

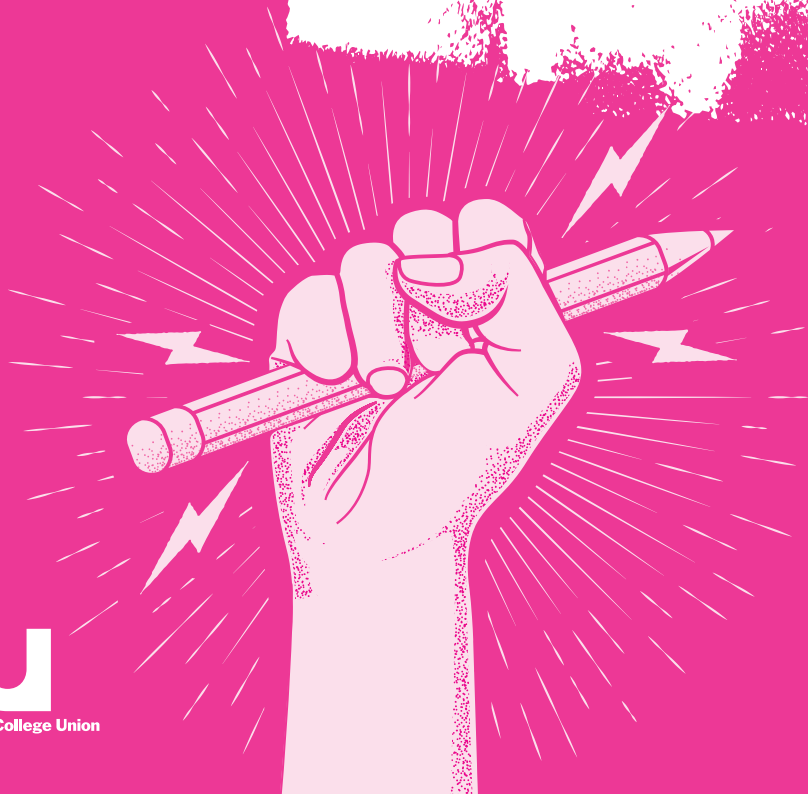
THE STATE OF BRITAIN'S UNIVERSITIES: A CRISIS UNFOLDING IN PLAIN SIGHT

HOWARD
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INTRODUCTION
BY JO GRADY

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INTRODUCTION

Our university sector has experienced years of neglect. As far back as the global financial crisis of 2007/8 universities have been deprived of the investment they desperately need.

To compound the problems, a fees-based funding model has presented universities with the worst of all worlds. It privatised large parts of the system by transferring the financial costs of tuition to individual students. At the same time, it kept ultimate control in the hands of politicians who have been unwilling to take the decisions necessary to ensure Britain's universities receive the investment they need.

As this report makes clear, this was a crisis waiting to happen. It was entirely predictable. Now it is unfolding in plain sight.

A sector that has already been suffering from years of neglect now faces the problems starkly – courses are being cut, thousands of jobs are threatened and whole institutions face the real possibility of collapse.

The consequences for students, and the highly skilled staff who support them, are enormous. Learning conditions will inevitably worsen, while vital research capacity will be diminished. But the costs are still wider. At precisely the time this government highlights the need for growth, it is pure folly to cut back a sector that is often the engine of innovation and skills development. There is no path to the sustainable, inclusive vision of growth we need without the key contribution of those who work in universities.

But this moment of crisis is about more than money – essential as that is. It is also about what it means to be a public university and the need to re-imagine the role of the public university in an age of colliding crises – not only economic, but environmental, social and democratic.

The modern, managerialist, marketised university has failed us. Not just for those who study and work in it, but also their communities and across wider society too. As this report makes clear, the business model of the university is unloved by students, staff and the local communities in which they are located.

Now is a time to not just re-think how we fund universities – urgent and essential as that is. It is also a time to re-imagine how universities can, and must, play their unique role in helping us all to navigate the dangerous times we are living in. From the impact of artificial intelligence to the rise of authoritarian populism, universities have a key role to play in supporting and strengthening our democratic traditions. But to do this work universities must return to their own democratic roots – grounded in genuine collegial governance and the defence of academic freedom. Universities cannot contribute to the democratic renewal we need in society without modelling the democratic practices that are essential to connecting institutions to their communities. We need to place the 'public' back at the heart of the public university.

There can be no doubt – universities are facing a crisis now and urgent and bold action needs to be taken immediately to prevent cuts to jobs. Any cuts will have a devastating impact – both immediately and in the longer term. That is why UCU is already taking the action it is – in myriad different forms. But the union is also seeking to develop a much more optimistic and hopeful vision of how post-compulsory education in all its forms, higher, further and adult, can change lives and transform communities. That is our longer term goal.

