

# University of Sheffield: Finance Review

February 2026

This independent review was commissioned by Sheffield UCU with funding from the UCU Yorkshire & Humber Office.

This review is based solely on publicly available finance data, primarily the University of Sheffield's 2024-25 Annual Report and a two-page infographic hosted on its website, and other Annual Reports from previous years

[UoS 2024-25 Annual Report and Financial Statements \(PDF, 6.3Mb\).](#)

[UoS Financial Results 2024-25 Infographic \(PDF, 160Kb\).](#)

## Overview

Since Sheffield UCU last commissioned an independent financial review in 2020, the University's cash and general liquidity position has improved remarkably.

As of 31 July 2025, there was £223.1m in cash and £170.4m in current investments (Table 2). Roughly £50m of the latter appears to be restricted endowment funds held as "investments in shares", leaving approximately £120m in short-term deposits (Table 1).<sup>1</sup> The University's £350m of unrestricted, liquid assets

provides roughly 170 "liquidity" days, using the standard OfS measure. Liquidity days are a common measure of the financial health of an organisation and represent the number of days that the institution can cover its immediate expenses using available cash on hand and easily convertible assets or investments. Appendix A shows sector averages for liquidity days based on July 2024 HESA data. Here, Sheffield also reports over 170 liquidity days, which is above sector averages, and well clear of all three of the measures which might be applied to a Higher Education institution: the OfS trigger threshold of 30 days,<sup>2</sup> the BUFDG 60 days,<sup>3</sup> and the old Charity Commission recommendation of 90 days ("prudent").

In addition, Sheffield management have negotiated a new revolving credit facility (RCF), providing additional short-term credit.<sup>4</sup> An RCF is viewed as a "safety net" for institutions for managing cash flow fluctuations or unexpected financial shortfalls, most commonly protecting an institution's ability to cover its payroll.

**There is therefore no imminent financial risk to the University**

### Note 19 Current investments

		Consolidated		University	
	Notes	2025 £m	2024 £m	2025 £m	2024 £m
Short-term investment in shares	25	52.4	45.0	52.4	45.0
Short-term deposits		118.0	110.3	115.8	108.1
		170.4	155.3	168.2	153.1

Table 1. Data from UoS Annual Report 2024-25, p. 63

<sup>1</sup> Sheffield's cash position changed radically after the pandemic. At 31 July 2019, it held only £41m in current investments and cash was just under £100m. It had an RCF with NatWest that provided an additional £100m. These liquid holdings have more than doubled, with expanded RCF arrangements in place.

<sup>2</sup> HEIs forecasting a fall below 30 days must report to OfS; they are considered at heightened risk of disorderly financial failure.

<sup>3</sup> A BUFDG *Guide to Understanding University Finance* (May 2025), p. 66: "Net liquidity days: This tells us how many days the institution can – in theory, at least – continue to pay its bills with the cash that it has to hand. The larger the number here, the better, but too high and we should wonder whether treasury management is working optimally. *Anything less than 60 days is potentially worrying*, especially if the institution is facing other financial issues." (emphasis added)

<sup>4</sup> "We also have access to a revolving credit facility which was not drawn during the financial year"

## Year ended 31 July 2025

	Notes	Consolidated		University	
		2025 £m	2024 £m	2025 £m	2024 £m
<b>Non-current assets</b>					
Intangible assets	13	3.1	6.1	3.1	6.1
Tangible assets	14	1,756.9	1,762.2	1,756.7	1,762.0
Investments	16	7.8	7.3	44.9	44.4
Investment in joint venture	16 (b)	(0.7)	(0.7)	-	-
Investments in associate	16 (c)	(5.5)	(3.9)	-	-
Debtors and prepayments due in more than one year	17	21.3	7.2	21.6	7.2
		<b>1,782.9</b>	<b>1,778.2</b>	<b>1,826.3</b>	<b>1,819.7</b>
<b>Current assets</b>					
Stock		0.4	0.5	0.2	0.3
Trade and other receivables	18	111.8	125.2	112.8	126.4
Investments	19	170.4	155.3	168.2	153.1
Cash and cash equivalents	20	223.1	220.6	216.2	213.5
		<b>505.7</b>	<b>501.6</b>	<b>497.4</b>	<b>493.3</b>
Less: Creditors: amounts falling due within one year	21	(192.9)	(222.5)	(193.2)	(222.8)
<b>Net current assets</b>		<b>312.8</b>	<b>279.1</b>	<b>304.2</b>	<b>270.5</b>
<b>Total assets less current liabilities</b>		<b>2,095.7</b>	<b>2,057.3</b>	<b>2,130.5</b>	<b>2,090.2</b>

