



Higher education finance statistics

Standard Note: SN/SG/5440
Last updated: 14 March 2014
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Section: Social & General Statistics

After many years of increased income, expenditure, more staff and students, the higher education sector in England especially is faced with a fall in income from the public sector, falling numbers students, particularly those studying part-time and much less certainty about the future make-up and nature of the sector as a whole. This has meant that the future public/private funding mix, size and role of the sector are the focus of more attention than at any time in the recent past.

This note gives a short factual background on changes in income, expenditure and staffing since the sector took its present form in the mid-1990s. It also gives some information on variations between institutions. It includes data on all Higher Education Institutions in the UK.

The following Library notes give information on related topics:

- [Changes to higher education funding and student support from 2012/13](#)
- [HE in England from 2012: Funding and finance](#)
- [Entrants to higher education](#)
- [Tuition fee statistics](#)
- [HE in England from 2012: Student numbers](#)
- [HE in England from 2012: Funding and finance](#)

Much of the information in this note is taken from the annual Higher Education Statistics Agency (HESA) publications *Resources of higher education institutions* and its recent replacements. A limited amount of free information can be found on the [HESA website](#).

The most recent [Patterns and Trends in UK Higher Education](#) from Universities UK looks at 10 year trends in the sector and variations between institutions on a number of different indicators. The Higher Education Funding Council for England publishes an annual financial assessment of the sector in England. The latest version is [Financial health of the higher education sector: 2012-13 financial results and 2013-14 forecasts](#).

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1 Background –the HE sector post financial crisis and Browne

The higher education sector is braced for a future where income does not always grow year-on-year, student numbers do not always go up, the balance of income streams is less predictable and cuts may have to be made. In some cases this scenario has already arrived. Many of the sector's income streams are not planned in advance and we do not know how they have changed at an aggregate level until almost around 10 months after the end of the academic year. Only funding body grants are known at an institutional level for the current and upcoming academic year. These made up just under 39% of total income in 2011/12, but as they set the parameters for funded home and EU student numbers and research activity they have a direct effect on variable fee income and other income streams.

In England the 2009/10 funding settlement saw increases in unit funding and student numbers, but the latter were lower than originally planned and institutions were fined for over recruiting students at a time of record applications. According to the funding council its funding for financial year 2010-11 was originally cut by £449 million, or almost 6%.¹ A further £200 million and 10,000 additional places were cut by the Government in May 2010.²

In 2010/11 34 of 130 higher education institutions in England received a cash cut in total recurrent grant compared to the adjusted 2009/10 total.³ This covers all recurrent teaching and research funding. The total was reduced by a further £150 million (2.4%) following the

¹ Higher education funding 2010-11 -Secretary of State's grant letter of 22 December 2009, HEFCE; DIUS Departmental Report 2009

² *BIS Summary of Savings Package - 24th May 2010*

³ *Recurrent grants for 2010-11: Revised allocations*, HEFCE

settlement for financial year 2011-12.^{4 5} In Scotland two of 19 were due to have cash cuts in their funding council grant and all but one of the 12 institutions in Wales were due to have this funding cut in the same year.⁶

In 2011/12 total recurrent funding for institutions in England was cut by around £250 million, or 3.9%. 122 of the 130 funded higher education institutions were expected to receive a cash cut in this funding.⁷ Total funding through the funding council in England in 2011/12 was provisionally reduced by 9.5% (£680 million) compared to 2010/11. The largest cuts were in capital funding which was initially reduced by more than half.⁸⁹ Provisional funding levels for financial year 2011-12 were for cuts of 6.4% in Scotland (excluding capital) and 12.5% in Wales.¹⁰

Public funding in England in 2012 and later

2012 was the first year when the latest reforms of higher education funding were implemented in England. These affect students starting in autumn 2012 or later so it will take some years before the entire student population is covered by the new arrangements. Some but not all of these changes were recommended in the Browne Report.¹¹ For more details of the proposals see the note: [Changes to higher education funding and student support from 2012/13](#). For more up-to-date information of the impact of these changes in total funding see [HE in England from 2012: Funding and finance](#).

The responsibility for funding teaching in England has been shifted further away from the public sector towards the individual (graduate). The financial impact on the sector as a whole need not be negative if they can raise enough through additional tuition fees (backed by publicly subsidised loans). The impact on individual institutions is much more open to question and it depends on what fee levels they charge and changes in student numbers. These in turn depend on the types of courses they offer, the 'value' placed on a degree from that institution by potential students and the extent and type of student choice and competition introduced into the sector. [Changes to higher education funding and student support from 2012/13](#) gives some background to the freeing up of places from 2012 and more recent detail is given in [HE in England from 2012: Student numbers](#).

The proposed changes affect funding for teaching. Total direct public funding for higher education teaching in England in financial year 2015-16 is expected to be 66% below 2010-11 levels in cash terms.¹² Resource funding for research via the funding council in England is planned to remain broadly flat in cash terms up to 2015-16. Total capital funding was cut by 44% in 2011-12 and further ('indicative') cuts would have taken the overall reduction by 2013-14 to 70% compared to 2010-11 levels. Additional capital funding has

⁴ Cuts for this financial year affect four months of academic year 2010-11

⁵ Changes to recurrent grant for 2010-11, HEFCE circular letter 09/2011

⁶ *Welsh institutions face cuts of up to 4.3%, but total Scottish pot rises 1%*, Times Higher Education 25 March 2010, pp10-11

⁷ *Recurrent grants for 2011-12: Revised allocations*, HEFCE (October 2012)

⁸ *Funding for universities and colleges for 2010-11 and 2011-12*, HEFCE circular letter 05/2011

⁹ *Recurrent grants for 2011-12. Revised allocations*, HEFCE

¹⁰ *Higher education funding for 2011-12 and beyond*, BIS 20 December 2010; *Scotland's spending plans and draft budget 2011-12*, The Scottish Government; *Draft Budget Proposals 2011-12*, Welsh Assembly Government

¹¹ [Securing a sustainable future for higher education](#) –An independent review of higher education funding & student finance

¹² *Funding for higher education in England for 2014-15, and earlier*, BIS/HEFCE

been provided for 2012-13 onwards which means that the cash value will increase to 2015-16 by which time it will be above the 2010-11 level in real terms.¹³

The overall funding level for the sector in academic year 2012/13 was set by the funding council at £5.3 billion which was £1.2 billion (19%) less than in 2011/12. Provisional funding for 2013/14 is a further £0.9 billion or 16% less than the 2012/13 level. Unlike the cuts in funding in 2010/11 and 2011/12 most of the reduction post 2012 is in recurrent funding for teaching, as shown in the table below.

