

AUDE

Together, for excellent university estates & facilities

Summary,
insights
and analysis
of the
2018/2019
academic
year

Executive Summary of the Higher Education Estates Management Report 2020

ALL DATA BASED ON HESA RETURNS



SOLENT UNIVERSITY
SOLENT SPORTS COMPLEX



Never so together?

In a year when we as individuals and we as universities have been overwhelmed by our efforts to deal with one issue alone – Covid-19 – it can be difficult to remember whilst publishing AUDE’s annual Estates Management Report (EMR) that the report and analysis represents a snapshot of a moment in time, and vitally, that this moment is pre-Covid. The data in this report was collected by HESA as part of the familiar annual submission before February 2020, and it relates to 2018/19. There is every chance that we’ll come to view this dataset as holding especial significance, as it will be the final wholly pre-Covid dataset, giving us our clearest sight of the state of our university estates before the significant disruption that the coronavirus represents to our estates operations.

The period of the pandemic has provided us with a unique opportunity to work collaboratively as a sector. Arguably we’ve never been more united, never so together, even at such a time of stress. For most of us, although the autumn term has been framed as a re-opening, we are deeply conscious and rightly proud that we never closed, and we are very appreciative of all our estates and facilities colleagues that made this possible. We’re also conscious of the research work that continued, of the vital support our universities gave to the NHS, and to other bodies from local resilience forums to government. We’ve collaborated within the sector and found new ways of collaborating internally. The unprecedented emergency has brought an unprecedented, impressive, collaborative response.

In the months following lockdown, every university looked at every element of its operating plan, as the extent of the likely financial hit from Covid-19 started to come into focus. But Summer 2020 (the period in which we prepare the EMR) has been a strange one, with early summer predictions about a lack of students for Autumn 2020 sliding in the space of a few short weeks into a relative glut of UK students for many institutions following the debacle of the A-level results announcement and subsequent policy changes. Pinning down exactly where we are financially, and the likely impact on typical estates challenges - including maintenance, funding new capital development, transition to more sustainable technologies, and the provision of excellent facilities and accommodation – is difficult in such a fast-moving situation.

Twice since lockdown AUDE has joined with Universities UK to survey AUDE members on their current best sense of the chilling effect on estates budgets of the coronavirus. By July 2020, four months since lockdown started, 65% of member universities responding to the survey said that they had paused or cancelled capital development projects, while 54% had stopped maintenance work that was not connected to statutory compliance. Under best-case scenario planning, these universities predicted a total impact on estates strategic spending of £374m.

