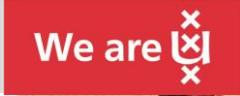




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FRAMEWORK LETTER 2021



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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 2021 budget and the long-term estimates for 2022-2025 for the faculties, service units and other units. The Framework Letter sets out guidelines and provides tools to the units for preparing the 2021 budget.

At the time of preparing the Framework Letter, the measures for stopping the spread of the coronavirus had just been extended until 20 May. In many parts of the university, we are working hard to enable teaching activities to take place in the best way possible and to allow research and valorisation to go ahead wherever possible. While the full effects on the university's business processes for the short and longer term are still unknown, they are expected to have an impact on the costs and revenues.

In terms of policy, the Framework Letter focuses on the preparation for the implementation of the Strategic Plan. In that regard, discussions regarding its content were still in full swing at the time of drafting this framework letter. Based on a number of outline proposals, geared towards the support of the Strategic Plan, an effort has been made to clarify the financial consequences of the Strategic Plan. Due to the fact that the discussions about the Strategic Plan are still ongoing, the definitive elaboration of the aforementioned policy proposals constitutes part of the decision-making process surrounding the Strategic Plan. However, by nonetheless including it in the Framework Letter, it is possible to gain insight into the overall impact on the UvA.

In terms of costs, amendments have again been made to the Accommodations Plan, although these were less far-reaching in scope than in the past year. Experiences with the ongoing projects reveal that there is considerable pressure on prices and that the circumstances on the contracting market are unfavourable (for the UvA as a purchasing party). An estimate has been made of the effects on the various ongoing and future projects. The effects of measures aimed at limiting PFAS and nitrogen pollution and the consequences of the coronavirus crisis are difficult to predict, however. In general, the reference points set out in the Accommodations Plan will continue to be paramount, including the 12% ceiling for accommodation expenses. The amount of funding needed to achieve the 2050 climate targets (all electric Paris Proof) for the UvA's accommodation has been calculated. Even after the investments made in the last several years, the boost in 2020 and the ambitions set out in the Accommodations Plan, more funds will be needed in the medium term in order to achieve these objectives. Sufficient funds have now been earmarked in the Accommodations Plan to make this possible.

For the rest, the Framework Letter builds on the existing policy line. For the Allocation Model, the focus is on wage compensation/cost-of-living adjustment and long-term clarity in that area. This gives the faculties a degree of flexibility in accommodating the price increases for internal service provision, but it is also desirable to reach long-term agreements on this via new SLA arrangements. For key policy themes such as social safety and diversity, more funds have been freed up in order to achieve the policy aims. The opportunities for investments in IT, as well as in educational reform, have also been expanded further.

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. For more information on the Framework Letter and how it works, please refer to uva.nl/financien. 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 service provision 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 2020-2024;
- 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 2021.

The financial boosts in support of the new Strategic Plan are shown in this Framework Letter in order to provide an overall picture. These do not, however, form part of the main features of the budget. Approval of these investments takes place via the Strategic Plan approval process. In Chapter 2: main features, 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 uncertainty

The coronavirus pandemic strikes the UvA at its very core: the UvA is doing everything in its power to ensure both teaching and research activities can take place, but is of course giving priority to stopping the spread of the coronavirus and safeguarding the health of students and employees. This exceptional situation is laying limitations in the transition to online teaching and, more generally, working digitally bare at an accelerated pace. With the central government as its biggest financier, the UvA is less vulnerable than large companies. The longer the crisis lasts, the more the UvA expects risks to emerge for the provision of education in

particular: not all teaching activities can take place online, as a result of which students will incur a delay and the intake and transfer rate of students in the new academic year will remain uncertain for some time. This will ask a lot from the employees, and the UvA will keep a close eye on the associated impact on work pressure, which is in general already felt to be high. Many research projects will also be affected as a result of the strong emphasis on efforts in education and the obstacles to the use of research facilities. A drop in the number of new research contracts is also to be expected due to postponement of calls. However, new opportunities are also emerging: various financiers have announced that they wish to earmark funds for ‘coronavirus-related’ research. Meanwhile, in education, the crisis is forcing us to speed up the rate at which experience is gained with ‘blended learning’ and lessons are learned from that. Through the development of a number of scenarios and the corresponding measures, the UvA is in the process of anticipating several of the uncertainties. In so doing, efforts are focused on reducing the impact on research and teaching to a minimum.

Sustainability

Over the last year, the focus on sustainability has grown tremendously, particularly in terms of the climate. Across the world, people have been demonstrating to demand higher climate ambitions from their governments, including in the Netherlands. All kinds of developments in the area of sustainability can be observed at the UvA as well. Sustainability has received attention in the real estate market for years, as evidenced primarily by new building and renovation projects.

To limit climate change, a climate agreement was reached at the international level. On that basis, national objectives were set. In the Netherlands, that has led to the establishment of the so-called ‘*klimaattafels*’, platforms for discussing CO2 emissions agreements, and to sector-specific agreements. The sectoral roadmap of the universities was submitted by the Association of Universities in the Netherlands (VSNU) on 1 May 2019 based on uniform assumptions. This exploratory study cannot be directly translated into measures and objectives per university. The actual elaboration of the sustainability improvements will take place per university and based on each university's own planning, which will include clear measures to be taken within the time required for achieving the ambition of the central government to become climate neutral by 2050.

Provided that the UvA takes its own responsibility and the user is also involved in efforts to increase sustainability, the ambition to be ‘Paris Proof’ by 2050 can be achieved. An analysis was carried out of the measures needed to improve the sustainability of the buildings, and an estimate of the associated expenses was prepared. In the years ahead, these improvements will be made on natural occasions, i.e. when renovations or major maintenance is scheduled to occur. This may be partly accommodated by the Accommodations Plan, but will in part also lead to additional expenses. Because the sustainability improvement plans will be carried out over an extended period, the consequences will be manageable. An adjustment to the rent on account of the improvements will not yet be necessary in the years ahead, which means that the faculties will not be taken by surprise. It is important that the funds required to achieve the Paris Proof all-electric objective are now earmarked in the long-term budget and that this makes the consequences for the UvA's finances visible.

In addition to improving the sustainability of the real estate, sustainability will also be increased when it comes to other aspects of the business procedures. This includes procurement, waste management and catering, for instance. In all of the

UvA's activities, we will take sustainability into consideration in our procedures and in the goods and services we expect to receive from other parties. These ambitions will not result in any changes in the budget or the Accommodations Plan at this time.

NL investment fund

In September 2019, the Dutch government announced its desire to establish a national investment fund. This investment fund was to form part of a series of measures aimed at strengthening the 'earning capacity' in the Dutch economy in order to trigger a growth spurt. The earning capacity is the capacity to generate wealth, including in the long term. In December 2019, this intention was explained further in the '*Groeibrief*' (Growth Letter) to the Lower House of the Dutch Parliament, in which the government revealed its plans for investments aimed at enabling sustained prosperity. The document mentions, among other things, that the investment fund would also be used as part of a targeted strategy to strengthen existing innovative ecosystems and establish new authoritative clusters in promising technologies. Funds could become available for the purpose of strengthening innovative ecosystems, in particular surrounding key technologies and technologies aimed at providing solutions to the challenges facing society. Knowledge institutes would play a role in this, which would also create opportunities for the UvA. For this reason, the UvA also recently began taking stock of and fleshing out promising projects.

Unfortunately, since March 2020, it has become highly uncertain whether the establishment of the central government's investment fund will go ahead. The government has announced emergency measures in the context of the coronavirus crisis, and some of the measures involve providing financial assistance to self-employed workers without employees, businesses and other organisations that have fallen on hard times as a result of the crisis. As a result, less financial scope remains to set up the original investment fund. The Minister of Finance has announced that this investment fund will be 'put on the back burner'. What exactly that means is not clear to anyone at this time. However, it is clear that the plans cannot be expected to be carried out in their entirety anytime soon. In this Framework Letter, the income and the associated expenditure from the investment fund have therefore been included as TBD items.

The Van Rijn Committee

For the universities, the uncertainty regarding policy will remain high for the medium term. By now, the funding research announced by the Ministry of Education, Culture and Science in response to the report by the Van Rijn Committee has begun. The UvA maintains its position that the shift of funding between fields of science that followed after completion of the Van Rijn Committee's work is the wrong choice for the future. The UvA does not intend to adjust the internal Allocation Model pursuant to the Van Rijn changes, but is looking for opportunities within the model to respond to the social demand.

