



Vice-Chancellor
Sir David Bell KCB

Vice-Chancellor's Office

Whiteknights
House
Whiteknights, PO Box 217
Reading RG6 6AH

phone +44 (0)118 378 6226

fax +44 (0)118 987 4062

email vc@reading.ac.uk

Dr Paul Hatcher
President of the Branch Committee
UCU

13 April 2016

Dear Paul,

EFFICIENCY AND EFFECTIVENESS PROGRAMME

I am writing to you ahead of the online 'vote of no confidence' survey closing today on the Efficiency and Effectiveness (E&E) programme and the Professional & Administrative Services review (PAS).

UCU and the organisers set out five 'demands' – no compulsory redundancies; no downgrading; suspending PAS pending a feasibility analysis; an independent investigation of PAS process and costs; and ending the use of management consultants.

I have addressed each of these in detail in order to put the facts on the record, in an annex attached to this letter.

However, I want to make some broader comments as well.

First, debate, discussion and disagreement is part and parcel of a life at a university – so it is no surprise that there have been a range of views put forward about E&E.

This is an ambitious transformation programme. Change on this scale is not easy. We have worked very hard to be open, constructive and transparent throughout – which means we have strengthened and improved plans as we have moved through the process.

I accept that E&E has left many staff uncertain and unsettled. Engagement

could, and should, have been stronger in parts of the programme. There are important lessons that must be learned for the future.

To be clear, however, it is my job and that of the University Executive Board, to make difficult decisions and choices.

From the moment I arrived as Vice-Chancellor in 2012, I was very clear that we had to change to keep pace with an increasingly volatile and challenging higher education system. I would not be leading the current changes, and the many others that have been made in recent years, if I was not confident they were for our long-term benefit. If the University doesn't plan and adapt for the future, then it risks decline.

These plans have had scrutiny, testing and endorsement by all the major decision-making bodies within the University – the University Council, the University Executive Board, and the Strategy & Finance Committee.

So I want us to return to normal communications and rebuild bridges. UCU is the recognised trade union representing staff on Grade 6 and above. It is in our joint interest that these reforms are a success.

To support this, I want to restate:

- We will continue to fully work with UCU on E&E implementation through our established and formal engagement and regular contact on the rest of the programme. This means we can continue to identify and handle issues if, and as, they arise. I want to keep lines of dialogue open to allow you to inform all the staff that UCU has been representing. In addition, I can confirm that we are considering other opportunities to extend staff engagement in the University.
- We are finalising our plans to phase in new teaching and learning support in the next academic year, building on our commitment last month to introduce additional measures to smooth the transition. We will keep you fully briefed in the coming weeks.
- The University Council will be reviewing the full E&E programme in the next 12 to 18 months, as it has agreed to do with all major projects. This is a sensible and common-sense step with a programme of this size and scale. There will be opportunities for UCU to contribute to this review.
- The University's Audit Committee will be commissioning an independent review of the E&E programme's value-for-money, to

inform its oversight of the 2015-16 end-of-year Financial Statement.

Second, I make no apologies for taking the necessary steps to protect and strengthen our status as one of the UK's leading universities.

This requires a major and detailed three-year programme to put our long-term finances on a firm footing. We can only reinvest more into frontline teaching, research and student services if we cut our operating costs by £15m a year. As a consequence of this and other actions, the University is planning a £10m a year surplus from the end of the decade onwards.

Restating the rationale for all this is important.

We have been able to compete in the sector only by deliberately and carefully running operating deficits – which has resulted in record undergraduate applications and intakes in the last two years; protected academic activity; and continued investment in our facilities. It is not sustainable however to run operating deficits indefinitely, despite our strong fixed net asset base of £395m and income of £223.8m, £239.8m and £290.7m in the last three financial years.

We have been clear that we would do all in our power to protect the core research and teaching of the University – so we rejected the option taken by other universities to cut costs by 'salami-slicing' every part of our budget, irrespective of the impact.

