Is Goldsmiths going into deficit?

By Jamie Green

The College has come alive with debate over its future recently. Management are talking about Sustaining Goldsmiths, a plan that will supposedly ensure Goldsmiths financial and cultural future, whilst students are occupying the newly named 'Deptford Cultural Centre for Free Education', narrating a different vision for education both at Goldsmiths and for society at large.

Liz Bromley the university's registrar and secretary told students last month that Goldsmiths was going into deficit. When challenged at a recent public meeting she asked whether she was being called "a liar" whilst fervently maintaining her stance. But, the question begs, is the balance sheet really heading toward negative digits?

After the 2010/2011 reforms to higher education were announced, University managers across the country declared a state of emergency. They said the sector would soon be fiscally malnourished and cuts - often packaged within the language of "restructuring" or "streamlining"- were the only answer.

More than four years on and the sector is richer than it has ever been. Student numbers have risen, bringing more tuition money with them (albeit with money that's bad debt for the government, further swelling the national debt). Given the climate of a richer HE sector, I could not help but feel sceptical of Bromley's claims.

Looking back at Goldsmiths published financial statements from the last eight years, you would be forgiven for thinking that the Golden Goose had begun laying its eggs circa 2012/2013 where the College generated a £4.1 million surplus in the first year of £9k fees. This is up from a surplus of £1.7 million the previous year, which was a bumper year in terms of student numbers for the whole sector as students tried to avoid the fee hike.

Last year, there was an operating surplus of £6.6 million in a year where two out of the three undergraduate cohorts generally paid £9k fees too – are you starting to see the theme?

Many University Managers have previously been quick to point out that a 79 per cent cut in government teaching grants meant that a rise in Home/EU tuition fees still might mean less money. However, as you look through the annual statements, the cut in government funding is far surpassed by the rise in fee income: Fee income rose to £50.3 million (up 32 per cent) and £59.4 million (up 18 per cent) in the last two years respectively, up from £38 million in 2011/2012. Whilst income from grants (both research and government) fell to £26.4 million (down 22 per cent) and £23.6 million (down 10.5 per cent) respectively from £33.8 million in 2011/2012.

Outside of fee income, there's an even brighter picture. Since 2006, the College has nearly doubled the amount of non-academic income it generates from £6.8 million to £13.8 million. Some might say the Goldsmiths management team has never had it so good!

Staffing costs, namely unexpected pensions and national insurance costs were one of the things cited by the Bromley as a financial concern. Again, a cursory glance at the figures show these costs rose from £50 million in 2012/2013 to £52 million in 2013/2014 – the first significant rise in four years. In context, this is a rise of around 4% in staff costs since 2010, at the same time as income from fees, grants and other activity has risen by more than 23%.

Liz Bromley claimed that the college needed to find an extra £2 million this year due to rising National Insurance and pension costs. Not only do increased surpluses and increased income suggest that this might not be too much of an issue, but consider this: This year is the first year that all three undergraduate cohorts are paying £9,000 fees and, as we've already established, the trend is that fee income tends to outstrip the money lost from teaching grants.

In short, any claims of a future crisis should be met with the question 'What Crisis?!' – Goldsmiths now boasts regular surpluses, with reserves equivalent to around £41 million. Overall, incomes are rising and staff costs have remained relatively steady, with the one recent rise in this area being not only matched, but surpassed by the extra money being generated.

Without seeing this year's management accounts it is quite hard to gage precisely whether Goldsmiths is heading for a deficit or surplus this year. However, an educated guess based on the previously published accounts suggests that it's not all doom and gloom for Goldsmiths.