



UNIVERSITEIT VAN AMSTERDAM

## FRAMEWORK LETTER 2022

We are 

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Disclaimer: Every effort has been made to provide an accurate translation. However, the official text is in Dutch; any differences arising from the translation are not binding and have no legal effect. Chapters 3 – 5 and the appendixes are only available in Dutch.

## 1 Introduction

The Framework Letter provides the basis for the 2022 budget and the long-term estimates for 2023-2026 for the faculties, service units and other units. The Framework Letter sets out guidelines and provides tools to the units for preparing the 2022 budget. The status of the present version of the Framework Letter is: adopted by the Executive Board, subject to approval.

At the time of drafting the Framework Letter 2022, the effects of the COVID-19 pandemic continue to exert the most dominant influence on the people and work of the University of Amsterdam. Education is largely provided online, and most employees are working from home. The past year has greatly expanded our knowledge and experience of how best to conduct research, education and valorisation online. Nonetheless, the pressure is as high as ever, seriously testing the adaptability and endurance of students and staff.

The effects of the COVID-19 pandemic and the associated measures are also reflected in the UvA's finances. Owing in part to COVID-19, the UvA closed 2020 with a limited deficit and has budgeted a deficit for 2021 as well. For 2021 and 2022, the National Education Programme is extending the additional funding that is urgently needed to offset the effects of the COVID-19 pandemic. Additional structural funds have also been provided to accommodate the universities' growth. As is becoming increasingly clear, offsetting these effects will require efforts not only in the short term, but in the long term as well.

Crucial for concluding this Framework Letter is a solid grasp of the additional funds needed in this year and subsequent years and how this should be arranged. Registration figures indicate the number of students will grow again in September. Students will need more diverse forms of supervision, depending in part on how they have been affected by the pandemic, for example in the form of study completion delays. In research, we not only have to make up for lost time but also invest sufficient efforts in new projects and institutional renewal. This will have both short and long-term impacts and put even more pressure on the UvA's planning processes.

Additional funding will provide more scope to mitigate the effects of the pandemic, but this alone will not be enough. It will above all be the UvA's people whose efforts are needed now and in the time ahead, following a period that has been restrictive and burdensome for most. It will be up to every organisational unit within the UvA to seek a balance between offering some latitude after the lockdown phase of COVID-19 and stepping up activities to accommodate growth and curb lingering effects to the greatest extent possible. Besides shouldering more work, we also need a larger workforce with which to do so.

The COVID-19 period has exposed more than ever just how vulnerable universities have become in recent years. This is echoed in an independent study, which found that scientific research and education are seriously underfunded. Fulfilling the sector's current ambitions would take an additional sum of almost €1 billion per year. This reiterates the Dutch universities' claim presented to the Ministry of Education, Culture and Science some years ago. Over the medium term, such funding would enable an expansion of our workforce and therefore also structurally reduce organisational vulnerabilities.

From a policy perspective, the Framework Letter 2022 thus places a major focus on attracting additional academic staff and good support staff university-wide in order to achieve a better balance. This will impact not only 2022, but also the years thereafter. An important factor in attracting talented staff is the prospect of permanent employment. Permanent contracts also create a stable foundation for good teaching and research. This Framework Letter incorporates several measures to expand possibilities for permanent positions.

One condition for offering permanent positions is that institutes and faculties have sufficient guarantees that short and long-term funding will cover the costs of those positions. Indications are strong that, in the period ahead, the UvA and other universities can expect a rise in structural funding. The fact that independent research has confirmed the sector's major funding shortage presents a solid case to national policymakers. In its own Strategic Plan, the UvA is targeting an expansion and enlargement of all other funding flows as well.

Until these discussions have concluded, however, and until projects have been allocated, faculties and institutes continue to face a high degree of uncertainty, and permanent positions will remain risky. For the planning period of the Framework Letter, the Executive Board has decided to stand surety for the faculties for the additional funds needed to enable permanent positions. A sum of €30 million has been reserved for this purpose and a plan drawn up for its annual allocation. This should enable every faculty to appoint employees to permanent positions in accordance with realistic expected growth. Sections 2.1 and 2.2 go into more detail about this.

Support efforts will focus on finding additional means to relieve lecturers and students. In the coming period, the UvA will actively look for ways to lighten lecturers' workload in the short and medium term by transferring some tasks to support staff. This will build on experience gained over the past few years within projects for reducing work pressure. Digitalisation will be key in these efforts, and experiences from the COVID-19 lockdown may also be useful in this regard.

The UvA's new Strategic Plan, 'Inspiring Generations', was adopted at the end of 2020 and is now being implemented. Financially, further elaboration of a theme-based approach to research and massive upscaling of valorisation will in any case be vital. We will continue to take further steps in this direction in the time ahead while remaining mindful of what is possible in the COVID-19 period. Further details concerning these points will be known and incorporated in the budget.

In all other respects, the Framework Letter expects trends consistent with 2021. Available funds will be assigned according to the Allocation Model, and surcharge will be based on the cost model. The Accommodations Plan incorporates a number of measures to facilitate the optimisation set out in the budget. The ICT projects portfolio contains a limited update. For the UvA as a whole, cash funds will be invested in accommodation projects at a faster pace, as planned, which will put more pressure on our cash position from 2024 onwards. These plans are also detailed in a section of this Framework Letter.

### **Reader's guide**

Chapter 2 describes the main features of the budget. To understand this properly, it is important to have some basic knowledge of the UvA's financial management and organisation. The various components of the UvA budget are briefly explained in the Framework Letter. To better understand the Framework Letter, more

information is available at <https://www.uva.nl/en/about-the-uva/policy-and-regulations/finances/finances.html>. Chapter **Error! Reference source not found.** explains the planning of the Framework Letter and budget process. Chapter **Error! Reference source not found.** discusses the two components of the Allocation Model: education and research. Chapter **Error! Reference source not found.** deals with internal services and the central units. The basis for the data is provided for each of the topics discussed.

## 2 Main features of the budget

The right of consent with respect to the main features of the budget is one of the components of the implementation of the Student Loans (Higher Education) Act (*Wet studievoorschot hoger onderwijs*). The UvA puts this into effect by requesting the Joint Meeting to approve the main features of the budget as outlined in Chapter 2 of the Framework Letter.

In the autumn of 2016, student organisations, the Netherlands Association of Universities of Applied Sciences (VH) and the Association of Universities in the Netherlands (VSNU) discussed how the right of consent with respect to the main features of the budget should be implemented. A letter from the Ministry of Education, Culture and Science to the Senate in February 2017 summarised how these organisations interpreted the main features of the budget:

- internal Allocation Model for direct funding or important changes thereto;
- main elements of the financial headroom for strategic policy priorities or the deferment, withdrawal or cancellation of these priorities, in the fields of education, research and operational management;
- investment agendas in the areas of accommodation and IT;
- use of funds received under the Student Loans (Higher Education) Act.

Chapter 2 specifically outlines the main features of the budget by describing the following topics:

- long-term forecast and differences with the long-term estimates for 2021-2025;
- financial policy and principles, including the Allocation Model;
- explanation regarding policy-based investments, real estate investments and IT investments;
- section on risk.

If, after adoption of the Framework Letter, subsequent developments have an effect on the main features of the budget, the relevant features will be submitted for consent to the Joint Meeting in the draft UvA budget for 2022.

In Chapter 2: main features of the Strategic Plan funds are shown separately in the tables. After that, they are part of the tables, so they are integrated into the totals.

### 2.1 Long-term forecast

#### **External developments**

##### *Economic conditions.*

The UvA's funds continue to be significantly influenced by the COVID-19 pandemic. This applies to both costs and revenues. Fortunately, the overall effect on the university has been smaller than on many other organisations, though some entities in the group and organisation have been hit hard. As long as restrictive measures to mitigate the effects of the pandemic remain in place, the UvA's funding flows will also be affected. Particularly important in the medium term will be the outcome of the Dutch cabinet formation, which is now in progress, and general economic conditions in the Netherlands.

Most of the UvA's funding flows have continued to show a high level of stability during the pandemic, with public financiers also making contributions to offset the COVID-19 effects. The national government is helping to offset financial effects through a structural funding increase for growth, direct incidental funds and via the

Dutch Research Council (NWO). Several entities in the group are also receiving support through the Employment Bridging Emergency Fund (*NOW regeling*). On the cost side, site-specific costs such as travel and conference expenses have gone down. Others, such as for security, have not so much changed as shifted in nature.

Important in the short term is that the UvA is receiving additional funding for the transition from the present to the next phase of the pandemic, which will also entail additional work. This funding is available until 2022 and, without further measures, will lead to a reduction in available funds in 2023 and thereafter.

More significant over the medium term is that an independent study has now confirmed that Dutch higher education and research are hugely underfunded and that universities need access to additional funds if they are to fulfil their current ambitions. For anything beyond those ambitions, still more funds are needed. The UvA and the other universities within the Association of Universities in the Netherlands (VSNU) are lobbying the government and parties during formation talks for this. The 2023 budget includes an estimate for the additional income this would provide. Whether this income will materialise is still uncertain, however, and depends on the outcome of the aforementioned process.

Preliminary registration figures clearly show that the UvA, like other universities, can expect another surge in students in September. This will add new pressures on existing facilities and people. As yet, the budget takes only limited account of a possible impact on tuition fee income. The reason for this is the agreement to reduce the statutory tuition fee for all students by 50%. The long-term effects of this will be analysed in the time ahead.

Societal questions arising from the COVID-19 pandemic have led to high demand for government funds and to a decline in economic growth over the past year. At the moment, willingness to borrow more to relieve need is high in many sectors. However, it is still too early to say how national economic developments may affect government policy.

#### *Developments with respect to the collective labour agreement*

Negotiations for a new Collective Labour Agreement for Dutch Universities (CAO NU) in 2021-2022 are ongoing and expected to conclude in mid-2021. The Netherlands Trade Union Confederation (FNV) has demanded a general wage rise of 5%. On the employer side, the wage bargaining range is limited due in part to the pension premium increase. Three working groups have been formed to examine and elaborate a number of themes, namely: 1) job security and agility, 2) working conditions (particularly with regard to working from home) and 3) workload recognition and valuation. This collective labour agreement's impact on wage costs in 2022 is difficult to assess at this time.

#### **Developments at the UvA**

##### *Strategic Plan: 'Inspiring Generations'*

The UvA's new Strategic Plan, 'Inspiring Generations', was adopted at the end of 2020 and is now in implementation. Between the Strategic Plan's preparatory and implementation phases, the Executive Board decided to organise a groundwork phase. Talks about the Strategic Plan are continuing during this phase, but focused more on identifying requirements for its implementation within the UvA and determining which units should be tasked with which activities. This includes looking at how those activities within individual units fit together and what forms

of joint support are needed. While the existing organisation is expected to lead implementation, a certain degree of shared support may be desirable. This groundwork phase will conclude with an implementation plan, which is expected during or after the summer.

#### *SLA processes*

With work happening online this past year, it was more difficult to make changes to SLA processes. The decision has been made to continue working according to the existing method in 2022, to hold off on desired improvements until later in the year and to concentrate on 2023.

#### *Guarantee facility*

External developments suggest there is a relatively good chance that the UvA can expect more structural government funding. Over time, this will aid the university's further development and help to lighten workloads. As stated above, however, it is still unclear at present if these funds will indeed be extended. Neither is it clear as yet in what form, or if they will be subject to additional agreements or conditions.

Pressure across all institutes and faculties is already high. In the interests of teaching and research quality, appointing more people on permanent contracts wherever possible is crucial. As an assurance to faculties that financial cover will be available in the long term, the Executive Board will stand surety for the availability of sufficient faculty funding over the 2023-2025 period. A sum of €30 million has been reserved for this, to be allocated in equal parts over the course of this whole period. However, as decisions on the specific allocation require more clarity about the coming years, they will be postponed until the Framework Letter 2023. As a sign of commitment to this guarantee, the present Framework Letter has increased the research allowance for this period from 25% to 27%. This will add an additional annual €4.6 million to the Allocation Model.

This period was selected so as to compensate for the dip that would otherwise result from the loss of a portion of the additional National Education Programme (NPO) funding. These funds are to be made available to all faculties on the basis of the Allocation Model. This will create more scope for all organisational units over the long term, without the allocation of additional work under the NPO dictating their distribution.

