University and College Union

Future Nottingham Phase 2 counterproposal

Part I: Alternative Business Case

Submitted by the University and College Union (UCU)

Executive Summary

The University of Nottingham faces genuine financial challenges and action is required to improve financial resilience. However, the evidence reviewed in this counterproposal suggests that the University's difficulties are not primarily the result of excessive staffing costs. Rather, they arise from a long-standing investment-led financial strategy characterised by ambitious capital expenditure, extensive transformation programmes, reliance on internally generated surpluses, and limited financial flexibility.

Future Nottingham is built upon the assumption that large-scale restructuring, increased student-staff ratios, course closures and workforce reductions are necessary to restore sustainability. This report challenges that assumption.

The University remains a large, research-intensive institution with substantial assets, strong underlying demand, an investment-grade credit rating and significant opportunities to improve its financial position without the scale of compulsory redundancies currently proposed. The question is therefore not whether change is required, but what form that change should take.

This counterproposal presents an alternative route to sustainability based on four principles:

- Protecting the academic and professional expertise that generates the University's income, reputation and long-term success.
- Prioritising lower-risk savings before pursuing compulsory redundancies.
- Improving financial resilience through better prioritisation of investment and expenditure.
- Protecting the teaching, research and student experience that underpin future income generation.

The proposals fall into four broad categories:

- **Pay savings** through natural attrition, workforce rebalancing, voluntary reductions in hours and progressive senior salary restraint.
- **Non-pay savings** through estate rationalisation, consultancy reduction, strategic expenditure review and management simplification.
- **Income generation** through lifelong learning, professional education and School-led growth initiatives.
- **Income protection** through safeguarding student recruitment, research capacity, rankings and institutional reputation.

Taken together, these measures provide a credible alternative to redundancy-led restructuring and demonstrate that substantial financial benefits remain available through approaches that strengthen rather than weaken the University's core activities.

Summary of Quantified Financial Benefits

Pay Savings

Measure	Annual Benefit
Natural attrition and workforce rebalancing	£16.06m
Voluntary reduced hours scheme (5% participation scenario)	£3.87m
Progressive senior salary contribution	£4.15m
Total Pay Savings	**£24.08m**

Non-Pay Savings

Measure	Annual Benefit
Consultancy and strategic expenditure review	£6.0m–£6.6m
Estates productivity programme	£3.1m–£7.2m
Management simplification and reduced strategic overhead	£2m–£4m
Total Non-Pay Savings	**£11.1m–£17.8m**

Income Generation

Measure	Annual Benefit
Commercial margin improvement	unquantified
Nottingham Lifelong Learning Initiative (initial phase)	£1.5m–£2.0m
Nottingham Lifelong Learning Initiative (mature phase)	£3m–£5m

Income Protection

Measure	Benefit
Protecting student recruitment through avoidance of excessive SSR increases	£16m–£34m over five years
Annual recruitment income protected by 2029/30	£5.3m–£11.5m p.a.
Research income and overhead recovery protected	£56m–£223m at risk over three years

Recurring Annual Benefits

Category	Annual Benefit
Pay savings	£24.08m
Non-pay savings	£11.1m–£17.8m
New income generation	£1.5m–£2.0m
Total recurring annual benefit	**£36.7m–£43.9m**

This recurring benefit is comparable to, and under some scenarios exceeds, the savings sought through Future Nottingham, while avoiding many of the associated risks to teaching quality, research performance, student recruitment and institutional reputation.

Additional Strategic Opportunities

In addition to recurring savings and income generation, the report identifies substantial opportunities to improve liquidity and reduce pressure on future surplus targets.

Measure	Potential Benefit
Reduced FN2 implementation costs under a federated model	£11m–£15m
Deferral of £50m discretionary capital expenditure	£10m p.a. reduction in cash requirement

Deferral of £100m discretionary capital expenditure	£20m p.a. reduction in cash requirement
Deferral of £150m discretionary capital expenditure	£30m p.a. reduction in cash requirement

The report also highlights approximately £240m of discretionary capital expenditure currently included within the University's investment pipeline and raises concerns regarding the proposed £55m "Medical School Solution", for which limited information has been provided.

Note on voluntary redundancies

Our modelling does not include savings generated by the ongoing voluntary redundancy (VR) scheme and demonstrates that significant savings can be achieved without resorting to a costly and reputationally damaging redundancy programme. However, should FN2 deliver pay savings through voluntary redundancies, the attrition savings modelled here should be reduced accordingly to avoid double counting, since those staff departures will already have contributed to workforce cost reductions. Voluntary reduction of FTE schemes should also be scaled down.

Layout of this report

The report begins by examining the University's financial strategy and argues that the current crisis is best understood as the consequence of an investment-led model that has prioritised ambitious capital and transformation programmes while placing increasing pressure on staffing budgets. It argues that the University's challenge is fundamentally one of liquidity and strategic prioritisation rather than institutional viability, and questions whether the assumptions underpinning Future Nottingham have been adequately justified.

The report then sets out detailed alternatives to compulsory redundancies, including workforce planning through natural attrition, voluntary reductions in hours, progressive approaches to senior pay, reductions in discretionary expenditure, estate efficiencies and new income-generation opportunities. Taken together, these measures demonstrate that substantial recurring savings can be achieved without the disruption, severance costs and long-term damage associated with large-scale compulsory redundancies.

Subsequent chapters examine the risks associated with increasing student-staff ratios, including likely impacts on rankings, recruitment and tuition-fee income. The report also considers the consequences of large-scale restructuring for research performance, grant capture, interdisciplinary research networks,

clinical academic activity and overhead recovery, concluding that the financial risks associated with research contraction have not been adequately reflected in the University's business case.

The report further proposes a more sustainable organisational model based on a federated academic structure, stronger School-level accountability, reduced managerial complexity and a closer alignment between professional services and academic delivery. This model seeks to strengthen the activities that generate income while avoiding the costs and risks associated with creating additional management layers.

Finally, the report examines the University's planned capital investment programme and argues that significant opportunities exist to improve liquidity through the deferral or reprioritisation of discretionary expenditure. It contends that the scale of planned capital investment has important implications for surplus and cash-generation targets and should therefore be considered alongside staffing decisions.

The central conclusion of this counterproposal is straightforward. The University faces real financial challenges, but compulsory redundancies on the scale proposed are not the only option. Significant alternative savings, efficiencies and income opportunities remain available and should be fully exhausted before irreversible reductions in staffing, course provision and academic capacity are contemplated. The University can achieve financial sustainability while preserving the people, disciplines and capabilities that underpin its long-term success.

Understanding the Crisis: The Role of the University's Financial Strategy

The University of Nottingham has presented Future Nottingham as a necessary response to a deteriorating financial position. The underlying message has been clear: significant restructuring is required because the institution can no longer sustain its current cost base.

There is no doubt that the University faces genuine financial challenges. Cash reserves have declined significantly in recent years. International student recruitment has become more volatile. Operating surpluses have fallen short of expectations. The wider higher education sector remains under considerable pressure.

However, recognising these challenges does not require accepting the University's diagnosis of their causes. The central question is not whether action is needed. It is whether the problems facing the University arise primarily from excessive staffing costs, or whether they are the consequence of a wider strategic model that has become increasingly difficult to sustain.

The evidence indicates that Nottingham's current difficulties are best understood as the result of a long-running commitment to an investment-led strategy, characterised by ambitious capital expenditure, reliance on internally generated surpluses, limited cash reserves, and a reluctance to make greater use of long-term borrowing. The resulting vulnerabilities have become increasingly exposed as the external environment has become less favourable.

Future Nottingham therefore risks treating the symptoms of the problem rather than its underlying causes.

An Investment-Led Strategy

A recurring theme in independent analyses of the University's finances is the extent to which investment appears to drive financial planning.

Rather than determining what level of investment can reasonably be supported by the institution's financial position, Nottingham has frequently adopted the opposite approach: establishing a desired level of investment and then working backwards to determine the surplus required to fund it.

This distinction is critical.

In normal financial planning, investment is constrained by affordability. At Nottingham, the evidence suggests that affordability has increasingly been expected to adjust to investment ambitions.

This approach is visible throughout recent financial planning documents. Successive business cases and financial presentations have assumed substantial annual investment programmes while simultaneously

highlighting the need for major cost reductions elsewhere in the institution. Even as management presentations warn of deteriorating liquidity, they continue to assume investment expenditure on a scale not compatible with prudent liquidity management.

The consequence is that staffing costs become the principal adjustment mechanism. Once investment targets are treated as fixed, workforce reductions become the primary means through which required surplus targets can be achieved.

This is not simply a technical financial issue. It reflects a strategic choice about institutional priorities. The question is not whether investment matters. Universities require investment in buildings, digital infrastructure, equipment and maintenance. The question is whether the scale of investment being assumed has been adequately justified, prioritised and scrutinised before staff and students are asked to bear the consequences.

For several years, independent financial analysis has pointed to this issue. Nottingham's financial strategy has increasingly been characterised by a determination to maintain ambitious levels of investment while rebuilding liquidity in preparation for future capital investment, and avoiding significant borrowing. These objectives are not inherently unreasonable. The difficulty arises when all three are treated as fixed requirements. Under those conditions, workforce reductions become not an unfortunate consequence of financial circumstances, but an inevitable consequence of the strategy itself.

Liquidity, Not Insolvency

The University's financial difficulties are frequently presented as evidence of an institution facing a severe operational crisis. The available evidence paints a more nuanced picture.

The primary concern identified by management is liquidity: the amount of cash available to support ongoing operations and investment commitments. This is a significant issue. Nottingham's cash reserves have fallen markedly from previous levels and are now below those of many comparable institutions. Rebuilding resilience is therefore a legitimate objective.

However, liquidity challenges are not the same as insolvency.

The University retains substantial assets, maintains access to borrowing facilities, continues to hold an investment-grade credit rating, and remains one of the UK's largest and most prestigious research-intensive universities. Independent assessments have consistently recognised these strengths. The institution is not facing collapse. Rather, it faces the consequences of a financial strategy that has left it unusually exposed to fluctuations in recruitment, inflationary pressures and changes in operating performance.

The critical point is that liquidity pressure has emerged alongside a strategic commitment to maintaining very substantial levels of investment. Discussions of declining cash balances cannot therefore be

separated from decisions about how much investment the institution wishes to undertake and how that investment should be financed.

Indeed, recent planning assumptions continue to include approximately £500 million of investment over the next five years. Yet many elements of this programme remain poorly specified, subject to further development, or described as placeholders. At the same time, repeated requests for greater transparency regarding the University's longer-term investment plans, capital priorities and Estates Masterplan have yielded only limited information.

The issue is therefore not simply that cash reserves are under pressure. It is that cash reserves are under pressure while the institution remains committed to a very large investment programme whose necessity, prioritisation and affordability have not been fully demonstrated.

Castle Meadow and the Question of Strategic Judgement

No discussion of Nottingham's financial position can ignore the Castle Meadow Campus project.

Castle Meadow has become emblematic of a broader concern regarding strategic decision-making and governance. The site was acquired and developed at considerable expense, yet the rationale for the project evolved repeatedly over time. The original vision was never fully realised, major planned relocations did not occur, and the site has struggled to establish a clear role within the University's academic strategy.

The publication of the 2024/25 accounts has transformed what was previously a matter of judgement into a matter of fact.

The University now reports that a site carrying a book value of approximately £79 million is associated with an external valuation of only £14 million, resulting in an impairment exceeding £64 million.

It is important to distinguish between accounting treatment and cash impact. The impairment itself does not represent new cash leaving the institution. The money was spent years ago. Nevertheless, the write-down raises unavoidable questions about the quality of strategic decision-making.

If one of the University's largest recent investments has generated such a substantial destruction of value, it is reasonable to ask whether existing processes for evaluating, challenging and approving major projects are sufficiently robust.

The significance of Castle Meadow extends beyond the financial loss itself. The project raises a broader question about institutional governance and the allocation of risk. Management has frequently argued that difficult decisions must be accepted because senior leaders possess information and strategic insight unavailable elsewhere in the institution. Yet Castle Meadow stands as evidence that major investment decisions are not immune from error, groupthink or poor judgement. The lesson is not that

management should never take risks. The lesson is that strategic decisions require scrutiny, challenge and transparency.

If academic and professional services staff are being asked to accept irreversible reductions in employment, then the investment strategy those reductions are intended to support should be subject to an equally rigorous standard of justification. The burden of proof cannot rest exclusively upon those whose jobs are being placed at risk.

Future Nottingham and the Persistence of the Same Logic

The most striking feature of the current financial strategy is how closely it resembles the approach that contributed to the present difficulties. The underlying logic remains largely unchanged. Large investment envelopes continue to appear in planning assumptions. Significant elements of future expenditure continue to be described as placeholders. Major strategic initiatives remain insufficiently specified. Key documents, including elements of the Estates Masterplan and detailed investment plans, have not been made available for scrutiny despite repeated requests.

The result is that staff are being asked to accept permanent reductions in employment without being provided with a complete picture of the investment commitments that those reductions are intended to support. This reverses the burden of proof.

