Student Income and Staff Costs Since the Introduction of Tuition Fees

(Update following Keele University's 2023-24 public accounts publication. Further update: 02/04/2025)

The standard narrative provided by Senior Managers to justify the recurring reduction of staff numbers since 2018 and frantic student numbers growth pursuit since 2015 has consisted of two main arguments:

1. Tuition fees income has been eroded by inflation and the subsequent reluctance of government to increase tuition fees.
2. Inflation has caused staff costs to reach unsustainable levels.
3. As a result, a combination of constant student growth initiatives and repeated staff reduction schemes (voluntary severance, 'efficiency' restructuring, etc.) are deemed necessary and inevitable.

However, this is starkly contradicted by the University's own figures as discussed below.

1. Student Income

Table 1 (see Appendix) shows data from the University's public accounts[1] including overall tuition fees, home and EU student tuitions fees, and staff costs (including severance costs where applicable) for the period between 2014-15[2] and 2022-24. It also calculates percentage growth of each of these throughout this period. Finally, it contextualises this data by providing the Bank of England CPI rates of inflation in 2012 and 2014 prices.

We can immediately observe a number of facts:

1.1. Tuition fee income **increased by 58.8%** during this period.

1.2. Home and EU student income **increased by 92.0%** during the same period.

1.3. **Inflation rose by 32%** at 2014 prices (38% at 2012 prices)[3].

This means that:

1.4. Tuition fee income **increased by 19.7% in real terms**.

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[1] Keele University Statement of Accounts 2015-16 to 2023-24. https://www.keele.ac.uk/finance/accounts/#published-accounts-latest---2022-2023 (accessed 09/01/2025).

[2] Students begun paying £9,000 tuition fees in 2012-13. Therefore, 2014-15 is the first year when the newly introduced £9,000 tuition fees had an effect on **all undergraduate income** from home and EU students across.

[3] Bank of England Inflation Calculator. https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator (accessed 09/01/2025).

1.5. Home and EU student income **increased by 45.5% in real terms**[4].

1.6. In order to avoid deterioration of Home and EU student income due to inflation (@2014 prices), the University would have required a minimum income of £56.339 million which would have been covered if **it had recruited 2,768 less student**s.

The inevitable conclusion is that **tuition fees income in Keele has not decreased despite inflation** and **any claim that this is a cause for the University's financial hardship is nonsensical**. Figure 1 makes the large gap between fee income and inflation clearly visible.

