UNIVERSITY FINANCIAL HEALTH AND IMPLICATIONS IN ENGLAND: WAVE 1

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Delivered with ESRC and Innovate UK

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About the Innovation and Research Caucus

The Innovation and Research Caucus supports the use of robust evidence and insights in UKRI's strategies and investments, as well as undertaking a co-produced programme of research. Our members are leading academics from across the social sciences, other disciplines and sectors, who are engaged in different aspects of innovation and research systems. We connect academic experts, UKRI, IUK and the (ESRC), by providing research insights to inform policy and practice. Professor Tim Vorley and Professor Stephen Roper are Co-Directors. The IRC is funded by UKRI via the ESRC and IUK, grant number ES/X010759/1. The support of the funders is acknowledged. The views expressed in this piece are those of the authors and do not necessarily represent those of the funders.

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Executive Summary

It has been widely reported that a significant proportion of UK universities face serious financial challenges. However, we possess little robust information on how this affects investment decisions, the maintenance and development of university services, and future planning.

Therefore, the central focus of this project is to provide consistent, timely, and representative information on the impact of financial stringency on universities' investment and planning decisions. How is financial stringency within the institution affecting activities in the current financial year? Where are these current spending cuts being felt – in specific faculties, services, or staffing? If there are capital impacts, how does this influence investment activity? Is this affecting institutions' support for research, commercialisation, and innovation activities?

Data were collected through interviews with Chief Financial Officers (CFOs) or the financial leads of HEIs in England. Structured telephone interviews were subsequently conducted with interviewees between March and May 2025. Further surveys are planned for the summer and late autumn of 2025.

Of the 133 HEIs in England included in the survey, 74 were interviewed, resulting in an overall response rate of 56.1 per cent. Among the respondents, 63 (85.1 per cent) held positions as either CFOs or Directors of Finance. Response rates varied by the type of institution, as illustrated below, which employs TRAC Peer Groups to classify different types of institutions.

Survey coverage by TRAC Peer Groups

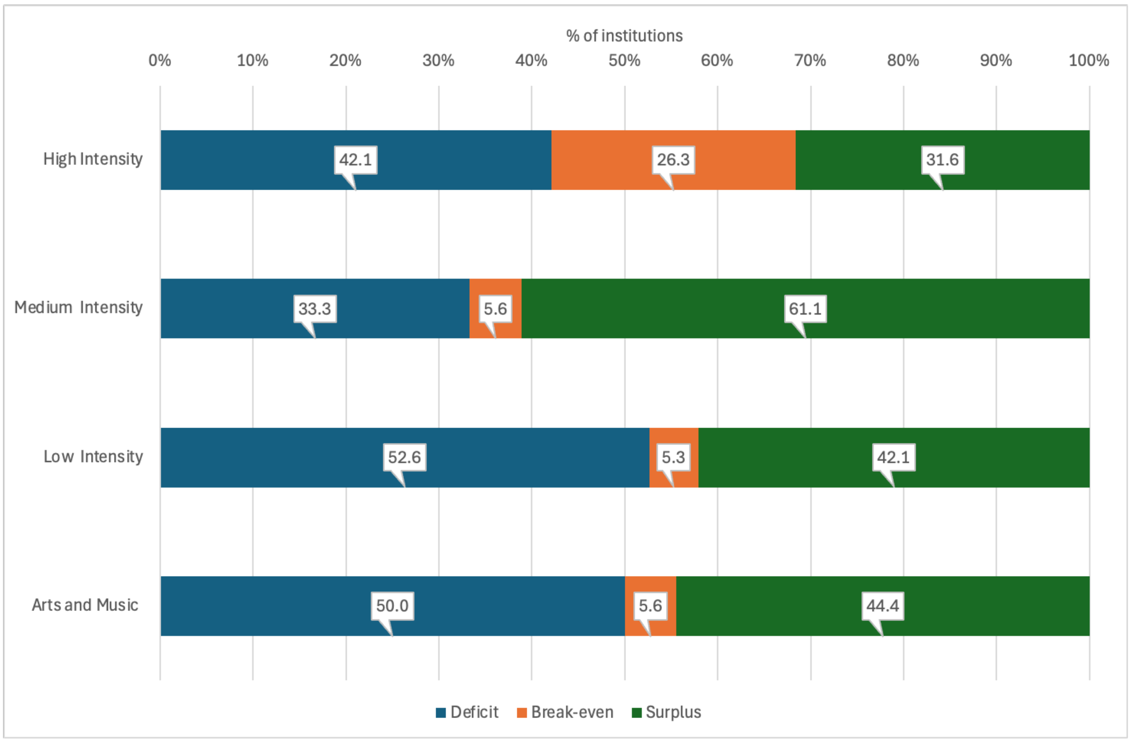
Type of institutions	Responses	Target Group	Response Rate
High Research Intensity (Group A)	19	25	76.0%
Medium Research Intensity (Groups B and C)	18	34	52.9%
Low Research Intensity (Groups D and E)	19	54	35.2%
Arts and Music (Group F)	18	19	94.7%
Total	74	132	56.1%

The main text's results focus on the summary groups listed in the table above. Detailed responses for individual TRAC groups can be found in Annex 2.

Financial challenges and their causes

Overall, we observe significant differences in the financial positions of UK HEIs, both between and within TRAC groups. Similar factors are contributing to deficits and diminished operating surpluses. See below:

Current operating position of respondents by TRAC group



Where deficits occur, there is a commonality in the factors driving these within TRAC groups; however, the origins of financial weakness differ markedly between the groups. In particular, the decline in foreign tuition fees, which dominates discussions in High Research Intensity Universities. This issue is less significant elsewhere, where estate and staff costs are more critical exacerbated by the lack of international students. UK tuition fees decline is widely cited among specialist Arts and Music institutions as a major financial challenge.

All institutions identifying a decline in foreign tuition fees as an issue reported reduced student numbers as a concern, alongside other domestic factors such as costs and visas. Interestingly, 81.5 per cent of respondents also noted increased international competition, indicating that the drop in international tuition fees is not solely a domestic issue. Similar issues have been reported in US, Canada and Australia universities.

Managing deficits or declining operating surplus

Sixty-three institutions (85.1 per cent) reported an operating deficit, broke even, or had a reduced operating surplus in the year of the survey. This represented the majority of institutions in each TRAC group. This section focuses on the financial and operational strategies that these institutions have adopted.

Only a very small proportion of institutions in a deficit or reduced surplus position (4.9 per cent) increased borrowing over the past year. Approximately a quarter of institutions sought to sell assets or land, a proportion similar across TRAC groups. More than three-quarters of institutions aimed to develop additional revenue streams.

The survey asked about the impact of the financial situation on several areas of current activity:

- ***Courses offered*** - only a small number of institutions reported actual or planned departmental closures, which was most common among Medium and Low Research Intensity Universities. More institutions of each type reported that financial stringency was encouraging new course offerings rather than reducing the range of courses they offered. This was evident in both undergraduate and postgraduate courses offered.
- ***Staff recruitment and retention*** - almost half of those institutions with deficits or reduced operating surpluses have implemented voluntary redundancy programmes for academic and other staff. These programmes are more common among Medium- and Low-Research-Intensity institutions and less common among specialist Arts and Music colleges. Compulsory redundancy programmes, implemented by around a fifth of all institutions, were also most common in Medium and Low Research Intensity institutions. Around three-quarters of institutions with deficits or reduced operating surpluses have implemented restrictions on recruitment, with these being most common among High- and Medium-Research-Intensity institutions.
- ***Student services, student experience and support*** – most institutions had maintained spending on all aspects of student experience. More institutions were raising their support for diversity, inclusion, mental health, and wellbeing rather than reducing expenditure. Around a quarter of institutions reported reductions in career support and development, and academic development.
- ***Support for research*** – more deficit and reduced operating surplus institutions are reducing all categories of research support than increasing it. Support is being cut more widely in two specific areas: 35.6 per cent of institutions are reducing support for research facilities and equipment, and 36.8 per cent are reducing support for internal research consortia or research institutes. Interestingly, 18.0 per cent of institutions are increasing their funding of libraries and data services for research and teaching.
- ***Commercialisation and innovation activities***—where changes have been made, these are more likely to be increases in investment rather than decreases. 19.3 per cent of institutions increased their support for industrial collaborations and

partnerships. The most common reductions in commercialisation spending were 18.6 per cent of institutions reducing their investments in early-stage businesses.

- ***Estates and physical assets*** - the proportion of institutions reporting reductions and increases in spending is significantly larger than in other expenditure categories. More than two-fifths of institutions reported reductions in maintenance of buildings and spending on new buildings, with 37.9 per cent also reporting cutbacks in spending on research facilities and equipment. However, this is balanced by 52.6 per cent of institutions reporting increased spending on digital transformation and 31.7 per cent reporting increased spending on teaching and learning resources.
- ***Civic and regional roles*** - here, the most common changes were a reduction in support and sponsorship for non-university activities reported by 32.1 per cent of institutions and an increase in regional engagement by the university leadership reported by 29.5 per cent.

Of the institutions facing a deficit or reduced operating surplus, 58 indicated that the current financial situation had affected their financial and operational plans for the next three years. Among High Research Intensity Institutions, this financial situation is prompting a re-evaluation of both operational and structural plans.

Medium research intensity universities appear less focused on structural changes and more oriented towards organisational reorganisation, operational changes, and efficiencies. Low Research Intensity Institutions prioritise both cost efficiencies and a review of institutional structures and sustainability. Finally, Arts and Music colleges seem to concentrate on managing expenditure to align with income by reducing staffing and capital costs, as well as seeking economies wherever possible.

Managing a stable or increasing operating surplus

Eleven institutions reported a stable or increasing operating surplus. These eleven institutions (14.9 per cent of respondents) included four High and Medium Research Intensity institutions, one Low Research Intensity institution, and two Arts and Music colleges.

Even where institutions reported a stable or increased operating surplus, there is evidence of significant financial pressure reflected in staffing reductions and cost-cutting measures. Indeed, this group of institutions was planning very similar staff management strategies to those of institutions in a weaker financial position. However, for this group of universities, the scope for increased investment in supporting research and commercialisation was more apparent.

Implications for university leadership and the wider workforce

There was a widespread perception among all TRAC groups that university leadership teams have come under increased pressure and scrutiny, leading them to make some difficult decisions. A consensus emerged on the need for leadership teams to adopt a more short-term focus. These perceptions of how the financial situation impacts institutions' leadership teams were commonly shared across TRAC groups.

There was a strong perception that the financial situation – and presumably related staffing issues – were creating an increased workload, heightening job insecurity and contributing to poor mental health and well-being. Between 40 and 50 per cent of respondents reported diminished staff motivation, job satisfaction, and trust in university leadership.

An on-going crisis?

As part of the survey, respondents were asked whether they viewed the current financial situation as a 'short-term challenge' or a 'systematic and longer-term issue'. Seventy-two of the seventy-four respondents indicated the latter. Explanations for this response shared a view that the current business model of the sector is unsustainable, with many respondents recognising the need for organisational and policy changes.

Ultimately, respondents were asked how effectively they believed governmental and regional stakeholders had supported the university. Sixty-two point two per cent of respondents regarded the support they had received as 'not at all effective' or 'not effective'.

1. Research aims, approach and coverage

1.1 Research aims and objectives

It has been widely reported that a significant proportion of UK universities are facing serious financial challenges. However, we have limited robust information on how this is impacting investment decisions, the maintenance and development of university services, and future planning.

The central focus of this project is to provide consistent, timely, and representative information on the impact of financial stringency on universities' investment and planning decisions. Understanding the downstream effects of the financial challenges facing some institutions is important for their potential impact on university services to students, both educational and supportive, as well as on universities' ability to support research and innovation, enterprise, commercialisation, and acting as anchor institutions within their regional economies.

We recognise that there is significant diversity within the UK university sector, both in the character of institutions and their financial status. The project design aims to capture this diversity and provide a representative picture of the challenges and opportunities faced by universities within specific TRAC Peer groups (see Section 1.2).

The project is founded on structured conversations with university leaders. This report details the responses to Wave 1 of the survey conducted between March and May 2025. Further surveys are scheduled for the summer and late autumn of 2025.

We address the following research questions

(1) How stable are the finances of each university? Is there a projected deficit this year? In future years? How manageable is this in the context of the university's broader financial situation – reserves, liabilities etc? Has this led to a restructuring of university financing?
(2) What is the institution's view of this situation. Is this seen as a short-term challenge or a more systemic and longer-term issue? How is this influencing strategic thinking and objectives within the institution?
(3) How adaptive has the university been in the context of any financial stringency? How effectively has this been 'managed'? Has this raised internal tensions? How effectively has the university been supported by external, governmental and regional stakeholders?
(4) How is any financial stringency within the institution impacting activities in the current financial year? Has this involved cutbacks or retrenchment in terms of areas of revenue or capital spend? Where are these current spending cuts being felt – specific faculties, services or staffing? If there are capital impacts how is this shaping investment activity?
(5) How is financial stringency impacting the university's ability (or willingness) to support externally funded research activity? Does this differ in terms of UKRI research funding which does provide overheads and other grant funding which provides no overhead? How

is this impacting doctoral research training? Has there been an impact on research partnering or collaboration?

(6) How is financial stringency impacting the university's ability (or willingness) to support (current and future) commercialisation and innovation activities? Has there been an impact on research partnering or collaboration?

(7) How is any financial stringency impacting the university's wider regional role and knowledge exchange activity? How has this impacted on other local policy initiatives or development activities?

1.2 Survey conduct and coverage

Data collection was carried out through interviews with Chief Finance Officers (CFOs) or the financial leads of HEIs. Research England sent an invitation to all HEI Vice-Chancellors and leaders in March 2025 to participate in the study. This was followed by email and telephone contact to identify potential interviewees. Where possible, structured telephone interviews were conducted with interviewees from March to May 2025. The survey was conducted under the rules of the Market Research Society, and only anonymised data was passed to the research team unless explicit permission was granted by interviewees.

Of the 133 HEIs in England that were included in the survey, 74 were interviewed, resulting in an overall response rate of 55.6 per cent. Among the respondents, 63 (85.1 per cent) were either CFOs or Directors of Finance. Six respondents (8.1 per cent) held the position of Chief Operating Officer, while the remaining five respondents were either Pro-Vice Chancellor, VP Research, or Vice Principal.

Response rates differed by type of institution, as shown in Table 1.1, which uses TRAC Peer Groups to classify the different types (see Box 1 and Annex 1 for a full list). Detailed survey results for individual TRAC groups are provided in Annex 2.

