

Transformation Programme briefing

April 2024

Introduction

This briefing sets out measures being taken at Goldsmiths, University of London to overcome a set of challenges and renew our institution as a sustainable, modern university which continues to make significant and progressive contributions to local, national and global life.

The briefing is intended to be shared with stakeholders and partners to help develop an understanding of the challenges Goldsmiths is addressing, the measures the College is taking and the broader context within the higher education sector.

As has been widely discussed in the media and other public forums, this is a difficult time for universities across England with a funding system which is widely considered not fit for purpose. This is compounded by hostile policy decisions, which have combined to create significant financial pressures for many universities.

Unfortunately, Goldsmiths is not immune to these issues. The Transformation Programme and its various workstreams will address issues related to quality and effective operations, as well as securing financial viability and sustainability for the College.

The three aims of the Transformation Programme are:

- Sustainable finances achieved through savings, including lowering our operating expenses by £20 million, and developing new income streams
- Increasing efficiency as a responsive organisation through renewing systems, processes, policy and delivery
- Enhancing quality including learning, student experience and research

Led by our Governing Council and the Senior Management Team, we are making changes to the way we are organised, making sure our finances are balanced and focusing on delivering an excellent learning and research environment and experience.

The Transformation Programme is being delivered through six workstreams which address cost savings, efficiencies in organisation, offer and process, enhancing quality and growth. The remainder of academic year 2023-24 will see this work developed and delivered in order to establish a new foundation from academic year 2024-25.

Challenges across higher education

Before setting out Goldsmiths' specific situation, it is helpful to consider the broader sectoral context. There is growing public recognition of the challenges that all universities are facing which have the current funding system at their root. The key factors for these challenges are:

- There are growing questions over the funding of universities, with broad agreement that the current set-up for home students is not working for these students or their families, for universities or for the public
- A recent analysis of the [financial sustainability of the sector](#) by Universities UK, the group which represents the sector, reported that 40% of institutions are likely to be in deficit this academic year
- One of the key issues here is home undergraduate tuition fees. Compared to 2012 when fees of £9,000 were introduced, these are now worth £6,000 in today's prices due to the impact of inflation. Fees were raised to £9,250 in 2017 but have remained at this level since then
- Government policy towards international students, including ending the right to bring family members for the UK during study alongside broader rhetoric of seeing students as a major contribution towards immigration
- Creative institutions like Goldsmiths face a further drop in the value of government funding, with this support frozen in April 2024 by the Education Secretary. This is despite the government's own estimates that the creative industries contribute [around £126 billion a year to the UK economy](#) – more than the car industry or oil and gas – and employ some 2.4 million people

In addition to financial challenges, there are serious questions being asked about the governance of universities. A wide-ranging [House of Lords report](#) is critical of the Office for Students (OfS), the university sector regulator, and in considering the regulator's independence suggests that government should consider requiring serving politicians to resign any party political whip before becoming Chairs of independent regulators. Conservative peer Lord Wharton is the current Chair of the OfS and holds the government whip.

The issues facing universities have been captured by the leader of another London institution. Professor Shitij Kapur, Vice-Chancellor of King's College London, distilled the issues in his paper [UK universities: from a Triangle of Sadness to a Brighter Future](#). In it Professor Kapur identifies the central cause of the challenges as being that universities have "neither a real market, nor a strategically managed system".

A recent [Guardian article](#) explored many of these themes.

Focusing on Goldsmiths

Turning now to Goldsmiths, we are addressing the above challenges alongside more specific issues.

Firstly, we are forecasting a tuition fee shortfall of £13.1 million compared to our budget this year because of lower-than-expected student recruitment. This was as a result of several external and Goldsmiths-specific factors:

- An increasingly competitive market, with other universities including Russell Group institutions lowering entry grades to attract more students who would previously have come to Goldsmiths
- Lower international student numbers as a result of government policy around students' families
- Lower scores for Goldsmiths in metrics used by students to choose a course or institution
- Internal challenges related to inconsistent approaches to recruitment which have now been addressed

This loss of tuition fee income was just over 11 per cent of our planned-for budget. Our latest [audited accounts](#) for 2022/23 show how reliant we are on tuition fee income:

- 78% of our overall income is from tuition fees
- 43% of tuition fee income is from home students
- 55% of our tuition fee income is from international students
- 2% of our tuition is from other sources such as short courses

Budget shortfall exposes two challenges

The budget shortfall presented us with two challenges to overcome.

The first objective is to ensure our financial viability, guaranteeing that we maintain adequate cash reserves to fund operations consistently and make essential investments in the College's infrastructure.

