

Briefing on Manchester University dispute

Introduction

“Moving from ‘good to great’ while maintaining our distinctiveness will require a sustainable financial position and a capacity to invest in our strategic priorities. In particular, we need to create financial headroom to invest in staff, students and facilities to effect improvements. This is a significant challenge in the light of the increased financial, political and sector uncertainty since the current financial projections were submitted to HEFCE in 2016. These uncertainties include: greater global competition, reductions in public funding, exchange rate fluctuations, the potential decline in student numbers and research income, new private providers, the new Teaching Excellence Framework, the uncertainties of Brexit and further increases in costs arising from pensions and inflation.”

In the above justification for 171 redundancies, the University of Manchester lumps together a series of political and economic uncertainties which it claims have had an effect on the University's financial projections since they were last submitted to HEFCE in 2016. Below is an attempt to unpack some of the official reasons behind the proposed job cuts.

1. “Moving from ‘good to great’”

These are clearly subjective terms, but in many ways Manchester University is already a ‘great’ university.

For example, in terms of global league tables, in 2015 Manchester was ranked 41st in the Shanghai Jiao Tong Academic Ranking of World Universities, a huge improvement on their 78th place in 2004. Manchester also came 29th in this year's QS World University Rankings, four places higher than 2015. In the words of Professor Dame Nancy Rothwell: *“This ranking, alongside the recent Shanghai rankings, shows that Manchester is on an upward trajectory. Our placing demonstrates the high esteem in which the University is held by academics all around the world and our high ranking among employers is testament to the calibre of our graduates.”*¹

To give another few examples from the Manchester 2020 (M2020) strategy document. In 2004 Manchester sought to double their total research income by 2015, a target which has now been exceeded. Similarly, it can now claim three Nobel laureates currently working at the University.²

2. “We need to create financial headroom”

The University has argued that the 171 job cuts are needed *“to create financial headroom”*. This suggests that Manchester is struggling financially. UCU has analysed the figures from the University's 2015-16 return. While income has fallen over the last year, staff costs have already been cut dramatically in the last year and the University posted a large surplus this year after a deficit the year before.

¹ <http://mancunion.com/2016/09/06/highest-ranking-ever-university-manchester/>

² <http://documents.manchester.ac.uk/display.aspx?DocID=2554> (page 3)

The headlines from the 2015/16 financial return are:

- Total income has reduced by 0.9% from £997m to £987m in the last year, but within this income from tuition fees has increased by 9.6% from £387m to £424m and research income has increased by 4.8% from £261m to £273m.
- Funding body grants have fallen by 23.1%, from £168.5m to £129.6m.
- Staff costs fell from £573.8m in 2014/15 to £504.7m in 2015/15. This is a 12.0% reduction in staff costs in a single year.
- Staff costs in 2014/15 were 57.6% of total income and in 2015/16 this fell to 51.1% of total income.
- Total expenditure fell to £943.2m in 2015/16 from £1.03b in 2014/15. A drop of £86.6m or 8.4%.
- Surplus for the year of £59.7m in 2015/16, while last year they posted a deficit of £19.6m.
- Capital expenditure of £102.4m in 2015/16, down from £131.4m in 2014/15.
- They have 177 days cash in hand, the 41st highest total of all UK universities.

3. Global policy drivers

“Greater global competition” has been a longstanding concern for UK universities, particularly as a result of a tightening of visa restrictions over the past few years. During that period a number of the UK’s competitors (e.g. Australia and Canada) have moved in the other direction (i.e. streamlining visa and admission processing and increasing post-study work options for students).

