes separated out (e.g. teacher training, social work)



# The Planning Model (3)

- Teaching Grant Forecasts
  - Assumes constant composite units of resource
  - Assumes constant load : registration ratio
  - Gross data used as opposed to net data in HESES
  - Income reduced to account for non-completion, central top-slice and 'fees-only' recruitment
  - Methodology similar to HEFCW funding model with exception of 50:50 load / registration split
  - Current year student data used to calculate funding for the following year (1-year lag)



# The Planning Model (4)

- Research Grant Forecasts (QR)
  - Calculates volume measures as per HEFCW funding methodology (average of 2/3 year lagged data)
  - Reduced to account for central top-slice and allocations outside resource centre
  - Allows adjustment to staff numbers and RAE rating from 09/10 onwards, but assumes same methodology
  - Doesn't deal with additional funding for charities FEC

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# The Planning Model (5)

- Overseas Fee Income
  - Based on average overseas fee from previous years, calculated for each ARC
  - Lagged by 1 year
  - Income reduced to account for central top-slice
  - Actual allocations based on actual fees invoiced
  - Potential for divergence from actual allocations, particularly where numbers are small



# The Planning Model (6)

- Specific Incentives
  - Overseas Students
    - Recruitment above pre-determined threshold (based on national trends) is top-sliced at lower rate
  - Taught Postgraduate Students
    - Recruitment above pre-determined threshold (based on national trends) attracts an in-year 'advance' payment to cover any set-up costs



# The Planning Model (7)

- Research / Services Rendered Income
  - Gross income and overheads shown by source
  - Overheads subject to central top-slice
  - FEC results in additional complications
  - Also shows direct contributions to staff costs
  - Income targets set by Research Office



# The Planning Model (8)

- Staff Costs
  - By far the biggest source of expenditure
  - Current staff profile provided for each ARC with 5-year salary forecasts
  - Provision for ARCs to amend existing staff profile and make requests for additional staff resource



# The Planning Model (9)

- Other Income
- Non-pay expenditure
- Space usage
- Comparison of previous forecasts with actuals
- Graphical and numerical summaries



# The Planning Model (10)

- Budget Pro-forma
  - Shows all allocations, income and expenditure calculated from other sheets
  - Calculates in-year 'movement' (surplus/deficit)
  - Contributes to departmental reserves
  - All ARCs have reserve targets expressed as a proportion of income



# Institution-level Forecasting (1)

- Pro-forma and other data from models are aggregated into one model to provide institution-level forecasts
- Financial data is used in HEFCW Financial Forecasts



# Institution-level Forecasting (2)

- Student forecast data is disaggregated from models and reassembled to provide forecasts of future HESES returns
  - Used to inform HEFCW redistribution exercise
  - Used to inform HEFCW student number forecasts, which are essentially forecasts of HESES tables



# The Planning Schedule

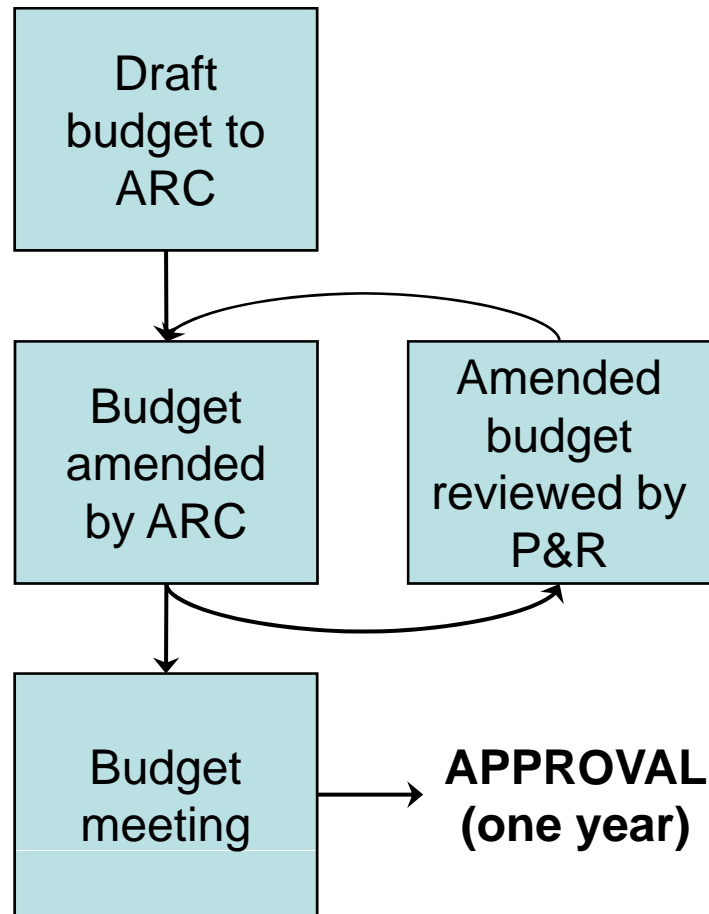
- **December**
  - models populated with latest data and issued to ARCs
- **February**
  - models returned from ARCs with updated strategy documentation
- **March**
  - models summarised and considered by Planning & Resources team
  - strategy meetings with ARCs
- **April**
  - ARC budgets for following year approved

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# Setting Budgets (1)

- An iterative process!



# Looking Forward

- Recent Improvements
  - New academic structures
  - Improved understanding of the process
  - Annual refinements to the planning model
- Future Improvements
  - New RAM replacing current top slice, charging ARCs for certain ‘cost pools’ driven by data in model
  - Profiling of agreed budget within planning model will enable more detail and greater understanding

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