

For the Members of the Board

Executive Management
Direct phone: +45 7218 5072
E-mail: gigr@itu.dk
Journal no.: 2015-1410

November 12, 2015

Confidential Items are marked in grey and are only for the Board's own use. This applies to enclosures marked in grey as well.

The rest of this document and enclosures are Publicly Available Information.

Agenda for the IT University Board Meeting on Thursday, November 19, 2015, at 14:00 – 17:00, in Room 3A20/28, IT University of Copenhagen, Rued Langgaards Vej 7, 2300 Copenhagen S

Public items:

1. Welcome to new appointed Board Members (briefing)

2. Approval of the minutes from the previous meeting (decision)

3. Follow-up on result goals and strategic goals (briefing)

Enclosure 1: Follow-up on Development Contract Targets for 2015 (as of September 30, 2015)

Enclosure 2: Follow-up on the Strategic Target for 2015 (as of September 30, 2015)

4. The accounting of third quarter and the prediction of the result of the year 2015 (briefing)

Enclosure 3: Accounts of IT University of Copenhagen, as per September 30, 2015

Confidential item:

5.

Public item:

6. The budget 2016 (decision)

Enclosure 5: Budget Proposal for 2016

Confidential items:

7.

8.

9.

Public items:

10. Institutional Accreditation – a status (briefing)

11. Questions regarding mail delivered briefings (briefing)

12. Any Other Business

Executive Management's comments on the agenda

Public items:

Item 1: Welcome to new appointed Board Members (briefing)

At the board meeting on September 17, 2015, the board appointed Lars Mathiesen and David Basin as new board members.

Item 2: Approval of the minutes from the previous meeting (decision)

No comments to the minutes from the meeting on September 17, 2015, have been received.

Recommendation:

Executive Management recommend that the minutes be approved.

Item 3: Follow-up on result goals and strategic goals (briefing)

Enclosure 1: Follow-up on Development Contract Targets for 2015 (as of September 30, 2015)

Enclosure 2: Follow-up on the Strategic Target for 2015 (as of September 30, 2015)

Concerning the goals from the Development Contract (enclosure 1):

T2: The increase in average completion times may well be a result of the progress reform forcing students who have been relatively slow, complete faster, thus giving a (temporary) increase in average completion time. No additional measures are planned at this stage, but if the situation persists, we shall intervene.

T9: This continues to be a big issue; the rather skewed distribution of funding is far from the "every senior faculty contributes to external funding" model that ITU has decided upon.

Item 4: The accounting of third quarter and the prediction of the result of the year 2015 (briefing)

Enclosure 3: Accounts of IT University of Copenhagen, as of September 30, 2015

We refer to the enclosure.

Confidential item:

Item 5:

Public item:

Item 6: The budget 2016 (decision)

Enclosure 5: Budget Proposal 2016

Recommendation:

Executive Management recommend that the budget proposal be approved by the Board.

Confidential items:**Item 7:****Item 8:****Item 9:****Public items:****Item 10: Institutional Accreditation – a status (briefing)**

The work on getting ready for the institutional accreditation in 2016 is progressing according to plan.

Item 11: Questions regarding mail-delivered briefings (briefing)

- E-mail 2015-10-27: ITU-Board – new date for the Board's Strategy Seminar in June, 2016

Item 12: Any Other Business

- Photo session: Communications has hired a photographer to take new pictures of the Board (around 15:00).

Yours sincerely,

Gitte Gramstrup
Assistant to the Executive Management

Enclosure 1

Follow-up on Development Contract Targets for 2015

The report stated in the chart below represents the results after the third quarter 2015.

Signature:



The time and activity schedule of the target has been kept.




The time and activity schedule of the target has not been kept. However, it is still estimated that the target can be reached within the period, as the delays are not critical.










The time and activity schedule of the target has not been kept, and if the present development continues, it will not be possible to reach the target within the time frame.







The time and activity schedule of the target has not yet launched, or data is not yet available.

Target	Description	Comments	Status
T1	The average response of students to the quantitative questions in the course evaluation must be at least 4.75 on a scale from 1 to 6. This goes for each year of the contract period.	The Spring 2015 course evaluation score is 4.71. The prediction is that the Autumn 2015 course evaluation makes it possible to reach the target.	