The financial consequences for the UvA of the funding cuts proposed by the Van Rijn Committee are clarified in the 2020 budget. The implementation of the Van Meenen motion on sector plans for general research universities has provided the UvA with a modest opportunity to still make additional investments in science and technology in 2020 and 2021. The definitive implementation of the Van Rijn Committee's proposals in 2022 will still involve a cut in the overall funding, which will increase pressure on the institution as a whole and jeopardise this extra

impulse. However, political pressure will continue to exist on this point and will require extra attention from the Executive Board in the coming periods.

Developments with respect to the collective labour agreement

For the 2020-2021 Collective Labour Agreement of Dutch Universities (CAO NU), the aim is for a one-year collective labour agreement, in which three themes from the previous collective labour agreement will be built upon: careers of young academic staff, mobility of support and management staff and the vitality pact scheme, plus social safety and work pressure. Once there is more certainty concerning the financial scope, the collective labour agreement discussions with the unions can be continued and ultimately formalised.

Developments at the UvA

UvA Strategic Plan 2021-2026

The UvA will start 2021 with a new Strategic Plan that, on the one hand, builds on the major strategic movements that have already been initiated (e.g. in the Vision on Teaching and Learning) and, on the other, places new emphasis on, for instance, the use of the UvA's breadth, which is based on its powerful disciplines. One of the ambitions is therefore to invest in innovative interdisciplinary research and teaching, in which the questions from society are explicitly involved in the design. The Joint Meeting will receive a version for approval on 15 May 2020, with a view to having a Supervisory Board-approved Strategic Plan by the summer of 2020. The faculties will finish their faculty applications of the UvA ambitions in the autumn of 2020. The financial boosts in support of the new Strategic Plan are shown in this Framework Letter in order to provide an overall picture. These do not, however, form part of the main features of the budget. Approval of these investments will take place via the Strategic Plan approval process.

Improvements to UvA SLA processes and system

In order to further strengthen the capacity of the SLA cycle to support and further strengthen the UvA's ambitions, it has been decided to deal with the SLA processes in a more structured manner, to improve the rate structure and adjust the mutual interaction. This will be introduced through concrete projects that will be gradually taken up in the years ahead. For 2021, this means that several improvements were carried through on short notice in the process of coordination and decision-making concerning the SLA agreements and that possibilities will be considered for lowering the rates of internal service provision. Wherever possible, this will already have implications for the 2021 budget, but for the time being, the Framework Letter 2021 is based on the existing rate structure.

Educational and research reforms at the UvA

To ensure a high standard of quality of research and teaching, it is important for the UvA to continue to invest sufficiently in reform and to anticipate developments in its surroundings.

For education, reform on the basis of the Vision on Teaching and Learning will remain important. Further intensification of the education, ongoing reform of degree programmes, responding to new themes (such as sustainability, SDGs, identity, unequal opportunities, etc.) and greater attention for student engagement are elements of this. The further implementation of IT in education also deserves special attention. Digitalisation is taking place at a rapid pace and is also playing an increasingly important role in higher education. IT can be an effective means for achieving educational objectives, such as an improvement in student-lecturer

contact (more relevant, stronger focus on content or more enjoyable thanks to other teaching methods), active learning (supporting students' self-study and self-management), better feedback (from lecturers and between students, and also on competences, for example with the aid of a digital portfolio) and assessment and the enrichment of the students' learning outcomes (e.g. through knowledge clips and digital modules aimed at eliminating deficiencies). The coronavirus crisis has given a tremendous boost to the digitalisation of education, but has also revealed that there is still room for improvement in various areas. For this reason, the UvA will continue to invest in the continuous improvement of the digital learning environment and the use of IT in education.

In addition to regular study programmes, the UvA also provides programmes for professionals. Lifelong learning and keeping up to date in one's field of expertise is becoming more important in the increasingly flexible job market. With this in mind, the UvA will expand its offer in lifelong learning. A market exploration has shown that a growth market exists primarily for short, non-degree modules. In addition to expanding the offer, investments in suitable facilities, including accommodation, are also being considered.

For scientific research, the evolution of data science and open science are key strategic developments. An internal analysis has revealed that research is becoming more and more data driven and this development is expected to continue. This will require investments in a support structure: an adequate (cloud-based) IT infrastructure for data sharing (while maintaining control), the storage of data and data engineers who can help academics with software applications, data curation, writing algorithms, etc. In addition, the UvA is focusing on open science as well. This requires, among other things, additional investments in Research Data Management (RDM). RDM is essential in order to be able to share data with other academics. Research data must be made FAIR and research financiers are also placing increasingly high demands on RDM. Finally, the UvA wants to work on thematic subsidies. To obtain more funds from thematic programmes (such as the National Research Agenda (NWA), the Grand Challenges and missions in Europe Horizon), additional support is required for the writing of applications, setting up consortiums, executing project management, etc.

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 2020 figures have been derived from the final budget for 2020.

UvA meerjarenbeeld	2020	2021	2022	2023	2024	2025
BATEN						
Rijksbijdrage OCW	489.528	510.903	517.048	525.708	529.725	530.467
College-, cursus-, Les- en examengelden	91.095	94.456	95.573	96.264	96.264	96.264
Baten werk iov derden	111.504	116.912	119.074	121.223	121.287	121.287
Overige baten	26.159	25.996	26.035	25.551	25.621	25.621
TOTAAL BATEN	718.286	748.267	757.729	768.746	772.896	773.638
LASTEN						
Personele lasten	493.141	510.691	519.283	523.095	523.719	523.403
Afschrijvingen	42.998	42.555	43.558	53.564	56.410	56.410
Huisvestingslasten	49.580	49.362	47.451	46.711	45.916	45.926
Overige lasten	123.348	132.357	129.807	132.193	132.341	132.242
TOTAAL LASTEN	709.067	734.966	740.100	755.563	758.387	757.981
Saldo Baten en Lasten	9.219	13.302	17.629	13.183	14.509	15.656
Financiële baten en lasten	-7.520	-5.695	-1.579	1.664	-618	-493
Resultaat	1.700	7.607	16.050	14.847	13.891	15.163
Belastingen	-	-	-	-	-	-
Resultaat deelnemingen	-1.700	-875	-875	-875	-875	-1.425
Resultaat na belastingen	-0	6.732	15.175	13.972	13.016	13.738
Aandeel derden	-	-	-	-	-	-
Netto Resultaat	-0	6.732	15.175	13.972	13.016	13.738

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 apparent 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. After application of several control measures and excluding the financial boost for the Strategic Plan, the UvA's 2021 result will be €6.7 million based on the forecasts and wishes mentioned in this Framework Letter.

As explained at the beginning of this chapter, 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 of approximately €10 million could be available each year for this purpose. In addition, a maximum of up to €50 million could be made available from the reserves for making pre-investments. These financial boosts are shown in the table below.

UvA meerjarenbeeld	2020	2021	2022	2023	2024	2025
Netto Resultaat	-0	6.732	15.175	13.972	13.016	13.738
Financiële impuls IP		-6.732	-15.175	-13.972	-13.016	-13.738
Financiële impuls IP (inzet reserves max M€ 50 totaal)		-3.800	-9.500	-15.200	-12.300	-6.500
Resultaat na financiële impuls IP	-0	-3.800	-9.500	-15.200	-12.300	-6.500

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

The use of the reserves is visible in the negative result after the financial boost for the Strategic Plan. This investment from the reserves is subject to an upper limit totalling €50 million and applies only to the Strategic Plan period (2021 through

2026). The UvA's operating result (excluding allocation of reserves) for the entire period is expected to be around zero and will remain around zero after the allocation of reserves.

Clearly, in light of the current uncertainties resulting from the coronavirus crisis, it is by no means certain that the above result will be achieved in 2021 and the years thereafter. Depending on how the situation develops over the coming months, it may be necessary to incur additional costs, which will also have an impact for years to come. The positively estimated result presents an opportunity to respond to this, although this will then also affect the UvA's ability to achieve the long-term objectives.