At the same time, it is difficult to see how this scenario has changed significantly since the University submitted their financial projections to HEFCE in 2016. In fact, international student numbers have held up well at research-intensive universities such as Manchester and the University has the second largest number of non-EU students in the UK (behind UCL).³ In a recent analysis of the most international universities in the world, Manchester comes in at number 40, with 35.8% of its student population being classified as international.⁴

The University has also highlighted **“exchange rate fluctuations”** as one of the specific challenges. One of the immediate impacts of the EU referendum vote has been the depreciation in the value of sterling. However, it is difficult to see this having a negative effect on institutional income; if anything, this development may have a positive impact on international student enrolment, particularly at Russell Group institutions such as Manchester. Recent analysis by HEPI of a notional 10% depreciation in the value of sterling predicts an increase in student numbers. The authors found:

“In Cluster 2, which consists of 39 institutions, the depreciation would increase the number of EU and nonEU students by 70 (11%) and 225 (9%) per institution on average respectively. Again, with no restrictions on students entering the UK, the total positive financial impact across the Cluster would be approximately £150 million, with each institution potentially benefitting by approximately £4 million on average.”⁵

³ <https://institutions.ukcisa.org.uk/Info-for-universities-colleges--schools/Policy-research--statistics/Research-statistics/International-students-in-UK-HE/#Top-20-largest-recruiters-of-international-students-2015-16>

⁴ <https://www.timeshighereducation.com/student/best-universities/international-student-table-2017-top-200-universities>

⁵ Cluster 2 consists of 39 mainly pre-1992 institutions (Russell Group and/ or former 1994 Group institutions or unaffiliated institutions). **Given that Manchester is the one of the largest universities in this group, then the additional income is likely to be even higher.** See page 33 for further calculations <http://www.hepi.ac.uk/wp-content/uploads/2017/01/Hepi-Report-91-Screen.pdf>.

Of course, the greatest uncertainty since 2016 has been the possible impact of **Brexit** on staffing, students and research income. UCU shares these concerns and that's why we launched our 'We are international' campaign.⁶ Despite what was set out in the formal s188 redundancy notice to UCU that the uncertainty due to Brexit was a factor, Manchester University has since confirmed (in writing) that Brexit is **not** a factor in the current proposals. Given the severity of the proposed job cuts, we are concerned about the lack of consistency in the University's position on the Brexit issue.

For all of the above reasons, we remain sceptical about the role of global developments in driving the university's current proposals.

4. Domestic policy drivers

4.1 New private providers

Given what we know about private sector involvement in higher education, it's difficult to see how "**new private providers**" could be a major factor behind the restructuring at Manchester University. On the one hand it is true that most students at private providers (48%) are enrolled on Business and administrative studies⁷ and therefore, in principle, this could have a potential impact on student enrolment at AMBS.

On the other hand, students at private providers tend to be based at 'low tariff' institutions, including on HND courses, rather than the types of courses provided by AMBS. In addition, the bulk of private providers are based in London and the South East. There is also no suggestion that student enrolment at Manchester is declining: on the contrary, the University is seeking to "*reduce the volume of students*" at AMBS.

4.2 Teaching Excellence Framework (TEF)

In response to the union, the University denies that these proposals are purely financially driven. For example, in relation to SALC and AMBS, they have argued that the proposals are about the "*quality of our student intake and the student experience and outcomes*".

A more plausible rationale for the proposed changes, therefore, lies with the university's attempts to 'game' the "**Teaching Excellence Framework (TEF)**". The key metrics on the TEF are NSS scores, retention rates and graduate outcomes.

In relation to SALC, there is a clear attempt to link the University's proposals to these metrics, via increased entry standards:

"Raising the entry tariff of students is essential to enhance the student experience, including improved progression, degree attainment and employability."

Similar justifications are provided in relation to AMBS, though with the additional proposal to reduce student numbers:

"The Vice-President and Dean, with the full support of senior colleagues, proposes that through reducing the volume of students and increasing the quality of students and their provisions, these changes will deliver a higher quality portfolio, improve student experience, enhance degree attainment and achieve higher levels of employability."

What are the potential policy implications of these proposals? The first one – and potentially the most damaging for the University - relates to widening participation. Currently, Manchester University is keen to highlight how it is one of the better performers within the Russell Group on

⁶ <https://www.ucu.org.uk/we-are-international>

⁷ <https://www.hesa.ac.uk/news/08-02-2017/sfr244-ap-student-enrolments-and-qualifications>

WP indicators such as the proportion of students from low participation neighbourhoods.⁸ In fact, one of the KPI's in the M2020 strategy relates to widening access targets on recruiting students from low-participation neighbourhoods and from lower socio-economic groups. The target is also for Manchester to be in the upper quartile of English Russell Group institutions.⁹

Increasing the entry tariff, however, could disadvantage the less socially mobile young people of Greater Manchester, undermine attempts to widen participation and adversely impact investment in the skills required for a successful city region.