If funds are needed for the guarantee facility, they will be charged to the UvA reserve. Given that more time will be needed to find and recruit permanent staff, the UvA does not expect to deploy all of these funds in 2021. The resulting scope will provide basic cover for the guarantee facility for each faculty.

## Long-term forecast in figures

The tables below show the long-term forecast based on the above-mentioned developments. This includes all the prices, budgets and frameworks contained in this Framework Letter. The 2021 figures have been derived from the final budget for 2021.

UvA meerjarenbeeld	2021		2022	2023	2024	2025	2026
	Begroting	Prognose*					
<b>BATIEN</b>							
Rijksbijdrage OCW	520.371	563.743	586.501	569.626	581.727	593.521	593.368
College-, cursus-, Les- en ex	101.516	89.366	78.386	103.641	103.743	103.758	104.611
Baten werk iov derden	115.390	113.733	118.109	118.526	120.822	120.822	120.835
Overige baten	23.227	25.290	24.341	23.779	25.756	25.756	26.738
<b>TO TAAL BATIEN</b>	<b>760.504</b>	<b>792.132</b>	<b>807.336</b>	<b>815.572</b>	<b>832.048</b>	<b>843.858</b>	<b>845.552</b>
<b>LASTEN</b>							
Personele lasten	524.464	549.094	557.258	565.965	574.844	582.147	577.123
Afschrijvingen	42.635	42.635	44.781	52.321	50.309	50.175	50.176
Huisvestingslasten	52.593	52.312	50.910	51.073	50.566	50.324	50.544
Overige lasten	137.315	137.705	143.042	146.195	151.731	155.477	154.724
<b>TO TAAL LASTEN</b>	<b>757.008</b>	<b>781.746</b>	<b>795.991</b>	<b>815.554</b>	<b>827.451</b>	<b>838.122</b>	<b>832.567</b>
<b>Saldo Baten en Lasten</b>	<b>3.495</b>	<b>10.386</b>	<b>11.345</b>	<b>18</b>	<b>4.597</b>	<b>5.736</b>	<b>12.985</b>
Financiële baten en lasten	-5.821	-5.821	-3.259	-1.108	2.340	41	41
<b>Resultaat</b>	<b>-2.326</b>	<b>4.565</b>	<b>8.086</b>	<b>-1.091</b>	<b>6.937</b>	<b>5.777</b>	<b>13.026</b>
Belastingen	-	-	-	-	-	-	-
Resultaat deelnemingen	-2.400	-2.565	-950	-500	-50	400	400
<b>Resultaat na belastinger</b>	<b>-4.726</b>	<b>2.000</b>	<b>7.136</b>	<b>-1.591</b>	<b>6.887</b>	<b>6.177</b>	<b>13.426</b>
Aandeel derden	-	-	-	-	-	-	-
<b>Netto Resultaat</b>	<b>-4.726</b>	<b>2.000</b>	<b>7.136</b>	<b>-1.591</b>	<b>6.887</b>	<b>6.177</b>	<b>13.426</b>

Table 1: UvA non-consolidated result without financial boost for the Strategic Plan

The above table displays the UvA's non-consolidated, long-term budget, broken down into the income and expenditure categories applicable to the UvA. In this table, an advance on wage compensation/cost-of-living adjustment via the government grant is incorporated in the increase in the government grant. In addition, the forecasts and new initiatives and developments as explained in this Framework Letter are apparent in the increase in the personnel and other costs.

Based on the expectations in this Framework Letter, the UvA's increase in income will exceed 6% in 2022. This will create scope to hire more people, as reflected in the rise in personnel costs. In the long term, the recovery of university financing will boost income and create corresponding scope for costs. After application of several control measures and excluding the financial boost for the Strategic Plan, the UvA's 2022 result will be €7.1 million, based on the forecasts and wishes mentioned in this Framework Letter.

One of the ambitions in the Strategic Plan is to invest in innovative interdisciplinary research and teaching. Based on the long-term positive result shown above, an amount between approximately €2 million and €13 million could be available each

year for this purpose. Financial instruments are now being developed for this as part of the recently launched Quartermaster phase of the Strategic Plan. The overall scope for Strategic Plan investments is less than in the 2021 budget, and there is a visible shift from one year to the next. The budget includes further details of the targets for 2022 and subsequent years. To enable long-term stability via the guarantee to faculties, a central reserve will be created for the share of funds not used for Strategic Plan facilities in 2022 and 2023.

UvA meerjarenbeeld	2021		2022	2023	2024	2025	2026
	Begroting	Prognose*					
<b>Netto Resultaat</b>	-4.726	2.000	<b>7.136</b>	-1.591	6.887	6.177	13.426
<b>Financiële impuls instel</b>	-2.000	-2.000	<b>-2.667</b>	-2.878	-6.887	-6.177	-13.426
<b>Reservering garantie</b>	-	-	<b>-4.469</b>	4.469	-	-	-
<b>Resultaat na financiële impuls instellingsplan</b>	-6.726	-	<b>-0</b>	0	-0	0	-0

Table 2: UvA non-consolidated result with financial boost for the Strategic Plan

The UvA's operating result (after the financial boost for the Strategic Plan) for the entire period is expected to be around zero. Any funds not needed to support implementation of the Strategic Plan in 2022 will be reserved to allow fulfilment of the guarantee for higher budgets for the faculties in 2023. Full use of the 2022 and 2023 reserves is expected.

Clearly, in light of the current uncertainties resulting from the coronavirus crisis, it is uncertain whether the above result will be achieved in 2022 and the years thereafter. This depends on a range of uncertain developments, as set out in this Framework Letter, including the new government policy that is still to be developed. The Framework Letter shows a surge in revenues in 2022, with a commensurate surge in costs, particularly for personnel. Attracting high-quality academic staff takes time, however, which means expenses included in the Framework Letter may be realised later. The use of funds to enable (prospects of) permanent positions may further reinforce this effect. Depending on how the situation surrounding COVID-19 develops over the coming months, it may be necessary to incur additional costs, which will also have an impact for years to come.

The table below shows the result from the UvA's non-consolidated, long-term budget, broken down into the organisational components of the UvA. We explain each organisational component below.

UvA meerjarenbeeld org	2021		2022	2023	2024	2025	2026
	Begroting	Prognose*					
<b>Allocatie</b>							
Allocatie onderwijs	13.591	21.194	22.600	20.709	21.028	21.689	26.117
Allocatie onderzoek	-14.177	-16.550	-21.207	-28.870	-28.792	-29.665	-29.131
<b>Subtotaal allocatie</b>	<b>-586</b>	<b>4.644</b>	<b>1.392</b>	<b>-8.161</b>	<b>-7.763</b>	<b>-7.976</b>	<b>-3.014</b>
<b>Organisatie</b>							
Faculteiten	6.074	10.303	4.678	6.352	7.405	7.891	7.891
Diensten	-9.751	-12.685	-1.095	602	893	-0	-1
Bestuurstaf en beleid	150	351	499	82	391	956	971
<b>Subtotaal organisatie</b>	<b>-3.527</b>	<b>-2.031</b>	<b>4.081</b>	<b>7.036</b>	<b>8.689</b>	<b>8.847</b>	<b>8.861</b>
<b>Vastgoed &amp; Treasury</b>							
Vast goed	3.203	3.203	3.023	-1.342	3.291	896	896
Treasury	-3.816	-3.816	-1.360	877	2.670	4.410	6.683
<b>Subtotaal vastgoed &amp; tre</b>	<b>-612</b>	<b>-613</b>	<b>1.663</b>	<b>-465</b>	<b>5.961</b>	<b>5.306</b>	<b>7.579</b>
<b>TOTAAL</b>	<b>-4.726</b>	<b>2.000</b>	<b>7.136</b>	<b>-1.591</b>	<b>6.887</b>	<b>6.177</b>	<b>13.426</b>
<b>Financiële impuls instel</b>	<b>-2.000</b>	<b>-2.000</b>	<b>-2.667</b>	<b>-2.878</b>	<b>-6.887</b>	<b>-6.177</b>	<b>-13.426</b>
<b>Reservering garantie</b>	<b>-</b>	<b>-</b>	<b>-4.469</b>	<b>4.469</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Resultaat na financiële impuls instellingsplan</b>	<b>-6.726</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 3: UvA non-consolidated result – Organisational cross-section

### Allocation

The amount allocated for research and teaching under the Allocation Model has been updated from the 2021-2025 budget, based on the current long-term estimate of the government grant and tuition fees. The government grant has been updated based on the long-term framework set out in the most recent government grant letter and information exchanged within the context of the VSNU. In addition, an advance has been taken on the wage compensation/cost-of-living adjustment for 2022. The budgets for the faculties and other units are calculated based on the Allocation Model. The budgets have been updated based on the counts and forecasts provided by the faculties for the 2022-2025 budget. In addition, the above-mentioned wage compensation/cost-of-living adjustment translates into an increase in the prices and budgets in the Allocation Model. The new initiatives and developments referred to in this Framework Letter have also already been accounted for in the distributions from the Allocation Model. In Chapter **Error! Reference source not found.**, the allocation and distribution are broken down further.

In this Framework Letter, the faculty guarantee for long-term income is not incorporated as part of the Allocation Model, but as a general item. The next version will assess if allocations can be made to the faculties themselves so as to give them greater clarity.

When the Allocation Model was adopted in 2018, the internal funding factor was fixed for the duration of the Strategic Plan period. The results of the analysis on whether the funding factor needs adjustment will be incorporated into the draft

budget. This may result in a reassessment of how to apply available funds. Chapter 4.3 describes the application of the internal funding factor.

*Organisation*

The result for the faculties, service units, executive staff and policy, as shown in the above table, is based on the forecast results submitted by the organisational units in February 2021. See Appendix 1 for an overview per unit. Together, the faculties issued a forecast of €6.7 million for 2022. With the exception of the Academic Centre for Dentistry in Amsterdam (ACTA), all faculties forecast a positive result in 2021. Faculty forecasts for 2022 have not yet been able to factor in the effects of the National Education Programme.

Together, the service units issued a forecast of -€1.1 million for 2022, which coincides with the long-term budget drawn up at the end of last year. In the coming period, the underlying causes and the possibilities for drafting a balanced budget will be discussed with the service units that forecast a negative result. See Sections 2.2.2 and 2.2.4 for further explanation.

The result for the executive staff assumes a balanced long-term budget. The result of the policy follows from the policy decisions as set out in this Framework Letter and the parameters of the long-term budget for 2021-2025. See Section 5.6 for further explanation.

*Real estate and treasury administration*

The result of the real estate administration has been updated based on the updated Accommodations Plan. The result of the treasury administration has been updated based on recent insights regarding participating interests and interest charges based on planned investments in the coming years.

The table below shows the UvA's financial indicators based on the budget as set out in this Framework Letter.

Ratio's	Beleid	2021	2022	2023	2024	2025
Solvabiliteit I		36%	37%	37%	34%	33%
Solvabiliteit II	38% - 44%	40%	41%	41%	38%	37%
Liquiditeit	≥ 0,5	0,7	0,5	0,5	0,5	0,5
DSCR (obv EBITDA)		3,8	4,9	5,6	8,9	6,5
DSCR	≥ 1,5	3,5	4,6	5,3	8,9	6,5
Rentabiliteit	≥ 0%	0%	2%	-2%	0%	0%
Signaleringswaarde bovenmatige reserves		0,4	0,3	0,3	0,3	0,3
Weerstandvermogen		37%	37%	36%	35%	35%

Table 4: UvA financial indicators

In Chapter 2.3, the standards as indicated under policy are explained, as well as the impact on those standards of the plans discussed in this Framework Letter.

**2.2 Updates compared to the long-term budget for 2021-2025**

The table below shows the evolution of the result according to the 2021-2025 budget to the result indicated in this Framework Letter. The subjects are divided into four categories:

- update of available funds. This category includes, for example, the evolution of the government grant and a number of technical revisions;

- update of use of funds. The use of the funds has been updated based on an assessment of the external and internal developments;
- new initiatives and developments. In February 2021, a wide survey was conducted on new policy initiatives and requirements;
- control measures in order to achieve efficient use of the funds.
- Financial boost for plans set out in the 2021-2026 Strategic Plan. This category includes the financial boosts that may be provided in support of the Strategic Plan.

The changes are explained for each theme after the 'Budget result evolution 2021-2025 – Framework Letter 2022-2026' overview table.