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 organisatorisch	2020	2021	2022	2023	2024	2025
Allocatie						
Allocatie onderwijs	6.889	12.477	18.123	23.194	25.404	26.169
Allocatie onderzoek	-12.436	-15.109	-20.262	-20.021	-18.870	-19.003
Subtotaal allocatie	-5.547	-2.632	-2.139	3.173	6.535	7.166
Organisatie						
Faculteiten	12.174	8.871	7.009	1.740	4.909	4.909
Diensten	-2.711	-2.687	-1.385	0	38	38
Bestuurstaf en beleid	-969	231	364	70	414	931
Subtotaal organisatie	8.494	6.415	5.989	1.810	5.361	5.878
Vastgoed & Treasury						
Vastgoed	8	4.451	10.852	6.903	-1.749	-1.749
Treasury	-2.955	-1.502	473	2.086	2.869	2.444
Subtotaal vastgoed & treasury	-2.947	2.949	11.325	8.989	1.120	695
TOTAAL	0	6.732	15.175	13.972	13.016	13.738
Financiële impuls IP		-6.732	-15.175	-13.972	-13.016	-13.738
Financiële impuls IP (inzet reserves max MC 50 totaal)		-3.800	-9.500	-15.200	-12.300	-6.500
Resultaat na financiële impuls IP	0	-3.800	-9.500	-15.200	-12.300	-6.500

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 2020-2024 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 2021. 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 2021-2024 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.

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 faculties in February 2020. At minimum, the service units are expected to achieve the result from the 2020-2023 budget. See Appendix 1 for an overview per unit. Together, the faculties issued a forecast of €8.9 million for 2021. All faculties forecast a positive result for 2021. Together, the service units issued a forecast of -€4.4 million for 2021; they are expected at minimum to achieve an aggregate result of -€2.7 million. 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. Given the initiatives and developments as set out in this Framework Letter, that is only expected to be feasible with an increase in the budgets for the executive staff and policy. 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.

Financiële kengetallen	Beleid	2020	2021	2022	2023	2024	2025
Solvabiliteit I		37,7%	37,8%	37,4%	36,4%	35,7%	35,5%
Solvabiliteit II	38% - 44%	42,2%	42,3%	42,0%	41,2%	40,6%	40,5%
Liquiditeit	≥ 0,5	1,07	0,91	0,55	0,37	0,18	0,15
DSCR (obv EBITDA)		3,42	3,35	3,89	6,17	5,44	6,28
DSCR	≥ 1,5	3,42	3,35	3,89	6,18	5,42	6,28
Rentabiliteit	≥ 0%	0,0%	-1,3%	-3,4%	-5,7%	-4,8%	-2,6%
Weerstandsvermogen		41,1%	39,0%	37,2%	34,7%	33,0%	32,1%

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 2020-2024

The table below shows the evolution of the result according to the 2020-2024 budget to the result indicated in this Framework Letter. The subjects are divided into five 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 2020, 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 2020-2024 – Framework Letter 2021-2025' 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	2021	2022	2023	2024
Start: Resultaat Definitieve begroting 2020	0,0	0,0	0,0	0,0
<i>Actualisatie beschikbare middelen</i>				
<u>Ruimte voor investeringen in begroting 2020</u>	<u>3,5</u>	<u>6,7</u>	<u>2,8</u>	<u>-1,7</u>
<u>Voorjaarsnota 2020</u>	<u>0,0</u>	<u>0,0</u>	<u>0,0</u>	<u>0,0</u>
<u>Miljoenennota 2021</u>	<u>14,3</u>	<u>16,9</u>	<u>21,7</u>	<u>28,3</u>
<u>Collegegelden</u>	<u>0,0</u>	<u>0,0</u>	<u>0,0</u>	<u>0,4</u>
<u>Investeringsfonds</u>	<u>pm</u>	<u>pm</u>	<u>pm</u>	<u>pm</u>
<u>Technische herijking budgetten en resultaten</u>	<u>4,3</u>	<u>8,4</u>	<u>14,0</u>	<u>5,9</u>
<i>Subtotaal</i>	<i>22,1</i>	<i>32,0</i>	<i>38,5</i>	<i>32,9</i>
<i>Actualisatie inzet middelen</i>				
<u>Allocatiemodel</u>	<u>-11,6</u>	<u>-12,1</u>	<u>-12,9</u>	<u>-11,3</u>
<u>Interne dienstverlening</u>	<u>-2,5</u>	<u>-3,2</u>	<u>-7,6</u>	<u>-4,1</u>
<u>Resultaten eenheden</u>	<u>1,1</u>	<u>-1,2</u>	<u>-7,3</u>	<u>-2,9</u>
<u>Investeringsfonds</u>	<u>pm</u>	<u>pm</u>	<u>pm</u>	<u>pm</u>
<i>Subtotaal</i>	<i>-13,1</i>	<i>-16,5</i>	<i>-27,9</i>	<i>-18,4</i>
Resultaat na actualisatie	9,0	15,5	10,7	14,5
<u>Nieuwe initiatieven en ontwikkelingen</u>	<u>-6,5</u>	<u>-6,5</u>	<u>-7,8</u>	<u>-8,5</u>
Resultaat na nieuwe initiatieven en ontwikkelingen	2,5	9,0	2,9	6,0
<u>Beheersmaatregelen</u>	<u>4,2</u>	<u>6,2</u>	<u>11,1</u>	<u>7,0</u>
Resultaat na beheersmaatregelen	6,7	15,2	14,0	13,0
<u>Financiële impuls plannen IP - bijdragen</u>	<u>-6,7</u>	<u>-15,2</u>	<u>-14,0</u>	<u>-13,0</u>
<u>Financiële impuls plannen IP - reserve inzet</u>	<u>-3,8</u>	<u>-9,5</u>	<u>-15,2</u>	<u>-12,3</u>
Resultaat na financiële impuls IP (reserve inzet)	-3,8	-9,5	-15,2	-12,3

Table 5: Budget result evolution 2020-2024 – Framework Letter 2021-2025

2.2.1 Update of available funds

Scope for investments in the 2020 budget

A long-term zero result was issued in the 2020-2024 budget. In the years 2021 through 2024, the net result was not zero, as a result of which scope remained for investments. This scope can be used for the 2021-2025 budget.

<i>Actualisatie beschikbare middelen</i>	2021	2022	2023	2024
<u>Ruimte voor investeringen in begroting 2020</u>	<u>3,5</u>	<u>6,7</u>	<u>2,8</u>	<u>-1,7</u>

Table 6: Update of available funds - Scope for investments in the 2020 budget

2020 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 2020 wage

compensation/cost-of-living adjustment (2.5%) was included in the 2020 budget, which estimate has been kept the same in the 2021 Framework Letter based on preliminary information about the wage compensation/cost-of living adjustment provided in the 2020 Spring Memorandum. The technical impact of the Spring Memorandum on the budgets for the universities by the Ministry of Education, Culture and Science has not yet been received.

<i>Actualisatie beschikbare middelen</i>	2021	2022	2023	2024
Voorjaarsnota 2020	0,0	0,0	0,0	0,0
Loon-/prijstijging (gelijk aan begroting)	0,0	0,0	0,0	0,0

Table 7: Update of available funds – 2020 Spring Memorandum

2021 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. 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. The UvA's definitive market share in 2021 and the reference estimate for 2021 are expected to be published in the Budget Memorandum in September.

In anticipation of the wage and price increases in 2021 and the compensation thereof in 2021, an estimated increase of 2.5% has been included. There is as yet no certainty regarding 2020, so the UvA is already well ahead of the game with 2021. However, if these increases are not relayed on time, that 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. For the time being, no assessment can be made concerning the 2021 reference estimate.

<i>Actualisatie beschikbare middelen</i>	2021	2022	2023	2024
Miljoenennota 2021	14,3	16,9	21,7	28,3
Mutatie marktaandeel	2,3	4,9	9,7	16,3
Referentieraming	0,0	0,0	0,0	0,0
Loon-/prijstijging (inschatting 2,5%)	12,0	12,0	12,0	12,0

Table 8: Update of available funds – 2021 Budget Memorandum

Tuition fees

The expected income from tuition fees has been kept the same as in the 2020 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. There is a real risk, for example, that the intake of non-EEA students will be lower than in years past. In respect of the budget, greater clarity will be gained on this subject.

