

Tuition fees increasingly fund £127m debt

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By [Neil Johnston](#) and [Josh Boswell](#)

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Most of the money spent in internal investment has been on the University's expansion at Heslington East Photo Credit: Robbophotos

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This is due to several changes in its financial position, including a significant decline in research income coinciding with an a large increase in debt.

The gearing ratio, a measure of the University's dependence on borrowed money, has also increased. In 2011/12, the ratio was 35.1 per cent, up from 29.9 per cent in 2010/11, and 9.3 per cent in 2007/08.

This increase is largely due to the University's expansion programme, which has also led to the increase of £27.6m in the University's net debt, now totalling £127m.

Research income in 2011/12 fell under £50m for the first time in five years to just £46.4m. This compares to £51.2m in 2010/12 and £57.4m in 2009/10.

According to the accounts, this fall is reflective of "the situation in the wider research funding environment that is impacting the University's science departments in particular."

However, the income the University receives from tuition fees has increased from £33.3m to £36.7m for home and EU students and £28.2m to £31.2m for international students.

Though these figures show tuition fee income from before the fee rise came into effect, there are several indicators that the University is already becoming increasingly reliant on funding from students rather than other sources.

The number of students has risen 50 per cent in the past nine years with the University having an aim of reaching "a critical mass of around 15,000 students".

Cash flow has reduced by £4.8m, while there was a £2.8m depreciation of capital on last year. As well as the increased debt, the pension scheme still has a £9.7m deficit, despite reducing its liability this year.

In the same year, the number of staff earning £110,000 – £119,999 increased by four. Although the number of staff earning £100,000 – £109,999 has fallen from eleven to nine, the number of staff earning £120,00 – £129,999 has increased from three to five.

A spokesperson for the University commented: “The University’s total borrowing commitment is less than £150m, which is the upper limit set by the Council. We have no plans to exceed this limit. The borrowings have allowed us to construct new buildings and thereby to increase the numbers of students we admit; the additional fee income this generates greatly exceeds the costs of our borrowings.”

The University is currently borrowing at 85 per cent of its upper limit.

But the spokesperson added, “The University’s overall financial position is very strong, as shown by the substantial year-on-year operating cash surpluses we generate. These allow us to reinvest in new facilities for teaching and research.”

On research income they commented: “Total research grant income was down in 2011-12, as the funds available to major national grant-giving bodies (such as the government-funded research councils) reduced. However, we are on course for a rise in research grant income in 2012-13. Researchers are increasingly focusing on larger grant applications, often in collaboration with colleagues from other disciplines and other universities.”

Kallum Taylor, YUSU President, commented: “With HE (Higher Education) in very unpredictable territory, it’s obvious that the University should air on the side of caution. Expanding too fast or investing too heavily into services could hurt students here in the long run.”

He added that the University needed to spend in the right places: “However, it is still important for us to be ahead of the curve and spend smartly into areas that will keep pushing our University up as a key world player.

“College 9 is a prime example. Building another 600 or so rooms will obviously bring in more rent payers – but if the whole package of the student experience isn’t in sync with this expansion then it’s a risk that just will not pay off.”



One comment

christopher perry

30 Jan '13 at 1:41 pm

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