Before removing academic and professional services capacity, the University should demonstrate why proposed investments are necessary, how they will be funded, what returns they are expected to generate, and why alternative approaches have been rejected. To date, that case has not been made convincingly.

Throughout the consultation process, management has frequently moved between two separate claims. The first is that the University faces financial challenges. The second is that Future Nottingham is therefore unavoidable.

The first claim is not in dispute. The second has not been demonstrated.

The existence of a financial problem does not automatically validate a particular solution. It merely establishes the need to choose between alternative strategies.

Future Nottingham also appears to reflect the same strategic approach that has characterised much of the University's decision-making over the past decade. During that period, the University has committed substantial resources to major digital transformation programmes, organisational restructuring, consultancy-led projects and large-scale capital developments. These initiatives were repeatedly presented as investments that would modernise operations, improve efficiency and strengthen long-term sustainability.

Yet the cumulative outcome is difficult to ignore. Significant sums have been spent, organisational disruption has become a recurring feature of University life, and many of the promised benefits remain unclear. Staff have repeatedly been required to absorb the consequences of transformation programmes while the institution's underlying financial position has continued to deteriorate.

Future Nottingham risks repeating this pattern on an even larger scale. The proposed response to financial pressures is not a clear break from the strategy that preceded them, but a continuation of it: further transformation programmes, further consultancy and implementation costs, further major investment commitments and further organisational upheaval.

The crucial difference is that the costs are now being borne directly by the workforce. Staff reductions are presented as a prerequisite for future investment, yet the investments themselves remain insufficiently specified and subject to limited scrutiny. In effect, the University is asking staff to absorb permanent losses today in support of a strategy whose costs, risks and anticipated benefits have not been fully disclosed.

This raises a fundamental question. If previous rounds of transformation, digital investment and organisational change have not delivered the financial resilience that was promised, why should the University assume that a larger version of the same approach will do so now?

Universities are not factories whose primary assets are buildings, software systems or organisational charts. Their core productive asset is the expertise, creativity and commitment of their staff. Teaching quality, research excellence, student experience, innovation and reputation all depend ultimately upon people.

Buildings do not teach students. Digital platforms do not produce research breakthroughs. Strategic plans do not generate academic excellence. Universities succeed because of the knowledge, skills and dedication of the staff who work within them.

Any strategy that prioritises protecting large and insufficiently scrutinised investment programmes while permanently reducing academic and professional services capacity should therefore face an especially high burden of justification. That burden has not yet been met.

The Problem of False Scarcity

Throughout the consultation process, the University has frequently presented the situation as one of unavoidable financial constraints. This framing deserves closer examination. The same financial plans used to justify workforce reductions also assume very substantial future expenditure on strategic initiatives, transformation programmes, capital projects and wider investment activity. Even after successive revisions and prioritisation exercises, management continues to discuss investment plans measured in hundreds of millions of pounds.

The issue facing the University is therefore not a simple absence of resources. Rather, it is a question of how available resources are prioritised. This distinction is fundamental. Future Nottingham is built on the assumption that investment ambitions should be preserved and that the workforce must adjust accordingly. Staffing reductions become the mechanism through which the desired financial outcomes are delivered.

An alternative perspective is equally possible.

One may instead begin from the principle that the University's academic and professional workforce constitutes its most important productive asset. Under this approach, investment priorities are adjusted to support and strengthen the activities that generate teaching income, research income, student satisfaction, institutional reputation and long-term sustainability.

The choice between these approaches is not a technical matter. It is a strategic choice about the future character of the institution. The University has repeatedly presented one choice as though it were a financial necessity.

It is not.

It is one strategy among several possible strategies.

A Foreseeable and Avoidable Outcome

The current situation did not emerge suddenly, nor was it solely the product of external events beyond the University's control. For several years concerns were raised by staff representatives and academic governance bodies regarding the sustainability of the University's financial model. Although these concerns were sometimes expressed in different ways, they shared a common theme: Nottingham had become increasingly dependent on a strategy built around ambitious investment programmes, optimistic growth assumptions and the generation of large operating surpluses to fund them.

What is striking is not that every prediction proved correct. It is that the broad diagnosis has subsequently been validated by events. Liquidity has deteriorated. Pressure to generate larger surpluses has intensified. Major restructuring programmes have become recurrent features of institutional life. The University's largest recent capital project has suffered a substantial impairment. At the same time, management continues to argue that further restructuring is necessary in order to sustain another major programme of investment. This sequence of events should not be viewed as a series of isolated setbacks. Rather, it suggests the emergence of a structural problem within the University's approach to financial planning.

The issue is not that Nottingham invested. Universities must invest. The issue is that investment ambitions repeatedly appear to have been insulated from the consequences of financial

underperformance, while pressure has instead been transferred onto staffing budgets and academic activity. That distinction lies at the heart of the present dispute.

Conclusion

The University of Nottingham faces genuine financial challenges and action is required to address them. However, the evidence reviewed here suggests that the central problem is not simply the size of the workforce. Rather, it is a financial strategy that has prioritised ambitious investment programmes while maintaining limited financial resilience and placing increasing pressure on the activities that generate the University's income and reputation.

This distinction matters because it changes the nature of the debate. Management has frequently moved between two separate claims. If the University's difficulties stem in significant part from an investment-led financial model, then meaningful solutions must address that model directly. If major investment commitments, governance arrangements, surplus targets and financing assumptions have contributed to the current position, then these issues deserve the same scrutiny that has been applied to staffing costs.

The chapters that follow build on this analysis. They examine alternative approaches to financial recovery, investment planning, governance and workforce strategy, and set out a different path towards long-term sustainability.

The question is not whether Nottingham must change. It is what kind of change will best secure the University's future.

An Alternative Proposal for Sustainability: High Level Analysis

The purpose of this section is to demonstrate that the University's financial challenges can be addressed without the scale of compulsory redundancies, course closures and academic contraction envisaged under Future Nottingham.

The proposals set out here are not intended to deny the need for financial action. Rather, they present an alternative route to sustainability that prioritises the protection of the University's core mission: teaching, research and student support. These activities are not simply costs to be managed. They are the primary generators of income, reputation and long-term institutional success.

Future Nottingham is built on the assumption that substantial workforce reductions are necessary to secure financial stability. We reject that assumption. The evidence presented throughout this report suggests that significant alternative savings, efficiencies and income-generating opportunities remain available and have not yet been fully explored.

Taken together, the measures outlined in this section provide a credible and financially responsible alternative to redundancy-led restructuring. They fall into four broad categories:

1. **Pay savings** through natural attrition, workforce rebalancing, voluntary reductions in hours and a progressive senior salary contribution.
2. **Non-pay savings** through estate rationalisation, improved space utilisation and reductions in discretionary expenditure.
3. **New income generation** through commercial activity, lifelong learning, enhanced grant capture and School-led growth initiatives.
4. **Income protection** through safeguarding student recruitment, research capacity, institutional reputation and academic quality.

In addition, we identify opportunities for substantial one-off savings through the reprioritisation of strategic expenditure, reduced implementation costs and a more cautious approach to capital investment. While these measures do not directly affect annual operating cashflow, they improve liquidity, reduce pressure to generate large surpluses and increase the University's financial resilience.

A recurring theme throughout this proposal is that the University's most valuable asset is its people. Any recovery strategy that weakens the teaching, research and professional expertise on which the institution depends risks undermining the very activities that generate future income. Our approach

therefore seeks to improve financial sustainability by addressing costs and investment priorities while preserving the academic capacity that underpins the University's long-term success.

We conclude by returning to the question of how financial performance should be assessed at School level. In particular, we examine the limitations of Student–Staff Ratio (SSR) as a restructuring tool and compare it with School Controllable Margin (SCM) and other more progressive approaches that better reflect the University's academic mission and long-term strategic interests.

Savings Through Natural Attrition and Workforce Rebalancing

The Future Nottingham programme proposes substantial workforce reductions in order to achieve medium-term financial targets. However, the University already experiences significant staff turnover each year through retirement, resignation and career progression.

Rather than relying on compulsory redundancies, the University could achieve major savings through a managed programme of natural attrition and workforce rebalancing. This approach would allow staffing levels to adjust gradually over time, avoiding severance costs, reducing disruption to teaching and research, and protecting morale across the institution.

Using historic staff separation data and conservative replacement assumptions, our central model indicates that natural attrition and workforce rebalancing could deliver approximately **£16.1 million per year**, equivalent to **£48.2 million over three years** and **£80.3 million over five years**. Alternative replacement scenarios generate even larger savings and are discussed later in this section.

Research & Teaching and Clinical Academic Staff

Between 2018/19 and 2023/24, a total of 610 Research & Teaching (R&T) and Clinical Academic staff left the University, equivalent to an average of 101 departures per year. Of these, approximately 22 per year left through retirement. Staff separations are not evenly distributed across the institution. Approximately 44% of leavers were from Schools with student–staff ratios (SSR) above 18, while 56% were from Schools with SSRs below 18.

Using these historic separation rates as a proxy for future natural attrition, and assuming an average 45% exit rate (net of replacement) with an average on-cost salary of £90,000 per member of staff (consistent

with modelling presented in the Strategic Case for Changes and the Draft Business Case), natural attrition alone would generate savings of approximately **£4.09 million per year**.

Further savings can be achieved through strategic workforce rebalancing. Rather than replacing departing staff on a like-for-like basis, replacement appointments can be made at lower average cost through normal workforce renewal, changes in career-stage profile, and greater use of teaching-focused appointments where appropriate.

Assuming replacement appointments are made at an average on-cost salary of £65,000, workforce rebalancing would generate a further **£1.39 million of annual savings**.

The detailed modelling actually differentiates between Schools according to their current staffing pressures.

High-SSR Schools

Schools with student–staff ratios above 18 are among the University's strongest income-generating units and frequently operate with comparatively high teaching loads. Reducing staffing levels in these areas risks damaging recruitment, student experience and research performance.

Accordingly, the model assumes that all departures in high-SSR Schools are replaced. However, replacements are appointed at an average on-cost salary of £65,000 rather than the £90,000 average salary of departing staff.

This generates savings while maintaining staffing capacity.

Low-SSR Schools

Schools with lower student–staff ratios have greater flexibility to absorb departures through workload redistribution, programme review and organisational restructuring.

For these Schools the model assumes that only 20% of departures are replaced, with replacement appointments made at an average on-cost salary of £65,000.

This concentrates workforce reductions in areas where staffing pressures are lowest while protecting heavily taught disciplines.

Teaching Staff

The University experiences particularly high turnover amongst teaching staff.

Historic data indicates that between 168 and 177 teaching staff leave the institution each year. The available data does not permit a reliable distinction between fixed-term and permanent appointments, although the scale of turnover suggests that natural churn within this group is already substantial.

To remain conservative, the model assumes savings associated with only 35 departures per year, with no replacement.

Using an average on-cost salary of £90,000 per post (again, consistent with modelling in the SCfC and the DBC), this generates annual savings of approximately **£3.15 million**.

Additional Retirement Savings

Additional savings could arise from retirements above the current average of 18 per year. The University workforce is aging: according to the 2024 Annual Diversity Report, 135 R&T staff are now aged over 65. Given the substantial expansion of staff numbers during the early 2000s, future retirement cohorts are likely to be larger than historic averages, suggesting an upward trend in retirement-related departures over the coming years.

The model therefore includes an additional 27 retirements per year above historic levels.

Applying the same workforce rebalancing assumptions used elsewhere in the model generates a further **£1.46 million of annual savings**.

Taken together, natural attrition, workforce rebalancing, teaching staff turnover and increased retirements generate approximately **£10.1 million per year** of savings from the academic workforce.

Professional Services and Other Job Families

Careful management of replacement appointments across Professional Services and other non-academic staff groups can deliver further savings while improving the balance between academic and administrative staffing.

Between 2018/19 and 2023/24, 341 members of staff in job families other than R&T and Clinical Academics left the University through retirement, equivalent to approximately 57 departures per year.

Assuming an average employment cost of £45,000 and a non-replacement rate of 36%, these retirements would generate annual savings of approximately **£923,000**.

In addition, 1,869 members of the Administrative, Professional and Managerial (APM) job family left the University during the same period, equivalent to approximately 311 departures per year.

Recognising that many Professional Services staff have already left during the first phase of Future Nottingham, the central model adopts a relatively cautious replacement rate of 64%, meaning that 36% of departures are not replaced.

This level of vacancy management would generate annual savings of approximately **£5.04 million** while preserving the majority of existing staffing capacity.

