

## **For consultation: Liverpool Hope University overview in relation to proposed new structures and proposals for potential redundancies**

### **Context**

The operating environment facing the higher education sector has been significantly challenging over the last three years. Large numbers of universities are facing a decline in undergraduate and international student numbers, with some disciplines being significantly impacted; imbalances in staff-student ratios across subject areas; the need to invest and fund new areas of growth including digital; and to realign curriculum offerings to ensure organisational sustainability.

Underlying these challenges are the significant financial difficulties that large numbers of universities are facing. The number of organisations taking action – voluntary or compulsory redundancies, restructures and other interventions – to address their financial position totalled 96 across the UK on 3 May 2025. Further information is available at the following link: <https://qmucu.org/qmul-transformation/uk-he-shrinking/>.

Further information relating to the difficulties faced by the sector is provided by the OfS' annual financial sustainability report, where analysis identified continued pressure on university finances: <https://www.officeforstudents.org.uk/news-blog-and-events/press-and-media/ofs-analysis-finds-continued-pressure-on-university-finances/>.

In response to this report, UCU also recognised the challenges and the severe financial stress faced by the sector: <https://www.ucu.org.uk/article/14011/Universities-under-severe-financial-stress-says-UCU-in-response-to-HESA-and-OfS-data>.

Liverpool Hope unfortunately finds itself facing these same issues. Initiatives to address these challenges remain ongoing. The strategic plan, supplemented by the development of local business plans, also continues to seek to transform and modernise Liverpool Hope and address these challenges to ensure that the University remains financially and academically sustainable to meet our longer-term strategic objectives.

The impact of the above challenges, that are also facing Liverpool Hope, has now reached a point where action to address the staffing profile has had to be considered and resulted in proposals for new structures within certain Schools across the University. Regrettably these proposals have resulted in proposed new structures that potentially lead to redundancies.

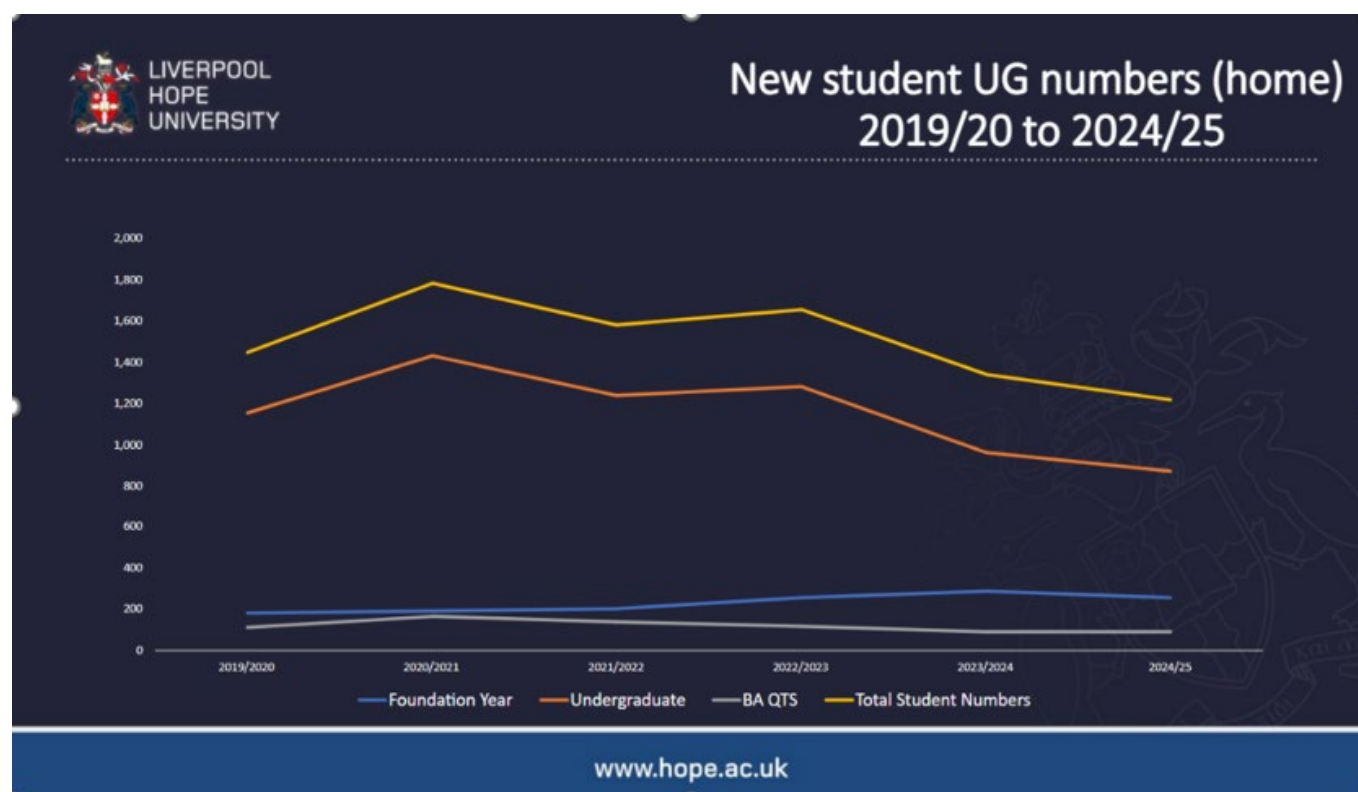
The purpose of this document and the local Executive Deans' proposals is to form the basis for beginning collective consultation. Further details are also included in the S.188 letter sent on 13 May 2025.