Box 1: TRAC Peer Groups in England

Classifications are based on peer groups for annual TRAC benchmarking for 2022-23. Groups A to E are defined by research intensity (research income as a proportion of total income). Group F are specialist music/arts teaching institutions. The five groups of institutions are (See Annex 1 for full list):

- Group A: 'High Research Intensity' - Institutions with a medical school and research income* of 20% or more of total income
- Group B: All other institutions with research income* of 15% or more of total income
- Group C: Institutions with a research income* of between 5% and 15% of total income
- Group D: Institutions with a research income* less than 5% of total income and total income greater than £150M
- Group E: Institutions with a research income* less than 5% of total income and total income less than or equal to £150M
- Group F: Specialist music/arts teaching institutions

Group A are 'High Research Intensity' institutions. Groups B and C have fewer members and so we amalgamate these groups ('Medium Research Intensity') in the analysis to preserve anonymity of respondents. Although larger, we obtained fewer respondents in Groups D and E ('Low Research Intensity') so again amalgamate these groups in the reporting. Detailed results for individual TRAC groups are provided in Annex 2.

Table 1.1: Survey coverage by TRAC Peer Groups

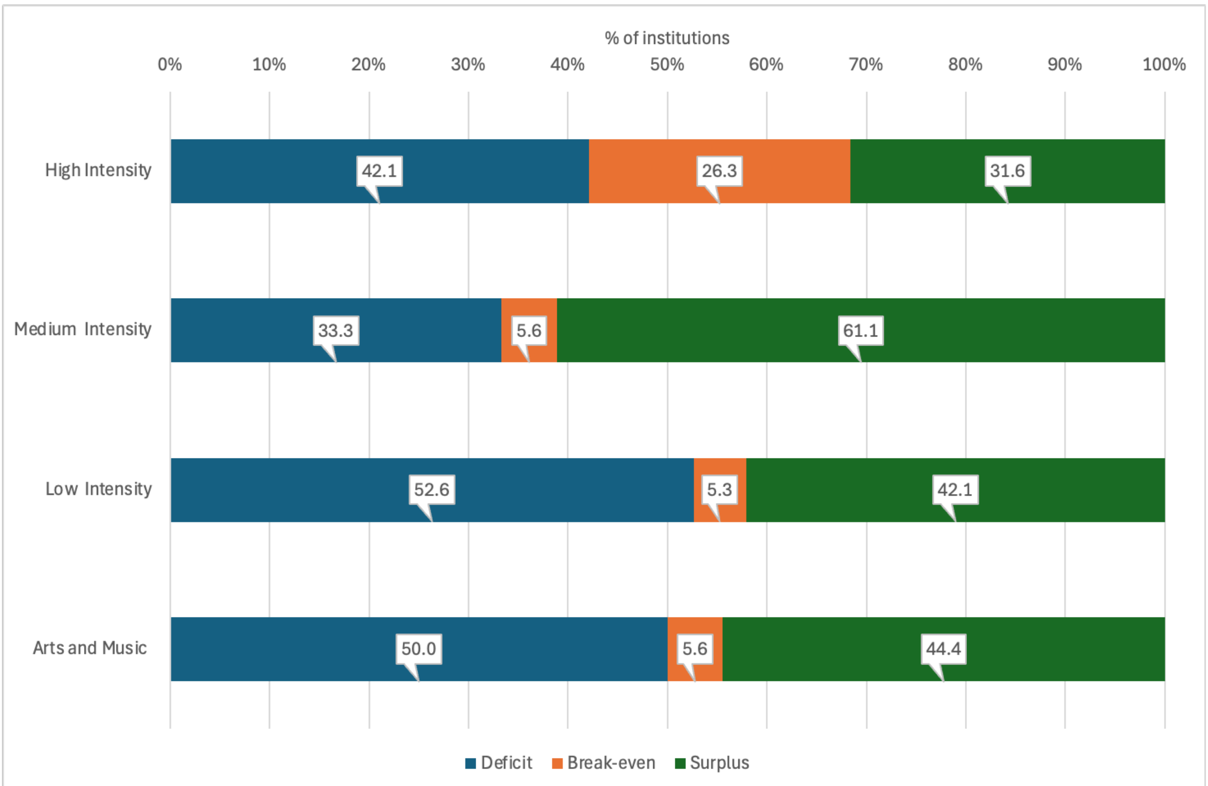
Type of institutions	Responses	Target Group	Response Rate
High Research Intensity (Group A)	19	25	76.0%
Medium Research Intensity (Groups B and C)	18	34	52.9%
Low Research Intensity (Groups D and E)	19	54	35.2%
Arts and Music (Group F)	18	19	94.7%
Total	74	132	56.1%

2. Financial challenges and their causes

2.1 Financial status

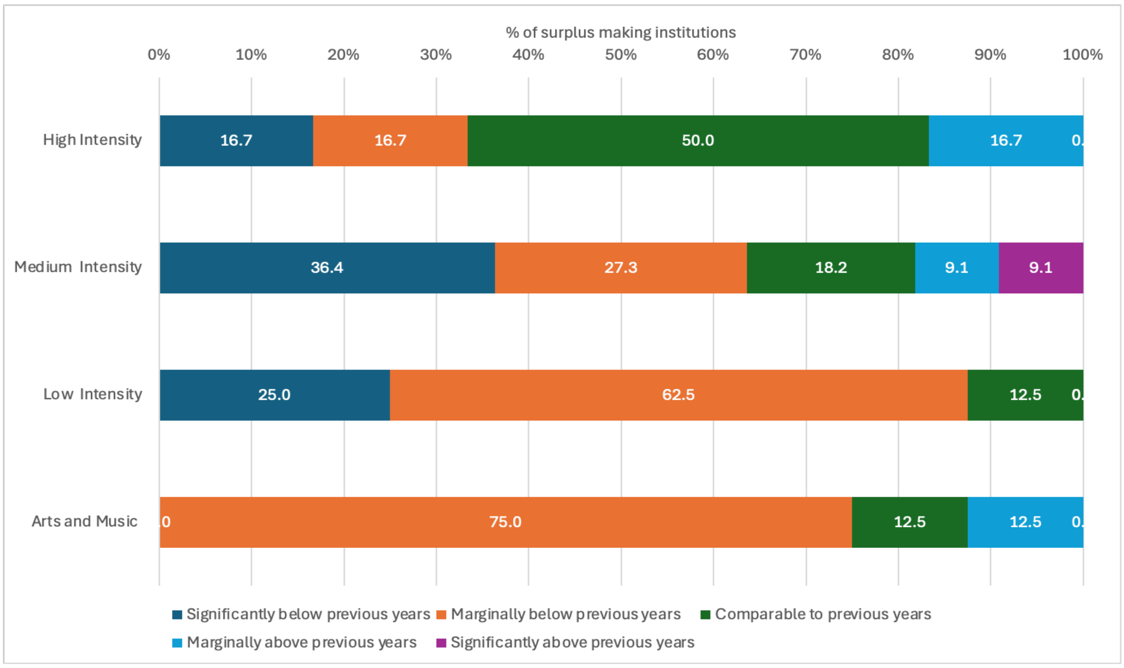
As part of the survey, respondents were asked about their institution's position in the current year and the balance between current income and expenses. As might have been expected, responses varied among TRAC groups, with specialist Arts and Music institutions and Low Research Intensity universities being more likely to report a deficit position, while Medium Research Intensity universities were most likely to show a current period surplus (Figure 2.1).

Figure 2.1: Financial position by TRAC group



Institutions that reported a surplus in the survey were also asked how their operating margin (i.e., revenue minus operating expenses) compared to that of the previous year. This was intended to identify circumstances in which institutions remained in surplus but were facing more challenging financial conditions than before. However, a small proportion of institutions in each TRAC group reported operating margins that exceeded those of previous years (Figure 2.1). Most institutions in each group had either comparable or lower operating margins than in prior years. It is important to note that this pertains only to those institutions reporting a positive operating surplus; high research intensity institutions were the most likely to report a surplus comparable to previous years.

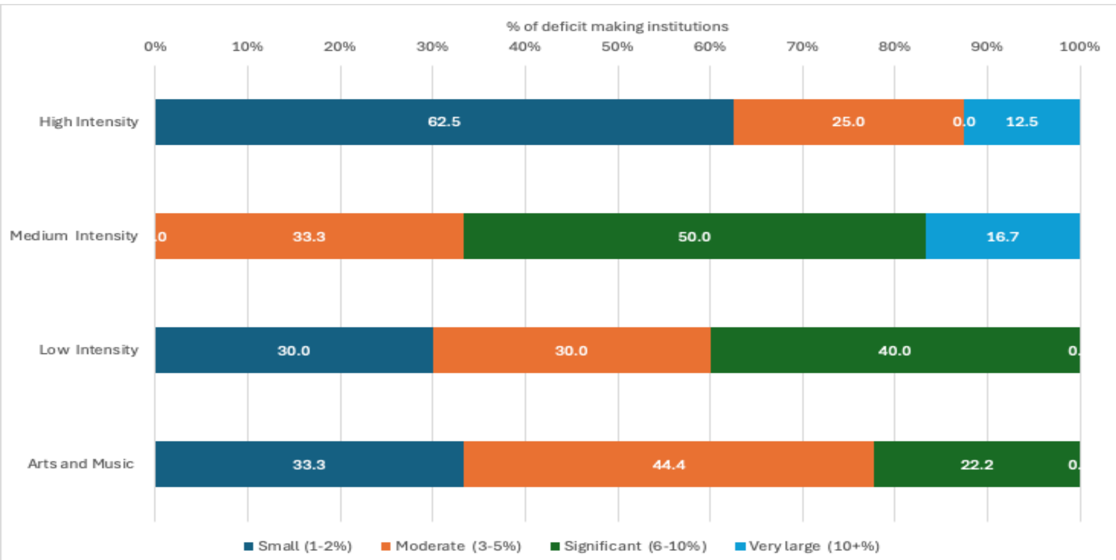
Figure 2.1: Scale of surplus relative to previous years: Surplus-making institutions



2.2 Drivers of financial status

Where institutions reported a deficit in the current year, they were asked about the scale of this relative to their income (Figure 2.2). Again, profiles vary significantly between TRAC groups, with high research intensity institutions being more likely to experience small or moderate deficits, while more significant deficits were more common among medium and low research intensity institutions. Specialist arts and music institutions generally experienced small or medium operating deficits (Figure 2.2).

Figure 2.2: Scale of deficit relative to income: Deficit-making institutions



As part of the survey, institutions that were in a break-even or deficit position were asked to explain why this was the case. Table 2.2 presents the proportions of institutions stating that a range of factors were either 'important' or 'very important'. In each instance, proportions do not total 100, as institutions could identify more than one factor. Among High Research Intensity universities, international tuition fees (66.7 per cent) were most commonly identified as the reason for their financial position, followed by rising costs in staffing and estates. Here, pension cost increases were not regarded as particularly significant. Medium and Low Research Intensity institutions considered pension costs important alongside other factors. Specialist Arts and Music institutions viewed rising costs and pension expenses as significant, along with declines in UK fee income.

Table 2.2: Factors which were 'important' or 'very important' in shaping financial outcomes: institutions in deficit and breaking even (N=39)

	High Intensity	Medium Intensity	Low Intensity	Arts and Music	Total
Decline in UK tuition fee income	8.3	33.3	18.2	90.0	35.9
Decline in international tuition fee income	66.7	50.0	54.5	10.0	46.2
A fall in research income	0.0	0.0	0.0	11.1	2.6
Under-recovery on research costs	25.0	16.7	0.0	33.3	18.4
Falls in income from sources other than research and teaching (e.g. commercialisation, facilities hire)	8.3	16.7	9.1	30.0	15.4
Rises in estate and facilities costs	50.0	16.7	36.4	60.0	43.6
Increases in debt levels	0.0	0.0	0.0	16.7	3.2
Increases in debt costs due to interest rate rises	0.0	0.0	0.0	16.7	3.2
Increases in staff costs (pay, NI etc).	58.3	33.3	72.7	90.0	66.7
Pension costs	0.0	33.3	90.0	50.0	42.1

Table 2.3 compares the 'important' and 'very important' factors influencing whether institutions are breaking even or operating at a deficit, as well as those applicable to institutions with a reduced surplus. Here, the sample size is small (N=22), so we report only aggregated results. Generally, the factors influencing each type of financial position are quite similar; however, there is likely to be diversity between TRAC groups.

Table 2.3: Factors which were 'important' or 'very important' in shaping financial outcomes: deficit and breaking even and reduced surplus

	Breaking even or deficit (N=39)	Reduced surplus (N=22)
Decline in UK tuition fee income	35.9	31.8
Decline in international tuition fee income	46.2	52.4
A fall in research income	2.6	0.0
Under-recovery on research costs	18.4	31.6
Falls in income from sources other than research and teaching	15.4	4.5
Rises in estate and facilities costs	43.6	59.1
Increases in debt levels	3.2	0.0
Increases in debt costs due to interest rate rises	3.2	0.0
Increases in staff costs (pay, NI etc).	66.7	86.4
Pension costs	42.1	50.0

Where institutions identified a decline in foreign tuition fees as an issue related to either a reduced surplus or a deficit position, they were asked about various dimensions of this problem. A summary of their responses is provided in Table 2.4. Here, the percentages represent the proportion of institutions stating that each dimension of the problem was a key issue. All institutions responding to this question cited reduced student numbers, along with other domestic factors such as costs and visas. Interestingly, 81.5 per cent of respondents also noted increased international competition, suggesting that the decline in international tuition fees is not entirely a domestic issue.

Table 2.4: Key issues relating to international student fee income (N=29)

Reduced or limited student numbers	100.0
Inadequate fees per student	10.7
Increased costs per student	51.9
Intensified international competition	81.5
Visa or other travel restrictions	71.4

2.3 Summary

Overall, we observe significant differences in the financial positions of UK HEIs, both between and within TRAC groups. Similar factors are contributing to deficits and reduced operating surpluses.

Where deficits are occurring, there is a commonality in the factors driving these within TRAC groups; however, the origins of financial weakness differ markedly across the groups. In particular, the decline in foreign tuition fees that dominates discussions among High Research Intensity Universities is less significant elsewhere, where estate and staff costs carry more weight. Specialist Arts and Music institutions frequently cite the failure to increase UK tuition fees as a key financial challenge.

All institutions identifying a decrease in international tuition fees as a concern reported reduced student numbers as an issue, along with other domestic factors such as costs and visas. Interestingly, 81.5 per cent of respondents also noted increased international competition, suggesting that the decline in international tuition fees is not solely a domestic problem.

3. Managing financial stringency

3.1 Introduction

In this section, we focus on the financial and operational strategies being adopted by those institutions that had an operating deficit, were breaking even, or had a reduced operating surplus. These 63 institutions comprise the bulk of respondents (85.1 per cent) to the survey, indicating that the overall financial position across the sector. Table 3.1 presents a breakdown of respondents by TRAC group. Section 4 describes the activities of the 11 (14.9 per cent) institutions that were generating an operating surplus at the time of the survey, which was comparable to or larger than the previous year.