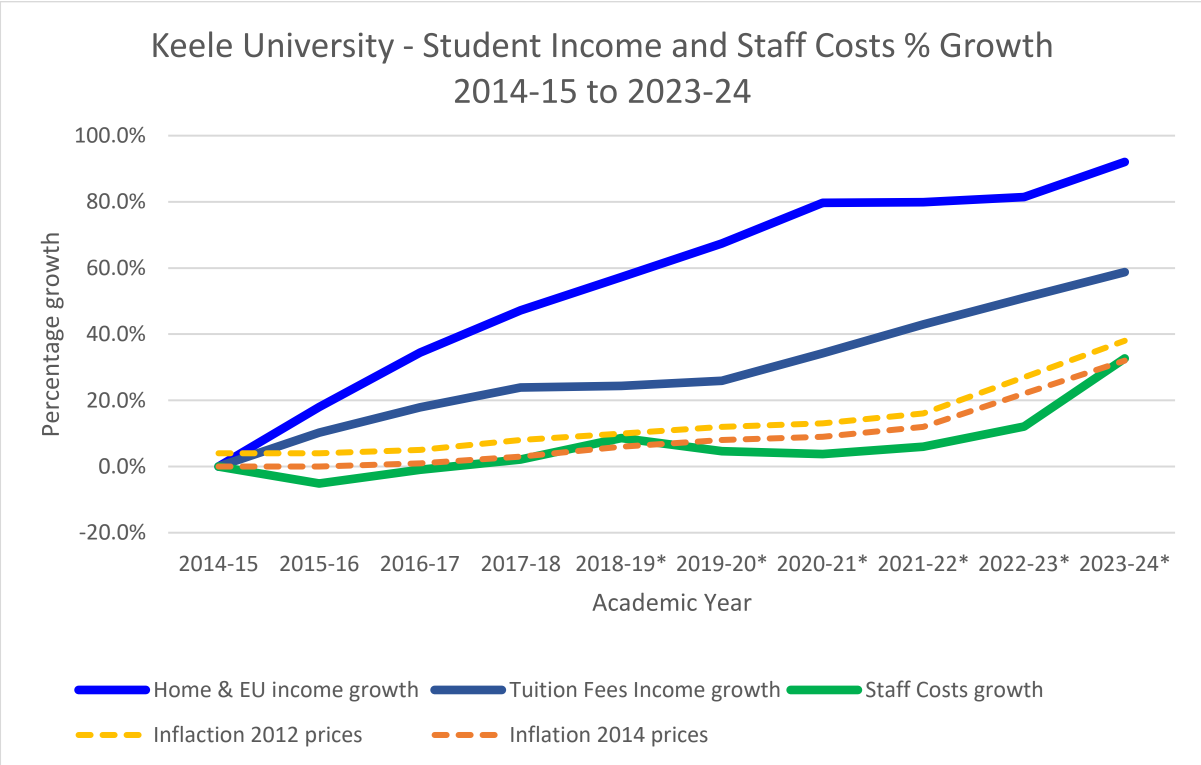

Figure 1 - growth of Home and EU income, tuition fees income and staff costs at Keele University between 2014-15 and 2023-24. Inflation figures using the Bank of England online calculator are provided as dotted lines for comparison.

2. Staff Costs

Again, from Table 1:

2.1. Staff costs **increased by 32.7%** during this period.

2.2. This increase is just about **the rate of inflation** (@2014 prices[5], see Figure 1).

2.3. Staff costs **increased only by 0.5% in real terms**. In other words, **staff cost stagnated**.

[4] It would be incorrect to use 2012 prices to calculate the full impact of tuition fees for the reasons outlined above, but even if we use these, the increase in tuition fee income, and Home and EU student income in real terms would be 15.1% and 39.1% respectively.

[5] 0.96 of inflation @2012 prices.

The conclusions are:

- The claim that **staff costs in Keele have been a cause for the University's financial hardship is nonsensical**. Figure 1 illustrates consistent below inflation staff costs.
- The repeated staff reduction schemes (voluntary severance, 'efficiency' restructuring, etc.) **could not, cannot and will not solve Keele's Financial problems**.
- Although this is not reflected in the figures discussed above, other evidence points to the **critically negative effects of repeated staff reductions on teaching conditions and quality, staff morale and wellbeing and overall student services**.

3. Another approach – the same conclusions

Another way to understand the effect of staff cost trends is by subtracting them from the University's total income: the greater the difference, the more Keele can allocate to other expenditures.. For example, in 2014-15, the University's total income was £147.5 million and staff costs were £86.2 million; therefore, there were (147.5 - 86.2 =) £61.3 million that could cover other expenditure and produce surplus.

Table 2 (see Appendix) shows data from the University's public accounts[6], including the difference between total income and staff costs for the 10-year period between 2014-15 and 2023-24. This table and figure 2 show that:

3.1. There is a steady increase in the funds left after staff costs are covered, from **£61.3 million in 2014-15 to £93.1 million in 2023-24**, including a peak at **£110.1 million in 2022-23**[7].

3.2. Therefore, the University had an additional **£31.8 million available for other expenditure in 2023-24** (£48.8 million in 2022-23) in comparison to 2014-15.

3.3. This is **52% more in 2023-24** (nearly 80% more in 2022-23) than in 2014-15[8].

Again, the conclusions are the same as in Section 2.

Finally, when considering tuition fees, it is important to bear in mind that these have constituted between 43.9% and 50.7% - half or less - of the University's total income; as shown in table 2. **Keele has other sources that have clearly contributed to a consistent increase in total income**: tuition fees have not covered staff costs fully[9] and should not necessarily be expected to do so because of the other income streams. However, we can learn

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[6] Keele University Statement of Accounts 2015-16 to 2023-24. https://www.keele.ac.uk/finance/accounts/#published-accounts-latest---2022-2023 (accessed 09/01/2025).

[7] An important factor contributing to the relative decrease in money available for other expenditure between 2022-23 and 2023-24 is a corresponding **increase from £0.2 million to £2.9 million in severance costs**.

[8] Adjusting for inflation, this is still 15.1% more money in 2023-24 (36% more in 2022-23).

[9] Except for the period 2021-23.

a great deal by examining the shortfall between tuition fees income and staff costs (see table 2). These show that

3.4. In 2014-15 tuition fees fell short by £21.5 million, while the shortfall was roughly **halved to £11.6 million short in 2023-24**.

3.5. If we take inflation into account the shortfall in 2023-24 would be **only 41% of that in 2014-15**.

Therefore, while tuition fees cover 44–51% of total income (table 2), they have never been the sole revenue stream. The shrinking shortfall against staff costs (£21.5m in 2014-15 to £11.6m in 2023-24) reflects Keele's success in diversifying its funding, highlighting that justifying staff cuts solely based on student numbers is not a strong argument, especially since the amount of money Keele receives from tuition fees has not decreased, even with inflation.

