QUT Library Collection Development Manual

3. Practices

3.1. General

3.1.1 Library Resource Allocation (LRA) Funding

Identification Block

<table>
<thead>
<tr>
<th>QUT Library Collection Development Manual</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>3.1.1 Library Resource Allocation (LRA) Budget Allocation and Budget Model</td>
<td></td>
</tr>
<tr>
<td>Contact Officer</td>
<td>Library Resource Services Manager</td>
</tr>
<tr>
<td>Approval Authority</td>
<td>Library Leadership Team</td>
</tr>
<tr>
<td>Approval Date</td>
<td>February 2019</td>
</tr>
<tr>
<td>Date of Next Review</td>
<td>February 2022</td>
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</tbody>
</table>

Policy Statement

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2. LRA Division of Funds model
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   2.3. One-off purchases
   2.4. Vendor services (VEN)
3. Exchange rates and inflation
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1. Library Resource Allocation (LRA) Funding Model

The university allocates funding for the procurement of Library information resources to the Library Resource Allocation (LRA) as a university overhead account. The funding model provides:

- a. a standard level of funding provided through the university's relative funding model (RFM);
- b. the ability to adjust the base funding for anticipated changes in exchange rates and resources costs; and
- c. the ability to adjust the base funding when material changes occur to the demands on the resource, such as new research initiatives. The model seeks to align the LRA funding allocation with its cost drivers and funding is determined through a two-step approach.

1. The LRA is allocated funding that provides a standard level standard of service. The standard level of funding was set based on the 2015 allocation of $13.961 million. The standard funding is then adjusted for primary cost drivers, being exchange rates and pricing pressures. These primary adjustments enable the LRA to maintain the same
purchasing power, and therefore provide the same level of service, in subsequent years. These adjustments may increase or decrease the funding allocated to the LRA.

2. A secondary cost driver adjustment is then applied to take into account changes in teaching and research demands on the LRA. The secondary cost driver may either be long-term, greater than one year, or short-term, less than one year. Long-term changes may be due to the university undertaking new ongoing research or teaching initiatives, whereas short-term changes may be due to student load fluctuations or temporary research activities. Long-term adjustments will be added, or subtracted, from the standard funding so that subsequent years will include the change. Short-term secondary drivers are treated as a ‘top-up’ and therefore no changes are made to the standard funding.

The Division of Resources Finance Resource Management calculates the adjustments for foreign exchange rates and CPI in consultation with the Library. The funding model may result in increased LRA funding when the exchange rate is unfavourable. However, there may also be a decrease in funding requirements when the exchange rate is favourable.

Application

1. Standard rate of base funding is divided into approximations of the foreign currency required. Using forecast exchange rates, provided by Division of Resources, the

![Diagram]

- Year 1
  - Standard LRA Funding: Funded via the RFM
  - Primary Drivers Adjustment
    - Base Funding Adjusted For:
      - 1) Foreign Exchange Rates
      - 2) CPI
  - Secondary Drivers Adjustment
    - Primary Base Funding Adjusted For:
      - Long term changes in:
        - 1) Research Requirements *
        - 2) Teaching Requirements **
      - Short term changes in:
        - 1) Research Requirements *
        - 2) Teaching Requirements **
  - Final LRA Funding - Year 1
    - Includes exchange rate, CPI and variation to research and/or teaching requirements.

- Year 2
  - Standard LRA Funding: Funded via RFM and Research (if required)
  - Primary Drivers Adjustment
    - Base Funding Adjusted For:
      - 1) Foreign Exchange Rates
      - 2) CPI
  - Secondary Drivers Adjustment
    - Primary Base Funding Adjusted For:
      - Long term changes in:
        - 1) Research Requirements *
        - 2) Teaching Requirements **
      - Short term changes in:
        - 1) Research Requirements *
        - 2) Teaching Requirements **
  - Final LRA Funding - Year 2
    - Includes exchange rate, CPI and variation to research and/or teaching requirements.

* Long/Short term changes in Research requirements may be funded by Research funding streams
** Long/Short changes to the Teaching requirements are to be funded by the RFM
foreign currency is then adjusted for exchange rates. The foreign exchange currency strategy will be implemented in January of the budget year with adjustments being made to the standard funding to maintain purchasing power;

2. Foreign currency is adjusted for inflation by using historical data of subscriptions purchased in the respective currency. The calculation must only include ‘like for like’ subscription price changes. Monograph inflation is also considered.

