

## *UUK Efficiencies Taskforce and Next Steps*

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- **Economic context**
  - Universities recognise the national imperative to reduce costs
- **Global perspective**
  - Increasing competition within tighter resource constraints 'Higher Education in a world utterly changed: Doing more with less' (OECD/IMHE, Sept 2010)

**BUT**

- **A Continuing Agenda**
  - Eg in Scotland 2008/11 Universities and Colleges collectively made over £123m of cash releasing savings



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# UUK Report



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## UUK Task Force

- **Major Drivers of University Efficiencies**

- Effectiveness
- Quality

- **Focus**

- Operational efficiency – Note in Scotland this represents around 34% of spend
- What drives efficiency in the sector
- Scope and extent of current developments,
- Identify ways in which the sector has the potential to achieve further cost savings through more efficient operation
- What needs to happen to bring change about.



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# UUK report



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- **Help shape a new narrative**
  - Demonstrate progress in sector
  - Acknowledge the need for/scope for further improvements in efficiency and how sector is meeting challenges of a new funding environment
  - Demonstrate the ability of the sector to lead the agenda
- **Provide a framework for action**
  - Recommendations
  - Time line
  - Suggest who leads on actions



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# Findings (1)



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## 1. Review

- Acute understanding of the need to act – linked to new funding environment
- Much good practice in sector – needs better dissemination
- Barriers and constraints exist: fragmentation; mindset; regulatory constraints

## 2. Data & benchmarking

- Good data and benchmarking are essential to making progress
- Transparency acts as a driver for efficiency
- There is a lack of clear and appropriate data on operational costs in HE sector, meaning it is difficult to calculate savings/benefits of efficiency initiatives
- Benchmarking practice is currently piecemeal and fragmented

## 3. Simplification, shared services and outsourcing

- Simplifying, streamlining & improving internal processes should be a priority for HE
- More can be done on shared services, but VAT remains a barrier
- Potential for outsourcing and strategic relationships with private sector to deliver services – eg, accommodation, IT



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## Findings (2)



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### 4. **Effective procurement is an opportunity**

- Note APUC in Scotland
- Procurement often not seen as a strategic part of HE but can support all activities

### 5. **Better regulation**

- There are areas where regulation is costly (freedom of information) and could be reformed to help facilitate savings (EU procurement regulations)



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# Recommendations



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## General

- Interventions should fit longer term strategic aims rather than short term
- Cost reduction activities should be clear on savings and benefits expected and based on robust data
- The key area all HEIs can focus on is the development of better and leaner internal processes

## Data & Benchmarking

- Better data on operation costs (finance, HR, IT etc) and commodity costs (procurement) will be developed, building on what is currently available.
- To enhance transparency around operational costs, indicators to be developed to show progress on savings being made across operational functions and reported annually.
- A common HE framework for developing benchmarks on operational functions to be developed by UUK, linking to HESA work to enhance benchmarking capacity, to deal with fragmentation and duplication of initiatives.
- Advice on implications of competition law should be developed.



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# Recommendations



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## Shared services

- Models for developing shared services exist and good practice should be disseminated
- HEIs should look to exploit existing services with a track record of excellence rather than just looking to develop new organisational structures; and to link outside of the sector.

## Regulation

- The govt should implement the mandatory VAT exemption on shared services
- The govt should clarify the position of HEIs in relation to public sector regulations in light of the new funding arrangements – balance between public/private finance in HE
- The sector should engage with post-legislative scrutiny of FoI and develop better understanding of associated costs



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# Some Key Areas



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## Procurement

- Scotland
  - >£700m in non-staff spend (50% public money)
  - Universities get good grades in McLelland criteria and set up APUC in 2007
  - 2011/12 £17.5m savings
  - Commitment to get even better
- UUK Report Recommendations
  - Develop a national body to lead procurement in England (follow Scottish APUC model)
  - Set up a UK-wide strategic procurement group to lead policy, promote good practice and guide the establishment of a Centre of Excellence (CIPS/AUPO)
  - Establish a minimum target for England of 30% non-pay spend to be channelled through collaborative agreements – to be revised upwards over time



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# Next Steps



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- Five Work Streams
- Sector wide teams
- Clear Outcomes and Milestones
- Continued sense of Urgency



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# Workstreams



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- Leadership, Implementation and Monitoring
  - Leading Strategic Change
  - Monitoring and Evaluation Panel
  - Efficiency and Innovation Hub
- Developing Data and Benchmarking
  - Identifying Benchmarks
  - Framework for Benchmarking
  - Understanding Costs
- Embedding Recommendations
  - Action Plans across all areas
  - Process Improvement and Shared Services
  - Academic Processes, practice and research

- Addressing regulatory challenges to efficiency
  - VAT Cost Sharing Exemption
  - Regulatory Practice
  - Competition Law and the HE Sector
- Developing Procurement
  - Leading Change in HE procurement
  - Developing Better Collaborative Procurement
  - Establish a Procurement Academy



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# Pump Priming



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- LFHE Fund to support initiatives in Efficiency Innovation