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University Structure Project Management Board

**Final Report**

The PMB was asked to “Recommend an action plan necessary to complete the change initiated by Senate/Council (2004) to a larger cost centre (School) operation of the University”.

The terms of reference for the PMB are reproduced in Annex A. The history of the University’s move to larger cost-centre operation is summarised briefly in Annex B.

As requested by Senate, we have undertaken an extensive consultation process prior to preparing this report. Any names that we have used to identify new groups or posts are provisional.

**Principal Recommendations**

1. The University should restructure its academic management around ten cost centres. The detailed structure is shown in Annex C. Each School should be managed by a Senior Management Group (SMG) chaired by a Dean of School. All departments that currently exist will continue to do so, unless Schools wish to change this.
2. Faculties should be removed. There should be no barrier to Schools pooling resources; for example, the four Engineering Schools should be able to continue to operate a combined support structure should they wish to.
3. A new group, the Academic Leadership Team (ALT), should be created. All Deans of School would be members of this group, the full membership of which would be determined by the VC, who would chair the committee. The ALT would replace the three Directorates and ELT.
4. The new Schools should formally begin operation on 1 August 2011. The process of identifying Deans of Schools should begin immediately following Council in July and ideally all the Deans should be “in post” no later than 1 February 2011 and preferably earlier. The current Faculty Deans should take a leading role in managing the transition to the new School structure. A PMB should be created to oversee and monitor the whole change process, chaired by the VC or DVC.

The successful implementation of these recommendations will require a number of other significant changes. Further recommendations relating to this are listed below. We recognise that these may be subject to alteration, under the guidance of the implementation PMB, as the details are worked out. There may also need to be some special transitional arrangements.

**Further Recommendations**

1. As well as Deans of Faculties, the current Faculty posts of Associate Dean (Teaching) and Associate Dean (Research) should be abolished, though their role will continue; see recommendations 4 and 5 below, and Annex D.
2. Deans of School should serve on Operations Committee for one year at a time, in rotation, with two or three on the committee at any one time.
3. Some Schools may opt to contain distinct academic departments, with their own Heads of Department each of whom would be on the SMG. However, the departments should not be managed independently. It is anticipated that in other Schools there will be a number of Heads of Discipline.
4. School SMGs should contain an Associate Dean (Teaching) with overall responsibility for the delivery of Teaching within the School. Regular meetings including the ten ADTs, chaired by the PVCT, would constitute the University’s Learning & Teaching Committee.
5. School SMGs should contain an Associate Dean (Research) and an Associate Dean (Enterprise) with overall responsibility for Research and Enterprise activities, respectively. It is anticipated that in some Schools this would be a combined role. Regular meetings including the ten ADRs, chaired by the PVCR, would constitute the University’s Research Committee. The ten ADEs will work closely with the PVCE to deliver the University’s enterprise agenda.
6. School SMGs should contain a School Manager who would be responsible for running the administration of the School. Some Schools will also require a Senior Technical Officer to manage technical staff. The School Manager should be the key contact between Schools and Central Services and should be responsible for ensuring that there is minimal duplication of effort between School-based and centrally based systems. There should be regular meetings of all School Managers, chaired by the Chief Operating Officer.
7. Each School should nominate a member of its SMG to be deputy Dean, empowered to act in the Dean’s absence.
8. Financial authority should be delegated to Schools through business plans. There should be strong incentives for generating surpluses at School level.
9. The post of Dean of School should carry an honorarium. (The value of the honorarium should be the maximum honorarium currently paid to a Head of Department.) All Deans should receive the same honorarium. No other posts within Schools should have honoraria. Instead, the SMG post-holders should be rewarded through the Senior Staff Reward Review mechanism.
10. Regular meetings of Deans, Associate Deans, School Managers, Heads of Department/Discipline, and senior members of support services should continue to be held (currently referred to as HoDs/HOSSs).
11. The membership of Senate needs to be reviewed.
12. Consideration should be given, though the University’s Estates Strategy, to increase the geographical proximity of departments which make up a proposed School but which are not currently co-located.
13. The restructuring should be seen as part of a bigger process to streamline our activities, and how Central Services can best support the new Schools needs to be established.
14. The detailed internal structure of Schools should be for their respective SMGs to decide.

Further details about responsibilities within our proposed structure are given in Annex D. Work still needs to be done on mapping some faculty roles onto this structure.

