

Crisis – What Financial Crisis?

Leicester UCU Finance Action Group, 8 Aug 2016

The senior management of the University has manufactured a ‘financial crisis’ in order to force through its process of ‘institutional transformation’, involving at least 150 compulsory redundancies, including the wholesale closure of the Vaughan Centre for Lifelong Learning and other units.

The University’s senior management is using the pretext of a relatively small predicted financial deficit in 2016/17 to accelerate implementation of its ‘strategic plan’. The University’s managers also claim the deficit arises from an unforeseen fall international student recruitment.

Points of contention/interest:

- The ‘headline’ deficit for 2016/17 includes a ‘contingency’ sum of over £5m. Omitting this sum would significantly reduce the predicted deficit.
- University managers estimate ‘additional costs of staff restructuring’ in 2016/17 to be almost as high as the expected deficit. So abandoning the planned redundancy programme would almost eliminate the deficit. Rescheduling the capital programme could also eliminate the single year deficit.
- The University of Leicester has made a financial surplus for each year of the past decade, totalling almost £80m; and, over the next four years, it is predicted to make a surplus of almost £30m (without contingencies), after spending nearly £150m on capital projects.
- The ‘significant drop in international student recruitment’, resulted from increased visa restrictions and a fall in the University’s NSS scores and so league-table positions. The University management claims that it ‘could not have seen [this] a year ago’. However:
 - Immigration has been a contentious political issue for many years. In 2010, for example, David Cameron pledged to reduce net migration into the UK to 100,000; in March 2011, Theresa May announced a curb resulting in 80,000 fewer students coming to study in British HEIs each year. The Government’s 2014 clampdown on student visas should not have come as surprise.
 - The methodology of the National Student Survey is highly contested. Relatively large falls (or rises) in league tables are common and ‘even a very slight dip in results can see a university drop a long way down the league tables’. In this situation, why did University management not prepare for such an eventuality?
- University managers expect the student-staff ratio to increase over the next four years with a growth in student numbers. While senior managers recognise that ‘[g]rowth at the expense of quality will impact on the tariff scores and have negative implications on league tables’ – and undermine future student recruitment – they offer no solution to this contraction, noting only that ‘this requires further thought as part of the rolling strategic plan.’
- In the University’s strategic plan it states that: ‘*We will focus on our social responsibilities and the positive impact that our staff and students can have on the lives of others, emphasising a culture of responsible citizenship that has local as well as global dimensions.*’ The planned closure of the Vaughan Centre appears to contradict this.

The University expects staff numbers to continue to grow over the next three years. The proposed redundancies and closures do not arise from a financial crisis. The planned ‘institutional transformation’ could be achieved over a longer timescale without harming the lives of University staff or the services it currently provides.