

Fundraising for Posts

Background

1. In September 2005, a paper was agreed by the PRC establishing the minimum amounts required to endow/fund new and existing posts.
2. It was also agreed that these tariffs would be revised in due course to bring them into line with revised pay costs in the light of the “single spine” and to take account of inflationary cost increases. This paper sets out the consequences of these changes. It also highlights an anomaly in the current allocation of costs for incremental posts and proposes an amendment to the formula.

Incremental posts

Current Basis of Calculation

3. For incremental posts, the amount required to endow/fund posts is based on fully allocated costs. The main components and the current basis for calculation are as follows:

Cost	Basis of calculation
Salary costs	Salary, pension and employers national insurance
Department indirect costs	10 – 30% of staff costs (variable by School)
Central indirect costs	Fixed amount per staff FTE

The Impact of the Single Spine

4. The impact of the single spine and agreed across the board pay increases are shown in Appendix 1, Column 2.

The Allocation of Central Indirect Costs

5. The use of a fixed amount per staff FTE, for allocation of central indirect costs leads to a position in which these costs as a proportion of the total cost to be covered by a donation, are relatively higher for more junior posts (e.g. lectureships).

For example:

Under the current basis of calculation, in the School of Arts and Humanities, central indirect costs of £26k per annum (2007/08) are allowed for in costing for in all posts. These costs are 87% of the payroll costs of a research assistant,

compared to 49% of the salary costs of a lectureship or 31% of the salary costs of a professorship (at point 68).

As a result the minimum amount required to endow a lectureship in the School of Arts & Humanities is £2.0m, where the total salary costs in 2007/08 allowed for are £53k.

In contrast the minimum amount required to endow a research assistant in the School of Arts & Humanities is £1.4m, where the total salary costs in 2007/08 allowed for are £30k.

A Suggested Way Forward

6. Following discussions with the University Finance Director it is proposed that the basis of allocation for central indirect costs is changed from a fixed amount per FTE to 30% of staff costs. This basis will ensure that the donations required to fund different levels of posts are stepped more evenly, and that the allocation is consistent with the "central overhead charge" currently posted to donation and trust fund accounts on UFS.
7. Appendix 1, Column 3 sets out the cost based tariffs, under the proposed change in the allocation of central indirect costs.
8. PRC are asked to agree to the new formula under the minimum tariffs shown in Appendix 1, Column 3.

Existing Posts

9. The donations required to establish a permanent endowment for existing chest-funded posts are currently based on an assessment of the "market" by CUDO and CAM. The minimum amounts agreed by the PRC are therefore a "price" rather than being purely cost related. Given the current competition for donor funding both amongst UK Universities and in the U.S.A., the Development Director and the Executive Director of CAM recommend that these "prices" are maintained at current levels until at least the end of the 800th Anniversary year in 2009.
10. Appendix 2 shows the currently agreed minimum tariffs for existing posts.
11. PRC are asked to confirm Appendix 2.

Conclusion

12. In the light of PRC's decisions on tariffs, the Chairman will re-issue a revised version of his guidance note to all Heads of Institutions.