As warned by UCU and NUS, there is a very real possibility that, as a result of the TEF, we will start to see more universities using TEF-related data to narrow their recruitment pool and to become more reluctant to take on undergraduates from disadvantaged backgrounds. This is very likely to be an effect of the planned changes to recruitment procedures in AMBS and SALC.

Secondly, specific concerns have been raised about the loss of language specialism at the University. For example, a letter in the Guardian - signed by 15 senior representatives from modern language departments - argues that:

*“A proposal to shed linguists and cross-cultural experts is clearly against the best interests of the UK, now more than ever as we face the economic and societal complexities of leaving the EU. If it pushes through its plans regardless, the University of Manchester will in the medium and longer term do the UK a great disservice. In the short term it will send a powerful and ill-timed signal about the perception of the value of European languages and cultures.”*¹⁰

Thirdly, no evidence is provided in M2020 about how reducing student numbers (for example, in AMBS) and/or raising entry standards (for example, in SALC and AMBS) will result in improved key performance indicators on teaching and learning. For example, there is no evidence that increasing the proportion of students with higher entry qualifications will result in higher satisfaction scores in the NSS. In fact, the reverse scenario may be true: students on a course that generally has a high entry tariff may be more demanding in the quality of teaching they expect. On the other hand, students in a department that has a lower entry tariff may receive teaching that exceeds their prior expectations and give higher NSS scores as a result.

Finally, there is a gap between the University's emphasis on “improving the student experience” and traditional research-led priorities. For example, in FBMH, the criteria for redundancy are based solely on research performance (“*Research in income for the number of research active staff is below that of our competitors*”) and therefore the key message is that research is still what really matters for academic careers. This is a long way away from the objective in M2020 to ensure “*parity of esteem for teaching and research through recognising and rewarding excellent teachers*” (p.16). The University needs to provide a consistent message on the value and recognition of teaching vis-à-vis research.

4.3 Potential decline in student numbers and research income

The University has suggested that in some areas (for example, Modern Foreign Languages), student recruitment has declined. Without access to detailed figures, it is difficult to ascertain the extent of this problem, though there has been a decline nationally in these subject areas.¹¹ However, as pointed out in the Guardian letter, no hard evidence has been produced by Manchester University that staff in German, French, Italian, Hebrew and Spanish supposedly recruit fewer and lower quality students than other Russell Group comparators.

⁸ <https://documents.manchester.ac.uk/display.aspx?DocID=4294>

⁹ KPI 8: widening access, p. 16 <http://documents.manchester.ac.uk/display.aspx?DocID=2554>

¹⁰ <https://www.theguardian.com/education/2017/may/19/manchester-university-must-think-again-about-cuts-to-languages>

¹¹ <https://www.ucas.com/file/98991/download?token=y3HcduEi>

There is also an inconsistency in the University's position on declining student numbers. In AMBS, for example, the apparent problem is too many students.

It is true that Manchester University has suffered a loss in QR research income resulting from a disappointing 2014 REF performance, *"in which it slid from eighth in the 2008 research assessment exercise to 17th by grade point average, despite submitting 263 fewer staff"*.¹² At the same time, because the funding for the 2014 REF is for a continuous six-year period, these losses are known to the University (i.e. there is no increased financial uncertainty in relation to QR funding).

In the 2014 REF, the decision to go for a more selective staff strategy backfired on the University. In 2021, there is an opportunity for a more inclusive REF staffing strategy (along the lines proposed by the independent Stern review). Rather than slashing academic jobs, we call on the University to adopt the approach outlined in M2020: *"Encouraging, nurturing and rewarding development, progression and contribution are vital to engage and motivate our existing workforce, and to attract the brightest and the best staff"* (M2020, p.22). UCU believes that a more inclusive approach may provide a better way of ensuring a more successful REF result in 2021.

¹² <https://www.timeshighereducation.com/news/winners-and-losers-in-hefce-funding-allocations/2019306.article>