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Transformation and Efficiency Taskforce:

Towards a new era of collaboration

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Universities UK

Contents

Foreword by Sir Nigel Carrington	3
Introduction & methodology	12
Section 1: Why change is needed	15
Section 2: Opportunities and actions	26
Next steps	54
Acknowledgements	56

Foreword by Sir Nigel Carrington

The UK's universities matter now more than ever. They are integral to the prosperity of their local communities, regions, the UK and the global community. They drive economic growth, equip graduates with opportunities for a more prosperous and fulfilling life, help solve some of the most fundamental challenges of our age, and drive social mobility across the country.

Yet the UK's higher education sector stands at a critical point. Rising costs and real-terms reductions in their income streams have left universities under severe financial pressure. Universities have responded to the pressure, finding ways to cut costs fast. But there is a limit on how far cost-cutting can take us. Cuts to courses offered, reduced investment in facilities and infrastructure, and scaling back research activity, all documented in this report, risk impairing universities' capacity to deliver prosperity and support the government's ambitions for growth, technological innovation and skills development.

It is in this context that I was asked to chair a Universities UK (UUK) taskforce to unlock a new era of collaboration for our universities. Driven by financial imperative, and in response to government priorities, the sector committed to exploring how we can leverage our collective skills and expertise to move beyond the individual efficiencies that universities can deliver for themselves and find new ways to drive transformational change in our sector. This work will not negate the sector's need for an improved funding settlement, and the sector and government will need to continue to collaborate to deliver this, but the sector must also take the lead on realising opportunities for cost-saving and transformation itself.

Above anything else, the work of this taskforce has to be useful. It must be actionable for universities individually and galvanise collective action. We recognise that one of the key strengths of the higher education sector is its diversity, and therefore the taskforce has sought to help that diversity flourish. Our work seeks to convene, enable and catalyse, not to impose or mandate. The taskforce and UUK members have urged us to be ambitious. We have sought to answer that call.

I have been struck by the considerable and genuine appetite across the sector to think and work differently to protect what is great about our world-leading universities and to deliver even better value for money to students and taxpayers. Our report describes further efficiencies that are achievable under the sector's own steam, but also identifies elements of the higher education system that urgently require attention if genuine transformation is to take place.

Our report reflects on the ways in which the competitive pillars on which the higher education environment has been built since 2012 have created new challenges. We conclude that some elements of that system are now acting as inhibitors to necessary change. We suggest some shifts in the way our higher education system is structured and regulated that would enable us to catalyse the collaborations that would facilitate real transformation. These changes include clarification of the impact of competition law on both operational and academic collaborations, further changes to the rules surrounding VAT on shared services, and the development of a sector improvement initiative and a transformation fund to finance specific changes that cannot be funded by universities alone.

This report is just the beginning. The taskforce is already taking action to catalyse change and support the sector, but I hope that this report's contents and the actions it sets in train begin a new conversation within universities, between universities and between universities and government, ushering in a new era of collaboration. It is through deeper collaboration and partnership that we will secure a sustainable future for our sector that can continue to deliver prosperity for our communities. I am delighted that UUK has already committed to developing the recommendations of our report into new phases of work.

I thank all those who gave their time to contribute to this report, particularly members of our taskforce and all those who participated in our research. I am grateful for your generosity, diligence, frankness and creativity in helping us develop our ideas. It is clear how much people value our sector and the incredible things it achieves. I hope this passion is evident in our report.

Sir Nigel Carrington, Chair of UUK Transformation and Efficiency Taskforce

Executive summary

UUK's transformation and efficiency taskforce

Universities UK's (UUK) transformation and efficiency taskforce was established in response to significant financial pressure on the higher education sector in all four nations of the UK. Our aim is to tackle the challenges we collectively face, to support the efforts of individual universities to achieve greater efficiency, and to seek opportunities for collective action to help our universities go further and faster than they can alone. This report is the first of three outputs from the taskforce, and together these mark Phase 1 of a long-term commitment to embark on a new era of collaboration.

Phase 1 of UUK's transformation and efficiency programme is delivering three outputs:

Towards a new era of collaboration (this report)

This report, aimed at university leaders, their governing bodies and government will help them to:

- understand the drivers for change
- develop a shared understanding of the opportunities
- identify the conditions needed to support greater efficiency and transformation and the actions required to realise this.

Catalysing change now (ongoing)

Develop guidance and run workshops with key advisors to the sector for university executive leaders and governing bodies on:

- innovative collaborative structures
- structured approaches to cost reduction
- maximising value from estates
- competition law
- digital transformation
- financing transformation.

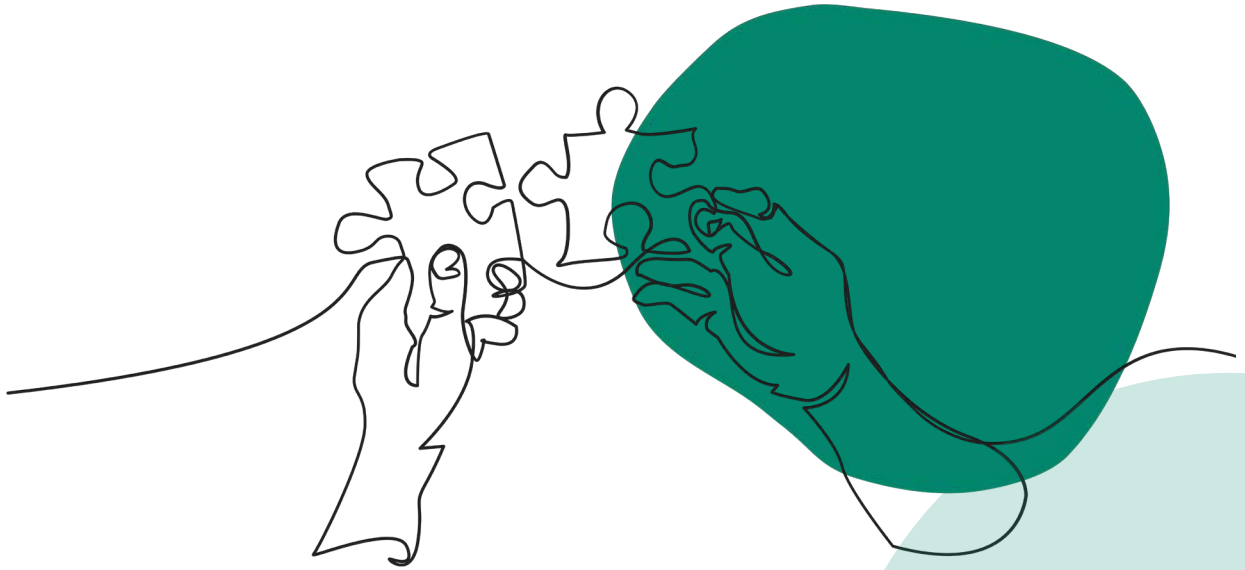
Evaluation of new shared service opportunities (to be finalised by early summer 2025)

Business cases to test three potential shared services are being developed to improve sector performance and reduce waste and costs.

These candidates, drawn from a shortlist, will explore potential areas for national shared services, facilities and procurement.

Phase 2 will be led by UUK and focus on:

- continuing to catalyse further efficiencies through advice, guidance and sector resources
- building consensus and momentum for transformation in specific areas of activity
- securing action from government and sector partners to enable change
- creating an oversight group to lead on monitoring and accountability for the actions agreed in Phase 1.



This report: towards a new era of collaboration

Why change is needed

There has been a decline in investment in higher education and research in the last decade, with real-terms reductions in the teaching unit of resource and a decline in cost-recovery for research across the four nations. This has occurred concurrently with increased pressures on university finances caused by macroeconomic challenges and sector-specific commitments, and — particularly in England — a marked shift towards a more competitive operating environment. Universities are responding with long-term strategic change programmes, but in the short term have had to make substantial reductions that risk their ability to continue to deliver world-leading teaching and research or to invest in longer term transformation.

A survey of UUK members found that in response to financial pressures, universities have:

- **Closed courses**: 49% of respondents closed courses and 89% would consider doing so in the next three years.
- **Reduced research activity**: 19% have cut back on academic R&D, with a further 79% saying that they may consider this in the next three years.
- **Scaled back maintenance and infrastructure investment**: 60% reported cutting back on repairs/maintenance of existing facilities, and 46% had cut investment in IT. 84% had deferred physical and/or digital infrastructure capital projects in the last two years.
- **Undertaken widespread structural change, including reducing headcount**: 18% have closed departments, 42% have sold physical assets and 25% have made compulsory redundancies.

Our research found a significant appetite to overcome the barriers to transformation and greater efficiency and a widespread desire for deeper collaboration, but also awareness of the many obstacles to change. Some of those obstacles are cultural, but others are believed to lie in regulatory changes that have taken place in the higher education and research system over the last decade.

Opportunities

The taskforce has identified seven opportunities to drive transformational change. This report describes these opportunities and considers how the sector might realise them.

The seven opportunities identified are:

- Pursuing innovative collaborative structures
- Sharing more services and infrastructure
- Leveraging sector buying power
- Supporting digital transformation
- Adopting a common approach to assessing efficiency and benchmarking costs
- Developing leadership skills in those mandated to deliver change and further improving governance
- Developing the current regulatory environment and supportive structures to help collaboration and transformation to go further, faster.

49%

UUK members closed courses due to financial pressures

Actions

This report lists the actions the sector and government need to pursue to develop these opportunities.

The taskforce is already delivering on actions to support the realisation of these opportunities, including developing business cases for some shared services and delivering guidance from experts on efficiency initiatives and transformative change. With many of the opportunities dependent on leadership development, peer learning and opportunities to explore deeper partnership, UUK intends to continue to develop initiatives to meet these needs in the medium and long term. The taskforce has also agreed with other established and trusted sector organisations to take forward actions that will support greater collaboration, and to ensure that they themselves are set up to deliver what the sector needs in the future.

Our research found that government can support the sector to go further and faster with some specific actions. This is of particular importance given that universities will be critical partners in the delivery of the upcoming comprehensive post-16 education and industrial strategies.

The taskforce believes the sector needs to work urgently and proactively with government to develop a long-term vision and strategy that addresses priorities for teaching, research and civic responsibility and aligns them with a supportive policy, funding and regulatory regime. This requires truly collaborative action from government, the sector, independent experts and those financing the sector.