<i>Actualisatie beschikbare middelen</i>	2021	2022	2023	2024
Collegegelden	0,0	0,0	0,0	0,4
Wettelijke collegegelden	0,0	0,0	0,0	0,4
Instellings collegegelden	0,0	0,0	0,0	0,0

Table 9: Update of available funds – Tuition fees

Investment fund

The developments in relation to the investment fund are set out in Chapter 2.1. As mentioned, it is not possible at this time to make any reliable estimate of the income because, as a result of the coronavirus crisis, the Minister of Finance has announced that this investment fund will be 'put on the back burner'.

<i>Actualisatie beschikbare middelen</i>	2021	2022	2023	2024
<u>Investeringsfonds</u>	<u>pm</u>	<u>pm</u>	<u>pm</u>	<u>pm</u>

Table 10: Update of available funds – Investment fund

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. 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. That is why, taken together, the effect of the increase in the budget and the effect on the result come to zero in the table below. Budgets that were set aside in the 2020 budget may be used wherever possible in the 2021 budget for the intended purpose. In the table below, the funds earmarked for the 2020 wage compensation/cost-of-living price adjustment are shown below; 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.

<i>Actualisatie beschikbare middelen</i>	2021	2022	2023	2024
<u>Technische herijking budgetten en resultaten</u>	<u>4,3</u>	<u>8,4</u>	<u>14,0</u>	<u>5,9</u>
Actualisatie resultaat treasury	-1,3	-1,2	0,0	0,5
Actualisatie resultaat vastgoed	1,2	5,0	9,6	1,9
Actualisatie budgetten ACTA en AUC	-0,3	0,0	0,0	-0,1
Actualisatie budget bestuursstaf	-0,6	-0,7	-0,9	-1,1
Actualisatie budget en resultaat bestuur	0,0	0,0	0,0	0,0
Vrijval gereserveerde budgetten	5,1	5,2	5,2	5,2
Overig	0,0	0,1	0,0	-0,5

Table 11: Update of available funds – Budgets and results

2.2.2 Update of use of funds

Allocation Model

When drawing up the 2020 budget, the faculties made an estimate of the expected credits and other variables that are important for the Allocation Model. Forecasts updated in February¹ show that the number of funded credits and degree certificates is expected, on balance, to increase slightly in 2021 compared to the forecast in the 2020 budget. For the education portion of the Allocation Model, this means an additional allocation of funds for faculties of €700,000 as a result of an update of the estimated numbers. 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

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

by €200,000. However, the three-year average number of doctorate conferrals for 2021 is lower than forecast in the 2020 budget, resulting in a decrease in the amount of funds for faculties of €200,000.

The expected wage/price adjustment in the government grant will be passed on to the units by means of a 2.5% increase in all components in the Allocation Model. Exceptions to this 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 2019 and 2020 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 2020 budget have been included in the 2021 Framework Letter:

- The price per credit has been increased to €108.20 (2020 budget: €105.60).
- The price per degree certificate has been increased to €3,810 (2020 budget: €3,720).
- The price per doctoral programme has been increased to €82,100 (2019 budget: €80,100).
- 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 2.5%.
- The capped matching budget has been increased by 2.5%, from €31.7 million to €32.5 million, and the matching budget for the Faculty of Medicine has also been increased by 2.5%, from €4.2 million to €4.3 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, €10.8 million more will be available for units.

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, 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 will gradually increase to this level. With respect to the 2020 budget, the scope for new RPAs has been expanded by €300,000 for 2021, €600,000 for 2022 and €600,000 for 2023. As from 2023, the budget for RPAs will be at the desired level of €5.5 million.

<i>Actualisatie inzet middelen</i>	2021	2022	2023	2024
Allocatiemodel	-11,6	-12,1	-12,9	-11,3
Actualisatie (prognose) aantallen	-0,6	-0,5	-0,9	-1,8
Aanpassing prijzen en budgetten allocatiemodel (2,5%)	-10,8	-11,0	-11,4	-11,3
Aanpassing reeks RPA	-0,3	-0,6	-0,6	1,8

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 are 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, services and the central level. Below that, the amounts of the options to partly accommodate this are indicated.

In addition, the overview below shows the expected overall change due to the decrease in m2 taken from the update of the Accommodations Plan; the gains from this have been incorporated into the update of the real estate result.

<u>Interne dienstverlening</u>	<u>-2,5</u>	<u>-3,2</u>	<u>-7,6</u>	<u>-4,1</u>
Faculteiten: effect tariefaanpassingen	-3,0	-3,1	-3,1	-3,1
- Dekken uit verhoging prijzen en budgetten allocatiemodel	2,2	2,2	2,3	2,3
- Dekken uit verhoging contractinkomsten	0,5	0,6	0,6	0,6
Diensten: effect tariefaanpassingen	-1,8	-1,9	-1,9	-1,9
Centraal: effect tariefaanpassingen	-1,0	-1,0	-1,0	-1,0
- Dekken uit actualisatie budget beleid en bestuursstaf	0,1	0,1	0,1	0,2
- Dekken uit eigen doorbelasting vastgoed	0,4	0,4	0,4	0,4
Verwachte mutatie afname m2 uit HVP	0,0	-0,5	-5,0	-1,5

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

Unit results

At the end of February, all units were asked about their expected result for 2021 and beyond based on recent insights, as compared to the previous budget.² This inventory revealed that the faculties jointly expect a result for 2021 that is €3.1 million higher (from €5.1 million to €8.1 million³), the joint service units (including IT portfolio) expect a result that is €2 million lower (from -€2.4 million to -€4.4 million) and the Board expects a long-term zero result, i.e. the same result as last year.

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.

² This means none of the possible effects of the coronavirus have been included in these forecasts.

³ Table 2 shows an aggregate result of €8.9 million for the faculties; the difference with €8.1 million consists of the release of €1.8 million in funds earmarked for investments in broad science initiatives (2.2.1) and -€1.0 million in additional use of reserves for educational reform (2.2.3).

<i>Actualisatie inzet middelen</i>	2021	2022	2023	2024
<u>Resultaten eenheden</u>	<u>1,1</u>	<u>-1,2</u>	<u>-7,3</u>	<u>-2,9</u>
Faculteiten	3,1	2,1	-3,4	0,1
Diensten (incl. ICT portfolio)	-2,0	-3,3	-4,0	-3,1
Bestuursstaf	0,0	0,0	0,0	0,0

Table 14: Update of use of funds – Unit results

Investment fund

Any income from the NL investment fund, as referred to under the update of available funds, is expected to be used to the same extent and according to the same timing. However, this amount is currently not yet known.

<i>Actualisatie inzet middelen</i>	2021	2022	2023	2024
<u>Investeringsfonds</u>	<u>pm</u>	<u>pm</u>	<u>pm</u>	<u>pm</u>

Table 15: Update of use of funds – Investment fund

2.2.3 New initiatives and developments

After the update of the available funds and the use of funds, €9.0 million will be available in 2021 for new initiatives or an additional use of funds.

In early March, discussions were held with all units regarding new initiatives and the developments they have observed in relation to their field of expertise or service provision. The main features of these initiatives and developments are included in the Framework Letter. In respect of the draft budget, any further breakdown and allocation to the units will be incorporated.

	2021	2022	2023	2024
Resultaat na actualisatie	9,0	15,5	10,7	14,5
<u>Nieuwe initiatieven en ontwikkelingen</u>	<u>-6,5</u>	<u>-6,5</u>	<u>-7,8</u>	<u>-8,5</u>
Ondersteuning beleidsimplementatie en beleidsruimte	-1,0	-1,0	-2,3	-3,5
IT investeringen	-2,0	-2,0	-2,0	-2,0
Ontwikkeling systemen financiën en inkoop	-0,5	-0,5	-0,5	0,0
Onderwijs- en onderzoek vernieuwing	-1,0	-1,0	-1,0	-1,0
Innovatie en knelpunten diensten	-2,0	-2,0	-2,0	-2,0
Resultaat na nieuwe initiatieven en ontwikkelingen	2,5	9,0	2,9	6,0

Table 16: New initiatives and developments

For key policy themes such as social safety and diversity, more funds have been made available in order to achieve the policy aims. In addition, new scope will be available for strategic investments as from 2023. The possibilities for IT investments have been expanded further. Scope has also been reserved to make investments/additional investments from the faculty reserves in educational and research reforms, as explained in Chapter 2.1. For the years ahead, part of the budget has been reserved for the development of the finance and procurement systems. Finally, funds have also been earmarked for initiatives and problems originating from the units.