Yet again, the conclusions in Sections 1 and 2 also apply here.

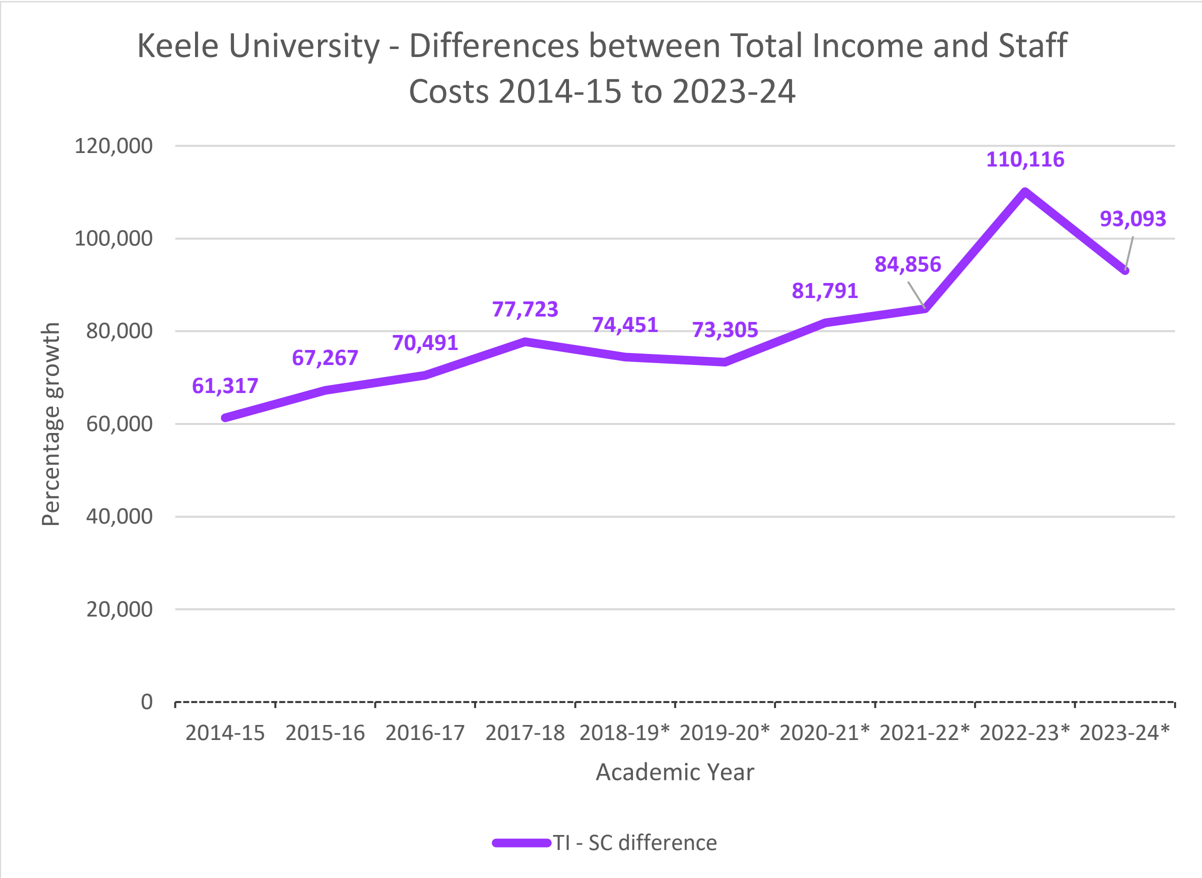

Figure 2 – difference between Keele University's total income and staff costs from 2014-15 to 2023-24.

4. Concluding remarks

Clearly, the actions taken by Senior Managers since 2018 and the corresponding rationale put forward is simply incorrect insofar as inflation erosion and staff costs are concerned. **In order to resolve Keele's recurring financial difficulties, it is essential to establish their real causes**.

This will require expertise, a thorough review of Keele's financial activities and, above all, an honest approach. Such expertise exists within the specialties of staff at Keele. Therefore, a sensible and realistic approach to resolving Keele's financial situation may begin by forming an **executive group** constituted by **Staff experts from relevant academic disciplines together with representatives of Senior Management**.