Summary of Savings from Attrition and Workforce Rebalancing

Category	Annual Saving	3-Year Saving	5-Year Saving
R&T / Clinical – Natural Attrition (45% non-replacement)	£4.09m	£12.27m	£20.45m
R&T / Clinical – Workforce Rebalancing	£1.38m	£4.16m	£6.84m
Teaching Staff Natural Attrition	£3.15m	£9.45m	£15.75m
Additional R&T Retirements	£1.46m	£4.39m	£7.32m
Total Academic Workforce Strategy	**£10.09m**	**£30.28m**	**£50.47m**
Other Job Families – Retirement Attrition	£0.92m	£2.77m	£4.62m
Vacancy Management – APM Staff	£5.04m	£15.11m	£25.19m

Overall Total	**£16.06m**	**£48.16m**	**£80.27m**

Alternative Vacancy Management Scenarios

The central model assumes that 64% of departures within the Administrative, Professional and Managerial (APM) workforce are replaced, implying that 36% of vacancies are left unfilled. This assumption is intentionally cautious and reflects the fact that Professional Services have already experienced significant staffing reductions during the first phase of Future Nottingham.

Alternative replacement policies could generate significantly greater savings. The total savings from all job families is given in the table below, assuming different non-replacement rates for APM staff. The 45% scenario aligns broadly with non-replacement assumptions used elsewhere in the workforce modelling. The 80% scenario mirrors the non-replacement rate assumed for lower-SSR academic Schools. Of course, higher rates of non-replacement for APM staff would lower the final ratio of APM to academics.

APM Non-Replacement Rate	Annual Saving	3-Year Saving	5-Year Saving
36% (Central Model)	£16.05m	£48.16m	£80.27m
45%	£17.53m	£52.60m	£87.67m
80%	£23.34m	£70.01m	£116.69m

Why Attrition Represents a Lower-Risk Alternative

A strategy based on natural attrition differs fundamentally from redundancy-led restructuring. Rather than imposing immediate reductions in staffing capacity, it allows workforce changes to occur gradually through normal staff turnover.

This approach:

- avoids severance and redundancy costs;

- preserves institutional knowledge and continuity;
- reduces disruption to teaching, research and student support;
- allows staffing reductions to be targeted where operational pressures are lowest;
- maintains flexibility to respond to future changes in student demand;
- reduces industrial relations risks and associated reputational damage.

Natural attrition should not be viewed as a passive process. Combined with targeted workforce planning and strategic rebalancing of replacement appointments, it offers a credible mechanism for delivering substantial recurring savings while protecting the University's core academic mission.

The savings presented here are also conservative. They represent recurring annual reductions in expenditure and do not fully capture the cumulative financial benefit that arises when posts removed in earlier years remain vacant in subsequent years. The total cash benefit over the implementation period would therefore be greater than the headline figures suggest.

Most importantly, this approach aligns staffing reductions with genuine workforce turnover rather than imposing arbitrary headcount targets on Schools and Professional Services units. The result is a programme that delivers substantial financial savings while preserving the University's long-term ability to generate income through teaching, research and student recruitment.

Voluntary reduced hours scheme

The University has given little consideration to the potential savings that could be achieved through a voluntary reduction in hours scheme. This represents a significant missed opportunity to reduce expenditure while preserving jobs, expertise and institutional capacity.

A survey conducted amongst UCU members in the School of Physics & Astronomy, representing a substantial proportion of academic staff within the School, found that **55% of respondents would be willing to reduce their hours**, while a **further 32% stated that they would consider doing so**. Respondents were clear that such a scheme would only be acceptable if the savings were used to protect jobs and maintain academic provision, rather than to fund new capital projects or other discretionary expenditure.

The survey highlights an important reality often overlooked in top-down restructuring exercises. Staff within Schools understand the value of their colleagues and recognise that universities derive their strength from collective expertise. In teaching, research, student support and grant development, five colleagues each working at 0.8 FTE will often provide greater resilience, continuity and intellectual

capacity than four colleagues working at 1.0 FTE while another is made redundant. This is particularly true in research-intensive environments where collaboration, complementary expertise and critical mass are essential to maintaining quality and competitiveness.

The willingness of staff to consider reduced hours also provides evidence against any suggestion that there exists a significant cohort of underperforming employees whose departure would improve institutional performance. Staff are demonstrating a readiness to make personal sacrifices in order to protect colleagues and preserve the collective fabric of the University. This reflects a strong culture of collegiality and professional commitment that should be valued and supported.

Any voluntary reduction in hours scheme must, however, be implemented properly. It should not become a simple mechanism for reducing pay while expecting staff to maintain the same workload. Reduced hours must be accompanied by a genuine and carefully managed reduction in workload across all areas of activity, including teaching, administration and research. In particular, academics should not be placed in a position where reduced hours merely result in the loss of research time while all other responsibilities remain unchanged. The purpose of such a scheme is to create sustainable working arrangements, not to intensify workload pressures.

To assess the financial potential of such an approach, we modelled a series of conservative participation rates using University 2024/25 pay data. The modelling assumes participating staff reduce their working pattern by 20%, eg from 1.0 FTE to 0.8 FTE.

Estimated Annual Savings from a Voluntary Reduction in Hours Scheme				
Staff Group	**2.5% Participation**	**5% Participation**	**10% Participation**	**25% Participation**
Academic	£0.97m	£1.93m	£3.87m	£9.66m
APM	£0.65m	£1.30m	£2.59m	£6.48m
Technical Services	£0.08m	£0.17m	£0.33m	£0.83m3
Operations & Facilities	£0.06m	£0.12m	£0.25m	£0.62m
Other Staff Groups	£0.08m	£0.17m	£0.34m	£0.84m
Total	**£1.94m**	**£3.87m**	**£7.75m**	**£19.37m**

These figures demonstrate that even modest participation rates could generate meaningful recurring savings. A participation rate of just 10% would generate approximately £7.8m of annual savings while retaining staff, preserving expertise and maintaining institutional capacity. At 25% participation, annual savings approach £20m.

Importantly, the participation rates modelled above are deliberately conservative. The highest scenario modelled assumes participation by only 25% of staff, less than half the proportion of Physics respondents who stated that they would be willing to reduce their hours. The modelling should therefore be regarded as prudent rather than optimistic.

Unlike compulsory redundancies, a voluntary reduction in hours scheme preserves institutional knowledge, protects research groups, maintains teaching resilience and allows capacity to be restored rapidly when student recruitment or financial performance improves. It also spreads the burden of financial adjustment across the institution in a manner that is voluntary, equitable and consistent with the collegial values on which a successful university depends.

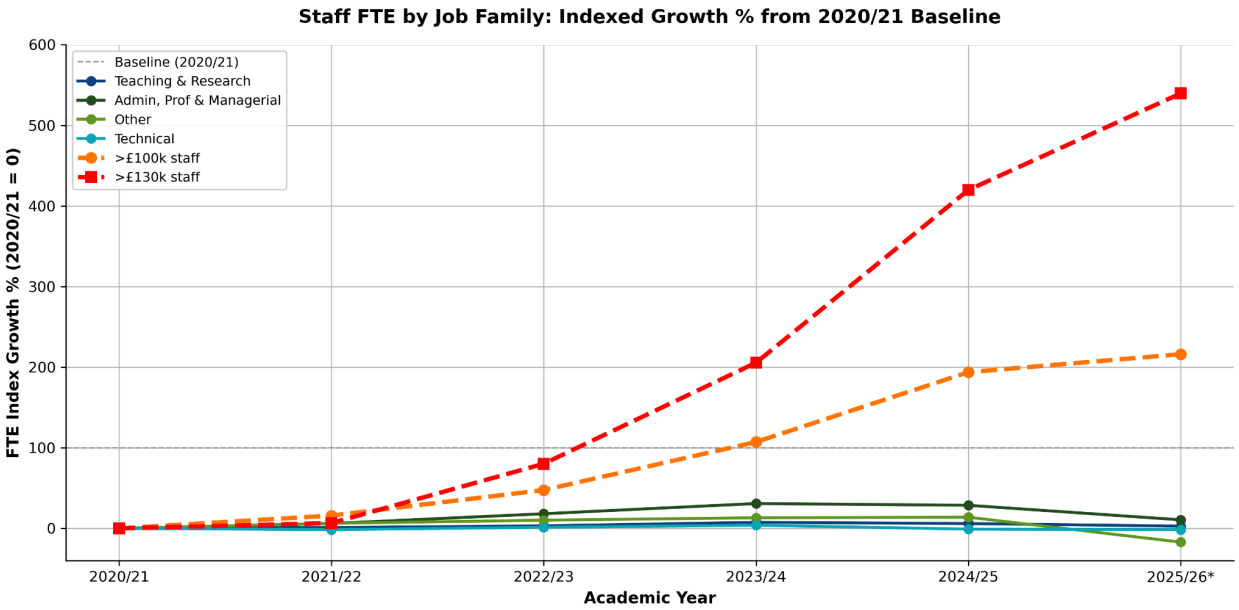
UCU therefore recommends that the University formally explore a voluntary reduction in hours scheme as part of any serious consideration of alternatives to compulsory redundancies, with the above safeguards and assurances given to staff.

Senior pay analysis and progressive reduction

Staffing and High-Earner Growth, 2020/21–2025/26

Between 2020/21 and 2025/26 the highest-paid cohorts grew far faster than any job family. Teaching & Research FTE rose just 2.8% (3,232 to 3,323) and Admin, Professional & Managerial 10.6% (2,516 to 2,784), while Other and Technical roles contracted slightly. Over the same period, staff earning above £100k rose 216% (99.9 to 315.8 FTE) and those above £130k rose 540% (19.7 to 126 FTE).

Part of the 2025/26 increase reflects the clinical pay reform applied in September 2025 (backdated to April 2025), but the longer trend shows a sustained reallocation toward senior pay that is decoupled from core staffing.

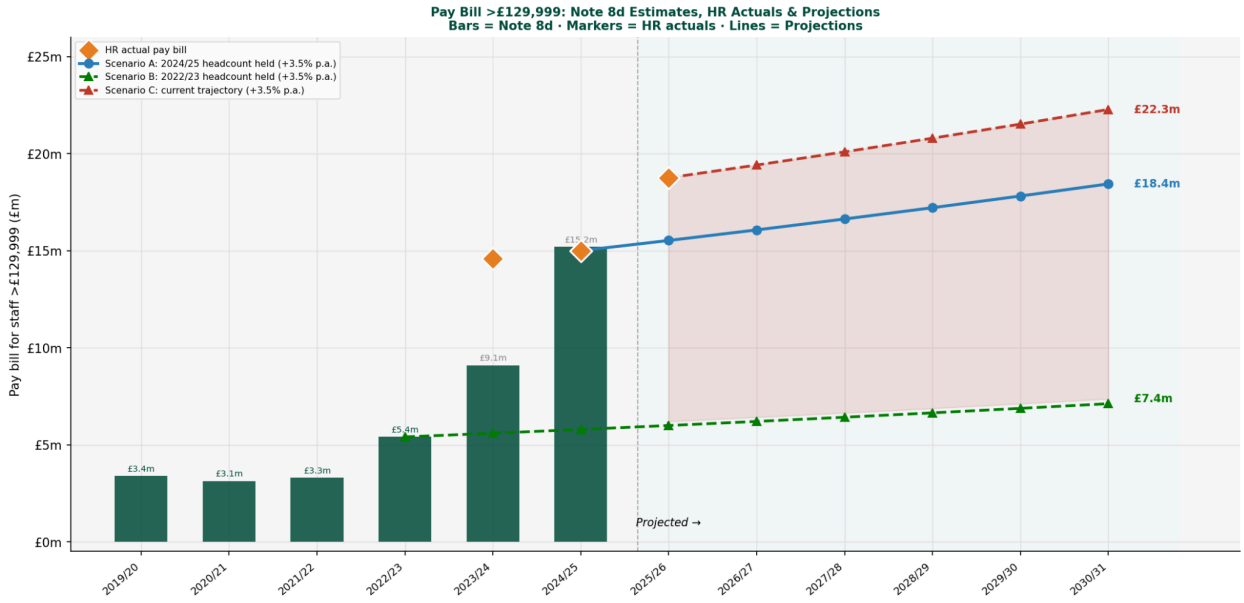


FTE	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Teaching & Research	3,232	3,266.7	3,334.1	3,475.9	3,426	3,322.9
Admin, Prof & Managerial	2,516	2,668.2	2,973.1	3,292	3,237	2,783.5
Other	872	926.6	961	987	993	723.4
Technical	539	531	546.2	560.4	534	531

Total	7,159	7,393	7,814	8,315	8,190	7,361
>£100k staff	99.9	115.8	147.4	207	293.5	315.8
>£130k staff	19.7	21	35.5	60.2	102.4	126

*2025/26 figures provided by HR during consultation; other years extracted from published financial statements.

Pay-bill measurement



In the accompanying chart, green bars show the higher-paid staff bill (>130K cohort; gross pay, excluding on-costs) estimated from the published financial statements; amber diamonds show the pay-bill figures supplied by HR, for which it is unclear whether on-costs are included. The HR figure for 2023/24 differs substantially from the published financial statements.

Cost of Unchecked >£130k Growth

Three scenarios model the future >£130k pay bill:

- Scenario 1 — headcount held at 2022/23 levels, 3.5% annual inflation
- Scenario 2 — headcount held at 2024/25 levels, 3.5% annual inflation
- Scenario 3 — projected forward from the 2025/26 pay bill supplied by HR (coverage of on-costs to be confirmed)

Relative to Scenario 1, the growth in >£130k staff already costs the University an additional £12.6M in 2025/26, rising to £14.9M per year by 2030/31.

