

UEL – an alternative plan for recovery

a report on problems and opportunities at the University of East London

UEL faces very serious problems. Senior management is preparing plans for radical budget cuts, with implications for staff across the University. Why are these cuts imminent? What are the implications for the future of the University? How did we get here – and what is to be done?

In this document a group of long-standing academic staff examine current problems, with the aim of assisting discussion about the institution and its future.¹

Failed ventures

According to senior management, the University's problems result from a sharp fall in student recruitment and increasing pressure on student finances. These dictate budget cuts and a longer-term programme of "shrinkage" of the whole institution.

There are other factors at play, however, among which some are associated with specific strategies of UEL's senior management and our Governing Body, and with their use of the University's resources. UEL has recently attracted unwanted attention for the award of extravagant severance payments - totalling some £600,000 - made to former members of the Vice Chancellor's Group (VCG).² The University has also attracted serious and adverse publicity for losses incurred in failed business ventures involving the creation of a UEL Examinations Board, and the establishment and subsequent closure of a UEL campus in Cyprus. Estimates of the cost of these failures vary: according to media reports they are in the order of £3 million – a sum close to that now being cut from staffing budgets.³

These speculative ventures were implemented while senior management enforced continuous rounds of rationalisation. When staff unions requested essential information (under the Freedom of Information Act) about the financial and academic performance of the institution they were refused on the grounds that this would affect the "commercial interests" of the University.

Most staff believe that a senior executive team has responsibilities to manage ethically, to communicate effectively within an institution, and to safeguard its external reputation. The strategic direction and management of the University is the responsibility of the VCG: ultimately the Chair of Governors is responsible for the appointment and management of this group and for the overall conduct of the institution, including its finances. Both senior management and Governors must now address the wider implications of the current crisis – one which is not merely the product of a recent fall in recruitment but of problems that have intensified during their terms of office.

Context

The analysis which follows is based upon the most recent Annual Report of the University.⁴ The report contains a risk analysis arising from the review of cash flow, student numbers and other items over the last five or six years. The overall strategy of the University has been to use the rise in income before introduction of the student loan system to pay for infrastructure developments (new buildings) out of cash flow rather than borrowing, and out of the sale of old buildings. This strategy was first introduced some time ago and included the sale of Barking campus and other assets such as Maryland House in Stratford. Tight control of recurring costs – including the staffing budget - enabled a surplus to be maintained at the level required by HEFCE, the funding council.

Since the introduction of the student loan system and with tighter government controls over international recruitment, UEL full-time undergraduate numbers have fallen, as has recruitment of non-EU students. This fall has been compounded by two further problems. First, a sharp decline in the proportion of UEL students completing their undergraduate studies within three years and, second, a decline in student employability compared to the Higher Education sector as a whole. UEL has fallen well below its benchmarks – and both these indicators worry HEFCE.

The latest Annual Report indicates that revision of the academic framework at UEL requires no February 2014 recruitment, so adding to the financial shortfall for 2013-14 - a shortfall that was already likely given that recruitment in 2012-13 was down by 500 full-time undergraduates on the previous year and that September 2013-14 recruitment was also below target. These trends have only been partially mitigated by the rise in income occurring from the £9,000 student fees. Strategies to address the fall in recruitment based upon business ventures, such as the controversial Cyprus campus, have failed dramatically. Even with new budgets cuts, it is estimated that UEL's cash surplus for this financial year will fall below the level which had been set by Governors.

Staff cuts

A new budget for 2013-14 envisages cuts to spending on staff of £4 million, which the University formally aspires to achieve by not filling existing vacancies – though senior management has told staff unions it cannot guarantee there will be no compulsory redundancies.