The full list of proposed actions for each stakeholder are as follows:

Action		Opportunity realised
Actions for the taskforce	Publish advice and guidance for university executive leadership and governing bodies on models for transformative change (eg, mergers, federations or group structures; digital transformation; shared physical infrastructure, etc). Enable sector leaders to learn from others where these models are already being pursued.	1: Pursuing innovative collaborative structures 2: Sharing more services and infrastructure 4: Supporting digital transformation 6: Developing leadership skills in those mandated to deliver change and further improving governance
	Develop three outline business cases to test the potential for national shared services or infrastructure to kickstart and convene new collaborations underpinning change.	2: Sharing more services and infrastructure
Actions for UUK	Develop an approach to support ongoing sector-led collaboration and improvement activity, beyond the life of the taskforce.	1: Pursuing innovative collaborative structures 2: Sharing more services and infrastructure 6: Developing leadership skills in those mandated to deliver change and further improving governance
	Explore options for a more collaborative approach to cost and operational benchmarking.	5: Adopting a common approach to assessing efficiency and benchmarking costs
	Develop a Phase 2 implementation plan to monitor progress and build momentum.	

Action		Opportunity realised
Actions for executive and non-executive university leaders	Work together to consider how best to apply the opportunities presented in this report and other taskforce outputs in their own contexts to achieve cost-saving and pursue transformation.	
Actions for other organisations	Ask UKUPC to work with members to review the effectiveness of existing frameworks and to work with HEPA to review the approach to collective purchasing, including promoting national purchasing. In doing so, the sector should recommit to making substantial increases in non-pay spend being delivered through framework agreements.	3: Leveraging sector buying power
	Ask Jisc to work with UCISA, BUFDG and procurement consortia to develop a collaborative, centrally agreed procurement approach for common sector wide systems that represent significant cost to individual institutions.	3: Leveraging sector buying power
	Ask Jisc to support universities to baseline their existing digital and data maturity against sector benchmarks.	4: Supporting digital transformation
	Ask Jisc and UCISA to further develop and promote the adoption of shared standards for digital transformation through the framework for digital transformation and the higher education reference model (HERM).	4: Supporting digital transformation
	Ask the Association of Heads of University Administration (AHUA) to develop an organisational efficiency maturity model.	5: Adopting a common approach to assessing efficiency and benchmarking costs
	The taskforce supports the Committee of University Chairs (CUC) initiative to lead a commission to undertake a full review of HE governance including the relationship between executive and non-executive leadership, skills for effective governance, and how governance can evolve to meet future challenges.	6: Developing leadership skills in those mandated to deliver change and further improving governance

Action		Opportunity realised
	The taskforce supports the ongoing work of the CMA to address concerns raised by HE providers around competition law and collaboration, including the development of bespoke advice and guidance. The CMA and central government should continue to work with universities to build on this.	1: Pursuing innovative collaborative structures
Actions for government	Government should work collaboratively with the sector to create a funding and regulatory framework that is more supportive of collaboration, addresses gaps in sector stewardship and creates a cohesive system in which higher education and research, policy and funding levers are better aligned. This should include the collaborative development of a holistic and long-term vision and strategy for the sector.	7: Developing the current regulatory environment and supportive structures to help collaboration and transformation to go further, faster
	Government should create a transformation fund to derisk and catalyse the exploration of innovative collaborative structures. It should also consider making available a small proportion of the already announced £3.25 billion Transformation Fund to accelerate digital modernisation across the public sector to the universities.	1: Pursuing innovative collaborative structures
	Government should implement one of BUFDG's proposed solutions to the restrictiveness of VAT cost-sharing exemption.	2: Sharing more services and infrastructure
	Government should look to relieve cost pressures on the sector, where these are outside the sector's own control, for instance by reducing regulatory burden and the expectation that universities carry out unfunded activities, and by increasing the flexibility to offer alternatives to the Teachers' Pension Scheme (TPS). Government should avoid adding additional cost pressures on the system through new, unfunded expectations or levies.	7: Developing the current regulatory environment and supportive structures to help collaboration and transformation to go further, faster
	Government should support the sector to identify and then remove regulatory barriers to the creation of different organisational forms.	1: Pursuing innovative collaborative structures

Introduction & methodology

Introduction

In 2024, recognising the financial pressures on the sector, UUK's 'Opportunity, growth and partnership: a blueprint for change' committed to taking forward a programme of work on sector transformation and efficiency. Separately, in announcing the recent fee uplift in England, the Secretary of State set efficiency as one of her key reform priorities for higher education, stating that: 'adapting to the changed context of the higher education sector over the next decade will require a more fundamental re-examination of business models and much less wasteful spending'. As a result, UUK established a cross-sector transformation and efficiency taskforce to lead and help shape Phase 1 of this programme of work.

This report is one part of the taskforce's work. Two other strands of work are being delivered concurrently and are ongoing. These are the development of a small number of outline business cases for sector-level shared services, and the production of advice, guidance and learning opportunities around priority themes (including innovative collaborative structures, structured approaches to cost reduction, maximising value from estates, competition law and digital transformation). This report identifies seven opportunities for change that can be applied to the whole operating model, including teaching, research, estates and professional services. It is intended to apply to universities in all four nations of the UK, except where otherwise indicated. We have also concluded that, while vital to addressing sector challenges, there are some areas that should not be explicitly covered in our opportunities and actions, such as pay and working conditions and the broader funding environment. More detail on these can be found at the beginning of section two.

Methodology

This report has been underpinned by extensive research undertaken in early 2025, which has included:

- qualitative conversations with over 70 individuals in one-to-one or small group semi-structured interviews covering the action the sector has taken, current barriers to transformation and opportunities to collectively drive transformation and save costs. Participants included university staff in a range of positions, external consultants, those involved in shared services and procurement, higher education experts from outside the UK, and those with experience of similar endeavours in other sectors
- discussions with sector groups and with UUK members through existing engagement opportunities
- analysis on the cost to deliver higher education
- a survey of senior university leaders on their priorities for collaboration
- a survey of UUK members on what actions they have taken to save costs with a comparison to a similar survey undertaken in 2024.

We are grateful to all those that gave their time to contribute to the research behind this programme of work.

Section 1:

Why change is needed

Summary: why change is needed

- There has been a major decline in investment in higher education in the last decade, with real-terms reductions in the teaching unit of resource and a decline in cost-recovery for research across the four nations.
- University expenditure has increased due to short-term economic shocks, causing spikes in inflation and sector-specific pressures, such as commitments to certain pension schemes.
- There has been a change in the regulatory environment, particularly in England where we have seen a deliberate shift towards a more competitive environment, which can mitigate against collaboration.
- Universities have responded to decreasing investment by embarking on long-term change programmes and have had to respond to short-term acute challenges by making significant cuts.

The impact of financial challenges

84%

delayed either physical or digital infrastructure capital projects in the last two years

89%

would consider course closures in the next three years

79%

would consider scaling back on academic research activity in the next three years

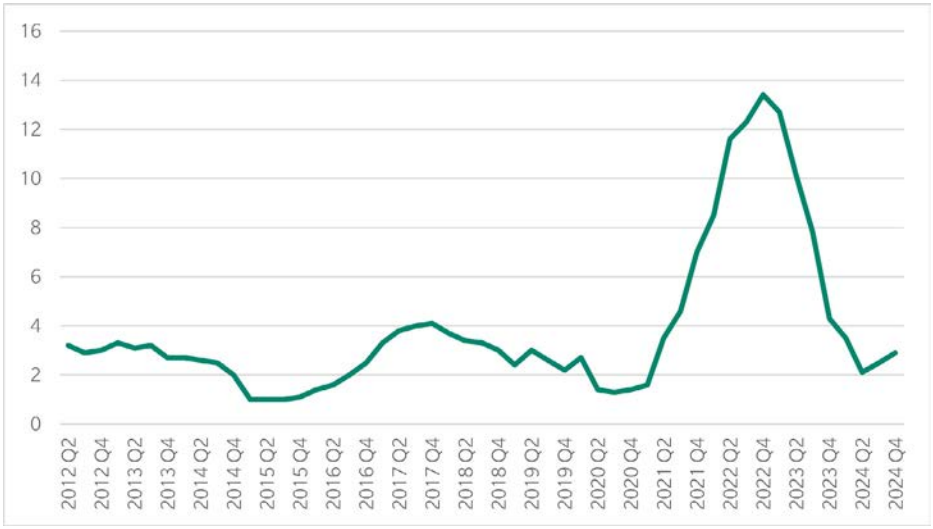
University expenditure has been impacted by rising costs and increased demands

Macro-economic factors

The sector has been exposed to a number of wider factors that have put pressure on their finances including the following:

- Towards the end of 2021, the UK experienced a spike in inflation, with RPIX peaking at 13.4 in Q4 of 2022 (Figure 1). Between April 2020 and April 2025, the price of goods and services increased by 35%.
- Related to increased inflation, energy prices have increased substantially. Electricity and gas prices rose by 144% and 147% respectively between January 2018 and January 2025, though some universities had fixed-price contracts, meaning the impacts will be felt at different times.
- In the last five years, construction and maintenance costs have increased beyond the rate of inflation, with some 12-month periods seeing a greater than 10% increase in new work and maintenance prices. These have contributed to rising estates and premises costs: expenditure increased by 31% between 2019/20 and 2022/23 despite delayed investment in capital expenditure projects.
- The increase in employer national insurance contributions (NICs) and the reduction in the threshold will impact universities' expenditure on staff, which currently comprises over half of total sector expenditure. The 1.2 percentage point increase in employer NICs was estimated to add around £372m (+2.1%) to the sector's pay bill.

FIGURE 1: RPIX INFLATION



Source: Office for National Statistics (ONS), 2025

Sector specific pressures

- Most universities have commitments to offer pension schemes, some of which they have very little cost control over, including the Teachers' pension scheme (TPS), the Universities Superannuation Scheme (USS) and the Local Government Pension Scheme (LGPS). In recent years, this has been particularly challenging for those institutions on TPS where employer contributions rose from 16.5% in 2015 to 28.7% in 2024. In discussions, some respondents told us that their institution would not be in deficit if it had had more freedom in choosing pension schemes.
- Universities have increased staff numbers to meet the increasing demand for higher education. Total student numbers have increased by nearly a fifth since 2018/19, with student to academic staff ratios remaining static over the same period.