3. An increase to the standard funding will be considered where there is a demonstrated need for new resources that the library does not currently provide. The request for additional funding should be submitted during the budget preparation process in August and supplementary information submitted for consideration via the March of June budget reforecast.

4. During January, forward currency purchases in USD, GBP and EURO are taken out and the funding will be reviewed to ensure purchasing power is maintained. Material movements in exchange rates may attract a funding adjustment in the reforecast RFM.

5. As the LRA funding is treated as a University Overhead, it is subject to clawback of unspent funds at the end of the budget year. Calculation of unspent funds will be in consultation between the Division of Resources and the Library.

Definitions of Terms

- Standard Level of Funding – this is the minimum funding that the LRA requires to maintain essential services. The standard level of funding was originally based on the 2015 final allocation.
- Short Term – One year or less. Not expected to be an ongoing resource demand.
- Long Term – Greater than one year. There is reasonable expectation that the resource demand will be ongoing.

See Appendix 1 Time-line of responsibilities for further information

With this model, the Library is able to plan information resource management strategically and respond to external and internal influences including demand, inflation in resource costs, and exchange rates. Exchange rates affect the purchasing power of the LRA, which is predominantly spent in US dollars, UK pounds and Euros, in addition to Australian dollars.

Procurement Strategies are developed for LRA components and are approved by appropriate financial delegates prior to the commencement of the year to which they apply. This is required to ensure expenditure can commence from the first week of the LRA budget year.

The LRA Division of Funds Model (refer below) was approved by the Vice Chancellor’s Advisory Committee (VCAC) and each LRA Division of Funds is approved by the Vice-President (Administration), usually in February - March each year.

2. LRA Division of Funds model

The LRA Division of Funds model was heavily revised, simplified and approved (by VCAC) in preparation for the release of the 2012 LRA Division of Funds.

The LRA Division of Funds (See spreadsheet example in Appendix 2) now comprises the following funding pools:

- Subscriptions
- One-off purchases
- Vendor services
2.1. Summary

Spreadsheet Tab 1: This sheet summarises the major components of the LRA.

**Allocation to meet contingencies (CON)**

Used to cover up to $200,000 variation in purchasing power due to foreign currency exchange rate fluctuations. This funding may be applied to other purchases in Q4 as appropriate.

**Carry-over commitment**

The value of outstanding order commitments from the previous year LRA (i.e. resources ordered in the previous year, but not yet paid).

**Subscription Cancellation target.**

The LRA funding model assumes that the Library will continually review and refresh current subscription requirements in addition to meeting new demand.

2.2. Subscriptions

Spreadsheet Tab 2: These resources are published on a regular basis and incur a regular, usually annual cost. The Library buys these resources to provide the most current information. Subscriptions are supplied direct from publishers, via the preferred supplier EBSCO Information Services or via the Council of University Librarians (CAUL) consortium. Subscription resources may be leased or purchased for access in perpetuity. The allocation is made on the basis of the value of current subscriptions, and the value of any strategic new subscriptions.

**Electronic (SE)**

This is used to pay ongoing costs for all databases, electronic journals, research datasets and ebook packages paid as subscriptions. This is the largest and an increasing component of the LRA budget.

**Print (SP)**

This is used to pay ongoing costs for print journals. Not all academic journals are available electronically. The print version of a small number of titles is also preferred by academic staff and students in the art, architecture, music and law disciplines. This is a decreasing component of the budget.

2.3. One-off purchases

Spreadsheet Tab 3: These resources are usually published once only and are selected and paid for once. The allocation is based on need.

**Monographs (OM)**

This is used to pay for textbooks and other print books, audiovisual items and individually selected ebooks. Books and audiovisual items are purchased using Approval Plans or by individual selections. Books and audiovisual items will be ordered using a discipline based order code which is used for monitoring and reporting to ensure the needs of all schools are being met.

**ProQuest Ebook Central Demand-Driven Acquisition (OPEC)**

This is used to pay for aggregated ebooks from multiple publishers accessed via the ProQuest Ebook Central platform using the Demand Driven Acquisition (DDA) business model by which a large collection of ebooks is made available for students and staff.
and acquisition is based on use. The Library pays loan costs and the purchase cost for perpetual access triggered by usage.

**EBSCOHost Demand-Driven Acquisition (OEBSC)**

This is used to pay for aggregated ebooks from multiple publishers accessed via the EBSCOHost platform using the Demand Driven Acquisition (DDA) business model.