Table 2. Data from UoS Annual Report 2024-25, p. 50

## Financial Sustainability

The management case for cuts to staffing hinges on an argument about “financial sustainability”, and public statements from the Vice Chancellor and members of the University leadership have confirmed this justification.

In publicly available financial documents, this claim is only couched in general terms: to be sustainable, underlying income needs to exceed underlying current expenditure. In the abstract, this is a truism, but there are questions about how University Management captures this relationship with their measure of underlying operating surplus/deficit (Table 3).<sup>5</sup>

### Reconciliation of underlying operating (deficit) / surplus

	2025 £m	2024 £m
Surplus*	0.9	251.2
Less: capital grant income	(43.6)	(28.2)
Less: endowment income (excl donations)	(0.8)	(4.9)
Add back: pension provision movements and related interest costs	0.5	(233.1)
Add back: employee leave accrual movement	(0.7)	(0.3)
Add back: research depreciation	19.8	21.6
Add back: restructuring costs	12.4	-
Underlying (deficit) / surplus	(11.5)	6.2

Table 3. Data from UoS Annual Report 2024-25, p.24

In particular, the categories of depreciation and “operating costs” may potentially be inflated and, with regard to the second category, may incorporate costs that could be treated as *capital* expenditure with the kinds of policies seen at other institutions (Figure 1).

## Underlying expenditure

Total underlying expenditure: £817m

What were our costs?

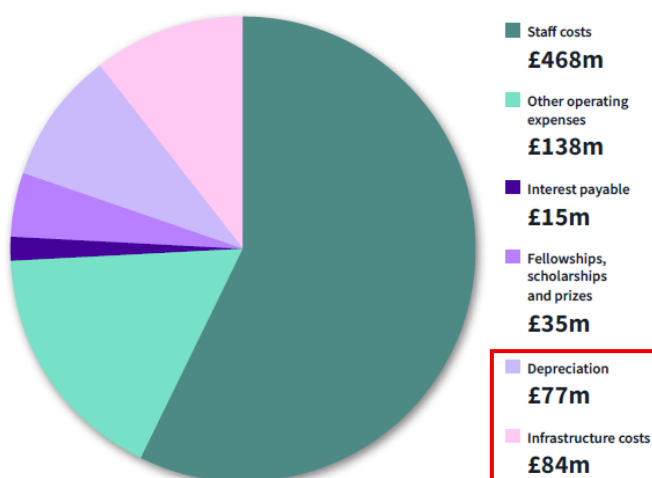


Figure 1. UOS Financial Results 2024-25, p. 1

<sup>5</sup> “Underlying operating deficit is calculated by excluding funding council capital grants, research capital grants and associated research depreciation, endowment income, pension provision increases and employee leave accrual movements.”

Unlike financial statements from other higher education institutions, the published Sheffield accounts do *not* provide a detailed break-down of “Other Operating Expenses” and the capitalisation policy could be read as indicating that only build projects worth more than £10million and refurbishments worth more than £5m are classed as capital expenditure.