Universities doing more

Alongside the increasing costs of their core activities and reduced real-terms unit of resource, universities have had to deliver more and invest to meet growing expectations, including the following:

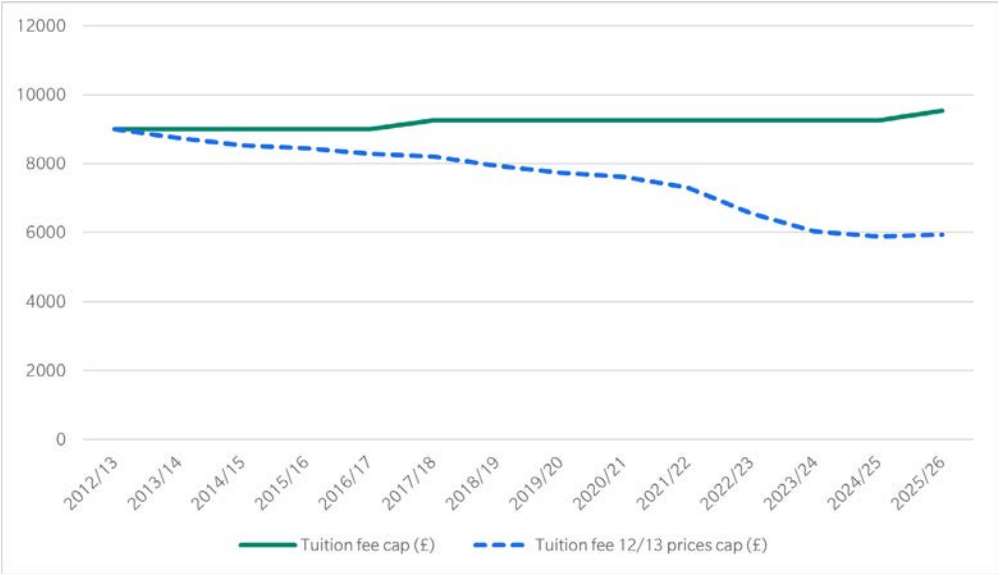
- The sector has made significant investment in **access and participation** to increase equity of provision and maintain the skills development essential for local and national employers. In 2022–23, English OfS-registered providers reported spending £770m on this agenda.
- 'Plugging the gaps' in other public services, including in NHS **mental health support**, has also required significant expenditure. A recent Freedom of Information request by The Times found that universities have increased their spending on mental health by an average of 73% in the past five years.
- Institutions investing in **civic missions**, such as support for local businesses, the provision of cultural and sports facilities, and partnerships with other local service providers have received little to no funding to support this work, with a UUK survey (2024) finding that nearly a fifth had scaled back community engagement.
- **Conducting research with low cost-recovery**, such as research for charities, where in 2022/23, 57.5% of the costs to deliver research for UK charities was recovered.

Meanwhile, there has been declining investment

Funding for teaching

- **In England**, public funding was substantially reduced when £9,000 tuition fees were introduced in 2012. The tuition fee in England is now worth only £5,900 in 2012–13 terms. Funding for domestic teaching (a combination of fees and government grants – also known as the teaching unit of resource) last met the cost of providing it in 2015–16.
- **In Wales**, the domestic tuition fee cap was £250 below that used for England until September 2024.
- **In Scotland**, it is estimated that funding per Scottish student fell by 39% in real terms between 2014–15 and 2023–24.
- **In Northern Ireland**, the income of higher education institutions per full-time home student was estimated to be 25% lower than for England in 2023–24.
- High-cost subject provision has declined as targeted funding for them has been reduced, although demand for high-cost subjects has increased by 14% since 2019.

FIGURE 2: TUITION FEE CAP IN ENGLAND VS FEE CAP ADJUSTED FOR 2012/13, ENGLAND



Source: Inflation based on OBR RPIX for Q2 (25/26 from OBR's March 2025 forecast)

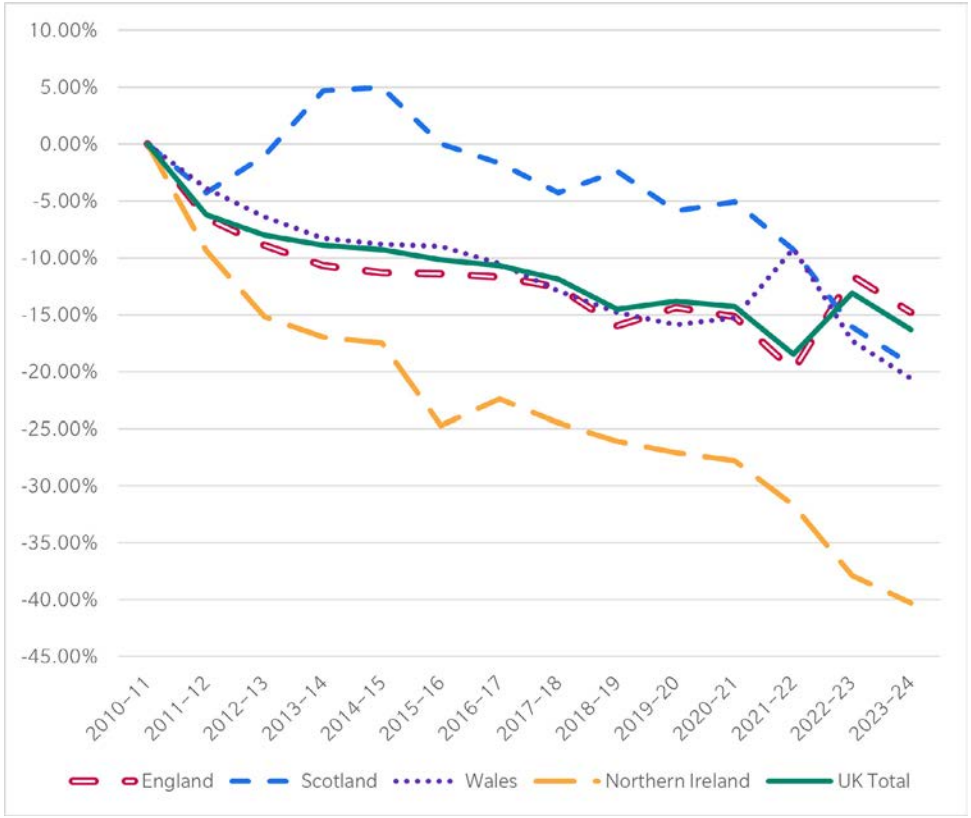
Funding for research

- The UK higher education sector recovers 69% of the cost of research through funding.
- There is an annual UK-wide £5.3bn loss associated with research activity (a loss of 31 pence for each £1 of research costs).
- The sector has experienced a decline in recurrent quality-related (QR) research funding, which has seen a 16% fall across the UK since 2010 (a 15% decline in England, 19% decline in Scotland, 21% decline in Wales and 40% decline in Northern Ireland) (Figure 3).

Uncertainty in international student recruitment

- Higher fees payable by international students are the principal way in which universities cross-subsidise research and domestic teaching.
- An uncertain policy environment driven largely by speculation about the future of the graduate route has impacted international student recruitment. Home Office data shows that student visas granted fell by 19% between 2022 and 2024, resulting in an estimated £1.2bn reduction in sector total new entrant international fee income.
- The immigration white paper, published in May 2025, set out further proposals which will further impact international student recruitment, including a potential 6% levy on international fee income in England.

FIGURE 3: DECREASE IN RECURRENT QUALITY-RELATED RESEARCH FUNDING 2010–11 TO 2023–24 (2010–11 PRICES)



Source: UUK analysis of Research England, Scottish Funding Council, HEFCW and Department for the Economy (NI) data

A changing environment (in England)

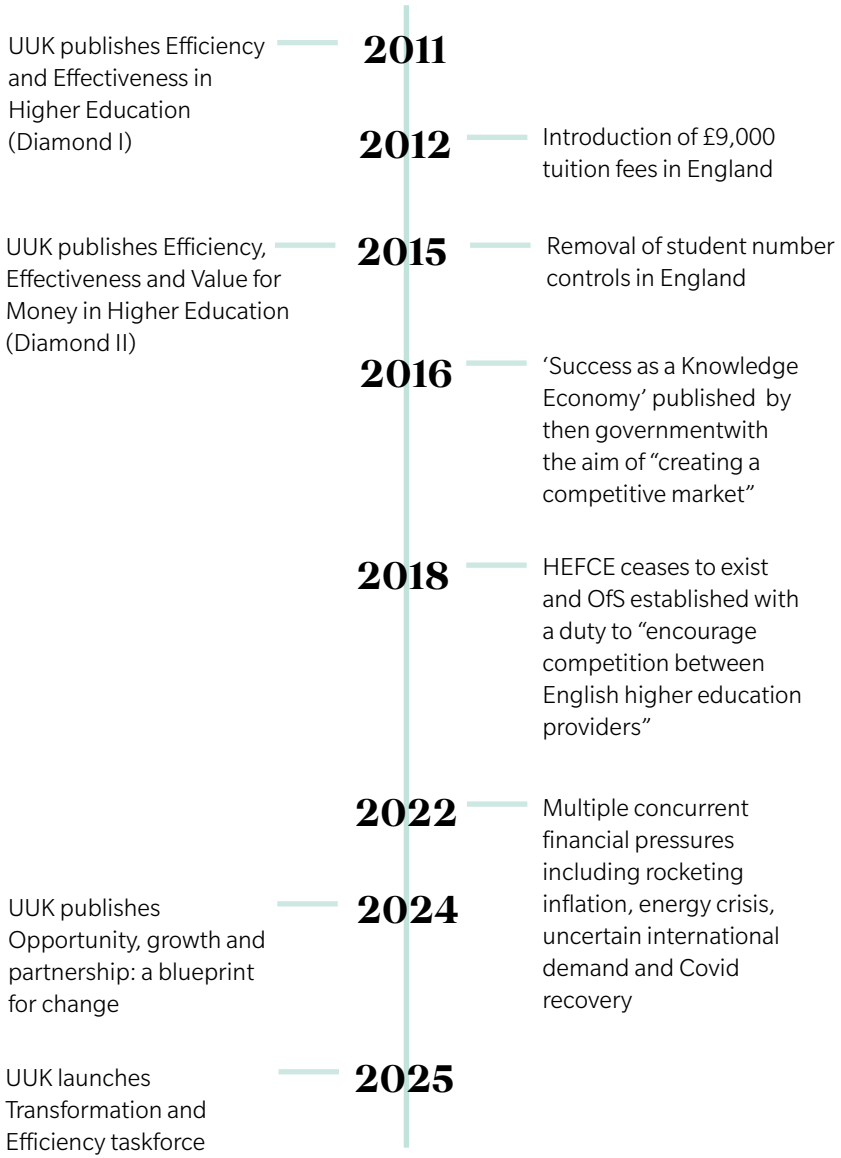
An increasingly competitive environment

Alongside increased cost pressures, there has been a fundamental shift in the environment in which universities operate that has impacted cost-saving and transformation agendas (Figure 4). When £9,000 fees were introduced in England in 2012, there was a significant reduction in government grants. These reforms, and the removal of student number controls, introduced a partial but highly competitive market. There has also been a substantial increase in the number of providers over the same period.