Target	Description	Comments	Status
T2	The IT University will reduce the average excess of study time for its BSc and MSc graduates in 2015 with 0.5 month compared to 2011; 1 month in 2016 compared to 2011 and 1.6 months in 2017 compared to 2011.	<p>The average excess of study time for BSc and MSc graduates in 2015 is 12.7 month after third quarter. This is a rise of 1.1 month since 2011.</p> <p>The Study Progress Reform will have effect for all BSc and MSc students from the autumn semester 2015. The result in terms of reduction of average excess of study time is expected in the future, but is not expected to reduce average excess of study time within 2015.</p>	
T3	The unemployment rates of MSc graduates graduating from the IT University 4-7 quarters earlier will in 2015 be at most 14 per cent, in 2016 at most 13 per cent and in 2017 at most 12 per cent.	<p>The unemployment rate of MSc graduates graduating from the IT University 4-7 quarters earlier is 11 per cent in 2015.</p> <p>The target is achieved in 2015.</p>	
T4	The number of IT University graduates graduating from 0 to 10 years ago and working in the private sector must be at least 75 per cent of the employed graduates. This applies to every year of the contract period.	<p>It is too early to measure this target.</p> <p>There will be a follow-up after fourth quarter 2015.</p>	
T5	The number of admitted MSc students, who qualified at a Danish educational institution other than the IT University must be at least 230. This applies to every year of the contract period.	<p>239 MSc students admitted in 2015 qualified at a Danish educational institution other than the IT University of Copenhagen.</p> <p>The target is achieved in 2015.</p>	

Target	Description	Comments	Status
T6	During 2015, the IT University will formulate a strategy of how the university consciously exploits the many different educational backgrounds from the MSc students. By the end of 2017, at the latest, the IT University will have formulated and carried out the actions, processes and procedures for the plans to implement the strategy.	A suggestion for a university wide policy for handling of MSc student diversity has been formulated as part of the new Quality Policy, which is expected to be approved during fourth quarter 2015.	
T7	The profile of global competences and related activities of the BSc and MSc programmes are evaluated each year of the contract period and a plan of action is made for the following year. These plans must be approved by the Head of Studies.	The Head of Studies has asked the Heads of Study Programmes to revise their current plans based on input from the employers' panel or the chairman of the panel. Most study programmes have made revisions and a few study programmes still need to do so. The process is a bit behind schedule.	
T8	During the contract period, the IT University will develop a "visiting programme" aimed at upper secondary schools, and in each year of the contract period, the university will carry out visits to/from at least 50 students in total from one or more upper secondary schools sited in an under-represented area close to Copenhagen.	An under-represented area close to Copenhagen has been specified and 20 pupils from this underrepresented area close to Copenhagen have visited the IT University. A visit of further 21 pupils is scheduled to take place in November 2015.	

Target	Description	Comments	Status
T9	The total usage of external funding divided by the number of senior-faculty FTE must be at least 650,000 DKK in 2015, 800,000 DKK in 2016 and 1,000,000 DKK in 2017.	<p>Each section in the Department has its own target of usage of external funding per senior-faculty FTE. The target differs from section to section. If each section fulfils its target the Department as a whole fulfils its overall target. Status after third quarter is that one section will fulfil its target and one will come close to fulfilment. Four sections will for sure not fulfil their targets.</p> <p>The forecast after the third quarter states that the consumption in 2015 is expected to be 25.8 million DKK corresponding to 493,000 DKK per senior-faculty FTE equivalent to 76 per cent of the target in 2015. Hence the goal will not be fulfilled.</p>	
T10	The number of PhD students admitted during the year should be at least 14 in 2015, 18 in 2016 and 22 in 2017.	12 PhD students are admitted. Two PhD positions have been advertised and are in the process of being filled.	
T11	The number of people admitted as PhD students at the IT University in the year in question, without receiving an ordinary PhD scholarship, will be at least two in 2015, three in 2016 and four in 2017.	<p>Three PhD students are admitted without receiving an ordinary PhD scholarship.</p> <p>The target is achieved in 2015.</p>	
T12	The number of bibliometric points divided by the number of faculty FTE reported to the Universities Denmark Statistics will be at least 1.85 in 2015, 1.96 in 2016 and 2.08 in 2017.	It's too early to measure this target since the result will not be known until 2016.	

Enclosure 2

Follow-up on the Strategic Target for 2015

The report stated in the chart below represents the results after the third quarter 2015.

Signature:



The time and activity schedule of the target has been kept.



The time and activity schedule of the target has not been kept. However, it is still estimated that the target can be reached within the period, as the delays are not critical.



The time and activity schedule of the target has not been kept, and if the present development continues, it will not be possible to reach the target within the time frame.

Target	Description	Comments	Status
S1/T13	The number of persons who the IT University of Copenhagen admits on a Master's or Diploma programme is going to be at least 110 in 2015, 170 in 2016 and 190 in 2017.	The number of persons who the IT University admits on Master's or Diploma programmes is 121 in 2015. The target is achieved in 2015.	

Enclosure 3

Finance and Personnel
Journalnr.: [XX-XXXX]
4. November 2015

Accounts of IT University of Copenhagen, as per September 30, 2015

This report presents the third quarter accounts and the revised financial forecast 2015 for income, expenses including revised assumptions and uncertainties.

