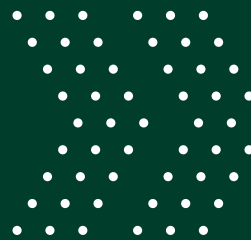


Smaller-scale, specialist and non-traditional institutions are key to delivering Government priorities

A submission to the Department for
Education to inform its HE Reforms

February 2025



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Executive summary

GuildHE represents smaller-scale, specialist and non-traditional institutions focused primarily on vocational and technical higher education. We represent a key corner of the sector and those which are not the large-scale, multi-faculty institutions represented by UniversitiesUK.

GuildHE is broadly supportive of the five priority areas identified within the Secretary of State's Letter in November 2024. To ensure Government can deliver to those priorities, we recommend the following four themes are centred in any considerations:

- 1 Institutional Diversity:** The sector's diversity is its strength. GuildHE members play a vital role in driving innovation, enriching communities, and ensuring access to high-quality education for all, but their impact is often overlooked because they do not fit the traditional, large-scale, multi-faculty image of a university. Funding and regulatory systems, and then government policies, often fail to recognise those beyond that image. Sector consolidation could further jeopardise this diversity and therefore undermine the Government's opportunity mission.
- 2 Students at the heart:** Students must be central to reform priorities. Enshrining and protecting a good range of different sizes and types of institutions ensures that students get a real choice across options to suit their needs and the needs of specific places and communities.
- 3 Funding as enabler:** The current funding model is unsustainable both for HE providers and students. Long-term, we wish to see a rebalancing of the financial contribution between government, students, and other interested parties to build an integrated system where higher education is a vital and contributory aspect of regional skills and development supported by lifelong learning.
- 4 Collaboration:** To foster truly impactful collaborative activities, we must move beyond outdated market-driven ideologies that hinder cooperation within the higher education sector. The current regulatory framework inadvertently discourages innovation and partnerships in both teaching and research.

This report provides specific examples from our member institutions as evidence of the impacts currently delivered by our diverse membership. It also provides recommendations for empowering institutions like those we represent to drive forward and maximise each of the HE Reform priorities. A summary of those recommendations follows:

- 1** Revise the OfS's regulatory behaviour to ensure it is proportionate to the scale of the institution and supports collaboration and innovation in the sector.

- 2** Revise the current funding regime which pushes greater levels of funding into larger institutions rather than addressing where need is greatest or where funding could accelerate the drive to meet Government's priorities.
- 3** Protect funding pots for specialist institutions and those that enable smaller-scale institutions to address barriers to making vital contributions to the education and economic ecosystems in their regions (this includes teaching, research and knowledge exchange funding streams).
- 4** Revolutionise student success measures to take account of excellence across the whole sector, not just in the large-scale, multi-faculty universities. Doing so would help to level the playing field and better meet diverse students' motivations and expectations of HE, thereby increasing opportunities for success.
- 5** Build a framework to foster collaboration between HE institutions, local authorities, and businesses that enables the collective to address regional skills needs, with oversight and direction by Skills England.

We provide more detailed recommendations at the end of this document.

Introduction

GuildHE is the most diverse representative body in UK higher education, serving 67 institutions across the nations and comprising universities, university colleges, further education colleges and specialist institutions. Our members are small and large, old and new, rural and urban, practice-based and online, publicly and privately funded– the diversity of our membership enables us a unique and valuable perspective into the challenges and opportunities within and for the sector at any given time.

Members are principally focused on vocational and technical higher education and include major providers of professional programmes in education and community service; healthcare; agriculture, food, and the built environment; business and law; and the creative arts. They offer diverse pathways to higher education and are renowned for their practical, industry-relevant education, research, and innovation which meet critical skills needs and make a significant contribution to their regions, industries, and the national economy.

As one of the three principal representative bodies for UK higher education (alongside Universities UK and the Association of Colleges), GuildHE is company member of and appoints members to the boards of sector bodies including QAA, AdvanceHE, HESA, JISC, and UCEA.

Despite this sector leadership and long history of advocating for non-traditional higher education institutions, Government, regulators, and policymakers often view the higher education sector through the lens of traditional, large, multi-faculty universities. This narrow perspective not only hinders the ability of diverse providers to thrive within a system built through that lens, but also disregards the unique strengths and contributions of smaller, more agile, industry-engaged and locally-focused institutions like our members.

A drive for efficiencies alone risks loss of diversity

GuildHE is broadly supportive of the five priority areas identified within the Secretary of State's Letter in November 2024. This document provides insights into the ways in which our members are currently meeting these challenges and provides recommendations for maximizing their contributions by building on their strengths and removing existing barriers that limit their contributory power.

Returning to the impetus for DfE's desire for reforms, we reject the premise that all HE institutions are 'wasteful' with the resources they have. While this may be true for some, it is not evidenced in our membership. Our member institutions run very tight budgets, are agile to change, actively work to diversify income, and are realistic in their business assumptions. They are often driven by an entrepreneurial mindset and commercial financial acumen that demands efficiencies as the cost of operating.

