



# Universities-Communities: strengthening cooperation

Erasmus+ project  
KA2 Capacity building  
in High Education

**WORKSHOP**  
**Third Mission of Universities:  
Challenges and European Perspectives**  
10-12 July 2023, online

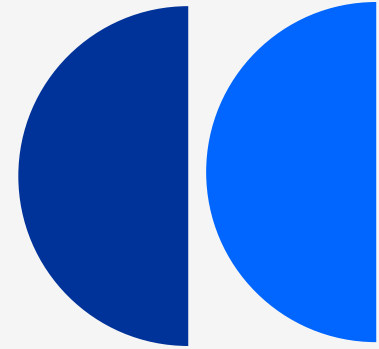


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# Financial sustainability of universities in times of war and postwar



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# **Universities as a drivers of social, economic and cultural development of Ukraine**

War and postwar environment –  
destruction of infrastructure and communities, limited funding

Necessity of investment, new business partners, drivers of development

University should be a key player in society renewal and generate greater social, economic and cultural impacts to reinvent the country

To increase their impact, universities should become more entrepreneurial and more engaged



# Financial sustainability of HEIs

- «An institution (HEI) is being managed on a financially sustainable basis if it is recovering its full economic costs and is investing in its infrastructure (physical, human, and intellectual) at a rate adequate to maintain the future productive capacity needed to deliver its strategic plan, and to serve its students and other customers.»
- \*Organization for Economic Co-operation and Development. (2004). On the Edge: Securing sustainable future for higher education. Report of the OECD/IMHE - HEFCE project on financial management and governance of higher education institutions.  
[www.oecd.org/edu/imhe/33642717.pdf](http://www.oecd.org/edu/imhe/33642717.pdf)





# University financial sustainability

## Financial sustainability as a goal or activator,

## KPI – surplus of revenue, investment, effectiveness

The University of Manchester

University of Reading

### Key measures of success

#### Board scorecard metrics

##### Equality, diversity, inclusion

Year-on-year increases in the diversity of our staff, so that we better represent our local and regional profile, with a particular focus on ethnicity, gender and disability.

##### Wellbeing

Improvement in surveyed colleague perceptions of health, wellbeing and workload.

##### Colleague satisfaction

85% of our people will say the University is a good place to work.

##### Managing strategic change

To deliver the agreed financial benefits of the strategic change portfolio, including an additional £20 million contribution from Professional Services by 2025/26 to enable investment in our core activities.

##### Decarbonising

Reduce direct carbon emissions from owned or controlled sources (scope one) and indirect emissions from the generation of purchased energy (scope two) at a long-term average of 13% per annum.

##### Space utilisation

Improving the utilisation of space across the University's estate.

##### International student diversity

Enhancing the diversity of our international student community.

##### Financial sustainability

We will generate an operating cash surplus of 10% of revenue before strategic expenditure.

#### FINANCIAL

Aspiration: To be financially sustainable at all levels to ensure resilience in the face of current and future national and global challenges

University Executive Board-led priorities for the University:

- Undertake a review of changing student expectations and requirements, including overseas-based students, to ensure our structures and offerings allow us to deliver on current and future demands.
- Review our current offerings to ensure they meet demand and deliver on financial and strategic requirements.
- Develop a commercial strategy with a view to generating increased income through commercialisation and engagement with business.
- Strengthen international partnerships and support growth of trans-national education.
- Review and revise the strategic financing model for Henley Business School.
- Review the University's investment portfolio in light of changing operational context, including around climate change, and long term viability.
- Deliver improved return on investment through proactive and streamlined change management that considers the impact of change across the whole organisation.

Measure	Current	Target
<b>KPI-5</b> Cashflow from operating activities as a percentage of income	7.9%	10%

Examples of where we are already putting this principle into practice:

**£43 MILLION**

in the value of **NEW AWARDS WON** in 2017/18

Our success rate with **Research Councils** was 33%

**£175 MILLION**

**CAPITAL INVESTMENT IN OUR CAMPUS** between 2016 and 2019

**DIVESTMENT FROM FOSSIL FUELS** IN 2020



# Sustainability – managing resources for today and tomorrow

- **Financial sustainability** is one aspect of overall **institutional sustainability** which depends on academic vitality and on general financial condition. **Responsible management** of university resources extends beyond finances.
- Emphasis on **financial and environmental** sustainability also brings major **financial benefits** by enhancing efficient use of resources, reducing duplication and waste, and focusing on long-term costs as well as short-term gains.
- Commitments to be both **financially and environmentally sustainable** are inextricably linked to the **social sustainability and social responsibility** of the university.