The university regulator the OfS mandates a minimum cash reserve equivalent to 30 days' of operations, aligning with the sector's expectations to demonstrate our commitment to students. Goldsmiths' monthly operating costs total approximately £11 million. However, this 30-day cash requirement falls short in securing sustained day-to-day operations. Therefore, the College is dedicated to maintaining significantly higher cash reserves to ensure long-term sustainability in the face of potential future challenges.

In addition, we must adhere to the financial covenants outlined in the loan agreements with the banks that have provided financing to Goldsmiths. Although our debt exposure is relatively small compared to many other universities in England, it still constitutes a significant consideration for Goldsmiths.

Against this we started the financial year with cash reserves of nearly £40 million. This was achieved thanks to our previous Recovery Programme which secured savings of £7.6m. However, despite this, the cash position is variable in line with tuition fee payments and outgoing costs throughout the year.

The second challenge to overcome is one of longer-term sustainability. The budget shortfall has given us cause to take a deeper look at how we operate as an organisation including a review of the quality and relevance of our offer to students against recruitment trends and forecasting.

Addressing a new reality

Goldsmiths is entering a new era in its 130-year history, and we need to adjust to this new reality. This includes fewer students: for example, we have 20% fewer students compared to five years ago, with around 8,500 undergraduates and postgraduates studying with us this year. We forecast that this is likely to be the case for us for some time – while growth plays an important part in our plans, we must be realistic about the immediate prospect of increased numbers given all the indicators.

Against this, we have a very high staff cost to income ratio – we have the second-lowest income per head of any university with only the London School of Hygiene and Tropical Medicine, which is something of a special case due to the nature of its scholarship, below us.

In 2022/23, some 62% of our expenditure – £85.7 million – was on staff costs. This is above the sector average of [43% according to HESA](#), the central statistics body for higher education. We recognise absolutely the importance of investing in our staff but this level of spend is unaffordable and unsustainable.

What we're doing and what we've achieved so far

Given all of the above, our first step has been to ensure our finances are stable.

So far, we have secured some £10 million in savings through measures like eliminating vacant positions, implementing a voluntary severance scheme and other initiatives.

However, further measures are required if we are to achieve our savings target of £20 million. Unfortunately, achieving this means taking difficult decisions about our institution and we have regrettably moved to a phase where we need to propose compulsory redundancies.

After a review of our academic departments on the basis of their contribution rate to the College's finances and on trends and forecasts for student recruitment, academic staff in 11 departments have been identified as being in scope for redundancy consultation. These are: Anthropology, Educational Studies, English and Creative Writing, History, Music, Politics and International Relations, Psychology, Social, Therapeutic and Community Studies, Sociology, Theatre and Performance, and Visual Cultures.

In total, some 132 academic roles are in scope for redundancy consultation. With 769 academic roles at Goldsmiths this equates to 17% of all academic roles at the College.

For full-time equivalent roles this equates to a figure 91.5 FTE. Against the College's overall FTE headcount of 1,332, which includes academic and non-academic roles, this represents 7% of FTE.

We are running collective and individual consultation, which began on 19 March and is anticipated will run for a minimum of 45 days. We are following all appropriate legislation as well as internal policies.

It is important to note that unlike at other universities, we are not proposing to lose or close down any of our subjects and that all areas of academic focus will continue to be delivered at Goldsmiths.

The departments not in scope for potential redundancies are: Art, Computing, Design, Institute of Creative and Cultural Entrepreneurship (ICCE), the Institute of Management Studies (IMS), Law, and Media, Communications and Cultural Studies (MCCS)

Goldsmiths' future

These are difficult times for Goldsmiths and our students and staff and none of us wish to be in this position.. Challenging decisions are having to be taken by the College's leaders and it is understandable that many in our community find this upsetting, with the Goldsmiths branch of the University and College Union taking [industrial action](#) as part of a local dispute over the changes.

However, not changing is sadly not an option and we must take these measures now to safeguard the institution's future. Following this period of transformation, we are confident we will be able to grow and enhance our position as a progressive and positive institution.

By renewing our organisation, our students and staff will have access to the best possible learning, research and working environments, enabling them to continue addressing society's big challenges for the benefit of the wider world.

As we change, we will continue to deliver on our commitments to students, staff and partners. We will also continue to meet our duties to partners in the sector, local communities and in national and international collaborations.

We are also fully committed to the arts, humanities and social sciences as core elements of our educational offer. We understand that these disciplines are vital to helping us understand an increasingly complex and challenging world.