

Despite Chronic Underfunding, QUB has Achievements

Queen's University Belfast and its staff and students had many achievements in the recent academic year. These are detailed in QUB Annual Report 2024-2, which is on the QUB website and is well worth a read.

Outstanding Achievements by QUB are:

It climbed into the top 200 universities globally in the QS World University Rankings 2026;

It secured £124.6M in research income; and

It contributes to the UK economy an estimated £3.35 billion annually (London Economics 2025).

The Report contains financial figures and this article is based upon it. The Report also gives the previous year's figures, and I have added figures from earlier years to show trends. Where these figures are money, you should remember that RPI inflation in the year to July 2025 was 4.9% {2024 3.6%}, This reduces the real value of any percentage increase, and often turns an increase into a real decrease.

Higher education in Northern Ireland has been underfunded by the government for many years. QUB has produced Premiership results despite Third Division funding, but this performance and impact is not sustainable. By last year, Queen's had experienced a 18% erosion in real terms of total teaching funding per undergraduate since 2010–11. This is based on independent research undertaken by London Economics, combining weighted average teaching grants and the maximum tuition fee charged. This erosion compares to a 1% funding decline for a similar Higher Educational Institutions in England. **These funding shortfalls create a competitive disadvantage for QUB against its comparative UK universities.** This chronic underfunding is the underlying cause of many of the problems facing staff in Queen's. Universities are critical to achieving government ambitions across a range of areas including economic growth, innovation and increased productivity. The HE sector in NI has experienced a real-term 40% cut in Teaching funding since 2011 whilst other regions and jurisdictions have had significant investment. **In the absence of a sustainable funding model the HE sector will be less able to meet the needs of the NI Executive, businesses and society.**

The top UK universities have addressed their financial problems by taking in more home-grown students. But QUB is unable to do this because of the artificial limit on their number called the Maximum Aggregate Student Number (MaSN) cap. This cap, imposed by the Northern Ireland Department for the Economy, limits university places at local institutions for undergraduates domiciled in Northern Ireland and the Republic of Ireland. Limits are also set on students for Medicine, Dentistry, Nursing and other professional subjects. **Queen's receives around 28,000 applications a year but can only take in around 3,800 local students, apart from in Nursing and Midwifery. The result is that many local students are forced to study elsewhere.** Each year, some 34% of NI would-be students (about 5,000) go to universities in GB. Less than a third of those young people come back to Northern Ireland to work. **This educational migration results in a long-term brain drain which has a chronic impact on our local economy. Northern Ireland needs more highly skilled people who are integral to a knowledge-based economy.**

QUB Finances in 2024-25

All the financial figures in this article are based on the Consolidated Accounts (Queen's University and its subsidiary companies and its share of joint ventures). Usually these are very close to the figures for the University alone. Most of the subsidiary companies make a very small loss.

Because ordinary income was less than ordinary expenditure, **QUB had an operational loss on day-to-day activities of £22.8M (4.7% of income).** Apart from the restructuring of staff, the items below Operational Surplus row in the table are beyond the direct control of QUB management and are very variable. When taken into account they result in the **Total Comprehensive Loss of £67.7M.** QUB management state that the Operational Surplus is a better measure of financial sustainability as it is less susceptible to the movements in the actuarial valuations of pension schemes and market conditions prevailing at the financial year end.

Management recognises that repeated operational deficits cannot be sustained if QUB is to remain a going concern. **The University Management Board is committed to returning the University to a**

break-even position. During 2024–25 the University operated a Voluntary Severance Scheme (VSS) with a view to reducing recurrent costs and improving overall organisational efficiency. Total costs incurred for this scheme in 2024–25 were £25.4M and the scheme is expected to generate future costs savings of more than £17M per annum. 295 staff (mostly in support roles) took voluntary severance. The majority of these staff left on or before the 31 July 2025 and the remaining staff are scheduled to leave during 2025–26. We are yet to evaluate the impact of these departures on Teaching, Research and the Student Experience.

Another special factor was the evaluation of USS (the pension scheme for grade 6 staff and above) which turned a funding deficit into a surplus, so that in 2024-25 QUB no longer needs to make a provision for its share of the deficit

Summary Position – Statement of Comprehensive Income (SOCI)

Consolidated finances of Queen’s University and its subsidiary companies and its share of joint ventures	2024-25 £M	2023-24 £M	2022-23 £M	2021-22 £M
Income	489.5	472.3	460.5	437.7
Expenditure	512.3	(485.0)	(466.6)	(422.4)
Operational Surplus before other staff costs & gains/losses	(22.8)	(12.7)	(6.1)	15.3
Gains on the disposal of fixed assets and investments	3.4	(0.5)	0.7	0.4
Fair value gain on investment	(19.9)	(2.3)	(4.1)	(44.0)
Actuarial adjustment in respect of Retirements Benefit Plan	3.7	1.8	(7.4)	37.7
Restructuring of Staff (VSS)	(25.4)	-	-	-
USS Provision One-off Adjustment	-	139.3	25.2	(94.7)
Total Comprehensive Surplus/(Deficit) Position for the Year	(67.7)	125.6	8.3	(85.3)