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 2021 would be €2.5 million. In order to achieve the efficient use of funds, including in support of the ambitions set out in the Strategic Plan, additional financial scope will be created through a limited number of control measures. The control measures are included in the table below.

	2021	2022	2023	2024
Resultaat na nieuwe initiatieven en ontwikkelingen	2,5	9,0	2,9	6,0
<u>Beheersmaatregelen</u>	<u>4,2</u>	<u>6,2</u>	<u>11,1</u>	<u>7,0</u>
Opvangen tariefstijgingen en toename m2 binnen eenheid	2,5	3,2	7,6	4,1
Resultaten diensten gelijk aan begroting 2020	1,7	3,0	3,5	2,9
Resultaat na beheersmaatregelen	6,7	15,2	14,0	13,0

Table 17: Control measures

All of the units are expected to accommodate the rate increases and any increase in the size of the internal UvA units in their own 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 units, with the exception of 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 the permitted negative result from the 2020 budget. A budget has been reserved for the units for problems and initiatives.

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

The framework memorandum for the Strategic Plan is finished and has been shared with the organisation. The memorandum reveals the ambition not only to acquire additional funds, but also to use funds for achieving objectives. Through the acquisition and use of additional funds, a higher standard of quality can be achieved, work pressure can be reduced and more opportunities will arise for making an impact on society.

Because of the financial scope that, before the coronavirus, is expected to emerge over the coming years and the positive results from the last several years, it should be possible to allocate funds in addition to the current budgets in order to be able to achieve the ambitions set out in the Strategic Plan. Approximately €10.0 million could then be allocated annually for theme-based funding, contributions for new contract research and the substantial increase in scale for valorisation. The amount of this contribution will depend in part on the financial scope. In addition, a maximum total amount of €50 million can be used from the reserves as a pre-investment for new teaching programmes, because the income from new teaching programmes is realised years later as a result of the funding from the government grant slowing down.

The use of the reserves is visible in the negative result after the financial boost for the Strategic Plan. This investment from the reserves is subject to an upper limit totalling €50 million and applies only to the Strategic Plan period (2021 through 2026). The UvA's operating result (excluding allocation of reserves) for the entire period is around zero and is expected to remain around zero after the allocation of reserves.

	2021	2022	2023	2024
Resultaat na beheersmaatregelen	6,7	15,2	14,0	13,0
<u>Financiële impuls plannen IP - bijdragen</u>	<u>-6,7</u>	<u>-15,2</u>	<u>-14,0</u>	<u>-13,0</u>
Bijdrage themafinanciering IP	-5,0	-11,4	-10,5	-9,8
Bijdrage nieuw contractonderzoek en schaa sprong valorisatie IP	-1,7	-3,8	-3,5	-3,3
<u>Financiële impuls plannen IP - reserve inzet</u>	<u>-3,8</u>	<u>-9,5</u>	<u>-15,2</u>	<u>-12,3</u>
Voorinvesteringen onderwijsprogramma's IP	-3,8	-9,5	-15,2	-12,3
Resultaat na financiële impuls IP (reserve inzet)	-3,8	-9,5	-15,2	-12,3

Table 18: 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.

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 use central RPA funding only for interfaculty initiatives. The faculty RPAs will as such be withdrawn (the ‘RPA label’ will be removed). The budgets for the faculty RPAs within the ‘policy budget for research’ have been shifted from RPAs to a lump sum amount within the ‘central policy reserves’. The budget for the relevant faculties is 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 in 2018, 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 or are quite similar to the existing financing conditions for other flows (Netherlands Organisation for Scientific Research), which fall under the matching definition. This concerns Sector Plans, Comenius scholarships and also new available Gravitation programme funding tranches, for example, in addition to partnerships with other, non-public parties. In all cases, these sources of funding involve a type of matching need. However, as a result of the increasingly diverse methods of public and private funding, in a strictly formal sense, these new types involve grants that fall outside of the formal matching definition. It was first argued in the 2020 Framework Letter that the application of the matching definition ought to be adapted to allow this sort of funding to fall within the matching definition as well. That Framework Letter states that the wording of the matching definition will be revised in collaboration with the faculties. That coordination was completed with the 2021 Framework Letter and led to the elaboration as explained 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 bring out the composition of the

faculty budgets. Appendix 2 outlines the long-term development of the budgets per faculty.

The funding of AUC and the Faculty of Dentistry in the 2021 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 performance premiums 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 realisation.
- Regarding the expected compensation in 2021 from the government for wage and price developments, both VU Amsterdam and the UvA have included an estimated compensation of 2.5%. A subsequent 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.⁴ 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

⁴ Of the funds available under the WSV, which ACTA receives from the UvA as part of the budget, it will remit 40% for the purpose of the central allocation at VU Amsterdam.

Amsterdam faculties, because the teaching facilities that are funded from these funds are in principle also available to ACTA to the same degree. In the specific case in which ACTA takes part in the UvA-wide allocation of central funds under the WSV, ACTA will contribute to these 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 passed-on tuition fees and the share of the government grant is laid down in the Framework Letter/budget on the basis of a cost estimate.
- To compensate for the halving of the tuition fees for first-year students, the loss in tuition fees calculated by way of 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 for 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 developed in 2020.
- Concerning the expected compensation in 2021 from the government for wage and price developments, both VU Amsterdam and the UvA include compensation to the tune of 2.5%.

In addition, at the UvA, the effects resulting from the recommendations of the Van Rijn Committee will not be incorporated into the budgets for AUC and ACTA. The Framework Letter of VU Amsterdam will explain how the impact of the recommendations of the Van Rijn Committee will be included in their budgets for 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. The development of the new Allocation Model is informed by this objective, which is regarded as one of its basic principles.

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 2.5% by the Ministry of Education, Culture and Science has been included for 2021. This has been translated into a 2.5% increase in the prices in the Allocation Model. When the draft budget is 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, an assessment will again be carried

out of the possibility to increase the prices as included in the Framework Letter. The final prices for 2021 will be established in the final budget.

Decentralised control

Through 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 charged 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 scope and quality of the internal service provision. In 2019, the internal system of charging costs and the associated process were evaluated in order to ensure that the internal service provision remains as efficient and effective as possible.

In 2020, work will be carried out on the elaboration of the new processes and the rates for the internal service provision will be examined. Wherever possible, the improvements will take effect in the 2021 budget. Where more time is required, the effects will be apparent in the 2022 Framework Letter.

Developments with respect to the collective labour agreement and personnel policy

For the 2020-2021 Collective Labour Agreement of Dutch Universities (CAO NU), the aim is for a one-year collective labour agreement, in which three themes from the previous collective labour agreement will be built upon: careers of young academic staff, mobility of support and management staff and the vitality pact scheme, plus social safety and work pressure. Once there is more certainty concerning the financial scope, the collective labour agreement discussions with the unions can be continued and ultimately formalised.

The impact of this collective labour agreement 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, the indexation of 2.5% 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 2021 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, hence an assumption has been made of a 2.5% 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 accommodated 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 are established in this Framework Letter subject to change as stated under the heading 'Price stability in the Allocation Model'.

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

Transparency and quality of the budget

The UvA attaches importance to financial transparency 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 control processes at all levels.

The UvA aims for a long-term budget that is aligned with the actual results, so the funds can be allocated as efficiently and as much as possible for 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 such that this will not immediately lead to any problems. Chapter 4 contains details regarding the expected government grant and further explanation.

Deviations that occur between the actual grant received and the budgets allocated to the faculties and units may be due to various reasons. This does not only occur at faculty/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 far 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 2021 budget, so that the units become aware of the availability of additional funds and can therefore respond more quickly than in previous years.