**Benefits**

We believe that our recommendations will lead to a number of benefits:

* A greater ability to share facilities and support will lead to significant long-term savings. How this is achieved and what the precise savings will be will be largely driven by local management decisions within Schools.
* Larger cost centres will have a greater ability to be able to cope collectively with the work pressures on individual component parts. (This is the experience of Central Support Services which have been engaged in a move to larger cost centres in recent years).
* As a consequence, the new structure will be more resilient in the face of significant public spending cuts. These arguments are elaborated on in Annex F.
* The new structure puts academic leadership at the heart of decision making within the University.
* There will be a saving of over £600k p.a. as a result of stripping out a layer of management. Details are in Annex E. It should be noted that we have assumed that the majority of Faculty functions will continue in the new structure (the total of budgets currently held at Faculty level is £2.8M). It is accepted that this saving will be partly offset by some temporary additional costs.
* A smaller number of cost centres should enable Central Support Services to work more efficiently and effectively with academic departments and we would expect this to lead to savings in the medium term.
* There would be a good opportunity for LSU to reform the current Programme Representative structure, which LSU have indicated is desired.
* It should be possible, within a School structure, to provide better career pathways for departmental support staff.

**Risks**

A number of risks were identified in our interim report. The feedback that we received from staff suggests that the following are particularly significant.

* Potential lowering of morale across the University – in particular, with regard to job insecurity and possible enforced redeployment.
* The close relationship that exists between students and staff in a small department may be difficult to replicate in larger Schools.
* Potential loss of discipline identity and of internationally renowned brands, with knock-on effects for recruitment and research funding.
* Possible loss of focus on other activities, e.g. the REF, during the reorganization.
* Anxiety about resource allocation models and business planning where departments with different resource needs are being aligned.
* Possible loss of collegiality. Schools must not become separate fiefdoms.

The implementation PMB should draw up a detailed risk assessment and one of its key responsibilities would be to ensure that these risks are managed well so that any adverse effects of restructuring are kept to a minimum.

**Costs**

* The costs associated with implementing change will primarily be in terms of staff time, though the early appointment of Deans and School Managers before Schools formally exist will help to reduce this.
* It may be that the appointments of School Managers will temporarily increase staff costs. However, these should be clawed back as economies of scale are achieved.
* There will be additional costs due to the need for minor works, re-equipping offices etc., to facilitate restructuring of School administrations.
* The University has set aside £250k per annum to finance the restructuring process.

**Work undertaken by the PMB**

For information.

The PMB met on 3 March, 31 March, 13 April, 12 May and 3 June.

As part of the consultation process, the Chair of the PMB has met with the Deans of Engineering and SSH, all the Faculty Directorates, the three PVCs, Services Working Together, the Faculty IT coordinators (FITCs), the ADTs, the Departmental Administrators Liaison Group, representatives of the Students’ Union, and representatives from the joint campus unions. There have been numerous meetings between members of the PMB and individual members of staff. Colleagues from other Universities where restructuring has recently taken place have also been consulted about their experiences.

An interim report was produced towards the end of April and this was made available to all staff in the University. A dedicated email address for the PMB was created and staff were encouraged to submit their views to the board before the meeting on 12 May. About 80 responses were received, some from individuals and some from groups of staff.

A report was also prepared for ELT on 24 May.

**Annex A: Terms of Reference**

With reference to the Senate paper “Future Shape and Structure of the University”:

1. Recommend a larger cost centre (School) and team-based operational structure for implementation by August 2011.
2. Consider the current Faculty structure and whether it remains optimal for the organisation of Schools at University level. Recommend an optimal structure which is able to contribute to the required savings.
3. Consult with academic and support service colleagues on the recommendations of the Project Management Board (PMB).
4. Consult with senior administrators in existing departments/schools on the recommendations of the PMB.
5. Consider the suggestions from the meeting of HoDs/HoSSs of 2 February 2010 relevant to the future restructuring of the University.

Report the recommendations to ELT in the first instance in time for presentation to the June Senate.

**Annex B: Background**

A Strategic Review Working Group (SRWG), chaired by the DVC, made a number of recommendations to Senate in June 2004. These included the creation of cross-Faculty Research Schools and a Graduate School, both of which have been enacted. The group also recommended that Schools based on two/three departments be formed as and when possible and that Faculties should remain.

SRWG reported on progress to Senate in November 2005. A shift towards larger cost centres would continue where there was compelling justification. Discussion of wider organisational structure was deferred pending the arrival of a new VC.

There was further debate at the Senate/Council away day in June 2006. There was broad agreement that the University should have fewer, larger cost centres (both academic and service departments). It was noted that a reduction to 10 Schools would remove the need for Faculties.

The move to larger cost centres progressed slowly, with the formation of the School of Sport, Exercise and Health Sciences (SSEHS) and the Loughborough Design School (LDS). At the most recent Senate/Council away day in October 2009, organisational structure was still on the agenda. The priorities that were identified were to:

* Ensure that traditional disciplines remain visible
* Review the Faculty structure
* Improve the way we share services
* Review our links with Loughborough College

The restructuring of the University around larger cost centres has been on the agenda for 6 years and there has been a gradual shift in this direction. This period has also been a period of significant growth for the University. The external environment is now very different and there is a much greater imperative to become more efficient and robust in our operation.