I invite you, to work alongside UCU members, as we stand together and take action to defend jobs, but also to build the movement around a more optimistic and hopeful vision of post-compulsory education that must be at the heart of our campaign for the social change we desperately need.

Jo Grady

Jo Grady
UCU General Secretary



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THE STATE OF BRITAIN'S UNIVERSITIES: A CRISIS UNFOLDING IN PLAIN SIGHT.

Howard Stevenson, Emeritus Professor in Educational Leadership and Policy Studies, School of Education, University of Nottingham.

‘Universities are in crisis’ – staff morale ‘at an all time low’ (Woods, 2024). Job losses are already taking place and large-scale compulsory redundancies, even the collapse of whole institutions, are threatened.

This crisis has been a long time in the making. Intensifying over several years, it has now accelerated as multiple, oftentimes predictable, problems collide and compound each other. It is a crisis unfolding in plain sight.

Without urgent and serious intervention it threatens to blight the lives not only of countless students and staff, but of universities’ local, regional, national and international communities. It prevents higher education from fulfilling the radical and ambitious prospectus for social renewal that we believe should be its mission. More immediately it seriously jeopardises the current government’s efforts to meet its targets for growth. Longer term, in a world where technology and artificial intelligence become increasingly influential, cuts to higher education undermine our collective capacity to both develop and control new technologies in ways that maximise opportunities and minimise very real risks.

THE NEXUS OF THE CRISIS

Finance is not the only problem in the UK higher education system, but there is no tackling the crisis in universities without addressing funding issues. Action is required to increase the quantum of funding, but it is also required to reform a deeply flawed funding model.

Funding across the UK higher education sector was badly hit by the impact of the 2007/8 financial crisis and this has cast a long shadow over education spending since that time. One consequence of the resulting austerity measures was the introduction of ‘full cost’ tuition fees, effectively privatising the costs of university teaching. (Across the OECD nations only in Chile do private households pay a higher proportion of tertiary education costs than in the UK – see OECD 2024, p. 292). Into this complex environment additional instability and uncertainty was introduced when the cap on student recruitment was removed in 2015/16, intensifying an internal competitive market within the system.

Faced with austerity-driven cuts in public spending, politicians’ reluctance to allow tuition fees to rise, and the removal of the cap on home student recruitment, many UK universities resorted to aggressive international student recruitment using high international student fees to offset inadequate public investment. This has resulted in over dependence on a small number of markets (such as China and India) –

building high levels of risk into important income streams. It has also raised serious questions about recruitment practices and over-charging that amount to allegations of systemic mis-selling (see for example, HEPI, 2024a).

Against this background, the crisis is easy to explain – and was easy to predict:

- *Costs have been rising, while a key source of university income (tuition fees), was held constant, resulting in a steady, year on year, erosion of the real value of tuition fee income. The current value of home student tuition fees is 64% of its 2012/13 value. By any standards this is a huge devaluing of a key income source and will inevitably impact the quality of provision. The problem sharpened when the war in Ukraine triggered an inflationary shock, with prices rising at 11.1% p.a. in the year up to October 2022. Until that time the impact of the relentless decline in real-terms funding had often been largely hidden. By 2022/23 the unsustainable, and often concealed, was developing into an acute crisis in plain sight.*
- *Simultaneously, linked to wider global developments – and intensified by visa restrictions, implementation of the ‘hostile environment’ immigration policy and Brexit – international student recruitment diminished at a rapid rate. One source identified a 16% drop in applications in the first six months of 2024 compared the same period in 2023 – this reduced sector tuition income by £1.14bn, intensified by consequential losses from accommodation and other related revenue streams (see HEPI, 2024b).*

By 2025, the consequences of insufficient funding, the flawed fees-based model and over-dependence on unpredictable and potentially volatile international student markets had become inescapable.

THE SCALE OF THE PROBLEM

The size and significance of the funding crisis was set out clearly in an Office for Students (OfS) report in 2024. The OfS (responsible for universities in England) was established to protect the interests of students as ‘consumers’ in the new higher education marketplace and one of its roles is to ensure higher education providers are ‘financially viable and sustainable’ (OfS, 2024, p. 2). Though the OfS only covers England, many of the issues it raises, in particular relating to rising sector costs and international student recruitment forecasts, apply across the UK as a whole. (IFS (2024) highlighted similar international student recruitment problems in Scotland.)