Clinical pay reform accounts for part of this, but a substantial share appears to be off-scale remuneration for APM and R&T staff. This warrants a detailed review of higher-paid staff remuneration and measures to rebalance it.

£130k Cohort: Detailed Breakdown

The tables below confirm that the headcount and pay bill of staff earning above £130k grew faster than any other category: the cohort expanded from 19.7 to 126 FTE while its share of total staff rose from 0.28% to 1.71%, and the ratio of total staff to each high earner fell from 363:1 to 58:1.

Part 1 — FTE composition and year-on-year change

Year	Total FTE	Total YoY Δ	Total YoY %	>£130k FTE	>£130k YoY Δ	>£130k YoY %
2020/21	7,159.0	—	—	19.7	—	—
2021/22	7,392.5	+233.5	+3.26%	21.0	+1.3	+6.60%
2022/23	7,814.4	+421.9	+5.71%	35.5	+14.5	+69.05%
2023/24	8,315.3	+500.9	+6.41%	60.2	+24.7	+69.58%
2024/25	8,190.0	-125.3	-1.51%	102.4	+42.2	+70.10%
2025/26	7,360.8	-829.2	-10.12%	126.0	+23.6	+23.05%

Part 2 — proportional composition and ratios

Year	>£130k as % Total	FTE Ratio	Ratio Change	1 High Earner Per N Staff
2020/21	0.28%	363.4:1	—	1 : 363
2021/22	0.28%	352.0:1	-11.4	1 : 352

2022/23	0.45%	220.1:1	-131.9	1 : 220
2023/24	0.72%	138.1:1	-82.0	1 : 138
2024/25	1.25%	80.0:1	-58.1	1 : 80
2025/26	1.71%	58.4:1	-21.6	1 : 58

Part 3 — growth comparison (All staff FTE vs >£130k FTE)

Year	All staff FTE Growth %	>£130k FTE Growth %	Growth Ratio	Implication
2020/21	—	—	—	—
2021/22	+3.26%	+6.60%	2.0x	High earners growing faster
2022/23	+5.71%	+69.05%	12.1x	Much faster growth
2023/24	+6.41%	+69.58%	10.9x	Much faster growth
2024/25	-1.51%	+70.10%	(-)46.5x	Total down, BUT high earners up
2025/26	-10.12%	+23.05%	(-)2.3x	Total declining sharply, high earners still growing

Composition of the >£130k cohort (2025/26)

Category	FTE	% of Cohort	Avg Pay	Pay Bill	Pay-bill Growth 2023→2025
Clinical Academic	78.7	62.5%	£142,155	£11.2M	+36.5%
Research & Teaching	35.4	28.1%	£153,421	£5.4M	+7.8%
Admin/Prof/Managerial	12.0	9.5%	£178,673	£2.1M	+58.2%

Total	126.0	100%	£148,860	£18.8M	+28.6%

Clinical Academic growth is partly attributable to the clinical pay reforms introduced in September 2025. Note that Admin/Professional/Managerial posts carry the highest average pay (£178,673) and the fastest pay-bill growth (+58.2%).

Progressive Senior Salary Contribution Proposal

The current restructuring proposals place the burden of financial adjustment on job losses and reductions in academic and professional capacity, risking lasting damage to teaching, research, student experience and reputation. As an alternative, the University should consider a temporary progressive salary contribution from the highest-paid employees, so that those with the greatest capacity to absorb reductions contribute proportionately more to recovery and the scale of redundancies elsewhere is reduced.

A progressive salary contribution would generate £4.2–4.5M in annual institutional savings; £12.9M cumulatively over three years once employer pension and National Insurance costs are included. It is a principled, self-sustaining cost-management tool that protects lower-paid staff, concentrates impact on the highest earners, maintains recruitment and retention competitiveness, and demonstrates collective responsibility for recovery.

Proposed structure

The contribution would apply only to earnings above senior management salary thresholds:

- 50% contribution on earnings above the Band C threshold (£105,098)
- 75% contribution on earnings above the Band D threshold (£129,257)

Worked example — someone earning £135,000:

- Earnings £105,098–£129,257 = £24,159 × 50% = £12,080
- Earnings £129,257–£135,000 = £5,743 × 75% = £4,307
- Total contribution = £16,387; net take-home £118,613. The portion of salary below the threshold (78%) is unaffected.

The design therefore:

- Protects take-home pay — base salaries are not cut; only earnings above senior thresholds are affected
- Focuses impact on the highest earners — 84% of savings come from staff earning above the £129,257 Band D threshold

Estimated Staff affected: 208.42 FTE out of 7361 FTE (2.83%) staff at or above the Band C threshold).

2025 baseline (Year 1)

Component	Amount	Notes
Base salary contributions	£3,235,804	Direct salary cost reduction
Employer pension savings	£469,192	14.5% of contribution (USS rate)
Employer NI savings	£446,541	~13.8% on contributions
Total institutional savings	£4,151,537	~1.28x multiplier on base contribution

Each £1 of base salary contribution generates roughly £0.28 in additional employer savings (pension + NI).

Three-year projection (3.5% annual pay inflation)

Year	Band C Threshold	Band D Threshold	Base Contribution	Total Savings
2025	£105,098	£129,257	£3,235,804	£4,151,537
2026	£108,776	£133,781	£3,349,058	£4,296,841
2027	£112,584	£138,463	£3,466,275	£4,447,230
Cumulative			£9,951,137	£12,895,609

Distribution of impact

Band	Salary Range	FTE	Annual Contribution	% of Total
D (75%)	£129k+	102	£2,710,950	84%
C (50%)	£105k–£129k	106	£524,854	16%

Total		208	£3,235,804	100%

Caveats and Assumptions

Data source and coverage

The modelling reflects high-pay staff remuneration published in the University's 2024/25 Financial Statements. It does not yet fully account for individuals on the clinical academic scale, some of whom earn a published scale well above the R&T Band D threshold. The formal proposal when adopted should be refined with more detailed modelling, potentially adjusting for this job family. This should be supported by meaningful HR data.

Financial and operational assumptions

- FTE stability — assumes staffing at 2025 levels; recruitment and turnover could change totals
- Inflation — based on 3.5% annual pay inflation; actual savings rise if inflation exceeds this

Upside risks (higher savings than modelled):

- Pension contribution rates may increase.
- Frozen NI thresholds mean the NI impact grows automatically with pay
- Recruitment of high earners, and inclusion of clinical academics and off-scale posts, would widen the contribution base

Strategic Case

Recruitment and retention

A common objection is that senior pay restraint harms recruitment and retention. In the current context, however, the Future Nottingham programme itself, large-scale redundancies, heavier workloads, reduced research capacity, loss of specialist expertise and declining morale poses a far greater threat to recruitment and retention than a temporary contribution from the highest earners. Universities compete on the research environment, academic culture, institutional stability, career development and access to specialist resources, all of which deep cuts erode. A temporary contribution that leaves base salaries and pension entitlements intact does not.

The equity argument

If financial sacrifices are necessary, the burden should be shared progressively. 97.16% of all staff FTE are fully exempt. 29.0% of senior staff (>100k) are fully exempt; 84% of savings fall on Band D, proportionate to capacity The highest-paid employees, including senior leadership, should contribute alongside the wider community rather than concentrating the adjustment on colleagues facing redundancy.

Strategic Expenditure, Consultancy and External Contracts

The Future Nottingham programme proposes permanent reductions in staffing in order to improve the University's financial position. Before such measures are implemented, it is reasonable to expect that major non-pay expenditure should be subjected to the same level of scrutiny being applied to staffing budgets.

Information provided during consultation demonstrates that the University continues to commit substantial expenditure to consultancy, externally procured services, digital transformation programmes and strategic investment activity. While some of this expenditure may be necessary, the information supplied does not provide sufficient clarity regarding which costs are contractually committed, which are discretionary, which are one-off implementation costs, and which represent ongoing operational expenditure.

Consultancy and External Contracts

Over the four financial years from 2021/22 to 2024/25, the University spent approximately £58 million on consultancy services. Eleven suppliers accounted for approximately 75% of this expenditure. The largest suppliers included CGI, Infosys, Mastek and PA Consulting, all of which were associated with major transformation and digital programmes.

The data also demonstrates that consultancy expenditure has already fallen significantly, reducing from approximately £20 million in 2023/24 to approximately £11.8 million in 2024/25. This suggests that substantial reductions have already been achieved. However, the remaining expenditure remains concentrated within a relatively small number of major external contracts rather than being dispersed across numerous smaller consultancy engagements.

This changes the nature of the question facing the University. The issue is no longer whether consultancy expenditure exists. The issue is whether the scale, timing and necessity of major transformation programmes and external contracts remain appropriate while compulsory redundancies are being pursued.

Particular attention should be paid to expenditure associated with major digital transformation programmes. CGI and Infosys account for a substantial proportion of expenditure currently classified within consultancy spending and are associated with major digital service and transformation activities. Mastek, which played a significant role in the UniCore implementation programme, appears both within consultancy expenditure and elsewhere within professional-fee categories. This raises legitimate questions regarding the extent to which transformation-related costs are continuing beyond initial implementation and whether expenditure is being reclassified between categories rather than genuinely reducing.

The University has also stated that PA Consulting expenditure included within the consultancy data relates primarily to UniCore and is separate from work undertaken in connection with Future Nottingham. However, consultation has not provided a clear account of expenditure associated with external consultancy support for Future Nottingham itself, including organisational design, change management, programme management and restructuring support. Given the central role of Future Nottingham in driving the proposed workforce reductions, expenditure associated with the programme should be fully disclosed and subject to appropriate scrutiny.

Importantly, the University has confirmed that it is currently unable to provide a complete list of active consultancy contracts, future commitments or contract durations because procurement information is not categorised in a way that permits this analysis. This makes independent scrutiny of consultancy and professional-fee expenditure particularly difficult. It also means that the University has not yet demonstrated that all significant non-pay expenditure has been fully reviewed before concluding that permanent staffing reductions are necessary.

Strategic Operational Expenditure

The strongest evidence that alternatives to compulsory redundancies remain available comes from the University's own strategic expenditure plans.

The University has confirmed that its Future Nottingham financial strategy incorporates a wider investment pipeline containing approximately £500 million of expenditure, of which around £180-£210 million (depending on source) relates to operational expenditure rather than capital investment. These plans include Future Nottingham implementation costs, digital programmes, curriculum development, research initiatives, infrastructure upgrades and a range of other strategic projects.

The detailed strategic pipeline information provided during consultation demonstrates that only a relatively small proportion of this expenditure is currently committed. Approximately £207 million of planned operational expenditure appears within the pipeline over the next five years, yet only around £17 million is identified as committed expenditure. Approximately £190 million therefore remains uncommitted and subject to future management decisions.

This is a significant finding.

Management has consistently argued that workforce reductions are necessary because future financial plans require substantial savings. However, the strategic pipeline demonstrates that management continues to retain discretion over a very large volume of future expenditure.

The University has itself developed a prioritisation framework to assess proposed projects against strategic objectives including financial return, educational benefit, research impact, compliance requirements and the consequences of delay. The existence of such a framework recognises that not all proposed expenditure carries equal strategic importance.

Analysis of the pipeline suggests that approximately £17.35 million of discretionary expenditure is associated with weighted prioritisation scores of 50 or below. By comparison, projects regarded as highest priority typically receive scores in excess of 80. These lower-scoring projects therefore appear to have been assessed by the University itself as substantially less critical than many competing demands on institutional resources. Deferring or cancelling these projects would reduce expenditure by approximately £17.35 million across the planning period, equivalent to around £3.4 million per annum.

A further approximately £33 million of discretionary expenditure appears not to have been assigned prioritisation scores. This category includes items such as the HPC Upgrade, Digital Partner Review, Network Service Refresh, SB District Heating Replacement, Research Match Funding and Phase 1 expenditure. Some of these projects may ultimately prove necessary. However, the absence of transparent prioritisation makes it difficult to understand why staffing reductions should be regarded as unavoidable before these expenditures have been fully scrutinised. A modest reduction of £10 million across this category would generate a further £2 million per annum in savings.

The key issue is not whether every discretionary project should be cancelled. The key issue is that the University is simultaneously proposing irreversible reductions in staffing while maintaining tens of millions of pounds of planned expenditure that it acknowledges remains subject to prioritisation and future decision-making.

Before permanent reductions in staffing are pursued, all discretionary strategic expenditure should be reviewed against a clear requirement to preserve employment wherever reasonably possible.

Proposed Actions

The University should undertake a comprehensive review of consultancy, external contracts and strategic operational expenditure before compulsory redundancies are implemented.

This review should identify:

- annual expenditure by project and supplier;
- whether expenditure is recurring or one-off;
- whether expenditure is contractually committed;
- contract duration and break clauses;
- future expenditure already committed;
- expected benefits and return on investment;
- opportunities for renegotiation, retendering or rephasing;
- opportunities to substitute internal expertise for external consultancy.

