

# Universities UK briefing: House of Lords Blueprint debate

*Universities UK briefing circulated to peers ahead of the House of Lords Blueprint debate on Thursday 14 November. This briefing provides background, an overview of the findings and recommendations of each chapter, as well as some suggested questions to the Minister. The House of Lords Library briefing can be [read here](#).*

*For any additional briefing, please contact [tom.lewis@universitiesuk.ac.uk](mailto:tom.lewis@universitiesuk.ac.uk).*

## Background

In September 2024, Universities UK published its report titled: *'[Opportunity, growth and partnership: A blueprint for change from the UK's universities](#).'* The report's recommendations have a single aim: 'to create a UK university sector that is better in ten years' time than it is today.'

Universities UK worked with a group of 10 commissioners, largely drawn from outside the higher education sector, and consulted closely with its members and stakeholders in related sectors, to make the case for a reset in the way in which universities serve our society and country over the next decade and beyond.

Each chapter offers recommendations for universities and for government. Through the actions set out in the Blueprint, we aim to achieve five big shifts:

- Expand opportunity
- Improve collaboration across the tertiary sector
- Generate stronger local growth
- Secure our future research strength
- Establish a new global strategy for our universities.

To enable these shifts, we need to:

- Put universities on a firm financial footing
- Streamline regulation

- Improve how the impact of the universities is assessed

## Chapter 1: Expanding opportunity

The new government has made ‘breaking down the barriers to opportunity’ one of its five missions. We know higher education can be a transformational experience for individuals and their life chances. We also know that if the UK is to thrive and its economy grow, we need to deploy all available talent.

More young people from disadvantaged backgrounds now go to university, but entry rates for more affluent students have also increased, resulting in a sustained gap in progression between the two groups. Different geographical areas also see significant differences in participation rates. Students from disadvantaged and under-represented backgrounds often need greater academic and personal support to enable them to succeed, leaving significant variations in outcomes depending on background.

Our primary focus is to increase participation in higher education by under-represented students. Close and effective partnerships between universities, schools, colleges and government is required to support opportunities for all by improving access, success and progression. We argue for a concerted, system-wide effort to increase access, and to improve student success and progression into the labour market.

### Key recommendations:

- Government, universities and colleges in England should work together to ensure that by 2040, 70% of the population achieve tertiary attainment at Level 4 or above by the age of 25. By 2035, aim to increase the rate of participation of 18- and 19-year-olds from low-participation neighbourhoods (TUNDRA Q1&2) from 30.5% to 50%.
- A new Tertiary Education Opportunity Fund should be established and awarded to HE–FE partnerships that create collaborative programmes that respond to local needs and target learners in low-participation areas or groups through outreach activity.
- The National Tutoring Programme should be extended to enlist (and fund) university students to provide targeted tutoring support for disadvantaged pupils in the school system. It could also play a role in addressing national teacher shortages by getting graduates interested in a teaching career.
- Maintenance grants should be reinstated for students from the most disadvantaged backgrounds.

### **Suggested questions to the Minister:**

- What assessment has her Department made of the merits of establishing a Tertiary Education Opportunity Fund?
- What consideration has the government given to extending the National Tutoring Programme to enlist (and fund) university students to provide targeted tutoring support for disadvantaged pupils in the school system?

## **Chapter 2: More responsive and collaborative tertiary education**

The new government's key economic, social, and education policy drivers all point to placing greater value on partnership and connectedness.

In this spirit, we believe that all parts of the tertiary system, universities, other higher education providers and further education colleges, need to work closely together to provide opportunities that allow learners to make informed choices that meet their ambitions.

The labour market needs both a greater number of people progressing beyond Level 2 and an increase in the proportion of the population with qualifications at Level 4 and above. We need to make it easy for learners to study flexibly in the best learning environment for them, and to develop skills throughout their lives.

Many of our universities, colleges and other higher education providers work closely together to coordinate their provision locally. However, this is not always the case. The paucity of frameworks or incentives to encourage collaboration between local tertiary education providers contributes to the homogenisation of provision.

This chapter extends the argument for a whole-system approach to education to address wasted talent across society. It argues that labour market changes, evolving skills needs and demographic pressures mean that it is necessary for universities, colleges and other parts of the tertiary system to work more closely together to provide opportunities which allow learners to make choices to meet their ambitions; progress through tertiary education easily with no 'dead ends'; study flexibly; and develop skills throughout their lives.

### **Key recommendations:**

- The government should ensure that regulators do not require duplicate reporting for aspects such as financial health when there is a single accounting officer.
- In light of the short-course pilot for LLE, the government should reconsider the minimum credit requirements and explore whether the LLE can be used to encourage employers to support the cost of employee study on a modular basis.