A regulatory and legislative environment that drives competition over collaboration

In 2018, the Office for Students (OfS) was created as a result of the Higher Education and Research Act 2017. The OfS was a core driver of the then government's ambitions to 'create a competitive market' and has the need to 'encourage competition between English higher education providers' in its duties. With the creation of the OfS and UK Research and Innovation (UKRI), the Higher Education Funding Council for England (HEFCE) ceased to exist. Those we spoke to pointed to HEFCE having been more supportive of collaboration in the sector, importantly backed up by funding and skills to support universities pursuing collaborative opportunities. Many felt that although the current competitive environment has delivered some benefits (such as a focus on the quality of the student experience), the balance between competition and collaboration has shifted too far towards competition.

FIGURE 4: TIMELINE OF A CHANGING ENVIRONMENT FOR THE HIGHER EDUCATION SECTOR IN ENGLAND



Sector stewardship

Those we spoke to also cited the lack of 'sector stewardship' in recent history. With HEFCE being replaced by the OfS and UKRI (incorporating Research England), they felt that the sector lacked an organisation that has an eye on the health of the whole higher education system, both nationally and regionally. Participants also cited a lack of government vision for what a well-functioning university system should look like and noted a lack of join up between government thinking on higher education and research. They said the focus had shifted too far to the individual student or institution, even where that created conflict with wider national interests, including disadvantaging activity that could benefit economic objectives and wider society but may not translate into student demand, such as the provision of highly specialised skills to meet the needs of certain industries or the protection of universities playing important civic roles in parts of the country with higher levels of disadvantage.

How are universities responding?

Across the UK, universities have been responding to financial constraints. Financial pressures have not been unique to certain parts of the sector, and we are seeing the whole sector – regardless of history, size, specialism or mission – making cost reductions (Figure 5). A 2025 survey of UUK members produced the following findings:

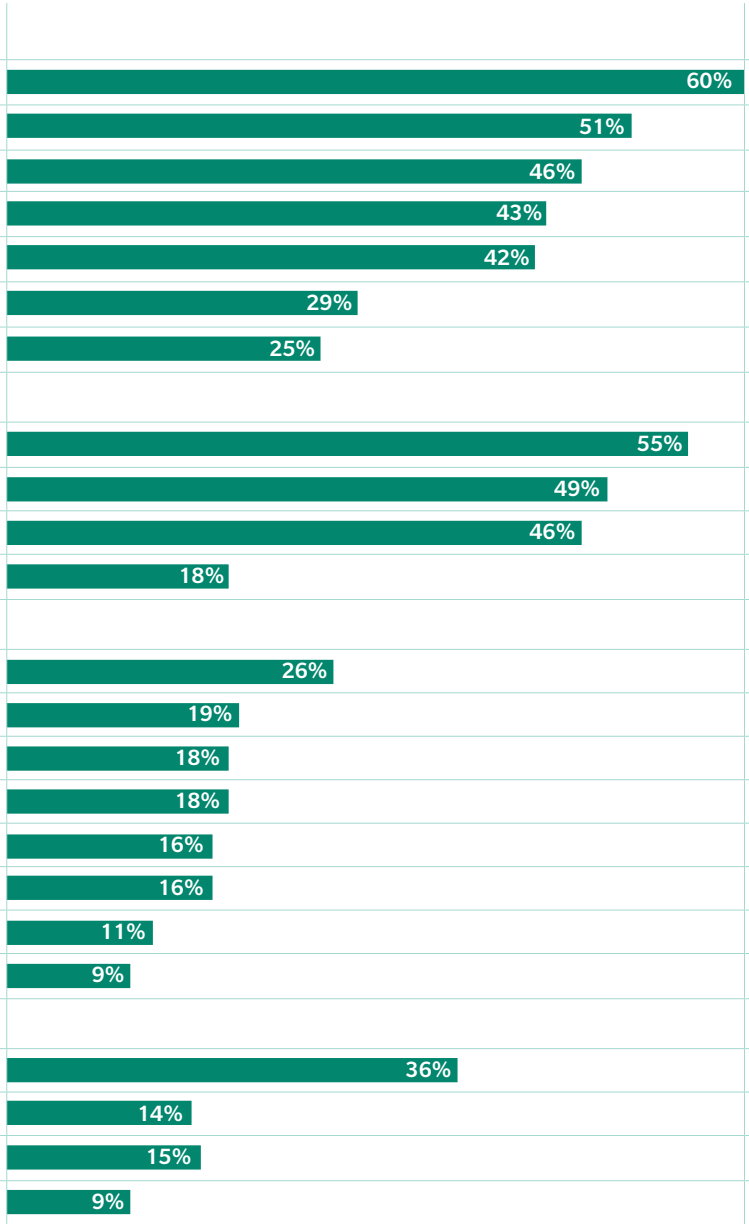
- **Course closures are widespread**: 49% of respondents have closed courses, 55% have consolidated courses and 46% have removed module options.
- **Research activity is being cut**: 19% have cut back on academic R&D, with a further 79% saying they may consider this in the next three years. Institutions have also cut back on funding for early career researchers (18%), staff time allocated to research (18%) and support for research grant allocations (26%).
- **Maintenance and infrastructure investment is falling**: 60% reported cutting back on repairs/maintenance of existing facilities and 46% had cut investment in IT. 84% have deferred physical and/or digital infrastructure capital projects in the last two years.
- **There is widespread structural change**: 18% have closed departments, 42% have sold physical assets and 25% have made compulsory redundancies.
- **Universities have tried to protect student support**: nevertheless, 36% have cut back on student support such as counselling or sports and 9% have cut student hardship funding. 15% have scaled back access and outreach work.

Many institutions have been pursuing long-term change programmes, such as:

- increasing partnerships with others – including outside higher education – to operate services, conduct research or leverage buying power
- investing in infrastructure with long-term cost reductions, such as replacing legacy systems
- consolidating and streamlining academic portfolios
- embracing technology to streamline administrative functions
- embarking on long-term transformation strategies
- exploring new income streams.

FIGURE 5: SCALE-BACK IN THE HIGHER EDUCATION SECTOR IN ENGLAND, 2022-23 TO 2024-25

WHICH ACTIVITIES HAVE BEEN SCALED BACK IN THE LAST THREE YEARS (2022-23 TO 2024-25) PRIMARILY DUE TO FINANCIAL NEED?



		Change from 2024 survey	Would consider in next three years
Operational			
Repairs and maintenance to existing facilities	60%	+11	90%
Catering operations	51%	+22	82%
IT services	46%	+20	78%
Developing new facilities	43%	+6	79%
Sale of physical assets	42%	+18	N/A
Operational changes to support net zero goals	29%	-2	82%
Compulsory redundancies	25%	+14	N/A
Academic experience			
Course consolidation	55%	+32	94%
Course closure	49%	+25	89%
Removal of optional modules	46%	+17	92%
Department closure	18%	+7	66%
Research and development activity			
Support for research grant applications	26%	N/A	72%
Academic research activity	19%	+5	79%
Funding for early career researcher / PhD student	18%	N/A	73%
Staff time allocated to research	18%	N/A	84%
Other research or R&D activity	16%	-3	82%
Institutional funding for open access publishing	16%	N/A	77%
Civic and local growth activity	11%	N/A	71%
Knowledge exchange with businesses	9%	-4	61%
Student experience			
Student support services (eg counselling, sports)	36%	+19	77%
Student bursaries	14%	-9	61%
Access and outreach	15%	+5	N/A
Student hardship funding	9%	+3	48%

Source: Surveys of UUK members in 2024 (n=70) and 2025 (n=57)

Focus on research cost recovery

Universities are also exploring how research can be made more sustainable by closing the gap between research funding and actual costs. They are taking the following steps to enhance the financial sustainability of research:

- **Introducing systems and processes** to streamline cost management, such as using software to enable better control over costings; providing training and guidance for staff on funder policies on allowable costs; reviewing staff allocations to optimise resources; and collaborating with UKRI on streamlining funding assurance processes
- **Reviewing internal policies**, including overhead recovery policies, monitoring no-cost extensions and reassessing traditional workload models for teaching and research staff
- **Creating incentives to improve cost-recovery**, including encouraging researchers to bid for overhead-bearing grants, developing strategic international partnerships and considering concentrating efforts on specific areas of funding
- **Improving facilities and equipment efficiency**, for example by sharing high-cost facilities, improving internal and collective records on facilities and equipment, joint purchasing and exploring alternative income streams.

79%

UUK members would consider scaling back on academic research activity in the next three years

Universities are taking proactive steps but cannot address the challenge of full economic cost recovery alone. In recognising the need for greater collaboration with government to support university efficiency, universities, UKRI and government must work together to secure the financial sustainability of research.

The current imperative

In the light of the clear financial imperatives discussed above, there was strong consensus among those we spoke to that the immediate actions they had taken in response to financial challenges, while effective in reducing the cost base and protecting the student experience, are ultimately unsustainable. Without a change in approach, from individual efforts to make efficiency savings towards much bolder transformation, backed by sustained government funding and support, there will be damaging impacts on student choice, and on the economic and social impact of higher education and the strength of the UK research base.