An effort has been made to include all items in the table that have a financial impact on the UvA or on its primary processes. In doing so, the intention is to provide greater insight, also for example with respect to items for which there are long-term internal agreements concerning how they should be dealt with. Examples of this are the wage/price developments on the income and expenditure side and the impact of rate increases in internal service provision on the scope available to faculties. In addition, all realistic requirements mentioned during the preparation of the Framework Letter have been included in the table in order to obtain greater insight into the totality of the ambitions. Greater insight will lead to better understanding at the UvA and enable even better decisions to be made about how to use funds.

Opbouw mutaties	2022	2023	2024	2025
<b>Start: Begroting 2021 (incl. impuls IP)</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<i>Actualisatie beschikbare middelen</i>				
<u>Voorjaarsnota rijksbijdrage 2021</u>	<u>-1,5</u>	<u>-1,5</u>	<u>-1,5</u>	<u>-1,5</u>
<u>Miljoenennota / voorjaarsnota 2022</u>	<u>21,1</u>	<u>20,9</u>	<u>19,1</u>	<u>17,0</u>
<u>Nationaal programma onderwijs</u>	<u>40,6</u>	<u>0,0</u>	<u>0,0</u>	<u>0,0</u>
<u>Toereikendheid macrokader</u>	<u>PM</u>	<u>20,0</u>	<u>30,0</u>	<u>40,0</u>
<u>Collegegelden</u>	<u>-25,1</u>	<u>0,0</u>	<u>0,0</u>	<u>0,0</u>
<u>Technische herijking budgetten en resultaten</u>	<u>-3,3</u>	<u>-3,7</u>	<u>-4,6</u>	<u>-5,2</u>
<i>Subtotaal</i>	<i>31,9</i>	<i>35,8</i>	<i>43,1</i>	<i>50,4</i>
<i>Actualisatie inzet middelen</i>				
<u>Allocatiemodel</u>	<u>-25,2</u>	<u>-35,4</u>	<u>-46,2</u>	<u>-58,9</u>
<u>Interne dienstverlening</u>	<u>-1,4</u>	<u>-1,0</u>	<u>-2,4</u>	<u>-1,5</u>
<u>Uitkomsten SLA cyclus</u>	<u>-3,7</u>	<u>-3,7</u>	<u>-3,7</u>	<u>-3,7</u>
<u>Resultaten eenheden</u>	<u>-2,3</u>	<u>-0,9</u>	<u>0,9</u>	<u>-0,3</u>
<i>Subtotaal</i>	<i>-32,6</i>	<i>-41,1</i>	<i>-51,4</i>	<i>-64,5</i>
<b>Resultaat na actualisatie</b>	<b>-0,7</b>	<b>-5,3</b>	<b>-8,3</b>	<b>-14,1</b>
<u>Nieuwe initiatieven en ontwikkelingen</u>	<u>-4,2</u>	<u>-6,1</u>	<u>-5,1</u>	<u>-5,1</u>
<b>Resultaat na nieuwe initiatieven en ontwikkelingen</b>	<b>-4,9</b>	<b>-11,4</b>	<b>-13,4</b>	<b>-19,2</b>
<u>Beheersmaatregelen</u>	<u>3,7</u>	<u>3,7</u>	<u>3,7</u>	<u>3,7</u>
<b>Resultaat na beheersmaatregelen</b>	<b>-1,2</b>	<b>-7,7</b>	<b>-9,7</b>	<b>-15,5</b>
<u>Reserveinzet en voorinvesteringen (IP en Garantie)</u>	<u>1,2</u>	<u>7,7</u>	<u>9,7</u>	<u>15,5</u>
<b>Resultaat na reserveinzet en voorinvesteringen</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Resultaat kaderbrief (incl. IP investering)</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>

Table 5: Budget result evolution 2021-2025 – Framework Letter 2022-2026

## 2.2.1 Update of available funds

### 2021 Spring Memorandum

The total amount of the government grant is adjusted each year to the size of the compensation for wage and price increases. An estimate of the 2021 wage compensation/cost-of-living adjustment (2.5%) was included in the 2021 budget; this estimate has been adjusted downward based on the preliminary reports of a compensation/cost-of-living adjustment of 2.2%. The government's 2021 Spring Memorandum will provide definitive information about this.

Actualisatie beschikbare middelen	2022	2023	2024	2025
<u>Voorjaarsnota rijksbijdrage 2021</u>	<u>-1,5</u>	<u>-1,5</u>	<u>-1,5</u>	<u>-1,5</u>
Loon-/prijsbijstelling 2021	-1,5	-1,5	-1,5	-1,5

Table 6: Update of available funds – 2021 Spring Memorandum

### 2022 Budget Memorandum

The variable portion of the government grant is determined by counting the numbers of enrolled students, degree certificates and doctorate conferrals of all universities. The market shares of each university follow from this. The UvA's provisional market share is calculated based on its provisional numbers. The 2022 market share is lower than in 2021, mainly due to a one-off decrease in the number of degree certificates issued relative to other universities. In addition, the total amount of the variable government grant is adjusted each year to the size of the total student population, which is known as the reference estimate. Under the National Education Programme, details of this amount were released earlier than usual this year. This information is used to calculate a reference estimate for the 2022 budget. The UvA's definitive market share in 2022 and the reference estimate for 2021 are expected to be published in the Budget Memorandum in September. The variable government grant for teaching assumes a long-term rise in the student population, as per the reference estimate. This expected development over time exceeds the UvA's expected credit and degree development. To align internal forecasts with external forecasts and available funds, a correction has been included for the expected change in market share. In practice, UvA credits and degree certificates will most likely increase in line with the variable government grant for teaching. The budget will contain a better alignment of external and internal long-term forecasts.

In anticipation of the wage and price increases in 2022 and the compensation thereof in 2022, a mathematically estimated increase of 1.5% has been included. There is as yet no certainty regarding 2021, so the UvA is already well ahead of the game with 2022. However, if these increases are not relayed on time, this will result in delayed reactions, and it was agreed at sectoral level to take greater risks with regard to these items. The UvA is therefore giving substance to that now.

Actualisatie beschikbare middelen	2022	2023	2024	2025
<u>Miljoenennota / voorjaarsnota 2022</u>	<u>21,1</u>	<u>20,9</u>	<u>19,1</u>	<u>17,0</u>
Mutatie marktaandeel 2022	-3,2	-3,3	-3,3	-3,4
Referentieraming 2021	16,8	22,6	26,9	30,8
Verwachte mutatie marktaandeel 2023 e.v.	0,0	-6,0	-12,0	-18,0
Loon-/prijsbijstelling 2022	8,0	8,0	8,0	8,0
Overige bijstellingen	-0,5	-0,6	-0,5	-0,4
Overige mutaties	PM	PM	PM	PM

Table 7: Update of available funds – 2022 Budget Memorandum

### National Education Programme

On Wednesday, 17 February 2021, the two ministers for Education, Culture and Science presented the National Education Programme (*Nationaal Programma Onderwijs*, NPO) to the Dutch House of Representatives. This programme proposed a series of measures for all education sectors to compensate medium and long-term effects of the COVID-19 pandemic and offer prospects for the years thereafter. Its provisions include funding for academic teaching and research, with a portion specifically for students and another for knowledge institutions. The programme targeting higher education aims to eliminate most delays and deficits by the end of 2022.

Most funds for the UvA will be released in 2021, but there are also some measures and associated financial resources that will be applied in 2022. The government is currently drafting two administrative agreements, one for teaching and another for research, which will offer universities a 'menu' of options to offset the impact of COVID-19. They include all previously reported measures addressing student supervision, student welfare, additional classroom assistance, work placement shortages, teacher training programme dropouts and research delays. Until these administrative agreements and surrounding plans have been approved and adopted, the size of the expected funds is unclear. All funds made available are reserved in the Framework Letter as earmarked funds with reserved expenses. This is also set out in the following section: Use of funds. How they will be allocated within the UvA depends on accountability requirements and options selected from the options menu.

The tuition fee discount compensation for universities has been fixed in advance and comes to € 27.7 million for the UvA, based on the UvA's prospective market share in 2022. The effect of the prospective discount for students is presented under 'Tuition fees'.

Actualisatie beschikbare middelen	2022	2023	2024	2025
Nationaal programma onderwijs	40,6	0,0	0,0	0,0
Bestuursakkoord onderwijs	4,7	0,0	0,0	0,0
Bestuursakkoord onderzoek	8,3	0,0	0,0	0,0
Compensatie korting collegegeld	27,7	0,0	0,0	0,0

Table 8: Update of available funds – National Education Programme

### Sufficiency of the macro framework

In their report 'Sufficiency, efficiency and cost allocation in secondary vocational and higher education' (*Toereikendheid, doelmatigheid en kostentoe rekening in het mbo, hbo en wo&o*), researchers at PwC conclude that the current macro budget for academic university teaching and research is insufficient. They calculate that €400 million in additional annual funding is needed to enable research budgets to cover the costs of existing research expenditures. This coincides with calls by the Knowledge Coalition (*Kenniscoalitie*) to increase investments in university research at all levels. Research universities need another initial €300 million plus €200 million annually to restore facilities investments. Moreover, ambitions with regard to education quality and access (aspired quality) are incompatible with the size of the macro budget. Achieving the ambitions for small-scale education would take an additional €200 million in annual funding, the researchers say.

Their report has been presented to the Dutch House of Representatives, but with the formation still ongoing, it remains to be seen what the new government will do with its recommendations and outcomes. This is very uncertain; however, given the study's results and the UvA's own finding that the government grant has long been

insufficient, the UvA in any case expects government funding for research to increase annually over the coming years. Because the availability and hence the use of these funds is still uncertain, amounts equivalent to these amounts have been earmarked. This is also set out in the following section: Use of funds.

<i>Actualisatie beschikbare middelen</i>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<u>Toereikendheid macrokader</u>	<u>PM</u>	<u>20,0</u>	<u>30,0</u>	<u>40,0</u>
Onderbesteding WO (PWC onderzoek)	PM	20,0	30,0	40,0

Table 9: Update of available funds – Sufficiency of the macro framework

### Tuition fees

Due to the 50% reduction in tuition fees (2021-2022), tuition fees have been adjusted downward €25.1 million relative to the budget (2022). This adjustment is compensated through the €27.7 million in government funding based on the UvA's 2022 prospective market share.

Otherwise, tuition fees will remain unchanged relative to the 2021 budget. At present, the income from institutional tuition fees is particularly difficult to estimate, as the intake of non-EEA students is hard to predict because of the coronavirus pandemic. In respect of the budget, greater clarity will be gained on this subject.

<i>Actualisatie beschikbare middelen</i>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<u>Collegegelden</u>	<u>-25,1</u>	<u>0,0</u>	<u>0,0</u>	<u>0,0</u>
Wettelijke collegegelden	-22,7	0,0	0,0	0,0
Instellingscollegegelden	-2,3	0,0	0,0	0,0

Table 10: Update of available funds – Tuition fees

### Technical revision of budgets and results

In accordance with the applicable agreements and technical analyses, several budgets and results are being revised. The treasury administration has been updated in line with the most recent insights, including an amendment of the long-term interest costs and the long-term interest settlement with real estate on the basis of the planned investments. The new analysis of the Accommodations Plan (see Section 2.4.3) will lead to an updated result for real estate. Based on the provisional funding units of the Academic Centre for Dentistry in Amsterdam (ACTA) and Amsterdam University College (AUC) and the initial estimates of the prices per funding unit, the budgets for these two units are being updated.

A percentage of the government grant and tuition fees is allocated to the Board and executive staff, respectively. The expected government grant has been updated (see above), which results in an increase in the budgets for the Board and executive staff. This creates additional scope to provide policy support during transitions from one COVID-19 phase to the next. The executive staff can use this budget to accommodate higher wages and prices. For the Board, this will be used for new policy budgets, which are included and explained below. Budgets that were set aside in the 2021 budget may be used wherever possible in the 2022 budget for the intended purpose. The table below shows the funds earmarked for the 2021 wage compensation/cost-of-living price adjustment; these are used to increase the prices and budgets in the Allocation Model (see also the next section). The earmarked funds for investments in broad science initiatives are used for the theme-based funding for the Strategic Plan.