Summary of HEFCE allocations for universities and colleges, academic years

£ billion

	2009/10	2010/11	2011/12	2012/13	2013/14
<i>Recurrent grant</i>					
Teaching	4.71	4.72	4.32	3.23	2.33
Research	1.58	1.60	1.56	1.56	1.56
Moderation	0.02	0.02	0.03	0.00	0.00
Higher Education Innovation Fund	0.13	0.15	0.15	0.15	0.15
Total	6.45	6.49	6.05	4.94	4.04
<i>Non-recurrent funding</i>					
Capital	0.56	0.53	0.30	0.27	0.28
Other	0.32	0.33	0.21	0.13	0.15
Total	7.33	7.36	6.56	5.33	4.47

Note: Allocations are the latest published by HEFCE in either revised recurrent grants allocations for individual institutions or referred to in comparisons with subsequent years (non-recurrent funding). 2013/14 data are provisional

Sources: HEFCE circular 04/201,3 Funding for universities and colleges for 2012-13: and 2013-14 Board decisions, and earlier editions
 Recurrent grants for 2012-13: Revised allocations, and earlier editions, HEFCE
 Changes to recurrent grant for the academic years 2012-13 and 2013-14, HEFCE

The delay in the publication of the 2014-15 Government funding letter to the funding council means that academic year totals for 2014/15 will not be published until the end of March this year.

Provisional allocations for individual institutions can be found in [Allocations of recurrent funding for 2013-14 - Summary tables](#). Unlike earlier years this does not include any comparison with grant in the previous year. The funding totals have to make more assumptions than normal about student numbers, particularly the unrestricted recruitment of students with grades of ABB or better at A level by each institution. This means that allocations could change substantially for individual institutions depending on their capacity for and success in such recruitment. These funding totals are due to be adjusted in March 2014 to reflect actual in-year student numbers and final allocations will not be confirmed until 2015 after final end of year data is produced. More detail can be found in [HE in England from 2012: Funding and finance](#) which will be updated when the revised figures are produced.

The funding council has drawn up highly provisional allocations for future years to help inform the consultation on how it should allocate this funding. Total allocations for 2015/16 were given as £1.1 billion for the recurrent teaching costs of students under the new funding arrangements. These figures are highly likely to change in response to changes in Government funding which have yet to be announced for financial year 2015-16 and later. It

¹³ *ibid.*

is important to realise that alongside these cuts in funding for teaching there will be large increases in income via Government supported tuition fee loans. These are expected to exceed £7 billion a year by the time nearly all students are under the new arrangements; an increase of more than £4 billion on 2011-12 levels.¹⁴

The average fees that English institutions have set are above the Government's planning assumption of £7,500 per year. Analysis of the access agreements (required to charge fees of over £6,000 per year) put the average fee after waivers and discounts at £8,123. This is expected to increase further in around £8,250 in 2013/14 and £8,425 in 2014/15 despite the freeze on the fee cap at £9,000.¹⁵ It is possible that the average fee loan could be somewhat less than this, depending on take-up. However, the original assumption of an average fee loan of £7,500 per year underlied the financial settlement of the Department for Business, Innovation and Skills. The Government said at the time that if average fees exceed £7,500 per year there could be consequences for the student finance budget which would have to be met from within the overall higher education budget.¹⁶

¹⁴ HC Deb 1 February 2012 c644-5W

¹⁵ [2014-15 access agreements: institutional expenditure and fee levels](#), Offa

¹⁶ HC Deb 4 March 2011 c713W

Snapshot of the UK higher education sector in...

	1994/95	2012/13
Institutions	184	161
Income		
Total income	£10.0 billion	£29.1 billion
of which:		
Funding body grants	44%	24%
Tuition fees and contracts	23%	40%
Average income	£55 million	£181 million
Income of the largest institution	£0.26 billion	£1.44 billion
Expenditure		
Total expenditure	£9.8 billion	£27.9 billion
Staff costs	£5.3 billion	£15.4 billion
% academic	58%	55%
Staff		
Academic staff		
Full-time	102,700	122,500
Part-time	12,000	63,100
% female	30%	45%
All staff		
Full-time equivalent	-	321,300
% non-academic	-	53%
average	-	2,000
at the largest institution	-	10,500
Students		
Full-time equivalents	1.28 million (1995/96)	1.88 million
Full-time undergraduates	0.97 million	1.39 million
average	5,300	8,600
at the largest institution	17,900	26,200

Note: The largest institutions are defined separately under each category and year

Source: *Students in higher education institutions 2012/13, and earlier, HESA*
Staff in higher education institutions 2012/13, HESA
HE finance plus 2012/13, and earlier, HESA

2 Trends in income and expenditure

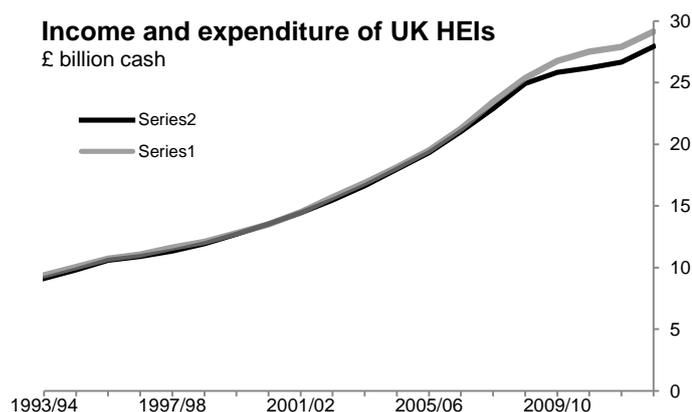
The higher education sector –definitions

For the purposes of this note the higher education sector in the UK covers all Higher Education Institutions (HEIs) included in HESA publications. This includes small highly specialised institutions, the Open University and more recently, the University of Buckingham which is not state funded. It includes further education delivered by HEIs and excludes higher education delivered by further education institutions.

Over the years covered here some institutions have transferred into the HE sector so some of the growth shown here is not 'organic' but due to changes in definitions or the status of some courses.

