How the University is financed

Achieving sustainable resilience and agility
Section 1

Current University Position
Current revenue position

Highest ever trading surplus

£14.7 M
- 2015 -
Highest ever trading surplus – £14.7 million for 2015
Where does our money come from?

<table>
<thead>
<tr>
<th></th>
<th>Prior Year £M</th>
<th>2014 – 15 Full Year Budget £M</th>
<th>Q1 Forecast £M</th>
<th>Q2 Forecast £M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition Fees</td>
<td>132.2</td>
<td>139.9</td>
<td>139.2</td>
<td>139.4</td>
</tr>
<tr>
<td>HEFCE Grants</td>
<td>48.8</td>
<td>41.7</td>
<td>41.6</td>
<td>41.6</td>
</tr>
<tr>
<td>Research Income</td>
<td>55.1</td>
<td>64.5</td>
<td>62.2</td>
<td>61.1</td>
</tr>
<tr>
<td>Other Income</td>
<td>69.3</td>
<td>87.7</td>
<td>92.2</td>
<td>92.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>305.4</strong></td>
<td><strong>333.8</strong></td>
<td><strong>335.2</strong></td>
<td><strong>334.4</strong></td>
</tr>
<tr>
<td>Staff Costs</td>
<td>166.0</td>
<td>178.5</td>
<td>178.0</td>
<td>176.9</td>
</tr>
<tr>
<td>Other Operating Costs</td>
<td>104.1</td>
<td>117.0</td>
<td>117.4</td>
<td>117.0</td>
</tr>
<tr>
<td>Depreciation</td>
<td>21.2</td>
<td>20.0</td>
<td>20.0</td>
<td>19.9</td>
</tr>
<tr>
<td>Interest</td>
<td>3.6</td>
<td>6.2</td>
<td>6.0</td>
<td>5.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>294.9</strong></td>
<td><strong>321.7</strong></td>
<td><strong>321.4</strong></td>
<td><strong>319.7</strong></td>
</tr>
<tr>
<td><strong>Total Trading Surplus</strong></td>
<td><strong>10.5</strong></td>
<td><strong>12.1</strong></td>
<td><strong>13.8</strong></td>
<td><strong>14.7</strong></td>
</tr>
</tbody>
</table>
Current asset position

Highest ever net assets

£243.8 M
- 2015 -
Asset position

Highest ever net assets

£243.8 M - 2015 -

Borrowings
£146.1m

Pension liability
£6.0m

Reserves
£119.6m

Net current liabilities
£9.3m

Cash
£24.0m
Historical cost surplus as a percentage of income

HEFCE Benchmark

- York
- Sector mean
- Worst quartile

2012/13
2013/14
Borrowings as a percentage of income
HEFCE Benchmark

York
Sector mean
Worst quartile
Net cash flow as a percentage of income
HEFCE Benchmark

<table>
<thead>
<tr>
<th>Year</th>
<th>York</th>
<th>Sector mean</th>
<th>Worst quartile</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012/13</td>
<td>8</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>2013/14</td>
<td>6</td>
<td>8</td>
<td>5</td>
</tr>
</tbody>
</table>
The University is in a strong position

- Research Excellence Framework (REF) results
- Academic mix of disciplines
- New Heslington East campus
- New University Strategy

Going into change
Section 2

The Changing HE Funding Environment
Where does our money come from?

<table>
<thead>
<tr>
<th>Source</th>
<th>Prior Year</th>
<th>2014 – 15 Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£M</td>
<td>Budget £M</td>
</tr>
<tr>
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<td><strong>12.1</strong></td>
</tr>
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Other changes that will impact finance

- VAT
- Government funding
- Student fees
- Control of student numbers
- Overseas funding
- Overseas students
- Pensions

Section 2
Government funding

Savings need to come from somewhere to balance the books

SHARE OF NATIONAL INCOME

- 50%
- 40%
- 30%

SHARE OF NATIONAL INCOME

- 10%
- 5%
- 0%

Spending
Taxes
Borrowing

Section 2
What is going to happen to HE funding?

A shift in distribution of spend and around 31% cut to the BIS budget

- **Science and Research**: £4.6Bn HEFCE/RCs
- **HE Teaching**: £1.6Bn HEFCE
- **Adult Further Education**: £1.2Bn SFA
- **Adult Apprenticeships**: £0.8Bn SFA
- **Other Adult Skills Programmes**: £0.5Bn SFA
- **Further Education Living Cost Support**: £0.2Bn SFA
- **All Other BIS**: £2.4Bn
- **HE Living Cost Support**: £1.7Bn SLC

**£13.2 Billion**
Growing dependency on student fees

- Funding council
- Tuition fees
- Research grants
- Other

2010: 23% Funding council, 29% Tuition fees, 26% Research grants, 26% Other
2011: 24% Funding council, 20% Tuition fees, 30% Research grants, 24% Other
2012: 26% Funding council, 18% Tuition fees, 32% Research grants, 24% Other
2013: 27% Funding council, 17% Tuition fees, 37% Research grants, 19% Other
2014: 24% Funding council, 18% Tuition fees, 42% Research grants, 16% Other

2010
2011
2012
2013
2014

Section 2
The University plan sets out some key investment needs:

- Replace any poor-quality buildings on Heslington West
- Provide highest quality research facilities and infrastructure
- Provide ‘match funds’ to support significant research funding bids
- Continue providing outstanding library and IT facilities
- Continued improvement of teaching spaces
- Build a dedicated Teaching Building
- Continued development of Heslington East campus
Section 3

Things we will address
Areas we are addressing

- Impact of the general election and the outcome of REF
- Planning and resources process
- Estates planning
- Growing capacity

Section 3
Impact of the general election and the outcome of REF

- University Research Committee’s review of REF outcomes due in the summer
- Working Group looking at the general election outcomes due in late summer
- Two processes will be combined in autumn
- Full review this winter of the consequences for the University
Planning process change

- Outward looking
- Transparent, predictable and consistent
- Encourage entrepreneurial and innovative behaviour
- Full cost
- Department and University alignment
- Balance of long and short term priorities
- Unitary planning environment
Estates planning

- Complete Heslington East
- Resolve Heslington West issues
- New residences
- Facilities to meet student and staff expectations
- Develop research facilities
- Long-term future of King’s Manor
Growing capacity

Increasing our surplus