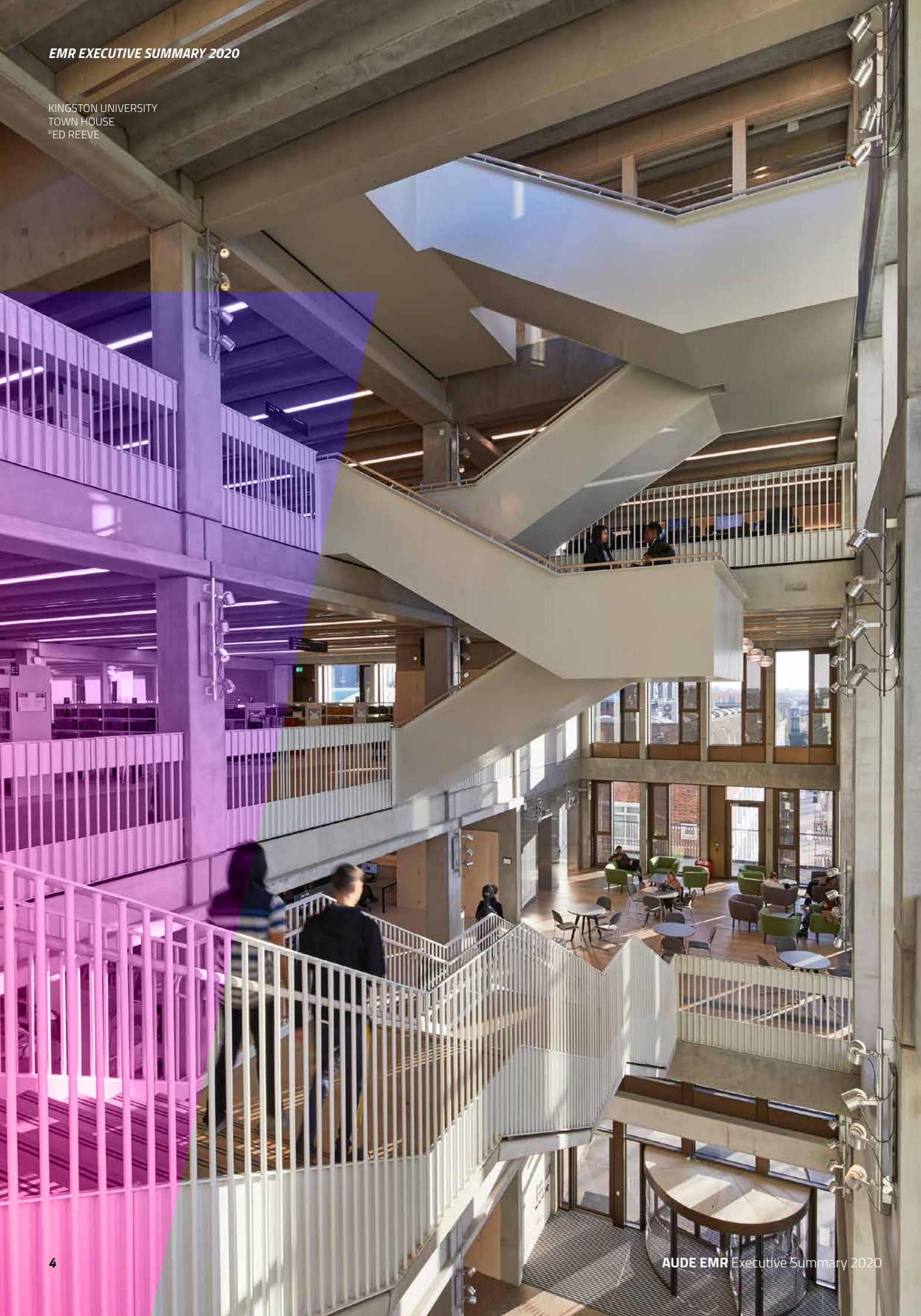
In such a volatile situation our members remain extraordinarily busy, working and re-working plans, doing their best to ensure campuses are Covid-secure, and putting in place day-to-day routines to suit the new realities. Two-thirds (in the survey just mentioned) have furloughed staff from their estates and facilities teams. It is fair to say that across our university communities many are dealing with additional career and family stresses and that an immense wellbeing challenge is increasingly coming to the fore. We look at the work that has been done in such difficult circumstances with admiration, tempered by concern for our estates colleagues working under wholly new pressures.



Repairs and maintenance account for
31.4%
of total property costs
£696m pa



Energy accounts for
19.3%
of total property costs
£426m pa



WHAT EFFECTS CAN WE PREDICT FROM THE PANDEMIC?

The sector will want to find a new equilibrium after the initial tasks of coping with the early stages of the pandemic and then re-opening under enhanced safety regimes in the Autumn 2020. What Covid-related predictions can we make?

- Capital projects will be reviewed with options to stop, change, delay and continue all on the table. Institutions will want to recover their financial positions, and cancelling or postponing estates capital projects will be seen as a possible way of doing that.
- Operating costs will be a major challenge, with funding already having to be found 'from somewhere' for facilities costs associated with re-opening as Covid-secure venues, and enhanced cleaning regimes. This kind of significant additional spend will continue to be needed to ensure core activities – teaching, research – can take place at all.
- Campuses will see a gradual reversal of the trend towards homeworking, but the status quo around some roles and expectations may be broken for good. The flexibility and agility of our workforces will be under new scrutiny, as will our tech infrastructure and data security, and our health and safety management. The skillset around managing and leading physically diffused teams will be increasingly needed as we search for ways to make colleagues feel equally trusted and valued no matter where, when and how they work for us.
- Blended learning will mean an even greater need for physically flexible spaces, and even greater pressures on timetabling.