Actualisatie beschikbare middelen	2022	2023	2024	2025
<u>Technische herijking budgetten en resultaten</u>	<u>-3,3</u>	<u>-3,7</u>	<u>-4,6</u>	<u>-5,2</u>
Actualisatie resultaat treasury	-0,7	-0,5	-0,6	-0,6
Actualisatie budgetten ACTA en AUC	-0,6	-0,9	-1,2	-1,5
Actualisatie budget bestuur en bestuursstaf	-2,3	-2,4	-2,9	-3,4
Vrijval gereserveerde budgetten	0,2	0,2	0,2	0,2
Overig	0,0	0,0	0,0	0,2

Table 11: Update of available funds – Budgets and results

## 2.2.2 Update of use of funds

### Allocation Model

When drawing up the 2021 budget, the faculties made an estimate of the expected credits and other variables that are important for the Allocation Model. Forecasts updated in February show that the number of funded credits and degree certificates is expected, on balance, to increase by more than 3% in 2022 compared to the forecast in the 2021 budget. In the period ahead, credit and degree developments will be monitored and analysed in consultation with the faculties. It is clear that working conditions during the COVID-19 pandemic have impacted performance and may cause some fluctuations in institute and faculty revenues. In a few cases, agreements aimed at long-term stability have already been necessary. We are currently exploring whether they merit wider application.

For the education portion of the Allocation Model, this means an additional allocation of €5.4 million in funds for faculties as a result of an update of the estimated numbers. This also incorporates faculty agreements regarding COVID-19 effects on the number of credits achieved as included in the 2021 budget. In the Allocation Model, a portion of the research budget is linked to the variable education budget. Seeing that an increase is expected in the variable education budget, the research budget will also increase by €1.35 million. However, the three-year average number of doctorate conferrals for 2022 is lower than forecast in the 2021 budget, resulting in a decrease in the amount of funds for faculties of €300,000.

The expected wage/price adjustment in the government grant will be passed on to the units by means of a 0.75% increase in all components in the Allocation Model. It will gradually become clearer in the budget itself and in 2022 whether there is scope for an increase. In recent years, it was possible to make an additional allocation at the beginning of the year. Should this scope become available, the intention remains to pass it on.

Exceptions to this increase are the passed-on government grant (adjusted to the actual indexation in the government grant and passed on to the units) and budgets with a long-term fixed amount. This is the same method as was used in the 2020 and 2021 budgets. As such, the ratios set out in the Allocation Model are maintained, as are the underlying principles. According to the agreements made with regard to ACTA and AUC, part of the wage/price adjustment will be passed on to ACTA and AUC.

The following adjustments relative to the 2021 budget have been included in the 2022 Framework Letter:

- The price per credit has been increased to €109.80 (2021 budget: €108.20).
- The price per degree certificate has been increased to €3,870 (2021 budget: €3,810).

- The price per doctoral programme has been increased to €83,300 (2021 budget: €82,100).
- The decentralised research and teaching policy budgets, all capacity budgets, several central policy budgets and passed-on government grant budgets and the heritage budget have been increased by 0.75%.
- The capped matching budget has been increased by 0.75%, from €32.5 million to €32.7 million, and the matching budget for the Faculty of Medicine has also been increased by 0.75%, from €4.33 million to €4.36 million.

With these adjustments, faculties will be able to absorb rising wages and prices. The degree to which this will be sufficient to cover the wage costs, inflation and the increase in the fixed packages will be worked out in detail in the draft budget on the basis of the most up-to-date information available at that time. As a result of the indexations as referred to above, €3.4 million more will be available for units in 2022.

Actualisatie inzet middelen	2022	2023	2024	2025
<u>Allocatiemodel</u>	<u>-25,2</u>	<u>-35,4</u>	<u>-46,2</u>	<u>-58,9</u>
Actualisatie (prognose) aantallen	-8,9	-7,2	-7,7	-8,2
Aanpassing budgetten allocatiemodel (l/p)	-3,4	-3,6	-3,9	-6,1
Doorgegeven rijksbijdrage (NPO)	-13,0	0,0	0,0	0,0
Doorgegeven rijksbijdrage (Toereikendheid Macrokader)	0,0	-20,0	-30,0	-40,0
Variabele allocatie onderzoek (25-27%) vanaf 2023	0,0	-4,6	-4,6	-4,6

Table 12: Update of use of funds – Allocation Model

### Internal service provision

Each year, the services provided by the UvA service units are evaluated and the need for any new service units or changes to the current service units is discussed between the supplier (service units) and the customers (all UvA units). This is referred to as the ‘SLA cycle’ within the UvA. The outcome of this cycle, rate adjustments and other service provision agreements are discussed in Chapter 5. The table below summarises the impact on the faculties and service units and at central level.

The above-mentioned increased budgets from the Allocation Model, together with an indexation of contract income, can be used in part to accommodate the higher prices for internal service provision. As a result, the pressure on the units is lower than the total amount of the rate increases. The table below shows the effects of the rate increase divided among faculties, service units and the central level. Below that, the amounts of the options to partly accommodate this are indicated.

Actualisatie inzet middelen	2022	2023	2024	2025
<u>Interne dienstverlening</u>	<u>-1,4</u>	<u>-1,0</u>	<u>-2,4</u>	<u>-1,5</u>
Vrijval SLA budgetten allocatiemodel	1,7	1,7	1,7	1,7
Actualisatie HvP	-3,1	-2,7	-4,1	-3,2
<u>Uitkomsten SLA cyclus</u>	<u>-3,7</u>	<u>-3,7</u>	<u>-3,7</u>	<u>-3,7</u>
Extra doorbelasting faculteiten	-3,5	-3,5	-3,5	-3,5
Extra doorbelasting diensten	0,1	0,1	0,1	0,1
Extra doorbelasting centraal	-0,3	-0,3	-0,3	-0,3

Table 13: Update of use of funds – Internal service provision

### Organisational unit results

At the end of February, the units were asked about their expected result for 2022 and beyond based on recent insights, as compared to the previous budget.<sup>1</sup> The result across the faculties fell by €2.1 million, remained unchanged among the service units and fell by €200,000 in the Board. These forecasts were issued before the publication of the National Education Programme.

Because the forecasts issued as indicated above were delivered before information was announced concerning indexation of the prices and budgets in the Allocation Model and the changes in the internal service provision, whether the forecasts issued must still be adjusted in line with the new information will be considered together with the units in the period ahead. This will be incorporated into the draft budget.

Actualisatie inzet middelen	2022	2023	2024	2025
<u>Resultaten eenheden</u>	<u>-2,3</u>	<u>-0,9</u>	<u>0,9</u>	<u>-0,3</u>
Faculteiten	-2,1	-0,7	1,2	0,9
Diensten (incl. ICT portfolio)	0,0	0,0	0,0	-0,7
Bestuur en bestuursstaf	-0,2	-0,3	-0,3	-0,5

Table 14: Update of use of funds – Unit results

### 2.2.3 New initiatives and developments

After the update of the available funds and the use of funds, some resources will become available for new initiatives or an additional use of funds in 2022.

In late February, all the units were inquired about new initiatives or developments related to their field of expertise or service provision that would impact the UvA's finances. The main outline of these initiatives and developments are included in the Framework Letter. In the draft budget, any further breakdown and allocation of funds to the units will be incorporated.

It is clear that the policy-level focus is on supporting the daily effort to mitigate effects of the pandemic and that there is relatively little time to think about new developments or initiatives. However, for the sake of prudence, some funds have been reserved to facilitate new initiatives in the upcoming period (up to the budget) – for example, connected with effects related to ongoing developments in information security, digital education and the TLCs. If no such initiatives arise, the funds will be released for the Allocation Model.

	2022	2023	2024	2025
<u>Nieuwe initiatieven en ontwikkelingen</u>	<u>-4,2</u>	<u>-6,1</u>	<u>-5,1</u>	<u>-5,1</u>
Tijdelijk extra middelen voor RPA toekenningen	-0,4	-1,0	0,0	0,0
Reservering extra onderzoeksmiddelen	-2,5	-2,5	-2,5	-2,5
Extra bijdrage supercomputer	-0,1	-0,1	-0,1	-0,1
Reservering cybersecurity & innovatie dienstverlening	-1,3	-2,5	-2,5	-2,5
<b>Resultaat na nieuwe initiatieven en ontwikkelingen</b>	<b>-4,9</b>	<b>-11,4</b>	<b>-13,4</b>	<b>-19,2</b>

Table 15: New initiatives and developments

Over the coming years, the budget available for Research Priority Areas (RPAs) will increase to a total of €10 million in accordance with a prior decision. In 2019, the faculty RPAs were integrated into the decentralised faculty budgets, with an amount

<sup>1</sup> This means none of the possible effects of the coronavirus have been included in these forecasts.

of €4.5 million in total. After the integration of the faculty RPAs, the available budget for interfaculty RPAs is €5.5 million (€10 million minus €4.5 million for the faculty RPAs). The RPA budget was to reach €5.5 in 2022, while the budget for new RPA allocations would not become available until 2024. To also allow two RPA allocations in 2022 and 2023, there will be a one-time expansion in the budget for RPAs in 2022 and 2023. With respect to the 2021 budget, the financial room for new RPAs has been expanded by €350,000 for 2022 and €1 million for 2023.

#### 2.2.4 Control measures

After the updates of the available funds and the use of the funds, and after the reservation of funds for new initiatives and developments, the result in 2022 would be -€3.7 million. In order to achieve efficient use of funds, including to support the ambitions set out in the Strategic Plan, additional financial room will be created through one control measure, shown in the table below.

	2022	2023	2024	2025
<b>Resultaat na nieuwe initiatieven en ontwikkelingen</b>	<b>-4,9</b>	<b>-11,4</b>	<b>-13,4</b>	<b>-19,2</b>
<b>Beheersmaatregelen</b>	<b>3,7</b>	<b>3,7</b>	<b>3,7</b>	<b>3,7</b>
Opvangen tariefstijgingen binnen eenheid	3,7	3,7	3,7	3,7
<b>Resultaat na beheersmaatregelen</b>	<b>-1,2</b>	<b>-7,7</b>	<b>-9,7</b>	<b>-15,5</b>

Table 16: Control measures

All units are expected to absorb the rate increases and any increase in the size of any of the internal UvA services into their own respective unit budgets. That means that the portion that cannot be covered by the higher prices and budgets in the Allocation Model or higher contract income, must be financed by the units in another manner. In addition, the UvA services, excluding the IT project portfolio (for which the agreements as included in Section 2.4.2 apply), are requested to achieve at minimum a zero result or achieve at minimum the permitted negative result stated in the 2021 budget.

#### 2.2.5 Financial boost for plans set out in the 2021-2026 Strategic Plan

As explained above, preparations are underway for implementing the Strategic Plan. Like other policy developments, this implementation has experienced some delay, as the COVID-19 pandemic forced the organisation to focus its time and energy on other issues. The table shows that the overall financial room for the Strategic Plan has been lowered relative to last year's budget.

<b>Resultaat na beheersmaatregelen</b>	<b>-1,2</b>	<b>-7,7</b>	<b>-9,7</b>	<b>-15,5</b>
<b>Reserveinzet en voorinvesteringen (IP en Garantie)</b>	<b>1,2</b>	<b>7,7</b>	<b>9,7</b>	<b>15,5</b>
Bijdrage themafinanciering IP	5,7	3,2	9,7	15,5
Reservering Garantie	-4,5	4,5	-	-
<b>Resultaat na reserveinzet en voorinvesteringen</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>

Table 17: Financial boost for plans set out in the Strategic Plan

### 2.3 Financial assumptions and frameworks

#### **Application of the Allocation Model**

The Allocation Model is explained in detail in the document entitled 'Description of the UvA Allocation Model' (*Beschrijving UvA allocatiemodel*), which can be

found on the UvA website. An infographic is available for understanding how the Model works. This infographic can also be consulted on the UvA website.

*Changes to the Allocation Model relative to the adopted 2018 Allocation Model*

In relation to the policy regarding the Research Priority Areas (RPAs), a change was made in 2019 relative to the aforementioned description of the Allocation Model. With the adoption of the new RPA policy, it has been decided to only use central RPA funding for interfaculty initiatives. The faculty RPAs will, as such, be terminated (the 'RPA label' will be removed). The budgets for the faculty RPAs within the 'policy budget for research' have been moved from RPAs to a lump sum amount within the 'central policy reserves'. The budget for the relevant faculties is then allocated from these central policy reserves. By adding the funds for the faculty RPAs to the faculty budgets through the central policy reserves, the faculty may, if desired, decide to continue supporting the old faculty RPAs with funds.