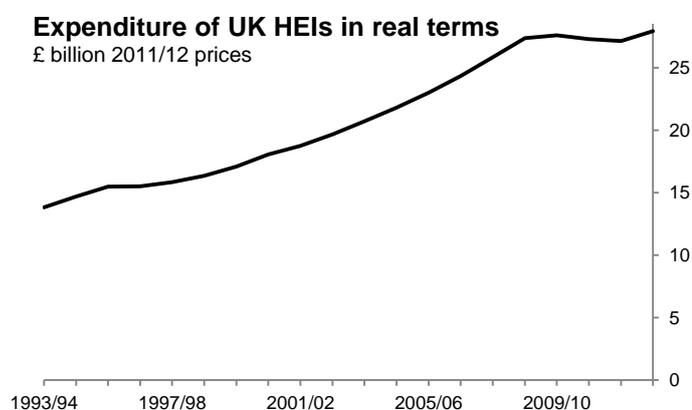
The HEI financial year runs from 1 August to 31 July. 2013/14 financial data is due to be published in March 2014

In 2012/13 HEIs across the UK had a total income of £29.1 billion and a total expenditure of £27.9 billion. This was around three times the size of the UK further education sector¹⁷ and 42% of the level of public spending on schools.¹⁸ Total income and expenditure have increased by more than 200% each in cash terms since 1993/94¹⁹. The chart opposite shows that income and expenditure have generally been very close, but income has increased at a faster rate in 2009/10 and 2010/11. More detail is given in the appended Table 1. Total income in 2012/13 varied more than 200-fold by institution from just under £7 million at the smallest to £1.41 billion at the largest (Cambridge).



Growth in expenditure in real terms

The earlier data on growth in income and expenditure clearly does not take inflation into account. They are therefore not accurate measures of real growth. In the past it has been possible to adjust for inflation within the HE sector using Universities UK's Higher Education Pay and Prices Index. This is no longer published, so the chart opposite is adjusted for the level of inflation across the economy as a whole. This is a less accurate measure of real growth in the sector, but an improvement on the cash figures.



¹⁷ Further education financial yearbook 2008/09, Grant Thornton

¹⁸ Public expenditure statistical analysis 2013, HM Treasury

¹⁹ 1993/94 was the first year after the current integrated system of HE replaced the former divide between polytechnics and universities.

The underlying data is also included in Table 1 at the end of this note. Expenditure in 2012/13 was double the 1993/94 level in real terms.²⁰ Expenditure fell in real terms in 1996/97, 2010/11 and 2011/12. The recent slowdown in expenditure has so far been of a similar scale to that seen in the mid-1990s.

These figures give an indication of the growth of the sector, rather than how generous one particular income stream is. The definitions set out at the start of this section explain that some of this growth will be ‘transfers in’ rather than underlying growth in existing institutions. Expenditure here is used as a proxy for the (financial) size of the sector. Total spending is clearly constrained by income.

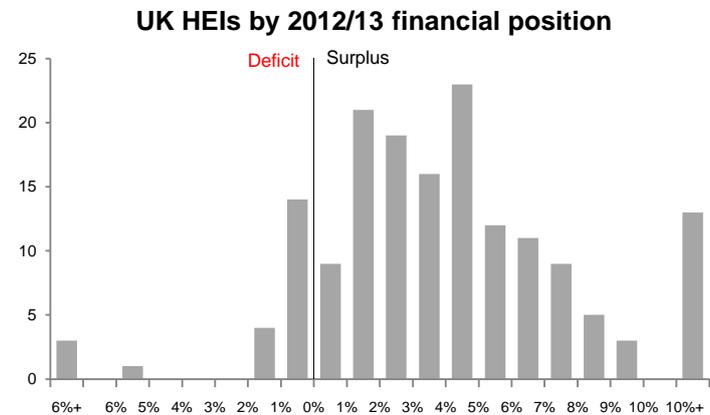
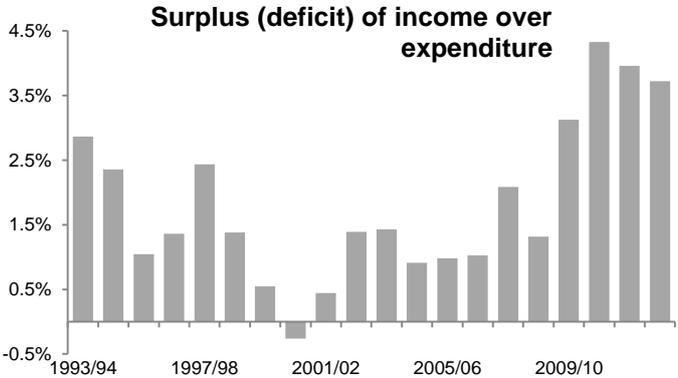
The increase in total expenditure for the whole period was greater than the increase in full-time equivalent student numbers. In the mid- to late-1990s real spending increased at a slower rate, but this pattern was reversed over the following decade. The gap closed somewhat over the last three to 2011/12 as student numbers continued to grow, while spending was broadly flat. In 2012/13 expenditure increase in real terms, but student numbers fell.²¹ The costs associated with students can vary greatly by level and subject. This note does not look at all these factors, but growth in postgraduate student numbers was slightly greater than growth in spending.

Financial status

Overall the sector has been in deficit in only one year and in the majority of years income has been 1% or more above expenditure. The 3.7% surplus in 2012/13 was the third largest in the period covered here.

There was much variation across individual institutions and even with an aggregate surplus of 3.7% there were still 22 of 161 institutions in deficit in 2012/13. This is up on the previous year but well down on the 40 in deficit in 2008/09. The distribution is illustrated opposite. One clear pattern is the large drop off between those in surplus by a few percentage points and those in deficit by more than 1%. While most institutions were in the -1% to +6% range a small number had much larger surpluses/deficits.

90 institutions, or more than half, saw a worsening of their surplus/deficit



Source: HE finance plus 2012/13, HESA

²⁰ Growth up to 2009/10 adjusted using the HEPPI was slower at 67%, compared to 98% when adjusted using the GDP deflator.

²¹ *Students in higher education institutions*, various years, HESA

position in 2012/13. 43 institutions (27%) had a deficit²² in one or more of the previous four years. Within this group 10 had a deficit in two of the four years, eight had a deficit in three of the previous four years and one had a deficit in all four of the previous years.²³

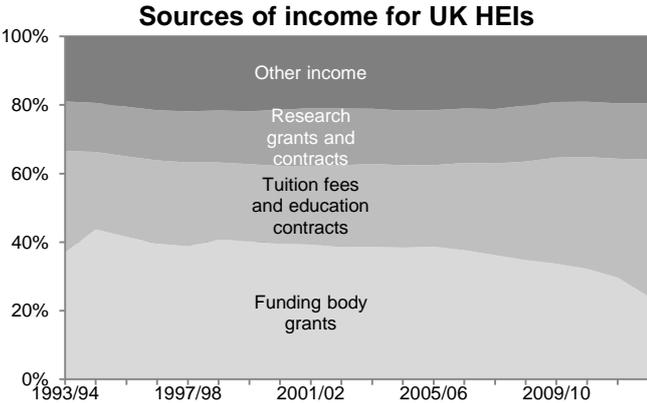
The financial assets of HEIs are dominated by fixed assets –mainly property. At the end of 2011/12 endowment assets totalled £4.6 billion. 42% of this was owned by Oxford and Cambridge and more than 60% by the top seven institutions. Total income from endowments and investments was £290 million in 2012/13 compared to its peak of £520 million in 2007/08.²⁴