# Financial sustainability as a key to :

- Financial autonomy means responsibility and accountability before stakeholders

**eua** EUROPEAN  
UNIVERSITY  
ASSOCIATION

## University Autonomy in Europe IV

The Scorecard 2023

Enora Bennetot Pruvot, Thomas Estermann  
and Nino Popkhadze

March 2023



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# Financial sustainability as a key to :

- Wellbeing - practices and cultures have considerable impact on student and staff wellbeing.

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**LEARNING & TEACHING PAPER #20**

Needs and wellbeing of  
students and staff

Thematic Peer Group Report

Chair: Gerald Prescott,  
University of St Andrews, United Kingdom

Coordinators: Pieta Sikström and Helene Peterbauer

March 2023

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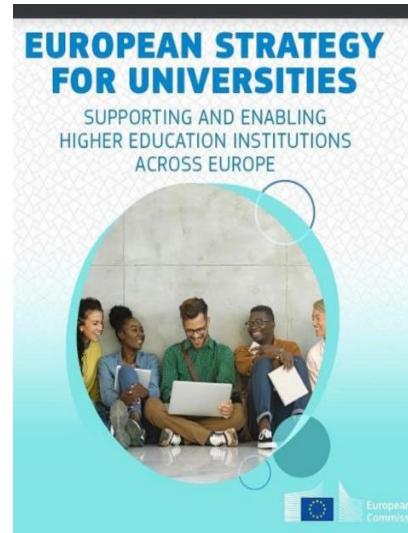
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# Financial sustainability as a key to :

- Financial capacity to make impact



## Four key objectives

**1 Strengthen the European dimension in higher education and research**

Bringing transnational cooperation to a higher level contributes to a culture of excellence and inclusion, a true European identity, and global competitiveness and attractiveness

**2 Consolidate universities as lighthouses of our European way of life**

**Strengthen quality and relevance for future-proof skills**

*In a fast changing environment, universities need to strengthen their capacities to equip young people, lifelong learners and researchers with the right competences and skills*

**Foster diversity, inclusiveness and gender equality**

More institutional changes are needed for universities to become places of truly equal opportunities

**Promote and protect European democratic values**

Universities need to be places of freedom: for speech, thought, learning, research

**3 Empower universities as key actors of change in the twin green and digital transitions**

**Develop skills, competences and technological innovation for the green and digital transition**

Universities are key actors for the green transition and for a more sustainable world. We need to make 'connected universities' a reality

**4 Reinforce universities as drivers of Europe's global role and leadership**

Universities are instrumental in building Europe's connections with the world

A European shared vision to support all types of higher education institutions to adapt to changing conditions across all their missions

Priority areas for transformation based on clear objectives

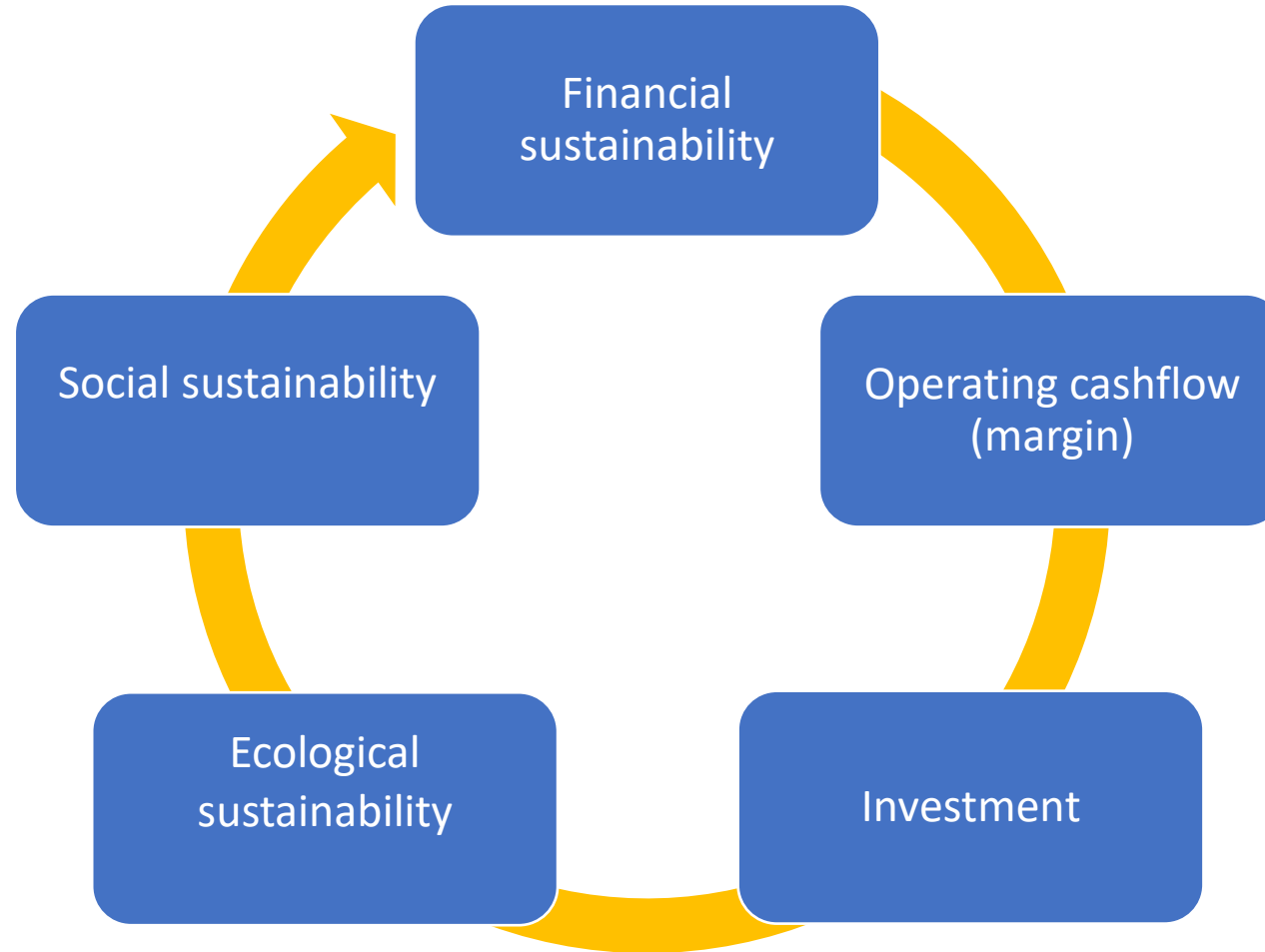
Concrete actions at EU level to empower and support the sector

