

Message to Prof Shearer West, Deputy Vice Chancellor, 20 January

Subject: Response to 'Sustainable University Finances'

Dear Shearer,

I am writing on behalf of the Sheffield UCU committee. We are deeply unhappy about recent communications from the university regarding its accounts. We consider the Strategy Delivery Group dispatch entitled "Provost Update: Sustainable University finances", and the Financial Results Infographic on which it is based, to contain incomplete and, in some cases, misleading data from the 2015-16 Annual Report. We sent an immediate response to Sheffield UCU members, reproduced below for your information.

Our main concerns in more detail are the following.

- The university has switched focus from total results (previously the only results reported) to underlying results (reported for internal purposes). This has not been made adequately clear to staff, and is an important change given that the former shows an operating surplus of £38.8m whereas the latter results in a £7m operating deficit. More worryingly, the justification for this switch in the infographic contains an entirely spurious example of building revaluation: page 8 of the annual report shows clearly that this item is irrelevant to the operating results, whether underlying or total.

- There is little clarity in the annual report on how items are classed as underlying or exceptional in their accounting. Without further transparency it is hard to have faith in figures relating to underlying activities.

- The relative areas of the breakdown of income on the infographic are not to scale. Indeed, teaching income has been inflated in size: for example, fees and education contracts bring in approximately 2.1 times as much underlying income as research grants and contracts, yet are represented by a disc with approximately 2.9 times the area. This is especially important given the claim that "a picture is worth a thousand words". The other discs are similarly out of scale. Further, comparing *total* teaching income with *total* research income decreases this relative importance further still (to a factor of 1.6).

We have repeatedly called on the university to act as transparently as possible in matters relating to the Strategy Delivery Group and the university's financial position, both through the Joint Union Campus Committee and motions passed at our General Meetings. We have been assured that the university is trying its best to do so. Misleading communications such as the ones outlined above do not show much evidence of this, and we believe they could have a damaging effect on the trust among staff that the university is being open and honest in its reporting.

We look forward to discussing these matters further. We are keen to keep our members informed on all aspects of the university's Strategy Delivery Group, and would welcome any clarifications which could help to reassure them.

Professor Craig Brandist  
Sheffield UCU President

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Message to Sheffield UCU members, sent 18 January 2016

Subject: Response to 'Sustainable University Finances'

Dear Sheffield UCU member,

You will have received an email from Shearer West this morning entitled 'Provost Update: Sustainable University finances'. We strongly encourage you to read that message and the accompanying link with a critical eye. Please look at this year's [annual report](#) and verify for yourself that

- **The university made a total operating surplus of £38.8m for 2015-16 (p8).** This is the figure the university would have quoted in the past. Instead, this year it has focused on 'underlying results' due to an accounting change.
- **The university's reserves continue to grow (p57).** The number of 'liquidity days' the university can accommodate is now 51, up from 42.8 last year (compare the [2014-15](#) and [2015-16](#) infographics).
- **Staff costs as a proportion of total income have [fallen yet again to 49%](#), believed to be below 50% for the first time in the university's history.** This figure has disappeared from the annual report, to be replaced by the higher, more flattering figure of staff costs as a proportion of *underlying* income (p11).
- **Capital expenditure last year was [£30m higher than at any point prior to 2012](#).** Total capital expenditure has been over £0.5bn since 2010.
- **The Vice Chancellor last year took home £423k, up 10% on the previous year (p60).** This pay is [1.73 times more in real terms](#) than that received by the Vice Chancellor back in 1998-99.

We are sorry to see the university engaging in cherry-picking of data and selective accounting on matters concerning the long-term health of the institution and the livelihoods of those who work here. We will continue to play our part in helping to ensure the stability of the university as a place to work in the coming years.

Sheffield UCU Committee