The latest [report](#) on the financial health of the sector from the English funding council found that the projected financial position of the sector in 2012/13 was ‘sound’ and stronger than previously projected by institutions. Results were not as strong as those for 2010/11 when the majority of the key financial indicators for the sector were said to be the best on record with strong surpluses, large cash balances and healthy reserves. Forecasts for 2013-14 are for continued increases in income, but these are expected to be smaller than increases in expenditure and hence the overall surplus is projected to fall. The funding council points out that there are significant variations in the financial performance of individual institutions. A large increase in forecast capital spending expected to be funded by a combination of use of cash reserves, increased borrowing and increased public capital funding. The funding council states that this growth may not be sustainable without continued government support. ²⁵

In 2011 a National Audit Office report on the funding council’s financial oversight noted the ‘unprecedented change’ the sector faces is likely to increase the level of risk within the sector as some HEIs are already financially weaker and may receive less income overall after the changes are implemented.²⁶ The report also contains an analysis of the financial health of the sector in England.

2.1 Income breakdown

Table 2 at the end of this note gives a breakdown of income by broad category. This is illustrated opposite. There were only very gradual changes in the make-up of the sector’s income in the decade from the mid-1990s. Since then there has been a clear shift in funding from funding body grants to fees. Funding body grants²⁷ have gradually made up a smaller share of income over time; down from over 40% in the mid-1990s to 24%



²² This indicator uses a slightly different definition of deficit based on historic cost depreciation and after taxation
²³ *HE finance plus 2012/13*, and earlier HESA.
²⁴ *ibid.* Tables 0 and 3
²⁵ *Financial health of the higher education sector 2012-13 financial results and 2013-14 forecasts*, (and earlier years), HEFCE
²⁶ *Regulating financial sustainability in higher education*, NAO
²⁷ Funding councils or Government departments across the UK

in 2012/13.²⁸ The share of income from tuition fees and education contracts was in the 23-24% range up to 2005/06. The introduction of variable fees in England and Northern Ireland in 2006/07 and Wales in 2007/08 was largely responsible for the increase to almost 33% in 2010/11; the largest single source of income for the first time. Higher fees for new entrants in England helped push this to 40% in 2012/13.²⁹ Income from research grants and contracts has remained around 16% for the last five years.³⁰

At the level of individual institutions in 2011/12, after excluding small, highly specialist and atypical institutions:³¹

- Those with a relatively high proportion of income from funding bodies tended to be 'new' universities with a lower research profile and relatively low numbers of non-EU students. All Scottish HEIs tended to have a higher proportion of income from funding bodies. Those with the highest proportion in 2011/12 included The Open University, Edinburgh Napier, Plymouth, Glasgow Caledonian, Bath Spa and the University of the West of Scotland. All had 45% or more of their income from these grants.
- Institutions with a greater share of income from academic fees were a mixture of 'new' universities with lower research income, and/or those with a large number of non-EU students. All were English institutions. They include South Bank, Bedfordshire, Birmingham City, Sunderland, London Metropolitan, City University London, Middlesex, East London, Northumbria, Sheffield Hallam, LSE and SOAS, all of which received more than 50% of their total income from such fees in 2011/12.
- HEIs with the highest shares of income from research³² were generally Russell Group institutions and some from the 1994 Group. Most had 20-40% of their total income from research related sources in 2011/12. This should not be a surprise given their focus on research. Other institutions with relatively high research income, in some cases higher than Russell Group universities included Dundee and Aberdeen.

2.2 Specific income streams

This note looks at a handful of the sub-categories that the broad income types can be broken down into. Again these are based on the share of income received by the sector overall and are set out in full in Table 2.

²⁸ The rate for English institutions was 23% compared to 21% in Wales, 38% in Northern Ireland and 35% in Scotland.

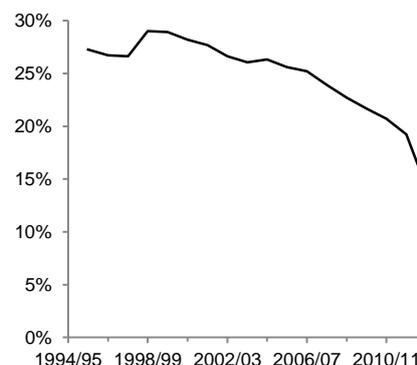
²⁹ The figure for English institutions was 42% compared to 44% in Wales, 30% in Northern Ireland and 26% in Scotland

³⁰ 'Other income' includes residences and catering, non research/teaching grants and income from public sector bodies, endowment income and interest and payment for 'other services rendered'.

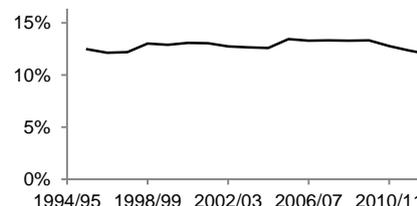
³¹ *HE finance plus 2010/11*, HESA. Table 9

³² All public and private sources of research income

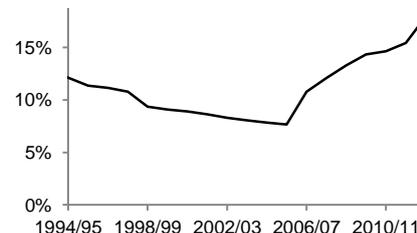
Funding body recurrent grants for teaching –this fell in importance from 29% of total income in the late 1990s to below 20% in 2011/12 and below 15% in 2012/13. Research grants from the funding councils have remained much more stable at 7-8%, but other recurrent and capital funding have increased in importance over time.



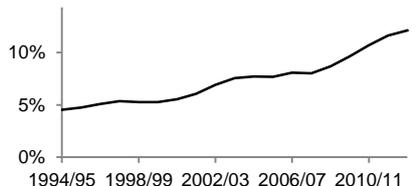
Research income from funding and research councils –is one of the higher profile elements. It has remained in the 12-14% range for the entire period.



Tuition fees for home and EU full-time undergraduates – income from this source fell in importance to below 8% in 2005/06 before increasing dramatically (with higher tuition fees) in next seven years to more 18% in 2012/13. There was no net effect on this series of the introduction of regulated fees in 1998/99.



Tuition fees from non-EU students –income from these students has received much attention in recent years as a potential way for HEIs to avoid public sector funding cuts. It increased in importance consistently over this period and reached more than 12% in 2012/13.