**“For new build projects greater than £10 million and refurbishment greater than £5 million the project is split into the following components...”** UoS Annual report 2024-25 p. 45

If this is the case, this would suggest that Sheffield is classing as current expenditure, projects that other universities would not; such an outcome would impact on the underlying surplus (deficit) measure. “Infrastructure costs” would standardly include heating, lighting, etc. and certain cases of maintenance, but if significant construction or refurbishment work is being pushed into this category then the “operating” position – what is considered to be sustainable or not – would be made to look worse than might be the case.

It is unusual for a university to formally state the capitalisation policy in this way, though as noted above, other universities do put through some capital spending as current expenditure on an ad hoc basis. This means that there is a question of what is included in “infrastructure costs” in the infographic and whether management are choosing a pessimistic form of presentation.

Moreover, Sheffield has an aggressive asset revaluation policy that has seen the Revaluation Reserve climb to over £860m (Table 4). £24m in value was added in 2025-26 and it appears to be a policy to revalue *annually* (Figure 2).

#### Land and buildings

Land and buildings are measured using the revaluation model. Under the revaluation model, assets are revalued to fair value. The University has a policy of ensuring an external revaluation takes place at regular intervals as required.

Depreciation and impairment losses are subsequently charged on the revalued amount.

Figure 2. UoS Annual Report 2024-25, p. 44<sup>6</sup>

As values of fixed assets increase, so *will depreciation*, since depreciation spreads that value over the estimated working life of the asset. This is recognised in the accounting policies: ***“Depreciation and impairment losses are subsequently charged on the revalued amount.”*** UoS Annual report 2024-25 p. 44

Sheffield’s full depreciation – once research equipment is added back – was £96.5m in 2024-25 and £103m in 2025-26.

Some universities do revalue their assets in this way (e.g. Bristol, Bath), but not all do, and to do it *annually is unusual*; its effect can be seen in the data for the established sector, where the average share of depreciation to total expenditure is 6-7% (median and mean).

Sheffield’s was over 11% in 2024-25 and above 11.5% in 2023-24.

#### Year ended 31 July 2025

	Notes	Consolidated		University	
		2025 £m	2024 £m	2025 £m	2024 £m
<b>Restricted reserves</b>					
Income and expenditure reserve - endowment reserve	25	<b>59.0</b>	55.2	<b>59.0</b>	55.2
Income and expenditure reserve - restricted reserve	26	<b>5.5</b>	5.5	<b>5.5</b>	5.5
<b>Unrestricted reserves</b>					
Income and expenditure reserve - unrestricted		<b>1,009.6</b>	974.1	<b>1,005.5</b>	965.4
Revaluation reserve		<b>866.1</b>	859.6	<b>866.1</b>	859.6
<b>Total reserves</b>		<b>1,940.2</b>	1,894.4	<b>1,936.1</b>	1,885.7

Table 4. Data from UoS Annual Report 2024-25, p.50

<sup>6</sup> The next section details the valuations carried out by Newmark and SMC Brownill Vickers on 31 July 2025. The previous year it was Gerald Eve LLP doing the work.

Even with the adjustments to remove research equipment depreciation in the underlying deficit metric, depreciation is £77m, roughly 9.4% — still significantly above the sector averages.

Depreciation is also complicated by the accounting treatment of the student accommodation service charge concession.

Each percentage point here is approximately £8million and it is therefore possible that different depreciation and capitalisation policies would *even* turn the underlying operating deficit into an underlying operating surplus.<sup>7</sup>

Universities have the leeway to choose their own approach here. The benefit of the approach taken by the University here is that revaluing assets like this better captures their *replacement* value, so gives a better indication of what financial performance is needed to maintain physical infrastructure.

But here the management case for job cuts appears to hinge on a metric that could be challenged; it is so skewed to “realism” or prudence that it is potentially counter-productive, prompting an unnecessary level of cuts.

One reason that EBITDA<sup>8</sup> is such a popular measure is that it factors out depreciation, which is in any case *a non-cash accounting artefact*. See page 6 for further detail on EBITDA, but the key question is what *measure is being chosen and why*. Does it suit management’s agenda to cast things in a dim light? (Obviously sector travails and Sheffield’s international PGT downturn *are real*,<sup>9</sup> but there is no financial urgency at Sheffield).