Table 3.1: Distribution of financial position across TRAC groups:

	Number of institutions				Percentage of TRAC group		
	Deficit or reduced surplus	Stable or increased surplus	All		Deficit or reduced surplus	Stable or increased surplus	All
High Intensity	15	4	19		78.9	21.1	100.0
Medium Intensity	14	4	18		77.8	22.2	100.0
Low Intensity	18	1	19		94.7	5.3	100.0
Arts and Music	16	2	18		88.9	11.1	100.0
All	63	11	74		85.1	14.9	100.0

3.2 Financial strategy

Only a very small proportion of institutions in a deficit or reduced surplus position (4.9 per cent) had increased their borrowing over the past year. Around a quarter of institutions had sought to sell assets or land, a proportion that was very similar across TRAC groups. More than three-quarters of institutions were seeking to develop additional revenue streams (Table 3.2).

Table 3.2: Additional financial strategies: Deficit and reduced surplus institutions

	High Intensity	Medium Intensity	Low Intensity	Arts and Music	Total
Engaging with different lenders	0.0	15.4	16.7	18.8	13.1
Selling assets or land	28.6	30.8	27.8	25.0	27.9
Using subsidiary companies to employ staff	0.0	15.4	11.1	18.8	11.5
Seeking additional revenue streams	71.4	61.5	72.2	93.8	75.4

Universities highlighted various activities aimed at generating additional revenue in response to an open-ended question. Detailed responses are included in Annex 3 and summarised here. Typical among the High Research Intensity institutions, this included:

- ‘Maximising our commercial revenue, sports facilities, catering.’
- ‘More students from India, but the visa situation is challenging.’
- ‘Increase industrial research and online learning. Both are tiny and not significant yet.’
- ‘New sources of research funding, new commercialisation sources, some rental income and income from the estate.’
- ‘More commercial income and more non-standard education offering.’

A similar emphasis on maximising income from the university estate, a focus on commercialisation and on developing on-line and non-standard education offerings was also evident in Medium Research Intensity (Groups B and C) institutions:

- ‘Greater online course provision and optimisation of trading outlets.
- ‘Online learning and international partnerships.’
- ‘Campus income and we are a campus university, so we have got space and short courses.’
- ‘International partnerships and transnational education.’
- ‘Increased emphasis on trying to develop new partnerships with industry and emphasis on apprenticeship income.’
- ‘Commercial rental income, that would be the main thing.’

And, similarly, in Low Research Intensity (Groups D and E) institutions:

- ‘Mainly international revenue and TNE.’
- ‘We entered into some industrial partnering and are looking to provide more services or additional provision.’
- ‘Looking at what I call commercial activities to basically utilise all the assets we have more fully, renting.’
- ‘Developing partnership arrangements and commercialisation activities, particularly, better use of our estate.’
- ‘We would try to increase our commercial activity and the accommodation letting activity over the summer.’
- ‘We have opened up a new cohort of students. It's the first time …’.
- ‘That is the franchise educational partnerships and subcontracted teaching of franchise students.’

The rather different asset base and market position of specialist Arts and Music institutions influenced their responses to financial challenges. However, again increased commercialisation and diversification are common themes:

- ‘Franchise partners, commercial income and university spin-outs.’
- ‘Mainly, more student residencies and also looking to get commercial income hiring out our workshops.’
- ‘Development income from donations and commercial income including consultancy and doing short courses.’
- ‘Commercial activity around continued professional development around short courses, consultancy.’
- ‘Additional revenue streams for us. We are looking at rent, commercial activity, tickets sales and merchandising.’
- ‘Donations and hire of our spaces.’

3.3 Impacts on specific areas of expenditure

3.3.1 Courses offered

Institutions facing a deficit, break-even, or reduced surplus were asked how this impacted course offerings and whether it had led to departmental closures (Table 3.3). Only a small number of institutions reported either actual or planned departmental closures, which were most common among Medium and Low Research Intensity Universities (Table 3.3). More institutions of each type indicated that financial stringency was encouraging new course offerings rather than reducing the range of courses available. This trend was evident in both undergraduate and postgraduate courses offered.

Table 3.3: Has financial stringency impacted courses offered? (% institutions, N=61)

	High Intensity	Medium Intensity	Low Intensity	Arts and Music	Total
Closure (or planned closure) of specific departments	0.0	23.1	22.2	6.3	13.1
Dropping any undergraduate programmes	8.3	38.5	38.9	25.0	28.8
Dropping any postgraduate programmes	21.4	30.8	38.9	43.8	34.4
New undergraduate programmes	46.2	61.5	61.1	68.8	60.0
New postgraduate programmes	57.1	76.9	66.7	62.5	65.6

3.3.2 Staff recruitment and retention

Financial stringency has also resulted in system-wide restrictions on staff recruitment and, in certain institutions, voluntary and compulsory redundancy programmes for academic and other staff (Table 3.4). Nearly half of those institutions experiencing deficits or reduced operating surpluses have implemented voluntary redundancy programmes for academic and other staff. These programmes are more prevalent among Medium and Low Research Intensity institutions and less common among specialist Arts and Music colleges.

Compulsory redundancy programmes, implemented by approximately a fifth of all institutions, were most prevalent in Medium and Low Research Intensity institutions (Table 3.4). About three-quarters of institutions facing deficits or reduced operating surpluses have enacted recruitment restrictions, with these being most common among High and Medium Research Intensity institutions.

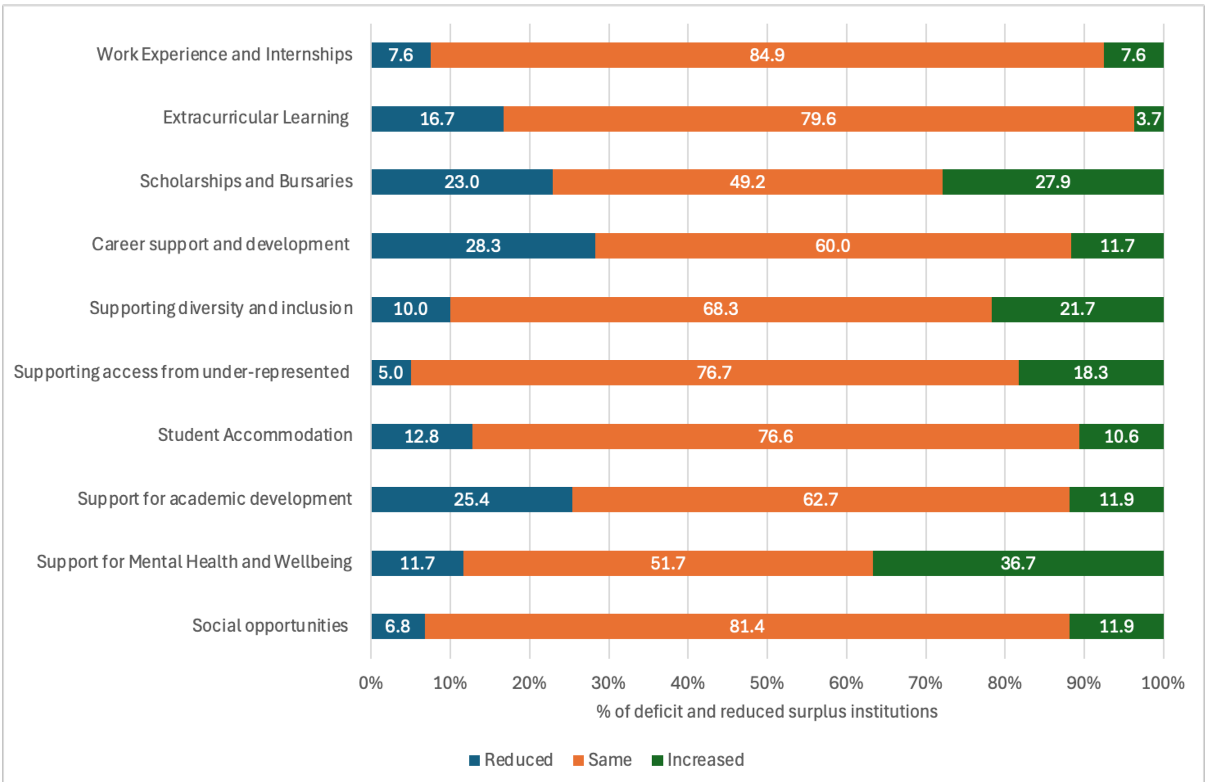
Table 3.4: Has financial stringency impacted on staff retention and recruitment? (% institutions, N=61)

	High Intensity	Medium Intensity	Low Intensity	Arts and Music	Total
Voluntary redundancy programmes for academic staff	42.9	53.8	61.1	31.3	47.5
Voluntary redundancy programmes for other staff	42.9	53.8	50.0	37.5	45.9
Compulsory redundancy programmes for academic staff	0.0	38.5	22.2	18.8	19.7
Compulsory redundancy programmes for other staff	7.1	46.2	16.7	18.8	21.3
Restrictions on hiring of academic staff	78.6	84.6	52.9	62.5	68.3
Restrictions on hiring of other staff	78.6	100.0	64.7	68.8	76.7

3.3.3 Student services, student experience and support

Respondents reporting a deficit, breakeven, or reduced financial surplus were also asked whether they had increased, maintained, or decreased their spending on student experience and support (Figure 3.1). Most institutions had maintained spending on all aspects of the student experience. More institutions were increasing their support for diversity and inclusion, as well as mental health and wellbeing, rather than cutting expenditure. Approximately a quarter of institutions reported reductions in career support and development, as well as academic development.

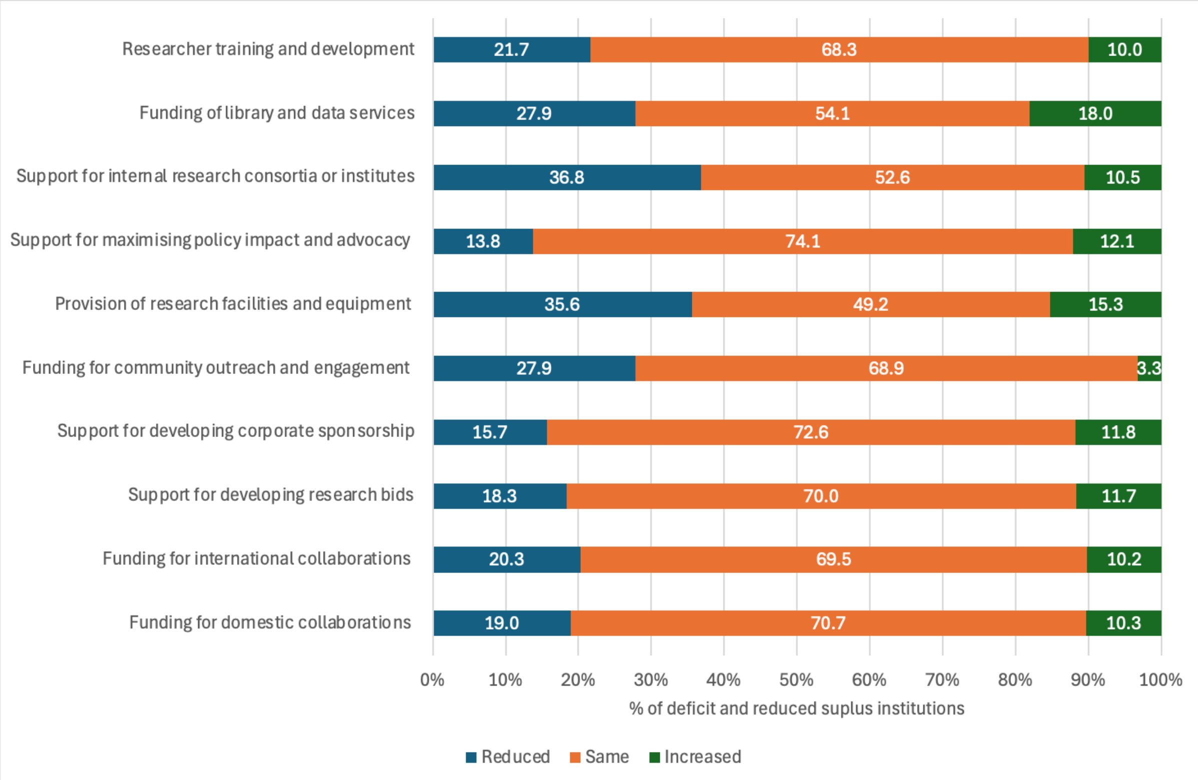
Figure 3.1: Has financial stringency impacted student experience and support? (% institutions, N=61)



3.3.4 Support for research

Financial stringency has inevitably affected the support that institutions provide for their research activities. Summary results are shown here, with detailed results by TRAC group in Annex 2. Overall, the proportion of institutions with deficits and reduced operating surpluses that are cutting support is higher than those increasing support across all research funding categories (Figure 3.2). About one-fifth of institutions are reducing spending in all research support categories. Cuts are more widespread in two specific areas: 35.6 per cent of institutions are scaling back support for research facilities and equipment, while 36.8 per cent are decreasing support for internal research consortia or research institutes (Figure 3.2). Interestingly, 18.0 per cent of institutions are increasing their funding for libraries and data services.