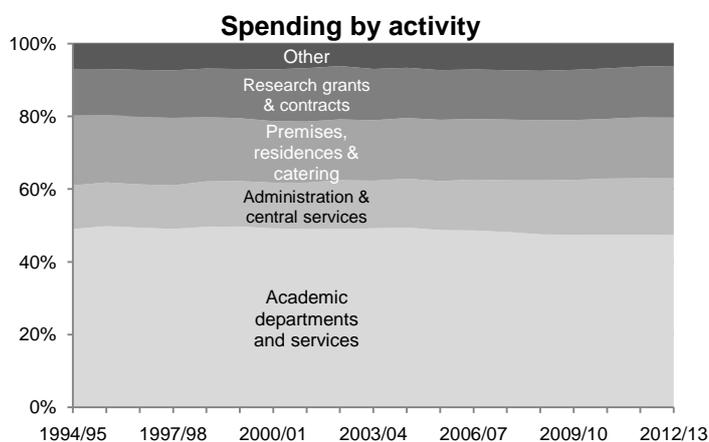
Income from residences and catering has also been seen as an income generating stream in recent times. Over the years covered here it has become a less important source of income, down from 7% in the late 1990s to below 6% from 2006/07 onwards. The simple margin on residence and catering (income less expenditure) was 20% across all HEIs in 2012/13, or £280 million.

2.3 Expenditure breakdown

The makeup of expenditure by broad category has changed very little since the mid-1990s. The two main categories are staff costs and 'other operating expenditure' which have been 55-58% and 35-37% respectively for the whole period. The cash increase in staff costs in 2011/12 was the smallest in this series and the share of staff costs has fallen for the last eight years, albeit rather gradually. Depreciation and 'interest and other finance costs' have made up the remaining 5-7%. Their cash values are included in the appended Table 3. Also included is a breakdown by activity which shows a little more variation (opposite).

Across the whole period the share of spending on academic departments fell from 43% to just under 40%. Spending on administration and central services³³ increased from 12%

to almost 16% of the total to become the second largest 'activity' but still well below half the total spent on academic departments. This breakdown is in effect at a departmental level, so for instance, some of the spending within the academic departments total will be on non-academic staff costs and some academic staff costs fall outside of the academic department total. The next section looks at staff costs in more detail.



3 Staff

For the years to 2002/03 HESA published data on the number of academic staff,³⁴ but not others employed by HEIs. In 2003/04 HESA introduced a new data collection method and since then has published data about all staff. This change also introduced a break in the series on academic staff numbers. Information about trends is therefore limited. This section also looks at staff cost data which is consistent back to the mid 1990s and breaks down the total by different types of staff.

The Higher Education Funding Council for England's latest [report](#) on staff numbers looks at trends in academic and non-academic staff at HEIs in England since the mid-1990s.³⁵

3.1 Staff numbers

Academic staff

Between 1994/95 and 2002/03 the number of full-time academic staff at UK HEIs increased by 18% and the number of part time staff by almost 120%. The total headcount increased by 28% and there were above average increases in the number of academics working in research only (not teaching) and in the number of professors, and (non senior) researchers. However, full-timers and academics involved in teaching at least part of the time were still in the majority in 2002/03. More detail is given in Table 4 at the end of this note. The headcount number can obscure some trends in the balance between full- and part-time staff, but it was all that was published at the time. The increase in academic staff headcount over this period

³³ Expenditure on central administration, staff and student facilities and amenities, bursaries and scholarships and general education

³⁴ Those with at least a 25% teaching and/or research commitment

³⁵ *Staff employed at HEFCE-funded HEIs Trends and profiles 1995-96 to 2010-11*, HECFE

was slightly higher than the increase in full-time equivalent student numbers,³⁶ but much of the growth in staff numbers was in part-timers.

Since 2003/04 many of these trends have continued with above average increases in part-time staff, staff who teach but carry out no research and in the number of professors, senior lecturers and researchers. In 2012/13 there were 150,500 full-time equivalent academic professionals employed by UK HEIs. This was 47% of the full-time equivalent of all staff employed. The increase in full-time equivalent academic staff³⁷ since 2003/04 has been slightly faster than the growth in student numbers (21% v 15%).

2010/11 saw a fall in the total headcount of academic staff for the first time since the sector was reorganised in the early 1990s. The falls in part-time staff and those teaching, but not carrying out research, were greater than the increases in other types of academic staff. Numbers increased slightly in 2011/12 due to continued growth in part-time staff. There was a larger increase in 2012/13, although the method for defining academic contracts had changes.

All staff types

In 2012/13 there were around 255,000 full-time and 128,000 part-time staff and a further 74,000 academic staff employed by HEIs on atypical contracts³⁸, their total full-time equivalent numbers were 321,000. The following table looks at broad job types and the range across HEIs, excluding those smaller institutions which tend to be more highly specialised and have more unusual staffing patterns. It uses 2007/08 data as later figures do not split academic staff by grade, only professor or 'not a professor'.

Proportion of FTE staff by broad activity/grade 2007/08

	UK average	Range (among HEIs with >1,500 FTE staff)	
		Max	Min
Academic professionals	45%	55%	36%
Of whom			
Professors	5%	11%	0%
Senior lecturers & researchers	11%	35%	0%
Lecturers	12%	36%	0%
Researchers	11%	33%	0%
Non-academics	55%	64%	45%
Managerial, professional and technical	25%	30%	16%
Of whom: managers	5%	12%	0%
Clerical	19%	30%	13%
Manual	11%	24%	0%

Note: Includes staff on atypical contracts

Source: Resources of higher education institutions 2007/08, HESA

There was a relatively small variation in the proportion of academic/non-academic professionals. There was much more between different academic grades and some non-academic categories. This may in part reflect differences in categorisation as well as real differences in staff profiles and roles.

³⁶ *Students in higher education institutions, various years*, HESA

³⁷ Including those on atypical contracts

³⁸ Neither full-time nor part-time working arrangements that are not permanent and involve complex employment relationships

3.2 Staff costs

Staff costs are broken down by academic/non-academic status and by activity (academic departments, administration etc.). The underlying figures are included in Table 5 at the end of this note. Some of the key findings are:

- Since 1994/95 the cost of employing non-academic staff increased by more than the cost of academic staff.
- Total staffing costs of 'administration and central services' and 'academic services'³⁹ saw the largest increases, 'academic departments' saw the smallest increase
- There was a gradual increase in the share of academic staff costs going on 'administration and central services' and 'research grants and contracts'⁴⁰ and a fall (79% to 76% between 1995/96 and 2011/12) within academic departments.

Overall academic staff costs made up 55% of all staff costs in 2012/13 and counted for just over 31% of all HEI expenditure.

In 2009/10 4,024 staff employed by HEIs, or 1.3% of all staff, were paid more than £100,000 per year, 1,089 of these (0.3%) were paid over £150,000 per year.⁴¹ A Times Higher Education [article](#) from 2011 looked in depth at the pay and benefits of vice-chancellors and academic salaries by institution in 2009-10. This put the average pay and benefits package (excluding pension) for a vice-chancellor at £214,000, down 1% on 2008-09. It also gave the average for a full-time professor at £75,000 and other full-time academic staff at £43,000.