AUDE will continue to work with its members and senior sector colleagues to provide answers to these challenges through its specialist working groups, its cross-sector collaboration, and its core roles as a peer support network and source of valuable information for estates and facilities teams.



Cleaning accounts for

12.4%

of total property costs

£275m pa



Security accounts for

7.8%

of total property costs

£173m pa

The 2018/19 dataset

It is inevitable that the 2018/19 dataset informing this edition of our annual EMR will be seen through the lens of the coronavirus. At this specific fixed point in time, just before the health emergency began, how were our university estates doing?

Our answer is, it was a mixed picture. In last year's EMR we considered the demographic challenge facing many of our universities as the number of domestic students dropped to recent lows. But we are turning the corner on that issue, with numbers of home-grown students predicted to rise throughout the next decade. In addition:

- The level of capital investment had reached £3.5bn for the first time.
- Costs were under control, despite additional pressures.
- Income per m² was up, particularly in our larger institutions.

Although we could see an increasing disparity in trends (between many of our larger research-focused and smaller teaching-focused institutions, which had borne the brunt of the demographic dip, for instance) the broad picture was positive. Many institutions had multi-year rolling programmes of capital investment ahead of them, while more and more were addressing the challenges presented by climate change and the need to switch to low-carbon energy technologies. The data for 2018/19 shows the continuation of many of these trends.

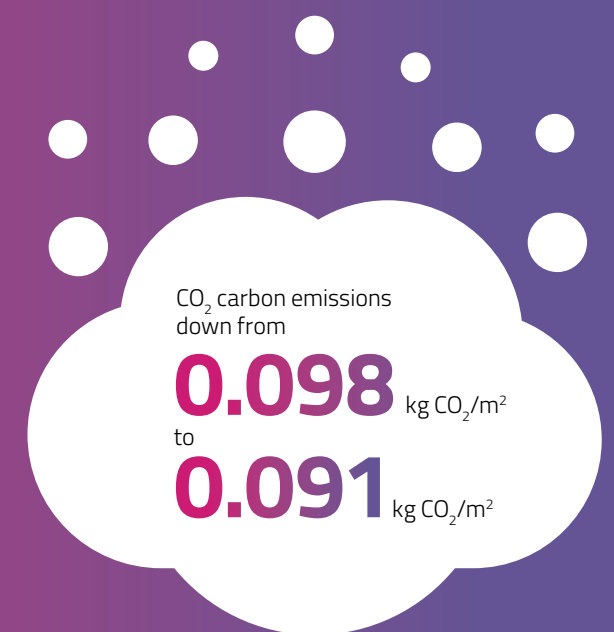
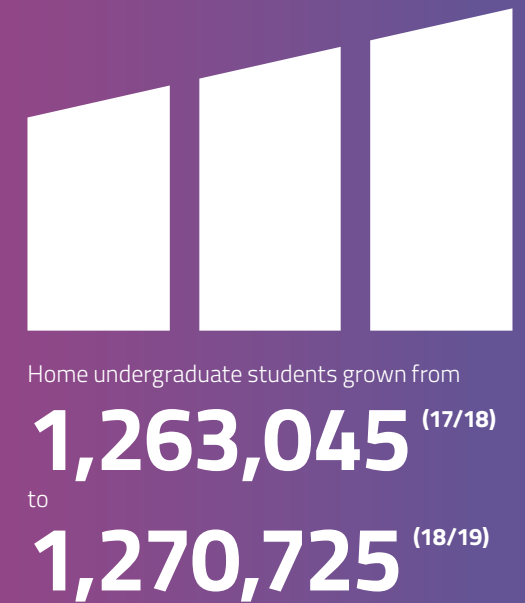
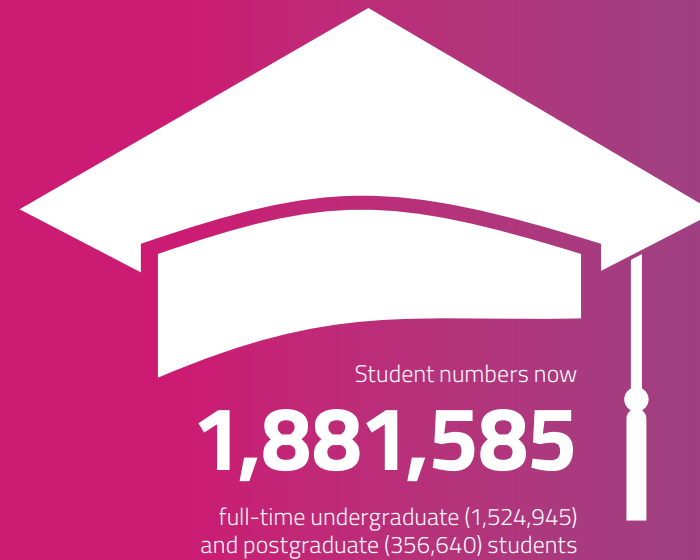
This year's EMR uses the same segments and descriptions as in recent years in defining and allocating institutions to one of four categories – large teaching institutions with an academic income over £100m, 80% or more of which is derived from teaching; small teaching institutions with an academic income of less than £100m, 80% of which is derived from teaching; large research institutions where more than 20% of academic income is derived from research and the level of academic income is more than £300m; and small research institutions where more than 20% of academic income is derived from research but the level of academic income is less than £300m.

