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| To the Executive Board DRAFT

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| our reference | UC 25 084 | telephone | 053 – 489 2027 |
| date | 18 June 2025  | e-mail | g.w.m.oldeengberink@utwente.nl |
|  subject | Concept kaderbrief 2026 - 2030  |

Dear Executive Board,

The University Council (UC) has received the Concept Kaderbrief 2026–2030 (formerly known as Spring Memorandum), which outlines the framework for the UT’s 2026 annual plan and the multi-annual budgets for 2026–2030 for the units. Final versions of these budgets will be submitted to the UC by the end of 2025 for consent.

Regarding the Kaderbrief, the UC holds consent rights over key budget elements, including fund allocation to faculties and services, investment resources/plans, and financial policy.

A central factor in the UC’s consent decision on the Kaderbrief is the status of Executive Board (EB) commitments as stated in the UC’s approval of the 2025–2029 budget (decision UC 25 012). In the first part of this letter, the status and implications of those commitments are summarised. In the second part, we will go further into some specific points of the Kaderbrief 2026-2030. Thirdly, the role and position of the local participation bodies in the approval process of central and local budgets will be discussed. The letter concludes with the concept decision and advice of the UC.

1. **Commitments of the EB regarding the 2025–2029 budget**

* 1. Deficit Conditions

The UC received in January 2025 an overview of conditions under which unit deficits exceeding 4% were accepted. For the approval of the 2026 budget, the UC expects in an early stage the same transparency about the conditions under which possible deficits are allowed. A similar level of timely transparency is expected towards the local participation bodies.

* 1. Scenario Analysis & Contingency Planning

The Kaderbrief includes scenarios reflecting financial impacts of fluctuating student numbers and contribution margins. However, these scenarios are not complemented with thorough analysis and potential contingency strategies. The UC urges the EB to include in the Budget 2026 a clear identification of critical external developments and risk parameters, along with impact and possible contingency plans.

Regarding the management reports throughout the year (MARAPs), the UC continues to stress the importance of including thoughtful reflections and SMART (Specific, Measurable, Achievable, Relevant, Time-bound) follow-up actions in the MARAPs (e.g., the April 2025 MARAP lacked concrete actions).

* 1. Strategic Personnel Plans (SPP’s)

The UC still awaits a clear definition and status update on the Strategic Personnel Plans (SPP’s). Current interpretations of the EB about what SPP’s are still vary (SPP’s are at times confused with narrowly focused "domain plans”), despite an earlier clear elaboration by HR of what these SPP are and should entail. The UC stresses the importance of these plans for future staffing strategies and performance monitoring. And is unhappy with how the EB values and perceives this long-dragging issue.

* 1. Strengthening the Financial Function (SFF)

The EB shared the SFF plan with the UC in February 2025. At that time, the UC stressed (also in line with the advice of December 2024, UC 24 166) the need for:

* clear accountability for implementation;
* smarter formulation for monitoring and communication;
* greater user involvement beyond the financial function;
* insight into Phase 1 outcomes and their structural impact.

The UC expects to receive further updates along these lines after the summer period.

One clear indicator of the urgency for the need of strengthening the financial function of the UT are the continuous significant differences in the budget compared with interim forecasts and with actual realisations. The latest MARAP (April 2025) reported a result that is M€ 9.4 higher than expected in the budget 2025 (a surplus of M€ 6.4 instead of a deficit of M€ 3.0). Last year we experienced a budget forecast in April that showed a M 6.9 higher deficit than budgeted (minus M€ 14.4 versus minus M€ 7.5), whereas at the end of the year the realised budget showed a deficit that was M€ 2.7 lower than budgeted (minus M€ 3.8 vs. minus M€ 7.5).

These fluctuations and uncertainty around the budget make it very hard to make and assess future plans. At the same time this apparent lack of control on the financial situation undermines the trust within the community and the support required for various measures ranging from reorganizations to the continuing acute measures.

Before the submission of the UT Budget 2026-2030, the UC expects to see concrete results of the SFF.

* 1. External Funding Realism

The UC expressed serious concerns about the overestimated 2nd and 3rd stream income. The April 2025 MARAP projects €132.7M, which is about M€6 lower than the budgeted M€138.6 (positive note: the contribution margin is expected to be M€5.6 higher). The UC therefore remains concerned about the provision of realistic figures on external funding.

* 1. Building Block Clusters

Updates on the BB cluster initiatives were received, but the UC remains very critical of their practical clarity and short-term financial impact. Initially framed to improve UT’s finances, they now appear to aim at long-term efficiencies rather than immediate relief.

* BB cluster 1 makes good steps towards ensuring better insight into the costs and benefits of education and enhancing the role and responsibility of the programme director regarding the efficient management of education. However, it is not expected that this will bear fruit within the short term. The UC is less aware of results within this BB cluster regarding structural efforts to increase the student intake.
* The UC got a positive impression about the work done so far in the BB cluster 2 regarding future proof research and innovation. Although eventual results of this BB cluster should contribute to more effective and efficient research, it became clear to the UC that the aim of this BB cluster is not about saving money in the short term.