Particular attention should be given to:

- expenditure associated with Future Nottingham;
- CGI;
- Infosys;
- Mastek;
- PA Consulting;
- major digital transformation programmes;
- lower-priority projects identified within the strategic pipeline;
- projects currently classified as discretionary;
- projects currently lacking prioritisation scores.

Projects that cannot demonstrate clear operational necessity, regulatory requirement, income generation or a compelling strategic return should be deferred until the University's financial position has stabilised.

Basis of Estimate

The University has provided some information on consultancy expenditure and strategic investment activity. Significant limitations remain, particularly in relation to contract-level data and future commitments. Consequently, all estimates should be regarded as indicative.

Consultancy and External Contracts

Consultancy expenditure in 2024/25 was approximately £11.8 million.

A cautious assumption that improved contract management, procurement challenge and greater use of internal expertise reduce expenditure by 5–10% would generate:

Assumption	Annual Saving
5% reduction	£0.6m
10% reduction	£1.2m

Strategic Operational Expenditure

The strategic pipeline identifies substantial expenditure that remains discretionary and uncommitted. Based on the University's own prioritisation framework:

Measure	Five-Year Saving	Annual Saving
Removal/deferral of projects scoring 50 or below	£17.35m	£3.4m
Partial reduction of uncategorised discretionary expenditure	£10.0m	£2.0m
Total	£27.35m	£5.4m

These assumptions do not require cancellation of major strategic programmes. They simply assume that lower-priority and currently uncommitted expenditure is reviewed before staffing reductions are pursued.

Estimated Annual Benefit

Taken together, the information provided during consultation suggests that recurring savings of approximately:

£6.0m-£6.6m per annum

could be achieved through a combination of modest consultancy reductions and the reprioritisation of lower-priority strategic expenditure.

This estimate remains conservative. It excludes any savings arising from major restructuring of programmes, cancellation of high-value projects, significant renegotiation of major digital contracts, reductions in capital expenditure, or additional opportunities that may emerge if fuller information on future commitments is provided.

Conclusion

The evidence now available suggests that the principal issue is not consultancy expenditure itself. Rather, it is the University's continued commitment to a large volume of planned strategic expenditure that remains discretionary, uncommitted and subject to future prioritisation.

The strategic pipeline demonstrates that management retains substantial flexibility over future spending decisions. The University is therefore not choosing between compulsory redundancies and financial sustainability. It is choosing between different uses of institutional resources.

The information provided during consultation identifies at least £27 million of lower-priority or currently unprioritised expenditure within the strategic pipeline alone. This represents a credible alternative source of savings that should be exhausted before permanent reductions in staffing are considered.

Before irreversible reductions in employment are implemented, the University should demonstrate that all discretionary strategic expenditure has been subjected to the same level of challenge, scrutiny and justification that has been applied to staffing budgets.

Estates Productivity Programme

The School of Physics & Astronomy has identified approximately £485k per annum of recurring estates savings through a combination of estate rationalisation and improved space utilisation. This consists of:

- £288k from mothballing the Cripps North building; and

- £197k from consolidating activities within the main Physics building.

Physics accounts for approximately £4.758m of the University's total Estates cost allocation under TRAC, compared to a university-wide total of £101.418m. Extrapolating from the Physics exercise suggests that substantial savings may be achievable through a systematic institution-wide review of estate utilisation.

Scenario	Assumed Deliverability	Estimated Annual Saving
Conservative	30% of Physics-equivalent savings	£3.1m
Moderate	50% of Physics-equivalent savings	£5.2m
Stretch	70% of Physics-equivalent savings	£7.2m
Upper Bound	Full Physics-equivalent replication	£10.3m

The upper-bound estimate can be broken down into approximately £6.1m arising from building rationalisation and £4.2m from improved utilisation of retained space. While not all Schools will have opportunities equivalent to those identified in Physics, the exercise demonstrates that recurring savings of several million pounds per year may be achievable without reducing staffing levels or academic provision.

Importantly, these estimates represent recurring operating savings only. They do not include any additional benefits that may arise from the release of estate capacity, including:

- rental income from external tenants;
- co-location opportunities with NHS, public-sector or commercial partners;
- selective disposal of surplus assets; or
- reduced future capital expenditure and refurbishment requirements.

Given the scale of the University's estate portfolio and the ongoing pressures on higher education finances, a comprehensive institution-wide estates review should be pursued before compulsory redundancies are considered.

Commercial Margin Improvement

The projected growth trajectory (see table 5 in the Draft Business Case), rising from £15.5m in 2026/27 to £75.0m by 2030/31, represents a nearly fivefold increase within a relatively short timeframe. This

level of expansion is highly ambitious and raises legitimate questions regarding the robustness and credibility of the underlying assumptions supporting these forecasts.

Even if these growth projections were achievable, there are broader concerns regarding the risk-return balance of the proposed approach. Investing 70m to generate 75m of additional revenue may increase turnover, but it does not necessarily translate into significant net financial benefit unless strong commercial margins can be demonstrated.

The focus should therefore be to maximise profitability and long-term financial sustainability, rather than focusing primarily on increasing turnover. Priority should be given to activities that offer the most sustainable margins and the greatest financial impact. These include:

- Strategic procurement and contract negotiation, building on the cost savings already achieved in this area.
- Targeted of high-margin professional and work-based learning provision, such as CPD, degree apprenticeships, and Summer/Winter Schools, building on the strong results already achieved in these areas.
- Strengthening strategic partnerships that generate recurring surpluses without requiring substantial additional infrastructure, staffing, or management overheads.
- Increasing utilisation of University facilities during the summer period through initiatives such as subject-specific summer schools, preparatory programmes for incoming students (e.g. mathematics and academic skills), and English language courses for international students.
- Enhancing the profitability of conferences and events by prioritising higher-margin activities, optimising pricing strategies, and increasing occupancy during periods of underutilisation.

Such an approach would place greater emphasis on value creation, financial resilience, and sustainable surplus generation, while reducing the risks associated with pursuing rapid growth in commercial turnover for relatively modest financial returns. The University's existing academic portfolio already demonstrates the ability to generate controllable margins in excess of 30% in several areas. This establishes an important internal benchmark for evaluating new investment proposals. In this context, the case for expanding lower-return commercial activity must clearly demonstrate either superior risk-adjusted returns or compelling strategic benefits that outweigh the opportunity cost of further scaling high-performing academic activity.

Nottingham Lifelong Learning Initiative

This is the principal income-generation proposal within this package. The University of Nottingham has already got a successful continuing professional development (CPD), training and executive education programme including areas such as Business, Education, and Medicine. Our proposal is not intended to compete with the existing CPD provision but needs to be understood as additional and complementary. Importantly, unlike many CPD programmes, which are based on specifically created teaching units, our proposal draws on the wide-range of existing undergraduate and postgraduate modules across the whole university.

The traditional UK university model is built around full degree programmes. Students enrol on a programme, study continuously for a defined period and then leave with a qualification. While this model remains important, it is increasingly misaligned with the needs of modern learners and employers.

Many North American universities operate differently. Rather than selling only complete degrees, they offer educational units that can be accumulated throughout an individual's career. Learners can study individual modules, short courses or certificates, build these into diplomas, and ultimately convert them into full qualifications. Education is therefore viewed as a lifelong relationship rather than a one-off transaction.

This approach has become increasingly important as labour markets evolve, technology changes rapidly and professionals require regular retraining and upskilling. Governments, employers and individuals are placing greater emphasis on continuing professional development, flexible learning and workforce development.

The University of Nottingham is particularly well placed to take advantage of this trend. The institution already possesses:

- a large portfolio of taught modules;
- internationally recognised academic expertise;
- strong links with the NHS, schools, industry and the public sector;
- a substantial alumni network;
- extensive digital teaching capability.

In many cases, the teaching already exists. The opportunity therefore lies not in creating large numbers of entirely new programmes, but in repackaging existing provision in more flexible forms and making it available to new markets.

The North American Model

Universities across North America routinely generate significant income through stackable learning pathways.

A typical learner might:

1. complete a single professional development module;
2. convert this into a postgraduate certificate;
3. later accumulate sufficient credits for a postgraduate diploma;
4. ultimately complete a Masters degree.

The same academic content therefore generates multiple points of engagement and revenue over an extended period.

This approach is particularly attractive to:

- working professionals;
- mature learners;
- employers seeking workforce development;
- NHS staff;
- teachers and education professionals;
- alumni seeking career progression;
- individuals unable to commit to full-time study.

Importantly, it also lowers barriers to participation by allowing learners to study in smaller, more manageable units.

Target Markets

Potential markets include:

- Alumni seeking career development and reskilling opportunities.
- NHS and healthcare professionals requiring CPD and specialist qualifications.
- Teachers and education professionals seeking leadership and curriculum-development training.
- Engineers, scientists and technology professionals requiring upskilling in rapidly evolving fields.
- Public-sector organisations seeking workforce development programmes.
- Employers wishing to purchase tailored education for their staff.
- Members of the public interested in furthering their own knowledge and understanding in a particular area.

Proposed Actions

Develop a Nottingham Lifelong Learning Framework built around:

- stackable undergraduate and postgraduate certificates;
- professional diplomas;
- microcredentials;
- CPD pathways;
- employer-sponsored learning;
- flexible and part-time Masters qualifications;
- online and hybrid delivery options.

The objective should be to allow learners to accumulate credits over time and convert them into recognised qualifications.

Particular emphasis should be placed on creating clear pathways through existing undergraduate and postgraduate modules, allowing learners to progress from individual courses to certificates, diplomas and ultimately Masters qualifications.

Financial Benefits

Unlike many growth proposals, this initiative does not require major investment in new academic departments, new buildings or extensive curriculum development.

The principal assets already exist:

- teaching expertise;
- module content;
- digital infrastructure;
- accreditation relationships;
- employer partnerships.

As a result, the cost of generating additional revenue is relatively low compared with launching entirely new degree programmes.

Furthermore, this approach creates a more diversified income stream than traditional student recruitment. Rather than relying solely on school-leavers or overseas PGT growth, the University develops recurring relationships with learners throughout their careers.

Basis of Estimate

A conservative initial scenario assumes:

- 500 additional learners annually;
- average fee income of approximately £4,000–£5,000 per learner through a combination of modules, certificates and diplomas.

This would generate approximately:

£2m–£2.5m per annum in additional revenue

with an estimated contribution of:

£1.5m–£2m per annum

after delivery costs.

However, the principal value of the model emerges as participation grows. A mature lifelong-learning programme attracting between 750 and 1,000 learners annually would generate:

£4m–£6m per annum in revenue

with net contribution comfortably within the range:

£3m–£5m per annum.

These estimates are intentionally cautious. Only a very small proportion of Nottingham's alumni population, employer network and professional markets would need to participate for enrolments to exceed these assumptions.

Estimated Annual Benefit

£1.5m–£2m per annum initially, rising to £3m–£5m per annum as the programme matures.

Strategic Benefits

In addition to direct financial returns, the initiative would:

- diversify income sources;
- reduce dependence on international student recruitment;
- strengthen employer partnerships;
- deepen alumni engagement;
- enhance civic and regional impact;
- create pathways into existing postgraduate programmes;
- support the University's long-term growth strategy.

Unlike many restructuring measures, this proposal generates additional income while strengthening rather than reducing the University's core teaching mission.

Protecting Student Recruitment Income

The Future Nottingham programme is built around a substantial increase in student-staff ratios (SSR). The underlying assumption is that the University can reduce academic staffing, increase SSR and simultaneously maintain or grow student recruitment.

This assumption is critical to the financial case for restructuring. However, it has not been adequately tested against the potential consequences for institutional rankings, student demand and tuition fee income.

The UCU Report for Council examined this question directly. Drawing on publicly available rankings data and established relationships between student-staff ratios and university performance metrics, the report modelled the likely impact of the proposed SSR increases on student recruitment and associated fee income.

The results indicate that the University's current strategy carries a significant risk of reducing future income.

The Relationship Between SSR and Student Demand

Student-staff ratios are not merely internal management metrics. They are closely linked to several measures that influence student choice, including:

- teaching quality and student experience;
- staff contact time;
- student satisfaction;
- graduate outcomes;
- league table performance;
- institutional reputation.

The UCU analysis demonstrated that increasing SSR to the levels implied by Future Nottingham would be expected to lead to deterioration in both Guardian and QS rankings, with consequent effects on student recruitment.

While the precise magnitude of these effects is uncertain, the direction of travel is clear: higher SSRs increase the risk of lower student demand.

Estimated Financial Impact

The UCU report for council modelled a range of SSR scenarios and estimated the resulting tuition fee losses arising from reduced recruitment.

Under the delayed-impact scenario, cumulative tuition fee losses over five years were estimated to be:

SSR	Estimated Five-Year Tuition Fee Loss
18	£16m–£19m
20	£22m–£27m
22	£29m–£34m

Importantly, these losses increase over time as changes in reputation and rankings feed through into student decision-making.