### **Liverpool Hope Finances**

Liverpool Hope is facing a deficit in excess of £2 million for 2024/25. This follows an operational deficit in excess of £1.2 million in the previous year (without the positive adjustment for FRS102). The deficit for 2024/25 would have been significantly higher without other initiatives that have been undertaken, including increasing PGT numbers, reducing non staff budgets, closely monitoring all staff appointments, improving retention of on course students and securing funding to develop the apprenticeship

scheme. Due to increasingly competitive behaviour in the sector and increasing costs, it is anticipated that the deficit position will become greater during 2025/26 before the steps that are being taken by the organisation to increase income and become more efficient have a demonstrable positive impact on the budget. We anticipate the majority of income generating initiatives we are progressing currently will not have significant financial impact until the academic year 2026/27. Within this context the University is anticipating a larger deficit for 2025/26 if no action is taken.

Whilst the number of international students at Liverpool Hope is comparatively low, recently home UG student numbers have been affected by historically higher tariff institutions becoming increasingly competitive and taking increased numbers of UG students with lower entry tariff to improve their own financial position during Clearing. Figure 1 below shows the decline in UG student numbers and overall student numbers from 2020/21 to 2024/25 at Liverpool Hope. In terms of the composition of income to the University, UG tuition fees make up 61% and total tuition fee income accounts for 77% of income. Residences, catering and conferencing makes up 12% and government grants 7%. Residences income for 2023/24 was £4.56M and catering income £1.6M.



**Figure 1**

During this period, costs have continued to rise, such as pay (national insurance, pension contributions and inflation), utilities (see table 1 below) and the cost of undertaking capital works due to the increased cost of labour and supplies, which have been impacted by Brexit. Liverpool Hope is also significantly impacted by employer contributions to the Teachers' Pension Scheme which are almost twice that of the USS.

**Table 1**

**Costs for 2023/24 as submitted in the Estate Management Report to the Office for Students in April 2025**

	<b>% increase</b>	<b>2023/24</b>	<b>2021/22</b>
Total cleaning costs	12%	£940K	£840K
Total energy costs	78%	£2.63M	£1.48M
Total externally provided property management costs	49% (reduct)	£413K	£813K
Total insurance cost	88%	£483K	£256K
Total repairs and maintenance costs	26%	£1.472M	£1.164M
Total security costs	21%	£1.422M	£1.179M
Total water and sewage costs	11%	£228K	£205K

Colleagues can be assured that we are making concerted efforts to return the institution to a surplus position and during the last 12 months have sought to grow new academic areas, for example in Physiotherapy, degree apprenticeships and new flagship PGT programmes. We have also commenced other initiatives to diversify our income base with alternative provision and pathway routes in line with the University Strategic Plan. The University remains committed to delivering high-quality education and services in a sustainable and efficient manner, but is influenced by many external factors over which we have little to no control. Project 2028 was instigated to identify alternative sources and increases in commercial income, savings on pay (through cost-oversight of vacancies) and reduced operational expenditure. This activity led to savings in excess of £550k during financial year 2024/25. The focus now turns to income generation and in support of this agenda, a Commercial Board will take effect from June 2025 with a focus on generating income from institutional assets and monitoring performance against income KPIs. For example, residential occupancy rate for 2023/24 was 79% and opportunities are being taken advantage of to increase this, particularly out of term time. The Director of Estates has also had significant success with securing SALIX grant funding which is utilised to enable decarbonisation of buildings, which would otherwise have to be funded by the institution. Over £1M has been secured for draw down in 2025/26 or early 2026/27 across three separate projects.