The 2024 OfS report clearly showed that universities’ financial performance was weaker in 2022/23 than it had been in 2021/22, and it was expected to be worse again in 2023/24. The report noted that sector institutions were predicting improvement from 2026/27 onwards, but the OfS considered this to be based on ‘an assessment of potential growth [in student recruitment] that is too optimistic’ (ibid. p. 3). The problem it identified was that the predictions of sector growth (35% in international students and 24% in home students between 2022/23 and 2026/27) combined individual institutions’ growth predictions. This almost certainly involved over-optimistic double-counting as individual institutions’ forecasts risk being based on recruiting the same students.

At the time the OfS reported that 40% of institutions would face deficit budgets in 2023/24 with an increasing number experiencing low net cashflow. There is a serious threat that some individual institutions may, literally, grind to a halt as they lack the liquidity required to perform day to day transactions.

THE CONSEQUENCES:

Unless the problems identified above are addressed, the consequences for the sector will be dramatic. Decisions to ‘retrench’ will be driven by a crude accountancy logic, with course closures being concentrated in the arts and humanities. A recent report by the Royal Historical Society (RHS, 2024) highlighted significant contraction (with staffing cuts in 39 history departments since 2020). Cuts were most acute in the post-1992 sector. What seems likely is that access to a range of disciplines will be increasingly restricted to more privileged students. As the RHS report indicated in relation to departments in post-1992 universities that are ‘disproportionately affected by cuts’:

- *These departments play a distinctive and vital role in maximising the diversity, opportunity and value of history in UK higher education. This includes the fundamental question of which students have access, now and in the future, to a history education. (RHS, 2024, p. 12)*

These trends are already evident and are likely to intensify, across a wide range of disciplines and types of institutions (*Guardian*, 2025). The cuts are also likely to increase regional inequalities in a country that already has some of the widest variations in educational attainment by geographical location (OECD, 2024). Vice-chancellors have warned that students’ learning conditions, including class sizes, will ‘inevitably’ deteriorate as the financial context declines (*THE*, 2025a).

Post-1992 universities are particularly important for part-time and mature students -who will be most affected by cuts to post-1992 provision. Part-time and mature students come disproportionately from poorer backgrounds, so the impact of the cuts will be greatest on the

least-privileged, the socially and educationally disadvantaged and excluded. Cuts compound inequalities – especially in an education system already recognised as deeply unequal by international standards.

The impact on staff is likely to have profound consequences. It is already clear that morale across the sector is extremely fragile, evidenced by protracted strike action between 2018 and 2023 (in 2018 strikes in the education sector accounted for 2/3 of all strike action in the UK – this was overwhelmingly accounted for by the UCU pensions strikes – see ONS 2018). Such industrial action is almost always reflective of a much wider set of grievances than only those around which a dispute is focused – hence the expansion of the initial dispute to include pay, workload, precarity and inequalities.

Many of these long standing grievances will be further intensified by current funding problems as jobs are threatened, the workloads of remaining staff grow and morale deteriorates further. This will be experienced most acutely by those employed on precarious contracts, an employment status that has long been a scourge within the system. A recent report indicated that 33% of HE staff are on fixed-term contracts. Among ‘research-only’ staff the proportion on fixed-term contracts rises to 68%. Yet only 22% said their work was dependent on external, time-limited funding (HEPI, 2023), suggesting that the use of fixed-term contracts goes far beyond what may be explained by project-based funding. Such developments also further entrench inequalities as research clearly shows how those who experience most disadvantage in the workforce are those most likely to experience casualised employment. For example, Solomon and Du Plessis’s systematic review of experiences of precarious work in the higher education sector highlighted the disproportionate impact of precarious contracts on women workers.

- *Women are especially concentrated in the temporary, hourly paid, or pro-rata and zero hours contracts; being sidelined, overlooked, and settling for precarious employment contracts often leads to loss of income and long-term pension insecurity; academic precarity is being feminized, which broadens structural inequality. (Solomon and Du Plessis, 2023, p. 12)*

- *Some [universities] are also unable to sustain previous levels of research activity and industry collaboration. Engagement between SME's and universities has declined in recent years, and financial constraints on both sides are often cited as contributing challenges. (NCUB, 2025)*

REQUIRED: IMMEDIATE ACTION AND A LONGER-TERM VISION

All the developments described above pose a significant risk to the government's focus on growth to generate prosperity and finance broader strengthening of the social infrastructure. A recent report for Universities UK (London Economics, 2024) highlighted the contribution of universities to their local economies, and to wider aspirations for economic growth. The report showed that for every £1 invested in higher education, £14 is put back into the wider economy, while the total economic impact of UK higher education on the country's economy is more than £265 billion. Inevitably there are challenges when trying to make any clear links between investment in higher education and economic growth (as one of the report's authors acknowledges – see THE, 2025b) but what is clear is that efforts to drive economic growth, while presiding over a contracting higher education sector, are likely to end in failure. Moreover, it is already clear that the financial problems facing universities are directly impacting a range of activities intended to build university and business partnerships – as a report for the National Centre for Universities and Business indicated:

It is now essential to re-imagine the role of the public university so that the higher education sector can make its critical contribution to tackling the challenges of a rapidly changing society. This will require immediate investment followed by reform of a broken funding model, a reassessment of universities' relationships to their local communities and a rediscovery of the unique contribution of universities to deepening democracy across political and civil society.