In table 1 the third quarter accounts show that income exceeds forecast 2 by DKK 3.1 M. This is due to adjustments in Government prepayments and increases in a number of minor activities such as the ITU Job-bank and tenancies on the 5th floor. Furthermore, capital gain on investments (by Danske Capital) did not meet expectations due to changes in the capital markets.

Wages and salaries did not fully meet expectations by the end of the third quarter. Mainly, research projects show a lower consumption of DKK 0.4 M, and a reduction of DKK 0.5 M regarding fewer assessment committees for scientific personnel, where costs are covered by Finance and Personnel.

Finally, other operation costs are below forecast 2 by DKK 7.9 M. This is mainly due building maintenance and equipment purchases, which is postponed to the fourth quarter. Furthermore, faculty spendings are expected to pick up during the fourth quarter. Finally, management pools did not transfer means to other operating items during the third quarter.

Table 1: Second quarter budget vs. actual accounts and year-end forecast 1 vs. forecast 2

Income DKK' 000	Forecast 2, Q3	Accounts Q3	Difference to Forecast 2, Q3	Forecast 2	Forecast 3	Forecast 3 vs. Forecast 2
Government Grants	66.191	66.828	638	88.254	88.254	-
Tuition	108.149	109.873	1.724	146.816	147.741	925
Research Grants (Government and other sources)	18.799	18.803	4	25.065	25.763	698
Rental Income	1.350	1.520	170	1.800	2.000	200
Other Income	2.080	3.094	1.014	3.273	3.008	-265
Extraordinary Income	11.446	11.446	-0	11.446	11.446	-
Administrative Savings	-2.775	-2.803	-28	-3.700	-3.700	-
Financial income	1.350	975	-375	1.800	900	-900
Total income	206.589	209.736	3.147	274.755	275.412	657
Costs DKK' 000	Forecast 2, Q3	Accounts Q3	Difference to Forecast 2, Q3	Forecast 2	Forecast 3	Forecast 3 vs. Forecast 2
Wages and Salaries						
Management	2.670	2.898	228	3.560	3.560	-
Communication Department	4.409	4.333	-76	5.879	5.879	-
Department of Finance and Personnel	11.333	10.855	-478	15.110	14.945	-165
- Employer contributions, Flexible job scheme, ect.	785	740	-45	-871	-871	-
IT Department	7.720	7.507	-213	10.293	10.093	-200
Facilities Management	4.235	4.354	119	5.647	5.847	200
Student Affairs and Programmes	10.959	10.908	-51	14.612	14.612	-
Faculty incl. PhD School, RL and Study Board	65.728	65.965	237	87.637	86.983	-654
- Library	177	192	15	236	236	-
- Research Projects	11.409	10.990	-419	15.213	14.588	-625
Total wages and salaries	119.425	118.742	-683	157.315	155.872	-1.444
Other Operations						
Management	1.424	1.223	-201	1.899	2.199	300
- Management pools	556	-	-556	742	-	-742
Communication Department	2.947	2.677	-270	3.929	3.879	-50
Department of Finance and Personnel	5.488	4.801	-687	7.317	7.482	165
- Rent (domicile), taxes, provisions	28.952	28.616	-336	38.602	38.602	-
- Financial costs	4	-1	-5	5	5	-
IT Department	5.235	4.310	-925	6.980	7.836	856
Facilities Management	13.575	10.904	-2.671	18.100	18.250	150
Student Affairs and Programmes	2.420	2.182	-238	3.226	3.099	-127
- E-Business programme	2.327	2.327	0	3.102	3.102	-
Faculty incl. PhD School, RL and Study Board	6.825	4.624	-2.201	9.100	8.740	-360
- Library	1.562	1.391	-171	2.083	2.083	-
- Research Projects	2.681	3.075	394	3.575	3.917	342
Total other operations	73.996	66.129	-7.867	98.661	99.194	533
Total costs	193.421	184.871	-8.550	255.977	255.066	-910
Result	13.169	24.865	11.696	18.778	20.346	1.568

Financial forecast 2015

The third quarter financial follow up shows expectations to income and expenses has changed from a bottom line of DKK 18.8 M in forecast 2 to DKK 20.3 M in forecast 3. Equity shows and equivalent change of DKK 1.6 M from DKK 67.3 M to DKK 68.9 M.

Table 2: Actual accounts and expectations to income, expenses and equity

	Accounts 2013	Accounts 2014	Budget 2015 (Nov 2014)	Forecast 2 (August 2015)	Changes	Forecast 3 (September 2015)
	(DKK M)	(DKK M)	(DKK M)	(DKK M)	(DKK M)	(DKK M)
Income	262,0	261,0	273,4	274,8	0,7	275,4
Expenses	257,6	260,9	275,2	256,0	0,9	255,1
Result	4,4	0,1	-1,8	18,8	1,6	20,3
Equity, end-year	48,5	48,6	46,8	67,3	1,6	68,9

Break down of income forecast

Forecast 3 expects income to increase by DKK 0.7 M compared to forecast 2.