³⁹ Spending on centralised academic services such as libraries, computer networks, central computers and other general academic services.

⁴⁰ Expenditure on research carried out by the institution which has been externally sponsored

⁴¹ *Higher education financial yearbook 2009/10*, RBS

4 Reference tables

Table 1

Income and expenditure of UK HEIs

Academic years

	£ billion cash				Expenditure in 2012/13 prices ^a (£ billion)
	Income	Expenditure	Surplus	% surplus	
1993/94	9.4	9.1	0.3	2.9%	13.8
1994/95	10.0	9.8	0.2	2.4%	14.7
1995/96	10.7	10.6	0.1	1.0%	15.5
1996/97	11.0	10.9	0.2	1.4%	15.5
1997/98	11.6	11.3	0.3	2.4%	15.8
1998/99	12.1	11.9	0.2	1.4%	16.3
1999/00	12.8	12.7	0.1	0.5%	17.1
2000/01	13.5	13.5	0.0	-0.3%	18.1
2001/02	14.5	14.4	0.1	0.4%	18.7
2002/03	15.7	15.5	0.2	1.4%	19.6
2003/04	16.9	16.6	0.2	1.4%	20.7
2004/05	18.1	18.0	0.2	0.9%	21.8
2005/06	19.5	19.3	0.2	1.0%	23.0
2006/07	21.3	21.0	0.2	1.0%	24.3
2007/08	23.4	22.9	0.5	2.1%	25.8
2008/09	25.4	24.9	0.3	1.3%	27.4
2009/10	26.8	25.8	0.8	3.1%	27.6
2010/11	27.5	26.2	1.2	4.3%	27.3
2011/12	27.9	26.7	1.1	4.0%	27.1
2012/13	29.1	27.9	1.1	3.7%	27.9

(a) Adjusted financial year GDP deflators produced by HM Treasury. Earlier versions of this note have used the Universities UK Higher Education Pay and Prices Index, but this is no longer produced.

Sources: Resources of higher education institutions 2008/09, and earlier, HESA
HE finance plus 2012/13, and earlier, HESA

Table 2

Income of UK HEIs

	By broad category					Specific income streams							
	Funding body grants	Tuition fees and education contracts	Research grants and contracts	Endowment & investment		Recurrent funding body grants		Academic fees		Research grants			Residences and catering
				Other income	income	Teaching	Research	Full-time home/ EU undergrad. ^a	Non-EU students	Research Councils	UK based charities	Other public sector	
£ billion cash													
1993/94	3.5	2.8	1.4	1.6	0.2	..	..	..	..	..	..	..	..
1994/95	4.4	2.3	1.4	1.7	0.2	..	..	1.2	0.5	0.5	0.3	0.2	0.7
1995/96	4.5	2.5	1.6	1.9	0.3	2.9	0.8	1.2	0.5	0.5	0.3	0.3	0.7
1996/97	4.4	2.7	1.6	2.1	0.3	3.0	0.8	1.2	0.6	0.5	0.4	0.3	0.8
1997/98	4.5	2.8	1.7	2.2	0.3	3.1	0.9	1.3	0.6	0.5	0.4	0.3	0.8
1998/99	4.9	2.7	1.8	2.3	0.3	3.5	1.0	1.1	0.6	0.6	0.4	0.3	0.9
1999/00	5.1	2.9	2.0	2.5	0.3	3.7	1.0	1.2	0.7	0.6	0.5	0.3	0.9
2000/01	5.3	3.1	2.2	2.6	0.3	3.8	1.1	1.2	0.7	0.7	0.6	0.4	0.9
2001/02	5.7	3.3	2.4	2.8	0.3	4.0	1.1	1.2	0.9	0.8	0.6	0.4	1.0
2002/03	6.0	3.7	2.6	3.1	0.2	4.2	1.2	1.3	1.1	0.8	0.7	0.5	1.0
2003/04	6.5	4.1	2.7	3.3	0.2	4.4	1.3	1.4	1.3	0.8	0.7	0.5	1.0
2004/05	7.0	4.4	2.9	3.6	0.3	4.8	1.4	1.4	1.4	0.9	0.7	0.6	1.1
2005/06	7.5	4.6	3.1	3.9	0.3	5.0	1.5	1.5	1.5	1.1	0.7	0.6	1.2
2006/07	8.0	5.4	3.4	4.1	0.4	5.4	1.7	2.3	1.7	1.2	0.8	0.6	1.2
2007/08	8.5	6.3	3.7	4.4	0.5	5.6	1.8	2.8	1.9	1.4	0.8	0.6	1.3
2008/09	8.8	7.3	4.1	4.7	0.4	5.8	1.8	3.4	2.2	1.5	0.9	0.7	1.3
2009/10	8.3	9.7	4.5	5.2	0.3	5.8	2.0	3.8	2.6	1.6	0.9	0.8	1.5
2010/11	8.9	9.0	4.4	5.0	0.2	5.7	2.0	4.0	2.9	1.6	0.9	0.8	1.6
2011/12	9.0	8.3	4.3	4.9	0.2	5.4	1.9	4.3	3.2	1.5	0.9	0.8	1.7
2012/13	8.9	9.0	4.4	5.0	0.2	4.2	1.9	5.2	3.5	1.5	1.0	0.8	1.7
% of total													
1993/94	37.0	29.6	14.4	16.8	2.2	..	..	..	..	..	..	..	..
1994/95	43.7	22.6	14.3	17.0	2.4	..	..	12.1	4.5	4.9	3.1	2.4	6.6
1995/96	41.6	23.4	14.5	18.0	2.5	27.2	7.5	11.4	4.7	5.0	3.2	2.5	6.7
1996/97	39.6	24.3	14.6	19.1	2.4	26.7	7.4	11.2	5.1	4.8	3.3	2.7	7.0
1997/98	38.8	24.4	14.9	19.3	2.6	26.6	7.6	10.8	5.4	4.6	3.4	2.6	7.1
1998/99	40.7	22.5	15.2	19.2	2.4	29.0	8.4	9.4	5.3	4.6	3.6	2.6	7.0
1999/00	40.3	22.5	15.4	19.5	2.3	28.9	8.2	9.1	5.3	4.7	3.8	2.6	7.0
2000/01	39.6	22.6	16.4	19.3	2.1	28.2	7.9	8.9	5.5	5.1	4.1	2.8	6.9
2001/02	39.3	23.0	16.8	19.1	1.8	27.7	7.5	8.6	6.0	5.6	4.2	2.9	6.7
2002/03	38.6	23.9	16.6	19.5	1.5	26.6	7.5	8.3	6.9	5.2	4.2	2.9	6.3
2003/04	38.6	24.2	16.1	19.7	1.4	26.0	7.7	8.1	7.6	4.9	4.1	3.1	6.2
2004/05	38.4	24.0	15.9	19.9	1.7	26.3	7.5	7.8	7.7	5.1	3.9	3.1	6.1
2005/06	38.7	23.8	16.0	19.8	1.8	25.6	7.9	7.7	7.7	5.5	3.7	3.0	6.0
2006/07	37.7	25.4	15.9	19.1	1.9	25.2	7.9	10.8	8.1	5.4	3.6	2.9	5.8
2007/08	36.2	26.7	15.8	19.0	2.2	23.9	7.5	12.1	8.0	5.8	3.5	2.7	5.6
2008/09	34.8	28.7	16.4	18.7	1.4	22.7	7.2	13.3	8.7	6.0	3.5	2.8	5.2
2009/10	33.7	30.9	16.2	18.3	0.8	21.7	7.4	14.3	9.6	5.9	3.4	2.9	5.6
2010/11	32.2	32.6	16.1	18.2	0.9	20.7	7.1	14.6	10.7	5.7	3.3	2.9	5.7
2011/12	29.6	34.7	16.2	18.5	1.0	19.2	6.9	15.4	11.6	5.4	3.4	2.9	5.9
2012/13	24.1	40.0	16.4	18.5	1.0	14.3	6.7	17.9	12.1	5.3	3.3	2.9	5.9