This segmentation allows universities to benchmark and compare against institutions elsewhere in the country, and we know our members also use the report to compare against similar specialists or those within a local geography.

Allowing for the significant and obvious disruption caused by the coronavirus, this year's data suggests a pattern of stability, and success, even if not always evenly distributed; and we fully acknowledge that challenges are different in different institutions, as some manage large building projects while others juggle reducing budgets. As in recent years the pattern of capital spending at our institutions is far from even, with seven universities spending more than £100m while 80 spent less than £10m. Income growth in the large research institution segment is particularly strong at £777m (+6%). But all four segments are now grouped together at 75%–80% A–B range when scored for estate condition, and that may well be as high as it is ever likely to get.

But into this stable situation strides Covid-19. The pattern of projected student income for 2020/21 has been volatile throughout the period of the health crisis as different concerns have emerged. From caps on the number of students, some of which have been subsequently removed on a by-course basis, to the projected dip in domestic (UK) students due to concerns over the nature of the university offer during a pandemic (fears that have now been largely allayed after the clearing round led to over-subscription of domestic students), to the concern over enrollment from international students and the associated loss in income, we are living through a period of real and concerted pressure on estate finances, and on the ability of our estates teams to plot the right strategic course.

We pose a handful of questions to our universities, using this financial volatility and the EMR data as our context.



“WITH INCOME GROWING FASTER THAN THE SIZE OF THE ESTATE, COUPLED WITH RELATIVELY STATIC PROPERTY COSTS, WE SEE EFFICIENCY GAINS FOR THE OVERALL SECTOR FROM THE DATA IN THIS YEAR’S EMR. DECISIONS LARGE AND SMALL SUGGEST OUR ESTATES TEAMS ARE GETTING IT RIGHT!”

STEPHEN WELLS, AUDE CHAIR AND DIRECTOR OF ESTATES, FACILITIES AND COMMERCIAL SERVICES AT THE UNIVERSITY OF SURREY

THE UNIVERSITY OF EDINBURGH



ENERGY COSTS

Our university buildings are increasingly energy efficient. Despite the fact that this generation of buildings is technologically more complex than earlier examples, and the fact that they are used more densely than may have been typical in the past, these buildings are delivering reductions in energy consumption. Yet 60% of that energy is still derived from gas. Given the combination of statutory and self-imposed targets, **how do you continue to invest to achieve net carbon neutrality** during a period of probable financial scarcity?