It is not possible to make any further efficiencies with regards to non-pay spend without further impact on the institutional ability to invest in routine maintenance and capital works, and in critical infrastructure which is necessary to ensure our cyber resilience and digital capabilities.

If we do not take prudent and realistic action now to respond to these known financial challenges, the University will be ill-placed to deal effectively with the inevitable longer-term negative impacts facing us and the sector in general.

**Table 2****Staff Costs**

The table below provides information relating to the staff cost base at Liverpool Hope since 2019/20.

	Actual Results					Budget
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Total Income	50,671,342	55,012,469	58,118,971	58,243,423	56,948,688	57,168,289
Total Tuition Fees	39,317,315	44,765,118	44,135,503	44,864,837	41,796,885	41,749,907
Total Staff Costs	32,242,526	33,081,660	35,964,320	36,452,253	36,468,544	38,192,767
Total Non-Staff Costs	15,317,704	15,901,629	18,281,522	19,481,968	21,104,217	21,225,522
Total Costs	47,560,230	48,983,289	54,245,842	55,934,221	57,572,761	59,418,289
(Deficit)/ Surplus	3,111,112	6,029,180	3,873,129	2,309,202	(624,073)	(2,250,000)
Staff Costs Ratio	63.63%	60.13%	61.88%	62.59%	64.04%	66.81%

**Available financial information:**

All finalised Financial Statements can be found on the University website: <https://www.hope.ac.uk/aboutus/finance/annualaccountsfactsandfigures/>

**Reasonable calculations and assumptions that the University has made and factored into its financial planning:**

1. Further increases in salary costs for 2025/26 and beyond through cost-of-living increase, incrementation and potentially further increase to the Teachers' Pension Scheme etc.
2. The planned need to mitigate for potential drop in student numbers in the coming year given the current predictions and inclusive of information provided.

3. The need to invest in improving the student experience to ensure market competitiveness; the quality of student experience is also seen by the University as key to sustainable recruitment in the future.
4. As we widen the portfolio of course offerings over the coming years, the University will need to plan for some new expertise and staff to research, teach and support in new fields and disciplines.

In the interests of the future viability of the University and in the context of responsible risk management, action is required and hence the proposals put forward by the Executive Deans.

### **Student Numbers**

As highlighted in Figure 1 above, Liverpool Hope UG numbers have been declining since 2020/21. Significant challenges to reverting this position remain, as outlined below.

#### **Changing domestic applicant pool:**

Despite ongoing small increases in actual numbers of applicants through the UCAS cycle, there are smaller proportions of domestic 18-year-olds applying to university each year. For institutions highly focused on targeted WP and outreach work, like Liverpool Hope, there has been some success over recent years in growing volumes of mature students, but these are exceptions and for the 2025/26 intake early data shows a reduction in this cohort also. Generally, the focus on the skills agenda, promotion of apprenticeships and other alternative routes post-16 are eroding the traditional applicant pool and leading to a more competitive domestic landscape. While this increase in choice is positive for students, it provides challenges for institutions, particularly those who have not moved early or invested heavily in the professionalisation of marketing, recruitment and conversion work.

#### **International recruitment policy:**

To support international growth during and post-pandemic (as defined in the International Education Strategy update 2021) and to offset the impact of Brexit, several supportive policy mechanisms were put in place to ensure recruitment success. Most notably this included introduction of the Graduate Route visa, allowing students to remain in the UK for two to three years after their studies to work. However due to political rhetoric surrounding the immigration debate, there have been several subsequent changes which have offset this success and led to reductions in international student volumes over the past three years. These have included rhetoric emerging from the Migration Advisory Committee review of the Graduate Route, changes to the rules around bringing dependants for any non-research degrees, updates on the ability to change to specific visa routes in country, increased visa application fees and NHS surcharge and ongoing lack of certainty around the future of the Graduate Route visa. Continual negative rhetoric from government relating to immigration and whether the UK is a welcoming place for international students has also influenced student

decision making and contributed to significant reductions in international student volumes over recent years. There were 16% fewer international applicants nationally for October 2024 entry than in the previous year. Further proposed changes impacting international recruitment were announced in the government's Immigration White Paper on 12 May 2025, which is likely to have further negative impact.