After the adoption of the current Allocation Model, developments occurred in the funding of education and research which have given cause to reassess the application of the matching definition in the UvA's Allocation Model. The developments relate to the conditions for obtaining new funding from the Ministry of Education, Culture and Science in particular, which in substantive terms are nearly the same as, or are quite similar to, the existing financing conditions for other financial flows (Dutch Research Council), which fall under the matching definition. The matching definition has been amended in coordination with the faculties and with the Joint Meeting's (GV) approval to the definition set out in Section 4.5.3.

The faculty budgets are made up of the various budget components of the research and teaching budgets in the Allocation Model. Chapter 4 contains a detailed description of the faculty budgets, in order to show the composition of the faculty budgets. Appendix 2 outlines the long-term development of the budgets per faculty.

*Funding for the Faculty of Dentistry and Amsterdam University College*

The funding of AUC and the Faculty of Dentistry (FdT) in the 2022 Framework Letter takes place in accordance with the agreements with VU Amsterdam. The UvA and VU Amsterdam include a joint and identical section about the funding of ACTA and AUC. As with the other faculties, greater clarity will be created for ACTA and AUC at an earlier stage of the process, as a result of the coordination between VU Amsterdam and the UvA in the Framework Letter.

Broadly speaking, the agreements concern the fact that ACTA will be allocated the following as its budget:

- the tuition fees of students whose first enrolment is in Dentistry (statutory or institutional fee);
- from the enrolments, degrees and doctorate conferrals components of the government grant, the share of these that is calculated from the cost-financed performance of the Faculty of Dentistry;
- a budget from the research and teaching supplement of the government grant (workplace function and policy budget).

This will be developed as follows:

- The institutions will pass on the share of the price per funding unit in relation to the halving of tuition fees at cost to ACTA.
- Tuition fees and the share of the government grant will be passed on to ACTA on the basis of the budget actualisation.
- Regarding the expected compensation in 2022 from the government for wage and price developments, both the VU Amsterdam and the UvA have

included an estimated compensation of 1.5%. A post-calculation will be made, whereby the actual compensation may differ.

- ACTA makes use of the service provision of both VU Amsterdam and the UvA. In 2020, VU Amsterdam carried through a revision/update of the internal cost model. The effect of this on the apportionment of costs and the ACTA budget is €1.4 million in costs that have not yet been charged on. As from 2020, ACTA will be compensated for this by VU Amsterdam and the UvA.
- The funds available under the Student Loans (Higher Education) Act (WSV) will be passed on in accordance with the government grant. VU Amsterdam uses 40% of the student loan funds for the VU Amsterdam-wide focus on the quality agreement themes, and 60% goes to the faculties for decentralised implementation. ACTA is largely embedded in VU Amsterdam's operational management. This means that the portion of the student loan funds that VU Amsterdam makes available for the central implementation is also applicable to ACTA and that ACTA makes or can make full use of VU Amsterdam's central teaching facilities, which are funded from the 40% of the central student loan funds. In practice, what this means for ACTA is that VU Amsterdam will deduct the percentage, being 40%, of the funds available under the WSV (quality agreements), which is allocated centrally (40%) from the funds available under the WSV that ACTA receives from VU Amsterdam and the UvA combined. Along with this contribution to the central allocation of the funds comes the agreement that ACTA is involved in decision-making concerning the allocation of these central funds in the same way as the other VU Amsterdam faculties, because the teaching facilities that are funded from these funds are, in principle, also to the same degree available to ACTA. In the specific situation where ACTA takes part in the UvA-wide allocation of the central funds under the WSV, ACTA will contribute to these central funds from the faculty funds under the WSV.

With regard to AUC, a similar agreement applies, with a 50/50 ratio for the UvA and VU Amsterdam, whereby AUC is allocated the following as its budget:

- all tuition fees paid by students (statutory or institutional fee);
- income related to the number of enrolments, degree certificates and other performance-related parameters of the government grant, for both the research and teaching components.

This will be developed as follows:

- The budget related to the transfer of tuition fees and the share of the government grant is established in the Framework Letter/budget based on a cost estimate.
- To compensate for the halving of tuition fees for first-year students, the loss in tuition fees calculated in the budget will be passed on to AUC. The compensation from the Ministry of Education, Culture and Science for the halving of the tuition fees via the variable government grant will thus cease to apply to the AUC.
- The tuition fees budget for AUC is determined without consideration of the halving of the tuition fees for first-year students. All passed-on government grant amounts related to compensation for the halving of tuition fees will thus cease to apply.
- A condition for the agreements is that AUC must pay a cost-covering rate for the deployment of employees from other faculties. To this end, the adequacy of the 15% supplement that is applied in the internal agreements and an adjustment of that percentage will be considered in consultation with AUC. This will be worked out.

- Concerning the expected compensation in 2022 from the government for wage and price developments, both VU Amsterdam and the UvA include a compensation of 1.5%.

In addition, at the UvA and ACTA, the effects resulting from the recommendations of the Van Rijn Committee starting from 2021, will not be incorporated into the budgets of AUC and ACTA.

### **Price stability in the Allocation Model**

The UvA strives to achieve stable prices in the Allocation Model, so that the faculties know what they can count on in the future. The objective is to be in line with the long-term trend expected in relation to the government grant. This aim has been maintained in the development of the new Allocation Model, and is regarded as one of its basic principles.

Based on the developments described above, the UvA considers it realistic that underfunding of research in particular will be eliminated in the coming years. For the faculties, the Executive Board wishes to guarantee that the additional funds made available by the National Education Programme in 2021 and 2022 will also be available for teaching and research in subsequent years. For the years from 2023 to 2025, a sum of €30 million will be available as a guarantee to keep prices in the Allocation Model high enough to protect faculties from a decline in funds.

At this stage, there are still several uncertainties in relation to the forecasts of the government grant and the forecasts of the internally funded performances. In the Framework Letter, an expected wage/price adjustment of 0.75% by the Ministry of Education, Culture and Science has been included for 2022. This has been translated into a 0.75% increase in the prices in the Allocation Model. When the draft budget will be prepared, more information concerning the government grant will become available and the faculties will adjust their forecasts based on the information available at that time. At that time, the possibility to increase the prices, as included in the Framework Letter, will be assessed. The definitive prices for 2022 will be established in the final budget.

### **Decentralised control**

In the Allocation Model, a maximum possible part of the direct funding is made available to the faculties. At the same time, all costs will be incurred to the faculties. As a result, academics need to make a considered assessment of what the funds should be spent on.

### **Control of indirect costs**

The UvA's policy is to ensure that the funds are used as much as possible for education, research and valorisation. The UvA has a process cycle within which the faculties and service units discuss and align the scale and quality of the internal service provision. In late 2019 and early 2020, the internal system of surcharge and the associated process were evaluated in order to ensure that internal service provision remains as efficient and effective as possible.

The improvement process has been delayed several months due to COVID-19. In 2021, work will be carried out on the production of the new processes and the rates for the internal service provision will be examined. Wherever possible, the improvements will take effect in the 2022 budget.

### **Developments with respect to the collective labour agreement and personnel policy**

Negotiations for a new Collective Labour Agreement for Dutch Universities (CAO NU) in 2021-2022 are ongoing and are expected to conclude in mid-2021. The Netherlands Trade Union Confederation (FNV) has demanded a general wage rise of 5%. On the employer side, the wage bargaining range is limited due in part to the pension premium increase. Three working groups have been formed to examine and elaborate a number of themes, namely: 1) job security and agility, 2) working conditions (particularly in regard to working from home) and 3) workload acknowledgement and valuation. This collective labour agreement's impact on wage costs in 2021 is difficult to assess at this time.

We will include the indexation of the wage costs with the technical instructions to the budget. If, when these instructions are drafted, there are still too many uncertainties, an indexation of 0.75% will be applied, which is the same as the estimated compensation for wage/price increases.

### **Wage/price estimates and wage compensation and cost-of-living adjustment**

At the time of drafting the Framework Letter, as far as the income and costs were concerned, there was no clarity as yet regarding the wage and price trend in 2022 or the wage compensation and cost-of-living adjustment. Costs are expected to rise in the next few years, for example, in relation to personnel as well as investments. This will be fully or partially compensated for by an additional wage compensation and cost-of-living adjustment in the government grant and must be taken into account in other income streams. The exact amount or timing of these increases cannot be estimated at present, so an assumption has been made of a 0.75% wage/price adjustment by the Ministry of Education, Culture and Science. The possible adjustment of the income and expenditure will, where applicable, be incorporated simultaneously into the draft or final budget.

The UvA policy is that cost increases resulting from general inflation and rising wage costs and premiums must be absorbed by the units themselves. At the same time, it is assumed that additional wage/price adjustments in the government grant will be made available to faculties by means of a proportional price adjustment in the Allocation Model. For the faculties, the prices in the Allocation Model, established in this Framework Letter, are subject to changes, as stated under the heading 'Price stability in the Allocation Model'.

For the internal service units, the increases must be accommodated within the existing rates. Efficiency and volume effects may create some financial room for the services to accommodate all or part of the cost increases within the internal budget.

### **Transparency and quality of the budget**

The UvA considers financial transparency to be important and will continue to make efforts in this regard, for example, through the use of UvAdata and infographics, by publishing and sharing P&C documents and by improving financial control processes at all levels.

The UvA aims for a long-term budget that is aligned with the actualisations, so the funds can be allocated as efficiently and as much as possible in support of education, research and valorisation.

At the time of drafting the Framework Letter and budget, there were still some uncertainties regarding the government grant to be received. The government grant

is estimated based on the information available at the time and an estimate of the expected changes. Based on information from the Ministry of Education, Culture and Science and the VSNU and in consultation with other universities, an attempt is being made to include the expected changes in the Framework Letter as accurately as possible. It is possible that the actual government grant might be lower than expected, but the financial position of the UvA is robust enough that this will not immediately lead to any problems. Chapter 4 contains details regarding the expected government grant and further explanation.

Deviations occurring between the actualisation and the budget allocated to the faculties and services, may be due to various reasons. This does not only occur at faculty/service unit level, but also at the level of the institutes and departments. Prior to drafting the Framework Letter and budget, discussions are carried out with the units in order to limit the uncertainties in the unit budget as much as possible.

Moreover, it has turned out to be difficult to make use of the earmarked funds immediately and to their fullest extent. The UvA passes on the funds as much as possible and thereby makes the units responsible for spending the funds. Processes to facilitate the use of the funds may lead to more delay in spending than estimated because, for example, project organisations need to be set up, plans need to be developed and, in many cases, further internal coordination is needed. To encourage the process of decision-making and facilitate the spending of the funds within the units, the size of the earmarked funds and the conditions for using them are clearly indicated as early as possible when drafting the 2022 budget, so that the units become aware of the availability of additional funds and can therefore respond more quickly than in previous years.

The quality of the estimates and the SLA cycle will be evaluated in the coming period.

### **Improving the price-quality ratio of accommodation**

The strategy outlined in the Accommodations Plan aims at developing the campus by providing for high-quality facilities for education and research at affordable cost. This requires a proactive, future-oriented attitude. For the faculties, it remains crucial that they properly manage the amount of space used by them and align the costs with the financial capacity of the faculty. The increase in student numbers and success in research projects is leading to an intensified use of education and research facilities on campus. Advancing digitalisation of education will also affect the need for space. These two topics were raised in all discussions with the faculties. It is still too early to say what this will mean for the portfolio. Accommodation planning requires insight into the evolution of spatial needs and associated accommodation costs.

At the Amsterdam Science Park, the prognosis for medium and long-term spatial requirements is being reassessed, as the faculty's growth in recent years is nearing the upper limit of the previously established range. The AI initiative is also growing faster than expected. This, combined with the aspiration to further expand the Quantum research theme into the 'Quantum.Amsterdam' proposition in cooperation with scientific partners, and the ambitions in the Strategic Plan, it is necessary that the ASP makes timely efforts to expand available accommodation. The UvA and its partners can initiate this.

