

Rob Wilson MP
House of Commons
London
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UNIVERSITY OF READING - PROFESSIONAL SERVICES REVIEW

Thank you for your letter of 31 March 2016, and for sharing the concerns of your constituents.

I thought it might be helpful if I laid out the background to the work that we have been doing before turning to some of the more specific points raised in your letter.

As you know, the University is operating in a very tough and competitive sector for students, research funding and staff. While we have a strong financial base with underlying assets of £368m and £300m income last year, there is an urgent need to bring down the costs of running the University.

To pre-empt slightly one of the points raised in the letter you attached from one constituent, there is a significant difference between capital expenditure (which we can access and use to invest in major projects) and recurrent expenditure. On the latter, we need to 'balance the books' on an annual basis to ensure that we are a sustainable institution.

Since the Government's major reforms of higher education, we have invested upfront to keep pace with our competitors - running carefully managed deficits and making new investments. We have had record applications and intakes in the last two years; strengthened our league table rankings; protected academic research and teaching; and have put in place new structures to grow further our research income (building on our strong performance in the 2014 Research Excellence Framework).

We now need to bring our operating budgets back to a steady state and balance our books. To assist us in this task, we created the three-year Efficiency and Effectiveness programme, running up to 31 July 2016. In essence, it is a major restructuring of our core non-academic operations. It includes improvements to our digital infrastructure, reduction in the costs of procurement and printing and a restructure of our professional and administrative services.

In steady-state, the programme will save us £15m a year, helping us generate a surplus of £10m a year from the end of this decade. This surplus will be reinvested into frontline teaching, research and student services year after year. We expect the Efficiency and Effectiveness programme to pay for itself fully within three years as a consequence of the changes and other actions. In my view that is sensible financial management.

The most challenging part of the programme has been the comprehensive Professional and Administrative Services (PAS) review. Over the last two years, we have assessed and analysed in detail the work of 1,900 staff and held 150 workshops with colleagues across the institution. This enabled us to build a detailed picture of how professional services worked in different areas – the common practices and variations, the strengths and weaknesses and identified duplication of activities or inefficiencies. This analysis, assessment and consultation underpins the remodelling of professional services.

We have been open and transparent with staff at every stage of the PAS review, aiming to save £7.8m a year from this part of the Efficiency and Effectiveness programme, while streamlining and improving our support teams - from human resources and marketing, to student support and finance. We have had two years and hundreds of hours of detailed, formal consultation with the University and College Union and our independent Staff Forum.

You will understand that change is not easy with a transformation programme of this size and scale. We have been clear that we will minimise compulsory redundancies while lowering the overall headcount. We have improved and strengthened our plans as we have moved through the programme – because we have listened and acted.

New teaching and learning support centres are an important change we are introducing. Just before Easter, I confirmed additional measures to smooth the transition into the new teaching and learning support structures. My letter to the students can be accessed here (<http://rdg.ac/1P9WIW6>). A timeline of our communications to University colleagues is publicly available and can be accessed here (<http://rdg.ac/1UMSBAQ>).

I understand and recognise the anxiety that such changes can generate in our staff. However, we have been able to confirm that the vast majority of staff who want a role in the new structure will have one; either an existing post that is continuing or one that is a suitable match to the scores of new roles in our remodelled structure.

We expect to keep compulsory redundancies to a minimum through voluntary redundancies, more flexible working and not filling all vacancies. Although I cannot be absolutely definitive at this stage, as we are still dealing with some individual cases, I would expect that any compulsory redundancies would be in the low tens. That picture should become clearer very soon.

In terms of voluntary redundancies, over the programme as a whole, it is likely that somewhere between 150 and 200 people will have left the University via this route. Such a reduction in numbers, which I said was likely at the very beginning of the programme three years ago, has been necessary if we are to bring our budget into balance.

Student voice is crucial to the University. I have been honest that some of our engagement on these changes could have been better. However, it is worth noting that the Reading University Students Union (RUSU) has been part of the Efficiency and Effectiveness programme throughout. The programme has been overseen and scrutinised by the University Council, where students are represented by the RUSU President and Education Officer (the remaining RUSU Officers serve as alternates). They receive the papers, are invited to attend the meetings and have the opportunity to comment on any items of business. Minutes of the Council meetings are also publicly available and can be found here (<http://rdg.ac/1UkWwq0>).

Your constituent raises an important point about the student experience. I certainly agree that it is a crucial part of what makes us a successful and popular university. Equally though, there are improvements that we can make and these have been central to our thinking throughout. For example, the new teaching and learning support centres that I mention above will be staffed by people with detailed knowledge of each of our academic schools but be of a size and scale to provide more consistent and timely assistance to staff and students alike. I accept that not all students support this move but we are working very closely with RUSU to ensure that the new centres meet the needs of current and future students.

You mention the *National Campaign Against Fees and Cuts*. From some of the materials that I have seen, there are calls for 'no cuts'. However, I do not know whether there are any formal or informal connections between those objecting to our changes and wider, national campaigns.

I would make the point though that none of what we are doing is a result of national funding reductions, given that higher education has been relatively well-protected in successive Comprehensive Spending Reviews. Indeed, we have **grown** our core academic activity in teaching and research in the past four years, recognising though that we had to find other ways to bring our budget into line - hence the Efficiency and Effectiveness programme.

Finally, let me return to the point about capital investment. I will not repeat the point I made earlier about the distinction between capital and recurrent expenditure. What I would say though is that the University is very fortunate indeed to be able to invest in major projects, ahead of generating regular and sustainable year-to-year surpluses. This is through a combination of judicious land and property disposals and prudent borrowing.

Our Malaysia campus, and other overseas activities, provide an opportunity for us to generate income without being totally reliant on the more volatile and competitive Home/EU market. Our investment in a new Science and Innovation Park is designed to provide a regular, long-term income stream to the University to benefit current and future generations (the experience of other universities with such facilities). The Science Park is also a way of us bringing relevant businesses closer to our areas of research expertise and, in so doing, make a significant contribution to the local economy.

Other capital developments include a home for our new School of Architecture (an example of a new academic investment), refurbished accommodation to - finally - get us out of the post-WW11 'huts' on the Earley Gate side of the campus, a major refurbishment of our Library and various other major and minor projects. So, we are powering forward and now need to ensure that, with a balanced budget, we can have even greater confidence to invest in the future on the back of regular and routine surpluses.

I apologise for the length of this letter. However, appreciating your invaluable interest in, and support for, the University, I thought it important to provide you with a full and comprehensive update. I stand ready, of course, to provide more information, should you request it.

Kindest regards.

Yours ever



SIR DAVID BELL KCB