UEL already has one of the highest student-staff ratios among British universities. Last recorded publicly at 24.8:1, this is significantly higher than most peer institutions.⁵ UEL also spends less on staff than almost any other university: last year just 45.9 per cent of UEL's total expenditure went to staff costs.⁶

For several years, staff unions and staff Governors urged decision-makers at UEL to address this issue, arguing that unless the University invested in teaching and learning its problems would become even more serious. In 2012 the Governors agreed in principle to tackle the student-staff ratio, recognising that the student experience - and completion and employability outcomes - depend above all on adequate staff input. Continuing cuts suggest that there has been a retreat from this objective.

(Note: although total expenditure on staff has fallen steadily, the number of UEL senior staff earning more than £100,000 a year has risen sharply: in 2010 there were 10 such staff; by 2013 the number had risen abruptly to 19. See Appendix below.)

The likely outcome of a series of strategic failures is that UEL is now set to shrink in size. Recruitment could be down significantly in 2014-15 and the (possible) beneficial effects of improved completion rates arising from the new academic framework will take time to feed through. There is no evidence that, without effective remedial measures, income flows will rise over the next two or more years. The Annual Report merely refers to “diversifying income sources” - what this means is not clear - and there seems little likelihood of UEL sustaining its REF research income levels over the coming period.

New initiatives

Schools were recently invited to provide a SWOT (Strengths-Weaknesses-Opportunities-Threats) analysis of their own position. We think there is reason for such an analysis to be developed for the University as a whole, to avoid a familiar pattern in institutions that find themselves in difficulty, in which responsibility for crisis is passed down to staff at lower levels of the system, while key problems - their causes and possible strategies for resolution - do not receive open scrutiny.

Productive analysis at School level is not feasible without knowledge of the larger situation. For this reason we outline below an initial analysis of this broader picture, hoping that it can be filled out with additional information by those who may be able to provide it. We also offer remedial actions as part of an alternative plan for the University.

The following key areas require urgent action:

Academic Development

1. A review of our approach to recruitment of “local” students, involving engagement with local organisations to establish and strengthen recruitment, especially from areas in which young people come from disadvantaged backgrounds;
2. Development of UEL bursaries to support the recruitment of such local students;
3. A comprehensive review of our international strategy;
4. Development of partnership programmes with universities abroad to establish elements of Masters and Doctoral programmes in which post-graduate students spend some part of their course studying at UEL - the focus here being on recruitment to programme areas with strong research reputations;
5. Review and development of our academic provision directed at the professions – those allied to, for example, medicine, education, public service, law and social work, and the creative industries;
6. A comprehensive analysis of inward investment in East London and identification of enterprises and industries establishing a presence in the region with which programmes of professional development may be agreed and with which UEL students may gain work experience.

Infrastructure

1. A comprehensive review of the relationship between our academic provision and estates infrastructure to ensure efficient utilisation of the latter to help deliver our core academic purpose;
2. An end to speculative ventures including new campuses and reappraisal of all plans for investment in campus expansion;
3. Creation of a Conference Unit to establish an integrated and strategic approach to wider utilisation of UEL sites.

Resources

1. A review of staffing policies, including the increasing use of external contractors to provide UEL services;
2. Disclosure of all relevant information and data on the performance of all areas of academic, administrative and service provision to establish an open and fully informed process by which the University's future strategic direction may be discussed by all staff.

These proposals are based upon the following SWOT analysis:

Strengths

- UEL has an established role in working to provide educational opportunities to students in its local/regional area, from which it has long recruited a substantial proportion of the student body. These include many students from economically and educationally disadvantaged backgrounds, and from ethnic minorities. Its educational ethos, sector-leading support services and research profile has often reflected UEL's catchment and its local responsibilities. Many staff members have chosen to work at UEL and to remain here because of these educational purposes. This distinctive profile and tradition should be regarded as one of UEL's strengths.
- Regeneration of the East London region, with its huge investments in infrastructure, the Olympic Games, the development of Stratford and Docklands, should be a major opportunity for UEL, which ought to be able to share in this climate of improvement as one of the area's principal institutions.
- Staff unions have historically been strong at UEL, and have generally taken a positive role in supporting the University's development, on occasion helping to head off serious strategic mistakes. Good relationships between management and unions are potentially an area of strength for the University, giving staff confidence that appropriate Human Resources practices will be followed and that they will be protected against injustices. It has been important for morale in the University and the trust of its staff that on the whole compulsory redundancy has been avoided as a means of solving problems. It is not clear at present, however, whether the University wishes to maintain these good relations, or is on the contrary covertly committed to a strategy of weakening the staff unions.