For the Roeterseiland Campus (REC), proper insight into the costs of space utilisation will help provide input for further improving the utilisation of buildings, to adequately accommodate the growth in the number of employees and expansion

of educational activities. Of particular concern for this campus is the pressure that student population trends have created on teaching space. Alongside the need for more classrooms, an added factor is the change in group sizes. To respond to these changes, different kinds of classrooms are needed. The university is looking into how this can be achieved and whether modification of campus accommodation is needed.

This year, the service units are relocating from Leeuwenburg to Hogehilweg. Renovation of Hogehilweg to make interior spaces suitable started in early 2021, and the relocation will take place this summer.

In the planning phase for the University Quarter, the Strategic Master Plan has been completed. This means the UvA can begin steps to lay out the campus. Renovation of the University Library started in 2018. After the initial phase of demolition and asbestos remediation, the second phase, involving foundation repair and expansion and cellar construction, is underway. The third phase, consisting of interior construction, has been contracted, thus ensuring good alignment with works carried out in the last phase. The complexity of the location and building quality has led to a change in approach. In the process, intensive coordination with the municipality is required. The current investment forecast is incorporated.

For the Oudemanhuispoort building, a preliminary design has been prepared in order to be able to assess which investments are required to integrate the description of requirements into the building complex. The multitude of buildings in combination with the monumentality of large portions of the complex mean that the investment is considerable. In the further elaboration, it will be considered how the approach can be made less complex with the objective to reduce the required investment.

The longer runtime of the University Quarter campus development means that certain buildings will remain in use for a longer period of time. An inventory is being prepared to determine which building measures are necessary to support this prolonged use as much as possible. Initial indications from the building surveys show that the building hull in particular needs additional maintenance. The building assessment will be completed to clarify which choices need to be made. Financially, higher maintenance costs are expected in the coming years.

The Accommodations Plan makes model-based financial assumptions for maintenance of the portfolio, using key figures last reviewed in 2015. Recent trends in system maintenance costs, as well as information from project operating scans, make it worthwhile to test whether the Accommodations Plan's maintenance key indicators are still appropriate. This will be addressed in the near future.

The Accommodations Plan for 2021 includes an investment estimate for the Energy Transition Road Map. With sustainability, the starting point is that these investments will largely pay for themselves through lower energy expenses. At a later stage, additional agreements concerning the set-off of additional costs will be needed. In the first few years this is not yet a concern, however, the proposal is to start with this at the end of the planning period.

The investment estimates in the Accommodations Plan are based on the price level as on the 1<sup>st</sup> of January 2021, with a model-based assumption for the increase in construction costs relative to inflation. Current market developments pose a financial risk for additional investments. Prices rose almost 1.5% relative to 2020. This has been incorporated in the investment estimates. Recent figures show a slight downturn in the procurement market, which could be favourable for pricing. It might be that prices will go down this year, though they also might not. In other words,

uncertainty still exists. The current financial analysis resumes the normal trend after 2021, with this uncertainty incorporated as a TBD item for the time being. The market developments oblige us to incorporate additional risk assurance in the contracting stage. The risk report associated with the campus development reports on this issue.

Compared to the 2021 Accommodations Plan, the investment programme through 2035 has decreased by €95 million. This is mainly because the delayed upgrade of REC JK has pushed both the renovation and sustainability improvements beyond the 2035 horizon. Additionally, the cash forecast for this year had to be adjusted following an assessment of ongoing projects (University Library and LAB42). Altogether, €89 million has been rescheduled.

The investment planning currently under examination follows from the planning adjustment of projects. Based on the firm intention to avoid resuming efforts to attract liquidity (not entering into new loans), the available cash is limited. However, the complexity involved in preparing and executing projects also places limitations on the UvA's capability to implement multiple large projects within the same time frame while also managing the environment effectively. As in the budget as a whole, the planning of these projects sometimes proves overly optimistic. In the Framework Letter for 2022, this planning is based on a current estimate of projects' feasibility within the constraint of the affordability of the Accommodations Plan. Investment plans for the University Quarter will continue to be drawn up in the time ahead, which should help to make plans even more concrete. In the period ahead, in the process moving towards the 2022 budget et seq., consultations will be held with all involved parties in order to achieve a more realistic project planning. All projects will also be examined to possibly reduce financial investments. The Oudemanhuispoort (OMHP) project has provided insight into elements of projects in the University Quarter where this is possible, which could apply more broadly to other projects as well. The investment table incorporates these new insights from the University Quarter, achieving a reduction in investments relative to the 2021 Accommodations Plan, as is also reflected in the calculation model's additional estimates for risk and indexation. Various analyses have now shown that foundation repair is necessary for the OMHP, BG5 and GHK buildings, and an investment line has been added for this purpose. For the sake of caution, the campus estimate still includes an extra contingency line. The general investment rule for plan optimism, included based on experiences with the University Library and uncertainty about the condition of buildings to be renovated, has been dropped. The results of the aforementioned actions will be integrated in a single vision on the scale of investments and their financing. The aim is to complete this vision in the first quarter of 2022.

A process to update the space standard, m<sup>2</sup> per X, will also be initiated. The current space standard was adopted in 2007 and was based on the government's system for office use, supplemented by UvA-specific functional requirements for teaching and research. The government updated its space standard in 2015, partly to improve occupancy of office workspaces. As assessing the effectiveness of accommodation investments requires an up-to-date set of policy instruments, there has long been a need to reassess this system of standards. In discussions, organisational units have expressed a desire for better utilisation and to simplify the system. The OMHP project did some initial explorations as to how this could be achieved. This will be further examined with users in the period ahead. The aim is to use the updated space standard to define new projects and for investment decisions. This is also expected to support the objective of further reducing investments.

Buildings are maintained on the basis of a long-term maintenance plan. Measures surveyed for the Energy Transition Road Map will be integrated in this long-term maintenance plan, so that sustainable options will be applied at logical points during maintenance. This integration of assessments will be incorporated in the sustainable long-term maintenance plan. When buildings are due for renovation, it will be assessed which measures are logical to use in the renovation.

A separate long-term plan has been drawn up for changes to be made for fire safety and accessibility. Both programmes will be evaluated this year. Organisational units also have the option of submitting, possibly through the service units, a request for adjustments and renovations necessary for research and teaching, in the form of a Functional Adjustment (FA). Starting from 2018 and continuing for a number of years, the FA budget includes additional financial room for building modifications in the context of educational innovation.

The Accommodations Plan takes into account reinvestments made after the end of the depreciation period. Calculation models have taken into account 30% of the original investment. The planning period of the long-term budget includes financial room for reinvestments in the University Quarter and initial reinvestments in the Roeterseiland Campus and Amsterdam Science Park. Together with the units involved, it will be considered whether this concerns a concrete reinvestment request. If not, the investments will be postponed.

See Appendix 3 for the Accommodations Plan investment table.

### **Solvency II between 38% and 44%**

#### *Internal UvA standard*

Internal thresholds are used to better monitor the solvency situation and make it possible to reach some form of agreement on the progression of the figures. Internal thresholds have less to do with the continuity risk (which is already catered for in other ways) and more with the issue of whether capital is being used in a suboptimal way, including with regard to making contributions to society. The frame of reference for these thresholds is the internal treasury policy and the treasury plan. In view of the societal nature of the organisation, both a lower limit and an upper limit have been defined for the internal threshold. This creates a range within which solvency can fluctuate over the planning period. The UvA will strive to keep solvency II at a level between 38% and 44% in the years ahead. If solvency is too high, this could suggest that too much is being saved and, as such, that more funds could be made available for research and teaching. If solvency is too low, this could suggest the presence of a financial risk (in time). The application of internal thresholds that are subject to an upper limit makes it possible to monitor this point – which is important for societal debate too – more closely. Also, the upper limit should create a more balanced consideration. Based on the plans set out in this Framework Letter, solvency II will remain within these limits, with the exception of the year 2025, when it will decline to 37%, which is still well above the Ministry of Education, Culture and Science's alert threshold. Assuming that the UvA will make the investments with no additional funding, the solvency will stay within the internal thresholds in 2025 as well. This point will be further optimised during preparation of the 2022 budget.

#### *Standard applied by the Inspectorate of Education*

The Inspectorate of Education only applies a lower limit as the threshold for solvency II; this is 30%. If this threshold is exceeded, this is viewed by the Inspectorate as a sign that an institution may run financial risk/financial continuity

risk. Based on the plans set out in this Framework Letter, solvency II will remain above this limit.

#### **Alert threshold for excessive reserves**

Last year, the Inspectorate of Education expanded its alert thresholds to include a threshold for excessive reserves. Exceeding an alert threshold is treated by the Inspectorate as an indication that an institution may be creating unnecessary buffers. The UvA's normative public equity remains well below the new threshold.

#### **Long-term financial zero result for the entire UvA**

##### *Internal UvA standard*

The UvA strives to achieve, at a minimum, a zero result for the university as a whole. Funds may be temporarily committed for specific goals, such as in the case of earmarked reserves, but there must be at least a zero result in the long term.

##### *Standards applied by the Inspectorate of Education*

The threshold for profitability, as defined by the Inspectorate, states that the profitability must not be:

- negative for three consecutive years;
- greater than minus 5% annually for two years;
- greater than minus 10% in a year.

Based on the plans set out in this Framework Letter, the profitability will remain at 0% long-term.

#### **DSCR > 1.5**

##### *The UvA's agreement with banks*

The Debt Service Coverage Ratio (DSCR) is a measure of the amount of cash the UvA has at its disposal to pay interest and loan instalments. A sufficient cash flow must be available annually so that these amounts can be paid. Based on the plans set out in this Framework Letter, the DSCR will remain above this limit.

#### **Liquidity ratio > 0.5**

##### *Standards applied by the Inspectorate of Education*

The policy is to remain above the 0.5 alert level set by the Inspectorate of Education. In the planning period for the Framework Letter 2022, a technical planning assumption proved necessary for this purpose. This is explained in more detail in Section 5.7.2.

#### **Accommodation costs passed on internally < 12%**

##### *Internal UvA standard*

The basic rent charged internally (from the proceeds of which the real estate administration funds the interest, depreciation, owner's maintenance and ownership costs) to faculties and service units may never amount to more than 12% of the UvA's turnover. Based on the plans set out in this Framework Letter, the accommodation costs will remain below this limit.

#### **Reserves**

Within a few years, the budget may evolve in such a way that it will no longer be possible to immediately bring the costs in line with income. In that case, the reserves will be used to bridge the gap. Hence, the policy on reserves is closely related to the allocation issue. Faculties must maintain a minimum buffer capital. In accordance with the Financial Management Regulations, the standard for the decentralised faculty reserve position is 10% of the annual income of the unit. In times of need, they should

be able to use this buffer capital. This is elaborated in greater detail in the UvA Reserve Policy Memorandum. The Framework Letter indicates the financial room available to the faculties to make use of the reserves. If the reserve position falls below the standard of 10%, the unit must indicate in its long-term budget how the required reserve position will be achieved. The UvA Reserve Policy Memorandum further explains the UvA's policy regarding reserves. The designated reserves and funds may only be used if this is approved in the budget.

## 2.4 Investments

Investments in education, research and valorisation are essential for implementing the UvA's strategy. The UvA is a broad-based university offering research-intensive education, where innovative and interdisciplinary research is carried out. The UvA is innovative and has strong ties with society. At the UvA, there is ample scope for innovation and improvement in quality. The UvA allows faculties a great degree of freedom in determining their policies, in order to facilitate the achievement of strategic educational objectives. In addition to the policy freedom at the faculty level, there is a need to create room for UvA-wide policy initiatives. In essence, this refers to areas in which a joint investment is necessary or a policy objective for allocating the funds differently.

Investments in education, research and valorisation can be made in various ways. This is elaborated in greater detail in the following four sections:

- Policy investments
- ICT investments
- Real estate investments
- Other investments.

### 2.4.1 Policy investments

In 2022, the UvA will invest €163.5 million in various policy themes through:

- decentralised policy budgets allocated to faculties via the Allocation Model;
- central policy budgets allocated to faculties via the Allocation Model;
- theme-based budgets via the management budget.

The table below displays the policy investments made via the Allocation Model and the theme-based budgets and also indicates whether the funds have already been used or reserved.

