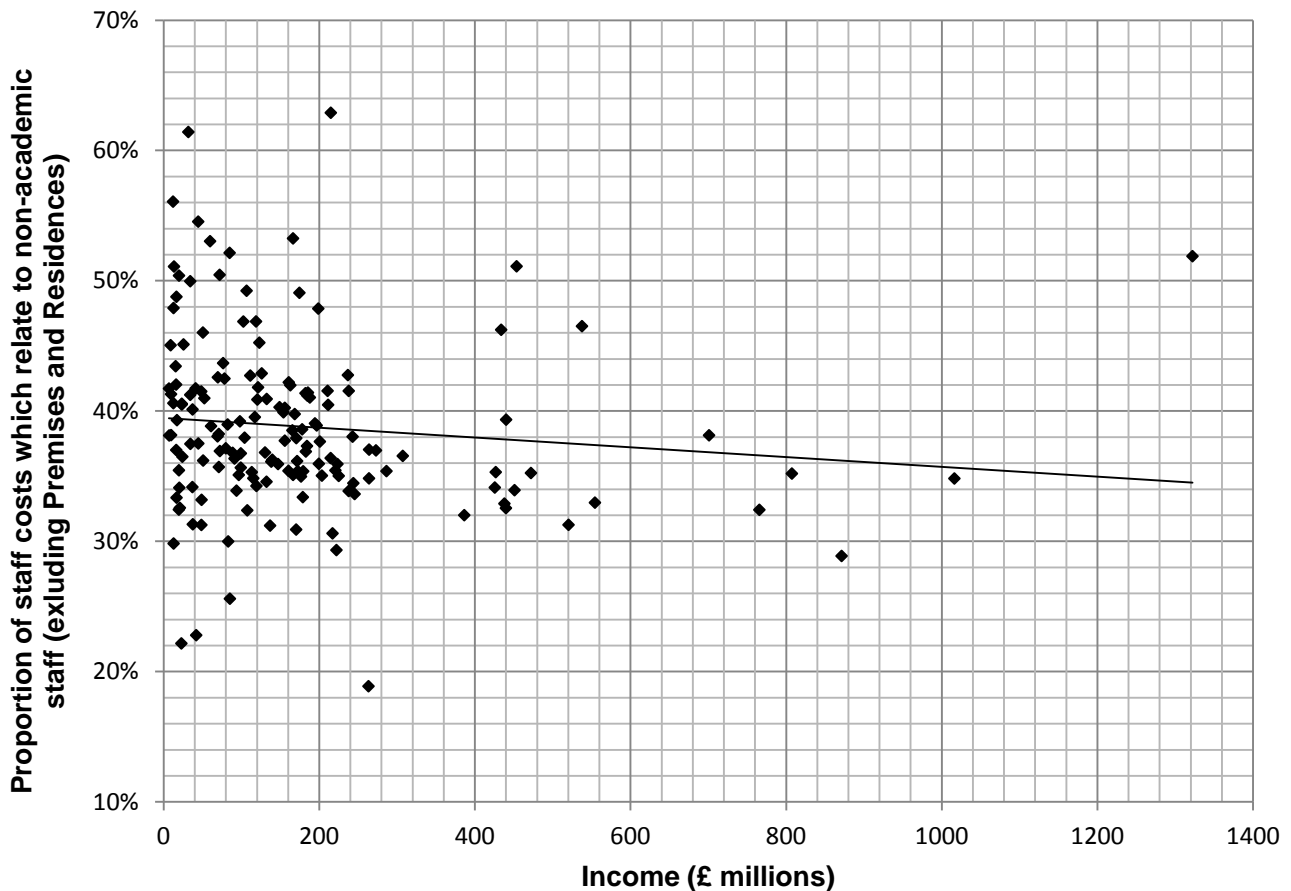


Bigger is better?



Are there economies of scale in universities in relation to professional services staff? According to the data in the chart above, a little, yes, (but look at the variance!)

First, what data does the chart show? The numbers are taken from the 2011-12 HESA finance return, which at the time of writing (March 2014) are the most recent available data. The horizontal (x) axis reports institutional income in millions of pounds. The vertical (y) axis reports the proportion of staff costs which relate to non-academic staff, excluding spend on staff in premises and residences. (The exclusion of premises and residences staff is to factor out differences which arise because some institutions have outsourced facilities management activities, including halls of residence, which fall within these categories. *Premises* and *Residences* are the HESA categories; Premises includes maintenance, security and portering staff).

Each point is a single institution: so, for instance, the point closest to the x axis represents a university with an income of £263 million and a spend on non-academic staff (excluding premises and residences) of about £27 million out of total staff costs of £143 million – or just shy of 19%.

I've excluded five institutions from the sample which are atypical – such as the University of London (Institutes and activities), which has few academic staff and a

very high proportion of administrative and professional functions (eg Senate House Library, or support for the University of London International Programmes)

The trend line uses a simple regression to find the best fit to the underlying data. It helps the eye see any underlying data pattern (although you should remember, of course, that correlation does not imply causality).

The chart tells a story. And the story, to my eyes, is that there are some institutions which put a much higher proportion of their staff spend into academic staff than comparable others. Particularly for institutions with annual income of less than £120m, there are some real differences. And further up the income scale, some institutions jump out as spending a low proportion, some as spending a high proportion.

I'm not saying that every institution above the line should cut its administrative costs. Some of the explanation behind the differences will no doubt relate to the particular disciplines covered at the university; its history and the range of facilities that it has; the degree to which it is research intensive; and its patterns of growth in the 1980s and 1990s when the unit of resource was squeezed. And some of the reasons will be about deliberate choices that the institution has made. These numbers, by themselves, say nothing about the effectiveness and quality of the professional services at these universities.

The budget this week made clear that there will be further cuts in public funding over the next few years. It would be brave to argue that higher education will be immune from these. Universities will be thinking about cost, but also about the quality of what they do, and the student experience which they offer. Data like these can help universities understand the issues at hand and make better choices.

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