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 achieved in research projects leads to an intensified use of the

education and research facilities on campus. In such situations, this requires a deeper insight into the spatial needs and the associated accommodation costs. At the Amsterdam Science Park (ASP), partly in light of the AI initiative and in cooperation with the faculty, a medium-term and long-term spatial needs forecast has been prepared. This clearly reveals the type of decisions that need to be made with regard to the portfolio and that a substantial additional investment will be required in the coming years in order to cater to the demand. An initiative by the Faculty of Science (FNWI) to further develop the Quantum research theme into a Quantum proposition in collaboration with academic partners is currently ongoing. Amsterdam. The proposal includes, in addition to substantive themes, an indication of the future space requirement. A positive assessment of the proposition will lead, among other things, to a financial contribution being made to the accommodation investment. The building investment (€40 million) will be included in the 2021 Accommodations Plan. In case of 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. Insight into the evolution of the spatial needs at the Roeterseiland Campus provides a basis for the strategic assessment of the use of the REC P and REC JK buildings. During the planning phase of the University Quarter, such insights will offer the opportunity to draw up a programme of requirements together with the user that fits in well with the development of the faculty in the coming years and the desired campus services. In case of joint initiatives, it is also important to take into account the fact that partners want to have an insight into costs that are lower than the portfolio rate.

As compared to the 2020 Accommodations Plan, the investment programme will be expanded by €143 million. The main reasons are adjustments in project estimates and extra investments in sustainability. Due to the complexity of the university library construction, the risk estimate has been raised (€11.9 million). For the new LAB 42 building, higher expenditure (€13.1 million), approximately half of which can be attributed to market developments, is being taken into consideration. The extent to which higher prices must be expected this year and in the years ahead as well is uncertain; the developments in the construction industry do not yet seem to have been impacted by measures to limit nitrogen and PFAS pollution. It is highly likely that, in combination with the measures implemented on account of the coronavirus, impacts will now arise. The sustainability investment programme is expected to lead to an additional €76 million in investments in the period up to 2035.

With sustainability, the starting point is that these investments will largely pay for themselves through lower energy expenses. It may be necessary to make additional agreements concerning the set-off of additional costs. In the planning period of the long-term budget, this is not yet a matter of discussion. Higher costs due to price increases, risk estimates and quality can be accommodated by postponing investments. This will lower the interest charges further and cause depreciations to be postponed. In addition, there is now the impression that the investments made are more inflation-proof than previously assumed. There are currently few, if any, concrete wishes for large-scale reinvestments in buildings in which a renovation took place 15 years ago. That means that it may be possible to reduce the financial estimates/model estimates for reinvestments. In the planning period of the long-term budget, a large portion of the reinvestments have been pushed back. A combination of these measures will make it possible to cover the costs for these expansions. This underlines the importance of ensuring that accommodation investments remain manageable and focused on the needs of the primary process.

In cooperation with all the parties involved, planning & control and risk management processes will be further developed. The campus organisation will also be further developed with the faculties.

The investment estimates in the Accommodations Plan are based on the price level as at 1 January 2020, with a model-based assumption for the increase in construction costs relative to inflation. In addition, the additional estimate for market risks was maintained (2.5% development from 2020 to 2021). In total, this results in an addition of €6 million for price and market risks, of which €3 million follows from the LAB2 tendering procedure. The price effect as a result of planning changes amounts to €3 million.

The new LAB42 building is expected to be put into use in 2022. At the ASP, it is a challenge to ensure sufficient flexibility in the real estate portfolio to properly accommodate developments in the faculty's spatial needs. That is why the Accommodations Plan takes into account an expansion of the programme with an investment in ASP 107. Decisions on this matter are expected to be reached in the coming years.

Due to the envisaged location of LAB42, the bicycle parking facility will be temporarily relocated. In the final situation, the intention is for the bicycle parking facility to be accommodated in a building. The aim is to combine several functions so that it constitutes a qualitative addition for the ASP. In the investment table, €1.7 million has been included for the final bicycle parking solution in the long-term investment planning.

On the Roeterseiland Campus (REC), work has continued on the planning process for the flexible teaching building and REC P. Both projects have been pushed back slightly in the execution planning, because more time is needed for preparation. REC P will be the building for the executive programmes of the REC faculties and Politics, Psychology, Law and Economics (PPLE) and will also be used UvA-wide for teaching in the context of lifelong learning. The quality of the facilities in this building will be geared to these functions. A more detailed assessment of the building approach has resulted in a more precise cost estimate, as a result of which the estimate is €1.9 million higher than in the 2020 Accommodations Plan. Together with the faculties, work is being carried out on the implementation of an upgrade of the REC JK building so that it will be perfectly usable for the next 15 years. For the long term, a renovation is provided in the Accommodations Plan.

In the University Quarter, the renovation of the university library got started in 2018. After the initial phase of demolition and asbestos remediation, the second phase, involving foundation repair and expansion and cellar construction, was contracted. The complexity of the location and building quality will lead to a change in the approach. In the process, intensive coordination with the municipality will be required. Recent developments have resulted in an additional risk estimate of €6.7 million.

The Strategic University Quarter Master Plan programme will be developed further. For several buildings (BG3, BG5), the coordination with the municipality concerning the desired building alterations and the integration into the area are underway. For the Oudemanshuispoort building, a preliminary sketch design has been prepared in order to be able to assess which investments are required to integrate the schedule 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 aim of reducing the required investment.

In the process, it must be properly safeguarded in the transformation of the campus that the amount of lettable floor area is maintained. From a commercial perspective, a reduction in the number of square metres (as is now emerging from several plans) is highly disadvantageous. It is therefore advised to improve this in the further elaboration of the University Quarter. Sufficient opportunities appear to be arising for adding square metres elsewhere within the campus boundaries. This will be more closely investigated and taken into consideration in the decision-making surrounding the Master Plan.

The longer turnaround time 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.

In the 2020 Accommodations Plan, additional investment scope amounting to €1.5 million was included for the purpose of expanding the number of study places. On the Roeterseiland Campus, a learning resource centre will be constructed this year in A0.03, as a result of which the number of study places available will be 1 to 7. In the ASP, learning resource centres have been added in building section D, raising the total offer on this campus to a level above 1 to 7.

The relocation of the units to the HHW is expected to take place in mid-2021 and therefore falls within this planning period. Based on the measures referred to for the HHW in the Action Plan, the investment estimate has been adjusted. The increase relates to the IT facilities. The guiding principle is that the costs will be distributed amongst institutions.

In order to structure the policy framework for improving the buildings' sustainability, an inventory of the measures was prepared, the so-called 'road map'. As far as possible, the measures will be implemented on 'natural occasions', when replacement maintenance is carried out according to the Long-Term Maintenance Plan, or when reinvestments are made. From an initial assessment, it follows that a large portion of the measures can be covered in the existing financial estimates set out in the Accommodations Plan, but that an additional investment is also needed. For the period from 2020 to 2035, this will amount to €76 million. It is generally assumed that the investments in sustainability improvements will partly pay for themselves through lower energy bills. At present, it is not yet possible to say with certainty how this will turn out. However, for the planning period of the long-term budget, a rate increase due to sustainability investments is not yet a matter of discussion.

The current market developments pose a financial risk for additional investments. Recent market explorations reinforce this impression. The effects of measures to limit nitrogen and PFAS pollution have not yet led to lower prices. For several years, higher prices were taken into account in financial terms in the Accommodations Plan. These price increases did indeed also manifest themselves over the last several years. The current financial analysis takes an extra price impact into account for 2021, but points to resumption of the regular trend thereafter. This does not change the fact that uncertainty still exists. For the time being, this has been included as a TBD item. 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.

The investment planning currently under examination follows from the planning adjustment of ongoing projects. Based on the 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 timeframe. As in the budget as a whole, the planning of these projects sometimes proves overly optimistic. For the time being, this Framework Letter is based on the framework development from the 2020 Accommodations Plan, including the indicative planning adjustment contained therein. The University Quarter investment planning will be fleshed out further in the coming period and is expected to lead to further substantiation of the planning. In the period ahead, in the process moving towards the 2021 budget et seq., consultations will be held with all involved parties in order to achieve realistic project planning. The approach taken in the 2020 budget will in this way be extended to the projects.