During the year, staff costs (excluding VSS) increased by 8.4% to £2817M. The increase is primarily attributable to annual pay award, and costs related to incremental progression academic promotions and increased National Insurance costs. Pay within QUB will be detailed in another article. Other operating expenses increased by 3.7% to £175M,

Total income for the year was £489.5M which was a 3.6% increase in cash, but a reduction in real terms. Of this total, Tuition Fee income was steady at £160.1M, Income from government grants increased by £10.2M, whilst other sources of income increased by just 2%. Research Grants and Contracts income was £112.4M (a 6.8% increase). As a percentage of total income, research income was 30.5%. This was an improvement from the all-time low of 29% last year, but it is far short of the 35% in 2018-19. Contributions to indirect costs increased slightly to £21.8M, and I estimate a contribution rate of about 24%. This is low compared to our peer group universities, and mainly because local medical charities are reluctant to pay for indirect costs.

Income from Teaching was £212.23M, an increase of 2.1%. However, income from International Students dropped 8.2% to £55.16M It was £64.1M in 2022-23. QUB’s international student numbers remained around 3,800. International tuition fee income now represents 11.3% of the University’s total income, down from 12.7% and 14% in the previous two years. Many UK universities have had similar drops or worse. In QUB the drop in international tuition fee income has been offset by increases in tuition fees from domestic students, short courses and research training.

The valuation of our fixed asset investments and properties as of 31 July 2024 resulted in a net unrealised fair value loss of £19.9M. The Market Value of our investments is only a sum of money on paper and may be very different if, and when, they sold.

The deficit funding position for the Retirements Benefit Plan (RBP) has dropped to a deficit of £40.2M as at 31 July 2025. The RBP is a pension scheme for QUB’s non-USS staff. As QUB is the sole employer any actuarial changes enter directly into the accounts. RBP members pay 6.1% of salary and QUB pays 10% plus 11% for deficit recovery.

Long-term External Borrowing has dropped slightly to 4.4% of Income. This borrowing is very low compared to other universities. Our peer group of universities averaged 31.4% for 2023-24. In QUB the External Borrowing is through Financial Transactions Capital (FTC). This is a UK government scheme to boost the construction industry. It allows public bodies to borrow money for

buildings at a low interest rate and repay over 25 years. Most universities use this more than QUB does. As in previous years, QUB did not borrow any extra money under FTC.

Consolidated Reserves have dropped by £67.7M to **£753.7M** at 31 July 2025. Of this total, **£75.9M have restrictions on how the money could be spent. Of the £677.2M Unrestricted Reserves, £333.7M are Realised** (readily converted into cash). A significant element of this total is ring-fenced to support the Capital Programme, including QUB's commitment to the Belfast Regional City Deal (BRCD), and to support Faculties and Professional Services in executing their priorities and plans in support of Strategy 2030. QUB's commitments to BRCD and the projected money flows were set out in my analysis last year.

£343.4M of Unrestricted Reserves are Unrealised. These are mainly Buildings and Investments whose true value can only be determined if and when they are sold. Of this, **£157.2M cannot be realised without disposal of QUB's estate or core infrastructure.** Of the remainder of the **Unrealised Unrestricted Reserves, £96.3M** relates to the movement in fair value of the University's fixed asset investments and **£90M** relates to the fair value movements in QUBIS investments.

43.4% of QUB's income is connected to Teaching. The significant shifts in the sources of funding indicate that **teaching home students is the steady bread and butter of QUB. We would like to teach more local students, but the number of local students is capped, and their fees set, by Stormont. In the recent UK Budget, Stormont was told that it should raise more revenue locally, and Water Rates and increased Student Fees were suggested. Apart from a cost-of-living increase in domestic undergraduate fees, and a modest increase in Regional Rates, the Executive has refused to raise more revenue locally.**

In Northern Ireland, Higher Education is funded through the Department for the Economy (DfE). In the recently proposed Draft Three-year NI Budget, **the proposed funding for DfE** (excluding earmarked items) **increases from 2025/26 to 2028-29 by just a total of 3% in cash terms. This is obviously a real cut.** There are similar proposed cuts for other departments, and the Assembly will vigorously debate the proposed budget. If they finally agree on anything, **it would be naive to assume that QUB's government funding will increase by more than a total of 3% in cash terms by the end of the four-year period. There are Hard Times ahead. The likely future government finding cuts will mean that we will be unable to meet the needs of NI society and business, and will blight the prospects of would-be students; bend the ear of any local politician that you meet!**

Paul Hudson