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Dear Marj

Reductions in Costs in Goldsmiths, University of London

Thank you for meeting me today. I thought I should write to you to confirm what I said to you. I would be very grateful if you would forward a copy of this letter to Greg Barnett, your Regional Officer.

You will know that the Government has announced significant reductions in funding for Higher Education. You will also recall that our discussions and communications with your predecessor and our staff over the last year and more have emphasized that action would need to be taken over the medium term to manage our finances in Goldsmiths to sustain our future.

I wrote to representatives in March last year in response to understandable speculation that we would introduce a round of redundancies. I committed Goldsmiths to consultation on any financial constraints that would have an impact on staffing levels.

In May last year I held open meetings for staff to discuss the financing of Higher Education and Goldsmiths' position. The presentation I made is available on the Goldsmiths' website on the Human Resources page.

I did make it clear that Goldsmiths would have to seek to reduce costs in the order of £3.5mpa to be sustainable as things stood at that time. The situation now is that we will of course be affected by additional reductions in funding and will need to take further action to increase our income and reduce our expenditure.

I also made it clear in May last year that it was inevitable that some of the reductions in expenditure would fall on staffing costs. These have continued to rise despite a modest pay settlement in 2009. The additional costs of employer pension contributions, the proposed increase in National Insurance next year, the faster rate of movement through payscales and the likely impact of the announced reduction in HE funding mean that we must reduce our expenditure and increase our income in the forthcoming financial year.

Current projections suggest that Goldsmiths will make a very modest surplus in 2009-10, but that our expenditure will exceed our income by over £1mpa in the 2010-11 financial year.

The situation remains uncertain even with that figure as we have yet to see to the full detail of how cuts will impact on Goldsmiths. Nevertheless, we need to begin planning.

We held a meeting yesterday with our Heads of Department in both Academic and Support activities and have asked them to plan for reductions of 2.5% in their budgets for the coming financial year, which begins in August 2010. It is very likely that some of this cost reduction will have to come from staffing costs.

I think also we need to be conscious that a drop of 2.5% in expenditure overall may not translate easily into a simple 2.5% reduction in pay costs. However, as an indication, the 2.5% saving which we wish to make equates to £2.05m from our total expenditure; if this were taken proportionately from pay and non-pay budgets, the reduction in staffing costs is equivalent to £1.29mpa.

I should tell you that we expect the need for further reductions in succeeding years and that the cost of staffing will need to bear a significant proportion of this reduction. If we can achieve greater savings than £2.05mpa next year through cost reduction measures, this will be an additional support to Goldsmiths in achieving a sustainable future in the increasingly challenging times ahead.

We will keep both you and our staff informed not only of the actual cost reductions we need to make as they become increasingly apparent following exact budget and funding figures, but also the progress we are making in managing finances. We do want as far possible to avoid compulsory redundancies in Goldsmiths, although we cannot guarantee that this will never happen.

I committed Goldsmiths to consultation with you before we took any action to reduce staffing costs. I intend therefore to produce proposals on measures to reduce staffing costs and I expect these to include:

- A revised and time limited voluntary selective severance scheme
- Proposals on opportunities to seek flexible working including reduced working hours, term-time only working, annualized/structured variable hours e.g. 40 hours per week peak time/ 30 hours non peak time
- Proposals on early/flexible retirement
- Opportunity to purchase additional leave
- Redeployment and swapped redundancy: this is where one member of staff is allowed to leave on voluntary severance but another member of staff is redeployed from an area of reduced staffing
- Unpaid leave provisions
- Actions to reduce costs of overtime and agency staffing
- Actions to seek improvement in efficiency of working and operating methods, including internal resource sharing
- A compulsory severance scheme to be used if necessary

The emphasis will be on reducing staffing costs rather than on seeking to reduce headcount, although it is very likely that some actual headcount reduction may result.

We will have initial discussions at the JNCC on 24th February. I then expect to put initial proposals to you and your colleagues in our recognized Trades Unions in early March and will seek to consult you and your colleagues immediately thereafter.

Yours sincerely,



Chris Pearson
Director of Human Resources

CC Greg Barnett, Regional Officer, UCU