In the run-up to the update of the 2021 Accommodations Plan, discussions have been initiated with the units. By gaining more insight into the developments at the faculties, a shared picture emerges of the potential evolution in spatial needs in the coming years at the respective campuses as well as the current uncertainties. It has emerged from discussions with the faculties that developments in education are leading to changing demands regarding education facilities. So far, no new concrete investment request has been made other than for the ongoing projects and the University Quarter campus development. However, it is advisable to continue monitoring education developments closely to ensure that the teaching spaces remain as closely aligned with demand as possible. At the same time, preparations will continue for developing the renovation projects at the University Quarter and Roeterseiland Campus, so that more insight can be obtained into the quality of the buildings and a better assessment can be made of the necessary adjustments for the future use of the buildings. Overall, this should lead to a more complete project definition and greater certainty in the project estimates and feasibility of the implementation plan.

The buildings are maintained based on a long-term maintenance plan. The deferment of investments means that a number of buildings will remain in use for a longer period than initially taken into account in the long-term maintenance plan. In preparation for the 2021 budget, it will be considered whether extra maintenance is involved and whether and/or how this can be integrated into the maintenance framework. In addition, a sustainable long-term maintenance plan will be implemented, to ensure that sustainable choices can also be made in the case of replacement.

A separate long-term plan has been drawn up for changes to be made in the context of legislation, regulations and accessibility. The units also have the option of submitting, possibly through the 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 budgetary scope 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 first reinvestments are expected to take place during the planning period of this long-term budget. In the planning period of the long-term budget, there is scope 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, then the investments will be put off. The growth in the Faculty of Economics and Business, in particular, and the wish to keep the Amsterdam Business School in one building will result in a building modification in REC M in 2020. The plan to use REC P in part for executive programmes offers further optimisation opportunities. The relocation of PPLE offers the opportunity to unlock more space in the centre of the campus, as a result of which more versatility will be possible for other sections of research and teaching. Together with the faculties, it will be considered how this can best be implemented.

See Appendix 3 for the Accommodations Plan investment table.

Solvency II between 38% and 44%

Internal UvA standard

Internal thresholds will be used to better monitor the solvency situation and make it possible to reach some form of agreement on the evolution of the figures. For the internal limits, it is not about continuity risk (which is safeguarded against in another manner), but the question of whether there may be a suboptimal societal use of capital. The reference framework for this is the internal treasury policy and the treasury plan. In view of the societal nature of the organisation, both a lower limit and upper limit have been defined for the internal threshold. This means that there is a range within which the solvency can evolve during 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 social debate too – more closely. Also, the upper limit should create a more balanced consideration. Based on the plans set out in this Framework Letter, the solvency II will remain within these limits.

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, the solvency II will remain above this limit.

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. Based on the plans set out in this Framework Letter, the UvA's result through 2026 will be negative. The allocation of reserves as part of the financial boost in support of the objectives of the Strategic Plan is the reason why the UvA is not budgeting a break-even result for the years ahead. As from 2027, the UvA's long-term result will again be zero.

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 be negative for three or more consecutive years. The profitability will, however, remain above the limits of -5% and -10%.

One of the consequences of the pre-investment being considered in the context of the Strategic Plan is that the UvA's result will remain negative for a longer period of time. This period is longer than the three years deemed to be a threshold by the Inspectorate of Education. However, at the UvA, this concerns the planned withdrawal from the reserves in the context of the Strategic Plan, which will create added value in the period after the investments are made. The commitment is necessary in order to accommodate a problem area from the government grant, in which the revenues have a delayed effect on the education costs for up to two years. The investment will only be necessary if new programmes are successful, with which great certainty will then also have been obtained as to the added value for the UvA. It should be noted that, in the long term, it is even at least theoretically possible that the investment will be repaid if the programmes are terminated again (a delayed effect will then instead result in revenues). The Inspectorate will, as usual, be actively notified of these intentions, their effects and the method to be used to control risks.

DSCR > 1.5*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 threshold for the liquidity ratio, as defined by the Inspectorate, states that it must never be lower than 0.5. Based on the plans set out in this Framework Letter, the liquidity ratio will fall below this limit as from 2023. In respect of the budget, the objective is to move above the threshold defined by the Inspectorate through control and monitoring of the result, careful investment planning and more active management of the working capital in the planning period.

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 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 scope 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;
- IT investments;
- real estate investments;
- other investments.

2.4.1 Policy investments

In 2021, the UvA will invest €151.6 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		2020	2021	2022	2023	2024
<i>Ingezette middelen via allocatiemodel</i>		<i>Afkorting</i>				
Decentraal beleid onderwijs	<i>DBOW</i>	19.656	20.148	20.148	20.148	20.148
Decentraal beleid onderzoek	<i>DBOZ</i>	24.792	25.412	25.412	25.412	25.412
Centraal beleid onderwijs*	<i>CBOW</i>	13.492	13.283	10.866	11.176	11.189
Centraal beleid onderzoek*	<i>CBOZ</i>	12.653	12.664	12.423	12.377	12.187
RPA's	<i>RPA</i>	4.002	4.352	4.352	4.352	300
Doorgegeven rijksbijdrage ow en oz (excl. aan bestuur)	<i>DGRB</i>	28.554	31.761	33.922	34.864	34.661
Overige beleidsinvesteringen	<i>OVB</i>	-	6.042	3.258	2.933	2.808
Beleidsbudgetten diensten (excl. SLA)	<i>BD</i>	2.316	304	304	4	-
Subtotaal		105.465	113.966	110.685	111.266	106.705
<i>Gereserveerde middelen via allocatiemodel</i>		<i>Hoort bij</i>				
RPA's	<i>RPA</i>	350	900	1.200	1.200	5.200
Aanvullende middelen schakeltrajecten	<i>CBOW</i>	-	527	1.000	1.000	1.000
Interdisciplinair onderwijs	<i>CBOW</i>	250	250	250	250	250
Beta/techniek	<i>CBOZ</i>	750	750	750	750	750
Reservering loon/prijscompensatie	<i>OVB</i>	3.694	-	-	-	-
ICT themafinanciering: Gereserveerd	<i>OVB</i>	-	6.066	9.200	9.525	9.650
Ontwikkeling systemen financiën en inkoop	<i>BD</i>	-	500	500	500	-
Initiatieven, knelpunten, plannen diensten	<i>BD</i>	150	2.000	2.000	2.000	2.000
Financiële impuls plannen IP - onderwijs (reserve inzet)	<i>CBOW</i>	-	3.800	9.500	15.200	12.300
Financiële impuls plannen IP - onderzoek en valorisatie	<i>CBOZ</i>	-	1.683	3.794	3.493	3.254
Financiële impuls plannen IP - themafinanciering	<i>CBOZ</i>	-	5.049	11.381	10.479	9.762
Subtotaal		5.194	21.525	39.575	44.397	44.166
<i>Ingezette middelen via bestuur</i>		<i>Afkorting</i>				
Internationalisering	<i>INT</i>	865	865	865	865	865
Personeel & Medezeggenschap	<i>P&M</i>	4.340	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>	6.808	-	-	-	-
Universitaire faciliteiten	<i>UF</i>	306	306	306	306	306
Strategische investeringen	<i>SI</i>	3.924	3.002	2.550	1.800	1.800
Overige	<i>OV</i>	1.254	1.254	1.254	1.254	1.254
Subtotaal		17.819	9.989	9.537	8.787	8.787
<i>Gereserveerde middelen via bestuur</i>		<i>Hoort bij</i>				
Werkdruk verlaging struct.	<i>P&M</i>	1.000	1.000	-	-	-
IT programmagedelen	<i>ICT</i>	2.000	-	-	-	-
Open Science	<i>SI</i>	500	1.000	2.000	2.000	500
Kwaliteitsafspraken	<i>SI</i>	740	3.100	3.900	4.100	4.600
Ruimte voor strategische investeringen	<i>SI</i>	900	-	-	1.250	2.500
Onvoorzien	<i>SI</i>	1.000	1.000	1.000	1.000	1.000
Subtotaal		6.140	6.100	6.900	8.350	8.600
TOTAAL		134.618	151.581	166.697	172.800	168.258

* inclusief het vaste beleidsbudget FdT

Table 19: 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 itemised table (Table 69) with policy investments from the Board has been added in Section 5.6.

As from 2021, 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 2021, 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 advances 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 (TLC) 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%.

Several faculties have not yet made any plans for the period until the end of the term of the quality agreements. For these faculties, the condition has been stipulated that they must have plans ready before the start of the missing calendar years, which must have received the approval of local representative advisory bodies.