It is the author’s view that Sheffield management are trying to maintain financial performance set out *in an old five-year plan* and that these *desired outcomes* themselves ought to be revised in light of changed operating conditions.

If you have strong cash – as the University of Sheffield does – then the demand for higher financial performance must also be assessed in terms of *what plans management have for that cash*.

The latest Annual Report (p. 23) already indicates that the cash position is “healthy” and admits that the university has the liquidity *necessary for both day-to-day needs and strategic investment* (Figure 3). Sheffield made £33m in net cash from operations in 2024-25 – lower but still significant.

“We have purposely maintained our healthy cash position of £223 million, *which provides the necessary liquidity to manage our day-to-day operations and to pursue specific strategic investments.*”

Figure 3. UoS Annual Report 2024-25, p. 23

Why then is greater cash generation required from operations? Sheffield generated sufficient cash from operations to cover other cash demands and it can be seen in Table 5 overleaf that cash and current investments *improved* over the course of 2024-25.

Investments increased from £155m to £170m and cash was up from £220.6m to £223.1m.

It seems likely that management are hoping to generate more “free cash” for plans that have not been divulged.

<sup>7</sup> £18.3m was charged to expenditure from the Revaluation Reserve, which appears to be the additional depreciation caused by the choice of depreciation approach. Without this, Sheffield would be reporting an underlying surplus for 2024-25. Uos Annual Report 2024-25, p.49

<sup>8</sup> Earnings Before Interest Taxation *Depreciation & Amortisation*

<sup>9</sup> “Underlying income for the year reduced by £56 million to £806 million. This decline was primarily driven by a reduction of 22 per cent in international tuition fee income which we continue to believe is a rebasing of this market.” Annual Report 2024-25, p.22

## Year ended 31 July 2025

	Notes	Consolidated		University	
		2025 £m	2024 £m	2025 £m	2024 £m
<b>Current assets</b>					
Stock		0.4	0.5	0.2	0.3
Trade and other receivables	18	111.8	125.2	112.8	126.4
Investments	19	170.4	155.3	168.2	153.1
Cash and cash equivalents	20	223.1	220.6	216.2	213.5
		505.7	501.6	497.4	493.3
Less: Creditors: amounts falling due within one year	21	(192.9)	(222.5)	(193.2)	(222.8)
<b>Net current assets</b>		<b>312.8</b>	279.1	<b>304.2</b>	270.5
<b>Total assets less current liabilities</b>		<b>2,095.7</b>	2,057.3	<b>2,130.5</b>	2,090.2

Table 5. Data from UoS Annual Report 2024-25, p. 50

It is important to understand what the 5-10 year capital development plans *were* and now are. It is likely that it is the previously approved capital development plans that management are now considering to be no longer sustainable from current financial performance.

Note that management apparently currently have £77m of capital works *approved* and some of that may proceed in the current financial year (Table 6). Though some of this may be a hangover from the previous year. It is obviously possible for the current investments to cover that planned outlay and that would still leave sufficient liquid resources for the university to be in a healthy position.

## Student Recruitment

The Annual Report appears to indicate that University Management have decided not to compensate for lower international recruitment by aiming to expand Home UG recruitment:

“The international student recruitment decline is a sector wide issue, being a result of a combination of factors including changes in government policy, increased global competition, and changing student demands.