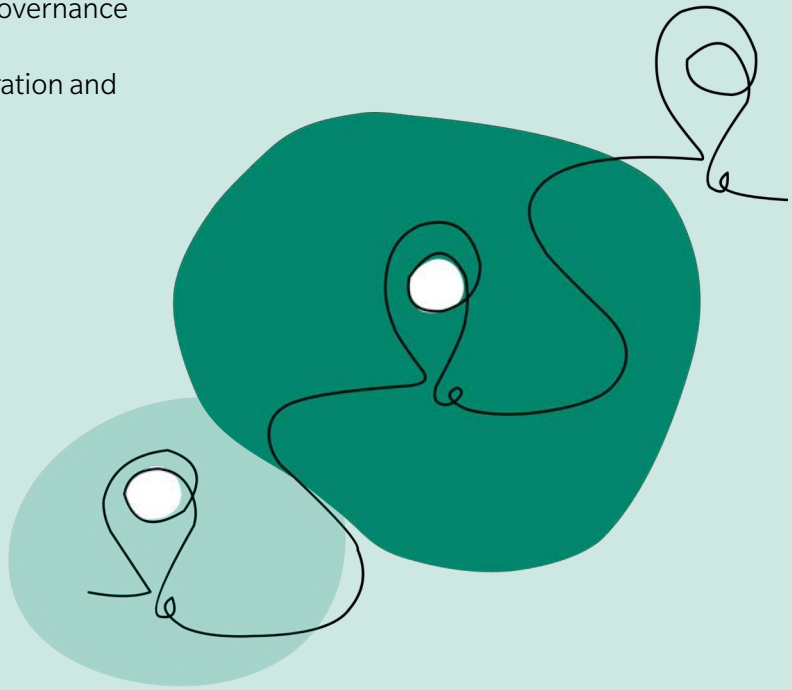
Section 2:

Opportunities and actions

Summary: opportunities and actions

The seven opportunities for transformational change identified by the taskforce are:

1. Pursuing innovative collaborative structures
2. Sharing more services and infrastructure
3. Leveraging sector buying power
4. Supporting digital transformation
5. Adopting a common approach to assessing efficiency and benchmarking costs
6. Developing leadership skills in those mandated to deliver change and further improving governance
7. Developing the current regulatory environment and supportive structures to help collaboration and transformation to go further, faster



Seven opportunities to support transformation and efficiency and actions to support their realisation

Based on the research undertaken, there is wide agreement that increased collaboration among universities and with other partners could create efficiencies, reduce costs and improve effectiveness. It is also clear that there is a widespread appetite and impetus for increased collaboration across the sector.

While of clear benefit, many feel that initiatives such as shared services and collaborative structures alone will not be sufficient to make changes at the speed or scale required to weather the current financial challenges. Therefore, we also suggest ways of supporting universities to take more of the individual action required.

Many believe that changes to the legislative environment and the development of a more collaborative relationship with government will better allow universities to go further, and faster, in ways that support the broader national interest, maximise UK universities' ability to stimulate growth and provide more people with the opportunity to access higher education.

In light of these findings, the taskforce has identified seven opportunities to support transformation and efficiency:

1. Pursuing innovative collaborative structures
2. Sharing more services and infrastructure
3. Leveraging sector buying power
4. Supporting digital transformation
5. Adopting a common approach to assessing efficiency and benchmarking costs
6. Developing leadership skills in those mandated to deliver change and further improving governance
7. Developing the current regulatory environment and supportive structures to help collaboration and transformation to go further, faster.

These opportunities apply to the whole functioning of a university, including in its teaching, research, professional services and the estate. Universities should consider how to apply these opportunities in their own contexts, but the taskforce has agreed a set of actions that will support their realisation.

Overarching actions

Action for executive and non-executive university leaders

Work together to consider how best to apply the opportunities presented in this report and other taskforce outputs in their own contexts to achieve cost-saving and pursue transformation.

Action for UUK:

Develop a Phase 2 implementation plan to monitor progress and build momentum.

During our research, we concluded that there were some areas that this report should not explore in detail but that will also be vital to addressing the overall challenge facing the sector:

- **Pay and conditions**: There are longstanding structures that address pay and conditions through joint negotiations between the Universities and Colleges Employers Association (UCEA) and unions and the shape of a workforce will flow from changes to individual operating models. Major transformation will not be achieved without changes in staffing structures, but these can only be properly explored once the necessary changes have been identified at institutional level. Universities, collectively and individually, will then need to ensure that they work effectively with the government, unions, staff and students to ensure that these changes are developed, properly communicated and then implemented.
- **Teachers' Pension Scheme**: UUK and UCEA have been pressing government to give universities that are obliged to offer access to the TPS the flexibility to enrol new staff on alternative schemes, given the unsustainable costs of this scheme.
- **The broader funding environment for teaching and research**: The structural underfunding of teaching and research in all four nations of the UK is well understood. Government must step up and address this by increasing per-student funding, stabilising international student demand and addressing the shortfall in cost-recovery of research activity. In England, as a minimum, the government should index-link the undergraduate tuition fee and increase public funding for teaching. Across all four nations, governments should provide a sustained real-terms increase in quality-related research (QR) funding.

1 Pursuing innovative collaborative structures

Our findings

The current state of play

Those we spoke to cited numerous examples of existing collaborative structures both within and outside the sector. These include:

- federations, such as the University of London or international examples such as the University of California
- group structures, such as those at London South Bank University, University of the Highlands and Islands and multi-academy trusts (MATs) in the schools sector
- partnerships around functions, such as existing research alliances and collaborations to deliver courses that are hard for one university to sustain
- strategic working with local partners, such as the NHS, local government or local business groups.

There are also numerous examples of mergers from which the sector can learn, both historical and recent. These may be between two higher education institutions or between a higher education institution and a provider of another type of education.

The opportunity

There was widespread appetite among interviewees to explore new, closer ways of working together, up to and including full merger. However, many pointed out that mergers are complex, expensive and unlikely to be a short-term solution to immediate financial pressures. Other models, including multi-academy trust (MAT)-style structures and federations, are of considerable interest, but there is relatively limited experience of these in the sector at present. Support, guidance and the opportunity to learn from existing experience would be welcomed, and greater collaboration or structural integration may deliver benefits other than (or beyond) cost-savings. Collaborative structures can also unlock opportunities for deeper collaboration such as shared teaching (particularly to preserve vulnerable disciplines and target 'cold spots'), collaborative research, shared professional services and co-location.

Many felt that pooling universities' expertise can unlock greater effectiveness, preserve vulnerable disciplines, create opportunities to strategically meet skills needs, solve research challenges and align with the ambitions of business, government, the wider public sector, charities and other stakeholders. While there are existing models from which the sector can learn, there was also a strong desire to explore innovative models in this area, not just replicate what has gone before.

Participants were clear that the precise nature of collaboration must be led by institutions themselves. Some institutions may favour local partnerships, using their understanding of their cities and regions to collaborate on specific needs. However, where geography or competitive elements may not allow, others may prefer to collaborate with institutions that are similar to them in terms of mission, especially where they are not currently in competition with each other.

The conditions for success

Participants in our research consistently identified three conditions that would enable the sector to pursue more innovative collaborative structures:

- support identifying the right partner and brokering initial discussions
- clarity over how to navigate competition law
- sufficient resources to invest in exploratory work.

Many reflected that it is often difficult to identify the right partner(s) and to know on what terms to approach them. Conversations can be hard to start, given the sensitivities involved. Several respondents reflected that the process would be made easier if an independent third-party broker could be involved. There is scope for a sector improvement initiative to fill this role.

Competition law was consistently held up as a barrier to greater collaboration. Universities are engaged in economic activities and compete on student recruitment. As such, they fall within the scope of competition law and are understandably wary of breaching it. As a result, some have been cautious in initiating conversations about collaboration, particularly where it relates to teaching and students. Some felt that wariness over competition law was also preventing organisations that may be considering a merger from engaging in early discussions that could benefit the merging institutions (and their staff and students). The Competition and Markets Authority (CMA) have engaged with key sector stakeholders to understand where competition law concerns are preventing collaboration and intend to provide more clarity where necessary.

Participants reflected that there is a heavy financial and human resource burden associated with initial exploratory conversations and required due diligence. It was felt that greater access to finance to support this process was necessary. The taskforce noted that those considering mergers incur very significant upfront costs that may be out of reach for universities under financial pressure, and also that, between 2015–16 and 2019–20, the government provided £431m to assist 45 further education colleges help cover the costs of mergers and other structural changes, mostly in the form of grants.

Actions

Action for the taskforce:

Publish advice and guidance for university executive leadership and governing bodies on models for transformative change (eg, mergers, federations or group structures; digital transformation; shared physical infrastructure, etc). Enable sector leaders to learn from others where these models are already being pursued.

Action for UUK:

Develop an approach to support ongoing, sector-led collaboration and improvement activity, beyond the life of the taskforce.

Action for other organisations:

The taskforce supports the ongoing work of the CMA to address concerns raised by HE providers around competition law and collaboration, including the development of bespoke advice and guidance. The CMA and central government should continue to work with universities to build on this.

Action for government:

Government should create a transformation fund to derisk and catalyse the exploration of innovative collaborative structures. It should also consider making available a small proportion of the already announced £3.25 billion Transformation Fund to accelerate digital modernisation across the public sector to the universities.

Government should support the sector to identify and then remove regulatory barriers to the creation of different organisational forms.

Case studies

Anglia Ruskin University and Writtle University College merger

In February 2024, a merger between Anglia Ruskin University (ARU) and Writtle University College was formally completed, with Writtle University College becoming ARU Writtle.

The Writtle campus has a long history of providing specialist land-based education in agriculture and animal science. With a relatively small student body (around 1,500 students, including some further education provision) and resource-intensive courses, provision of these specialist disciplines and the high quality of the education offered were at risk.

Since the merger, ARU has been able to expand its course offering and has committed to investing £10m on the campus. With economies of scale and shared professional services, the merger has resulted in significant cost-savings on operational costs at the Writtle campus. All courses have been preserved, and around 300 staff joined ARU as part of the merger. Students now have access to more extensive student support services and expertise.

Key to the success of the merger were: early engagement to anticipate challenges and compliance issues; preservation of the culture of unique institutions; effective people management; and good management of the complexity of transferring both the higher- and further education elements and the different regulatory regimes associated with them.

Intercollegiate Modern Foreign Languages Master's programme at the University of London

The federated structure of the University of London has allowed it to more easily pursue shared teaching arrangements, such as the new Intercollegiate Modern Languages Master's programme, Languages and Cultures Across Borders. This multidisciplinary degree programme is delivered by the federation.

The programme was established to preserve modern Languages MA programmes across University of London federation members by ensuring sustainable student numbers. This intercollegiate MA is administered centrally by the University of London School of Advanced Study, with teaching provided by academics from across the federation. Finances are shared based on the proportion of teaching hours delivered. This simple funding model has enabled universities across the University of London federation to make cost-savings while also enabling members to sustain and enhance the provision of Master's courses in modern languages.