* Regarding developments around BB cluster 3 the UC is very concerned. What first appeared to be a governance issue (how to ensure proper control and embedding of the interfaculty units), was initially presented as a financial assignment to save on the interfaculty units, and lately reformulated as an assignment to drive effective cross-faculty educational innovation. The recent resignation of the BB cluster coordinator only adds to the challenges and does not contribute to an improvement of the performance of this BB cluster.
* BB cluster 4 seeks improvements in a more effective an efficient use of infrastructure among the faculties. So far the UC is not aware of concrete results from this BB cluster.
* Regarding BB 5 the UC observed a still ongoing effort to identify relevant support processes that could be made more effective and efficient in line with the needs of the primary processes. In the present setup, the UC does not expect concrete results in the near future.
	1. Community Engagement

The EB promised stronger community involvement in addressing the challenges the UT faces. In this respect, the UC expects a strong and active engagement of the community in the development of the Institutional Plan, with clear roles and responsibilities defined for leaders at all levels.

1. **Kaderbrief 2026-2030**

1. Internal Transfers (INTD)

The UC notes from the Kaderbrief that internal transfers between service departments and faculties will be frozen at 2025 levels for the 2026 budget in order to simplify the budgeting process by providing clarity on internal income and expenses. The UC emphasizes that service quality and scope must be maintained and questions how the EB will guarantee this without established service level agreements or clear baselines. The UC is of the opinion that in this Kaderbrief  it should be clearly indicated how this will be achieved.

1. Joint Programmes/Courses at UT

The EB will separately fund coordination of joint UT programmes, allocating €180k: €122k for the joint mathematics programme and €58k for Academic Skills. For Academic Skills, 10 EC will be drawn from the education budget and redistributed to contributing departments. The UC seeks clarification on what the €180k covers and what specifically qualifies as "Academic Skills". And to what extend the UT on a central level desires direct influence on curricula. A discussion on this topic is expected in the UC-E meeting in September and will not have influence on the budget 2026.

1. Reserves

The UC raised questions about reserve development, use, and potential unit-level allocations, given its right of consent on reserves. The EB clarified that all reserve deployment requires EB (and UC) approval and that reserves are held centrally, not at unit level. However, as reserves are used to cover one time deficits of units it is important to know what the approach towards faculties and research groups in those faculties is, as they are to quite some extend responsible for the reserve situation.

1. **Role and position of the local participation in decision-making around Kaderbrief and Budget 2026-2030**

The UC seeks to initiate a discussion with the EB on the role of local participatory bodies in the decision-making process around the Kaderbrief and Budget 2026–2030. The UC emphasizes that local bodies' advice (positive or negative) should first be addressed by the board of the respective unit. This requires timely availability and access to the unit-level draft budgets. The UC relies on these advices to form their opinion on the budget, which also requires knowledge of the reaction of the board of the respective units.

In principle, internal budget allocations should be discussed at the unit level between the board and its local participation body, while allocations beyond unit level fall under the EB's responsibility, with consent right for the UC. A procedure must be devised to ensure proper weighing of decentral (negative) advice. The UC therefore suggests to either include the written responses to the advice (which might still raise questions) or to start a discussion between EB, UC and decentral unit on the issues that led to the negative advice.

***CONCEPT DECISION***:

**The University Council,**

**has seen:**

* the concept Kaderbrief 2026-2030;
* the Management report up to and including April 2025 (MARAP-04);
* the written answers (dd. 10 June 2025) on the technical questions submitted by the UC to the EB;

**has heard:**

* the discussion in the technical meeting between a representation of the UC and representatives of Finances (FIN) on Tuesday 10 June 2025;
* the discussion in the integral committee of 11 June 2025, with all members of the Executive Board;

**and decides:**

that to ensure that the Kaderbrief 2026-2030 gives an accurate foundation for a realistic budget for 2026 and for the allocation of funds to the faculties and service departments, the consent of the UC requires:

* a convincing explanation and justification for continued delay in the EB’s commitment to deliver strategic personnel plans for all units within the UT as a basis for future budget allocation. At the same time the UC requires a concrete indication of when this outstanding commitment will be fulfilled;
* a reframing of the aim and scope of the BB clusters to ensure that these address urgent and relevant problems within the organisation and will provide concrete results and solutions during the upcoming year;
* a convincing explanation of how to ensure the provision of realistic figures on external funding to guarantee accuracy and reliability in the budget;
* an overview of the mechanisms to guarantee the quality and scope of services delivered by the service departments to the faculties given the freezing of the internal transfers between service departments and faculties at 2025 levels;
* the commitment of the EB to take the key points for consent towards the 2025 budget fully into account in the process towards the approval of the 2026 budget;

**and advises:**

1. to establish a proper mechanism of the budget allocation to the joint programmes / courses throughout the faculties, following the discussion in the UC-E;
2. to clarify and reaffirm the position and status of the central reserves;
3. to establish a procedure on how to address and incorporate negative advice from decentral participation bodies on the unit's budget.

Yours sincerely,

On behalf of the University Council,

dr ir H. Wormeester

Chair