UCEA has produced some useful infographics providing insight into finances in the English HE sector. The graphics cover where HEIs get their money from, what they spend it on, and how the mixture of funding and spending has changed. They also answer the age-old question of ‘why do HEIs need a surplus?’

Take a look at the Infographics below, or visit them on the UCEA website.

**Where does the money come from?**

**INCOME IN UK HEIs 2007–08 £23.4 bn**

- Direct Government funding: 36.2%
- Research grants and contracts: 15.8%
- Other income – including residences, catering and endowments: 21.3%
- Tuition fees: 26.7%

**INCOME IN UK HEIs 2012–13 £29.1bn**

- Direct Government funding: 24.1%
- Research grants and contracts: 16.4%
- Other income – including residences, catering and endowments: 19.5%
- Tuition fees: 40.0%

Sources: HESA
English HE finances: all change

BORROWING AS A PERCENTAGE OF INCOME
- 2009–10: 21.1%
- 2012–13: 25.8%

CAPITAL FUNDING GRANTS FROM GOVERNMENT
- 2009–10: £934 m
- 2012–13: £359 m

STUDENT FEES
- Estimated value of maximum £9,000 fee in real-terms, i.e. inflation adjusted
- 2012–13: £9,000
- 2015–16: £8,200
- 2017–18: £7,700

Sources: HEFCE, UUK

What do HE institutions spend their money on?

TOTAL EXPENDITURE 2012–13
- 26.4% Other operating expenses
- 2.5% Equipment (including IT)
- 5.8% Interest and other finance costs
- 8.6% Depreciation
- 55.2% Staff

4.1% INCREASE IN STAFF EXPENDITURE
- £14.8 bn 2011–2012
- £15.4 bn 2012–2013

Sources: HESA
Why do HE institutions need a ‘surplus’?

“Universities need to generate cash as working capital to finance their ordinary operations.” From Review of Higher Education Finance and Pay Data (2008), published jointly by UCEA and the five HE trade unions.

SURPLUSES ARE REQUIRED TO:

- Invest in new facilities and equipment for staff and students
- Manage financial risk
- Manage cash flow
- Invest in curriculum development
- Demonstrate financial health to lenders
- Maintain campus facilities for staff and students

UK SECTOR OPERATING SURPLUSES:

- % OF INCOME
- 4.7% 2010-2011
- 4.0% 2011-2012
- 4.1% 2012-2013

MONEY MAINTAINS STABILITY

HE institutions must have liquidity (i.e. readily available cash balances) – an essential element to financial health. Limited liquidity could mean that staff, bills, suppliers and debts may not get paid.

Sources: HEFCE, HESA