Weaknesses

- For many years the University "punched above its weight". Despite disadvantages associated with location and historic "poor relation" status as an HE institution, UEL developed a reputation for providing "non-traditional" students with a positive university experience. At the same time – and in part because of this reputation – it established centres of excellence in teaching and research which attracted leading academics in a number of fields. This was reflected in its comparative status: when "league tables" were introduced in 1997 the University gradually improved its annual position. Today it is rooted to the bottom of each of the major annual assessments. Peer institutions earlier outranked by UEL are now regularly placed well above the University: the cumulative impact is damaging in terms of national and international prestige, implications for recruitment of students and staff, research grant capture and – not least - institutional morale.

- Since the resignation of Mike Thorne as VC in 2007, the University has had three senior executives and a significant hiatus (following the dismissal of Martin Everett) during which the VC post was effectively vacant. It has been many years since a stable, functioning senior management team has been in place. This period has been associated with a number of highly contentious management strategies, both within the University (such as restructuring of Schools) and in external activities, notably projects for the Cyprus campus and for the international examinations programme. The latter incurred substantial financial losses in circumstances which have not been clarified – and there is reason to believe that sacrifices have been made in other areas to make up deficits brought about by such failures.

- The Governing Body of the University lacks senior academic or management experience of Higher Education. In addition, it seems that Governors have quietly decided to discontinue membership of some elected academic staff Governors, for reasons which have not been explained – so removing a further potential source of independent information and advice. One outcome is that Governors are largely dependent upon information received from the management group over which they are expected to exercise oversight.

The Governing Body is not adequately representative of “stakeholders” from the University’s local communities. A particular weakness, since legislation of 1992 removed the University from local authority control, has been the absence of local authority representation on the Governing Body, even though the London Borough of Newham has been one of the most active agencies for development in the region. One step in restoring the momentum of the University’s development should be a reconstitution of the Governing Body to make it both more expert and more representative. At the moment it seems committed to “flying blind”, working in relative secrecy – and neither of these modes of operation are conducive to effective governance or to the maintenance of trust.

- A number of areas of the University’s internal management appear to be in disarray. These include key functions in student records, marketing, IT, management of research degrees, conduct of certain institutional partnerships (which management seem to regard more as sources of risk than reputational assets), and relations with staff unions.

There is evidence that instead of seeking the widest possible consensus for development of a “recovery plan” (something successfully accomplished on two previous occasions in UEL’s history, following appointments as VC of Gerry Fowler and of Mike Thorne) a programme is being devised which rests substantially on enforced staffing cuts. In two previous crises such an approach – based on contraction of the University - has initially been adopted but in each case it was contested by staff and then withdrawn in favour of a more consensual and developmental strategy.

There has been a tendency in these situations for Governors and senior managers to begin with the view that if only “dead wood” somewhere down the line can be “excised”, institutional health will be restored - when in reality a more holistic approach to the problems is needed. During earlier crises the views of staff and others eventually produced creative and productive outcomes. In 2014 we need a comprehensive evaluation of what is working/what is not working as a basis for meeting the overall institutional challenge.

- In common with wider trends in the public sector, the University increasingly resorts to “outsourcing” of services as a means of reducing costs. This damages the integrity of a public institution. It corrodes staff morale and weakens the organic character of a working community which should share certain key objectives, especially in relation to the student experience. Rather

than merely following government-led trends towards privatisation of hitherto public functions and imposition of authoritarian management methods, the University should hold to the more inclusive forms of governance and management earlier aspired to, when UEL enjoyed much greater success.