**Evidence Based Acquisition and eBook Packages (OEBP)**

This is used to pay for demand-driven acquisition of ebooks using the evidence-based acquisition (EBA) model and to acquire collections which are sold as a one-off purchase, both of which provide for perpetual access. These are usually accessed on publisher platforms.

**eJournal Back-sets (OJ)**

This is used to pay for individual ejournals or databases of ejournals where the back-file is available for perpetual access. The Library purchases back-files to replace print and to provide a collection of historical research material.

**Document Delivery (ODD)**

This is used to pay charges for the supply of individual items not otherwise available from the QUT Library collections. The Library sources information resources from around the world.

### 2.4. Vendor services (VEN)

Spreadsheet Tab 4: These are costs paid by the Library for vendor services such as shelf-ready processing of print monographs and journals, metadata services for ebooks and print books, digitisation, and freight. These services help the Library deliver resources to students and staff more efficiently.

### 3. Exchange rates and inflation

**Exchange rates**

The majority of information resources purchased are published in the United States (60% US$) and the United Kingdom (10% GBP) and Europe (10% Euros). The purchasing power of the LRA is therefore subject to fluctuations in foreign currency exchange rates.

Since 2012, and in response to a change in the Queensland Government Treasury Guidelines, the Division of Resources undertakes a process of forward contract purchases. The Library estimates the value of its purchases in US$ GBP and Euros for the year, and provides a monthly expenditure pattern. Division of Resources and the Library have agreed the percentage of this expenditure which will be covered by forward contracts. The Division of Resources negotiates the term of the forward contracts (buy date and sell date), using market information to assess risks. The Division of Resources aims to take out forward contract amounts in early January but this can depend on market projections.

The Library is required to spend all forward contract amounts within the year. Division of Resources expends invoices against these contracts within the forward contract period.

The Library retains a Contingencies amount in the LRA (set at $200,000) primarily to cover the library purchases in foreign currencies not covered by the forward contracts.

**Inflation**
In preparing the annual Division of Funds, the Library builds into the allocations for subscriptions, the combined effect of the agreed exchange rate, and an estimate of inflation in serials publishing as indicated by the Library’s main subscription agents and an internal estimation using a selection of the Library’s major databases.

4. Review process

To ensure an appropriate share of subscription and one-off purchased resources are adequately and fairly purchased for all faculties and research areas, the Library undertakes a process of frequent review. The number, appropriateness, total and average cost of books and audiovisual items purchased is assessed. The spread of databases and journals across disciplines, and the return on the investment made is monitored, as measured by cost per use. An annual subscription cancellation target is agreed to ensure the subscription collection is refreshed and to balance subscription expenditure as agreed at the time of establishment of the current LRA funding model. Liaison Librarians will continue to review and monitor purchases for their respective faculty.

Borrowing of print resources is decreasing, while usage of ebooks is increasing. The use of databases and ejournals remains high. The Library will continue to undertake regular, systematic review of the usage of all information resources purchased, in print and online formats, to ensure appropriate resources are selected and a good return on investment is achieved.
Appendix 1 – Timeline of Responsibilities
6.2.1 Timeline of responsibilities

### Library
- Prepare Triennial budget estimates and subscriptions based on the RFM funding allocation.

### Corporate Finance
- FRP and TILS (LRA) to discuss and determine estimated (for the following years):
  - Exchange rates
  - Inflation rates
  - Short term driver adjustments
  - Long term driver adjustments
  - Library to inform Corporate Finance the approved budgeted amount along with:
    - List of suppliers
    - List of Foreign currency exposure

### Management Accounting
- Notify Corporate Finance of any variation to estimates that can impact on the establish strategy. For example, underspend of the Forward contracts.
  - Make actual payment
  - Forwards applied to agree contract
  - Monthly reports provided to the Library for review
  - Subscriptions applied to prepayments
  - Foreign exchange strategy implemented and derivatives purchased
  - Current Year budget allocation reviewed for material exchange rate variations
  - Mid Year Review: Current year budget adjusted (if required) for material Exchange Rate variations

- Release Relative Funding Model (RFM) and the budget allocation for the Library
- Submit Budget to VCAC & PRC
- Submit Budget to Council for Approval
- Budget Approved and Library Informed
# Appendix 2: Example LRA Budget Spreadsheet Template