Beleidsinvesteringen		2021	2022	2023	2024	2025
<i>Ingezette middelen via allocatiemodel</i>		<i>Afkorting</i>				
Decentraal beleid onderwijs	<i>DBOW</i>	20.148	20.299	20.299	20.299	20.299
Decentraal beleid onderzoek	<i>DBOZ</i>	25.412	25.603	25.603	25.603	25.603
Centraal beleid onderwijs*	<i>CBOW</i>	14.380	11.123	11.435	11.447	10.697
Centraal beleid onderzoek*	<i>CBOZ</i>	14.657	16.701	16.655	16.465	16.465
RPA's	<i>RPA</i>	5.252	5.252	5.252	1.200	900
Doorgegeven rijksbijdrage ow en oz (excl. aan l	<i>DGRB</i>	37.405	53.022	61.029	66.510	78.712
Overige beleidsinvesteringen	<i>OVB</i>	8.640	7.519	6.674	5.910	5.910
Beleidsbudgetten diensten (excl. SLA)	<i>BD</i>	754	190	160-	187-	84-
<b>Subtotaal</b>		<b>126.648</b>	<b>139.708</b>	<b>146.786</b>	<b>147.247</b>	<b>158.502</b>
<i>Gereserveerde middelen via allocatiemodel</i>		<i>Hoort bij</i>				
RPA's	<i>RPA</i>	-	650	1.300	4.300	4.600
Aanvullende middelen schakeltrajecten	<i>CBOW</i>	-	1.000	1.000	1.000	1.000
Interdisciplinair onderwijs	<i>CBOW</i>	-	250	250	250	1.000
Beta/techniek	<i>CBOZ</i>	750	750	750	750	750
SEO middelen overheveling naar 1e GS	<i>DGRB</i>	-	-	-	4.349	4.349
Reservering loon/prijscompensatie	<i>OVB</i>	-	-	-	-	-
ICT themafinanciering: Gereserveerd	<i>OVB</i>	1.822	4.033	6.148	7.432	6.550
Ontwikkeling systemen financiën en inkoop	<i>BD</i>	500	500	500	-	-
Initiatieven, knelpunten, plannen diensten	<i>BD</i>	-	-	-	-	-
<b>Subtotaal</b>		<b>3.072</b>	<b>7.183</b>	<b>9.948</b>	<b>18.081</b>	<b>18.249</b>
<i>Ingezette middelen via bestuur</i>		<i>Afkorting</i>				
Internationalisering	<i>INT</i>	865	865	865	865	865
Personeel & Medezeggenschap	<i>P&amp;M</i>	4.240	4.240	4.240	4.240	4.240
Beschikbaarheid informatie	<i>BI</i>	245	245	245	245	245
Strategische communicatie	<i>SC</i>	77	77	77	77	77
ICT	<i>ICT</i>	-	-	-	-	-
Universitaire faciliteiten	<i>UF</i>	306	306	306	306	306
Strategische investeringen	<i>SI</i>	4.111	4.390	3.640	2.140	1.640
Overige	<i>OV</i>	1.254	1.254	1.254	1.254	1.254
<b>Subtotaal</b>		<b>11.098</b>	<b>11.377</b>	<b>10.627</b>	<b>9.127</b>	<b>8.627</b>
<i>Gereserveerde middelen via bestuur</i>		<i>Hoort bij</i>				
Werkdruk verlaging structureel	<i>P&amp;M</i>	1.000	-	-	-	-
IT programmagelden	<i>ICT</i>	-	-	-	-	-
Open Science	<i>SI</i>	-	-	-	-	-
Kwaliteitsafspraken	<i>SI</i>	3.200	4.000	4.200	4.700	5.100
Ruimte voor strategische investeringen	<i>SI</i>	-	800	2.150	3.600	3.800
Onvoorzien	<i>SI</i>	1.000	1.000	1.000	1.000	1.000
<b>Subtotaal</b>		<b>5.200</b>	<b>5.800</b>	<b>7.350</b>	<b>9.300</b>	<b>9.900</b>
<b>TO TAAL (excl. IP investering)</b>		<b>146.018</b>	<b>164.068</b>	<b>174.711</b>	<b>183.755</b>	<b>195.278</b>

Table 18: Policy investments via the Allocation Model and Board

The policy budgets via the Allocation Model are explained in more detail and broken down in Chapter **Error! Reference source not found.**. The policy investments from the Board are explained in Section 5.6.

As from 2022, the budgets for the IT portfolio for IT projects and IT developments will be allocated directly from the Allocation Model instead of from the policy investments via the Board. As from 2022, these will be included under 'Other policy

investments'. A breakdown of this component can be found in 2.4.2, where it is explained further.

The quality agreements (part of the passed-on government grant) and RPAs are explained further below.

### **Quality agreements**

The Coalition Agreement specified that the funds that are released for study loan funds will be linked to quality agreements. These agreements have since been made at institutional level and approved by the Minister following an assessment by the Accreditation Organisation of the Netherlands and Flanders (NVAO). In 2022, the NVAO will perform an interim assessment of the realisation of the plans on the basis of the 2021 Annual Report. A final assessment will take place in 2024. The assessment will be carried out in line with the process followed by the voluntary Institutional Quality Assurance Audit conducted by the NVAO.

After extensive consultation with the relevant representative advisory bodies, the UvA has decided to use the funds for the following themes:

- more intensive and small-scale education;
- further professionalisation of lecturers;
- suitable and good teaching facilities.

In addition to the three aforementioned themes, the UvA has decided to set up the UvA Teaching and Learning Centres (TLCs) with the funds for the quality agreements. The process of providing an additional, long-term impetus for the chosen themes has been further elaborated based on the quality agreements process of July 2018.

Given that the quality agreements plan has been approved, the UvA is assured of receiving the funds until 2024. If the results of the 2022 interim assessment are unsatisfactory, this could only lead to a levelling off in the last year (2024). In that case, the increase in the funds will not be paid out for this last year.

In 2021, the UvA will organise a mid-term review of the quality agreements. The mid-term review could lead to a different implementation of the themes and/or a different allocation of the financial resources, but until that time, this is not the case. In general, the focus is on continuity and the intention is to continue to maintain a ratio of central to faculty funds of approximately 20% to 80%.

The UvA receives the funds for quality agreements via student-related funding in the government grant. In accordance with decisions taken, funds are allocated to the units based on the weighted number of credits. Compared to the 2021 Budget, the allocation has been updated based on the revised unit forecast for the number of credits in 2022 and beyond. The allocation of funds made available under the Quality Agreements for 2022 takes account of credits that were obtained in 2020 but registered too late to be included in the allocation of funds for the 2021 budget.

The Faculty of Dentistry and AUC share of the funds is passed on directly via the price per funding factor, in line with the funding system for the Faculty of Dentistry and AUC. See Chapter 2.3 for an explanation of the agreements made with VU Amsterdam.

AUC receives a separate budget from VU Amsterdam for quality agreements, which is why these funds are not included in the table below. The remaining part of the funds received by the UvA, after deduction of the UvA-wide commitment for the

Faculties of Economics and Business, Humanities, Science, Social and Behavioural Sciences and Medicine and the Amsterdam Law School, are allocated to these six faculties based on the weighted number of credits. This leads to the allocation shown below. This allocation will be adjusted annually, at the time of budget preparation, based on the final number of credits.

Voorlopige toekenning middelen tbv kwaliteitsafspraken (x€ 1.000)	2021	2022	2023	2024	2024
Faculteit Economie en Bedrijfskunde	1.724	2.084	2.087	2.284	2.456
Faculteit der Rechtsgeleerdheid	1.334	1.734	1.833	2.070	2.229
Faculteit der Geesteswetenschappen	2.020	2.526	2.870	3.337	3.594
Faculteit der Natuurwetenschappen, Wiskunde en Informati	2.586	3.078	3.263	3.699	4.002
Faculteit der Maatschappij- en Gedragwetenschappen	2.911	3.781	3.955	4.433	4.717
Faculteit der Geneeskunde	1.925	2.514	2.597	2.955	3.209
Faculteit der Tandheelkunde	695	764	827	933	1.006
Amsterdam University College	378	465	484	551	598
UvA-breed	3.200	4.000	4.200	4.700	5.100
<b>Totaal</b>	<b>16.773</b>	<b>20.945</b>	<b>22.115</b>	<b>24.961</b>	<b>26.911</b>

Table 19: Provisional allocation of funds for quality agreements

### Research Priority Areas (RPAs)

At the end of 2018, following an assessment of the priority areas, a modified policy on RPAs was adopted. The revised policy includes the use of new RPA funds for interfaculty initiatives. The university RPA policy will serve as an unambiguous control instrument for interfaculty research focused on innovation and will not be used for establishing research priority areas. Under the policy revised in late 2018, the implementation of the RPAs is further guaranteed through the strategy and organisation of the university.

The faculties have been requested to develop a faculty research strategy, the basis of which should be the Strategic Framework for Research drawn up in 2019 and which should highlight aspects such as focus, mass and innovation among the disciplines at the faculty. This faculty strategy focuses on the various ways in which research activities can be guided and managed: by developing and maintaining excellent research priority areas, by scaling up promising new initiatives and in relation to how the faculty tries to make room for innovation, including the pursuit of independent research set up through the central RPA budget.

Since 2019, a maximum funding period of five years has been associated with the interfaculty RPAs, with the possibility of extending the funding period once with a maximum of five years.

In the coming years, the budget available for Research Priority Areas (RPAs) will increase to a total of €10 million in accordance with a prior decision. In 2019, the faculty RPAs were integrated into the decentralised faculty budgets, for an amount of €4.5 million in total. After the integration of the faculty RPAs, the available budget for interfaculty RPAs is €5.5 million (€10 million minus €4.5 million for the faculty RPAs). The RPA budget was to reach €5.5 in 2022, while the budget for new RPA allocations would not become available until 2024. To also allow two annual RPA allocations in 2022 and 2023, there will be a one-time expansion in the budget for RPAs in 2022 and 2023. This means €650,000 will be available for new allocations in 2022 and another €650,000 in 2023. For the 2022 budget, the Board will decide on the definitive allocation in October 2021, following Steering Committee discussions with the initiators about details of their proposal and after receiving the UOC's advice on this. As of 2024, the available budget for RPAs will

once more be in line with the agreed policy (€5.5 million), which means that at least some RPA allocations from 2019 cannot be renewed.

Research Priority Areas	Voor	2021	2022	2023	2024	2025
Amsterdam Centre for European Studies	FMG	300	300	300	-	-
Beschikbaar RPA bèta/medisch/gamma	Niet verdeeld	-	-	-	2.000	2.000
Beschikbare RPA middelen	Niet verdeeld	-	650	1.300	2.300	2.600
Brain & Cognition	FMG	772	772	772	-	-
Global Health	FdG	379	379	379	-	-
Human(e) AI	FGw	300	300	300	-	-
Personalized Communication	FMG	301	301	301	-	-
RPA Digital Cultures	FGW	300	300	300	300	-
RPA Urban Mental Health	FNWI	2.000	2.000	2.000	-	-
RPA AI for Health Decision Making	FdG	450	450	450	450	450
RPA Personal Microbiome Health	FdT	450	450	450	450	450
<b>Totaal</b>		<b>5.252</b>	<b>5.902</b>	<b>6.552</b>	<b>5.500</b>	<b>5.500</b>

Table 20: RPAs

### 2.4.2 ICT investments

The UvA has set up an annual IT investment portfolio with an associated investment budget. The IT investment portfolio aims to contribute to the provision of innovative and modern IT services for research, education and support.

The annual budget is used to fund small and medium-sized projects in all areas of information provision. Larger investments are needed for a number of developments, but the annual budget offers insufficient scope for such investments. That is why the UvA has created additional theme-based budgets. A total of €9.2 million is available long-term for the theme-based budgets. Together with the annual budget, the hours for the IT portfolio, the contribution to SURF and the depreciation set-off system, the total available 2022 budget for the IT portfolio comes to €11 million.

#### *Allocated theme-based funding*

Theme-based funding is allocated by the Executive Board based on approved project plans. The projects to which the Executive Board has already decided to allocate theme-based budgets in 2022 are the Teaching Logistics Programme, IT for Research Business Cases, IT for research (Support) and the Information Security Improvement Plan. The pace of spending of the theme-based projects is difficult to predict, however. Delays may be incurred in particular at the beginning, as a result of establishing the organisation for the project; as a result, a designated reserve will develop which can be spent in later years (as for the IT for Research Business Cases).