**Annex C: The ten Cost Centres**

The measures of size listed are not the only ones that could be used, but they are representative of a number of different facets of the operation of an academic unit.

The particular groupings that we recommend are not the same as the ones listed in our interim report, but have been modified in the light of the feedback received through consultation.

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|  | **R&T staff** | **Total staff** |  **Student Load 09-10 (UG, PGT & PGR)** | **Space (m2)** | **Total Income (2009/10)** |
| **School comprising the departments of Aeronautical & Automotive Engineering, Chemical Engineering and Materials** | 58 | 178 | 1330 | 12115 | £20.9M |
| **School comprising the School of Arts and the Department of English & Drama** | 59 | 95 | 1586 | 11649 | £10.6M |
| **School of Business & Economics** | 86 | 156 | 2599 | 3602 | £20.4M |
| **School comprising the departments of Chemistry, Computer Science, Information Science, Physics and the School of Mathematics** | 117 | 231 | 2151 | 10484 | £24.7M |
| **School of Civil & Building Engineering** | 58 | 144 | 1039 | 5811 | £16.1M |
| **Loughborough Design School** | 32 | 99 | 676 | 5813 | £11.3M |
| **School of Electronic, Electrical & Systems Engineering** | 36 | 106 | 595 | 6197 | £10.5M |
| **School comprising the departments of Geography, PHIR & Social Sciences** | 83 | 147 | 1658 | 5333 | £14.3M |

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| **Wolfson School of Mechanical & Manufacturing Engineering** | 61 | 203 | 911 | 8241 | £17.3M |

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| **School of Sports Exercise & Health Sciences** | 69 | 144 | 1497 | 6599 | £14.5M |

**Annex D: Responsibilities**

Responsibilities that currently lie with Faculty Deans, ADTs and ADRs need to be distributed elsewhere. The detail needs to be worked out as the Schools are implemented, but our initial thoughts are as follows.

* Deans of School to chair appointment panels within their own Schools. Readerships and Professorships to be dealt with as now, with the Dean of School playing the role that the current Faculty Dean does.
* Academic Leadership Team to handle SL promotions.
* Reward Review for lump sums, accelerated increments, discretionary points to be handled by School SMGs.
* Deans of School to handle appeals/grievance/disciplinary issues from other Schools.
* Deans and Associate Deans, in conjunction with PVCR, to handle probation monitoring within Schools.
* Deans of School to share committee burden currently held by Faculty Deans.
* Annual Programme Reviews for each School to be chaired by an ADT from a different School.
* Two Schools to undertake PPR each year, chaired by PVCT, supported by an independent ADT.
* School ADTs to share the committee burden currently held by Faculty ADTs.
* Approval of PhD external examiners, extensions, leave of absence etc. to be handled by School ADRs.
* School ADRs to share the burden of PGR appeals.
* Periodic Programme Review of PGR and PGT programmes to be chaired by the Dean of the Graduate School, 2 per year.
* Decisions about PGR funding priorities to be taken at the University Research Committee.

**Annex E: Savings**

Allowances to departments for Deans £80k x 3 = £240k

Allowances to departments for ADTs £47k x 3 = £141k

Allowances to departments for ADRs £37k x 3 = £111k

Deans’ salary enhancements £50k

Honoraria £7k x 22 - £10k x 10 = £54k

Faculty non-pay costs £50k

**Total £646k**

No allowance has been made for savings due to removing administrative support at Faculty level as this will have to be replaced at School level, at least in the short term.

**Annex F: Institutional Robustness**

All the indications are that the financial climate is going to deteriorate and that we will not be able to backfill posts as they become vacant. Financial plans presented to Council indicate that a reduction of more than £10M in recurrent costs will be required by 2014. Under such circumstances, small cost centres will find it very difficult to maintain their core activities at a level appropriate for a leading university. Larger cost centres will still face significant challenges but will be better placed to make efficiency savings rather than having to stop engaging in a particular activity.

This is the most important reason why change is being contemplated at this time. The PMB has endeavoured to recommend a structure which will enable the University to respond effectively to the challenging economic environment and, at the same time, protect its core business.

Larger cost centres should help to remove the single points of failure that currently exist within small units. They should also, in time, be able to achieve economies of scale. A number of activities which some small departments cannot engage with in a meaningful way should be managed more effectively. We recognise that Schools that are not co-located will find it more difficult to achieve these benefits.

We believe also that the changes proposed at School management level and the creation of the Academic Leadership Team will ensure that the academic body of the University will be able to influence appropriately the form that future cost reductions will take.

Chris Linton (Chair)

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Jennifer Nutkins, Chris Rielly, Yiannis Vardaxoglou, Caroline Walker

Supported by Fidelma Hannah and Tom Orrill

June 2010