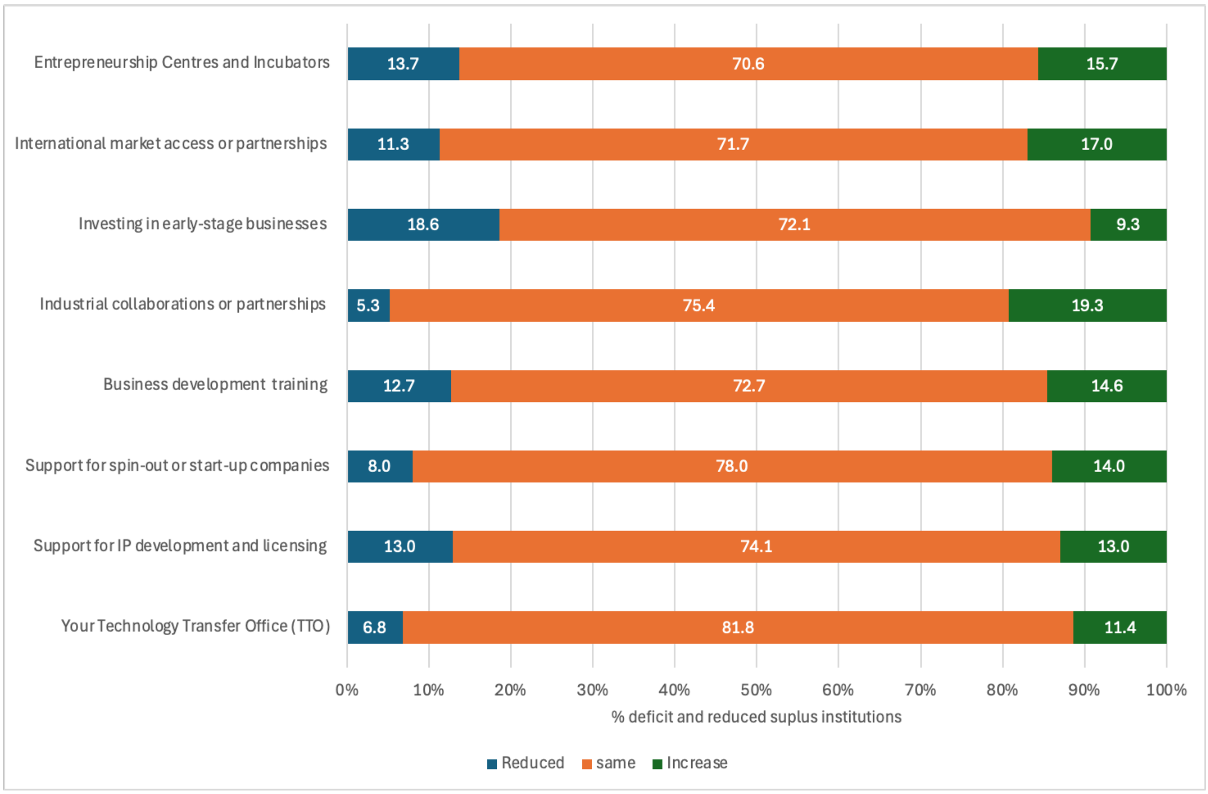
Figure 3.2: Has financial stringency impacted institutions' support for research activities? (% institutions, N=61)



3.3.5 Support commercialisation and innovation activities

The majority of institutions with deficits and reduced operating surpluses have made minimal changes in their support for commercialisation and innovation activities (Figure 3.3). Where changes have occurred, they are more likely to involve increases in investment rather than decreases. This may relate to earlier observations regarding universities seeking alternative funding streams and aiming to capitalise more fully on their existing assets. Notably, 19.3 per cent of institutions were increasing their support for industrial collaborations and partnerships. The most significant reductions in commercialisation spending were noted among the 18.6 per cent of institutions that reduced their investments in early-stage businesses.

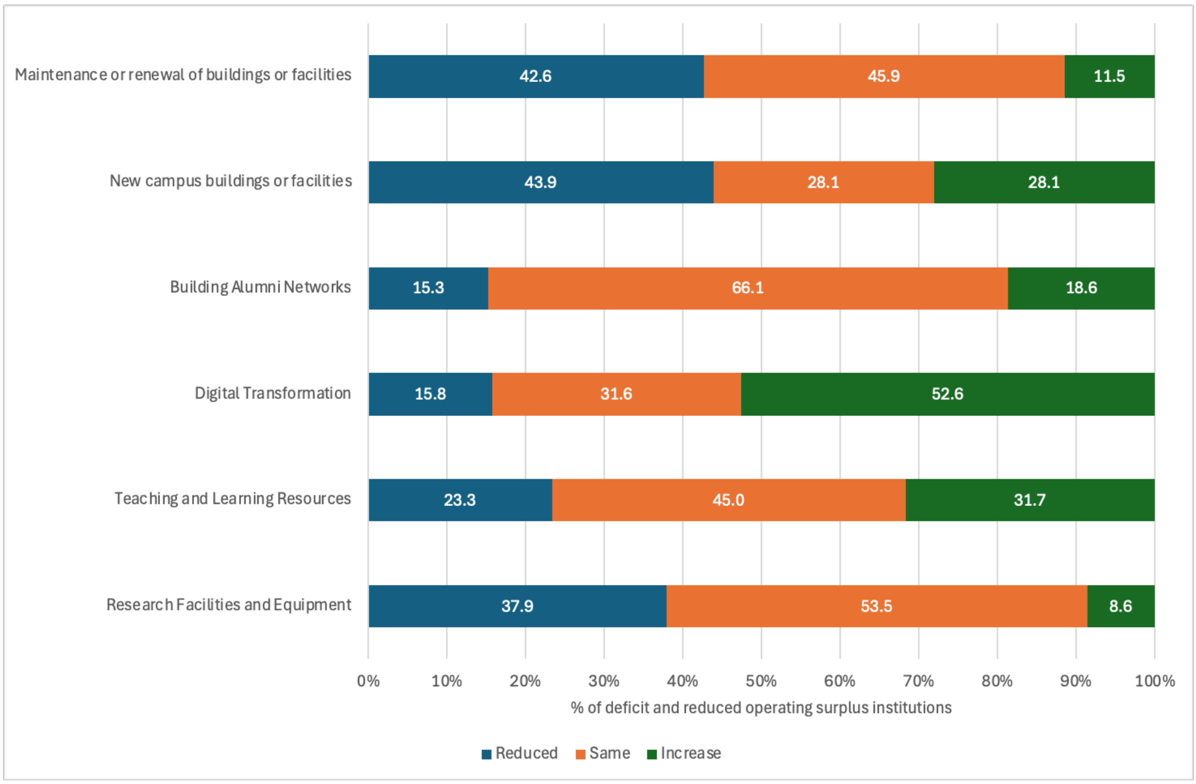
Figure 3.3: Has financial stringency impacted institutions' support for commercialisation and innovation? (% institutions, N=61)



3.3.6 Estates and physical assets

Financial challenges have changed how many institutions allocate funds for estates and physical assets (Figure 3.4). Summary statistics are provided here, with detailed figures for individual TRAC groups included in Annex 2. The proportion of institutions reporting both decreases and increases in spending is significantly higher than in other expenditure categories (Figure 3.4). More than two-fifths of institutions reported cuts in building maintenance and new construction, with 37.9 per cent also indicating reduced expenditure on research facilities and equipment. However, this is balanced by 52.6 per cent of institutions reporting increased spending on digital transformation and 31.7 per cent on teaching and learning resources.

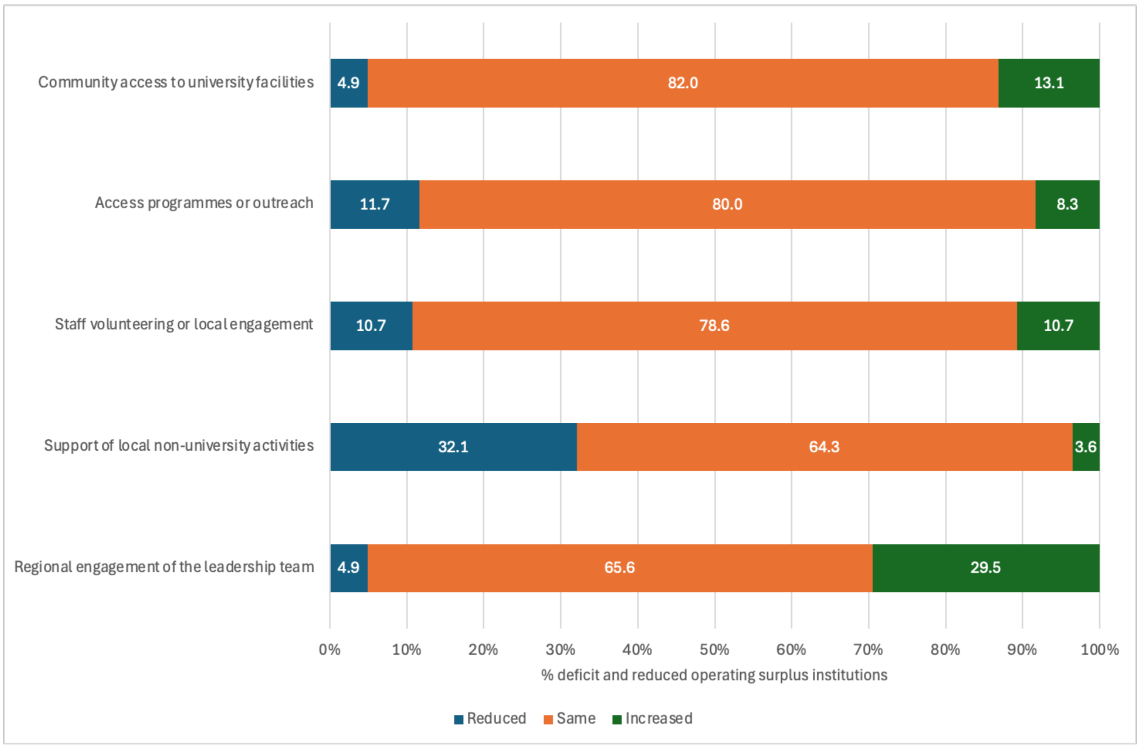
Figure 3.4: Has financial stringency impacted institutions' investment in estates and physical assets? (% institutions, N=61)



3.3.7 Civic and regional roles

Finally, the survey asked about institutions' involvement in civic and regional roles and how this has been influenced by the financial situation. The most significant changes included a decrease in support or sponsorship for non-university activities reported by 32.1 per cent of institutions and a rise in regional engagement by university leadership reported by 29.5 per cent of institutions (Figure 3.5).

Figure 3.5: Has financial stringency impacted institutions' civic and regional roles? (% institutions, N=61)



3.4 Financial and operating plans for the next three years

Of the 61 institutions experiencing a deficit or reduced operating surplus, 58 suggested that the current financial situation had impacted their financial and operating plans for the next three years.

Among High Research Intensity institutions, the financial situation is prompting a re-evaluation of both operational and structural plans:

- 'We have to reduce our running costs, and we have had to streamline our capital programme.'
- 'There would be substantial cuts in staff and non-staff in future years'.
- 'It has reduced staff numbers and increased student numbers to try and generate the greater margins.'
- 'We are reviewing the size, shape and structures of the university. We are going through a portfolio of change.'
- 'We have had to plan for reducing our spending. The impact of that, we reduced the level of spending on capital projects.'
- 'The main impact is the uncertainty of future research funding both from the UK government and from the US government.'

Medium research intensity universities seem less focused on structural changes and more strongly oriented towards organisational restructuring, operational changes and efficiencies:

- ‘The main impact are reduction of staff costs or staff numbers.’
- ‘Slowing down of investment activities and continued review of other staff vacancies (non-academic staff).’
- ‘More critical appraisal of those things that we invest in.’
- ‘There would be cost saving exercises in terms of reducing staffing levels.’
- ‘We had a voluntary scheme to reduce staff members and continuing expenditure controls.’
- ‘We are in the process of undertaking review of our administrative functions to make them more effective…’
- ‘We are more focused on driving back-office efficiencies and looking for teaching efficiencies in delivery.’

Low Research Intensity Institutions are focused both on cost efficiencies but also in a review of institutional structures and sustainability:

- ‘With the tuition fees being frozen we will have less resources to run the same level of activity.’
- ‘It is not sustainable, so it has prompted us to do a full review of our operating model.’
- ‘We will end up as a smaller university. We will end up with a smaller student base …’
- ‘The main impact is the inability to invest in the estate and the inability to invest in future business activity.’
- ‘We need to grow and diversify income. We also need to be more cost efficient to generate more cash.’
- ‘The main impacts will be through our transformational change program and rightsizing the university.’
- ‘A reduction in staff numbers. Ultimately, it will lead to less research, less module choices, less spending.’

Finally, Arts and Music colleges seem focused on managing expenditure to match income by reducing staffing and capital costs and seeking economies where possible:

- ‘We will need to reduce staff head count.’
- ‘I would say less capital expenditure, slowing down big building projects and waiting for better financial positions.’
- ‘We have got the whole lot of maintenance and capital expenditure we need to do and we don't have any money.’
- ‘Continuing to review our portfolio, assessing the viability of individual courses…’
- ‘Reduced spending on the campus, maintenance and employment. All costs will be reduced.’
- ‘Changing delivery model, restructure of our courses, the restructure of staff required to deliver those courses.’
- ‘We are not spending any capital or delaying any capital spending on buildings.’

3.5 Summary

In this section, we focus on the financial and operational strategies adopted by institutions that had an operating deficit, were breaking even, or had a reduced operating surplus. These 63 institutions comprise the majority of respondents (85.1 per cent) to the survey and to each TRAC group.

Only a very small proportion of institutions in a deficit or reduced surplus position (4.9 per cent) increased borrowing over the last year. Approximately a quarter of institutions sought to sell assets or land, a proportion which was very similar across TRAC groups. More than three-quarters of institutions were looking to develop additional revenue streams.

The survey asked about the impact of the financial situation on several areas of current activity:

- ***Courses offered*** - only a small number of institutions reported either actual or planned departmental closures, something which was most common among Medium and Low Research Intensity Universities. More institutions of each type reported that financial stringency was encouraging new course offerings rather than reducing the range of courses they offered. This was evident in both undergraduate and postgraduate courses offered.
- ***Staff recruitment and retention*** - almost half of those institutions with deficits or reduced operating surpluses have implemented voluntary redundancy programmes for academic and other staff. These programmes are more common among Medium and Low Research Intensity institutions and less common among specialist Arts and Music colleges. Compulsory redundancy programmes, implemented by around a fifth of all institutions, were also most common in Medium and Low Research Intensity institutions. Around three-quarters of institutions with deficits or reduced operating surpluses have implemented restrictions on recruitment with these being most common among High and Medium Research Intensity institutions.
- ***Student services, student experience and support*** – most institutions had maintained spending on all aspects of student experience. More institutions were raising their support for diversity and inclusion and mental health and wellbeing rather than reducing expenditure. Around a quarter of institutions reported reductions in career support and development and academic development.
- ***Support for research*** – more institutions with deficits and reduced operating surpluses are decreasing all categories of research support spending rather than increasing it. Support is being cut more extensively in two specific areas: 35.6 per cent of institutions are reducing support for research facilities and equipment, and 36.8 per cent are reducing support for internal research consortia. Interestingly, 18.0 per cent of institutions are increasing their funding for libraries and data services.
- ***Commercialisation and innovation activities*** - where changes have been made these are more likely to be increases in investment rather than decreases. 19.3 per cent of institutions were increasing their support for industrial collaborations and

partnerships. The most common reductions in commercialisation spending were the 18.6 per cent of institutions reducing their investments in early-stage businesses.

- ***Estates and physical assets*** - the proportion of institutions reporting both reductions and increases in spending is significantly larger than that in other expenditure categories. More than two-fifths of institutions reported reductions in maintenance of buildings and spending on new buildings with 37.9 per cent also reporting reductions in spending on research facilities and equipment. However, this is balanced by 52.6 per cent of institutions reporting an increase in spending on digital transformation and 31.7 per cent reporting an increase in spending on teaching and learning resources.
- ***Civic and regional roles*** - here the most common changes were a reduction in support for non-university activities reported by 32.1 per cent of institutions and an increase in regional engagement by the university leadership reported by 29.5 per cent of institutions.