#### *Earmarked theme-based funding*

With the creation of the *ICT theme-based funding: 'Earmarked'*, the budget for 2022 and beyond introduces scope for new investments in all domains of information security. The Executive Board has not yet taken a decision on the allocation of these funds, so for the time being, these are allocated to earmarked theme-based funding. Over the coming years, IT for education and research will continue to demand major, far-reaching investments. These investments will arise from fulfilment of the ambitions of the 2021-2025 Strategic Plan and the related digital agenda. Included in this are topics such as ICT for Education Innovation (accelerated by the pandemic, which has led to deeper reflection on the role of ICT in education), the further development of IT facilities for research (chiefly data exchange, data storage and the virtual research environment), employee information services (part of the

UvAweb roadmap still to be drafted) and the renewal and development of operational management systems and online and offline working environments for staff and students. When drafting the budget, these topics will be defined further and supplemented as part of drawing up a new digital agenda for the UvA. Approved proposals from the ICT Steering Group that are not funded from the annual budget, must also be funded from the ICT theme-based funding budget.

ICT-investeringen (ICT-ontwikkeling)	2021	2022	2023	2024	2025
<b>BUDGETTOEKENNINGEN</b>					
ICT projecten: ICT & bedrijfsvoering	400	400	400	400	400
ICT projecten: ICTO programma's	600	600	600	600	600
ICT projecten: SURF bijdrage	448	448	448	448	448
ICT projecten: Uren ICTS	1.360	1.360	1.360	1.360	1.360
ICT projecten: Compensatie afschrijfsystematiek	125	125	125	-	-
<i>Subtotaal ICT projecten regulier</i>	<i>2.933</i>	<i>2.933</i>	<i>2.933</i>	<i>2.808</i>	<i>2.808</i>
ICT themafinanciering: Businesscases IT voor onderzoek	-	800	311	-	-
ICT themafinanciering: E-science*	-	-	-	-	-
ICT themafinanciering: IT voor onderzoek	325	325	-	-	-
ICT themafinanciering: Onderwijsloei'stiek	2.598	1.933	602	602	602
ICT themafinanciering: verbeterplan IB	-	278	328	-	-
ICT themafinanciering: SAP Roadmap	-	-	-	-	-
ICT themafinanciering: Transitiewerken in de cloud	2.784	-	-	-	-
<i>Subtotaal themafinanciering toegekend</i>	<i>5.707</i>	<i>3.336</i>	<i>1.241</i>	<i>602</i>	<i>602</i>
ICT themafinanciering: Geenserveerd	1.822	4.083	6.148	7.482	6.530
<b>TOTAAL</b>	<b>10.462</b>	<b>10.302</b>	<b>10.322</b>	<b>10.842</b>	<b>9.960</b>
<i>Geplande uitgaven toegekende themafinanciering</i>					
Transitie werken in de cloud	2.925	-	-	-	-
Businesscases IT voor onderzoek	1.400	800	331	-	-
IT voor onderzoek	325	325	-	-	-
Onderwijsloei'stiek	2.598	1.933	602	602	602
<i>Totaal</i>	<i>7.248</i>	<i>3.058</i>	<i>933</i>	<i>602</i>	<i>602</i>
<i>Saldo toegekende themafinanciering</i>	<i>-1.541</i>	<i>278</i>	<i>308</i>	<i>-</i>	<i>-</i>

Table 21: Long-term IT investments

### Explanatory note to allocated theme-based funding

#### *IT for research (Business Cases).*

Given the increasingly data-intensive research being carried out across all UvA faculties and the UvA's ambition to secure a leading position in the IT facilities it provides to its researchers, investing in IT for research is important. In June 2019, the Executive Board decided to commit additional funds (total amount of €4,150,000) to strengthen the IT facilities for researchers. IT solutions for researchers (data storage, virtual research environment, research management portal) and support for researchers form an essential basis enabling researchers to do their research more easily, effectively, securely and innovatively.

#### *IT for research (Support)*

This theme is closely related to the above topics and entails the reinforcement of the ResearchIT team and the execution of the projects that fall outside the scope of business cases.

### *Teaching Logistics Programme (POL)*

POL is helping to increase the teaching organisation's agility and clout and forging effective process chains in the education logistics domain. POL works on creating facilities and the preconditions for excellent information provision to students and lecturing staff.

### *Information Security Improvement Plan*

The Information Security Improvement Plan contributes to structural enhancement of the level of information security. The programme plan consists of several subprojects that are being carried out in partnership with Amsterdam University of Applied Sciences (AUAS). These projects are implementing measures to mitigate the greatest risks to information security at the UvA and AUAS.

### **2.4.3 Real estate investments and Accommodations Plan**

The budgetary precondition for the Accommodations Plan is that, measured until 2035, this Plan must be implemented in a budget-neutral manner (including the costs of capital) within the framework of the current internal rental policy and with the designated reserve built up so far. An update of the Accommodations Plan will be added to the 2022 budget, which will incorporate the most recent insights. How exactly this will be done will be further elaborated in a proposal.

The internal rental policy consists of the annual adjustment of the rent with, at most, inflation (CPI) and an additional increase of 3.5%, until a level of €225 per m<sup>2</sup> (2008 price level) has been reached. Due to the combination of this increase in price due to inflation and the decrease in the number of square metres, the share of the basic accommodation costs of university funds remains within the range of 10-12% of the total costs. For the faculties, this income-to-rent ratio is, on average, approximately 6-7%. This is displayed in the graph below.

The difference between the income-to-rent ratio of the faculties and of the UvA as a whole relates to the University Library, study centre premises and lecture rooms managed by the service units. A large part of these costs are ultimately borne by the faculties via the rates set by the service units. Hence, they also have an interest in striving for an efficient use of lecture and study rooms. The graph below shows the average income-to-rent ratio of the faculties. The income-to-rent ratio of the Faculty of Science is higher than that of the other faculties due to the laboratories.

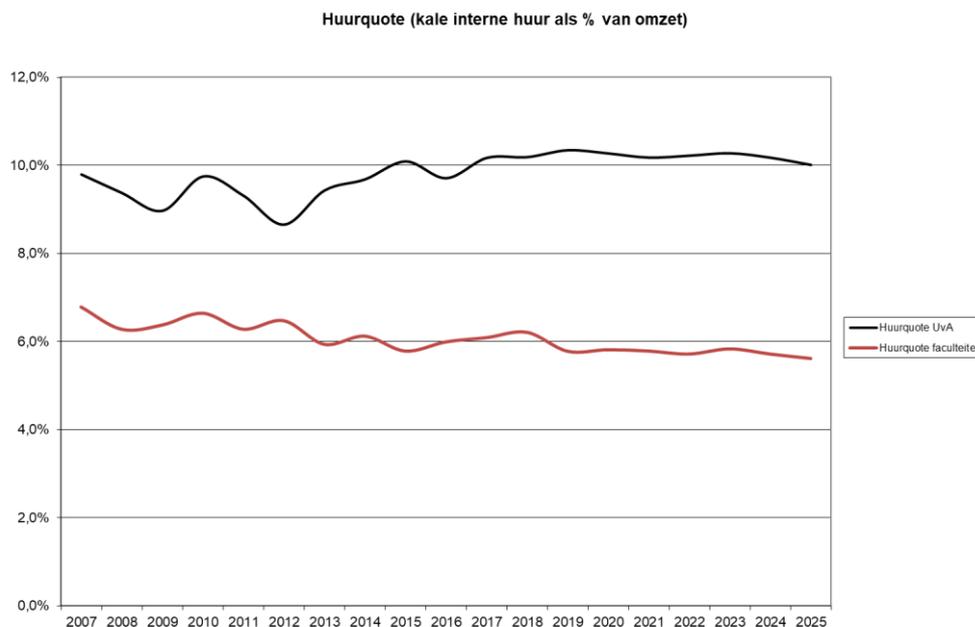


Table 22: Income-to-rent ratio

The real estate administration will have a cumulative positive operating result for the years 2022 to 2025. However, the results for the years 2022 to 2024 fall below the 2021 long-term budget. This is due to the inclusion of additional maintenance and planning adjustments in Accommodations Plan projects. The 2021 budget still took account of a shift in planning to stay above the 0.5 alert threshold for the liquidity ratio. The current Framework Letter has set a more realistic timeline for Accommodations Plan projects. The shift in planning has been dropped, and possible measures to stay above the threshold are discussed in more detail in the treasury chapter.

In the years after 2025, the result will remain negative for several years because, in the financial long-term model, the first reinvestments will then also start to influence the estimate. The amount and the timetable of the reinvestments are easy to control. On the horizon up to 2045, it is quite possible to achieve an investment programme of approximately 40 to 45 million euros per year on average, which is comparable to the amount of the depreciations.

For planning purposes, it is desirable to gain insight into the size of the annual cash-out. That is why, during the preparation of the budget for 2022, particular attention will be paid to the feasibility of all proposals (quality and time). Faculty ambitions have an impact on future spatial needs. In some cases, it may be a good idea to take more time to state the ambitions in more concrete terms, so as to better understand the spatial needs. If this is done, the quality of accommodation will be more in line with the actual needs of the faculties, which will make the investments more stable. However, all of this may result in a longer lead time for the investment programme.

#### **2.4.4 Other investments**

In 2019, the first additional investments were made from the reserves to provide financial room for experimentation, from the scope created for that purpose in the budget. This has resulted in a number of initiatives, the allocated budgets for which are included over a multi-year period in the budget for 2020. In 2019, experience was gained with the system for offering interim opportunities to create extra scope

for projects and temporary innovations intended to have a structural effect. This has shown that the extent of the proposals is such that the financial scope becoming available during the year is expected to offer sufficient opportunity for honouring proposals. The policy of creating scope for investments from faculty and university reserves will be continued and, in 2022, as in previous years, will be based on the financial scope becoming available in the year itself, which, given the expected size, is not budgeted in advance. In consultation with the units, further agreements/process agreements have been made about the decision-making processes related to the allocation of additional funds from reserves. The process followed in recent years will be evaluated and will be continued in 2022, with adjustments where necessary.

## 2.5 Risks

The UvA faces the following significant financial risks:

- evolution of wages, pension premiums and prices and the extent to which this will be compensated for in the government grant;
- an absence of additional resources from the Ministry of Education, Culture and Science, for science education and research that would structurally eliminate underfunding so that the current ambitions in the the sector can be achieved;
- uncertainty about the amount of the government grant, possible adjustments to the funding system and any impact resulting from the recommendations of the Van Rijn Committee;
- uncertainty about the amount of funding received by the UvA from the Dutch Research Agenda via the Dutch Research Council (NWO) Open Competition;
- uncertainty about student intake numbers in the coming years;
- extent of matching pressure;
- the investment wishes regarding accommodation expressed by the organisation, and translated into financial terms, exceeding the estimate in the adopted Accommodations Plan;
- budget overruns in the implementation of accommodation projects due to deviations from the original project plan or time overruns;
- uncertainty about the short and long-term effects of the coronavirus crisis.
- As a result of the COVID-19 pandemic, the UvA may need to make more additional investments in digital education and working from home in 2022.
- The COVID-19 pandemic has led to delays in the implementation of indirect government-funded and contract research-funded projects.

Risk management measures include:

- diversifying the sources of income, especially indirect government funding and contract research funding, but also philanthropic sources and valorisation;
- maintaining our focus on interdisciplinary aspects and the interests of the chain in research;
- in the context of the VSNU, holding consultations with the Ministry of Education, Culture and Science in order to gain timely insight into the sectors' funding and the implementation choices, so that the right responses can be made at the right time;
- performing internal analyses, at both central and decentralised levels, as part of the budget preparation process to better substantiate the forecasts of student numbers and performance and hence to be able to prepare a reliable estimate in addition to the Accommodations Plan analyses. In so doing, the intake of international students is also taken into account. The plans will be adjusted accordingly, if necessary;

- ensuring that all estimates related to the government grant are based on the most up-to-date information and are aligned with expectations within the faculties;
- regular monitoring of the development of accommodation requirements, based on a rolling forecast approach in the Accommodations Plan, in order to identify any issues in time and make adjustments where necessary; specifying new requirements and submitting them for decision-making;
- making risk management part of project implementation in order to identify risks (likelihood and impact) promptly and make adjustments as necessary;
- developing a number of scenarios and the associated measures in relation to the coronavirus crisis in order to anticipate several of the uncertainties. In so doing, efforts are focused on reducing the disturbance in research and teaching to a minimum.