We are managing this decline in income *whilst maintaining the quality of our home student intake*. Our strategic plan remains to attract the *brightest and best students*, to remain a long-term top quality global university, and this is being evidenced through our upward *performance in league tables*, and strong student application data.” (emphasis added)  
UoS Annual Report 2024-25, p. 22

*Choosing to remain selective is a decision to accept reduced tuition fee income*. This is a strategy with consequences: league table position is being preferred over pulling more levers to increase home students. It is possible that this policy will be revised given recent government announcements about future tuition fee uplifts. But this decision will likely *depress income* in the short-term and it is something that ought to be challenged, given that this leads to job cuts on management’s proffered reasoning. If the University was desperate to get back to surplus, then it would be trying to recruit more undergraduates... Instead, management prefer to down-size:

**“We remain firmly of the belief that the sector’s student market is rebasing, and we are resizing accordingly.”** UoS Annual Report 2024-25, p. 22

### Note 27 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2025:

	2025 Total £m	2024 Total £m
<b>Consolidated and University</b>		
Commitments contracted for	28.2	17.7
Commitments not contracted for	48.8	148.6
	<b>77.0</b>	166.3

Table 6. Data from UoS Annual Report 2024-25, p. 68

## Other issues

### Refinancing

Back in 2020, Sheffield was tied to a private placement bond which it has now chosen to exit from, even though that represented interest-only lending until the full repayment of the principal in July 2047.

The associated covenants appeared to be onerous in that they could not be updated to reflect the changes in the accounting treatment of Sheffield's student accommodation service concession ten years ago. (The debt figure given by Sheffield management is dominated by the valuation of the liabilities associated with the student accommodation service concession.)

To exit the bond, Sheffield initiated a new loan for £60m in 2024-25.<sup>10</sup> This is to be repaid in twice yearly instalments with the outstanding balance cleared by 2032 (Figure 4).

#### Note 22 Creditors: amounts falling due after more than one year

Included in bank and other loans is a bank loan of £60.0m (2024: Enil) which is repayable in full in 2032 and carries variable interest at SONIA plus a margin and other loans of £0.2m (2024: £1.1m) which are interest free and repayable in biannual installments by 2026.

Figure 4. UoS Annual Report 2024-25, p. 65

They will have repaid that loan 15 years earlier and have to start repaying today. That sets out a concrete measure of how keen Sheffield management were to escape the private placement.

What is less explicable is why they did not simply use some of their current investments to clear this existing debt. Frankly, diddling about with another £60m loan is a little bizarre. But is probably best explained in relation to previous

comments about capital development. A university might do this, if it wanted to keep the current investments for other purposes.

An aside: given that the private placement is no more, Sheffield can probably stop having to commission an annual credit rating from S&P (Figure 5). But it is useful to see that S&P do not believe there is any financial issue at Sheffield! A+/Stable!



Figure 5. UoS Annual Report 2024-25, p. 22

### EBITDA

In the Financial Review section of the latest Annual Report, Sheffield management provide three charts illustrating their key financial indicators (Figure 6).

Underlying (deficit)/ surplus is the main KFI and the one presented in the infographic on the university's websites. It provides a more "modest" presentation of the financial performance, and we can see that the target of 2% has been missed in the last two completed years.

<sup>10</sup> "In the latter half of the year we took advantage of the gilt yield market position to restructure our £60 million private placement into a £60 million term loan. This is financially advantageous and provides heightened flexibility to adapt in these times of change. We also have access to a revolving credit facility which was not drawn during the financial year." UoS Annual Report 2024-25, p. 23

EBITDA is the more common metric and the one preferred by lenders (it is used across a variety of sectors). It is a “cash-like” measure of core, operational performance. It differs from net cash from operations in specific ways, mainly because income/expenditure and cash are not synonymous. (E.g. you can earn money [income] which you have not yet received [cash] and may not receive if it gets written off as a bad debt! Accrued leave is owed to staff, and it has a value, but it is not a cash “transaction”, etc..).

