Understanding the Revenues and Costs of Russell Group Universities

As higher education faces mounting fiscal pressures, all stakeholders must understand the ins and outs of university budgets. The top-level snapshot below reveals the sector's reliance on different revenue streams and its largest expense categories. Higher education (HE) is fundamentally a human capital business, and people—instructors, students, and professional staff—have an outsized impact on both revenue growth and expense management. With this knowledge, institutions can assess if there is flexibility in their budgets and the limits of working within the current model.

This infographic shows findings from EAB's analysis of HESA[1] data and university budgets. It highlights the typical distribution of revenue and expenses by category. Use this infographic to educate campus stakeholders on the importance of various revenue streams and containing growth across major cost centres, such as labour.

£100M Revenue | £100M Expenses

Source: HESA; EAB interviews and analysis.

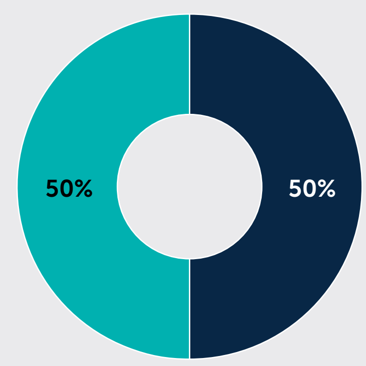
There is no margin for error in HE budgets.

HE budgets have little to no wiggle room, with nearly all institutions committing 100% of revenue towards the fixed expense categories. When revenue is fully allocated, with no buffer on the expense side of our budgets, **a slight miss on revenue means falling into a structural deficit**.

72% of universities expected to be in deficit by 2025–26[5]

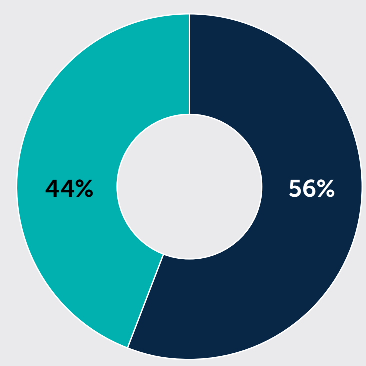
1. Higher Education Statistics Agency.
2. One-off redundancy costs and those relating to an organisational restructure.
3. Includes payments to non-contracted staff or individuals, equipment that has not been capitalised, expenditure on maintenance contracts and telephone costs, and others.
4. Includes all income in respect of services rendered to external bodies, residences and catering operations, grants from local authorities, income from health and hospital authorities, capital grants, income from intellectual property rights, and others.
5. Office for Students, 21 November 2024.

Labour Costs Versus Other Expenditures



■ Labour Expenses
■ Other Expenses

Academic Versus Other Staff Cost as Percentage of Total Staff Cost



■ Academic Staff
■ Other Staff

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