- The fact that the University now has one of the highest student-staff ratios in the country indicates that misjudgements have been made in allocation of resources. The University's priority must be to give adequate educational support and care to students, especially in the light of their relative disadvantage on entry. The reputation which the University should seek is that of an institution which looks after its students and ensures that they have the best chance both of successfully completing their degrees and of enjoying a positive educational experience. This cannot be achieved with current levels of academic and support staffing. Governors and senior managers need to follow through on plans to reduce the student-staff ratio as rapidly as possible, ensuring that resources are directed to the frontline of teaching and support of students.
- It is alarming that some opportunities available to educational providers by the regeneration of the region are being taken up by universities other than UEL. Birkbeck has a stake in developments in Stratford, and both UCL and Loughborough University have announced plans for campuses in the Olympic Park. Although it may be impossible for UEL to meet certain challenges in competition with "elite" universities, it should be possible to establish complementarity of roles and functions. The rules of the competitive game are such that "high ranking" universities may not wish to recruit students with levels of disadvantage common in this area of London - yet the education of such populations is essential to the city's development (see below).

Even where UEL has excelled in meeting community and regional needs (for example in its East London research programme and in its expertise in the area of migration), it has made little of these assets at the wider institutional level, and has done little to ensure through senior staff recruitment or succession that they maintain their success.

Opportunities

- A recent decision to restructure the UEL academic framework in order to restore some of the continuity and coherence of students' educational experience is a positive one. Some of the harmful effects of adopting a semesterised year and of "modularising" much of the academic programme were predicted by academic staff when the current framework was adopted. Within the revised academic structure, it should be possible for course teams to take more shared responsibility for programmes, to allow greater diversity of methods appropriate to subject areas, and to make the educational experience a less impersonal one. The VC has indicated an intention to improve student-staff ratios, to devolve more responsibility and authority to Schools and to academic staff, and has reasserted a commitment to the University's research activity. These are in themselves positive indications of intention - but these changes need to happen quickly.
- The University enjoys access to a large and growing local/regional "market" for tertiary education. London's population increased by 12 per cent over 10 years up to the 2011 census - the largest rise of any region of England and Wales. The fastest-growing boroughs were Tower Hamlets (up 26 per cent), Newham (up 23 per cent) and Hackney (up 19 per cent) - respectively the first, second and fourth fastest-growing areas in the whole of the two countries.⁷

The six eastern boroughs of London are home to some 1.7 million people. There are a further 0.5 million people in the city's south-eastern boroughs, and some 1.7 million in the Thames

Gateway region – all within UEL’s broad catchment area. Sixty-three per cent of Londoners are aged under 44, compared to just over half in the UK as a whole, and 31 per cent are under 24 years old - with the birth rate expected to rise over the next 20 years. The population of East London is younger than the average for the city as a whole – a pattern also expected to continue.⁸

As a region (or sub-region) East London is home to the largest pool of young people in the UK. Notwithstanding socio-economic disadvantage, there is the prospect of increasing demand for places in Higher Education, of which much will be concentrated on local universities. Nationally, more students from disadvantaged backgrounds are compelled to choose universities close to home. A 2008 report by the National Union of Students found that financial problems mean more than half of students from lower-income groups choose a university near the family home.⁹ In January 2014 the Office for National Statistics reported that a record number of young adults were living with parents.¹⁰

Students in general are much less mobile than hitherto and preference for a local university is especially evident in East London, both because of social disadvantage and for socio-cultural reasons – a significant proportion of the population is associated with ethno-religious traditions which emphasise family life and parental authority, discouraging youth (and especially young women) from leaving home for tertiary education.

A renewed strategy to engage with local/regional needs - together with a focused scholarship/bursary scheme involving preferential fees and/or matching funding - offers the prospect of engagement with this constituency. A fraction of the money directed in recent years to capital expenditure and speculative ventures could revitalise local/regional recruitment, especially if targeted by means of a scholarship programme involving bodies including: local authorities; community organisations; schools and colleges; religious institutions; migrant welfare and cultural groups; parent-teacher organisations and local educational initiatives; sports clubs; charities, educational trusts and endowments; museums, exhibitions and historical societies; and businesses and individuals. This is one area in which UEL could pioneer an agenda for public education in an era of austerity.