(a) Excludes EU students charged home fees before 1998/99

Source: Resources of higher education institutions 2008/09, and earlier, HESA
HE finance plus 2012/13, and earlier, HESA

Table 3

Expenditure of UK HEIs

	By broad category				By activity							
	Staff costs	Other operating expenditure	Depreciation	Interest and other finance costs	Academic departments	Academic services	Administration & central services	Premises	Residences & catering operations	Research grants & contracts	Other expenditure	
£ billion cash												
1993/94	5.3	3.4	0.3	0.1	..	..	..	..	..	..	..
1994/95	5.7	3.6	0.4	0.1	4.2	0.6	1.2	1.2	0.7	1.2	0.7	
1995/96	6.1	3.9	0.4	0.2	4.6	0.7	1.3	1.2	0.7	1.3	0.7	
1996/97	6.3	3.9	0.5	0.2	4.7	0.7	1.3	1.3	0.8	1.4	0.8	
1997/98	6.5	4.2	0.5	0.2	4.8	0.8	1.4	1.3	0.8	1.5	0.8	
1998/99	6.9	4.3	0.5	0.2	5.1	0.8	1.5	1.3	0.8	1.6	0.8	
1999/00	7.4	4.6	0.6	0.2	5.4	0.9	1.6	1.3	0.9	1.7	0.9	
2000/01	7.9	4.6	0.8	0.2	5.7	1.0	1.7	1.4	0.9	1.9	1.0	
2001/02	8.4	5.2	0.7	0.2	6.0	1.1	1.8	1.5	0.9	2.1	1.0	
2002/03	9.0	5.5	0.7	0.2	6.4	1.1	2.1	1.6	0.9	2.3	0.9	
2003/04	9.7	5.9	0.8	0.2	6.9	1.3	2.2	1.8	1.0	2.3	1.2	
2004/05	10.5	6.4	0.9	0.3	7.4	1.3	2.4	2.0	1.0	2.5	1.2	
2005/06	11.2	6.9	1.0	0.3	7.9	1.5	2.6	2.2	1.1	2.6	1.4	
2006/07	12.2	7.5	1.1	0.3	8.6	1.6	2.9	2.4	1.1	2.9	1.5	
2007/08	13.1	8.3	1.2	0.3	9.3	1.8	3.3	2.6	1.2	3.1	1.7	
2008/09	14.2	9.1	1.3	0.4	10.0	1.9	3.7	2.8	1.3	3.4	1.9	
2009/10	14.6	9.4	1.4	0.5	10.3	2.0	3.9	3.0	1.3	3.6	1.9	
2010/11	14.7	9.6	1.5	0.4	10.4	2.0	4.0	3.0	1.3	3.6	1.8	
2011/12	14.8	9.9	1.5	0.4	10.5	2.1	4.1	3.1	1.4	3.7	1.7	
2012/13	15.4	10.5	1.6	0.4	10.9	2.3	4.3	3.2	1.4	4.0	1.7	
% of total												
1993/94	58.1	37.0	3.6	1.3	..	..	..	..	..	..	..
1994/95	57.7	36.6	4.1	1.5	42.5	6.5	12.0	12.3	7.0	12.7	6.9	
1995/96	57.9	36.4	4.1	1.6	43.1	6.7	12.0	11.5	7.1	12.6	7.0	
1996/97	57.9	36.0	4.3	1.8	43.3	6.6	12.0	11.6	7.2	12.9	7.3	
1997/98	57.2	36.6	4.4	1.8	42.3	6.8	12.0	11.3	7.2	13.1	7.3	
1998/99	57.9	36.1	4.4	1.7	42.5	7.1	12.5	10.8	7.0	13.3	6.9	
1999/00	58.1	36.0	4.4	1.6	42.6	7.1	12.5	10.5	6.8	13.5	7.0	
2000/01	58.4	34.1	5.8	1.8	42.0	7.3	12.6	10.4	6.5	14.2	7.1	
2001/02	58.0	36.0	4.6	1.4	41.4	7.6	12.8	10.5	6.3	14.7	6.7	
2002/03	58.4	35.6	4.7	1.3	41.3	7.4	13.3	10.5	6.1	14.5	6.1	
2003/04	58.5	35.5	4.8	1.2	41.7	7.6	13.1	10.7	6.0	14.1	7.0	
2004/05	58.2	35.5	4.9	1.4	41.4	7.5	13.3	10.9	5.7	13.7	6.6	
2005/06	57.9	35.8	5.0	1.3	41.0	7.7	13.5	11.4	5.5	13.6	7.3	
2006/07	57.8	35.8	5.1	1.3	41.1	7.6	14.0	11.3	5.4	13.6	7.1	
2007/08	57.4	36.1	5.2	1.3	40.6	7.7	14.2	11.5	5.2	13.6	7.3	
2008/09	56.8	36.4	5.2	1.5	40.0	7.6	14.8	11.4	5.1	13.6	7.5	
2009/10	56.6	36.2	5.4	1.8	39.8	7.7	15.1	11.5	5.0	13.8	7.2	
2010/11	56.2	36.7	5.6	1.4	39.7	7.8	15.4	11.3	5.1	13.9	6.8	
2011/12	55.5	37.3	5.8	1.4	39.5	8.0	15.5	11.7	5.1	13.9	6.3	
2012/13	55.2	37.6	5.8	1.4	39.0	8.4	15.5	11.6	5.1	14.2	6.1	

