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Anatomy of Borrowing

The Higher Education Funding Council for England has published an interesting survey of the extent to which its institutions have been borrowing money. The survey updates a similar exercise four years ago and has found that the amount of borrowing has increased at a faster rate than income and that institutions are borrowing for longer periods.

The English HE sector now owes BGP 2.5bn and the total of institutional debt is an average of 20 per cent of income. However, the loans have been achieved at an average variable rate of 5.08 per cent and the annual cost of interest is only 1.3 per cent of income. Almost 50 per cent of institutional borrowing is now at variable rates of interest which worries the Funding Council because of the risk of higher rates later.

The main reasons for all this borrowing are given in another survey published by HEFCE at the same time. This is the fifth report on Estate Management Statistics, a series that has been covered before in VC-Net (No 44) and it shows that GBP 1.7bn was invested in capital projects during the year 2002-03 compared with just GBP 1bn three years earlier. HEFCE's own contribution to institutions' capital funding in 2002-03 was a mere GBP 302m, so that the bulk of the expenditure has to come either from institutional endowments, reserves built up from past surpluses or borrowing.

Other data in the Estate Management Statistics are beginning to reveal some trends; English universities have added 2.5 percent more space in the last five years, but the (fte) student population has increased by 7.9 percent. The area of teaching space has held constant, while that dedicated to research has increased by almost 10 percent. This may reflect the impact of the major injections of research infrastructure funding in recent years and confirms the importance of modern facilities to attract and retain world class researchers.

Sources: HEFCE publications: 2004/44 Borrowing in the higher education sector and 2004/45 Estate Management Statistics – Annual Report 2004.

External Reviews

It is not uncommon for universities to ask outsiders to help them with a review of their performance or their academic quality. The Institutional Evaluation Programme of the European University Association (EUA) is a typical approach involving a small panel of four high level peers that visit an institution to review a self critique that it has written beforehand. What is unusual is for a university to invite 285 external academic peers to undertake a rigorous review of the quality of all its disciplines. Just such an exercise has been completed by the Australian National University (ANU) and the results have been published in full. The process was set in hand by the University's Council and covered a review of quality in six areas: research, research training, undergraduate and postgraduate education, service to

national and regional communities, international “engagement” and “other matters” such as organisational arrangements and administrative procedures. A high level international Quality Review Committee was created (chaired by Professor Deryck Schreuder, former Vice Chancellor of the University of Western Australia and comprising members such as the Vice Chancellors or Presidents of Oxford, Cambridge, Caltech, Syracuse and Utrecht) and this oversaw the project between February and November 2004.

The detailed work of the ANU review was extremely comprehensive and included bibliometric surveys of research outcomes, special independently commissioned surveys of students and alumni, as well as comparative studies in areas such as admissions scores, entry qualifications, the age and gender of staff, graduate satisfaction and sources of revenue.

The Review Committee was very positive in its findings since 77% of the assessors ranked ANU as one of the top 50 universities in the world – a relatively modest figure compared with the Times positioning of ANU as Number 16 in its ranking of World Class Universities in November 2004. The Committee also made 15 recommendations relating to matters such as the expansion of alliances and partnerships, professional and graduate training, benchmarking with others and regional ambitions.

Whether or not the favourable report will bring tangible rewards that pay back the cost of the review is a key question. The public relations benefits may well have been considerable and the recommendations will have value in their own right, but the University Council will no doubt be hoping for some more solid returns.

Source: The full Review Report is at www.anu.edu.au/review Background information on the EUA's Institutional Evaluation Programme is at www.eua.be/eua/en/membership_evaluation.jsp

Academic Couples

Canadian universities have a major staff recruitment challenge ahead, if they are to repopulate their communities of aging staff and provide teachers for the growing numbers of students. In VC-Net 31 we reported this as requiring 40,000 new academic staff in 10 years. Possibly as a consequence Canada is becoming a mine of good ideas for institutions in other countries on recruiting and retaining staff. One such idea is a focus on helping academic couples.

In the US roughly 40 percent of all full time faculty have academic partners and each time any one thinks of moving there is a potential loss of two. Canada is thought to be somewhat similar. Research stars in the academic community will often have an academic spouse and the employment prospects for that spouse may well colour a decision to move. However having positive “spousal” policies can introduce conflict between faculties and departments; central encouragement of one department to recruit the spouse of a star researcher badly needed by another department can cut across lines of management and autonomy. On the other hand, one Canadian institution suggests, where the spouse is female, she may be hired without an open competition in order to help redress an equity problem.

The issue is very much on the table in Canada and institutions are adopting different approaches: creating research positions where there are no obvious job prospects, collaborative pooling of spousal needs between neighbouring institutions, central subsidies for the Dean who hires the spouse of a faculty member employed elsewhere in the university, and (where the spouses work in the same discipline) converting one post into two half time positions.

Creative and flexible policies seem to be the norm, but the risk is that the normal competitive hiring procedures could increasingly be by-passed and redundant for a growing number of staff.

Source: AUCC. University Affairs, November 2004 issue at www.universityaffairs.ca

Unravelling Red Tape?

If one suspects that regulation and bureaucracy are getting out of hand, the obvious solution (to a bureaucrat) is to set up an office, create web sites and committees to investigate (and try to cure) the problem. Thus, the Cabinet Office in the UK has established a Regulatory Impact Unit “to help ensure that all new regulation is necessary”.

Higher Education is doing its bit to help by creating a Higher Education Regulation Review Group, which has the task of ensuring that the regulatory demands on the sector are “effectively assessed by those who impose them” and are kept to a minimum. This will involve an HE Gatekeeper Group, comprised mostly of senior university administrators, meeting at intervals to review proposals from all the main policy making bodies in higher education and telling them within two weeks whether their proposals are satisfactory. If the Group thinks that any policies are unduly demanding or burdensome on the sector they have the power to ask Ministers to think again.

Time will tell whether this is a cynic’s dream or a laudable (if costly) attempt to trim bureaucracy.

Source: See Annex 1 of “Better regulation: Towards a new culture of autonomy and accountability. The Government’s response to the Interim Report of the Better Regulation Review Group”. June 2004. Available at www.hefce.ac.uk/lqm/account/brrg.asp

The editor, Svava Bjarnason, and author, John Fielden, are always pleased to receive comments on the usefulness and content of this briefing service. News from other Commonwealth countries, which might be of wider interest, is also most welcome. They can be contacted by e-mail on vcnet@acu.ac.uk or by fax on +44 (0)20 7387 2655.