Students enrolled on the programme will benefit from studying alongside a larger cohort of students and learning from the expertise of a wide array of academics. The collaborative structures established through this programme offer opportunities for scalability to drive efficiency and protect other vulnerable disciplines.

Multi-academy trusts

While there are substantial differences between the secondary and tertiary education systems, collaborative structures are well-established in the secondary school system through the MAT model. Over the past decade, an increasing number of secondary schools have become academy trusts. In 2022, trusts were educating about half of all pupils in England, and by 2023, there were 1,346 MATs in England. A 2024 review described a more 'mature' trust system, with strategic growth, improved realisation of financial benefit and cultural understanding of group structures.

MATs can be classified into different categories to reflect the extent to which their services are devolved and there year-on-year increases in trusts becoming fully centralised. Most MATs operate locally and regionally, although there are examples of cross-regional MATs, particularly among the larger trusts. Research has shown that geography was significant in determining the extent to which economies of scale exist, with schools in more closely clustered MATs spending less per pupil on back-office costs.

Although there are challenges with financial sustainability and declining reserves in the secondary sector, trusts tend to be in a better position than maintained schools, with MATs being almost three times as likely to have positive in-year balances than other school groups at secondary level.

University of Bath Pharmacy Master's programme delivered at the University of Plymouth

To meet local skill shortages, the Universities of Bath and Plymouth have been collaborating to deliver a master's programme. Since September 2024, a first cohort of 26 students from Bath's MPharm (Hons) Pharmacy course have been learning in new practice-based and clinical teaching spaces at the University of Plymouth's city centre campus. With 50 students planned for September 2025 entry, Bath's pharmacy students join Plymouth's wide range of healthcare students in focussed interprofessional learning sessions, enhancing their teamworking and preparedness for practice. An additional option of a shared Foundation Year delivered by both universities provides opportunity to our regions' students addressing key widening participation initiatives. This shared Foundation year includes newly developed University of Bath modules and draws on existing University of Plymouth modules.

Pharmacists are on the national shortage occupation list and the South West has a particular shortage with the highest community pharmacy vacancy rate in England at 14% (8% nationally). The partnership is delivered in close collaboration with NHS England and local stakeholders.

2 Sharing more services and infrastructure

Our findings

The current state of play

Universities have been operating successful shared services for decades, supported by shared sector agencies such as Jisc and Advance HE. These range from large-scale, national endeavours such as the Universities and Colleges Admissions Service (UCAS) and the Janet network, to smaller, member-led not-for-profits, such as the Uniac shared provider of internal audit services or the Educational Competencies Consortium, which supports job evaluation. While these shared services were not always solely motivated by cost-savings, they can deliver efficiencies in the long term, create capacity for other projects and move partners towards standardised approaches that unlock deeper collaboration.

Universities are also exploring ways to manage research facilities and equipment as these can often represent significant cost. This includes shared facilities to reduce duplication and costs, and approaches to asset management, such as the UK Institute for Technical Skills & Strategy's capabilities showcase.

The opportunity

As part of its work, the taskforce undertook a survey of senior leaders in universities to explore their appetite for sharing services and infrastructure. In summary, 91% of respondents agreed or strongly agreed that universities should pursue greater central coordination to enable capabilities such as shared procurement frameworks, standard sector models, data governance, setting up partnerships and licensing, and 70% agreed with greater central coordination in research activities, such as sharing high-end research kit, high-performance computing and storage of research outputs. 69%, 67% and 63% respectively agreed that sharing applications, sharing whole services and co-building sector-specific technology should be explored. There was the least appetite for greater central coordination in learning and teaching activities (28%).

The survey also asked senior leaders about support for specific options. The five that garnered the most support were procurement frameworks and support (61%); sharing of high-end research kit (41%); establishing a vehicle by which licences can be procured (40%); cybersecurity (40%); and shared back-office services (36%). When asked what the highest driver of change for transformation in their institution was, 97% of responses

mentioned financial drivers, including the need to reduce costs and/or increase income. Other common themes included improving cost-effectiveness and improving student experience and outcomes.

Qualitative discussions revealed multiple benefits to implementing more shared services, including reducing staff time on duplicative activity, reducing single points of failure, allowing expertise to be concentrated in fewer individuals and improving consistency of approach.

The conditions for success

Participants in our research identified some conditions to enable universities to pursue shared services and infrastructure: including having the culture, capacity and resource to implement change, standardisation within and between institutions, identifying best practice and potential partners, and the restrictiveness of VAT exemption on shared services.

Many interviewees also felt that there are examples of shared services implementation across the public sector and beyond that hold valuable lessons for the sector about implementing change, and as with collaborative structures, interviewees also felt that a third-party broker could help partners initiate conversations about shared services.

Through the qualitative research undertaken, it is also clear that the restrictiveness of VAT exemption is a significant barrier to establishing shared services, particularly between smaller groups of institutions. While legislation exists that explicitly refers to universities to allow for cost sharing to be VAT exempt, there are limited examples of universities making use of it because of its restrictiveness. British Universities Finance Directors Group set out the challenges and proposed solutions to the restrictiveness in its 2025 spending review submission. We urge government to implement one of these solutions as soon as possible because the VAT issue is a major obstacle to some collaborations and shared services.

Actions

Action for the taskforce:

Publish advice and guidance for university executive leadership and governing bodies on models for transformative change (eg, mergers, federations or group structures; digital transformation; shared physical infrastructure, etc). Enable sector leaders to learn from others where these models are already being pursued.

Develop three outline business cases to test the potential for national shared services or infrastructure to kickstart and convene new collaborations underpinning change.

Action for UUK:

Develop an approach to support ongoing, sector-led collaboration and improvement activity, beyond the life of the taskforce.

Action for government:

Government should implement one of BUFDG's proposed solutions to the restrictiveness of VAT cost-sharing exemption.

Case studies

UCAS

The Universities and Colleges Admissions Service (UCAS) is one of the sector's best-known and most well-established examples of a shared service. It was formed in 1993 by the merger of two former higher education admissions systems.

Each year, a million students register with UCAS to begin their journey into higher education and are supported with tailored information, advice and guidance about their options. Three-quarters of a million of these students go on to apply, with 560,000 securing a place.

In delivering the nation's shared admissions service, UCAS handles nearly 3 million applications to over 30,000 courses across more than 350 universities and colleges. UCAS also publishes a range of data and insights to support the sector in understanding key progression trends and fulfilling various management information needs, such as the student record. In addition, UCAS works with awarding bodies to share qualification outcomes with universities, saving universities significant administrative effort.

Falmouth Exeter Plus

Cornwall has historically had some of the lowest rates of higher education participation in the country. In response, a consortium of local higher education institutions came together to access European Structural Funds to support the development of a new campus in the Duchy, complementing their separate existing campuses. Opening in 2004, the campus is now jointly occupied by the University of Exeter and Falmouth University, with Plymouth University also maintaining a presence on the site.

The campus offers students state-of-the-art facilities, joint teaching spaces, halls of residence, a library and a combined well-being team. To ensure efficient service delivery and avoid duplication, many campus services are operated by a joint venture company, Falmouth Exeter Plus (FX Plus). This organisation is supported by both universities: Falmouth University oversees HR and finance functions, while the University of Exeter provides legal support.

The collaborative nature of the campus is a distinctive strength, although it brings with it operational and strategic complexity. Balancing the evolving priorities, structures and ambitions of two distinct institutions in a shifting economic, regulatory and policy context requires careful, continuous management. Nevertheless, the Penryn Campus is a vibrant and high-quality educational environment that enables both universities to offer a diverse range of degree programmes while contributing to regional skills development and retention in Cornwall.

3 Leveraging sector buying power

Our findings

The current state of play

The UK sector spends £20.1bn on operating expenses each year, and much of the sector's non-pay expenditure is supported by procurement staff and processes within individual institutions. The sector has significant buying power, and existing examples of shared procurement have shown that it is possible to realise real benefit, but there is opportunity to go further.

The sector is supported by purchasing consortia (six regional and two specialist), which form the UK University Purchasing Consortia (UKUPC) and the Higher Education Procurement Association (HEPA). The consortia provide purchasing frameworks and track the reported spend that goes through their frameworks. In 2023–24, £1.75bn was spent through the English consortia (which include some Welsh and Northern Irish providers), representing 17% of influenceable spend, and £415m was spent through the Scottish consortium, the Advanced Procurement for Universities and Colleges (APUC), representing 37% of influenceable spend. UKUPC framework agreements delivered savings to members of more than £116m in 2023–24. Universities also spend through other procurement frameworks, such as Crown Commercial Services (CCS). The Diamond Review set a target of 30% of non-pay spend to be addressed through effective collaborative arrangements by 2017, and although there has been substantial reductions in duplication since the Diamond Review, this target has likely not been met.

Collective procurement is also used to support universities' research efforts and is a central ambition of the sector's aim of increasing cost-recovery in research.

Jisc, as well as delivering a range of services, currently negotiates and licenses the digital content agreements that support academic research, teaching and learning. It has been estimated that this activity saves Jisc's members £138m.

The opportunity

Research participants identified two areas of opportunity: maximising spend and savings through existing consortia, and creating opportunities to leverage buying power for emerging areas of cost. It was felt that there is still scope to maximise spend through existing consortia by taking a more strategic, cross-institutional approach to purchasing and, through UKUPC working collaboratively with specialist groups, such as UCISA

and the Association of University Directors of Estates (AUDE), to promote existing frameworks and consider development of new frameworks. Where purchasing through existing frameworks is higher, interviewees reflected that further savings are likely to be incremental and therefore universities and the consortia could build on more novel ways to realise savings. Opportunities mentioned included contract management, further supporting the development of shared services, and providing additional specialist knowledge and consultancy.

There was a strong and consistent view that universities are experiencing significant increasing costs in licensing software and purchasing new systems, such as software for customer relationship management (CRM), enterprise resource planning (ERP) and student information systems and other software packages. These are largely managed by individual institutions, with many institutions purchasing the same solutions at significant cost, despite there being existing framework agreements that cover key software areas. There is a need to increase awareness of existing arrangements and to maximise potential savings through these. Joint procurement frameworks and joint procurement of licences were also popular options for universities to pursue in the options survey (61% and 40% respectively).