Their ability to find further efficiencies is insufficient to respond to widespread increases in costs across teaching, research, student support, regulation, estates and National Insurance without any new money coming into the system. There has been widespread coverage of the number of universities expecting deficits this year and those undertaking redundancy and other cost-cutting measures. While many of our institutions are stronger financially than that picture suggests, our smaller-scale universities, specialist institutions and conservatoires are facing decisions that may lead to the loss of specialist training in the creative arts, agriculture, construction, healthcare or other vocational fields crucial to the UK's ongoing economic growth ambitions and global competitiveness.

Unless the current funding model is addressed, we risk sleepwalking into a future where the diversity of our sector is significantly diminished. That diversity is a necessary ingredient to a successful and sustainable higher education sector is becoming clearer from analysis of the US landscape, along with the Australian and other large HE systems.

Expert commentators grappling with some of the current challenges for American universities and colleges offer a hypothesis, positing that the loss of the diversity of mission and distinctiveness, objectives and audiences is key to its diminishing public support. There is growing international agreement that such homogeneity disables access for students with different educational backgrounds or achievements. It reduces social mobility as it reduces modes of entry and delivery. It weakens the pipeline of experts into the labour market as it loses its ability to create the growing variety of specialisations needed for economic and social development.

Government must now recognise that the institutions within GuildHE's membership are vital to the sector's ability to meet 21st century challenges and move to support those institutions through and despite its desired reforms. Our diverse range of higher education institutions are a national asset. Losing them and reducing the sector to a smaller number of large-scale, multi-faculty institutions would undermine Government's own priorities while weakening efforts to widen access and jeopardizing our competitiveness globally.

The rest of this document provides member-focused examples and policy recommendations aligned to Government's 5 priorities for HE reform. Each section is titled by the relevant priority.

Priority 1: Play a stronger role in expanding access for disadvantaged students

GuildHE members educate a disproportionately high number of disabled and neurodivergent students in comparison with the rest of the sector. In 2021/22, GuildHE members registered an average of 24% of students with a declared disability, compared with 15.7% across all HE students in the UK. The range of members' courses, delivery styles (i.e., practice-based and applied training) and supportive, personalised student-centred approaches in often smaller environments meets their needs.

The University College of Estate Management (UCEM) offers a flexible approach that allows students to balance their studies with work and family commitments, making higher education accessible to a wider range of individuals, including mature students and those with caring responsibilities. These graduates are vital to delivering the Labour Government's commitment to build 1.5 million homes in the next 5 years.

BPP University is a leading provider of professional education and career development programmes. BPP expands access to professional careers for individuals from all backgrounds through diverse programmes, providing accessible routes into education as well as re-skilling and up-skilling for mature students. Furthermore, their range of professional training programmes are designed to tackle critical skills shortages across all areas.

To support the legal sector to diversify its staff base, the **University of Law's** Race and Ethnicity Alliance (REA) was established to drive positive change within the legal industry. The group has [developed a public pledge](#) designed to help legal organisations in the UK who are interested in working towards building EDI practices in their workplaces to make a real and sustained commitment.

ACM Guildford, implements the 'Tuning in' project as part of its Access and Participation Plan (APP). This initiative collaborates with local schools, Surrey Arts, and Culture Box to deliver music workshops that integrate music-based learning activities into the curriculum. 'Tuning in' offers young people a valuable glimpse into the realities of working in the music industry and provides essential information and guidance on higher education pathways. To date, 45-50% of participants in the 'Tuning in' project subsequently apply for courses offered by ACM Guildford.

Hartpury University chairs a group of land-based education providers who advertise outreach to community groups in their local area to increase the number of BAME students engaging in agricultural occupations. These providers go beyond the usual school outreach to meet with diverse community members. The initiative is in its infancy, but a guidebook

and an [academic article](#) outlining the advantages of collaboration in facilitating cultural competency and growing civic engagement within our small specialist institutions were recently published.

The Liverpool Institute for Performing Arts (LIPA) offers a comprehensive educational pathway from primary school to university level. The LIPA Learning Group consists of LIPA Primary School, High School and Sixth Form College (LSFC) alongside the original LIPA Higher Education Institute and the LIPA academy. No other creative or performing arts institution provides continuous and sector leading education from primary school through to higher education. LIPA Basics is a bespoke curriculum in performing arts skills for primary pupils taught alongside the National Curriculum.

Other notable examples of members' widening access efforts include:

- **Arts University Bournemouth:** [Being a Boy](#) project which provides space for young men to creatively engage with the role of masculinity in their day-to-day lives and works to improve boys' future health, happiness and educational success.
- **St Mary's University, Twickenham's** long history of inclusion informs its focus of outreach activity on [intersections of disadvantage](#) such as Care leavers, Estranged students and Commuter Students.
- **Buckinghamshire New University (BNU)** has developed the [Higher Education Pledge](#) in partnership with the Gypsy, Traveller, Roma, Showmen, and Boaters' (GTRSB) community and King's College London. This groundbreaking initiative aims to create a more welcoming and supportive environment for GTRSB students, addressing the unique challenges and barriers they often face in accessing and succeeding in higher education. There are very few Gypsy, Traveller and Roma (GTR) university students and graduates in the UK, with an estimated average of 200 members of the communities in higher education at any one time.

