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Of
Sheffield.

Office
Of
The
Vice-Chancellor.

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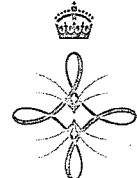
Dear Steve

Thank you for your letter of 10 June 2009, and apologies for this slight delay in response.

It is clear that there are current and future financial challenges throughout the whole HE sector, and indeed throughout the whole of the UK and global economies. There are of course a number of reasons as to why, along with the rest of the sector, we face an increasing gap between our income and expenditure. Recent and future increases in both pay and pensions costs are part of the reason for this increasing gap. I accept fully, and have said so, that there are other reasons, such as drops in research income, a reduction of our HEFCE grant, and the effects of depreciation. May I reassure you that there is no intent to apportion blame for past pay increases but the fact remains that salary and pension costs account for the vast majority of our expenditure, and thus past pay rises (along with predicted future increases in both pay and pensions) do need to be matched by income growth.

We need to act now in order to avoid any further widening of this gap between income and expenditure, and to ensure we continue to have a strong and sustainable future for our students and staff. Along with reducing staff costs, we will also need to reduce estates costs, the next largest area of expenditure, and of course, we need to continue to invest in those areas where we can grow income. However, the bulk of the savings do need to come from staff costs because this is where our costs fall: 60% of the £25M gap reflects the fact that c60% of our expenditure is on staff costs.

In seeking to reduce staff costs, we are fully committed to protecting jobs and avoiding redundancies. The current Voluntary Severance Scheme is entirely voluntary and no member of staff will be under any obligation to make an application, unless they believe it is in their interests. I completely understand and share your concerns as to the need to ensure that where there are departures under the scheme, then other staff cannot be required to work unreasonably long hours. As you know, we are actively ensuring the implementation of locally agreed workload models for academic staff which, along with good management support, will assist in demonstrating fair and reasonable workloads across the board. We are also working with you within the Staff Well-Being Group to put in place strategies to continue to support the well-being of staff which is clearly of utmost importance to us.



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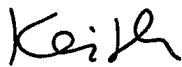
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Finally, I understand that Rosie Valerio has discussed with you and the other unions, the need for Heads of Department to be supported to reprioritise departmental activities in the light of any staff departures; to review and cease some activities; and be supported in ensuring all staff are working productively for the shared good and in delivering an excellent student experience.

I am also aware of the pressures that these difficult financial circumstances will be placing on you and your union colleagues, and Rosie will also be reminding Heads of Department of our commitment to supporting you in your union activities.

May I continue to reassure you that we are fully committed to working together with you in addressing our challenges, and my offer to meet with you and your trades unions remains open.

Once again, thank you for raising your concerns with me.

Yours sincerely



Professor Keith Burnett
Vice-Chancellor

cc: Ms Rosie Valerio