The UK government has announced a 3.1% increase in tuition fees in England from the 2025/26 academic year, from £9,250 to £9,535 for full time students. This does not begin to address the decline in the value of tuition fee income over the last 14 years, and is nullified by rising costs elsewhere (e.g. the increase in employers' national insurance contributions). Universities will inevitably seek to respond to this situation by looking for within-system efficiencies but it is highly unlikely that initiatives such as Universities UK's 'transformation and efficiencies taskforce' (see UUK online) will be able to provide lasting solutions. The reality is that UK higher education has been constantly adjusting to inadequate funding since 2007/8. Implementing further cuts to a system already weakened by years of austerity can only add to existing problems. Sticking plasters achieve little when cuts are deep.

The outlook is somewhat better in Wales, where the Welsh government recently announced an additional £19 million to support its universities (Welsh government, 2025), and in Scotland where additional funding has been announced to help universities meet raised employer pension contributions (*THE*, 2025c), and to support universities, such as at Dundee, facing financial difficulties (*The National*, 2025). Though unlikely to be sufficient, these initiatives are a useful start.

Elsewhere (see Holford et al, 2024) it has been argued that the action that is required to address current problems in the UK higher education sector is a combination of immediate financial support and a much more ambitious vision of what higher education might offer to the architecture of a coherent post-compulsory education system. UK higher education has not only suffered from a lack of investment, with problems compounded by flawed funding models, but also from a poverty of ambition. As with so much of the wider education system, universities have focused relentlessly on a narrow conception of ‘productivity’, while those who work and study in the system feel increasingly alienated from the educational process.

Many universities make grand claims about their global ambitions and status, while at the same time the sector has increasingly neglected the communities where they are located. The number of part-time undergraduate students entering higher education is a stark indicator: a recent House of Commons briefing reports that the total number of part-time entrants to HE fell ‘steeply from 470,000 in 2009/10 to 235,000 in 2019/20; a drop of 50% compared to an increase of 29% in full-time entrants’ (Bolton 2025, p. 23). It is little surprise that some sources claim limited popular support for increasing public investment in higher education universities if

those who live in their locality experience their university as remote and inaccessible (UPP/HEPI, 2023). The higher education sector has a proud history of working in and with local communities, working alongside providers in further and adult education in ways that complement and enrich local provision. This not only makes the institutions resources a community resource, but opens up the possibility of university education to a much broader constituency. There continue to be examples of excellent practice – but these have become the exception rather than the rule. Reassessing universities’ role in social and community renewal needs to be central to any re-imagined public university.

Finally, there is an urgent need to rediscover the role of the public university as a key institution in a democratic society. The rise in authoritarian tendencies is visible in many parts of the world. Very often, authoritarian and intolerant forces see universities as places of independent and critical thought that need to be constrained and controlled (see Stevenson et al, 2025). An important first step in reasserting the role of the public university is to defend it robustly from those who seek to curtail academic freedom. While this is a necessary first step, it is far from sufficient to address the issues. What is required is a wider rediscovery and reinvention of the university as a democratic institution, based on the principles of democratic and collegial governance and guided by a powerful commitment to upholding the values of academic freedom. The modern managerialist university has lost its way – unloved by students, staff and the communities in which it is located (but hardly serves).

Rediscovering and reinvigorating the democratic soul of the public university is essential to protect the sector from the authoritarian threats it undoubtedly faces – but so too is building a sector capable of helping to address wider societal challenges posed by climate crisis, the rapid development of artificial intelligence and other new technologies, and the global spread of authoritarian populism.

Finally, addressing all of these issues requires a new relationship with the sector's workforce. A new social contract between universities and their employees needs to be established. Collective bargaining in the sector plays an important role, but too often it is hampered by employers' refusal to negotiate nationally over key terms and conditions. A revised bargaining system needs to be developed to provide for a genuinely national contract for employees in the sector. The UK government should reaffirm its commitment to the *UNESCO Recommendation concerning the Status of Higher-Education Teaching Personnel* (1997) and engage with employers, unions and governments to commit to ensuring compliance across the higher education sector, in all four nations.



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