Of the 61 institutions encountering a deficit or reduced operating surplus, 58 indicated that the current financial situation had affected their financial and operational plans for the next three years. Among High Research Intensity institutions, the financial situation is prompting a reassessment of both operational and structural plans. Medium research intensity universities appear less focused on structural changes and more oriented towards organisational restructuring, operational changes, and efficiencies. Low Research Intensity Institutions concentrate on cost efficiencies while also reviewing institutional structures and sustainability. Finally, Arts and Music colleges appear focused on managing expenditure to align with income by reducing staffing and capital costs and seeking economies where possible.

4. Financial management with stable or increased operating surplus

4.1 Introduction

This section focuses on the relatively small proportion of institutions that reported a similar or increased operating surplus compared to the year prior to the survey. These eleven institutions (14.9 per cent of respondents) comprised four High and Medium Research Intensity institutions, one Low Research Intensity institution, and two Arts and Music colleges. To maintain the anonymity of these institutions, we only report aggregated results for the entire group of eleven institutions in this section.

4.2 Courses and staffing changes

Among the few surplus institutions, none were planning to close specific departments. However, some organisations were considering discontinuing and introducing new undergraduate and postgraduate programmes (Figure 4.1). Overall, the pattern of programme innovation was quite similar between institutions with stable or increasing surpluses and those with a deficit or declining surplus. Nevertheless, institutions facing a deficit or declining surplus were more likely to be re-engineering their portfolio of postgraduate programmes – discontinuing some programmes while introducing others (Figure 4.1).

Comparing staffing changes between institutions with stable or increasing surpluses and those with deficits or declining surpluses suggests considerable uniformity of approach (Figure 4.2). Even among institutions with a stable or increased operating surplus, some were taking steps to reduce staffing and restrict current recruitment.

Figure 4.1: Changes to programme offerings by financial status

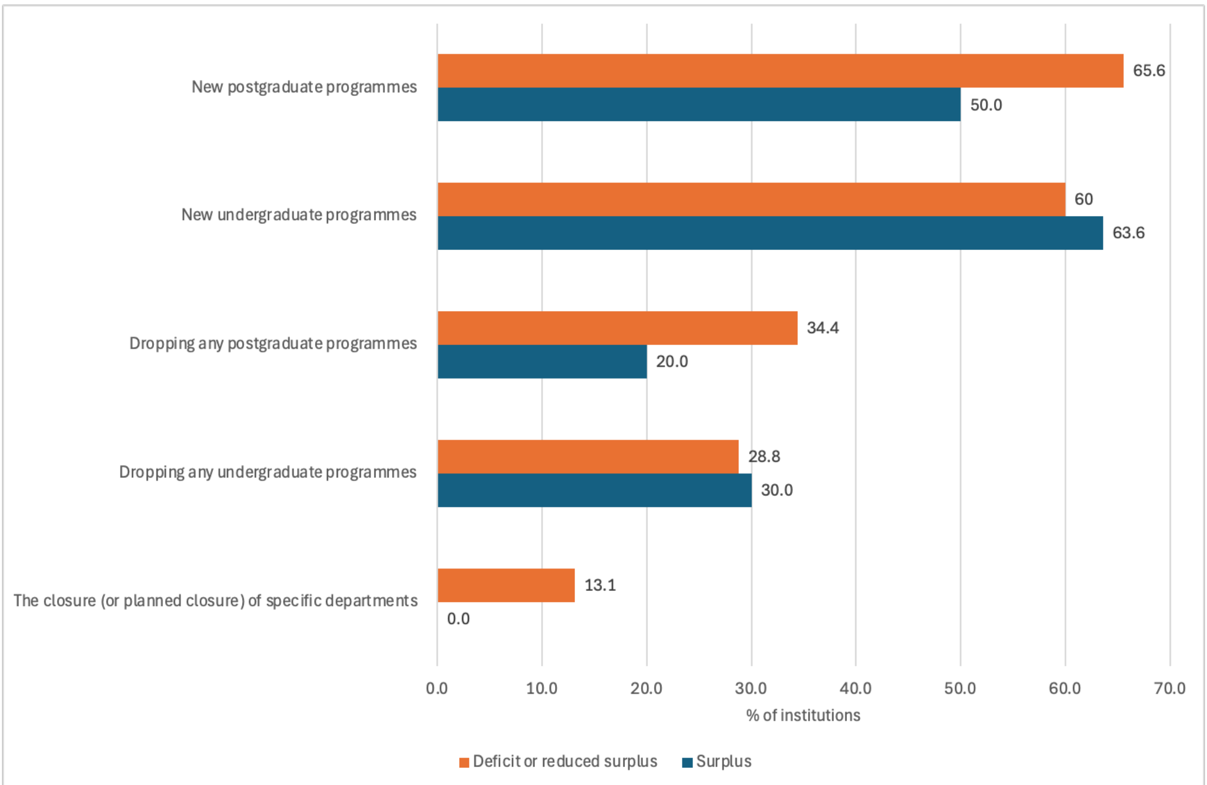
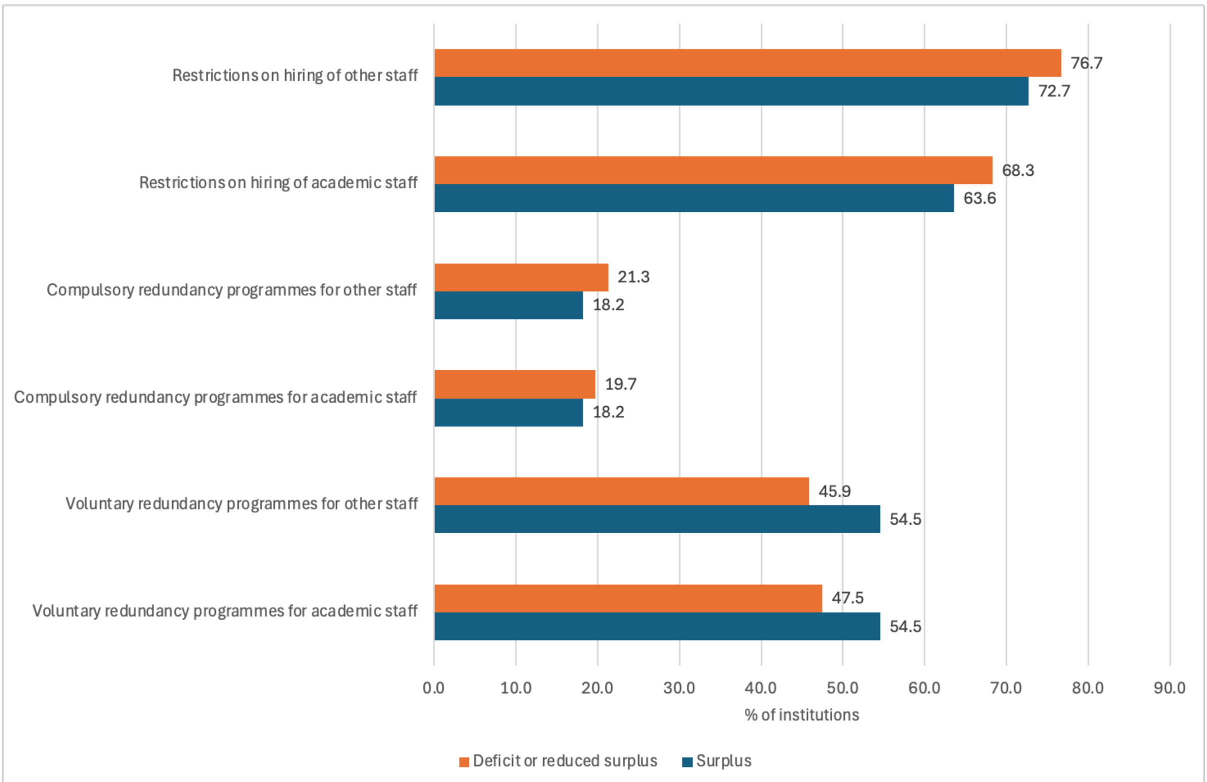


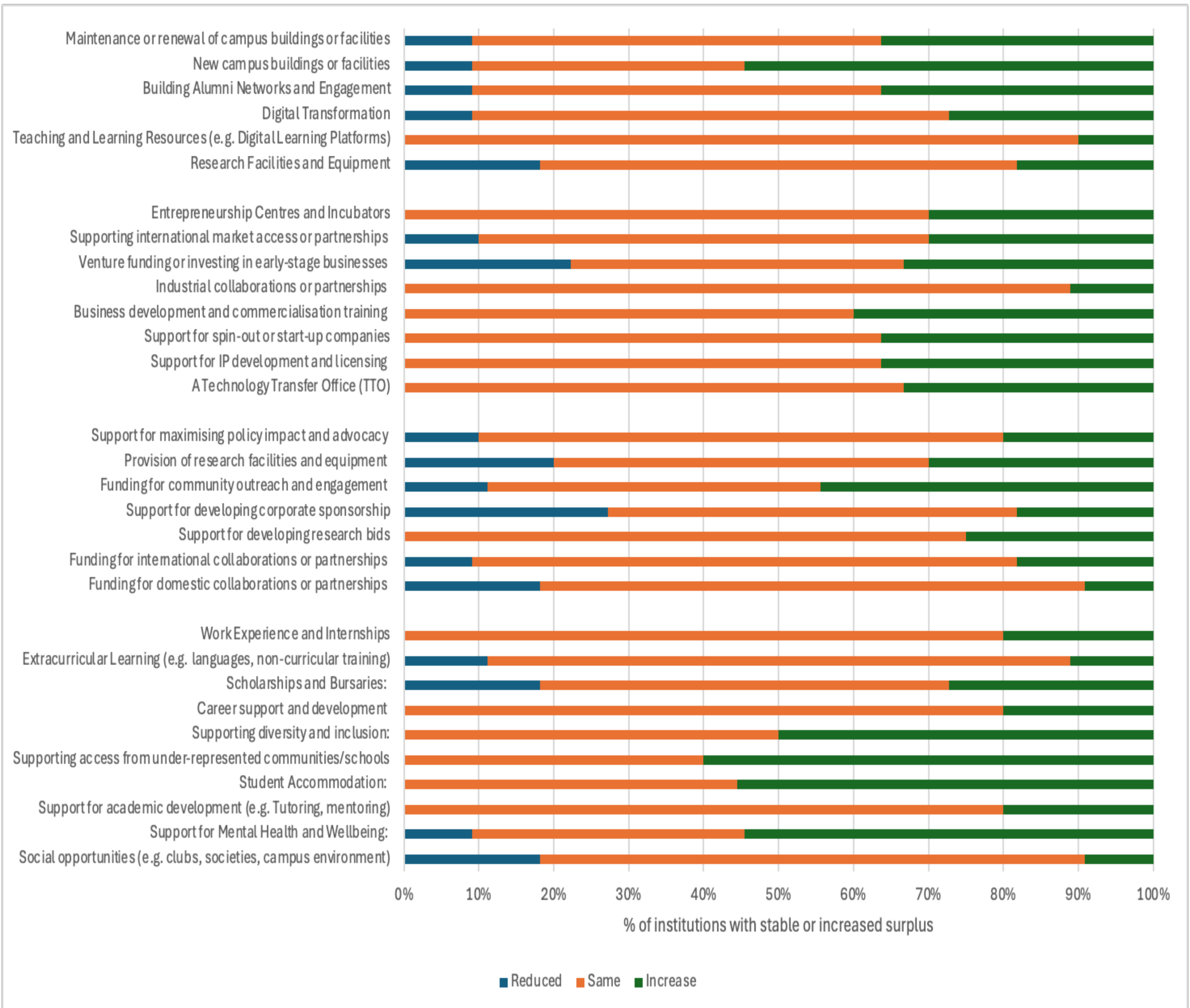
Figure 4.2: Staffing changes by financial status



4.3 Expenditure changes

The small number of institutions with a stable or increasing financial surplus were also asked how this had influenced their current expenditure on various items (Figure 4.3). Most of these institutions were planning to increase spending on buildings and facilities, particularly new campus buildings. Similar increases in expenditure were also commonly planned regarding support for research, commercialisation, and innovation. Approximately half of the institutions in this group were raising their spending on support for mental health and wellbeing, diversity and inclusion, access, and student accommodation.

Figure 4.3: Expenditure changes because of the financial situation: surplus institutions



4.4 Future planning

Despite their relatively positive operating position, ten of the eleven institutions with either stable or increased surplus indicated that the current financial situation was having significant effects on the organisation. These were described as:

- ‘The main impact is that we are having to take costs out of the organisation, and we are either maintaining or reducing most of the time and making sure reductions are targeted. The other one would be post-COVID, our research grants are later than they were during the COVID years, and this has a distinct negativity on the working capital of the organisation. The other thing is that the approach from financiers is far more cautious and far more risk averse. They are less willing to lend and there is a much different landscape from 3 or 4 years ago.’
- ‘Challenges to afford any new capital development. The requirement is to improve the efficiency of our programmes. Increased risk around international fees and cost optimisation of the UK undergraduate population, in particular.’
- ‘The desire for significantly greater productivity.’
- ‘We have had to do significant efficiency savings. Volume and amount of management time spent delivering surplus is maximum to stay afloat.’
- ‘We are planning for efficiencies with increased students-staff ratio and decreased professional services spent as a proportion of turnover. Limited capital budgets and a focus on preserving liquidity.’
- ‘The main impact is that we are having to be careful with our capital investments. The university has recently purchased two new buildings and therefore we are having to curtail some of our capital plans to maintain a sound operating position.’
- ‘We are putting a transformation program in place to reduce administrative work and increase efficiency.’

4.5 Summary

Even where institutions reported a stable or increased operating surplus there is evidence of significant financial pressure evident in staffing reductions and economies. Indeed, this group of institutions was planning very similar staff management to those institutions in a weaker financial position. For this group of universities, however, the scope for increased investment in supporting research and commercialisation was more evident.

5. Leadership and workforce impacts

5.1 Introduction

The final section of the survey asked some brief questions about how the financial situation has impacted on the leadership team and the university's employees.

5.2 Leadership impacts

Respondents were asked to what extent they agreed with several statements relating to the university leadership team amid the current financial position. Table 5.1 summarises the proportion of institutions in each TRAC group 'agreeing' or 'strongly agreeing' with each statement. There was a widespread perception among all TRAC groups that university leadership teams have come under increased pressure and scrutiny, necessitating some difficult decisions. There was some agreement regarding the need for a more short-term focus and that attitudes have become more risk averse. Nevertheless, there is no sense that university leadership teams have lost confidence in their ability to manage the situation. These perceptions of how the financial situation is impacting institutions' leadership teams were common across TRAC groups.