Education and government grants

The most recent forecast of student activity (table 3) shows increases in both MSc and BSc completions. Furthermore, the effect of the drop of 7 full time BSc is countered by government grants to support foreign scholarships not previously included in the financial forecasts.

Table 3: Student activity forecast 2015 as per October 2015

	Forecast 2 2015 (August 2015) (DKK M)	Forecast 3 2015 (October 2015) (DKK M)
Income full-time students	121,9	122,0
Income completion bonuses	11,1	11,7
Income part-time (tariff and tuition)	12,8	12,9
Total Income from education	145,8	146,6
Master of Science, FTEs	748	748
Bachelor, FTEs	501	494
Guest students, FTEs	29	29
Part-time education, FTEs	103	105
Completion bonus, MSc	133	137
Completion bonus, BSc	136	144
NB: Bonuses does not include foreign exchange students		

Research Grants

The portfolio of research projects started this year with a strategic goal of an external funding equivalent of DKK 35.8 M. The most recent forecast from the department shows an expected research consumption of DKK 25.8 M, which is a minor upsizing of DKK 0.7 M compared to forecast 2.

Even though expectations to research project consumption are reduced, a recalculation of overhead contribution shows the average overhead rises from 25 % to 28 % in 2015. The rise is due to some projects allowing overheads between 80 and 100 %.

Rental, financial and other income

Expected capital gain on investments is downsized from DKK 1.8 M to 0.9 M equivalent of the actual accounts from Danske Capital as per September 30th.

Break down of expenses forecast

Forecast 3 expects expenses to drop DKK 1.8 M compared to forecast 2.

Wages and salaries

The university expects wages and salaries to drop by DKK 1.4 M. The drop is mainly due to the downsizing of research project portfolio resulting in pay roll savings of DKK 0.6 M. Furthermore, vacancies in the faculty will not be replaced until 2016, which reduces salary costs by DKK 0.7 M.

Rent

Rent according to the newly negotiated lease shows no change compared to forecast 2.

Other operating expenses

Other operating expenses are expected to increase by DKK 0.5 M. This is mainly due to management decision to grant the IT Department DKK 0.8 M for hardware improvements and training of employees. Furthermore, management has decided to move forward the usual contribution of DKK 0.3 M to student activities. Finally management pools are reduced by DKK 0.7 M and fewer conference expenses at the faculty reduces expenses by DKK 0.4 M.

Cash flow forecast

The cash flow forecast below shows a positive cash flow throughout the year.

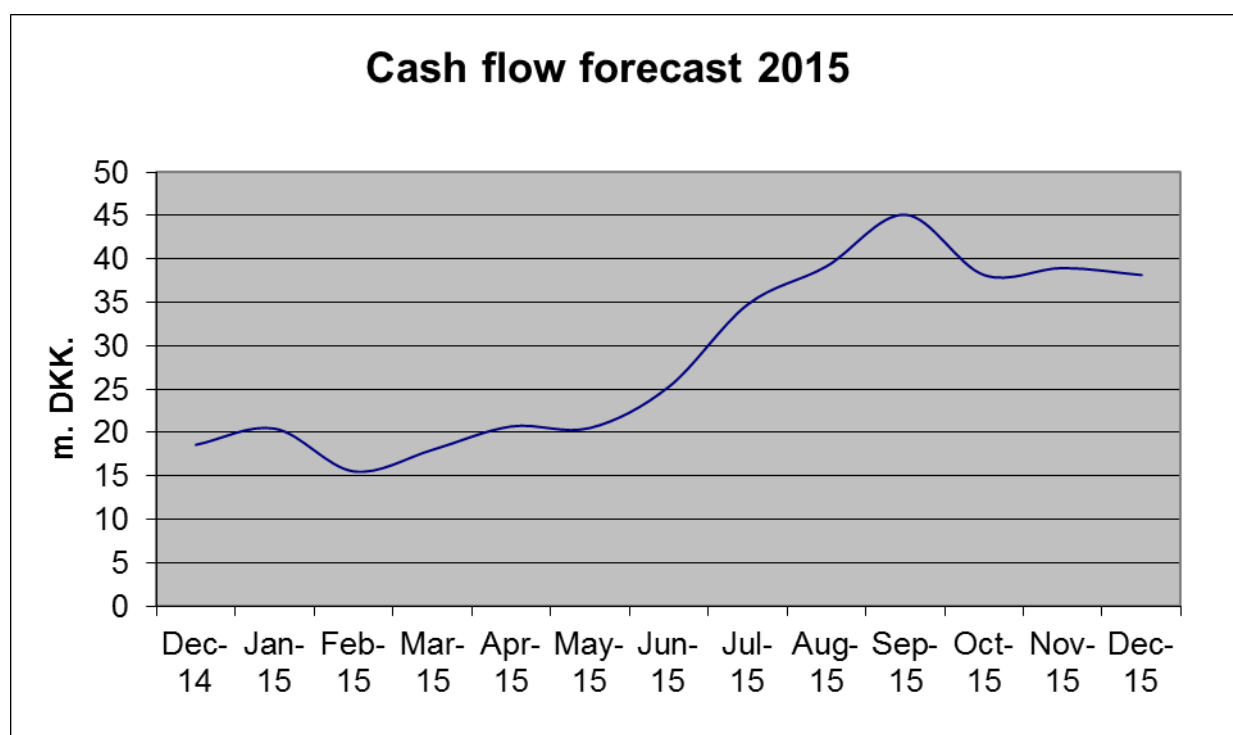
The sharp increase in liquid funds in July was a result of the rent reimbursement regarding Rued Langgaardsvej corresponding to more than DKK 15 M. In August and September, liquidity has risen further due to tuition from part-time students. However, the increase in liquidity will drop again in October because of the quarterly rent payment. During the last months of the year, the administration fee (wages and salaries) and the EBUSS programme are paid to Copenhagen Business School.

