



Message from the VC

University financial planning update

Dear colleagues

I am writing to you on behalf of the University Leadership Team (ULT) about the University's finances, and how we need to respond. As many of you already know from your Heads of College, Professional Service Leads, school, department, and UEB meeting, we continue to face a number of financial issues, both local and national.

The HE sector in general is seeing significant falls in the numbers of students applying to university as a result of a drop in the number of 18-year-olds in the population, an increase in national compliance costs, a likely rise in pension costs, and, very possibly, a fall in tuition fees following a post-18 education funding review. All of these will be familiar from either the media or from colleagues within the sector.

Whilst other universities have reduced their staff costs in relation to income, our costs have continued to rise. Additionally, student recruitment has become more challenging as our rankings have fallen and – while much is being done to improve the student experience – it currently remains a challenge. We also face issues with our ageing stock of buildings and our digital infrastructure.

In response to the above, the University Council has given strong support to the University Leadership Team's approach to reducing the proportion of income spent on staff salaries, from its current level, which is one of the highest in the sector, to a level closer to that of our peers. Great progress has been made towards this target through post-control, the rationalisation of other financial demands over the last few months, and by revising the planning process so that the three Colleges and Professional Services are working within agreed financial envelopes.

While meeting these challenges we will still deliver our Strategic Plan to give a better student experience, grow stronger in research and develop a University that is strong, sustainable and ready to meet the future. Many of you are doing excellent work on this already as we review both the courses we offer and how they are taught so that students are happier, more challenged and more fulfilled. Our research performance has also improved considerably over the last few years.

Short-term challenges will not divert us from investing in infrastructure for excellence and this requires raising investment finance. Not just for new buildings for learning, research and accommodation – to attract the students vital to our success – but also for new digital infrastructure to support 21st-century learning. To raise the finance to invest in all of these requires that we create a solid working surplus and financial stability, and over the last few years our surpluses have tended to be lower than those of our peers.

'No-change' is not an option for the university within the current higher education climate. To address the financial challenges we are now actively reviewing, and where possible, reducing both our pay and non-pay expenditure.

Taking resolute action, which will include targeted investment and may include a small number of targeted redundancies or voluntary severance, will enable the university to underpin its future as a good place to develop a career, attract the best students, researchers and staff and which has best-in-class facilities for all who work here.

As we head into the future I am confident we can rise to this challenge and ensure together that the University of Leicester remains a strong research-intensive university that is globally-facing and makes a distinctive contribution to the city, the region, the wider UK and beyond.

While much of the above is familiar to most, I am conscious that some colleagues may have questions. Heads of College and Heads of Professional Service Divisions are best placed in the first instance to answer these as they are working on proposals for approval in June with staff being informed as soon as possible.

I and my team will also be available on a number of occasions in the near future to provide more detail.

Yours
Paul

Our **descent** in the rankings – which commenced after 2014 – corresponds to Paul Boyle's tenure as vice-chancellor.

A university that allocates a high proportion of its spending to salary costs – high staff-student ratios, decent wages for scholar-teachers, librarians, IT specialists, counsellors, cleaners... Sounds like a university we'd like to work in! Sounds like a university we'd like our sons and daughters to attend!

A better student experience cannot be delivered when staff shortages result in the cancellation of degrees and modules and seminar groups containing 50 students. Moreover, increasing teaching pressures on academics – because of under-staffing – will undermine research goals.

Student surveys tell us that new buildings are the lowest on their list of priorities.

We agree! We can think of lots of changes we'd like to see.

Message sent by Paul Boyle on 17 May 2018.
Leicester UCU responses 24 May.

This is spurious at best: the fall in the number of 18-year-olds in the UK population is less than 1%. It is not clear how an increase in compliance costs or a 'likely rise in pension costs' will affect student applications.

University of Leicester has reduced its staff costs relative to its income. As we show in [this graph](#), this ratio was 60.49% in 2014/15; it fell to 58.58% in 2015/16 and to 58.20% a year later.

When Paul Boyle was appointed VC in early 2014, he told *Leicester Mercury* that 'he was inheriting a "strong estate" where much work had already been done to ensure it was highly-attractive to students. ... "There may be buildings that require refurbishment or replacement but, on the whole, it's in great shape."' Have these buildings aged so much in just four years?

According to the vision for the 'Digital Strategy (see [this video](#)'), the 'digital campus is based on systems, on data, on objects and, most importantly, on people...' So why divest in people?

This point is key. The 'challenges' the ULT are concerned about are not the needs of staff or students, but the whims of the financial markets!

Leicester UCU will take resolute action to oppose all redundancies – and termination of short-term contracts.