We have gone well beyond that with many new academic initiatives. These include introducing new courses; extending teaching and learning support; establishing new research divisions and interdisciplinary institutes; and protecting the 2012 to 2014 Academic Investment Programme which enabled us to recruit 50 top-class academics from across the world to work here.

We have agreed a net increase of 39 new FTE roles and rising in the 2016-17 academic year, thanks to new investment freed up by Schools.

But, in bringing our budget back into line, we had to make other changes, including those to the PAS. The reality is that the overall E&E programme, running since 2013, has now been largely implemented. The new integrated IT service is in place. The new centrally- managed print operation is established. The new procurement arrangements have been rolled out. All these measures are already saving the University significant sums. The new Professional Administrative Services teams are already being finalised and have started to be put in place.

The fact is that, despite the criticism of our plans, there have been no credible alternative plans put forward on how we put our long-term finances in order, without major cuts to academic activities. As I said above, no change was not an option.

Third, we are not the first, and will not be the last, university to run a restructuring programme like PAS.

This has been a carefully phased two year programme to restructure and create stronger day-to-day services for students and staff – finance; human resources; marketing; teaching operations; executive support; and technical services.

It has been based on a comprehensive picture of the existing professional and administrative support activity. This identified inefficiencies, duplication and inconsistent service to students and academic staff across the institution. It was impossible to ignore this evidence. It is not an optional extra – it is essential to achieving our long-term plans.

PAS means we can save £7.8m a year towards our overall £15m target.

We were clear from the start of PAS in 2014 that there would be a lower overall headcount. We have kept compulsory redundancies to an absolute minimum - we expect the final total to be in the low tens. There has been much public comment that 1500 jobs are at risk – that's a third of our entire workforce which would be ludicrous.

I have set out the up-to-date figures in the annex to this letter. The vast majority of PAS-related staff will remain on their current grades, although they may be moved into new teams. We have 13 staff accepting roles at a lower pay grade and 14 accepting roles on a higher grade. We now need to move forward – putting the final teams in place and implementing our plans.

Fourth, I want to address concern about the £36m investment over the three-year programme.

This is a very significant sum – it is a one-off investment out of overall income of £755 million income over the same period.

We are aiming for the full programme to pay for itself within four years by 2019/20. There has been comment on management consultants. We set out clear objectives and aims, bringing in strong, external expert support to deliver the programme. This meant we could draw on what works best in the public, voluntary and private sectors.

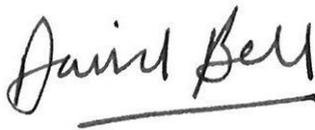
To be clear, however, we have no plans for major new consultancy contracts requiring significant new investment as with E&E and PAS.

Finally, I am confident we all share exactly the same ambitions for the University of Reading.

Since I joined, I have worked very hard with colleagues from across the University to ensure that we become even more successful. As staff in all parts of the institution will testify, among other things, I have been highly visible and proactive in my support for everything from assisting with securing new research contracts, through recognising the achievements of staff and students, to forging many new external partnerships.

My commitment to the success of the University remains undiminished. I am sure that is the case wherever we work and whatever we do. Above all, we want to retain that special ethos and atmosphere that makes Reading what it has been over the last 90 years. Our prospects for the future are bright and we are well positioned to power forward over the next decade and towards our centenary in 2026.

I look forward to continuing to work with you.

A handwritten signature in black ink that reads "David Bell". The signature is written in a cursive style and is underlined with a single horizontal line.

SIR DAVID BELL KCB

Cc Michelle Hargreaves, Staff Forum

ANNEX

RESPONSE TO EACH OF THE VOTE OF NO CONFIDENCE 'DEMANDS'

No compulsory redundancies

We have been clear from the start that there will be a lower overall headcount. We now expect the final number of compulsory redundancies to be in the tens - meeting our pledge to keep these to an absolute last resort.