Synergies with actions and national reforms





# New business model of university



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# Key challenges and perspectives of financial management of HEIs

- Changing conditions and environment – implementation of new tools of financial support and social infrastructures for wellbeing of staff, students, community, develop institution policies and legislation, to build institutional capacity
- Instability of revenue - diversity of financial sources, changing pathways for fundraising campaigns
- Different sources of funding – accountability, transparency, simplicity for each target group of stakeholders
- The flow of crises in a volatile world – financial sustainability and resilience of universities



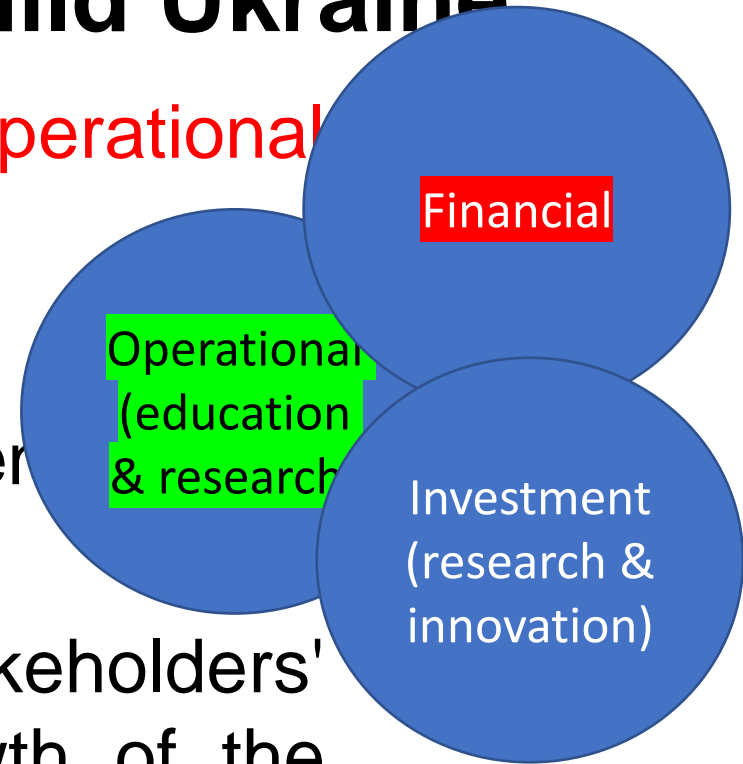
# Financial aspects of contribution for university third (social) mission

- **Investment in people, social infrastructure and environment** requires a financial strategy that enables us to generate a surplus on operating activities sufficient to support that investment and business partnership and collaboration.
- **Professional financial services and good governance.** Professionalism and review business processes on a regular basis, sector leading services to meet changing needs.
- **Effectiveness** – agile, sustainable, resilient, cost-efficient.



# University contribution to rebuild Ukraine

- Be more entrepreneurial and engaged in operational activity
- To develop financial activity if possible
- To develop investment activity (endowment, science with a partnership research and business)
- To increase surplus for maximization of stakeholders' wellbeing as a part of local community, growth of the society welfare and global sustainability
- Sharing knowledge and good practices.





Thank you for your attention!

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