Table 5.1: Leadership and management: % agreeing with statements (N=74)

	High Intensity	Medium Intensity	Low Intensity	Arts and Music	Total
The leadership team have come under increased pressure	94.7	88.9	83.3	88.9	89.0
The leadership team has had to make difficult decisions	84.2	88.9	100.0	88.9	90.5
The leadership team has lost confidence (in their own ability)	5.3	0.0	0.0	0.0	1.4
The financial situation has required a more short-term focus	47.4	55.6	68.4	72.2	60.8
The leadership team has come under increased scrutiny	78.9	77.8	83.3	72.2	78.1
Attitudes have become more risk-averse	15.8	16.7	36.8	38.9	27.0
The financial situation has created tension within the leadership team due to different views	31.6	27.8	21.1	50.0	32.4

5.3 Workforce Impacts

Respondents – part of university leadership teams – were also asked about their views on how the financial situation was impacting the university workforce. There was a strong perception that the financial situation – and presumably related staffing issues – was creating an increased workload, heightening job insecurity, and contributing to poor mental health and wellbeing (Table 5.2). 40-50 per cent of respondents reported reduced staff motivation, job satisfaction, and trust in university leadership.

Table 5.2: Workforce impacts: % of respondents agreeing

	High Intensity	Medium Intensity	Low Intensity	Arts and Music	Total
Led to an increased sense of job insecurity	78.9	66.7	83.3	50.0	69.9
Reduced staff motivation and engagement	42.1	38.9	38.9	27.8	37.0
Reduced job satisfaction	47.4	44.4	55.6	44.4	47.9
Increased staff workloads	73.7	88.9	66.7	77.8	76.7
Reduced levels of trust in university leaders	47.4	58.8	50.0	27.8	45.8
Reduced levels of innovation and creativity	10.5	27.8	33.3	22.2	23.3
Negatively impacted on wellbeing or mental health	68.4	56.3	77.8	61.1	66.2

5.4 Summary

There was a widespread perception among all TRAC groups that university leadership teams have come under increased pressure and scrutiny, leading them to make some difficult decisions. A consensus emerged on the need for leadership teams to adopt a more short-term focus. These perceptions of how the financial situation is impacting institutions' leadership teams were widely shared across TRAC groups.

There was a strong perception that the financial situation – and presumably related staffing issues – were creating an increased workload, heightening job insecurity and contributing to poor mental health and well-being. Between 40 and 50 per cent of respondents reported diminished staff motivation, job satisfaction, and trust in university leadership.

6. An ongoing crisis?

As part of the survey, respondents were asked whether they viewed the current financial situation as a 'short-term challenge' or a 'systematic and longer-term issue'. Seventy-two of the seventy-four respondents indicated the latter. Explanations for this response reflected a consensus that the current business model of the sector is unsustainable, with many respondents recognising the need for organisational and policy changes. The following comments typify those made by respondents:

- 'I think most universities have been very reliant on the surplus generated by international students and the fall in international students isn't going to reverse in the short term.'
- 'The financial model pushes us in a direction that increases uncertainly. The model doesn't fund home education or research and pushes us toward a model for international students, but that isn't supported by government. We are not a welcoming country and it's very hard to recruit internationally due to government policy.'
- 'The current trajectory is of the government not increasing fees on undergraduates. The extent to which organisations compensate is the recruitment of overseas students and there is far more provision than there is of a customer base. We have reached a maximum of what the UK can recruit in terms of overseas students. We have essentially saturated the market with our product.'
- 'The geopolitical risks. The volatility in the international student market and government not changing its stance on UK student fees. Nor do we see research funding being a guaranteed position. The contagious effect financially in university market. Brutal CSR, lack of appreciation on what universities can contribute to business growth, poor join up across government, no single minister for university. A lack of understanding that research comes from a successful export market in overseas students - want to clamp down on international students and yet need to increase research - these two things are not in line. The dependency between these two aspects is not understood. One government department wants to reduce international students and the other wants to increase research - they are inter-dependent.'
- 'It is the whole financial model of the sector, and it no longer works. I think over reliance on international students and large campuses, particularly in our research-intensive universities, the changing funding landscape which you don't have full control over creates a lot of long-term issues.'
- 'Because the core funding structures into universities are the basis for the challenges and there is no government plan out there to make any changes to them so they will just continue.'
- 'You have certain groups of universities that have been hit first and hit hardest, but I think it will get a lot worse. I think we are in a bit of a death spiral as a sector, and it is going to be very difficult to get out of without more government money. We have got increasing costs and the PGT market, overseas market, is turning against us for

various reasons. There are too many universities, too few students and too much cost. As a sector we are too large and too borrowed. The tap has turned off. You have had the crisis on student recruitment, the crisis on energy prices and now we are going to have the crisis on staff costs and of course pensions costs are going to come roaring back on USS and things like that and strikes so it is pretty bad.'

- 'I think that the financial mode of home student funding is unsustainable, and the level of funding is unsustainable. I think that the climate we create for international students including the visa restrictions make us an attractive proposition. I think the lack of capital investment in the university sector is not sustainable and I think the low level of Government funding for universities is out of line with other European institutions. There are too many universities and too few students.'

Finally, respondents were asked to evaluate how effectively they believed governmental and regional stakeholders had supported the university. 62.2 per cent of respondents considered the support they had received as 'not at all effective' or 'not effective'. When asked what additional measures could be taken, there was again significant commonality.The full set of responses is included in Annex 4 and a summary presented here. Typically, respondents suggested:

- 'I think the challenge is a lack of understanding of the challenges as well as the contribution the university makes, therefore the support is misguided at the moment.'
- 'I think there is more that research funders could do in terms of linking up universities applying for funding in similar areas, so could be more shared resources. As the system develops identifying where that sharing could be done would be helpful. More could be done on the research side in terms of balance of funding in terms of infrastructure and ongoing costs. On the Government side of teaching, I think having clarity on what the home funding fee would be helpful, and I think having uncertainty over immigration rules is very unhelpful in terms of recruitment of international statements of clarify on this would be helpful and ideally not getting rid of the post study work visa.'
- 'I think the biggest thing is immigration policy linked to international students. The university sector adds a lot of economic value to the country, that is often overlooked and not talked about. The benefit is supporting home students and research activity. The absolute best thing is if the international students would be excluded from immigration figures and if the current 2-year visa was retained. I think another major thing is the Teachers' Pension scheme and I think that should be tackled. That is a huge cost, and it is unfair that younger staff are paying older staff retirement. The government should tackle schemes like the Teachers' Pension scheme. They should be defined-contribution schemes. I think the government could commit to home student fees increasing with inflation. That would be positive, at least on home student fees. We have some positive action on funding from Research England. I think the government could make it an easier environment for innovation. At the moment, whenever there is funding available for something linked to innovation, the conditions attached are too difficult to access that funding.'

- ‘Increased UK tuition fees and decreased employer contributions because pension funds are in significant surplus, greater flexibility for international students to come to the country and greater availability of Government or OFS capital expenditure funding.’
- ‘There is definitely a place for the Government to have a serious review and do something about the funding model. When it comes to research acknowledging the full cost of doing research and coming up with a system that supports more collaboration with less financial penalties. Because local partners and hospitals and county councils are struggling for money themselves, we end up making some sub-optimal decisions.’
- ‘Somebody needs to make a very difficult decision to charge students more because at the moment they are not paying enough or they need to find some money in the UK government's tax money or somewhere to fund, to top up university and give direct grants. If charging students more is politically unviable, which I think it is, then they need to do some sort of top up process where they pay a little bit per student as a contribution otherwise universities are going to continue to struggle, and the campuses will crumble, and it would be a world leading facility. UK higher education is currently a world leading asset of the country, if we don't invest in it, then it won't continue to be that.’
- ‘More advocacy for smaller and specialist providers would be good.’
- ‘Just greater clarity on longer terms objectives from the regulator and DFE (Department for Education) in terms of student recruitment criteria and tuition fees certainty.’

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Please let us know how our research is making a difference by completing our short feedback form via this QR code.

Thank you

The Innovation & Research Caucus

Annex 1: TRAC Peer Groups of English Institutions

Peer Group A: Institutions with a medical school and research income* of 20% or more of total income

10006840 The University of Birmingham
10007786 University of Bristol
10007788 University of Cambridge
10007792 University of Exeter
10003270 Imperial College of Science, Technology and Medicine
10003324 Institute of Cancer Research: Royal Cancer Hospital (The)
10003645 King's College London
10007768 The University of Lancaster
10007795 The University of Leeds
10007796 The University of Leicester
10006842 The University of Liverpool
10003958 Liverpool School of Tropical Medicine
10007784 University College London
10007771 London School of Hygiene and Tropical Medicine
10007798 The University of Manchester
10007799 University of Newcastle upon Tyne
10007154 University of Nottingham, The
10007774 University of Oxford
10007775 Queen Mary University of London
10007157 The University of Sheffield
10007158 University of Southampton
10007782 St. George's Hospital Medical School
10007806 University of Sussex
10007163 The University of Warwick
10007167 University of York

Peer Group B: All other institutions with research income* of 15% or more of total income

10007759 Aston University
10007850 The University of Bath
10007760 Birkbeck College
10000961 Brunel University London
10007822 Cranfield University
10007143 University of Durham
10007789 The University of East Anglia
10007791 The University of Essex
10007767 University of Keele
10007150 The University of Kent
10004063 The London School of Economics and Political Science
10004113 Loughborough University
10007802 The University of Reading
10005553 Royal Holloway and Bedford New College
10007779 The Royal Veterinary College
10007160 The University of Surrey

Peer Group C: Institutions with a research income* of between 5% and 15% of total income

10007785 The University of Bradford
10000886 University of Brighton
10001478 City, University of London
10001883 De Montfort University
10002718 Goldsmiths' College
10007146 University of Greenwich
10007147 University of Hertfordshire
10007148 The University of Huddersfield
10007149 The University of Hull
10007151 University of Lincoln
10003957 Liverpool John Moores University
10007773 The Open University
10007780 The School of Oriental and African Studies
10007801 University of Plymouth
10007155 University of Portsmouth
10007156 University of Salford, The
10007164 University of the West of England, Bristol
10007165 The University of Westminster

Peer Group D: Institutions with a research income* less than 5% of total income and total income greater than £150M

10000291 Anglia Ruskin University
10007140 Birmingham City University
10007141 University of Central Lancashire
10001726 Coventry University
10007144 University of East London
10003678 Kingston University
10003861 Leeds Beckett University
10004180 Manchester Metropolitan University
10004351 Middlesex University
10001282 University of Northumbria at Newcastle
10004797 Nottingham Trent University
10004930 Oxford Brookes University
10005790 Sheffield Hallam University
10007166 University of Wolverhampton

Peer Group E: Institutions with a research income* less than 5% of total income and total income less than or equal to £150M

10000163 AECC University College
10000571 Bath Spa University
10007152 University of Bedfordshire
10000712 University College Birmingham
10007811 Bishop Grosseteste University
10006841 The University of Bolton
10000824 Bournemouth University
10000975 Buckinghamshire New University
10001143 Canterbury Christ Church University
10007848 University of Chester

10007137 The University of Chichester
10007842 The University of Cumbria
10007851 University of Derby
10007823 Edge Hill University
10007145 University of Gloucestershire
10040812 Harper Adams University
10080811 Hartpury University
10003863 Leeds Trinity University
10003956 Liverpool Hope University
10007797 University of London
10007769 London Business School
10004048 London Metropolitan University
10004078 London South Bank University
10007832 Newman University
10007138 University of Northampton, The
10000936 University College of Osteopathy (The)
10007776 Roehampton University
10005545 The Royal Agricultural University
10006022 Solent University
10037449 University of St Mark & St John
10007843 St Mary's University, Twickenham
10006299 Staffordshire University
10014001 University of Suffolk
10007159 University of Sunderland
10007161 Teesside University
10006566 The University of West London
10003614 University of Winchester
10007139 University of Worcester
10007657 Writtle University College
10007713 York St John University

Peer Group F: Specialist music/arts teaching institutions

10000385 Arts University Bournemouth, the
10007162 University of the Arts, London
10007761 Courtauld Institute of Art
10006427 University for the Creative Arts
10008640 Falmouth University
10007825 Guildhall School of Music & Drama
10003854 Leeds Arts University
10003945 The Liverpool Institute for Performing Arts
10004511 National Film and Television School (The)
10004775 Norwich University of the Arts
10005127 Plymouth College of Art
10005389 Ravensbourne University London
10005523 Rose Bruford College of Theatre and Performance
10007835 The Royal Academy of Music
10007816 The Royal Central School of Speech and Drama
10007777 Royal College of Art (The)
10007778 Royal College of Music
10007837 Royal Northern College of Music
10008017 Trinity Laban Conservatoire of Music and Dance

Annex 2: TRAC group tables

A2.1 Survey Coverage

Table A2.1: Survey coverage by TRAC Peer Groups

Type of institutions	Responses	Target Group	Response Rate (%)
Group A	19	25	76.0
Group B	8	16	50.0
Group C	10	18	55.6
Group D	4	14	28.6
Group E	15	40	37.5
Group F	18	19	94.7
Total	74	132	56.1

A2.2: Financial challenges and their causes

Table A2.2: Financial position by TRAC group (%)

Type of institutions	Surplus	Breaking	Deficit	Total
Group A	31.6	26.3	42.1	100.0
Group B	50.0	0.0	50.0	100.0
Group C	70.0	10.0	20.0	100.0
Group D	25.0	0.0	75.0	100.0
Group E	46.7	6.7	46.7	100.0
Group F	44.4	5.6	50.0	100.0
Total	44.6	10.8	44.6	100.0

Table A2.3: Scale of surplus relative to previous years: Surplus-making institutions

Type of institutions	Significantly below previous years	Marginally below previous years	Comparable to previous years	Marginally above previous years	Significantly above previous years	Total
Group A	16.7	16.7	50.0	16.7	0.0	100.0
Group B	25.0	25.0	25.0	25.0	0.0	100.0
Group C	42.9	28.6	14.3	0.0	14.3	100.0
Group D	0.0	100.0	0.0	0.0	0.0	100.0
Group E	28.6	57.1	14.3	0.0	0.0	100.0
Group F	0.0	75.0	12.5	12.5	0.0	100.0
Total	21.2	45.5	21.2	9.1	3.0	100.0

Table A2.4: Scale of deficit relative to income: Deficit-making institutions

Type of institutions	Small (1-2%)	Moderate (3-5%)	Significant (6-10%)	Very Large (10+%)	Total
Group A	62.5	25.0	0.0	12.5	100.0
Group B	0.0	25.0	50.0	25.0	100.0
Group C	0.0	50.0	50.0	0.0	100.0
Group D	100.0	0.0	0.0	0.0	100.0
Group E	0.0	42.9	57.1	0.0	100.0
Group F	33.3	44.4	22.2	0.0	100.0
Total	33.3	33.3	27.3	6.1	100.0

