

Are you a member... ...of your regional self-help group?

Fourteen regional self-help groups have been set up around the UK (ten in England, three in Scotland and one in Wales). Their purpose is to help institutions develop their costing and pricing systems and to discuss issues relating to the implementation of the Transparency Review. Membership of the groups consists mainly of project managers, although Directors of Finance are attending on behalf of some smaller colleges. Each group will meet every two to three months and will be attended by one of the National Co-ordinators.

Members have been sharing ideas and experiences at the initial meetings, and have benefited from hearing presentations from fellow project managers. At future meetings, group members intend to discuss specific areas of interest and concern, and have agreed to share templates and implementation methods where these would be useful to other institutions.



All institutions are invited to nominate a member for a group in their area. If you are not a member and would like information about your local group, please contact your National Co-ordinator. They will put you in touch with the appropriate chairperson.

NEWSLETTER

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Pilot site progress

The eight pilot universities are required to report for the first time in summer 2000. They are making good progress in implementing the uniform approach to costing that is necessary to meet the requirements of the Transparency Review. Due to the need to report on 1998-99 data, the pilot universities were required to collect staff time data on the basis of annual retrospective time allocation. The options chosen by the pilot universities for collecting this information are as follows:

- One pilot collected this information from individual staff members.
- Two universities collected this data from a mixture of individuals in pilot departments and heads of departments in the remainder.
- The remaining five pilots collected the information from heads of departments who were free to consult individuals or sectional heads to facilitate the process.

To collect their 1999-2000 data, which is to be reported in January

2001, some pilots are also collecting in-year data for the current financial year. The rest are planning to collect annual retrospective data for 1999-2000 and collect in-year data from financial year 2000-01 onwards.

All pilot sites have developed cost drivers to allocate central support costs. They have chosen to either use existing resources allocation model cost drivers or develop a small number of straightforward drivers (see the article 'Cost pools and cost drivers – Keep it Simple!' on page 4 for examples of cost pools and apportionment bases).

Some of the major points that have arisen from the experiences of the pilot institutions are as follows:

1. It is worth investing the time to fully brief staff on the objectives of the Transparency Review and the purpose and use of the time data to ensure that everyone understands the process.

2. To win the hearts and minds of the institution's academic staff it is crucial to appoint at an early stage a senior staff member as 'academic champion', to chair the institution's Costing and Pricing Steering Group. Although the project manager is usually a member of the Finance Office, pilot institutions strongly feel that the costing and pricing project should not be perceived as being 'owned' by the finance function.
3. Setting up a Transparency Review web-site and looking at electronic solutions to collecting staff time data can provide huge benefits to an institution, and are generally viewed as well worth the initial resource to set them up.
4. Pilot universities, particularly those collecting information from individual staff members, have had to consider the issue of anonymity of data. One important factor is the need to chase late returns. Where anonymity is a sensitive issue, pilots have tended to use a numbering scheme that is known only to the project manager and is used exclusively for data handling purposes.