**Suggested question to the Minister:**

- What measures will the government take to incentivise greater collaboration between higher education providers, enabling students to access and move easily through the tertiary landscape?

### **Chapter 3: Generating local growth**

The new government has indicated that growth is their top priority. There is consensus that the UK needs to address low productivity and local inequalities and create the conditions for increased private investment across regions. This is critical not only to sustaining public services, but also to addressing societal inequalities effectively.

Universities underpin growth in many ways:

- According to government research, increased student numbers have played a pivotal role in preventing a steeper decline in productivity.
- Since 2019, there have been nearly 600,000 interactions between universities, businesses and non-commercial partners, with more than 20,000 active spin-outs, start-ups and social enterprises emerging from UK universities.
- As large local employers they constitute powerful economic actors in their own right.
- They are one of the UK's largest export sectors, purchase extensive goods and services, and attract inward investment.

This chapter considers how universities can play a greater role through responding to the current and future skills needs of local employers and supporting local economic actors to adopt new knowledge and technology to drive innovation and growth.

**Key recommendations:**

- Where Mayoral Combined Authorities do not exist, local growth partnerships should be established to enable universities to support local authorities to achieve their local growth plans through overcoming local coordination failures and learning from initiatives such as local enterprise partnerships and local skills improvement plans.
- Stable and effective incentives should be created for universities to collaborate with each other and with business and the public sector to meet the defined skills needs for industry and business.
- An inclusive approach should be adopted to addressing every level of skills gaps. Skills England should look to capitalise on the central role universities have in tackling skills shortages at the higher levels.

#### **Suggested questions to the Minister:**

- How can government ensure that universities play their full role in supporting growth across England, especially in areas that don't have a Mayoral Combined Authority?
- How is the government planning to ensure stable and sufficient investment in innovation funding for universities and avoid multiple short-term initiatives and funding cliff edges?

## **Chapter 4: A world-leading research and innovation system**

The UK remains a world-leading research base, but we can no longer take UK universities' R&D activities for granted. If we want to be a country of the future rather than the past, we must double down on our ambition to be genuinely world-leading in research and innovation.

It is estimated that for every £1 of public money invested in university research and innovation, the country gets back £10 a year. Yet, in 2022–23, UK universities incurred a £5.3 billion deficit on their research activities. In short, the system is structurally unsustainable:

- Since 2010, block grant research funding, including quality-related funding, has fallen by around 15% in real terms across the UK and even more so in the devolved administrations.

- Only 69.3% of total research costs were recovered in 2022–23, resulting in universities subsidising research from other increasingly overstretched income streams, mainly fee income from international students.

UK universities have become more effective at attracting investment and bringing ideas to market, with strong performance in terms of patents, spin-outs and income from intellectual property (IP). The UK produces significantly more direct commercial value from its universities compared with others in Europe.

Universities must fully commit to breaking down cultural and institutional barriers between academia, industry and other sectors to disseminate the knowledge they generate more effectively, so that it can contribute to growth, including through developing a diverse, agile talent base across every region of the UK.

**Key recommendations:**

- Ask funders to review incentives and requirements that demand in kind or matched contributions to research grants and other mechanisms, so that university staff do not feel an expectation to contribute more than 20% of the costs of research.
- Provide a sustained real-terms increase in Quality-related Research (QR) funding after it has fallen in real terms by 15% since 2010.
- Set an ambitious GDP based R&D intensity target, covering both public and private investment, to match that of the most competitive and innovative countries in the world. A healthy balance between fundamental and more applied research must be maintained.
- Create a Missions Innovation Fund, in addition to the existing research budget, to stimulate research and innovation orientated towards addressing the priorities set out in the government's Missions and its industrial strategy.

**Suggested questions to the Minister:**

- What conversations has the Minister had with DSIT to provide a sustained real-terms increase to QR funding after it has fallen in real terms by 15% since 2010?
- What conversations has the Minister had with DSIT to set an ambitious GDP based R&D intensity target?

## Chapter 5: Our universities' global reach, reputation, and impact

Universities have a global reputation for excellence, and their international activities bring huge benefits to the UK. Internationalisation in universities encompasses a wide range of activities and benefits, including collaborating in research, hosting international students, delivering programmes overseas through transnational education, and providing international experiences for UK students, helping them to develop the knowledge and cultural competencies required to prosper in a globalised world.

Chapter 5 sets out proposals to ensure the global engagement and profile of universities continue to create opportunity, drive prosperity and generate knowledge, both for the UK and for our partners worldwide. Crucially, it advances a proposal for a new compact with government to create a stable and sustainable basis for managed growth in the number of international students we host.

### Key recommendations:

- A Global Strategy for Universities should be established. The objective should be to harness the global reach, reputation and impact of our universities to create opportunity, foster prosperity and develop knowledge – both for the UK and our international partners.
- Government should work with the sector to develop a new compact whereby each takes action to secure sustainable levels of international student recruitment and well-managed growth.
- There should be positive engagement with the development of the next European framework programme (FP10) and to seek early agreement on the UK's full association.