By 2029/30, the estimated annual losses are:

SSR	Annual Tuition Fee Loss
18	£5.3m–£6.4m
20	£7.5m–£9.0m
22	£9.5m–£11.5m

These figures arise solely from Guardian-driven behavioural effects. They do not include additional losses that may arise from:

- deterioration in QS rankings;
- impacts on international student recruitment;
- reductions in student satisfaction;
- impacts on postgraduate recruitment;
- wider reputational damage arising from large-scale restructuring.

As a result, the true financial exposure may be substantially larger than the figures shown above.

Implications for Future Nottingham

The significance of these findings is that they challenge one of the core assumptions underpinning the current restructuring programme.

Future Nottingham seeks to improve the University's financial position by reducing staffing costs. However, if those reductions contribute to lower recruitment and reduced fee income, the net financial benefit may be significantly smaller than headline savings figures suggest.

Indeed, under some scenarios the recruitment losses identified by the UCU modelling are of a similar order of magnitude to several of the major savings initiatives contained within Future Nottingham itself.

This is particularly important because tuition fee income is recurring. Once students are lost, the resulting income reduction persists year after year and may compound over time.

An Alternative Approach

Rather than viewing staff solely as a cost, the University should recognise that academic and professional services staff are central to the student experience, institutional reputation and ultimately student recruitment.

Measures that preserve educational quality while achieving financial sustainability are therefore likely to deliver better long-term outcomes than strategies that rely primarily on increasing SSR.

Protecting student recruitment income should consequently be regarded as a core component of any financial recovery plan.

Avoiding the recruitment losses associated with excessive SSR increases could protect between **£16m and £34m of tuition fee income over the next five years**, while also safeguarding the University's reputation and future growth prospects.

In financial terms alone, this represents one of the largest opportunities identified within the counterproposal.

Research Income and Overhead Recovery

As an historic research intensive university, Nottingham relies on substantial levels of income from research grants. This corresponds to £140–142 million per annum in research grant and contract income over 2022/23–2024/25, from an overall portfolio estimated at around £900 million. Income from grants

and contracts was £140.3m in 2022/23, £141.6m in 2023/24, and £140.4m in 2024/26. The institution employs 7,363 FTEs in the UK, of whom an estimated 2,216 FTE are research-active.

Despite this, the FN2 business cases does not specifically address or quantify the impact of large-scale department closures and redundancy on research. This is perhaps reflective of the lack of research strategy for the university as a whole. A reduction of 25% of research-active staff cannot occur without considering the marked associated decrease in research output in terms of peer-reviewed papers and grant income. Nottingham's local demand for undergraduate education acts as a feed for student retention for post-graduate taught and research degrees and these provide essential pilot and mature data that contribute to research power and output. Despite these factors, FN2 makes the incorrect assumption that research output will not be adversely impacted. Modelling indicates projected research income losses ranging from ~£18m (Conservative, over 3 years) to ~£75m (Severe scenario) in cumulative terms. The Severe scenario reflects UCU's documented concern that staff losses at this scale will trigger irreversible systemic decline in grant capture, REF performance, and institutional research reputation.

Grant Income

Research income per research-active academic FTE: £140.4m ÷ 2,216 = £63,350. This figure represents the average annual grant income attributable to each research-active academics including their grant pipeline, co-investigator roles, and associated research staff and PhD studentships they sustain. Research income is not uniformly distributed across FTEs. Grant capture is highly concentrated and the top 20% of research-active academics typically generate 80% of income. Redundancies among this cohort carry non-linear risk.

Three scenarios are modelled, differentiated by the degree to which staff losses create systemic (multiplier) effects beyond direct income loss:

- Scenario A: Conservative: Direct, linear income loss only. Assumes 50% of cuts are academic, 64% research-active, phased over 3 years with a 12-month income lag. No multiplier, no REF impact.
- Scenario B: Moderate (UCU systemic risk): Applies a 2× multiplier reflecting ecosystem disruption; loss of senior PIs who lead multi-million grant portfolios, cascading departure of research staff and postdocs, and early REF performance decline.
- Scenario C: Severe (irreversible decline): Reflects the full UCU-evidenced trajectory where concentrated senior academic losses, talent flight, reputational damage, and ranking decline

combine to compress grant income substantially. Consistent with UCU's warning of an 'irreversible transition' toward a teaching-led model. The FN2 plan targets £50m in staffing savings by 2029/30. Scenario C demonstrates that the research income loss alone could substantially offset these savings.

Year	A: Conservative	Δ vs baseline	B: Moderate	Δ vs baseline	C: Severe	Δ vs baseline	Baseline (flat)
25/26 (yr 1)	£138.5m	-£1.9m	£136.0m	-£4.4m	£133.0m	-£7.4m	£140.4m
26/27 (yr 2)	£134.2m	-£6.2m	£126.0m	-£14.4m	£115.0m	-£25.4m	£140.4m
27/28 (yr 3)	£130.6m	-£9.8m	£117.0m	-£23.4m	£98.0m	-£42.4m	£140.4m
3-yr cumulative loss	—	~£18m	—	~£42m	—	~£75m	—

FEC Overhead Recovery

Full Economic Costing (fEC) is the UKRI fully calculated economic cost comprising:

- Direct costs: named researcher's salary (including on-costs: employer NI, pension), consumables, equipment, travel, and directly allocated technician time.
- Indirect costs: a proportionate share of central university overheads (HR, finance, IT, library, senior management) allocated by a nationally-agreed formula.
- Estates costs: a proportionate share of building costs (rent, maintenance, utilities, depreciation) for the space the project occupies.
- Investigator time: the PI and Co-I's time.

UoN's full UKRI portfolio generates the majority of its £140m research income and the aggregate 20% institutional co-investment is substantial. If UoN's UKRI-funded income is approximately £80-90m per year (the remainder coming from NIHR, charities, industry, and international sources), the implied 20% FEC gap that UoN must self-fund amounts to approximately £20-22m per year. This co-investment must be met from the university’s own funds.

The FN2 restructuring creates a compounding three-way risk that is not properly addressed in the FN2 DBC:

1. Staff cuts reduce the number of research-active academics resulting in fewer grants won and depressed UKRI income.
2. Fewer UKRI grants disproportionately reduces the FEC 20% co-investment burden, but not proportionately. This is because whilst indirect and estate costs are largely fixed, university must maintain core buildings and departments (eg HR) regardless of how many grants are active.
3. Reduced research output and fewer submitted staff weaken REF performance and institutional research reputation. This lowers the university's competitiveness in future funding rounds and its capacity to co-invest in future grants, generating a feedback loop that further suppresses grant capture even after the redundancy cycle has ceased.

Application of this specifically to UoN's current size and shape is modelled below:

Metric	Current (2024/25)	Scenario C (2027/28)
Research grants & contracts income	£140.4m	~£98m
Estimated UKRI-funded portion (~65%)	~£91m	~£64m
Implied fEC 20% gap (UoN must fund)	~£23m	~£16m

The key risk in Scenario C is that the fEC co-investment obligation remains substantial (~£16m per annum even at the reduced income level) and must be met entirely from the university's own funds. UoN would either be forced to decline successful grants or draw on reserves. Because the FN2 plan has little headroom for the use of surplus other than for capital projects, won grants would have a higher probability of being declined.

Interdisciplinary and Multidisciplinary Grant Exposure

UoN is structured around interdisciplinary research with five Global Research Themes and 15 Interdisciplinary Research Clusters (IRCs) across school and faculty boundaries. Major infrastructure including the Biodiscovery Institute (~1,000 staff; £100m facility), the Food Systems Institute, the Energy Institute, and the Sir Peter Mansfield Imaging Centre are by design multi-disciplinary hubs where research income belongs to no single department.

Sector-wide, approximately 24% of all UK university grants are classified as interdisciplinary. For Russell Group research-intensive universities with dedicated interdisciplinary institutes, the operative

proportion of research income that depends on multi-disciplinary team capacity is estimated at 35-45%. Applied to UoN's £140.4m income, this implies £49-63m of annual research income is structurally interdisciplinary.

Interdisciplinary grants operate as structurally-dependent networks that aim to achieve something no single discipline can. Consequently, they are subject to non-linear risk when faced with skills loss making the entire network and grant non-viable. The academic management of such awards are intellectually non-fungible in that as an organic-chemist PI cannot be replaced by an inorganic chemist. A central feature of FN2 is the marked and targeted erosion of core disciplines and this will directly mean that UoN will be unable to lead or host applications requiring such specialisations.

Stage	**Income Pool**	**Partial decimation (>50%)**	**Full closure**	**Timing**	**Mechanism**
Running grants (active awards)	~£63m	20-30% at risk	40-60% at risk	Yr 0-1	Named Co-I departure; material change
Renewal pipeline (grants expiring yr 2-3)	~£30m est.	50-70% lost	80-100% lost	Yr 1-2	Cannot reapply without partner
Prospective bids (new applications)	~£20m p.a. est.	40-60% blocked	60-80% blocked	Yr 2-3+	Ineligible for cross-disciplinary calls
3-year cumulative	—	£36-52m	£61-84m	—	—

The above estimates apply only to the interdisciplinary grant pool (~£63m) and are additive to the direct FTE-proportional income loss and are distinct from fewer grant-writing academics.

Clinical Academic Research

Clinical academics hold joint appointments between UoN and Nottingham University Hospitals NHS Trust (NUH). This dual role is an important legal and operational prerequisite for accessing NIHR funding. It is important to stress that the scientist-clinician axis is key for success in medical translational funding streams.

- NIHR grant eligibility: Individuals with active clinical roles serve key PI roles on NIHR clinical research grants in concert with senior academic scientists.

- BRC dependency: Since 2017, Nottingham BRC has leveraged over £181m in additional income on top of core awards contingent on clinical academics. The Nottingham NIHR BRC (£23.3m, 2022-2027) requires a critical mass of clinical academics, along with academics, across seven themes. Loss of clinical academics in any theme jeopardises the renewal bid.
- Pipeline irreplaceability: clinical academic careers take 10-15 years to develop (MBBS through specialty training through PhD to independent researcher). That they cannot be attracted and rehired quickly extends the impact time frame of FN2.
- Eligibility cliff: industry-sponsored clinical trials through pharma etc require named clinical investigators under ICH Good Clinical Practice. Loss of clinical investigators ends trial hosting capacity and the associated income.

Clinical Research Income Stream	**Est. Annual Value**	**Dependency on Clinical Academic FTE**	**Risk Level**
NIHR BRC core grant (pro-rated 22-27)	~£4.7m p.a.	Direct; all 7 themes require clinical PI	CRITICAL
NIHR leveraged awards (HS&DR, PGfAR, i4i, EME)	~£15-20m p.a. (est.)	Clinical PI mandatory for eligibility	CRITICAL
MRC clinical grants (trials, cohorts)	~£5-8m p.a. (est.)	Clinical leadership required for NHS access	HIGH
Wellcome clinical fellowships and awards	~£2-3m p.a. (est.)	Clinical academics as named fellows	HIGH
Industry-sponsored clinical trials	~£5-10m p.a. (est.)	Clinical investigators required by ICH GCP	HIGH
TOTAL clinical academic-dependent income	~£32-46m p.a.	—	—

The estimated £32-46m pa in clinical-academic-dependent income represents 23-33% of UoN's total research grant income. Clinical academic income is binary at the theme level i.e. either the clinical team is intact and NIHR/BRC funding continues, or it is not and the stream ends.

There are several current examples where the compounded risk of clinical interdisciplinary projects arises at UoN.

- Antimicrobial resistance (AMR): requires microbiology (being closed), clinical microbiologists (NUH), pharmacology and health economics.
- Mental health and dementia nursing research: requires nursing academics (course suspended), psychiatry clinical academics and social science.
- MRI Precision Imaging clinical trials: the £29.1m MRI facility and BRC imaging theme require clinical radiologists (NUH), MRI physicists (School of Physics), disease-specific clinical academics (Schools of Medicine & Child Health), academic physiologists and molecular biologists (School of Life Sciences).

In each case the mechanism is identical: FN2 eliminates one leg, the clinical-academic bridge collapses, funder eligibility is lost, income ends. The effect is not proportional to the number of staff cut but is “cliff edge”.

Doctoral Training Pipeline

The reduction in MRes provision (73+ to 10 programmes) reduces the research degree pipeline across multiple disciplines. UKRI Doctoral Training Partnerships (DTPs) and AHRC/ESRC Doctoral Training Partnerships carry minimum cohort and supervisory requirements. Departures of expert supervisory staff may trigger compliance concerns.

Industry-funded PhD and Knowledge Transfer Partnership (KTP) activity will be affected by TS reductions in laboratory-intensive STEM subject areas.

Russell Group Positioning

Nottingham's stated ambitions include a QS World Ranking in the top 50 (currently 97th) and improvement in Russell Group research metrics. The FN2 case acknowledges that 'research quality indicators have weakened over the same period' as financial investment increased. The combination of FTE reduction in research-active posts, workload model changes reducing default research time, and significant cuts in Arts, Humanities, Physics, Chemistry, Medicine, Life Sciences, Biosciences and other areas further compounds risk to the research quality trajectory. The potential impact of FN2 changes to ranking, including the role of research decline, have been extensively discussed in our original report and its update.