Appendix

Table 1 - Keele University - Student Income and Staff Costs 2014-15 to 2022-23

Income/Costs (x £1,000)	2014-15	2015-16	2016-17	2017-18	2018-19[10]	2019-20[9]	2020-21[9]	2021-22[9]	2022-23[9]	2023-24[9]
Tuition Fee and Education Contracts[11]	64,720	71,335	76,326	80,201	80,460	81,511	86,857	92,536	97,732	102,746
TF&EC percentage increase	0.0%	10.2%	7.0%	5.1%	0.3%	1.3%	6.6%	6.5%	5.6%	5.1%
TF&EC growth	0.0%	10.2%	17.9%	23.9%	24.3%	25.9%	34.2%	43.0%	51.0%	58.8%
Home & EU students Income[10]	42,671	50,347	57,342	62,789	67,109	71,426	76,682	76,765	77,410	81,947
H&EU percentage increase	0.0%	18.0%	13.9%	9.5%	6.9%	6.4%	7.4%	0.1%	0.8%	5.9%
H&EU growth	0.0%	18.0%	34.4%	47.1%	57.3%	67.4%	79.7%	79.9%	81.4%	92.0%
Staff Costs[10]	86,220	81,799	85,413	88,053	93,658	90,222	89,470	91,355	96,599	114,383
SC increase	0.0%	-5.1%	4.4%	3.1%	6.4%	-3.7%	-0.8%	2.1%	5.7%	18.4%
SC growth	0.0%	-5.1%	-0.9%	2.1%	8.6%	4.6%	3.8%	6.0%	12.0%	32.7%
Staff Actuarial Movement[10]					39,327	-33,642	-2,365	44,996	-6,774	-67,354
SAM increase						-185.5%	-93.0%	-2002.6%	-115.1%	894.3%
SAM growth						-85.5%	-106.0%	14.4%	-117.2%	-271.3%
Staff costs + Actuarial Movement[10]	86,220	81,799	85,413	88,053	132,985	56,580	87,105	136,351	89,825	47,030
SC+AM increase	0.0%	-5.1%	4.4%	3.1%	51.0%	-57.5%	54.0%	56.5%	-34.1%	-47.6%
SC+M increase growth	0.0%	-5.1%	-0.9%	2.1%	54.2%	-34.4%	1.0%	58.1%	4.2%	-45.5%
Inflation at 2012 prices[12]	4%	4%	5%	8%	10%	12%	13%	16%	27%	38%
Inflation at 2014 prices[11]	0%	0%	1%	3%	6%	8%	9%	12%	22%	32%

[10] Staff costs include severance cost.

[11] University Statement of Accounts 2015-16 to 2023-24, https://www.keele.ac.uk/finance/accounts/#published-accounts-latest---2022-2023.

[12] Bank of England Inflation Calculator (CPI), https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator.

Table 2 - Keele University - Student Income and Staff Costs 2014-15 to 2022-23

Income/Costs (x £1,000)	2014-15	2015-16	2016-17	2017-18	2018-19[13]	2019-20[12]	2020-21[12]	2021-22[12]	2022-23[12]	2023-24[12]
Total Income (University)[14]	147,537	149,066	155,904	165,776	168,109	163,527	171,261	176,211	206,715	207,476
Tuition Fee and Education Contracts[13]	64,720	71,335	76,326	80,201	80,460	81,511	86,857	92,536	97,732	102,746
TF&EC percentage of TI	43.9%	47.9%	49.0%	48.4%	47.9%	49.8%	50.7%	52.5%	47.3%	49.5%
Home & EU students Income[13]	42,671	50,347	57,342	62,789	67,109	71,426	76,682	76,765	77,410	81,947
H&EU percentage of TI	28.9%	33.8%	36.8%	37.9%	39.9%	43.7%	44.8%	43.6%	37.4%	39.5%
Staff Costs[13]	86,220	81,799	85,413	88,053	93,658	90,222	89,470	91,355	96,599	114,383
SC percentage of TI	58.4%	54.9%	54.8%	53.1%	55.7%	55.2%	52.2%	51.8%	46.7%	55.1%
TI - SC difference	61,317	67,267	70,491	77,723	74,451	73,305	81,791	84,856	110,116	93,093
TF&EC - SC difference	-21,500	-10,464	-9,087	-7,852	-13,198	-8,711	-2,613	1,181	1,133	-11,637
H&EU - SC difference	-43,549	-31,452	-28,071	-25,264	-26,549	-18,796	-12,788	-14,590	-19,189	-32,436

[13] Staff costs include severance cost.

[14] University Statement of Accounts 2015-16 to 2023-24, https://www.keele.ac.uk/finance/accounts/#published-accounts-latest---2022-2023.