

17 April 2024

Surrey UCU, UNISON, Unite Committees
c/o Colette Maxfield CMaxfield@UCU.ORG.UK

From the Vice-Chancellor

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Dear colleagues,

Thank you for your letter of 11 April, where you ask for specific information and assurances.

Our plan is to put the University onto a sustainable financial footing so that it can withstand current and future pressures. The nature of our approach is tailored and nuanced, dependent on the local situation in both academic and professional service areas. We agree that communicating with our community is essential. Through executive board and our senior leaders in Schools and professional service departments, there are ongoing communications and conversations with our colleagues. We will also update colleagues and the Staff Unions on the outcomes of our efforts and next steps in due course.

Our senior leaders are doing their best not only to assess the approach in their areas but also communicate with and support their teams directly through the relevant changes. I am committed to providing a wider update to staff later in the semester to summarise the outcomes of the combined efforts to grow income, recruit students and make savings across the University.

As for the next steps, there will be nuanced changes to academic offerings in a small number of Schools. It is expected that continuity will be maintained in most areas, whilst savings could be achieved by natural attrition and through fair and transparent workload management. Where changes to modules/programmes are unavoidable, they will be made in line with the University's procedures and our EDI commitments. Our academic School leaders are engaging in an educational impact assessment in their areas to minimise any risk to teaching and the student experience.

I am not aware of any instances of colleagues being coerced into decisions about their future and am concerned to hear this. We are offering voluntary severance on generous terms to some parts of the University and supporting staff with their decisions. We are hoping to avoid compulsory redundancies despite tremendous challenges we are facing.

Now I want to address the specific issues you raised about borrowing and capital investment.

When considering the debt held by the University, it should be compared against both assets and income, not just income. Our ratio of debt to assets is comparable to other universities of our size and type. The main proportion of the debt was generated through the construction of thousands of student



accommodation rooms on our Manor Park campus and borrowed at extremely favourable long-term rates to secure the accommodation and the income stream it delivers. Unlike other universities who rely on outsourced private providers for accommodation, we own our accommodation, and it is an income generator. Our control over the rental and maintenance has considerable benefits for the student experience.

With regards to our capital investment plans, we must continue to invest in the maintenance of our estate. For example, we will be refurbishing International House to deliver more accommodation for students, ready for the new academic year. This will not only meet demand, but also deliver income.

We have bought Stag Hill House (previously occupied by AQA), a significant building at the heart of our campus, to deliver more space for research and education over time. In the short term, we are looking to benefit from commercial opportunities and generate income.

However, it is imperative we return to surplus in our income and expenditure so that we can generate a healthy level of cash capital that will meet our increasing demand for maintenance of the campus buildings, laboratories and facilities we rely on. In parallel, we need to release cash from our assets and improve our commercial activities to invest in future infrastructure and capacity for education and research excellence.

With regards to the financial information that you have requested, I understand that this has now been shared with you.

Best wishes,

A handwritten signature in black ink, appearing to be 'Max Lu', written in a cursive style.

Max

Professor Max Lu AO DL
President and Vice-Chancellor