Source: Resources of higher education institutions 2008/09, and earlier, HESA
HE finance plus 2012/13, and earlier, HESA

Table 4

Academic staff in UK HEIs

Headcount

	Mode		Employment function				Grade					Total
	Full-time	Part-time	Teaching or teaching/ research	Research only	Teaching only	Teaching and research	Grade					
							Professor	Sen. lecturer/ researcher	Lecturer	Researcher	Other	
Old basis												
1994/95	102,700	12,000	82,200	32,500	..	..	7,700	19,900	47,600	29,100	10,400	114,700
1995/96	111,500	15,100	89,200	37,300	..	..	9,100	20,900	51,100	33,600	11,900	126,600
1996/97	110,800	16,800	89,900	37,700	..	..	9,500	21,300	50,200	33,500	13,100	127,600
1997/98	110,500	17,600	90,200	37,800	..	..	9,900	21,100	50,300	33,700	13,100	128,100
1998/99	112,400	18,800	92,200	39,000	..	..	10,800	21,500	50,100	34,900	13,800	131,100
1999/00	113,800	22,000	94,000	41,800	..	..	12,500	23,300	49,500	37,300	13,200	135,800
2000/01	116,400	23,500	96,500	43,500	..	..	13,500	24,000	50,200	39,000	13,400	139,900
2001/02	119,900	23,300	98,300	44,800	..	..	13,800	24,600	50,100	40,400	14,200	143,200
2002/03	120,800	26,100	101,000	45,800	..	..	14,200	25,400	50,300	41,400	15,500	146,900
New Basis												
2003/04	106,900	43,300	..	36,200	30,200	81,700	13,500	24,700	54,000	33,200	24,700	150,200
2004/05	109,600	51,000	..	36,100	39,300	83,000	14,500	26,200	55,200	33,400	31,400	160,700
2005/06	111,400	53,500	..	37,300	41,600	84,000	15,500	28,200	53,600	34,900	32,700	164,900
2006/07	113,700	56,300	..	38,200	43,100	86,800	16,500	33,700	51,900	36,700	31,200	170,000
2007/08	116,500	58,500	..	39,300	43,000	91,200	18,300	37,000	51,900	38,000	29,800	174,900
2008/09	117,500	61,600	..	39,900	45,800	92,100	..	..	..	..	..	179,000
2009/10	117,900	63,700	..	40,500	46,500	93,900	..	..	..	..	..	181,600
2010/11	118,100	63,100	..	40,700	45,000	94,800	..	..	..	..	..	181,200
2011/12	117,800	63,500	..	40,800	45,800	94,000	..	..	..	..	..	181,400
2012/13	122,500	63,100	..	42,400	46,800	94,600	..	..	..	..	..	185,600

Note: figures exclude academic staff on atypical contracts in all years. A new method for defining academic contracts has used for 2012/13

Source: Resources of higher education institutions 2008/09, and earlier, HESA
Staff in higher education institutions 2012/13, and earlier, HESA

Table 5

Staff costs at UK HEIs

£ billion cash

	Academic departments	Academic services	Administration & central services	Premises	Residences & catering operations	Research grants & contracts	Other expenditure	Total
Academic staff costs								
1994/95	2.53	0.03	0.04	..	..	0.56	0.09	3.25
1995/96	2.78	0.03	0.05	..	..	0.59	0.09	3.54
1996/97	2.85	0.03	0.06	..	..	0.63	0.10	3.67
1997/98	2.85	0.03	0.05	..	..	0.65	0.10	3.68
1998/99	3.04	0.03	0.05	..	..	0.67	0.10	3.90
1999/00	3.26	0.04	0.06	..	..	0.75	0.09	4.21
2000/01	3.44	0.04	0.07	..	..	0.79	0.12	4.46
2001/02	3.60	0.04	0.08	..	..	0.90	0.11	4.74
2002/03	3.84	0.05	0.09	..	..	1.00	0.13	5.11
2003/04	4.16	0.05	0.10	..	..	1.04	0.13	5.48
2004/05	4.46	0.06	0.11	..	..	1.09	0.13	5.86
2005/06	4.75	0.06	0.12	..	..	1.18	0.13	6.24
2006/07	5.16	0.06	0.12	..	..	1.25	0.12	6.70
2007/08	5.50	0.06	0.13	..	..	1.36	0.13	7.19
2008/09	5.91	0.07	0.13	..	..	1.54	0.15	7.81
2009/10	6.13	0.08	0.16	..	..	1.61	0.17	8.14
2010/11	6.18	0.07	0.14	..	..	1.64	0.13	8.15
2011/12	6.26	0.07	0.13	..	..	1.64	0.12	8.23
2012/13	6.50	0.09	0.13	..	..	1.71	0.12	8.55
Non-academic staff costs								
1994/95	0.74	0.31	0.55	0.27	0.20	0.18	0.14	2.39
1995/96	0.80	0.35	0.59	0.29	0.21	0.19	0.15	2.59
1996/97	0.83	0.36	0.62	0.29	0.22	0.19	0.18	2.70
1997/98	0.86	0.39	0.65	0.30	0.22	0.21	0.18	2.80
1998/99	0.89	0.42	0.70	0.31	0.23	0.23	0.21	3.00
1999/00	0.96	0.45	0.75	0.33	0.25	0.22	0.21	3.17
2000/01	1.02	0.50	0.82	0.34	0.26	0.27	0.24	3.45
2001/02	1.09	0.54	0.88	0.36	0.26	0.25	0.24	3.63
2002/03	1.16	0.58	1.00	0.38	0.28	0.24	0.25	3.88
2003/04	1.25	0.64	1.07	0.41	0.29	0.26	0.33	4.25
2004/05	1.35	0.68	1.14	0.44	0.30	0.27	0.34	4.52
2005/06	1.43	0.76	1.28	0.48	0.31	0.28	0.42	4.95
2006/07	1.55	0.83	1.43	0.52	0.33	0.35	0.46	5.47
2007/08	1.69	0.93	1.54	0.55	0.34	0.37	0.52	5.95
2008/09	1.81	1.02	1.73	0.60	0.36	0.36	0.49	6.36
2009/10	1.84	1.05	1.80	0.61	0.36	0.36	0.48	6.50
2010/11	1.83	1.07	1.85	0.60	0.35	0.36	0.51	6.58
2011/12	1.80	1.10	1.89	0.59	0.35	0.37	0.49	6.58
2012/13	1.86	1.21	1.94	0.60	0.34	0.41	0.50	6.86

Source: Resources of higher education institutions 2008/09, and earlier, HESA
HE finance plus 2012/13, and earlier, HESA