The conditions for success

Participants reported three conditions that could support maximising spend and savings through existing consortia. First, there was a shared view that senior buy-in, accountability and flexibility to make use of existing frameworks are essential. Second, it was felt that purchasing consortia could do more to communicate how the spend through their frameworks delivered meaningful cost-savings for their members. Finally, some participants felt that a more joined-up approach to national purchasing, with the flexibility to still deliver regional purchasing, would increase consistency and maximise savings.

Actions

Action for other organisations:

Ask UKUPC to work with members to review the effectiveness of existing frameworks and to work with HEPA to review the approach to collective purchasing, including promoting national purchasing. In doing so, the sector should recommit to making substantial increases in non-pay spend being delivered through framework agreements.

Ask Jisc to work with UCISA, BUFDG and procurement consortia to develop a collaborative, centrally agreed procurement approach for common sector wide systems that represent significant cost to individual institutions.

Case studies

Collective licensing agreements

The Adobe ETLA Agreement, negotiated by Jisc, has provided Adobe Creative Cloud (CC) licences to around 280 UK and Irish institutions since 2015, saving institutions approximately £50m a year. This agreement is one of the largest Adobe educational agreements outside the USA.

Following the Covid pandemic, the professional association UCISA asked Jisc to develop a new offer that was able to meet the evolving needs of institutions and their students. Over a two-year negotiation, Jisc – in partnership with UCISA – secured significant changes to the licensing model that Adobe was offering to institutions, responding to the changing needs of universities, their staff and students.

The new licence model was offered under the ETLA Agreement for the first time in summer 2024, with 21 institutions upgrading their licences. For £246,000, an additional £2.9m of licences were secured for students. There are now over 300 organisations accessing the agreement, with cost savings of £87m in 2024–25.

To secure the changes, Jisc and UCISA leveraged the voice of the sector and its buying power, by aggregating all sector spend and placing a multimillion-pound order on behalf of UK tertiary education. This ensures that the UK's tertiary education sector is regarded as a strategic partner by Adobe and provides the UK with access at a senior level within Adobe.

The Energy Consortium (TEC)

The Energy Consortium (TEC) is a member-owned, not-for-profit, energy risk management service providing joint energy buying to 184 higher and further education institutions in England and Wales. It was started by Birmingham and Warwick universities in 1994 as an offshoot of the Association of University Directors of Estates (AUDE).

Through a flexible buying programme that spreads multiple purchases across wholesale commodity markets, TEC purchases energy on behalf of its members at a preferential rate to that offered in the standard energy retail market. During the financial year 2023–24, for every £1 members spent through TEC frameworks, they were able to demonstrate a saving of £11 on average. While this was due in part to significant volatility in the market, in other years, they have nevertheless been able to demonstrate a saving of £5–£6 per £1 spent. TEC also provides independent market insight and intelligence, consultancy and member-specific performance reporting. While universities have historically used consortia energy buying to reduce costs, TEC is increasingly supporting the sector to reduce consumption and in the move towards decarbonisation.

4 Supporting digital transformation

Our findings

The current state of play

Our research confirmed that universities are continuing to explore how to become more efficient, effective and resilient through digital transformation. Many are pursuing long-term strategies to digitally transform their operations, and there are increasingly those with digital responsibilities among the top university decision makers. Many are investing significantly in their digital estates, and while there are examples of built capabilities (including shared services such as Norman and Janet), they are largely buying in solutions from external providers. However, those we spoke to generally agreed that the complexity of the organisations and slow adoption mean that the higher education sector is behind many comparable sectors. Universities also carry significant technical debt from maintaining legacy systems.

The sector is served by Jisc, a not-for-profit agency that supports universities with brokered products and services and expertise to enable digital transformation. Jisc published a framework and maturity model for digital transformation in higher education in 2023 along with a comprehensive toolkit (Digital transformation in higher education).

Over the past year, Jisc has been collaborating with 24 UK universities, which have been adopting and adapting Jisc's framework and maturity model for digital transformation. Universities have been self-assessing their digital maturity across academic, professional services and IT departments to baseline their existing practice, highlight gaps in previous approaches and identify priorities for investment and development.

The opportunity

Qualitative interviews indicated that digital transformation in universities can deliver three main opportunities:

1. **Transformation of university operations**: using digital solutions to automate administrative tasks and implementing institution-wide systems to create efficiencies and enable the identification of further improvements
2. **Transformation of teaching and learning**: using digital approaches to improve student outcomes and deliver it to more people. Interviewees referenced virtual learning environments, the use of AI in assessments and taking a digital approach to module management to support lifelong learning ambitions

3. **Transformation of university research**: using digital approaches to support the skills development of researchers, manage assets and records (including access to open research), and to streamline processes and systems.

The conditions for success

Those we spoke to reflected that there are several conditions required for success. First, successful digital transformation requires the active engagement of senior leaders – it is as much about change management and business re-engineering as it is about technology. This is where senior leaders play a crucial role in articulating what the intended benefits are, what success should look like and what it will unlock.

This also needs to be underpinned by the ongoing development of staff and students' digital capabilities. To succeed, staff and students need to feel confident to embrace new ways of working and sufficiently competent to recognise how it has allowed them to improve their approaches to work and learning. Understanding the digital capabilities of all staff and students, identifying immediate training needs and considering the support needed for further development should be fundamental components of any digital transformation programme. Participants also reflected that sector-wide digital transformation would be supported by shared vocabulary and standards for digital transformation. This would also support greater collaboration.

Actions

Action for other organisations:

Ask Jisc to support universities to baseline their existing digital and data maturity against sector benchmarks.

Ask Jisc and UCISA to further develop and promote the adoption of shared standards for digital transformation through the framework for digital transformation and the higher education reference model (HERM).

Action for government:

Government should create a transformation fund to derisk and catalyse the exploration of innovative collaborative structures. It should also consider making available a small proportion of the already announced £3.25 billion Transformation Fund to accelerate digital modernisation across the public sector to the universities.

Case studies

Digital transformation in government

The UK government has invested significant effort and resource into digitising aspects of the public sector and has produced reviews into the current opportunities and approaches. With many shared challenges – such as complexity, resourcing constraints, data quality and legacy systems – there is much that the higher education sector can learn from these endeavours.

In January 2025, the UK government's State of digital government review presented key findings, including where it can build on success and where it can improve, and identifying the root causes of current challenges. While the UK public sector spends £26bn annually on digital technology, the report found that services are still under-digitised. It found that where digital delivery was considered, the policy delivered more rapid impact. Analysis also showed that over £45bn a year of unrealised savings and productivity benefits – representing between 4% and 7% of public sector spend – could be achieved through full digitisation of public sector services. Digitisation was described as 'the most powerful lever available to drive public sector and service reform', with opportunities based on modifications such as process simplification, AI-driven automation of manual tasks and adoption of low-cost channels.

The National Audit Office (NAO) has also explored how digital transformation in government can address barriers to efficiency. It evaluated the government's past digital transformation initiatives and the current approach through the Central Digital and Data Office (CDDO, established by the Cabinet Office in 2021) and its 2022–25 roadmap. Government accepts that although there have been improvements, previous attempts at large-scale digital transformation have had limited success. The NAO found that previous attempts had prioritised 'citizen-facing' elements of a service at the expense of changing legacy systems and processes that could reduce costs. As a result, government is trying to address the underlying problems through the CDDO, whose Roadmap sets out activities to 'address root causes, establish key data about services and make progress towards government's long-term ambition'. The Roadmap is intended to apply to departments at different stages of digital maturity.

Digital transformation at the University of Staffordshire

The University of Staffordshire developed its senior leadership capacity with a specific focus on delivering digital transformation in order to bolster institutional capacity and capability, enhance academic experience and increase financial efficiency. This included establishing a digital transformation board with cross-institutional representation to build a whole-university cultural approach to digital transformation.

The university's approach to digital transformation is underpinned by the 'three Es' approach, ensuring that business cases for digital transformation projects are developed and prioritised based on economy, efficiency, and effectiveness. Each business case must be able to demonstrate a full-time equivalent (FTE) saving and impact on pay and non-pay budget lines.

This approach has been behind the delivery of a number of successful digital transformation projects that both reduce costs and improve the student experience, including the development of Beacon, an app that acts as the single point of interaction for students, and a single-service desk management system that consolidated hundreds of generic email boxes into a single platform with automated triaging and ticketing.

Jisc report on how to approach digital transformation

In 2024, Jisc produced a report showcasing the approaches universities are adopting to achieve digital transformation.

5 Adopting a common approach to assessing efficiency and benchmarking costs

Our findings

The current state of play

Our research revealed that many universities are using effective data-driven decision-making to underpin their long-term transformation programmes: identifying areas for improvement, mapping student engagement and comparing their performance with that of other providers. In using data to drive cost reductions, some universities use their own bespoke data models, some use the data that they are required to collect for data returns and regulatory requirement, and some use external providers.

However, we heard that as a result of their different histories, cost drivers and access to income streams, universities are at varying levels of maturity in terms of enacting efficiencies in this area. Many have taken similar but different steps to reduce their cost base and there is little specific guidance for higher education institutions on how to do it. There are some examples of maturity models at a service or activity level in the sector, but usually these are a resource developed and held by external providers.

The opportunity

Conversations revealed a desire for frameworks and tools to enable the critical evaluation of universities' maturity in achieving efficiencies. This would support universities in their own transformation journeys and allow them to better communicate progress internally and to wider stakeholders. A sector-developed organisational efficiency maturity assessment model could be developed at pace and provide a shared understanding for stakeholders, governing bodies and institutions of 'what good looks like' and the steps towards it. Our research found that there was a preference for an approach that does not just capture costs, but looks at characteristics, decision-making and behaviours across an agreed range of categories, such as culture, organisational design and approach to capturing and managing costs.

Interviewees felt that access to high-quality data is key to effective decision-making on institutional cost-savings and efficiencies. Participants were also clear about the benefits of benchmarking tools to compare their performance and to allow them to identify areas of their operations that can be made more efficient. There are solutions available, particularly in professional services, although these are not universally adopted, and there could be scope for universities to benchmark other operations, such as teaching.

The conditions for success

Successful adoption of common approaches to assessing efficiencies and cost benchmarking requires standardisation of approach within and between institutions. The approach must be low burden and developed in consultation with the whole sector to capture the nuances and diversity of university operations. Above all, frameworks and benchmarking must be useful to the sector, supporting strategic decision-making and allowing universities to better articulate their progress and needs to internal and external stakeholders.