Such activity can be complemented, at minimal cost, with a sustained effort to develop UEL as a resource for local communities and the region. The University should be active in offering open lectures, workshops, seminars and study programmes on matters of general interest - asking members of staff to mobilise our considerable resources as “public intellectuals” to introduce and guide such sessions. Other universities have made their mark in this area, helping to embed institutions as local sites for debate and discussion on a wide range of issues – historical, contemporary, cultural, local, global. A Working Group should be established at UEL to develop a long-term programme for such initiatives. We could make a start in 2014 by marking the centenary of World War 1 with a special series of events held on UEL campuses on the theme of “East London in the Great War”.

- The University’s location in East London provides the opportunity to become a significant focus for the region’s development, especially if more stakeholders are engaged directly in this project. The approach of the present Coalition Government is not favourable to the educational mission of UEL. If there was to be a change of government in 2015, however, there might be a greater interest in educational provision for the disadvantaged and greater synergy between UEL’s mission and governmental approaches. Some advance account ought to be taken of this potential opportunity and links made to further this. UEL should see itself as a contributor to the debate on

the future of universities - and not merely as having to bear the consequences of developments on which it has no influence.¹¹

The University's location in an historic area of a great global city gives further advantages. Universities worldwide seek collaborations in a host of areas including teaching programmes, study visits, research and policy liaison – and a London institution with modern facilities is an attractive partner. UEL has few of these links, which should bring long-term benefits including improvements in international profile and enhanced student recruitment. This under-developed area of work should be addressed promptly, with academic staff encouraged to develop programmes, especially at postgraduate level, together with overseas partners. Meanwhile a Conference Unit focused on maximising the potential of UEL sites should be established to raise the institutional profile and develop a new income stream.

Threats

- There is reason to believe that the present Government might wish to see the number of universities reduced - and there is clearly a risk that further financial and other problems at UEL could end in merger, closure or privatisation.
- Defensive responses to crisis by Governors may lead to a downward spiral, in which general retreat is part of an agenda for “change” that combines assignment of blame for difficulties “down the line” with attempts to make staff more compliant with authoritarian management styles. It is already clear that this leads to demoralisation and the departure of staff whom the University would wish to retain.
- There is an immediate danger of the “London Met syndrome” in which loss of strategic direction leads to a crisis of confidence internally and externally, to further problems with student recruitment and to the serious prospect of institutional failure.

Action

It is imperative that a new start is made based upon consensual and democratic approaches which maximise the knowledge and skills of staff and of other stakeholders – an attempt to build on the best traditions of the University. We propose:

1. An urgent response by senior management to the analysis put forward in this report and clarification of strategies proposed to address the current crisis;
2. Acknowledgement that poor decisions have been made in the past and that the current crisis is not one created by staff;
3. Commitments by the Board of Governors and by senior management to work with staff and staff unions to find solutions on a consensual basis, including a restoration of meetings between staff and the Board;
4. Involvement of appropriate external expertise from the Higher Education sector to assist in analysis of UEL's strategic position and options for recovery;
5. Strengthening and broadening the Board of Governors to increase academic representation (internal and external) and representation by external non-academic stakeholders.

Appendix: UEL Performance Indicators

UEL STUDENT NUMBER DATA: 2008-9 TO 2011-12 (HESA all years)

YEAR	TOTAL STUDENTS	U/G	P/G	% CHANGE
2011-12	23,225	17,070 (-2.5%)	6,125 (-17%)	-6.3
2010-11	24,900	17,505 (-6.4%)	7,415 (-8.9)	-7.5
2009-2010	26,930	18,700 (+21.7%)	8,230 (+8.23%)	+2.3
2008-2009 *	26,315	19,520 (+35%)	6,795 (+35%)	+35%

*The increase in student numbers in 2007-8 and, in particular, in 2008-9 is partly attributable to creation of UEL distance learning courses undertaken by overseas students and UK residents (mainly part-time).

