How UCL uses your tuition fees

Like most universities that receive public funding, UCL is a charity and raises income from a variety of sources. UCL uses this income to provide teaching and related support as well as conducting research and engaging with businesses and local communities. The teaching support includes a wide range of activities benefiting students generally such as the provision of digital education, library and IT services, careers, welfare and other student services, part-funding the Students’ Union, and contributing to the operation of the campus. As with other charities, any surplus income is reinvested back into improving services and facilities for the future.

We show here the main sources of income, and types of expenditure, for the financial year 2019-20 covering the twelve months 1st August 2019 to 31st July 2020.

UCL income

In 2019-20 UCL earned £1,544m. The sources of this income is shown below:

The income from tuition fees is the largest source of income for UCL, although it only makes up around 35% of the total income. It comprises:
• **UK/EU undergraduate fees.** These are capped at £9,250 per full-time student and most of this fee income is received directly from the Student Loans Company (SLC), which pays the fees on behalf of students who have taken out tuition fee loans. Fee loans are only repaid when someone is in work and earning above a certain amount (£21,000 for 2019/20). The actual amount a UK/EU student will pay for their course will therefore depend upon how much they earn following graduation. It is expected that more than half of UK/EU UG overall students will end up paying less than they borrow.

• **UK/EU postgraduate fees.** These are paid by the student or their sponsor directly to UCL, although many students will be able to access loans from the SLC to meet some of the costs (the maximum loan for new students starting their courses in 2020/21 is £11,222). They include fees for both taught and research programmes. The fees for those UK/EU postgraduate research students who have been awarded a UK Research & Innovation (UKRI) or UCL Centre for Doctoral Training (CDT) studentship are paid directly by the Government. The Government funds for doctoral training covers the stipends for these students.

• **Overseas student fees.** These are separated out into fees for overseas undergraduate fees (£158m) which include Study Abroad affiliate students, and overseas postgraduate fees (£194m), covering taught and research students. For some of these students part or all of the fees are paid by UCL or external sponsors. Overseas student fees are unregulated and higher than UK student fees. This is partly because UCL receives no Government funding for these students.

The term tuition fees is misleading because the fees are used not only to pay for top quality academic staff but also to provide all the other academic and student services that students use. These services include the library, IT, advisory and welfare services, teaching support, and sports facilities as well as the running costs for the buildings in which these services are located.

**Government funding for teaching** is provided via the Office for Students (OfS) to cover the costs of teaching UK/EU students where these are higher than the income received from fees, for example, in high cost science and medical subjects. The OfS is a non-departmental public body of the Department for Education which acts as the regulator and competition authority for the higher education sector in England.

**Government funding for research** is provided by the UKRI to fund research infrastructure and is partly influenced by how UCL performs in the Research Excellence Framework (REF) exercise held every six to eight years.

**Research grants and contracts income** represents 30% of UCL’s income and represents the total of the research funding awarded to individual academics for specific projects, normally through a competitive bidding process. In 2019-20 32% of this income came from the UKRI Research Councils, 33% from charities (mostly medical) and 10% from the EU.

Compared to other UK universities UCL receives very high levels of both Government funding for research and income from research grants and contracts. This is because the quality of UCL’s research is such that UCL is regarded as one of the world-leading universities. This benefits its students because the curriculum is shaped by UCL’s cutting-edge research and its teaching is delivered by academics who are leaders in their field. This is why employers value UCL graduates.
Donations are made by UCL alumni and other UCL friends and much of it goes to assisting individual students financially through scholarships and bursaries, and to improving the UICL student experience generally.

Short courses provide an additional source of funds for UCL. Other income includes income from UCL’s business activities, together with that income matched by specific expenditure, for example the income UCL receives from the NHS to reimburse us for the services provided by many of the medical academics to the NHS. Residences income matches the running costs of the residences with a small amount left over to fund new residences.

**UCL costs**

In 2019-20 the UCL income of £1,544m funded costs of £1,497m and a surplus for reinvestment of £47m.

The largest spend is on academic departments, and around 85% of these costs represent the salary costs of academic and administrative support staff, with 15% funding equipment, teaching materials, laboratory supplies and other non-staff costs.

Operating the library and IT services accounts for 4% of UCL’s costs.
admissions, exams, academic regulation, sports facilities, communications, finance and management.

UCL tries as far as possible to offset some of the premises costs it incurs on running the campuses and buildings, and residences costs, by letting them out during vacations.

Other costs include those relating to activities, such as the provision of scientific and medical services to external bodies, which are covered by income (the Other income under UCL income above) and interest on loans.