- 670 staff remain on their current grades – although they will be moved into new teams and divisions as required across marketing/communications; HR; finance; student support; technical services; executive support; academic/governance services.
- We expect the final compulsory redundancy numbers to be in the low tens. 36 staff to date have not been matched into new roles (the vast majority in finance roles and none in teaching/student support) – there are 100 vacancies across the professional functions that these staff or all other University staff are able to apply for. If these roles are not recruited internally, they will be recruited externally.
- 88 staff have accepted firm voluntary redundancies. A further 20 have had voluntary redundancy offers made to them, pending acceptance. 15 applications for voluntary redundancies are being processed by HR. The voluntary redundancy package is up to nine months' pay.

No downgrading

To date, 13 staff have accepted roles at a lower pay grade and 14 have accepted roles on a higher grade. The review showed that staff across the University were performing the same roles but on a different pay grade. It would be unfair and illegal to maintain a current grade that cannot be justified with reference to the duties required of the post. Staff who accepted a lower pay grade will retain their existing salary for six months, with their pay levels reviewed after 12 months. Staff on a lower grade will be right at the top of the pay band, with additional, discretionary payments and spinal point increases applied as for all other grades.

Suspend PAS pending feasibility analysis of structures and timetable

It will be down to each workstream to set out specific implementation timetables in the run-up to the 31 July programme completion. This will ensure the new teams are established and providing an even better quality of

support to Schools and other functions. We will be taking additional measures to smooth the transition where needed, as we set out on teaching and learning support last month – which is sensible given the scale of restructure.

We will not delay the introduction of PAS. We have improved and strengthened our plans as we have moved through the programme - that's because we have listened and acted. We have had two years of review to inform this entire process.

- Detailed activity analysis with 1,900 returns from professional and administrative staff, followed by more than 150 workshops open to UCU and other staff representatives to participate fully in.
- Hundreds of hours of formal consultation, discussion and engagement with UCU and the Staff Forum since October 2015.
- Detailed briefing for each PAS workstream published online and open briefings for each function being restructured, ensuring the University's leadership group and managers are closely involved.
- Scrutiny, testing and endorsement by all the major decision-making bodies within the University – the University Council, University Executive Board and Strategy & Finance Committee. The Leadership Group (Heads of School, Heads of Functions and Deans) have been fully sighted on all our proposals as they developed.

Independent investigation of the PAS process, particularly the costs

The University Council will be running a full review of the entire E&E programme in the next 12 to 18 months, as it has agreed to do with all major projects. This is a sensible and common-sense step with a programme of this size and scale. There will be opportunities for UCU to contribute to this review.

Alongside this, the University's Audit Committee will be commissioning an independent review of the E&E programme's value-for-money, to inform its oversight of the 2015-16 end-of-year Financial Statement.

We will confirm details in due course but this will cover every aspect of the E&E programme, including:

- A new finance & commercial operation – covering finance, commercial, legal and procurement
- A new integrated IT service – to better support every single aspect of our digital operation.
- Better digital marketing and services to students – from the time students are first considering coming to us to being alumni.

- Centralising and cutting the costs of all our printing and printer hardware services.

End the spending of millions of pounds on management consultants

This was a one-off investment and we have no plans for major new consultancy contracts requiring significant new investment as with E&E and PAS. However, we use smaller external consultants across our operation – from our major capital projects to building our digital infrastructure. This investment will not stop. Moreover, many of our academics work externally as consultants, including business consultancies from Henley Business School. Again, this will not stop.

To be clear, we have invested £36.2m in the full E&E programme, not simply the PAS review. This involved commissioning PwC to provide consultancy, legal fees and managing its subcontractors. For example, the series of new digital platforms (first phase of the website, applicant portal, student portal, dedicated student website) required investment in technical development from an external contractor, a project managed by PwC. We would have had to invest in this, regardless of whether PwC was involved, to complete this major work.

The full cost of the programme will be covered within four years - up to 2018/19. We can only reinvest more into frontline teaching, research and student services by cutting our operating costs by £15m overall a year. As a consequence of this and other actions, the University is planning a £10m a year surplus from the end of the decade onwards.