Combined Risk Analysis

The Moderate and Severe scenarios demonstrate that cumulative 3-year research income loss materially exceeds the £50m staffing savings FN2 targets. The Severe scenario implies a net financial position substantially worse than no action, before accounting for severance costs, estate running costs, and the decade-scale cost of rebuilding research capacity.

Risk Category	Conservative (3-yr)	Moderate (3-yr)	Severe (3-yr)
Direct FTE-proportional loss	~£18m	~£42m	~£75m
Interdisciplinary grant cascade	~£20m	~£40m	~£70m
Course-closure discipline elimination	~£10m	~£22m	~£40m
Clinical academic income at risk	~£8m	~£20m	~£38m
TOTAL 3-YEAR CUMULATIVE AT RISK	**~£56m**	**~£124m**	**~£223m**
Annual steady-state loss (post yr 3)	~£19m p.a.	~£42m p.a.	~£75m p.a.

Reassessment of the Capital Investment Programme

The University has repeatedly stated during consultation that capital expenditure does not directly affect annual surplus and therefore should not be viewed as relevant to the financial justification for Future Nottingham. Strictly speaking, this is correct: capital expenditure does not appear directly within the income statement and therefore does not determine whether the University reports an accounting surplus or deficit in a given year.

However, this distinction risks obscuring a more important financial reality.

The University has also confirmed that its future investment programme assumes little or no additional borrowing and that capital affordability is constrained primarily by available cash. Under such a model, future capital investment must be financed largely through internally generated cash reserves, a strategy that UCU has repeatedly criticised (see AFS1 and AFS2). The scale of the capital programme therefore has a direct influence on the level of surplus and cash generation the University seeks to achieve.

In practice, the question is not whether capital expenditure affects surplus directly. The question is whether the scale and timing of planned capital expenditure are contributing to the surplus and cash targets that are now being used to justify workforce reductions.

Scale of Planned Capital Investment

Information provided during consultation indicates a planned capital investment programme of approximately £390 million over the planning period.

Significantly, around £240 million of this expenditure is currently classified within the University's own planning documents as discretionary rather than essential or ringfenced.

This is a remarkable figure.

The value of discretionary capital expenditure identified in the investment pipeline is several times larger than the savings being sought through Future Nottingham. While not all of this expenditure could or should be cancelled, the scale of the programme demonstrates that substantial alternative choices remain available.

Furthermore, many projects remain at an early stage of development, with business cases, detailed specifications and affordability assessments still evolving. It is therefore difficult to justify treating the proposed staffing reductions as fixed and unavoidable while simultaneously treating large elements of the capital programme as provisional and subject to future review.

The Medical School Solution

Particular attention should be given to the project described within the capital pipeline as the "Medical School Solution", corresponding to a £55m discretionary expenditure, distinct from maintenance and repairs.

The documentation shared during consultation provides very limited information regarding the nature, scope, cost, strategic rationale or approval status of this project. The title itself suggests a placeholder for a future major investment rather than a fully defined scheme.

This lack of clarity is concerning because medical school expansion and associated infrastructure projects have previously featured prominently within the University's long-term strategic ambitions and have the potential to require substantial capital investment.

The issue is not whether investment in medical education is desirable. The issue is whether future strategic ambitions of this kind are influencing current financial targets and cash accumulation requirements.

Where major capital projects remain insufficiently specified, it is impossible to determine whether current workforce reductions are genuinely necessary or are being pursued in order to preserve future investment capacity.

Capital Investment and Financial Sustainability

The University's own evidence indicates that liquidity and cash generation are central drivers of financial planning.

Reducing the scale or delaying the timing of discretionary capital investment would therefore have a direct impact on the amount of cash that must be generated through annual surpluses.

For illustration:

- Deferral of £50 million of discretionary capital expenditure over a five-year period would reduce cash requirements by approximately £10 million per year.
- Deferral of £100 million would reduce cash requirements by approximately £20 million per year.
- Deferral of £150 million would reduce cash requirements by approximately £30 million per year.

These figures are comparable to a substantial proportion of the savings being sought through Future Nottingham.

The consequence is straightforward. A less ambitious capital programme would allow the University to adopt a less aggressive approach to cash accumulation and surplus generation, thereby reducing pressure for workforce reductions.

Recommendations

UCU recommends that the University adopt a temporary capital restraint programme until financial stability has been restored without compulsory redundancies.

Specifically, the University should:

1. Defer all discretionary capital projects that are not required for regulatory compliance, health and safety, or essential maintenance.
2. Undertake an immediate review of the approximately £240 million of discretionary capital expenditure currently included within the strategic investment pipeline.
3. Suspend progression of major strategic development projects, including the proposed Medical School Solution, until transparent business cases and affordability assessments have been published and independently scrutinised.
4. Prioritise essential maintenance, statutory obligations and teaching infrastructure over expansionary or speculative capital developments.

5. Recalculate future surplus and cash-generation targets under alternative capital investment scenarios, including reductions of £50 million, £100 million and £150 million in discretionary capital expenditure.

A reduction of this scale would preserve significant institutional flexibility while potentially reducing annual cash-generation requirements by £10–30 million per year. Such savings are of a magnitude comparable to those sought through Future Nottingham and should therefore be fully explored before compulsory redundancies are contemplated.

Caveats and Assumptions

This section was modelled prior to the receiving additional data released to unions on June 12th 2026. We have not had time for a detailed analysis of that new data but do not expect it to qualitatively affect the results presented.

A Federated Academic Structure for Efficiency Savings and Sustainable Growth

This proposal supports the objective of strengthening long-term sustainability as a foundation for excellence in research and teaching, and sets out an alternative structural pathway to achieve these aims with lower complexity and reduced implementation risk.

The University's proposed restructuring, which bundles existing Schools and Departments into large "mega-schools", risks creating additional bureaucratic layers and expanding highly paid senior management. This approach introduces new cost pressures while distancing decision-making from the academic work that sustains the institution. It risks increasing overhead at the expense of the staff who deliver teaching, research and student support.

We propose instead a mission-driven restructuring that strengthens, rather than shrinks, the University's academic capacity. This alternative model would:

- Return meaningful budgetary autonomy (transparent contribution based model), staffing oversight and strategic planning to Schools;
- Remove unnecessary managerial layers and reduce associated overhead costs;
- Redeploy staff capacity toward frontline academic and student-facing services;
- Direct expenditure only toward functions that demonstrably enhance teaching, research and student success;
- Rebuild trust by restoring clarity of purpose and accountability.

Rather than managing decline through consolidation, this approach reinforces the capabilities that generate income, reputation and long-term sustainability.

It is grounded in four strategic principles:

- Subsidiarity: decisions should be taken as close as possible to academic delivery;
- Mission alignment: every role and investment must clearly support teaching, research, or direct student success;
- Accountability: senior leadership should remain connected to and responsible for core academic functions;
- Sustainable growth: investment should prioritise capacity that improves performance and generates revenue.

There is clear evidence that centralization in Higher Education in the UK has led to expanded professional services and concentration of authority away from academic departments, which has eroded professional autonomy central to academic identity and innovation (Wolf & Jenkins, 2021). From an organizational economics perspective, such centralization reduces responsiveness and constrains research productivity because senior administrators face high information processing costs and are distant from the local knowledge and expertise embedded in individual departments (Milgrom & Roberts, 1992; Holmström & Milgrom, 1991). Decentralization—where individual academic units have greater authority over hiring, internal budgeting, and research strategy—leverages specialized knowledge and aligns incentives more closely with disciplinary research opportunities, allocating resources more efficiently. This improved alignment of authority and expertise theoretically enhances publication output, external grant success, and cost-effective use of institutional resources, suggesting that UK universities can improve both research performance and financial outcomes by balancing central coordination with meaningful decentralization (Hayek, 1945; Aghion, Bloom, Blundell, Griffith, & Howitt, 2005).

There is also strong evidence that academic leadership matters. A recent study (Goodall et al, 2014) shows that research performance improves when departments are led by highly research-active academics. Effective academic units thrive when leadership is intellectually credible and embedded in disciplinary practice. This stands in contrast to multi-tiered bureaucratic models in which authority is increasingly separated from academic expertise. In short, the evidence is clear: *academic units should be led by academics.*

The proposal that follows therefore sets out a shift toward a genuinely federated university structure. In this model, Schools become the primary engines of strategy, growth and delivery, operating within clear institutional standards and supported by streamlined central leadership.

The underlying principle is straightforward: universities perform best when authority and accountability sit as close as possible to teaching, research, and the students and academics who carry them out.

Restoring Schools as the Core Academic Units

The current multi-layered structure diffuses responsibility and slows decision-making. The Faculty tier should be reduced to a light-touch coordinating role rather than functioning as an executive management layer. Its purpose should be limited to:

- Budget envelope coordination;
- Facilitating cross-School collaboration;
- Ensuring alignment with institutional financial parameters.

It would not control staffing, local service deployment, or academic direction.

Schools would once again become the principal units of academic planning. They would be empowered to:

- Develop medium-term growth strategies in teaching and research;
- Identify emerging research and market opportunities;
- Propose new programmes and portfolio adjustments;
- Shape staffing profiles within agreed financial frameworks.

This is not fragmentation; it is alignment. Academics embedded in a discipline are best placed to identify where research funding is expanding, where student demand is growing, and where strategic investment will generate sustainable returns. Central managers, however capable, cannot replicate that disciplinary proximity.

Academic units naturally advocate for their own fields. Rather than restraining that instinct, the University should harness it. Schools seeking growth would submit structured business cases outlining:

- Revenue projections (tuition, grants, partnerships);
- Staffing requirements;
- Infrastructure needs;
- Risk assessment.

The University would assess proposals against sustainability and mission alignment, ensuring ambition is disciplined but not stifled.

Bringing Professional Services Closer to Delivery

For School-level responsibility to be meaningful, key professional services functions should be embedded locally. These include:

- Research development and grant support;
- Admissions and recruitment operations;

- Student experience coordination;
- Local HR partnership.

Support staff working alongside academics and students develop contextual knowledge that improves responsiveness and effectiveness. Grant support becomes proactive rather than reactive. Admissions teams better understand subject identity and conversion pathways. Student issues are resolved earlier, improving retention and satisfaction.

At the same time, equity must be preserved. The University should therefore guarantee baseline service levels across all Schools, with centrally monitored standards such as:

- Minimum research development capacity per FTE;
- Defined admissions processing timelines;
- HR response benchmarks;
- Transparent service-level agreements.

This creates a federated model: local expertise within institutional guardrails.

Capacity should increase in the areas that directly drive income and reputation — particularly grant capture, recruitment and student support. Protecting and strengthening these functions safeguards institutional knowledge and future income streams.

Streamlined Leadership and Academic Accountability

Central leadership should be simplified and mission-focused. In particular, the number of Academic and APM leadership roles in the University Executive Board would be reduced to six core briefs:

- Education and Student Experience (PVC);
- Research & Innovation (PVC) ;
- International & Partnerships (PVC);
- People & Culture (APM);
- Finance (APM);
- Operations (APM);

The Chief Governance Officer should not be embedded within the University Executive Board. Instead, the role should function as an independent governance office serving both Council and Senate, with clear accountability to Council and formal responsibility for supporting Senate governance processes.

School leaders will act as a collective in each faculty with a chair rotating year on year between schools.

PVC appointments would carry term limits — for example, a maximum of three years — followed by a return to substantive teaching and/or research for a minimum period. During their term, PVCs would

maintain ongoing academic engagement through teaching or supervision. This ensures leadership remains grounded in academic reality and accountable to the core functions of the University.

Performance measures at senior level should prioritise:

- Growth in research income and quality;
- Recruitment stability and student retention;
- Financial sustainability;
- Staff and student experience outcomes.

Not structural expansion or managerial layering.

A Capital Strategy Anchored to Academic Purpose

As emphasized previously, financial resilience requires discipline in capital investment. Major projects not essential to teaching, research or compliance should be paused until core operations are secure.

A Capital Governance Board, with majority academic representation, would review significant projects against clear criteria:

- Demonstrable academic return on investment;
- Contribution to income growth or research capacity;
- Long-term financial sustainability.

Underused or prestige-driven estate should be reviewed for repurposing, consolidation or disposal where appropriate.

This protects critical infrastructure while avoiding unnecessary financial exposure.

Financial Advantages of a Federated Structure

Under the proposed FN2 academic leadership structure, three Colleges (Humanities & Social Sciences, Health, and Science & Engineering) would sit above ten mega-schools. Beneath this layer, the structure would comprise 26 departments.

The proposed model introduces a substantial expansion in academic leadership roles. As illustrated in Figure 3 of the Business Case, the three new Colleges would require 12 academic leadership positions: a CPVC, an ESE CAPVC, an RKI CAPVC, and a People & Culture CAPVC for each College. In addition, the ten mega-schools would require 30 academic leadership positions: a Head, an ESE Lead, and an RKI Lead for each school.