Table A2.5: Factors which were 'important' or 'very important' in shaping financial outcomes: institutions in deficit and breaking even (N=39)

	Group A	Group B	Group C	Group D	Group E	Group F	Total
Decline in UK tuition fee income	8.3	25.0	50.0	0.0	25.0	90.0	35.9
Decline in international tuition fee income	66.7	50.0	50.0	66.7	50.0	10.0	46.2
A fall in research income	0.0	0.0	0.0	0.0	0.0	11.1	2.6
Under-recovery on research costs	25.0	25.0	0.0	0.0	0.0	33.3	18.4
Falls in income from sources other than research and teaching (e.g. commercialisation, facilities hire)	8.3	25.0	0.0	0.0	12.5	30.0	15.4
Rises in estate and facilities costs	50.0	25.0	0.0	0.0	50.0	60.0	43.6
Increases in debt levels	0.0	0.0	0.0	0.0	0.0	16.7	3.2
Increases in debt costs due to interest rate rises	0.0	0.0	0.0	0.0	0.0	16.7	3.2
Increases in staff costs (pay, NI etc).	58.3	25.0	50.0	33.3	87.5	90.0	66.7
Pension costs	0.0	25.0	50.0	66.7	100.0	50.0	42.1

A2.3 Managing financial stringency

Table A2.6: Distribution of financial position across TRAC groups:

	Number of institutions				Percentage of TRAC group		
	Deficit or reduced surplus	Stable or increased surplus	All		Deficit or reduced surplus	Stable or increased surplus	All
Group A	15	4	19		78.9	21.1	100.0
Group B	6	2	8		75.0	25.0	100.0
Group C	8	2	10		80.0	20.0	100.0
Group D	4	0	4		100.0	0.0	100.0
Group E	14	1	15		93.3	6.7	100.0
Group F	16	2	18		88.9	11.1	100.0
All	63	11	74		85.1	14.9	100.0

Table A2.7: Additional financial strategies: Deficit and reduced surplus institutions

	Group A	Group B	Group C	Group D	Group E	Group F	Total
Engaging with different lenders	0.0	16.7	14.3	0.0	21.4	18.8	13.1
Selling assets or land	28.6	33.3	28.6	0.0	35.7	25.0	27.9
Using subsidiary companies to employ staff	0.0	0.0	28.6	25.0	7.1	18.8	11.5
Seeking additional revenue streams	71.4	66.7	57.1	50.0	78.6	93.8	75.4

Table A2.8: Support for research activity among deficit or reduced surplus institutions

	Group A			Group B			Group C		
	Increased	Stable	Decreased	Increased	Stable	Decreased	Increased	Stable	Decreased
Domestic collaborations	0.0	69.2	30.8	0.2	50.0	33.3	0.0	71.4	28.6
International collaborations	0.1	50.0	35.7	0.2	50.0	33.3	0.0	71.4	28.6
Support for research bids	0.1	64.3	28.6	0.2	50.0	33.3	0.0	71.4	28.6
Support for corporate sponsorship	0.2	69.2	15.4	0.2	66.7	16.7	0.2	50.0	33.3
Funding for community outreach	0.0	50.0	50.0	0.0	66.7	33.3	0.0	100.0	0.0
Research facilities	0.1	50.0	42.9	0.3	33.3	33.3	0.1	28.6	57.1
Maximising policy impact	0.2	69.2	15.4	0.2	50.0	33.3	0.1	57.1	28.6
Internal research consortia	0.0	42.9	57.1	0.3	33.3	33.3	0.3	28.6	42.9
Library and data services	0.1	50.0	35.7	0.2	50.0	33.3	0.1	57.1	28.6
Researcher training	0.0	71.4	28.6	0.2	50.0	33.3	0.0	71.4	28.6

Table A2.8: Support for research activity among deficit or reduced surplus institutions cont…

	Group D			Group E			Group F			Total		
	Increased	Stable	Decreased	Increased	Stable	Decreased	Increased	Stable	Decreased	Increased	Stable	Decreased
Domestic collaborations	0.3	75.0	0.0	0.2	69.2	15.4	0.1	80.0	6.7	0.1	70.7	19.0
International collaborations	0.5	50.0	0.0	0.0	84.6	15.4	0.1	86.7	6.7	0.1	69.5	20.3
Support for research bids	0.3	50.0	25.0	0.1	78.6	7.1	0.1	80.0	6.7	0.1	70.0	18.3
Support for corporate sponsorship	0.5	50.0	0.0	0.1	75.0	16.7	0.0	91.7	8.3	0.1	72.5	15.7
Funding for community outreach	0.0	100.0	0.0	0.1	57.1	28.6	0.0	75.0	25.0	0.0	68.9	27.9
Research facilities	0.3	50.0	25.0	0.1	42.9	42.9	0.1	71.4	14.3	0.2	49.2	35.6
Maximising policy impact	0.3	66.7	0.0	0.1	78.6	14.3	0.1	93.3	0.0	0.1	74.1	13.8
Internal research consortia	0.0	100.0	0.0	0.0	58.3	41.7	0.1	64.3	21.4	0.1	52.6	36.8
Library and data services	0.3	0.0	75.0	0.2	71.4	7.1	0.2	56.3	25.0	0.2	54.1	27.9
Researcher training	0.0	100.0	0.0	0.1	71.4	21.4	0.3	60.0	13.3	0.1	68.3	21.7

Table A2.9: Has financial stringency affected institutions' investment in estates and physical assets? (% of institutions, N=61)

	Group A			Group B			Group C		
	Increased	Stable	Decreased	Increased	Stable	Decreased	Increased	Stable	Decreased
Research Facilities and Equipment	7.1	50.0	42.9	0.0	66.7	33.3	0.0	42.9	57.1
Teaching and Learning Resources	7.1	50.0	42.9	33.3	50.0	16.7	14.3	57.1	28.6
Digital Transformation	50.0	14.3	35.7	50.0	50.0	0.0	50.0	16.7	33.3
Building Alumni Networks and Engagement	14.3	71.4	14.3	16.7	66.7	16.7	14.3	71.4	14.3
New campus buildings or facilities	7.7	38.5	53.8	40.0	20.0	40.0	28.6	28.6	42.9
Maintenance or renewal of campus buildings or facilities	14.3	50.0	35.7	16.7	50.0	33.3	0.0	57.1	42.9

Table A2.9: Has financial stringency affected institutions' investment in estates and physical assets? (% of institutions, N=61) cont…

	Group D			Group E			Group F			Total		
	Increased	Stable	Decreased	Increased	Stable	Decreased	Increased	Stable	Decreased	Increased	Stable	Decreased
Research Facilities and Equipment	25.0	50.0	25.0	14.3	50.0	35.7	7.7	61.5	30.8	8.6	53.4	37.9
Teaching and Learning Resources	50.0	50.0	0.0	57.1	28.6	14.3	33.3	46.7	20.0	31.7	45.0	23.3
Digital Transformation	50.0	50.0	0.0	57.1	35.7	7.1	53.8	38.5	7.7	52.6	31.6	15.8
Building Alumni Networks and Engagement	33.3	33.3	33.3	7.7	84.6	7.7	31.3	50.0	18.8	18.6	66.1	15.3
New campus buildings or facilities	25.0	50.0	25.0	46.2	15.4	38.5	26.7	26.7	46.7	28.1	28.1	43.9
Maintenance or renewal of campus buildings or facilities	25.0	50.0	25.0	7.1	35.7	57.1	12.5	43.8	43.8	11.5	45.9	42.6

Table A2.10: Has financial stringency impacted courses offered? (% institutions, N=61)

	Group A	Group B	Group C	Group D	Group E	Group F	Total
Closure (or planned closure) of specific departments	0.0	16.7	28.6	25.0	21.4	6.3	13.1
Dropping any undergraduate programmes	8.3	16.7	57.1	25.0	42.9	25.0	28.8
Dropping any postgraduate programmes	21.4	33.3	28.6	25.0	42.9	43.8	34.4
New undergraduate programmes	46.2	33.3	85.7	25.0	71.4	68.8	60.0
New postgraduate programmes	57.1	66.7	85.7	50.0	71.4	62.5	65.6

Table A2.11: Has financial stringency impacted on staff retention and recruitment? (% institutions, N=61)

	Group A	Group B	Group C	Group D	Group E	Group F	Total
Voluntary redundancy programmes for academic staff	42.9	50.0	57.1	100.0	50.0	31.3	47.5
Voluntary redundancy programmes for other staff	42.9	50.0	57.1	75.0	42.9	37.5	45.9
Compulsory redundancy programmes for academic staff	0.0	16.7	57.1	0.0	28.6	18.8	19.7
Compulsory redundancy programmes for other staff	7.1	33.3	57.1	0.0	21.4	18.8	21.3
Restrictions on hiring of academic staff	78.6	83.3	85.7	50.0	53.8	62.5	68.3
Restrictions on hiring of other staff	78.6	100.0	100.0	50.0	69.2	68.8	76.7

A2.4 Leadership and workforce impacts

Table A2.12: Leadership and management: % agreeing with statements (N=74)

	Group A	Group B	Group C	Group D	Group E	Group F	Total
The leadership team have come under increased pressure	94.7	87.5	90.0	25.0	100.0	88.9	89.0
The leadership team has had to make difficult decisions	84.2	87.5	90.0	100.0	100.0	88.9	90.5
The leadership team has lost confidence (in their own ability)	5.3	0.0	0.0	0.0	0.0	0.0	1.4
The financial situation has required a more short-term focus	47.4	75.0	40.0	0.0	86.7	72.2	60.8
The leadership team has come under increased scrutiny	78.9	75.0	80.0	25.0	100.0	72.2	78.1
Attitudes have become more risk-averse	15.8	12.5	20.0	25.0	40.0	38.9	27.0
The financial situation has created tension within the leadership team due to different views	31.6	25.0	30.0	0.0	26.7	50.0	32.4

Table A2.13: Workforce impacts: % of respondents agreeing

	Group A	Group B	Group C	Group D	Group E	Group F	Total
Led to an increased sense of job insecurity	78.9	62.5	70.0	75.0	85.7	50.0	69.9
Reduced staff motivation and engagement	42.1	37.5	40.0	0.0	50.0	27.8	37.0
Reduced job satisfaction	47.4	50.0	40.0	25.0	64.3	44.4	47.9
Increased staff workloads	73.7	100.0	80.0	50.0	71.4	77.8	76.7
Reduced levels of trust in university leaders	47.4	50.0	66.7	0.0	64.3	27.8	45.8
Reduced levels of innovation and creativity	10.5	37.5	20.0	25.0	35.7	22.2	23.3
Negatively impacted on wellbeing or mental health	68.4	42.9	66.7	25.0	92.9	61.1	66.2

Annex 3: Strategies for generating additional revenue

High Research Intensity (Group A)

- Conferences, facilities hire, short-term courses, online courses, sports, activities and hotels.
- Developing online education, growing income streams with industry, consultancy, professional education, etc.
- We would like to see more students from India, but the visa situation is challenging, and they might choose to go to Australia or Canada (or study at home).
- More commercial income and more non-standard education offerings.
- Hospitality, catering and residential income opportunities.
- Increase industrial research and online learning. Both are tiny and not significant yet. This is referring to the academic university rather than the wider group.
- We are looking at transnational education and opening a campus abroad.
- New sources of research funding, new commercialisation sources, some rental income and income from the estate.
- Additional rental stream for buildings and online development, which has been in provision for the last year
- Maximising our commercial revenue, sports facilities, catering, smaller activities like archaeology services. From those sources, and also student accommodation.

Medium Research Intensity (Groups B and C)

- International partnerships and transnational education.
- Non-degree teaching.
- Conference income, campus income, and we are a campus university, so we have got space and short courses.
- Increased emphasis on developing new partnerships with industry and an emphasis on apprenticeship income. Innovation income is a priority and B2B activity.
- Greater online course provision and optimisation of trading outlets, but that is not material versus the online provision.
- Commercial rental income.
- These will include online learning and international partnerships.
- Research commercialisation.

Low Research Intensity (Groups D and E)

- We did clinical skills, through the NHS and for the council, stuff for tuition and teaching and nothing else.
- Diversifying income streams through increased knowledge exchange, TNE and other income sources.
- Property rental income.
- We have opened up a new cohort of students in May 2025. It's the first time we introduced a May start in our university. Improving revenue generation. We now have three starts a year.

- Mainly international revenue and TNE.
- We entered into some industrial partnering and are looking to provide more services or additional provision with existing industry boards. We are quite a big online player, and we have multiple intakes for online provision and have boosted online numbers.
- Looking at what I call commercial activities to basically utilise all the assets we have more fully, renting out space and commercialising our spaces.
- That is the franchise educational partnerships and subcontracted teaching of franchise students.
- Developing partnership arrangements and commercialisation activities, particularly, better use of our estate.
- Launched health business school.
- We would try to increase our commercial and accommodation letting activities over the summer and our CPD (Continuing Professional Development) offers.

Arts and Music (Group F)

- Increased rental income when it comes to student accommodation.
- Additional revenue streams for us. We are looking at rent, commercial activity, tickets sales and merchandise. Mostly though it is funding ways to use our buildings when they are not being used by students (outside of term times).
- Short courses, transnational validation and partnerships.
- Looking at commercial development, enterprise, basically, hiring of facilities, service provision for externals and all these kinds of activities on the commercial side.
- Commercial activity around continued professional development, short courses, consultancy and third-party use of the estate.
- We are looking at consultancy advisory services and fundraising.
- We have looked at additional partnerships outside of the way we would normally operate, hosting delivery by other partners around us and delivering courses away from our campus to offset it. We have also looked very carefully at subsidiary companies and selling assets but didn't proceed with that.
- We are looking to increase the number of venues we hire.
- Commercial projects with industry partners.
- Donations and hire of our spaces.
- Mainly, more student residencies and also looking to get commercial income by hiring out our workshops.
- Franchise partners, commercial income and university spinouts.
- Commercial income, fundraising income and diversifying products like setting up new courses.
- We are looking at partnership opportunities with private sector providers, sponsorships, and partnerships where we do things. It is not research, but it is knowledge sharing with some private sector companies or technical companies.
- Development income from donations and commercial income including consultancy and doing short courses.

Annex 4: What more could government do to support the sector?