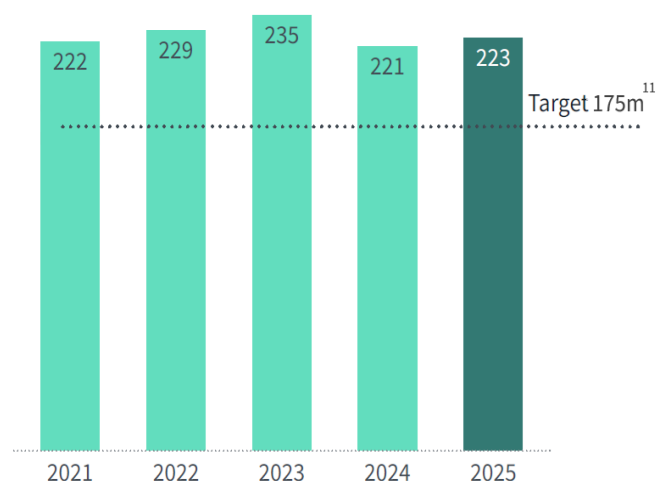
Sheffield posted stellar financial performances in 2020-21, 2022-23 and 2023-24. Again, each percentage point is approximately £7-8m!

Some research-intensive universities, such as Edinburgh, target EBITDA in the range of 5-7% as this is considered sustainable for them. These are institutions with large cash holdings and as such they do not need to post high EBITDAs to build up cash. *They have also borrowed to pursue capital development projects* and are far more indebted than Sheffield. *Prima facie* that would suggest Sheffield would not suffer too much by aiming for a lower operating performance.

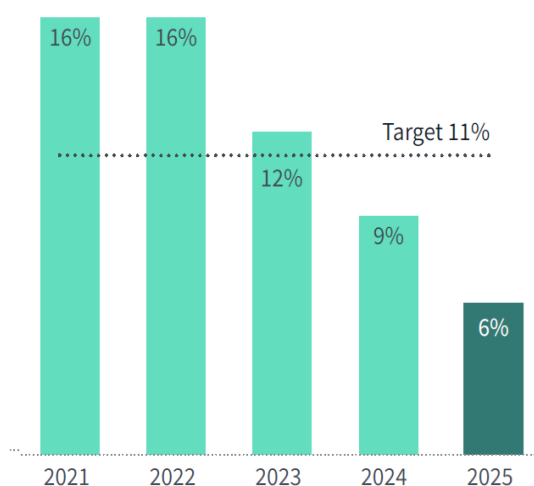
An EBITDA of 6%, as was achieved in 2024-25, is probably tolerable for a large research-intensive institution with solid cash and investment balances.

Figure 6 clearly shows an EBITDA target of 11% and the author suggests that management would be better advised to revise down such a target given the changed operating conditions. Management’s *desires* here appear to be misplaced.

### Cash balances £m



### EBITDA %



### Underlying (deficit) / surplus %

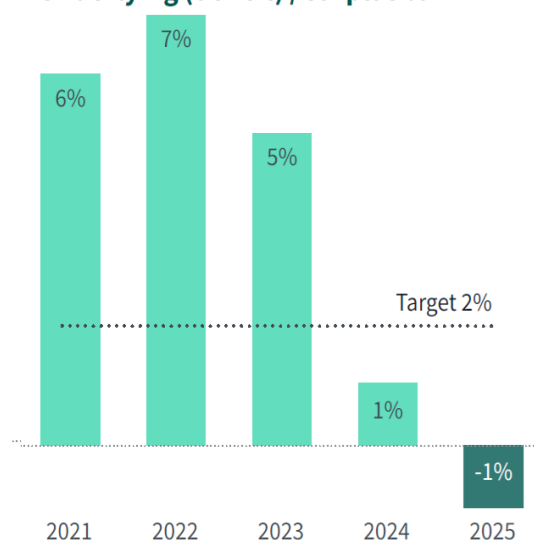


Figure 6. UoS Annual Report 2024-25, p. 23<sup>11</sup>

<sup>11</sup> The ‘target’ line for the cash balances graph is not found in the UoS Annual Report 2024-25 and has been added in this report. The £175m target is based on the equivalent graphs from the UoS Annual Reports for 2023-24 and 2022-23, in which it is included.