Furthermore, the university receives prepayment of tuition grants similar to the expectations set forward in the original forecast for 2015. However, as the student activity will be somewhat higher than the original

expectations, the university will probably receive an additional DKK 2 M. on the Supplementary Appropriation Act in December.

Based on the cash flow forecast from Finance, the executive management has decided to transfer DKK 15 M from cash holdings to the bond and stock holdings administered by Danske Capital.

Figure 1: Cash flow forecast 2015 (Aug 2015)



Forecast 2015 assumptions and uncertainties

The most recent forecast of student activity shows an increase in completion bonuses. These are early effects of the student progress reform and are most likely not permanent. In general, tuition is subject to the over-all inherent uncertainty of end year adjustments to government tuition grants according to the Appropriation Act.

The portfolio of research projects started this year with a strategic goal of an external funding of DKK 35.8M. The most recent forecast from the department shows DKK 25.7 M in expected external funding. Direct expenses, mainly wages and salaries, have dropped accordingly. The forecast assumes that the department carries out project activities as planned without any delays.

Expected capital gain on investments is estimated at DKK 0.9 M for now. However, the capital markets are volatile at the moment, and the actual bond prices at end of the year might significantly influence the end year result.

Enclosure 5

Finance and Personnel
Journalnr.: [XX-XXXX]
11. November 2015

Budget proposal for 2016

This document presents the IT University of Copenhagen's budget proposal for 2016. The budget proposal 2016 is based on the framework budget approved by the Board on 17 September 2015.

The first part of the document presents the general budget assumptions and recommendation. The second part displays the operational budget 2016 and specifies adjustments since 17 September 2015. The third part includes forecast of student admissions, income from tuition and a cash flow forecast. Finally, the fourth part presents uncertainties, which could affect ITU's financial framework.

Part 1

General assumptions

The budget proposal for 2016 is based on the following assumptions:

- 1) The Amended Budget Proposal for 2016 (FFL 2016) as presented by the Government in October 2015, is passed by Parliament without substantial changes with regard to the IT University of Copenhagen.
- 2) Student admission and study activity will be as shown in table 6 and 7.
- 3) ITU did not meet the target of the Study Progress Reform in 2015. The completion bonus fees for 2016 shown in table 7 are adjusted downwards accordingly.
- 4) Consumption of research grants is maintained at the Q3 2015 forecast level in 2016.
- 5) Financial income, mainly return on investments, is based on estimates from Danske Capital.
- 6) Other income items are based on activity levels similar to the Q3 2015 forecast.
- 7) Recruiting and hiring proceeds as planned in 2015 and causing FTE to develop as shown in table 3.
- 8) There will be no diversions from budgeted salaries and other operations in the departments without the Executive Management's approval.
- 9) Less than 140 well-qualified applicants for the Bachelor in Software programme.

Recommendation

With the above assumptions in mind, the Executive Management presents this budget proposal with the conviction that it shows the financial state of the IT University of Copenhagen, and that the results are achievable.

Therefore, the Executive Management recommends that the Board approve the budget proposal 2016 including the two strategic initiatives.

The Executive Management elaborates the strategic goals in enclosure 4.

The Executive Management acknowledges that the risk profile has increased since the Framework budget, see Part 4, but recommends that ITU undertakes the strategic initiatives even so.

If the Board approves this budget proposal including strategic goals, the Executive Management expects the equity at the end of 2016 to be DKK 59.4 M equivalent of an equity/income-ratio of 22.6 percent in 2016. The Executive Management maintains the long-term goal of equity/income-ratio of 18.0 percent.