2012-13 and projected figures for 2013-14 are not available on the HESA site. However, 2012-13 witnessed a shortfall on target of about 500 SFTE and 2013-14 recruitment was also under target. The available evidence suggests that the decline in student numbers commenced in 2010-11 and will continued over a period of four consecutive years, at least to the end 2013-14.

UEL Total Staff Costs as a percentage of Total Expenditure 2010-2013

(UEL Annual Reports and Financial Statements)

	2010	2011	2012	2013
Total Expenditure	159	166.5	150.	148
Total Staff Costs	72	78	69.5	68
Total Staff Costs as % of Total Expenditure	49.6	46.9	46.3	45.9

Number of UEL Staff Earning over £100,000 pa 2010-2013
(UEL Annual Reports and Financial Statements)

	2010	2011	2012	2013
Number of UEL Staff Earning over £100K p.a.	10	13	12	19

UEL Surplus After Depreciation of Fixed Assets 2010-13
(UEL Annual Reports and Financial Statements)

	2010	2011	2012	2013
Surplus (£m)	10.827	8.608	6.374	4.293

UEL Performance against HESA Projected Degree Completion Benchmark 2007/8 to 2010/11

	Projected Degree Completion (%)	HESA Benchmark	Performance against Benchmark
2010-11	55	68.3	-12.9
2009-10	54	65.4	-11.6
2008-9	64	67.7	-3.3
2007-8	72	67.8	+4.1

UEL Graduates in Employment against HESA Benchmark 2008/9 to 2011/12

Yr of Graduation	Graduates in employment/education	HESA Benchmark	Performance against benchmark
2011-12	79.4	84.5	-5.1
2010-11	79.4	82.8	-3.4
2009-10	78	82.4	-4.4
2008-9	82.9	82.7	+0.2

Notes

¹ This report was researched and written by Prof Philip Marfleet, Prof Gavin Poynter and Prof Michael Rustin.

² See report in *Times Higher Education*, 9 January 2014, “UEL settlement for former leaders totals £589,000”; online at: <http://www.timeshighereducation.co.uk/news/uel-settlement-for-former-leaders-totals-589000/2010317.article>

³ See, for example, “UEL’s annus horribilis continues as overseas exams venture is scrapped”, *Times Higher Education*, 5 September 2013; online at: <http://www.timeshighereducation.co.uk/uels-annus-horribilis-continues-as-overseas-exams-venture-is-scrapped/2007071.article>

⁴ This may be found at: <http://www.uel.ac.uk/wwwmedia/microsites/financialservices/stewardship/document/AnnualReportJULY2013.pdf>

⁵ For comparative data see the *Guardian* University Guide 2014: <http://www.theguardian.com/education/table/2013/jun/03/university-league-table-2014>

⁶ For national data see: www.timeshighereducation.co.uk/Journals/THE/.../financial_data.pdf

⁷ See <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-257414>

⁸ See: <http://www.londoncouncils.gov.uk/londonfacts/default.htm?category=2>

⁹ See: http://www.nus.org.uk/PageFiles/4017/NUS_StudentExperienceReport.pdf

¹⁰ ONS report: “Large increase in 20 to 34-year-olds living with parents since 1996”, online at: <http://www.ons.gov.uk/ons/rel/family-demography/young-adults-living-with-parents/2013/sty-young-adults.html>

¹¹ National debate on local agendas for universities is intensifying. See “Labour urged to ditch maintenance grants, lower fees and ‘think local’”, *Times Higher Education*, 16 January 2014; online at: <http://www.timeshighereducation.co.uk/news/labour-urged-to-ditch-maintenance-grants-lower-fees-and-think-local/2010521.article>