### **The impact for Liverpool Hope: 2024/25 intake**

For the 2024/25 recruitment cycle, data from early November 2024 showed a total incoming cohort to Liverpool Hope of 1787 FTE (2071 headcount) for the October 2024 entry point. This was down by approx. 5% compared to the same time in the previous year. This stagnation in numbers can be largely attributed to the external factors above driving changes in competitor behaviour, exacerbated significantly by Hope's overreliance on domestic UG students.

The main policy changes that impacted the intake were in relation to international students. As many institutions in the UK had modelled budgets on flat or increased international numbers, this unexpected shortfall led to changing institutional behaviour around domestic recruitment with particularly aggressive shifts in approach to Clearing. For example, some Russell Group institutions were reported to have dropped their tariff from AAB to CCD, leading to over-recruitment and an 'up suck' effect felt throughout the sector. While Liverpool Hope has not historically been a large international recruiter, the indirect impact of this drop in international students at other institutions has been substantial with two other large players in the same city and other local competitors, Liverpool Hope was not immune to the impact of this behaviour.

The University of Liverpool reportedly over-recruited their UG domestic cohort by approx. 400 students, while anecdotal data claimed both Liverpool John Moores University and Edge Hill University dropped their tariffs to below Hope early in the cycle in key subject areas, in addition to taking an aggressive and early strategy in relation to Clearing recruitment.

The February 2025 PGT intake recruited well, with 50 registrations at the point of closing. This was a significant increase on last year's 15 students and with most of this intake being international, it made a meaningful contribution to the income, although at a much smaller scale than needed to offset the reduction in UG domestic students seen in the October 2024 intake.

### **Looking ahead to 2025/26: the national picture**

Around 80% of all UG domestic applications are submitted annually via UCAS by the equal consideration deadline at the end of January. For the October 2025 intake, by late January 2025 the total number of applications submitted via UCAS had increased by 1% compared to the previous year. This however represented a proportionate decline in applications from 18-year-olds of 1.7%. UCAS reported a levelling off of the demand spike experienced post-pandemic and noted that this year's cohort are the first intake who have had no grade adjustment due to the pandemic (either in year 11 or year 13).

While nationally the application volumes remained flat, the North West region saw a small decline of 0.4%. This is a continuation of the decline seen annually over the past three years (5% aggregate decline since 2022). The largest drops have been in less traditional cohorts, including mature students and those aged 17 and under.

When considering tariff band, all growth was clustered in higher (4% increase) and medium (0.3% growth) tariff institutions, with lower tariff institutions seeing a decline of over 3% in applications.

In terms of subject areas, the overall demand was more STEM oriented, however there was a 10% decline in computing related subjects. Based on HECoS codes, the subject areas with the greatest levels of decline nationally by the deadline were:

- Computing: -10%
- Combined and general studies: -8%
- Language and area studies: -7%
- Historical, philosophical and religious studies: -4%
- Biological and sport sciences: -3%
- Agriculture, food and related studies: -3%
- Design, creative and performing arts: -3%
- Geography, earth and environmental studies: -3%

Other subject areas with smaller percentage declines, but still fewer applications than previous years, included psychology and social sciences; while percentages were smaller in these areas, actual volumes of applications the cohort reduced by were higher due to overall historic demand (ie reduction in actual applications for psychology were similar to historical, philosophical and religious studies). For computing the actual volume of applications reduced by almost 20k.

Where there was growth, this was largely in areas not offered by Hope, including subjects allied to medicine and veterinary sciences; engineering and technologies; architecture and planning; and physical sciences. The only areas experiencing national growth which are offered by Hope were law, some areas aligned to business and mathematical sciences; in relation to data on tariff band above, it is understood much of this growth is in higher tariff institutions. All other subject areas remained flat on previous intakes.

### **Looking ahead for Liverpool Hope: 2025/26 intake**

For the 2025/26 recruitment cycle, UG applications received via UCAS at the equal consideration deadline of 29 January 2025 were 11% down, compared to the national picture which was flat and our competitor set which was up by 3% (noting this is likely skewed by inclusion of the University of Liverpool). Declines in volumes largely follow national trends with areas such as computer science, psychology, some areas aligned to business and combined programmes particularly impacted.