Part 2

The budget proposal 2016

Table 1 displays the Executive Management's budget proposal 2016. The table contains all main income items of ITU and shows expenses allocated to the departments. Furthermore, the budget proposal 2016 numbers are compared to the forecast Q3 2015 and the budget 2015.

Table 1: Budget 2015, Forecast Q3 2015 and Proposal 2016

(DKK 1.000)	Budget 2015	Forecast Q3 2015	Proposal 2016
Income			
Government Grants	89.104	88.254	90.165
Tuition	145.750	147.741	143.116
Research Grants (Government and other sources)	35.843	25.763	26.500
Rental Income	1.800	2.000	2.200
Other Income	2.814	3.008	2.739
Savings on Administration and Purchasing	-3.737	-3.700	-3.697
Total Income	271.574	263.066	261.023
Ordinary operations costs			
Wages and Salaries			
Executive Management	3.885	3.560	3.790
Facilities Management	5.647	5.847	5.681
IT Department	10.493	10.093	9.800
Communication Department	5.941	5.879	5.939
Student Affairs and Programmes	14.405	14.612	14.938
Department of Finance and Personnel	15.510	14.945	15.643
- Holiday obligations, flex job scheme contribution etc.	3.756	-871	2.897
Faculty incl., PhD School, RL and Study Board	87.837	86.983	94.543
- Library	236	236	277
- Research Projects	22.222	14.588	16.165
Total Wages and Salaries	169.932	155.872	169.673
Other Operations			
Executive Management	4.551	2.199	8.904
Facilities Management	16.997	18.250	16.844
IT Department	5.315	7.836	5.120
Communication Department	3.815	3.879	3.820
Student Affairs and Programmes	6.898	6.201	3.760
Department of Finance and Personnel	6.419	7.482	6.918
- Rent and property tax etc.	46.873	38.602	39.008
Faculty incl., PhD School, RL and Study Board	7.690	8.740	7.566
- Library	2.018	2.083	2.114
- Research Projects	4.660	3.917	3.710
Total Other Operations	105.236	99.191	97.764
Total Ordinary Operating Costs	275.168	255.062	267.437
Result of Ordinary Operations	-3.594	8.003	-6.414
Financial income	1.800	900	1.400
Financial costs	5	5	5
Result before Extraordinary Items	-1.799	8.898	-5.019
Extraordinary back payment of rent	0	11.446	0
Increased admission and development of new education	0	0	-4.500
Result of the Year	-1.799	20.345	-9.519

Management pools are raised by approx. DKK 5.0 M regarding strategic initiatives according to ITU strategy. Furthermore DKK 4.5 M is considered a strategic reserve to be allocated to operating items.

The renegotiated lease for Rued Langgaards Vej 7 reduces the annual costs significantly in 2016.

The DIM programme at ITU is replacing the outsourced EBUSS programme at CBS, and hence Student Affairs and Programmes reduces their payment of tuition to CBS significantly in 2016.

Comparison to framework budget 2016

Table 2 and 3 compares the budget proposal 2016 to framework 2016 from September 2015. Table 4 specifies the adjustments made since 17 September.

Table 2: Framework budget 2016 and budget proposal 2016

(DKK 1.000)	Framework 2016	Adjustment	Proposal 2016
Government Grants	90.165	0	90.165
Tuition	148.001	-4.885	143.116
Research Grants (Government)	20.517	-2.317	18.200
Research Grants, Private and other sources	8.793	-493	8.300
Rental Income and other income	2.200	0	2.200
Financial income	1.400	0	1.400
Other Income	3.244	-505	2.739
Extraordinary income	0	0	0
Savings on Administration and Purchasing	-3.697	0	-3.697
Total Revenue	270.623	-8.200	262.423
Payroll	174.774	5.101	169.673
Other Operating Expenses	91.068	570	90.498
Strategic Research Areas and Investments	3.000	-8.766	11.766
Financial cost	5	0	5
Total Costs	268.847	-3.095	271.942
Result of the Year	1.776	-11.295	-9.519
Equity	69.117	-9.747	59.370

Note: Calculation of equity for the budget proposal 2016 is based on Forecast Q3 2015, while equity for the framework budget 2016 is based Forecast Q2 2015.

Strategic Research Areas and Investments contain the increased admission and development of new education applicable from summer 2017, and the increase in management pools for strategic initiatives.

Table 3: Full-time employees comparison

(FTE)	Framework Adjustment		Proposal
	2016		2016
Scientific Staff FTE	152	-5	147
Part-time Lectures FTE	46	0	46
Administrative Staff FTE	130	0	130
Total Full-time Employees	328	-5	322

The number full-time scientific staff employees are reduced. This is due to downsizing of consumption of research funds and a downsizing of study activities in most recent forecasts as shown in table 4.