STUDENT EXPERIENCE

Driven by the pandemic and the requirements of social distancing, the need for a different type of life on campus has an inevitable impact on the way we think about and invest in our physical estate and our digital estate. What's the right balance between the two, and given what you now know about actual student numbers for this academic year, **how will you continue to invest to achieve a great student experience?**

DELIVERING STUDENT ACCOMMODATION

In recent years some of our universities have been left carrying the organisational workload and reputational baggage associated with late delivery of student accommodation developments by PBSA (purpose-built student accommodation) providers. The balance between university owned/run accommodation and alternatively sourced accommodation gets ever nearer to a 50/50 split, with 250,000 beds in direct management and a further 120,000 under university lease, while 300,000 beds are now run under PBSA operation. Estates teams have found innovative ways to fund new and refurbished accommodation, including partnership consortia, and this can sometimes free up money to spend within the academic estate. But in your university, **have you got the balance of student accommodation right?**

SPACE

If yours is one of the institutions thinking about disposing of overall space in the light of changing working patterns, and aiming at reduced costs as part of this shrinking of the footprint, you may be doing so at the same time as, for instance, the office sector. If disposing of surplus space could be a challenge, what options are there? Could it be used to support the growth of student-facing activities, enabling more distanced activities, or could it, perhaps, be converted to provide additional spaces for other sectors (maybe commercial laboratories) that are currently facing challenges with insufficient space? **How will you be revising your space strategy to address these issues?**

THE DECISIONS WE TAKE NOW, EVEN UNDER THE ADDITIONAL PANDEMIC PRESSURES AND IN SHORTENED TIMESCALES, WILL LIVE WITH US IN YEARS TO COME. THE EMR DATA FOR 2018/19 SUGGESTS A STABLE AND POSITIVE ESTATES POSITION – EFFICIENCY GAINS, INCREASED VALUE, HIGH QUALITY.

AUDE'S ROLE

"The decisions we take now, even under the additional pandemic pressures and in shortened timescales, will live with us in years to come. The EMR data for 2018/19 suggests a stable and positive estates position – efficiency gains, increased value, high quality. The teams that created this position are now focused on steering our university estates through and past the pandemic. It is AUDE's role to support directors of estates and facilities and their teams in their work, helping every university to make the right strategic choices. Through the Estates Management Report and our work across the year, we provide information and context for day-to-day operational choices as well as high-level investment decisions. We now have an established series of special interest groups working under the AUDE umbrella – on capital, estates management, sustainability, space management, and strategic FM – that help us stay close to the current needs of our universities. Our members' expertise feeds into our knowledge, and we then share this to the benefit of all."

Jane White, AUDE Executive Director

There is inevitably concern this year about estates budgets in the light of the income volatility mentioned earlier. Maintenance budgets are always an easy cost-cutting target, but many institutions are finely balanced, managing statutory requirements with essential maintenance and efficiently run services – there is little if any 'fat' left. Over the last decade we have achieved a position where the quality of the national university estate is as high as it has ever been. We view the quality of our estates as fundamental to sector success – our ability to attract students and staff, our ability to deliver excellent teaching and research programmes, our ability to act as successful local citizens via a myriad of employment opportunities and, in times of crisis, as national players too.

Given the crisis we still face and our track record so far of being ready, indeed keen, to develop shared responses, our biggest question of the year might be around how to continue in this 'never so together' manner. **How can we build on the collaboration of this year, within HE and across the public sector, so we continue to maximise the value we add to the whole?**



Large research institutions student numbers grown from

523,828 ^(17/18)

to

536,336 ^(18/19)

(Nb, includes undergrad and taught postgrad)



Capital expenditure for academic estate

£3,539m

Capital expenditure for residential estate

£424.7m

Estate size (GIA) up from

21,935,800 m² ^(17/18)

to

22,524,218 m² ^(18/19)

an increase of

588,418 m²



AUDE members can download the full
Estate Management Report 2020 at
www.aude.ac.uk/emr

Not a member?

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AUDE

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