## Spreadsheet Tab 1

<table>
<thead>
<tr>
<th>LRA Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Library Resource Allocation Total</strong></td>
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<table>
<thead>
<tr>
<th>Subscription Purchases</th>
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</thead>
<tbody>
<tr>
<td><strong>Subscription Purchases</strong></td>
</tr>
<tr>
<td><strong>One-Off Purchases</strong></td>
</tr>
<tr>
<td><strong>Vendor Services</strong></td>
</tr>
<tr>
<td><strong>Allocation to meet contingencies e.g. exchange rate variations outside forward contract purchases</strong></td>
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</tbody>
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| TOTAL |

## Spreadsheet Tab 2

### Subscription Purchases

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Allocation</th>
</tr>
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<tbody>
<tr>
<td>Subscriptions Electronic</td>
<td>SE</td>
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<td>Subscriptions Print</td>
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<table>
<thead>
<tr>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic new subscription purchases</strong></td>
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</table>

<table>
<thead>
<tr>
<th>TOTAL</th>
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Subscriptions electronic includes database, ejournal, datasets and ebook subscriptions

## Spreadsheet Tab 3

### One-off Purchases

<table>
<thead>
<tr>
<th>Fund Code</th>
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</thead>
<tbody>
<tr>
<td>Monographs</td>
<td>OM</td>
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<tr>
<td>ProQuest Ebook Central DDA</td>
<td>OPEC</td>
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<tr>
<td>EBSCOHost DDA</td>
<td>DDA</td>
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<tr>
<td>eBook Packages One-Off</td>
<td>OEBP</td>
</tr>
<tr>
<td>eJournal Backsets One-Off</td>
<td>OEJ</td>
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<td>Document Delivery</td>
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<table>
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<tr>
<th>TOTAL</th>
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## Spreadsheet Tab 4

### Vendor Services - Allocation

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<tr>
<th>Fund Code</th>
<th>Expend.</th>
<th>Allocation</th>
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<tbody>
<tr>
<td>One-off freight</td>
<td>VOF</td>
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<tr>
<td>One-off shelf-ready</td>
<td>VOSR</td>
<td></td>
</tr>
<tr>
<td>One-off eBook marc records</td>
<td>VOSRE</td>
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**Subtotal**

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<thead>
<tr>
<th>Vendor Services</th>
<th>Fund Code</th>
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<th>Allocation</th>
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<tbody>
<tr>
<td>Subscriptions Libraries Australia</td>
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<td>Subscriptions freight</td>
<td>VSF</td>
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<tr>
<td>Subscriptions shelf ready</td>
<td>VSSR</td>
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**Subtotal**

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<tr>
<th>Vendor Services</th>
<th>Fund Code</th>
<th>Expend.</th>
<th>Allocation</th>
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<tr>
<td>Digitisation</td>
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**TOTAL**

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## Modification History

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<th>Date</th>
<th>Sections</th>
<th>Source</th>
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<tr>
<td>24th Nov 2005</td>
<td>4. Exchange rates</td>
<td>Associate Director, Information Resources via IRMG</td>
<td>Updated</td>
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<tr>
<td>31 Aug 2007</td>
<td>2. Cross Faculty Pool / High Coursework Pool: e book bundles</td>
<td>Associate Director, Information Resources via IRMG</td>
<td>Updated</td>
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<td>11 March 2010</td>
<td>2. LRA funding pools. Cross Faculty Pool/High Use Coursework / Special Resources Pools/Faculty Specific Information Resources Pool/Document Delivery 4.Exchange Rates Appendices</td>
<td>Library Collections Officer via IRC</td>
<td>Updated</td>
</tr>
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<td>5 March 2012</td>
<td>All sections changed.</td>
<td>LRS Manager and Associate Director (IRRS) via LLT</td>
<td>Re-write of the guideline. Changes to reflect the new LRS Model and Budget Allocation, and the Forward Contracts process Format overhaul in accordance with new Library look and feel</td>
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<td>Finalised 11 December 2012</td>
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<td>1 December 2014</td>
<td>General updates</td>
<td>ADIRRS via IRC</td>
<td>Updated project allocations. Included mention of PPAs. Included APCs OAP allocation. Updated Contingencies allocation to $200,000 reflecting agreement with FRP.</td>
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<td>7 February 2019</td>
<td>General updates</td>
<td>LRS Manager via IRC</td>
<td>General overhaul and update to reflect current LRA funding model</td>
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