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 2020 Budget, the allocation has been updated based on the revised unit forecast for the number of credits in 2021 and beyond.

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)	2020	2021	2022	2023	2024
FEB	1.040	1.637	1.975	2.036	2.257
FdR	697	1.230	1.541	1.622	1.846
FNWI	1.469	2.549	3.176	3.375	3.857
FGW	1.140	1.938	2.447	2.629	2.975
FMG	1.560	2.700	3.496	3.705	4.174
FdG	1.253	2.055	2.535	2.668	3.019
FdT	371	677	800	845	952
AUC	191	347	391	413	466
UvA-breed	1.800	3.100	3.900	4.100	4.600
TOTAAL	9.521	16.233	20.261	21.393	24.147

Table 20: 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 new research vision to be formulated, and which should highlight aspects such as focus, mass and innovation among the disciplines at the faculty. This 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 period of five years has been associated with the current interfaculty RPAs, with the possibility of extending the funding once for a maximum period of five years. On introduction of the revised policy, the RPAs that already exist are therefore assured of a duration from 2019 to 2023. For new RPAs, it has also been decided to temporarily allocate funding.

It has previously been established that the budget available for RPAs in the coming years will increase to a total of €10 million. 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 will gradually increase to this level. As from 2023, the budget for RPAs will be at the desired level of €5.5 million.

The extra budgetary scope for RPAs of €900,000 in 2021 and €1.2 million in 2022 and 2023 has not yet been linked to a specific strategic theme. In 2024, the budget of the RPA budgets starting on 1 January 2019 will become available for new allocations.

The table below shows the budget for RPAs in the coming years.

Research Priority Areas	Voor	2020	2021	2022	2023	2024
Amsterdam Centre for European Studies	FMG	300	300	300	300	-
Beschikbare RPA middelen	Niet verdeeld	350	900	1.200	1.200	5.200
Brain & Cognition	FMG	772	772	772	772	-
Global Health	FdG	329	379	379	379	-
Human(e) AI	FGw	300	300	300	300	-
Personalized Communication	FMG	301	301	301	301	-
RPA Digital Cultures	FGW	-	300	300	300	300
RPA Urban Mental Health	FNWI	2.000	2.000	2.000	2.000	-
Totaal		4.352	5.252	5.552	5.552	5.500

Table 21: RPAs

2.4.2 IT investments

Since 2011-2012, 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. In 2020, we have taken the first steps in moving from project funding to product or domain funding. Major investments are needed for a number of developments, but the annual budget offers insufficient scope for such investments. The available budget for this will be increased by €2.0 million as from 2021. A total of €9.5 million will then be 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 budget for the IT portfolio comes to €12.5 million. These budgets also form part of Table 18.

Allocated theme-based funding

Theme-based funding is allocated by the Executive Board based on project plans. The projects for which budget will be allocated in 2021 based on decisions already taken by the Executive Board are IT for research (Support) and Office 365 working together in the cloud. The pace of spending of the 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. This is shown in the table below. The change in the designated reserve for the IT portfolio forms part of the result of ICTS.

Earmarked theme-based funding

In the 2020 budget, IT programme funds are earmarked for teaching logistics, the e-science centre and SAP development. The Executive Board has not yet taken a decision on the allocation of these funds as from 2021, so until that time, these are allocated to the earmarked theme-based funding. Over the coming years, IT for research and teaching will continue to require large investments; the remaining

earmarked theme-based funding is intended for this purpose. Approved proposals from the ICT Steering Group that are not funded from the annual budget must also be funded from this budget.

ICT-investeringen (ICT-ontwikkeling)	2020	2021	2022	2023	2024
BUDGETTOEKENNINGEN					
ICT projecten: ICT & bedrijfsvoering	400	400	400	400	400
ICT projecten: ICTO programmaraad	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	125	-
<i>Subtotaal ICT projecten regulier</i>	2.933	2.933	2.933	2.933	2.808
ICT themafinanciering: Businesscases IT voor onderzoek	2.150	-	-	-	-
ICT themafinanciering: E-science	-	-	-	-	-
ICT themafinanciering: IT voor onderzoek	325	325	325	-	-
ICT themafinanciering: Onderwijslogistiek	-	-	-	-	-
ICT themafinanciering: SAP Roadmap	-	-	-	-	-
ICT themafinanciering: Transitie werken in de cloud	1.400	2.784	-	-	-
<i>Subtotaal themafinanciering toegekend</i>	3.875	3.109	325	-	-
ICT themafinanciering: Gereserveerd	2.000	6.066	9.200	9.525	9.650
TOTAAL	8.808	12.108	12.458	12.458	12.458
<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	-	-
<i>Totaal</i>	-	4.650	1.125	331	-
<i>Saldo toegekende themafinanciering</i>	-	-1.541	-800	-331	-

Table 22: Long-term IT investments

IT for research (business cases).

Given the increasingly data-intensive research being carried out across all UvA faculties and the ambition at the UvA to acquire a leading position in the IT facilities the UvA 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) to strengthen the IT facilities for researchers.

IT for research (Support).

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

Office 365 working together in the cloud.

Students, lecturers and other employees have a growing need for a functionally rich digital environment in which they themselves can easily work, and in which they can also collaborate with each other and with external parties (including researchers and other institutions). A joint programme was initiated at AUAS and the UvA to start using Microsoft Office 365 as the new work and collaboration environment.

The costs for projects covered by units from their own budget, in particular for staff deployment, are estimated by the units themselves as part of the budget cycle.

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 2021 budget, which will incorporate the most recent insights. How exactly this is 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 m² (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.

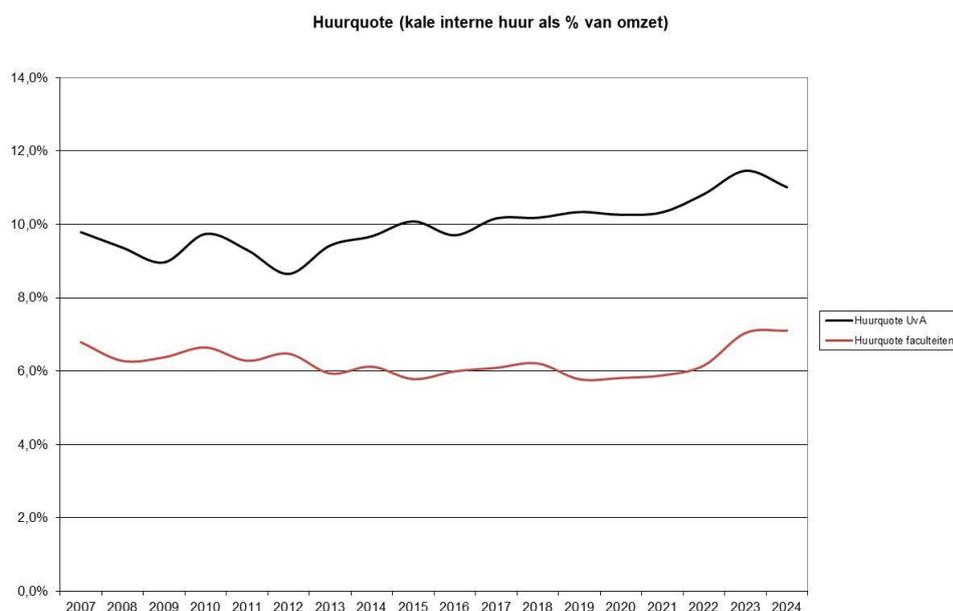


Table 23: Income-to-rent ratio

From 2021 through 2023, the operating result of the real estate administration will be positive. This is the result of a shift of investments and capitalisation in time towards the future. In 2024, the result will become negative due to the simultaneous completion of several large projects at the Amsterdam Science Park, Roeterseiland Campus and University Quarter. In the years thereafter, 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 2021, 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 scope 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 2021, just like in 2020, 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 2019 and 2020 will be evaluated and will be continued in 2021, adjusted where necessary. The budgets for proposals honoured in 2019 and 2020 have been included in the 2021 Framework Letter.

2.5 Section on 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;
- 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 National Science Agenda via the Netherlands Organisation for Scientific Research (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.

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 implementation options, 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;
- setting up a risk management process during project implementation to gain a clear insight into the associated risks (opportunity and impact) and make timely adjustments;
- 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.