Wages and salaries allocated to faculty makes it possible to achieve a VIP/DVIP-ratio of more than 2.44 in 2016, as required by Quality Standard 2.5 of ITU's Quality Policy. Obviously, actually achieving a VIP/DVIP-ratio of at least 2.44 depends not just on the budget allocations, but also on the actual course manning throughout the year.

Table 4: Specifications of adjustments to the framework budget

(DKK M)	Adjustments
Framework budget 2016 result	1,8
Government tuition cut back of 2 per cent	-2,2
Income reduction due to updated study activity forecast	-2,7
Income reduction due to updated external research forecast	-3,3
Recalculation of holiday obligation per employee	2,0
Payroll reduction due to updated study activity forecast	1,4
Payroll reduction due to updated external research forecast	1,7
Reduction of strategic management pools	0,7
Strategic initiatives	-9,5
Other minor adjustments to other operating expenses	0,6
Budget Proposal 2016 result	-9,5

As stated in the general assumptions, research grants are adjusted to the level of the forecast Q3 2015. At this time, ITU awaits answers from councils and beneficiaries on a large number of applications and the normal application success rate indicates that research grants will match the 2015 level. According to the ITU development contract, the target for external research consumption per senior scientific FTE is DKK 0.8 M in 2016. However, the current staffing and planned recruitments at the faculty indicates an average research consumption of DKK 0.5 M per senior scientific FTE.

The change in other income of DKK 0.5 M concerns commercial research. According to government guidelines, commercial and non-commercial research is considered external research and thus reclassified to research grants in the budget proposal 2016.

Table 5 displays a list of expenses granted specific for student activities included in the Budget Proposal 2016.

Table 5: Grants for student activities at ITU

(DKK 1.000)	Budget 2016
Student Activity Fund	80
SERs - qualified representatives	30
Student Organizations Secretary	178
StupIT Organization Operations	19
Scholarships for Students	185
Social activities	200
Venture Cup	100
Books, Games, etc. to Library	934
Facilities Management Supported Activities	100
§ 4 Company's Consumption of Activities Related to Students	300
Total Specific Grants for Student Activities	2.126

Compared to budget 2015, grants for student activities has increased from DKK 2.0 M to DKK 2.1 M in budget proposal 2016.

Part 3

Forecast of student admission and study activity

Table 6 shows the admission forecast for both full-time and part-time education. Table 7 shows income from tuition and is based on these admission assumptions. Compared to actual admission 2015, the admission forecast expects a growth of approx. 7 per cent in admissions, especially part-time students.

Table 6: Admission forecast, October 2015

(Number of students)	Actual 2015	Forecast 2016
Full-time education	623	689
Master of Science, DDK	136	143
Master of Science, DIM (EBUSS)	121	120
Master of Science, SDT	100	110
Master of Science, GAMES	51	50
Bachelor of Science, SWU	89	140
Bachelor of Science, DMD	69	66
Bachelor of Science, GBI	57	60
Part-time education	121	155
Part-time Students, Master ILM	39	80
Part-time Students, Master IND	23	40
Part-time Students, Master SE	24	35
Part-time Students, Diploma	35	0
Total	744	844

Note that we assume an increase in admissions on Bachelor in Software from 89 in 2015 to 140 in 2016. Executive Management wishes to point out that this is a high risk expansion (the risk being that there will be less than 140 well-qualified applicants). To mitigate the risk, Executive Management will initiate a number of actions.

Table 7: Forecast of Income from tuition

Income from tuition	2016
Fees (DKK)	
Tuition fee, MSc students	93.100
Tuition fee, BSc students	93.100
Tuition fee, exchange students	4.700
Completion bonus, MSc students	24.900
Completion bonus, BSc students	37.350
Tuition fee, part-time students	43.000
Tuition fee, part-time diploma students	39.900
Tuition fee, part-time ILM students	31.000
Tuition fee, part-time students, former rate	50.000
Tuition fee, part-time students, present rate	85.000
Study activity (FTE) and completions (number)	
Master of Science (FTE)	774
Bachelor of Science (FTE)	521
Scholarships (FTE)	9
Bonus triggering Master of Science	111
Bonus triggering Bachelor of Science	138
Exchange students	100
Part-time Students enrolled before E2010 (FTE)	0
Part-time Students (FTE)	72
Part-time Students enrolled at ILM (FTE)	36
Income (DKK 1.000)	
Income, Full-time Students	121.402
Income, Completion Bonus	7.918
Income, Exchange students	470
Income, Part-time students	13.325
Total Income	143.116

Income from tuition are calculated assuming that the Amended Budget Proposal for 2016 (FFL 2016) is passed by Parliament without substantial changes. ITU did not meet the target of the Study Progress Reform in 2015. The completion bonus fees for 2016 are adjusted downwards accordingly.