## Analysis of underlying results

	2025 £m			2024 £m		
	Total	Non- underlying	Underlying	Total	Non- underlying	Underlying
<b>Income</b>						
Tuition fees and education contracts	355.8	-	355.8	401.8	-	401.8
Funding body grants	111.7	(8.0)	103.7	109.1	(7.5)	101.6
Research grants and contracts	204.2	(35.6)	168.6	185.8	(20.8)	165.0
Other income	149.2	-	149.2	165.5	-	165.5
Investment income	18.2	-	18.2	20.3	-	20.3
Donations and endowments	11.0	(0.8)	10.2	12.5	(4.9)	7.6
<b>Total income</b>	<b>850.1</b>	<b>(44.4)</b>	<b>805.7</b>	<b>895.0</b>	<b>(33.2)</b>	<b>861.8</b>
<b>Expenditure</b>						
Staff costs - excluding USS	477.5	(10.2)	467.3	472.8	4.6	477.4
Staff costs - USS provision	-	-	-	(234.8)	234.8	-
Other operating expenses	260.5	(2.2)	258.2	285.6	(1.9)	283.7
Depreciation	96.5	(19.8)	76.8	103.1	(21.6)	81.5
Interest and other finance costs	14.7	0.2	14.9	17.1	(4.1)	13.0
<b>Total expenditure</b>	<b>849.2</b>	<b>(32.0)</b>	<b>817.2</b>	<b>643.8</b>	<b>211.8</b>	<b>855.6</b>
<b>Surplus/(deficit)*</b>	<b>0.9</b>	<b>(12.4)</b>	<b>(11.5)</b>	<b>251.2</b>	<b>(245.0)</b>	<b>6.2</b>

\*before other gains/(losses) and share of operating (deficit)/surplus of joint ventures and associates

Table 7. Data from UoS Annual Report 2024-25, p. 24

It is unclear what plans University Management has for cash, but such aggressive cash generation is consistent with the plan to build up a war-chest for investment. (Alternatively, Sheffield may be preparing for a merger and wants as strong a balance sheet as possible in preparation. The government has expressed a strong preference for the sector to find its own solutions when institutions are in difficulties, and it seems to see the recently confirmed takeover of Kent by Greenwich as the model.)

Note that funding capital projects *solely through "internal" resources, rather than "external" borrowing* can lead to a deterioration in conditions for staff and students, as institutions ramp up the cash generation to pile up a suitable hoard *in a shorter* timeframe.

Borrowing allows the cost of buildings to be spread over *the working lifetimes of such buildings* and can therefore be fairer: large universities are able to borrow at tenors of 40, 50 years or more. Trying to generate cash from operations can lead to trying to cover such costs *in advance* over much shorter timeframes, e.g. five years.

Pointedly, Sheffield management do not show what they consider to be minimum cash. Note that in 2020-21 it was £125m, though this was cash *plus undrawn RCF*.

It should also be noted that on the standard measure of surplus /(deficit) as presented in the Income / Expenditure statement, Sheffield posted a small surplus in 2025 (Table 7).

### Summary

**The University of Sheffield is not an institution in difficulties: it is an institution whose plans have been upset by a downturn. Management response appears to aim at persisting with ambitious targets rather than responding more realistically to a changed operating environment.**

**It is not at all clear what motivates the currently desired financial performance, and I recommend establishing what cash uses management have in mind.**

# Appendix A: Liquidity Days across UUK HE Institutions

The chart provides a snapshot of net liquidity days (cash & current investments) at 31 July 2024 across UUK Universities. Note that some institutions are missing because they submitted their accounts late.

This chart does not reflect the existence of unused credit facilities, and therefore some of the institutions on the lower end may bear less exposure to risk than represented in this chart.

For reference, 30 days is the OfS threshold for heightened financial risk, 60 days is the BUFDG guideline, and 90 days used to be the old CUC [Committee of University Chairs] recommendation for a prudent level that allowed for some buffer against shocks. The University of Sheffield is shown in yellow and has roughly 170 liquidity days.

Note that the axis has been cropped, and that some institutions have well in excess of 300 liquidity days.

Net liquidity days 31st July 2024

