University of Sheffield

Understanding Finance
Where is the money from?
Income in 2014/15

WHERE DOES THIS MONEY COME FROM?

- Tuition Fees & Education Contracts: £253.3m
- Research Grants & Contracts: £144.1m
- Funding Body Grants: £90.4m
- Other Income: £70.4m
- Research & Development Expenditure Credit (RDEC) Income: £14.3m
- Endowments & Investments: £2.4m

Total income: £574.9m
Our changing income mix

2009/10

- Research grants and contracts
- Tuition fees and education contracts
- Other income
- Funding body grants

2018/19

- Tuition fees and education contracts
- Research grants and contracts
- Other income
- Funding body grants

Based on our existing forecasts which assume no change to the current home UG funding regime.
HEFCE give Universities recurrent and non recurrent funds.

- Recurrent funding is the majority
  - teaching grant (HEFCE T)
  - research grant (HEFCE R)
  - knowledge exchange.

- Non recurrent funding
  - capital projects (eg Catalyst Fund)
  - other development initiatives.

Grants intended to be a contribution to our costs.

- HEFCE T derived formulaically and targets
  - high cost subjects
  - PG provision
  - those from disadvantaged backgrounds

- Can spend most of this however we want ‘unrestricted income’
Fee income

2014/15

Fees

• The majority of our fee income relates to fees paid by students, either directly, or through agencies such as the Student Loan Company.

• Student Number Control Limits (SNCL)

• We also receive fee income in relation to Research training support accounts (doctoral training) and NHS education contracts.
Fee income

2014/15

- Tuition fees and education contracts
- Research grants and contracts
- Funding body grants
- Other income

Fee income (£m)

Home UGs
Overseas students
Home PGs
NHS education contracts
Other fee income

Graph showing fee income from 2010/11 to 2014/15.
Research income

A research award is the total value of an individual research contract.

The income from each research award is the money that we have claimed from a sponsor for the work that has been performed to date.

Research income relating to one research award will usually be shown as research income over several financial years, as the income is recognised over the life of the contract alongside related expenditure and overheads.
Research income

2014/15

Other income
Funding body grants
Research grants and contracts
Tuition fees and education contracts

Research income (£m)

- Research Councils
- Charities
- EU
- Other

2010/11  2011/12  2012/13  2013/14  2014/15
Other income

- Other income includes money from accommodation and commercial services (30%), services rendered (24%), health authorities (10%) and any other sources that are not classified as HEFCE grants, fees or research income (36%).
Other income

2014/15

Other income
Funding body grants
Research grants and contracts
Tuition fees and education contracts

Other income (£m)

Services rendered
Health authorities
Residences & commercial
Other

2010/11
2011/12
2012/13
2013/14
2014/15
What is the money spent on?

Expenditure in 2014/15

Total expenditure: £539.3m

- **£19.2m** Accommodation & Commercial Services
- **£160.1m** Core Faculty Expenditure
- **£55.1m** Professional Services
- **£74.9m** Other Expenditure (includes Strategic Development Fund, Teaching and Learning Enhancement Strategy, services rendered, consultancies, conferences and other external activities)
- **£114.9m** Shared Costs (includes infrastructure costs such as depreciation, maintenance, utilities and student related costs such as scholarships and bursaries)
- **£115.1m** Research Expenditure

Total expenditure: £539.3m
Expenditure

Total expenditure (£m)

- Staff costs
- Other operating expenses
- Depreciation
- Interest and other finance costs
Staff costs

Staff costs as % of total income

<table>
<thead>
<tr>
<th>Year</th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>45%</td>
<td>50%</td>
<td>55%</td>
<td>55%</td>
<td>55%</td>
</tr>
</tbody>
</table>

Staff FTEs

- Staff and student facilities
- Residences, catering and conferences
- Research
- Premises
- Central services
- Academic services
- Academic

The chart shows the staff costs as a percentage of total income over the years 2010/11 to 2014/15, with a slight increase from 45% in 2010/11 to 55% in 2014/15. The bar chart compares the FTEs across different categories in the same years.
Cash flow statement

Cash flows from operations (£m)

2010/11
2011/12
2012/13
2013/14
2014/15

University of Sheffield
Capital expenditure by funding source (£m)

- **HEFCE capital grants**
- **Other capital grants**
- **University funded**
Operating surplus

Why does the university make an operating surplus?

- To ensure that the university’s activities remain financially sustainable in the long term.
- To ensure that the university has sufficient resources available to replace, improve and invest in its physical assets in order to achieve its academic strategy.
- To allow investment such as for additional staff, facilities and services.
- To mitigate against unforeseen events that might jeopardise the financial health of the university in the short term.
Budget setting

- Starts with affordable forecast
- Faculties: resource allocation, PYAs, reserves
- Professional Services
- Shared costs
- Central
- Iterations
- Dialogue and communication