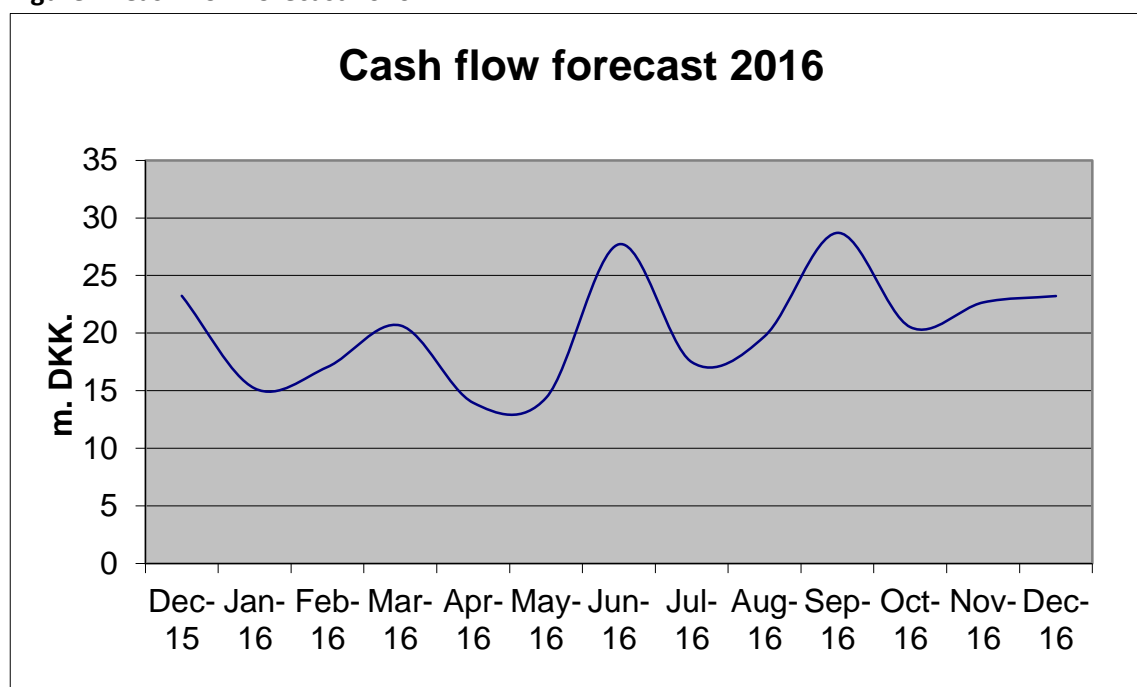
Cash flow forecast

The forecast in figure 1 shows cash holdings to be positive throughout the year. Mainly, this is due to the monthly account payments of government grants and tuition.

At the beginning of the year, cash holdings will be low due to the December 2015 payment of tuition to Copenhagen Business School for the EBUSS programme, the payment to Copenhagen Business School for the administration of wages and salaries and the first rent payment and property taxes for the tenancy at Rued Langgaards Vej 7. Cash resources will also be low in May following the second rent payment and in August following the third rent payment as well as property taxes.

Furthermore, cash holdings peak in June due to prepayment of Government research grants, and in March and September due to payment of tuition fees from part time students.

Figure 1: Cash flow forecast 2016



Part 4

Budget proposal uncertainties

The uncertainties, which could affect ITU's financial framework, include production of full-time and part-time student FTE, number of MSc and BSc student that trigger completion bonuses, external research funding, self-insurance, and educational reforms. Appendix A recaps the simulation of uncertainties regarding the framework budget presented to the Board on 17 September 2015. The simulation indicates that the probability of the actual result 2016 being at least DKK 4.2 M less than the budgeted result is

approx. 20 percent. Equally, the probability of the actual result 2016 being at least DKK 4.2 M more than the budgeted result is approx. 20 percent.

The uncertainties regarding framework budget applies to the budget proposal 2016 as well.

In addition, because of changes in general conditions for the university sector, a number of uncertainties exists, which are not quantifiable at this point:

1. The planned cutbacks in completion bonuses await approval by the Parliament.
2. The ongoing Student Progress Reform causes uncertainty with regard to student behavior and study activity.
3. Tuition is still subject to the over-all inherent uncertainty of end year adjustments of government grants according to the Appropriation Act.
4. The planned cutbacks in government research grants awaits approval by the Parliament. The cutbacks will prove a challenge to ITU, making it difficult to reach both the budgeted 2016 level as well as the long-term targets.

Furthermore, the Executive Management expects a growth in admission of part-time students in 2016. If not fulfilled, this will have a negative impact on the end year result. As an example, if admissions increase only by half the expected rate, income from tuition will drop by DKK 0.7 M.

Finally, financial income is subject to capital market fluctuations, which might influence the end year result significantly.