While the new Colleges may allow some reduction in existing faculty-level roles, the projected net reduction of only 6.6 FTE within the proposed APM leadership structure (Section 2.4 of the Business

Case), equivalent to approximately £0.6 million per year, falls well short of offsetting the costs associated with the additional school-level leadership layer, equivalent to approximately £2.7 million per year.

In summary, the proposed academic structure introduces substantial additional costs without clear evidence of corresponding efficiencies. On the contrary, it largely duplicates functions that are currently delivered either by faculties or by academic staff at school level on a part-time basis, drawing on their disciplinary expertise and local knowledge.

Furthermore, implementation costs have recently been revised upwards from £13.4 million to £22 million, according to the latest operating expenditure estimates provided by the Finance Office. These costs are driven primarily by corporate system updates required to support a complex organisational restructuring. Given that the economic benefits of the new organisational structure have not been adequately quantified, an investment of up to £22 million raises serious questions about value for money. This is particularly concerning because it appears to repeat a pattern of costly institutional investments (e.g. Campus Solutions and UniCore) that have delivered unclear returns to the organisation.

Taken together, these considerations suggest that a federated model offers a more cost-effective and lower-risk alternative.

The most significant financial advantage of the federated model arises from its ability to reduce pressure for extreme increases in student-staff ratios. The financial impact of this on income from student recruitment is discussed in detail in this section. The financial impact of this on income from research is discussed in detail in this section. For the remainder of this section we focus on financial rewards unique to the federated model.

Lower Management Overhead

The financial benefits of the federated structure extend beyond the avoidance of an additional College layer. Across the sector, universities have developed increasingly complex management and transformation structures over recent years. Alongside traditional academic leadership roles, institutions have created programme management offices, transformation teams, strategic planning units, change-management functions and other coordinating structures.

Future Nottingham is reinforcing this trend by introducing additional layers of College-level leadership and administration between Schools and the University Executive Board.

The federated model takes a different approach. By retaining Schools as the principal academic and financial units, responsibility is devolved closer to the activities that generate teaching, research and

student income. This reduces the need for extensive intermediary management structures and limits the growth of strategic and transformation functions.

University data show that the number of staff earning more than £100,000 increased from approximately 106 FTE in 2020 to almost 294 FTE in 2025. While these figures include senior academics as well as managers, they nevertheless illustrate the substantial growth in senior salary expenditure over recent years.

The federated model therefore provides an opportunity to review:

- transformation offices;
- programme management functions;
- strategic leadership teams;
- temporary change-management posts;
- College-level management structures.

The principle here is that the same scrutiny currently being applied to academic and professional services staffing should also be applied to management and strategic support functions.

Assuming management and strategic support expenditure of approximately £20m–£40m annually, a modest reduction of around 10% would generate:

£2m–£4m per annum

in recurring savings.

These savings would be achieved through simplification of organisational structures and reduction of management duplication rather than through reductions in frontline teaching, research or student support. This could even be implemented independently of the federated structure.

Lower Implementation Costs

The University's own financial workings identify approximately £22.5m of programme and implementation costs associated with Future Nottingham.

A federated structure building on existing Schools rather than replacing them with entirely new organisational units will substantially reduce implementation costs.

This would reduce the need for:

- large-scale organisational redesign;
- consultancy expenditure;
- programme management activity;

- governance transition arrangements;
- duplicated administrative processes during implementation.

A federated structure could be implemented in two alternative ways: either through devolved authority to the 26 current Schools within a streamlined five-faculty model, or through a three-College structure.

The five-faculty model represents the most straightforward and cost-effective implementation option, as it builds on the existing School structure and requires minimal organisational change. The three-College model would involve greater structural consolidation but may offer stronger opportunities for interdisciplinary collaboration across subject areas.

Both models avoid introducing an additional reporting layer between academic units and central faculties/colleges, simplifying institutional reporting structures and reducing complexity in corporate systems. This simplification would generate efficiencies, with estimated savings in the range of:

£11m–£15m (relative to full FN2 structural implementation)

over the implementation period. A federated structure is therefore not only more closely aligned with the University's academic mission but may also represent a lower-risk and financially more sustainable alternative to the proposed FN2 College model.

Conclusion

This proposal does not reject central coordination. It proposes a rebalancing: strong institutional standards combined with empowered academic units.

By:

- Restoring Schools as strategic actors;
- Embedding professional services close to delivery;
- Streamlining senior management;
- Focusing capital investment on core missions.

The University can align structure with purpose. The result is a model that strengthens accountability, improves responsiveness, rebuilds trust, and places growth where it belongs — within the academic communities that generate it.

School controllable margin or student-staff ratio

A major weakness of the FN2 approach is its reliance on Student-Staff Ratio (SSR) as the primary mechanism for identifying savings. In practice, SSR-driven restructuring overwhelmingly targets academic staffing costs, despite academic staff representing the University's core productive asset. Teaching quality, research performance, grant capture, REF outcomes, postgraduate supervision, industrial engagement and institutional reputation are all fundamentally delivered through staff expertise and capacity. Reducing academic headcount may generate short-term accounting savings, but it directly weakens the institution's ability to perform its core functions.

This is particularly important in research-intensive disciplines. As highlighted in the UCU SSR modelling report submitted to Council, increasing SSR to the proposed 18–22 range is projected to cause severe deterioration in both global and national rankings, including a potential fall of roughly 25 places in the QS World University Rankings under conservative assumptions. The modelling also projects major declines in Guardian rankings driven by worsening student experience, continuation, and graduate outcomes. These effects are not cosmetic. Rankings directly affect applications, international recruitment, research reputation and long-term income generation. SSR-based reductions therefore risk creating a self-reinforcing cycle in which staffing cuts damage reputation, weakened reputation damages recruitment, and falling recruitment is then used to justify further cuts.

A more sustainable approach would place greater emphasis on School Controllable Margins (SCM) when considering efficiencies. Unlike SSR targets, SCM incentivises schools to consider a much broader range of operational savings that do not directly undermine teaching and research capacity. This includes consolidation of estate usage, rationalisation of underutilised space, shared technical infrastructure, improved procurement practices, timetable efficiencies, and reductions in discretionary non-pay expenditure. Such measures can generate recurring savings while preserving the academic activity that underpins the University's income, rankings, and research standing.

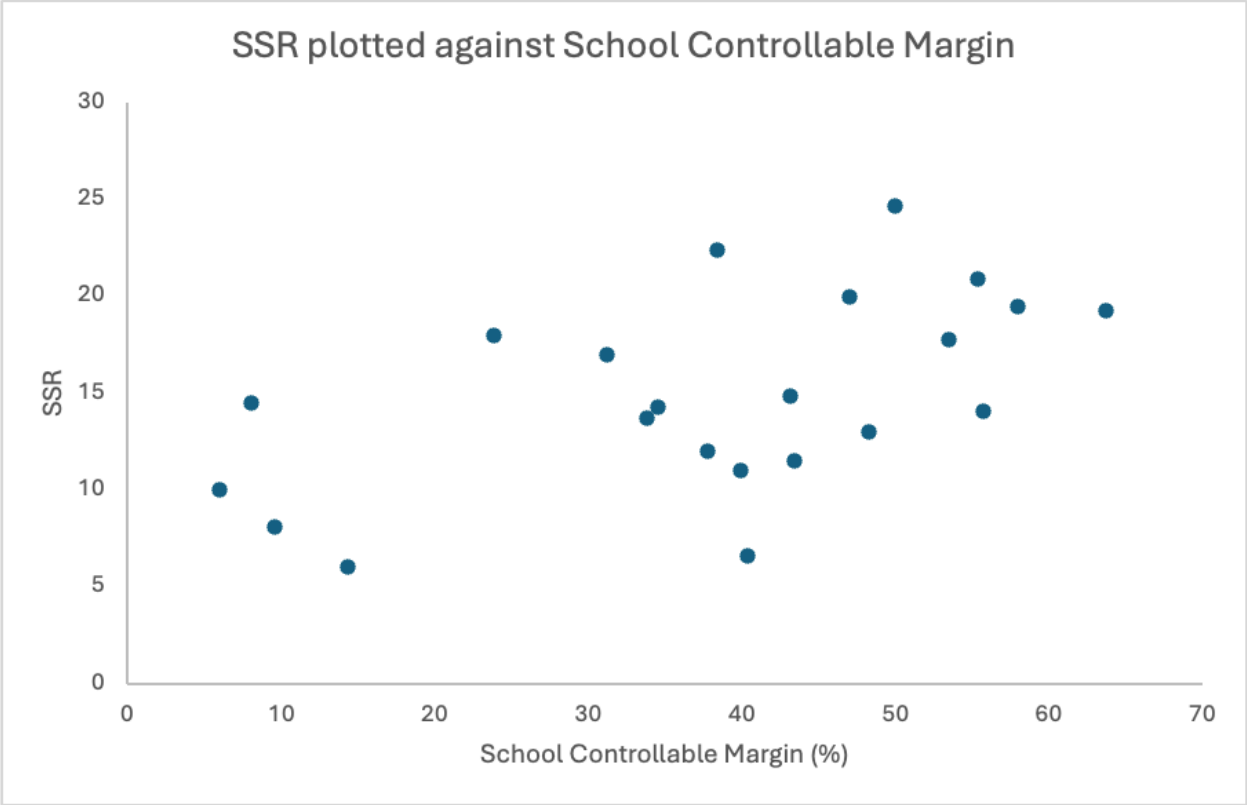


Figure A: Plot of SSR, from the Faculty FN2 consultation documents, versus the School Controllable Margin data reported by the interim CFO in May 2025

The University's own data suggest that SSR is a poor proxy for SCM. Figure A plots SSR values taken from the Faculty FN2 consultation documents against the School Controllable Margin data circulated by the interim CFO in May 2025 for 22 Schools across the University. The resulting scatter plot exhibits a high degree of dispersion, indicating only a weak relationship between the two measures. While the overall Spearman correlation coefficient is 0.54, this is largely driven by the presence of a distinct cluster of laboratory-intensive disciplines, including Biosciences, Chemistry, Physics and Health Sciences, which naturally operate with lower SSRs and higher Estates costs. The interim CFO explicitly noted that these subjects appear where one would expect laboratory-based sciences to appear.

Once these laboratory-intensive Schools are excluded, the remaining 18 Schools exhibit a Spearman correlation coefficient of only 0.30, indicating at best a weak relationship between SSR and SCM. Schools with similar SSRs often exhibit markedly different controllable margins, while schools with similar margins frequently have very different SSRs. The substantial scatter evident in Figure A therefore suggests that SSR is not a reliable proxy for SCM and should not be treated as a meaningful indicator of a School's financial position. This further strengthens the case for moving away from SSR as the principal

restructuring metric and towards approaches that are more closely connected to the actual financial position of Schools.

SCM provides a more coherent starting point than SSR for managing a comprehensive university with a diverse disciplinary base. Because it focuses on financial contribution rather than staffing ratios alone, it encourages Schools to consider a much broader range of efficiency measures beyond reductions in academic staffing. However, SCM itself should not be treated as a fixed or immutable measure, nor as a definitive indicator of value or performance.

The current methodology incorporates central cost allocations and Estates charging mechanisms that can disproportionately disadvantage laboratory-intensive disciplines, reflecting infrastructure requirements rather than inefficiency. This is evident in the cluster of laboratory-based sciences identified in Figure A, which naturally occupy a different position from most other Schools. A further concern is the lack of transparency surrounding the allocation of these costs. In particular, Estates charges are difficult for School managers to disentangle, with limited clarity provided by the University centre regarding how costs are attributed or how individual Schools might reduce them. Greater transparency would not only improve confidence in the SCM methodology but would also enable Schools to identify genuine opportunities for efficiency savings and more effectively manage their cost base.

The solution is therefore not simply to replace SSR with the current SCM framework, but to improve the way SCM itself is implemented. A more appropriate approach would be to treat central contributions as a progressive form of institutional taxation linked to income generation rather than through charging mechanisms that risk penalising strategically important disciplines. Under such a model, Schools that generate higher levels of income would make proportionately larger contributions towards shared institutional costs, helping to support disciplines whose teaching, research or societal value may not be fully reflected in short-term financial metrics.

This reflects the reality that a university is not a collection of independent businesses competing against one another, but a single institution with a collective mission. The University's Charter states that its objectives are "to advance education" and describes the University as "a place of teaching and research." A sustainable financial model should therefore recognise the value of maintaining disciplinary breadth and should allow stronger income-generating areas to support strategically important subjects where appropriate.. The objective should be to maximise the long-term strength of the institution as a whole, rather than optimise the financial performance of individual units in isolation.

Taken together, the evidence suggests that FN2 places excessive weight on a metric that is only weakly related to School Controllable Margins and which primarily achieves savings through reductions in

academic staffing. While SCM offers a more useful starting point for understanding the financial position of Schools, its current implementation also requires reform. A more sustainable strategy would focus on improving controllable margins through operational efficiencies, estate rationalisation and a more transparent and equitable allocation of central costs, while protecting the teaching and research capacity that ultimately generates the University's reputation, income and long-term success.