Within this pool, we have seen a sharp decline in applications to Foundation year entry;

analysis of this change suggests it may be a combination of more aggressive recruitment practices from local competitors over the past 12 months – particularly Liverpool John Moores who reinstated a large proportion of Foundation programmes in Spring 2024 to offset a projected decline and Edge Hill who are offering direct entry to level 4 in 2025/26 at a lower tariff than Hope's Foundation year – alongside our overall lower tariff which means more students are applying for level 4 direct entry than in previous years (change made mid-cycle last year).

PGT applications for the 2025/26 are looking positive, although there is no comparative data from previous years. By mid-April 2025 there were 1497 applications, with 334 firm acceptances (although attrition is high for this cohort). While this will make some impact, generally it will not offset further decline in UG domestic students until the programmes are more established and known in market.

For UG domestic students it is noted that growth is likely to be minimal and the goal is to maintain volumes by improving conversion and gaining market share during Clearing. There is potential for expansion amongst domestic PGT and international UG and PGT students, therefore work is ongoing to develop strategies in these areas. It is noted however that this growth is unlikely to be immediate due to the usual 18 to 24 month lead time required for recruitment of students, particularly at UG level.

### **International policy environment: 2025/26 and beyond**

There remains volatility in the international recruitment policy environment, which suggests the domestic instability will also continue over the coming year(s). In particular there are ongoing government reviews into English Language and institutional assessment, a new Immigration Paper is expected imminently and there have been anecdotal reports of CAS allocations being unofficially capped (increase and in some cases flat requests being reduced). Currently numbers nationally are relatively buoyant, but this is the result of unsupportive policy environments in other majority English speaking destination countries (particularly Canada, Australia and USA).

Were any of these major markets to implement positive changes to their immigration policy relating to international students this would have a major impact on applications to the UK. This ongoing lack of stability in policy is projected to lead to further uncertainty in the market and a continued level of unpredictability in student number modelling.

### **The evolving landscape: ongoing areas of risk**

As the higher education recruitment landscape evolves, there are several ongoing areas of risk, both at sector levels and for Hope specifically.

Historically, Hope has seen only UG domestic students as core business, meaning less investment or attention has been given to the applicant and offer holder journey for PGT, PGR and international students.

Another key area of risk for Hope specifically is within our systems and digital



infrastructure which are largely outdated and manual, leading to uncompetitive processing times where our competitors can get applicants and offer holders the information or next step they need quicker. Work is underway to improve these issues and modernise the institution as part of the new Digital Strategy, but there is a lead time on procurement, implementation and delivery of new systems and processes which means any gains are unlikely to impact the 2025/26 intake.

Our portfolio also provides an element of risk; while there are pockets of growth within the sector, the areas in which we specialise as an institution generally reflect those with declining demand. Ongoing review of our portfolio based on market demand, labour market need and potential applicant pool size is essential to ensuring viable cohort sizes and long-term sustainability.

Competition locally and regionally also remains a major risk factor, where several other institutions have moved sooner than Hope on implementation of new systems, processes or interventions to impact recruitment. While Hope is now on a different trajectory and is open to earlier decision-making and a greater degree of boldness, any interventions implemented at this point in the cycle are likely to impact the 2026/27 cycle and beyond rather than have immediate effect.

### **Reshaping the portfolio and offering**

Given the above information there is a need to consider cutting some activity in order strategically to promote other areas of the University's business. To be able to deliver these innovations we need to find space and time within the University's current portfolio. There is therefore a need to consider the future of subjects which are not recruiting effectively to create the efficiencies that will be needed as we move forward with the transformation. The move to semesters and the 30 credit academic framework will facilitate these developments.

### **Areas of proposed potential redundancies**

As is clear from the above, an important driver for the need to make these savings is related to the need for the University to responsibly and in a financially credible way prepare for the coming years by evolving, adapting and changing the focus of its academic provision.

The details of what this potentially means will be covered with the Executive Deans outlining their proposals to UCU at the meeting on the 15 May 2025, as requested by the union as part of the collective consultation process. These proposals will confirm areas of proposed potential redundancies and the business rationale that will form the basis of the collective consultation.

The requirement to propose these potential redundancies has been shared with Council.

Whilst recognising the personal impact these proposals will potentially have on colleagues, the actions proposed are set within the interests of the future viability of the University and in the context of responsible risk management