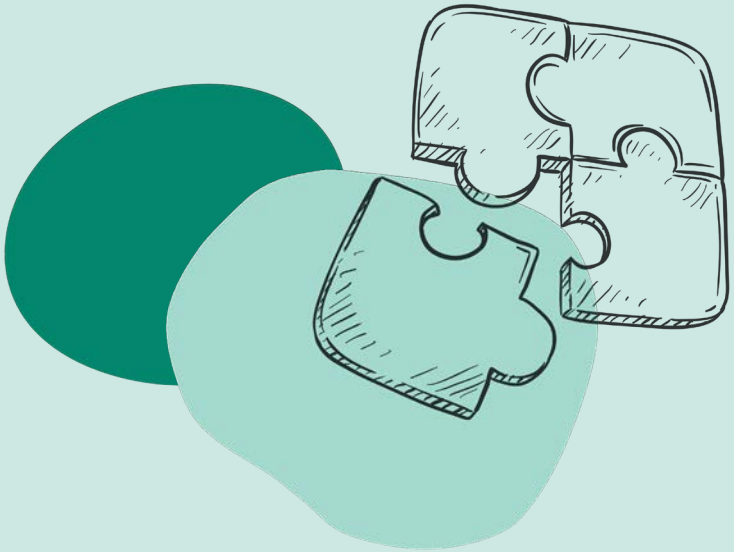
Actions

Action for other organisations:

Ask the Association of Heads of University Administration (AHUA) to develop an organisational efficiency maturity model.

Action for UUK:

Explore options for a more collaborative approach to cost and operational benchmarking.



Case studies

New Zealand benchmarking tool

NZBT+ is a benchmarking tool owned and used by universities in New Zealand to compare the financial and educational performance within and between institutions over time. It has been a funding condition of universities in New Zealand since 2013, although many institutions had been using NZBT+ for years prior. Crucially, sector ownership of the tool gives universities control over how the data is used.

NZBT+ uses objective, independently validated and comparative data to provide institutions with a data dashboard on institutional business practices and performance metrics. Universities receive analysis on their institution as a whole, as well as each individual faculty, school or department. The tool provides institutions with a comparison of performance year on year and benchmarks results against others in the sector and against specific comparator groups, such as regional or international counterparts. This allows universities to understand their finances in detail, identify opportunities for efficiency and cost-savings, and to make better overall strategic and financial decisions. NZBT+ has also supported institutions to share financial information internally and to build institutional capability to have productive conversations about financial sustainability and efficiencies.

6 Developing leadership skills in those mandated to deliver change and further improving governance

Our findings

The current state of play

The current operating environment for universities, as explored in more detail in section one of this report, is challenging and has significantly altered since 2012. These factors have placed new pressures on university leaders as they grapple with the challenges of working within a highly regulated environment, while at the same time needing to adopt many of the more fast-moving skills required by leadership in the commercial sector. The collective capability and capacity of university leadership, both executive and non-executive, have evolved with these changes, but the challenges become more intense each year as sector finances have been reduced by the pressures outlined in the first part of this report.

The university sector has long-established and well-regarded organisations and frameworks that support its executive and non-executive leadership and governance, although some participants noted that these have not been reviewed recently.

The opportunity

Those we spoke to for this research reflected on two broad opportunities in the area of leadership and governance:

- finding a way to support the development of the current skillset required of executive and non-executive leaders, with a particular focus required on transformation, turnaround and financial skills.
- considering how existing governance frameworks such as the CUC code of governance should be updated.

Participants highlighted that there is significant potential that could be unlocked if the sector realised these two opportunities as it would underpin universities' individual and collective ability to realise the opportunities presented in this report as well as other changes they are seeking to implement. Participants also reflected that leading a university requires a unique set of skills and experience and so the support, guidance and experience of peers can be of significant value, as can input and expertise that are specifically tailored to the higher education sector.

Participants expressed the view that, while there was currently much discussion about governance in the higher education sector and its role in supporting the transformation and financial sustainability of a university, there was a lack of systematic assessment of current practice or clear recommendations for change. Given the central importance of governance in setting the strategic direction of universities and its role in appointing the executive leadership of institutions, it was felt that detailed evidence collection and review were needed. With both executive and non-executive leaders being central to effective governance, both should be well represented and engaged in such a review.

The conditions for success

Those interviewed reflected that, while several organisations support the leadership of universities, there appears to be a gap in focus on operational or non-academic improvement in the sector, resulting in a piecemeal focus on certain professional roles rather than an holistic approach. Interviewees reflected on approaches taken in other sectors, such as the Local Government Association's sector-led improvement initiative.

Actions

Action for the taskforce:

Publish advice and guidance for university executive leadership and governing bodies on models for transformative change (eg, mergers, federations or group structures; digital transformation; shared physical infrastructure, etc). Enable sector leaders to learn from others where these models are already being pursued.

Action for UUK:

Develop an approach to support ongoing, sector-led collaboration and improvement activity, beyond the life of the taskforce.

Action for other organisations:

The taskforce supports the Committee of University Chairs (CUC) initiative to lead a commission to undertake a full review of HE governance including the relationship between executive and non-executive leadership, skills for effective governance, and how governance can evolve to meet future challenges.

Case studies

Local Government Association's sector-led improvement (SLI) agency

In 2011, the Local Government Association (LGA) established a sector-led improvement (SLI) agency aimed at reducing the £2bn burden of inspection on councils and further strengthening local accountability. Supported by national government funding, the tools and support are provided to councils free of charge and include a corporate peer challenge, leadership support for political and managerial leaders, and learning and support networks for sharing good practice. The dissemination of best practice is an important feature of the offer. Some elements of the SLI offer are universally available, while others are subject to an application process that assesses the challenges and opportunities faced by councils to support a wide range of issues. The improvement offer can be categorised under four headings:

- peer support, peer challenge and mentoring
- leadership and development programmes
- self-assessment and best practice tools and products
- practical support and bespoke consultancy and advisory services.

In 2020, an external evaluation concluded that the LGA's SLI agency was particularly effective in developing senior leaders and found extensive and positive impact of the measures on council's effectiveness, improvement and innovation. Almost 80% of respondents surveyed either agreed or strongly agreed that SLI is the right approach in the current context. In the context of very high levels of satisfaction overall, the report evidenced positive feedback from council leaders and chief executives, particularly regarding the impact of corporate peer challenge. In response to a survey of councils that had experienced a corporate peer challenge in 2018–19, almost 75% said it had a positive impact on the delivery of the council's priorities to either a great or moderate extent, and a similar proportion said the same about the council's external reputation. Through providing tailored peer support and a systematic assessment of sector challenges, this example demonstrates the role that sector-led improvement could play in resolving cultural challenges related to transformation, developing the unique skillsets required of senior leaders in higher education settings, and developing holistic recommendations for change.

7 A legislative, regulatory and funding environment that helps universities go further, faster

Our findings

The current state of play

Participants reflected on the many major shifts in the funding, legislation and regulation of higher education and research across the UK and within UK nations over the last 15 years. From a UK-wide perspective, they reflected on a shift from predominantly public income sources to an increased contribution from private income sources for many universities. They reflected that the need to maintain or increase sources of private income, and other associated factors such as league tables and international competitiveness, means that competition between providers had significantly increased in the system.

In England, this has been a deliberate policy decision backed by legislative underpinning in the establishment of the OfS and has led to a less collaborative environment between universities themselves but also between universities and government.

Participants felt that the change from HEFCE (in England) had left gaps in funding, support and, crucially, oversight of the overall functioning of the university system. Concerns were raised about the lack of oversight of capacity and national coverage of teaching and research provision and a reduced ability to act to support universities in severe financial distress.

Other interviewees reflected that they did not feel that government strategy on higher education and research was sufficiently joined up, with a lack of shared agreement on what a well-functioning university system looks like, coupled with increasing divergence in policy and funding levers.

The opportunity

Many of those interviewed felt that, while there was significant opportunity for the sector to act itself and realise the opportunities outlined in this report, it could go further and faster with the right legislative, regulatory and funding environment across all four nations of the UK. The action required to achieve this will differ in all four nations due to the devolved nature of higher education policy, but more joined-up oversight of the health of the entire university sector must be crucial to supporting government in achieving its missions, including supporting individual opportunity and economic growth, and being critical delivery partners of the upcoming post-16 education strategy.

The conditions for success

Many felt that true transformation of the university sector could be achieved if:

- a clear, coherent, long-term and shared vision for higher education and research between the universities and government were to be developed
- there was an organisation (or organisations) that could act as a true custodian of the university sector, with responsibility for monitoring the functioning of the totality of the higher education and research system and the ability to act where this was not happening
- universities were enabled to go further and faster by the right legislative, regulatory and funding environment, including:
    - the need to give due consideration to the legislative and regulatory barriers to collaboration, such as the legislative underpinning of the OfS in England and UK-wide competition law
    - providing transformation funding both to incentivise and derisk actions required to achieve transformation
    - a clear plan to deal with a university at risk of disorderly exit.

Actions

Action for government:

Government should work collaboratively with the sector to create a funding and regulatory framework that is more supportive of collaboration, addresses gaps in sector stewardship and creates a cohesive system in which higher education and research, policy and funding levers are better aligned. This should include the collaborative development of a holistic and long-term vision and strategy for the sector.

Government should look to relieve cost pressures on the sector, where these are outside the sector's own control, for instance by reducing regulatory burden and the expectation that universities carry out unfunded activities, and by increasing the flexibility to offer alternatives to the Teachers' Pension Scheme (TPS). Government should avoid adding additional cost pressures on the system through new, unfunded expectations or levies.

Next steps

Next steps

The opportunities and actions set out in this report will support the efforts of individual universities to achieve greater efficiency and to seek opportunities for collective action that would help them to go further and faster than they could alone. Following the conclusion of Phase 1 – the outputs of which include this report, guidance and workshops from key advisors to the sector, and the evaluation of potential shared services – UUK will lead on a second phase that will ensure that agreed actions are delivered and build on work already done. Phase 2 will focus on:

- continuing to catalyse further efficiencies through advice, guidance and sector resources
- building consensus and momentum for transformation in specific areas of activity
- securing action from government and sector partners to enable change
- creating an oversight group to lead on monitoring and accountability for the actions agreed in Phase 1.

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