### Suggested questions to the Minister:

- What assessment has the Minister made of the merits of establishing a Global Strategy for Universities?
- What assessment has the Minister made of the merits of establishing a new compact to deliver sustainable levels of international student recruitment and managed growth.

## Chapter 6: Putting universities on a firm financial footing

The funding of universities is structurally unsustainable across all four nations in the UK. This is not a challenge that can be ducked, either by government or by universities themselves. We have a responsibility to hand our universities on to the next generation in a stronger condition than we inherited them. We must not oversee an era of slow decline, either relative or absolute.

In England, we recommend a two-phase approach for universities and government. The first phase should focus on a more solid financial foundation for the sector, and the second phase will build on this to increase the diversity of business and operating models, ensuring that higher education can adapt and deliver the needs of the future.

We welcomed the recent announcement to end the near decade long freeze in tuition fees. We have estimated that an uplift in the fee cap, applied to all students in 2025-26, will deliver £308 million of additional income to universities. While we recognise this was not an easy decision for the government to make, it was the right course of action in the short-term to stabilise university finances.

While government action on funding will be an essential part of the solution, universities are not passive actors. They can take steps to make themselves more resilient and efficient and adapt to meet the needs of the country. Individual universities are already undertaking significant transformation projects, reimagining their physical and digital estates, and their operating and teaching models. Universities UK is committed to establishing a cross-sector Transformation and Efficiency Taskforce to seek savings through greater collaboration. This taskforce will report in Summer 2025.

### Key recommendations:

- Phase 1: securing a more solid financial foundation:
  - o Increasing funding for teaching to meet the real costs through a combination of index-linking fees to inflation and restoring the teaching grant.
  - o Ensuring policy stability in relation to international students in order to achieve sustainable and managed growth.
  - o Working with the sector to establish a sustainable solution for universities in relation to the significant increase in contributions to the Teachers Pension Scheme.



- Phase 2: From surviving to thriving:
  - o Developing a Compact with the university sector to deliver sustainable, managed growth in international student recruitment.
  - o Removing VAT on higher education shared services.
  - o Introducing a transformation fund to enable and accelerate changes to universities' operating and business models in order to achieve greater efficiency.

#### **Suggested questions to the Minister:**

- What assessment has the government made of UUK's commitment to lead a sector efficiency and transformation programme?
- In her announcement, the Secretary of State mentioned a renewed drive for efficiency in the higher education sector. What assessment has the government made of the recent report from Jisc/KPMG on the opportunities for collaboration in the sector? What efficiency work does the government want to see pursued in the sector?
- What conversations has the Minister had with HM Treasury on the merits of removing VAT on higher education shared services to incentivise efficiency saving behaviour in the sector?

## **Chapter 7: Better regulation**

This chapter argues that an effective regulatory framework and regulator in England is essential to support a thriving higher education and research sector and uphold public and political trust and confidence in our universities. At a time of scarce resources, the sector and government must work together to achieve a more coordinated regulatory system in which the benefits of regulation exceed its costs.

To retain its earned autonomy, the sector must demonstrate the quality of its offer as it adapts to the needs and wants of a changing society. This also means being open to the scrutiny of regulation and acting on concerns.

#### **Key recommendations:**

- Streamline the priorities of the Office for Students (OfS) to focus on quality, access, international competitiveness and financial sustainability, and only introduce new regulatory requirements where the public benefits are clear and the costs justified.
- Consider changes to legislation to allow the OfS to evolve into an enabler of innovation and to bolster its independence.
- As a priority, the quality assurance system should be realigned with the European Standards and Guidelines.

**Suggested questions to the Minister:**

- How does the Minister view the Department for Education's role in supporting a more effective and efficient approach to regulation?
- What steps are being taken to ensure that the quality assurance system in England is aligned with internationally recognised standards?

**Chapter 8: Improving how the impact of universities is assessed**

Universities deliver both private and public benefits. The latter are poorly understood and often overlooked by policy makers.

This chapter argues that universities and government should do a better and more consistent job of measuring the benefits which flow from higher education, research and innovation. Human, intellectual, physical, natural, social and cultural capital needs to be captured which we are not currently able to do in a systematic way.

**Key recommendations:**

- Government should more rigorously and consistently measure the private and public benefits of universities - both economic and social.
- Universities can support this effort by producing more consistent and comprehensive assessments of their own impact, assisted by Universities UK's development of a robust and effective methodology to do so.

**Suggested question to the Minister:**

- What assessment has the Minister made of the merits of better measuring the wide-ranging social and economic impacts that universities make to the UK?