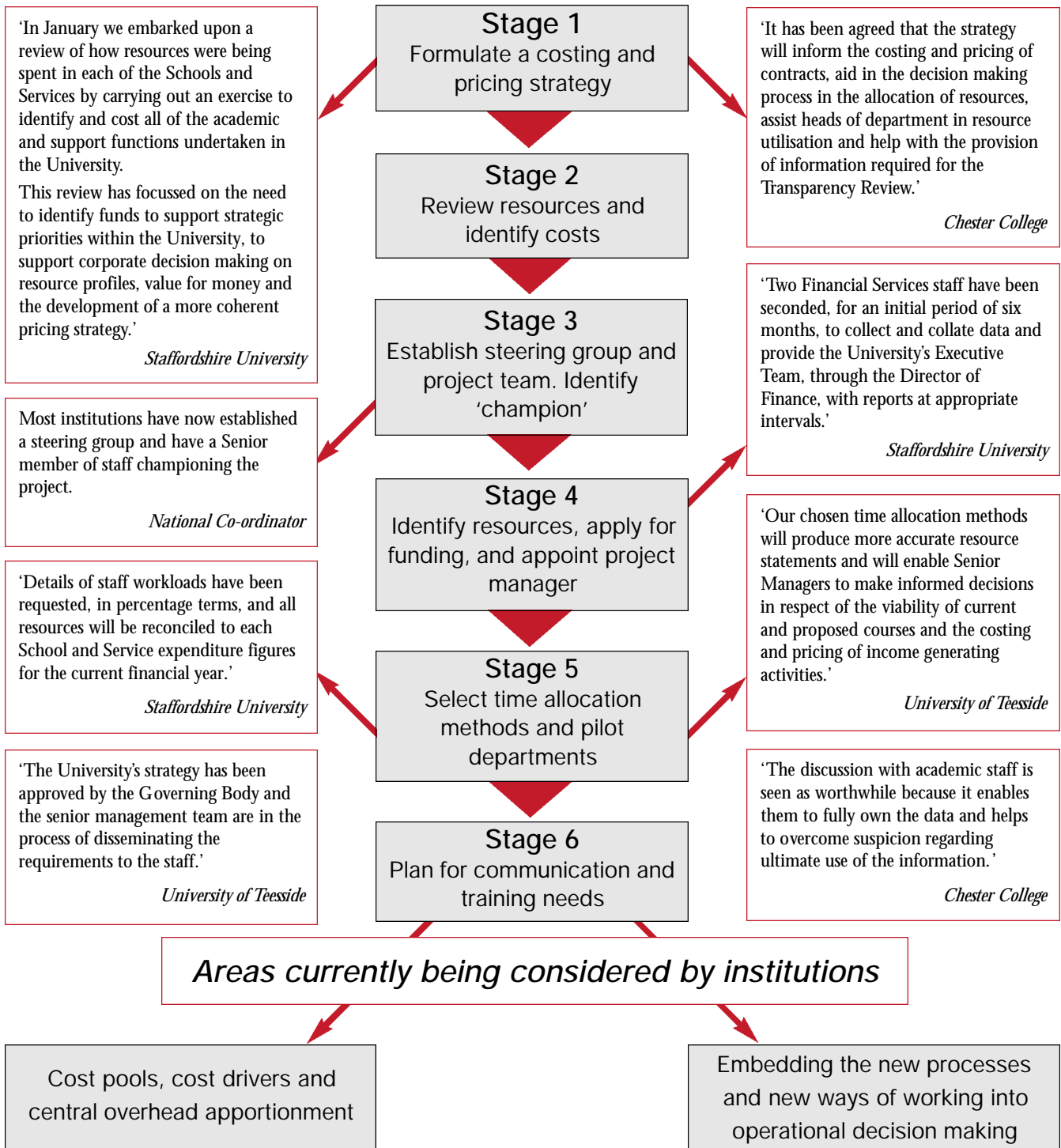
New Guidance Manual for 2000-01

The Guidance Manual which sets out the uniform approach to costing that is needed for the Transparency Review was produced in draft form in September 1999 by J M Consulting Ltd. It has proved to be a robust document, and many universities and colleges have based their work on costing on it, particularly the pilot universities that are carrying through implementation of the systems at present.

The draft manual will be revised and up-dated in the light of experience and a new version will be issued for the whole sector in July 2000. Changes are likely to be minor and mostly aimed at clarifying aspects that have proved difficult to interpret; therefore institutions should not delay their work on this account. The seminars planned for project managers in the summer and autumn will, however, be based on the revised manual.

Developing a costing and pricing strategy

Many institutions have now completed these six stages of development of their costing and pricing strategy. The chart below includes quotes from three small- to medium-sized institutions.



Many institutions are beginning to consider how they should apportion non-direct costs and the expenditure of central services. Some regional self-help groups will discuss this issue at their next meeting. Don't forget - Keep It Simple. Institutions will also have to begin to promote the integration of academic, financial and operational decision-making. This will involve embedding the new ways of working into the day-to-day operations.

Cost pools and cost drivers – Keep It Simple!

Institutions are considering how to apportion their costs including those of the central and support services. Experience is showing that keeping the number of cost drivers to a minimum in the early stages has many benefits. More complex apportionment bases can be considered at a later stage. The advice for now is **Keep It Simple!**

The table below shows how a few of the cost categories could be apportioned using just a few simple bases. These are only examples; institutions need to decide what is most appropriate for their organisation given the information systems they have in place. Remember, it may be easier to pool costs that will share the same apportionment basis before attributing these to academic departments.

Example of cost pools and apportionment bases

| Cost pools | Apportionment bases to departments | Attribution to activities | Information systems used |
|--|---|---|---|
| Premises Buildings and Estates Office | <ul style="list-style-type: none"> Usable space (square metres) Student FTEs (weighted to take account of open / distance learning students and the use some categories of students make of facilities such as laboratories). Student or staff numbers | <ul style="list-style-type: none"> Academic staff time | <ul style="list-style-type: none"> Estates record of space usage Space charging system |
| Academic Services (e.g. Library, Computing) | <ul style="list-style-type: none"> Student FTEs and staff FTEs Student and staff numbers Student FTEs excluding franchised and open / distance learning students | <ul style="list-style-type: none"> Student numbers and academic staff time | <ul style="list-style-type: none"> Student record system Personnel system Time allocation system |
| Registry and Student Services (e.g. careers, counselling, accommodation) | <ul style="list-style-type: none"> Student numbers | <ul style="list-style-type: none"> Student numbers | <ul style="list-style-type: none"> Student record system |
| Staff Services (e.g. Personnel department, telephone, mail reprographic, & messenger services) | <ul style="list-style-type: none"> Staff numbers Staff FTEs | <ul style="list-style-type: none"> Academic staff time | <ul style="list-style-type: none"> Personnel system Time allocation system |

What's new on the JCPSG web-site

The JCPSG web-site is at www.bris.ac.uk/JCPSG. Latest developments include:

- Information for project managers – This new section includes: information on regional self-help groups; frequently asked questions on time allocation and audit requirements and links to other parts of the web-site that are of particular interest to costing and pricing project managers.
- Examples of good practice – The good practice section now has two new examples of institutions' Transparency Review web-sites and an example of an institution's glossary of activity classifications for time allocation purposes.
- Costing and pricing and the Transparency Review: update on implementation of the new uniform approach - A letter from the JCPSG Chairman, Professor David Westbury, to heads of higher education institutions in England, Scotland, Wales and Northern Ireland.
- Annual monitoring return - A request for information from institutions that obtained approval, before 31 January 2000, for first tranche funding under the joint funding councils' initiative.
- Invitation to tender for pricing training modules – information about an invitation for competitive tenders for the development of training modules on the subject of pricing in higher education.