High Research Intensity (Group A)

- From the point of view of the fundamentals we need here is inflation matching, in terms of grants or incomes because our cost-base is largely staff-based, so if we at least try to maintain the cost of living in real terms for staff, we need to try to do the same for our income sources. For undergraduate tuition fee, that would mean trying to keep pace with inflation, but for research funders as well it is getting them to recognise the impact of inflation on our underlying cost base and adjusting the funding appropriately.
- There needs to be more money, but focused money in the right areas to generate growth. There isn't a growth strategy.
- The first observation I have is the duplication of questions. The second is that it seems to me that everyone thinks the answer lies in collecting more information. All questions people are asking right now the answers have been obvious for years now.
- I suppose it is that ongoing dialogue with the sector from those external stakeholders understanding the financial pressures in particular on the sector. It is probably one of the key things, trying to cut out the level of bureaucracy, which they are supposed to be doing, but I haven't seen any evidence of it. There has been a lot of tightening in regulations in governance which is very time consuming for everybody.
- There should be an indexation of the home student fee to inflation. There should be clear articulation between the research agenda and the government industrial strategy. There should be a greater, longer-term clarity of funding of the universities which would lead to the managed reduction in the capacity in many institutions.
- I think the challenge is a lack of understanding of the challenges as well as the contribution the university makes, therefore the support is misguided at the moment.
- It would be great to get more support from the government, but I don't think that is going to happen and the universities will need to manage it themselves.
- I think there needs to be a decision about what universities are for. The government wants us to do everything but is not willing to fund that.
- I think the research funding; it is trying to address that system underfunding of research. I think that has to come from all major research funders, starting with UKRI.
- UK government are still very negative about being open to international students to study, there are things they could do to enable, caught up in the migration debate which is very contested. We could access the Indian market much better if students could stay for a year after to gain experience. The biggest thing the Government could do is take students out of migration figures.
- I just think the whole model for the sector needs to be revisited and if the conclusion is that we need less universities or more collaboration across universities then there needs to be more incentives to make this happen. In particular the offer to students as the main body representing the body of students could be more supportive of the sector and what it needs. I think the UK university sector is a massive economic asset

for the UK economy and needs to be treated as such by political stakeholders and representatives.

- Maybe more Government level funding for universities and further increases in the whole undergraduate fee.
- There needs to be rapid change. The value measures are out of date - policy makers are using out of date information to make the assessment - they need accurate information (on research value from universities). Need to recognise current dependency between student numbers, student finance and ability to be the biggest research provider - recognise the model at research. Needs to be a systematic review to recognise research capabilities - we have strategies in place and are being held back by poor quality analysis in central government. Additionally, keep all funding in line with inflation - fees, indexation - indexation is so low it doesn't keep up with cost pressures - they need to get it right.
- They haven't, but we won't expect any. We are paying a greater share of cost of research and continue to raise tuition fees of inflation, paying up a higher proportion of the total costs of research. I think, helping provide better finance growing spin-out companies is another area. Increased capital grant for estate modernisation and new facilities. I think, the other important area, make it easy for international students to study and international researchers to move.
- I think the biggest thing is immigration policy linked to international students. The university sector adds a lot of economic value to the country, that is often overlooked and not talked about. The benefit is supporting home students and research activity. The absolute best thing is if the international students would be excluded from immigration figures and if the current 2-year visa was retained. I think another major thing is the Teachers ' Pension scheme and I think that should be tackled. That is a huge cost, and it is unfair that younger staff are paying older staff retirement. The government should tackle schemes like the Teachers' Pension scheme. They should be defined contribution schemes. I think the government could commit to home student fees increasing with inflation. That would be positive, at least on home student fees. We have some positive action on funding from Research England. I think the government could make it an easier environment for innovation. At the moment, whenever there is funding available for something linked to innovation, the conditions attached are too difficult to access that funding.
- Money. I think the challenge for them is that the sector is so diverse that it is difficult to find a formula solution that will meet the problem without having vast variation in terms of the impact on different universities, so I do understand the challenge that there is to do it, but I think it is recognising the variation across the sector and having appropriate targeted responses.
- Probably a more joined up sector approach, looking at the consequences of individual, local decisions on the macro picture for the UK and its effect on growth and productivity.
- I think, for an institution like mine, my belief is that the investment in the infrastructure is the biggest problem because of being research intensive, there are very small

margins. We are forced to neglect our infrastructure at the moment and that will force us to have more long-term problems. Those problems are failing infrastructure, buildings, failing research and not being able to continue research.

- I think there is more that research funders could do in terms of universities applying for funding in similar areas, so could be more shared resources. As the system develops identifying where that sharing could be done would be helpful. More could be done on the research side in terms of balance of funding in terms of infrastructure and ongoing costs. On the Government side of teaching, I think having clarity on what the home funding fee would be helpful, and I think having uncertainty over immigration rules is very unhelpful in terms of recruitment of international statements of clarify on this would be helpful and ideally not getting rid of the post study work visa.

Medium Research Intensity (Groups B and C)

- The issues around planning commissions towards student residences. That is a complete mess, visas for staff and students. Does the country welcome overseas students or not? Particularly, postdoc students. In terms of planning, student accommodation is important, but the planning system places all sorts of constraints on universities regarding affordable housing, which is short-sighted. There should be concessions for universities with respect to affordable housing, making the development of student accommodation cheaper, which would allow students to be accommodated without negative effects on the community. Universities would be more efficient, if they used shared services VAT around shared services. It doesn't work. Teachers' pension scheme seems rather odd in terms of the costs. Reforming Research England and OfS. The issues around access and participation. The fundamental problem with access is that students should come out of British schools well educated. Getting universities to admit the m is kind of getting the universities to sort out the problem that should be resolved not by the higher education institutions. It would be better for the students, if it would be tackled at the school level. There is a question in terms of research support mechanism. It is unhelpful, growing hypothecation in research funding. It makes planning for institutions difficult and it's counterproductive. The process of bidding for grants is not an efficient way of allocating resources because of all the cost involved in bids.
- Prob ably further consultation with university leaders around policy decisions.
- Policy measures to enable the right for international students to study in the UK. A rethink of what sort of higher education as a society we wish to fund and deliver for the UK students. A prioritisation of research spending to enable institutions to determine best areas of focus.
- Review of the funding structure and visa status for international students.
- I think regional isn't that relevant to us. Governmentally, I think looking at the teaching funding model and putting more money into capital funding because there is very little available of capital, so we have to fund from our resources or go out for borrowing. I think making it easier for international students to study in the UK as well.

- I think we need a better research funding settlement that reflects the cost of research, so we don't rely on our teaching income to fund our research income and a more supportive policy to encourage overseas students to come to the UK
- I think pushing the pragmatic solutions where government can influence and make decisions. For example, VAT is an area which would make a significant difference to our ability to be more efficient but is a technical block to us actually doing anything.
- A change to the funding regime to reinstate the real term funding and a potential intervention to support more collaboration across the sector which will hopefully in return reduce costs.
- They could do a lot more. They've all written, the local MPs have been doing work on our behalf trying to put pressure on government to change, particularly the legislation around the teacher's pensions scheme.
- Increased UK tuition fees and decreased employer contributions because pension funds are in significant surplus, greater flexibility for international students to come to the country and greater availability of Government or OFS capital expenditure funding.
- National government has been absolutely hopeless. They haven’t given any support. They haven’t recognised any cost increases we have seen. They have been very poor. Local government has not been as big a deal and they are under their own financial pressures. They have been slightly more supportive.
- Review the immigration rules, review the fees regime and for us post 92 universities we have pensions cost issues.
- There is definitely a place for the Government to have a serious review and do something about the funding model. When it comes to research acknowledging the full cost of doing research and coming up with a system that supports more collaboration with less financial penalties. Because local partners and hospitals and county councils are struggling for money themselves, we end up making some optimal decisions.
- I think greater support should be given to areas in the poorest parts of the country, support should be provided to arts and humanities, the funding model should be reviewed, maybe student number caps should be returned, and an assessment of which organisations can provide undergraduate/postgraduate degrees should be undertaken.
- Certainty over what the mechanism will be for increasing UK student tuition fees. I think we also mentioned pensions earlier, because of the type of university we are, we have to enrol our staff members in either the local government pension scheme or the teachers' pensions scheme. The teachers’ pension scheme, we get no assistance with that at all, and we pay an employer’s contribution at the moment of 28.6%. Lots of other universities won't have to do that so, that is sort of a built-in competitive disadvantage which is there by law. By law, we have to offer that scheme, which I think is an impediment to us.

Low Research Intensity (Groups D and E)

- I think there needs to be a fundamental review of the funding model.
- Some ability to plan. For example, UK undergraduate fee settlements would be a good illustration. Another example would be the allocation of research funding and the pots of cash available over longer than a short period. Funding review or inflation on fees. In order for councils and local authorities to support us some of the funding needs to run through them, giving more power to local and regional authority in terms of policy so they can better support us.
- I think, obviously, the fee level is the key thing. The reintroduction of the student fee cap is important. The government should come out and support the universities, lead in supporting the sector with its rhetoric.
- Everyone knows the state that the higher education is in as a sector, there's got to be something done in terms of fee structure relevant to increasing costs. And as a smaller specialist, if you want to maintain a diverse institutional base you need to look at how we can access other pots of money because it's really difficult to access Research Councils or Research England type money so maintaining small specialists is important to the sector but it's a very difficult place to be
- Inflating the undergraduate home fee in each year. Funding research at real cost levels, reverting overseas visa issues and allowing the exit of the teachers' pension scheme.
- I suspect there should be more consultation between all of the stakeholders. The government is looking for economic growth, employees looking for skilled graduates and the general public looking for education, and the society in general. Understanding how valuable the higher education is, not just for the individual, but for the society. It's difficult to articulate, the things.
- More funding. That is the main issue at the moment in the HE sectors.
- They need to engage. They are standing at arm's length rather than coming to sort the problem.
- Reform of tuition fee, the funding model. I would also suggest allowing employees to use their apprenticeship levy to sponsor students through normal degrees, particularly in the NHS for example. I think we need a bit of certainty around immigration visas.
- The biggest thing that could be done is to change the visa situation for the international students studying in this country to bring dependents with them. When you look at the numbers it is only affecting 80,000 people in the country but those 80,000 people who were bringing the income which was supporting the university sector. They wanted to do it to help control immigration, but it is such a tiny proportion of immigration into the country, so it is very confusing and doesn't make sense.
- I think engagement with universities sector bodies more generally to understand the real daily challenges the universities face.
- Stable policy agenda so policies aren't changing. Changing tuition fee structure so that universities could charge more for tuition fees. Change to the Teachers' Pension Scheme (universities have to complement 27% of salary); make it easier for universities to offer a different scheme.

- I think there is a lot that could be done by central government to work out an effective level of provision across the UK. At the moment we do different course provision, central government would need to review provisions in different regions to look at the efficiency of delivery. They could look into the structure on how things are funded to support some subjects that are of national interest. They could not put the NI on us as a sector as we can't absorb this cost. Change legislation so that we do not have to offer Teachers Pension scheme. They could look at better collaboration between the councils, NHS and universities all trying to educate the local population better.

Arts and Music (Group F)

- Firstly, more funding needed. Secondly, it needs to actually regulate how the universities operate. The government needs to stand up in terms of taking control of the sector. The government needs to look, in particular, how the pension schemes operate in the sector, reduce the cost burden of the sector when it comes to the teachers' pension scheme. It needs to reduce the number of universities, encourage amalgamation or taking over to reducing the cost of operating the universities.
- The UK government, they really need to review, in my perspective, VAT at universities and the inability for universities to recover VAT. That is a quick win for the government that would be quite useful. I think the UK government needs to have a proper conversation about the level of maintenance and maintenance loans for students, but actually the whole student loan process is a bit of a pickle which I don 't think has really worked.
- That is a considerably longer discussion in terms of the shape and size of the HE sector in the UK. I think that takes quite a long time to unpick. The prevalence of very small providers in this marketisation of the HE sector has had a ripple effect across all of the sector.
- There is so much to say. The universities should be seen as an important stakeholder for the future of the country. More regional and government support is needed to solve the issues that we have. We could subsidise the tuition fee. The burden of regulation and compliance could be eased up. The pension scheme: defined benefit schemes are a bit of a burden, reform of the pension schemes. For example, universities can't recover VAT, that is also an issue, something could be done there.
- In terms of that constituency, I guess stronger advocacy for the universities sector and advocacy in terms of our world leading status and the contribution to the economy.
- I think they could fund a lot of universities constrictive pensions, and I think they could incentivise ratings on collaboration efforts, but not in research, I mean ways of operating and creating efficiencies. I am not a believer that it is a government situation. There are a lot of inefficiencies needing to be addressed, but maybe some commercial mentorship would be quite good to get universities to think about how they can work differently.
- More listening and engagement.
- I think, there is a lack of recognition of the diversity of the higher education sector and with that there is a slightly homogenous voice which is encouraged and heard about

the debate in the higher education sector. I would like a reconsideration of fees and expectation. If I look into the amount of investment we make on student support, which is expected in regulations, there is a huge amount of cost, you could very easily reclarify that role. As an example, we are recommending students to go to NHS when they have certain problems, however, they are referring them back to us by saying they could get quicker and more effective support at their university. That can't be the right outcome.

- More advocacy for smaller and specialist providers would be good.
- Just greater clarity on longer-term objectives from the regulator and DFE (Department for Education) in terms of student recruitment criteria and tuition fees certainty.
- I think clearer direction, that is the main thing. We need the policy decisions. With this new government we still don't know what they are going to do. It is a clarity on policies that is needed. The other thing is, we need the fee cap to be able to rise with inflation every year.
- Our local support is very strong. Where we then feature on the national level is less so. More explaining from national representative bodies to the government on the issues facing the sector.
- I think the government should recognise the impact that higher education is making across the economy and the communities. Increase level of funding. Simplification of compliance. Access to grants for environmentally friendly measures. Access to grants to maintain buildings. Simplification of the tax system. More friendly immigration policies for foreign student.
- There should be more emphasis on the underlying problems resolving the cost structure issues. There should be more focus on the inflation-linked income and, importantly, if they want the universities to collaborate, they need to remove competition. At the moment, they want us to compete rather than to collaborate. They need to incentivise the collaboration rather than competition. Higher education institutions have to compete for students. If the universities collaborate, for example providing a specific course at one university and removing those courses from others. It would be better. The barriers need to be removed.
- Somebody needs to make a very difficult decision to charge students more because at the moment they are not paying enough or they need to find some money in the UK government's tax money or somewhere to fund, to top up university and give direct grants. If charging students more is politically unviable, which I think it is, then they need to do some sort of top up process where they pay a little bit per student as a contribution otherwise universities are going to continue to struggle, and the campuses will crumble, and it would be a world leading facility. UK higher education is currently a world-leading asset of the country, if we don't invest in it, then it won't continue to be that.
- There should be providing capital programs to help people to get through these issues. Provide capital, increase fee rates, potentially and increase grants.

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