Appendix 1 - Incremental Posts			Column 1	Column 2	Column 3
Post	School	Term	Agreed by PRC in September 2005 for appointments made in 2005/06	Current formula for appointments made in 2008/09 on the Single Spine	New formula for appointments made in 2008/09 on the Single Spine
Professorship / University Lecturer / Senior Research Associate <Consultant>	Clinical	Perpetuity	£5.1m	£5.5m	£5.7m
		15 years	£2.4m	£2.7m	£2.8m
		10 years	£1.8m	£2.0m	£2.0m
Clinical Lecturer / Clinical Research Associate	Clinical	Perpetuity	£2.4m	£2.7m	£2.5m
		15 years	£1.2m	£1.3m	£1.2m
		10 years	£0.9m	£1.0m	£0.9m
Professorship ⁽¹⁾	Non-clinical	Perpetuity	£3.3m - £3.7m	£3.7m - £4.1m	£3.5m - £3.9m
		15 years	£1.6m - £1.8m	£1.8m - £2.0m	£1.7m - £1.9m
		10 years	£1.2m - £1.3m	£1.3m - £1.5m	£1.2m - £1.4m
Reader ⁽¹⁾	Non-clinical	Perpetuity	£2.1m - £2.4m	£2.4m - £2.7m	£2.2m - £2.6m
		15 years	£1.0m - £1.2m	£1.2m - £1.3m	£1.1m - £1.3m
		10 years	£0.8m - £0.9m	£0.9m - £1.0m	£0.8m - £0.9m
Senior ⁽¹⁾ Lectureship	Non-clinical	Perpetuity	£2.0m - £2.2m	£2.2m - £2.5m	£2.0m - £2.3m
		15 years	£1.0m - £1.1m	£1.1m - £1.2m	£1.0m - £1.1m
		10 years	£0.7m - £0.8m	£0.8m - £0.9m	£0.7m - £0.8m
Lectureship / ⁽¹⁾ Assistant Director or Research	Non-clinical	Perpetuity	£1.8m - £2.1m	£2.1m - £2.3m	£1.8m - £2.1m
		15 years	£0.8m - £1.0m	£1.0m - £1.1m	£0.9m - £1.0m
		10 years	£0.6m - £0.7m	£0.7m - £0.8m	£0.6m - £0.7m

Note ⁽¹⁾ The ranges cover the variation by School

Post	School	Term	Agreed by PRC in September 2005 for appointments made in 2005/06	Current formula for appointments made in 2007/08	New formula for appointments made in 2007/08
Senior Research Associate	Non-clinical	Perpetuity	£1.7m - £2.0m	£2.1m - £2.3m	£1.8m - £2.1m
		15 years	£0.9m - £1.0m	£1.0m - £1.1m	£0.9m - £1.0m
		10 years	£0.6m - £0.7m	£0.7m - £0.8m	£0.6m - £0.7m
Research Associate / Post Doctoral Fellowship	Non-clinical	Perpetuity	£1.5m - £1.7m	£1.7m - £1.9m	£1.4m - £1.6m
		15 years	£0.7m - £0.8m	£0.8m - £0.9m	£0.7m - £0.8m
		10 years	£0.5m - £0.6m	£0.6m - £0.7m	£0.5m - £0.6m
Research Assistant	Non-clinical	Perpetuity	£1.3m - £1.4m	£1.4m - £1.6m	£1.0m - £1.2m
		15 years	£0.6m - £0.7m	£0.7m - £0.8m	£0.5m - £0.6m
		10 years	£0.5m	£0.5m - £0.6m	£0.4m

Appendix 2 : Existing Posts

Post	School	Current agreed tariffs			
		Perpetuity	15 years	10 years	5 years
Professorship / University Lecturer / Senior Research Associate <Consultant>	Clinical	£3.0m	£1.5m	£1.1m	£0.6m
Clinical Lecturer / Clinical Research Associate	Clinical	£1.5m	£0.75m	£0.55m	£0.3m
Professorship	Non- clinical	£2.0m	£1.0m	£0.75m	£0.4m
Reader	Non- clinical	£1.5m	£0.75m	£0.6m	£0.3m
Senior Lectureship	Non- clinical	£1.4m	£0.7m	£0.5m	£0.3m
Lectureship / Assistant Director or Research	Non- clinical	£1.2m	£0.6m	£0.45m	£0.25m
Senior Research Associate	Non- clinical	£1.2m	£0.6m	£0.45m	£0.25m
Research Associate / Post Doctoral Fellowship	Non- clinical	£0.9m	£0.5m	£0.35m	£0.2m
Research Assistant	Non- clinical	£0.7m	£0.35m	£0.25m	£0.15m