The expenditure on research grants and contracts is £383m and is covered by the research grant and contract income of £468m under UCL income above, with the £85m surplus of income over costs covering the time spent by academics in directing this research and the costs incurred by central services and departments in supporting this research.

The surplus for reinvestment of £47m is used to fund investment in new buildings and equipment and starting up academic activity in new subject areas. Some of the surplus is put aside to assist UCL during times of particular need, such as experienced in the academic year 2020-21, when the coronavirus pandemic necessitated additional spend on the development of on-line teaching, student support and cleaning.

UCL expenditure on teaching

We are able to split down the total costs shown above into those which relate to each of teaching, research, and other activities. This allows us to show more clearly the costs of teaching, which are covered by your fees. This is not to detract from the benefits to students of the spend on research, which does so much to enhance UCL’s global reputation, or the spend on enterprise and innovation through which many students have the opportunity to gain a grounding in entrepreneurship.

The academic staff portion shows the cost of the time academics spend teaching and supervising research students, as opposed to research and outreach activities, and the departmental administrative staff costs are derived in a similar manner. The departmental non-staff costs represent items such as laboratory supplies and field trips. For different departments the proportion of staff costs to non-staff costs relating to teaching will vary; the chart shows the total for UCL overall.

UCL corporate costs are those central support costs such as finance (collecting your fees), fundraising (a high proportion of funds raised are for students’ benefit) and the Provost’s office.

The central teaching administration relates to the Vice-Provost Education office, admissions, examinations, the Portico system, outreach activity, and degree ceremonies.

UCL subsidies the students’ union and the student advisory services include the careers service as well as the various student-counselling services.
The share of premises costs relating to teaching are relatively low, since research, at least for scientific and medical subjects, tends to require a lot of laboratory space which is more expensive to run than most teaching spaces.

The scholarship costs include the costs of those funded directly by UCL as well as those financed by donations. They represent around 14% of fee income.

Frequently asked questions

Why doesn’t UCL spend all its income?

UCL, like other universities in the UK, is a charity so has no shareholders or owners to which it has to pay out money. Instead, the surplus of income over expenditure is re-invested so that it pays for new buildings, refurbish older buildings, excellent academics and improved student services. In addition, some of the surplus from prior years is used to maintain services in years, such as 2020-21, when UCL is faced with sudden additional costs.

So am I paying for new buildings which will only be completed after I have graduated?

Yes, to some extent. Some of the money being spent on new buildings is in fact coming from bank loans, but of course current students are enjoying the benefits of new buildings, such as the new Student Centre, which were partly financed by fees paid by past students.
Are my fees good value?

UCL maintains an excellent record for job outcomes and has once again been ranked in the top 5% of institutions in the world for employability. And of course, there are benefits from a UCL education which cannot be quantified in purely financial terms, such as the opportunities offered for volunteering, entrepreneurship, personal development and global awareness.

How are the fees set?

Fees for UK undergraduate and initial teacher training students are set by the UK Government. The fee for 2020-21 new starters was set at £9,250 and this fee remains fixed for the duration of their course. It has not changed for several years.

EU students who started their courses before the end of December 2020 pay the same fees as UK students and will continue to do so for the remainder of their current course. From 2021-22 new EU students will be paying fees at the overseas level.

UCL itself sets fees for international UG students, and for all postgraduate taught and research students. These fees are reviewed annually, taking into account the level of demand and the fees charged by those UK Russell Group and world leading international competitors perceived as our major competitors when attracting high quality students. Other factors are also relevant, for example postgraduate taught course fees are usually higher than those for undergraduate courses because the academic year for these programmes are longer. UK postgraduate research students with UKRI and CDT awards will automatically have their fees covered by their awards.

Why are international students charged so much more than UK and EU students?

The Government provides funds for some of the teaching costs for UK and EU students, particularly in respect of those subjects, such as sciences and medicine, which require laboratories and special equipment. In the past, much of the expenditure on buildings and facilities came from the UK Government and was raised by taxation on the UK population. Also UCL provides extra regulatory and support services for international students, for example help with immigration.

What is the average expenditure per student across UCL?

For 2019-20 there were approximately 37,000 full time equivalents (FTE) students registered at UCL. With teaching costs at £560m for the year this means that average expenditure per student was £15,000.

How did COVID-19 impact expenditure in 2019-20?

UCL incurred additional costs relating to online teaching and student support in the last few months of the financial year 2019-20, but at an institutional level these extra costs were offset by savings made by cutting back on non-urgent spend and on imposing a staff recruitment freeze in some central services. During the first term of 2020-21 UCL has spent considerably more than anticipated on on-line teaching and supporting students, and has lost money on residences and catering.