A note on the LLE and widening access

GuildHE supports the Lifelong Learning Entitlement (LLE), recognising its potential to expand access and flexibility within the higher education sector and introduce new ways of learning for people from a greater range of backgrounds and experiences.

Concerns remain, however, about the lack of evidence of demand for module-based provision and the complexities of its implementation. The LLE has the potential to be transformative for some aspects of social mobility and widening participation, but GuildHE cautions against viewing it as a primary solution for expanding access for disadvantaged students. Although we have little evidence on the groups that are likely to take up the LLE, we can draw on some [evidence](#) of other flexible training models, such as degree apprenticeships and part-time study, which suggest that first movers to the LLE may be those with experience or understanding of higher education due to its complexity to navigate, or by people who are older in order to up-skill and drive further career prospects.

A diverse sector enables different routes into higher education, student choice and a pipeline of diverse talent into the labour market. A diverse sector ensures positive

outcomes for the widest range of students, especially those who are disadvantaged. The DfE, OfS and other sector bodies must ensure that they are collaborating with GuildHE members to learn how our members' diverse business models and varied types of provision can further expand access and improve outcomes. Doing so will enable an integrated and inclusive vision of widening participation that meshes with wider regional and national infrastructure to address constraining structures such as accommodation or choice of subject and provider to genuinely open opportunities for all.

Student support

While we recognise and support the government's decision to increase maintenance loans, this only equates to an additional £414 per year in real terms for the most disadvantaged students. The [Blackbullion Student Money and Wellbeing Report](#) suggests that, on average, students need an additional £548 per month to feel confident they will not have to withdraw from their studies.

UA92, a higher education provider in Greater Manchester, established their 'Make it for Real' programme to offer financial support to students who were in receipt of free school meals. Support includes free laptops, data and travel around Manchester.

To improve student access, success and outcomes, increased financial support is crucial. Maintenance loans should be increased and household income thresholds revised so that the financial support system responds to need. Student maintenance grants should be reinstated for those from low socio-economic backgrounds to ensure that disadvantaged students are not deterred from entering higher education at the point the government seeks to widen access for them.

Measuring success

Current perceptions of higher education value, and consequently the regulatory approach to quality, are overly reliant on narrow, data-driven metrics. The Office for Students (OfS) primarily assesses quality based on degree outcomes, short-term employment rates, and government salary data, neglecting crucial aspects like personal growth, fulfillment, and the broader societal and economic impact of graduates.

GuildHE has shown other ways in which graduates contribute to economic, social and cultural value to the UK. Our recent report, [The Value of Creative Graduates](#), shows more nuanced pathways and outcomes for creative graduates, who may be in part-time or non-professional work alongside freelance or short-term contract work.

Furthermore, creative students and graduates are helping to solve real-world problems:

- **Falmouth University** has an in-house agency called BE Good which is an academic-led, student-driven creative agency and research area within the School of Communication at Falmouth University. The mission is to influence consumer behaviour and create positive change through the ethical application of behavioural economics (BE), whilst supporting students to obtain real-world experience through live briefs. An example is creative solutions to tackle violence against women.

- A collaboration between **Arts University Bournemouth** and Wessex Research Hubs redesigned their health buses to enable increased engagement with minority communities.
- **The Royal Central School of Speech and Drama** partnered with the NHS to present the week-long Student Knowledge Exchange Project Festival, focused on student involvement in delivering better patient experiences in the NHS. Central students also toured primary and secondary schools with workshops, productions about improving road safety and a 'Save the Bees' campaign.

Priority 2: Make a stronger contribution to economic growth

We agree that this should be a core priority for the DfE. Our vocational, technical and specialist institutions are already demonstrating that they are core to delivering this ambition. However, our members are not well recognised for their strengths in this mission due to their distinction from traditional, large, generalist institutions which have informed the design of the systems underpinning growth and skills.

According to the most recent KEF data, vocationally-focused, technical and specialist institutions are incredibly strong contributors to economic growth. They perform twice as well in local growth and regeneration (including skills-related and job creation activities) than more generalist universities, and they perform much better in terms of support for start-ups, too. GuildHE institutions have the unique ability to boost productivity levels across most industries at speed due to embedded co-design and collaboration with employers. These are also the institutions providing the skills and knowledge for new talent in all of the Industrial Strategy's priority sectors, as well as the additional priority areas identified as occupations in demand by Skills England (i.e., healthcare, teaching and production).

Industry-informed collaboration to improve outcomes and growth

GuildHE members' pedagogies prioritise developing high-level specialist and transferable skills for their industries. They engage with their communities and industry partners to inform pedagogical decisions and practice.

Recent data from the National Centre for Universities and Business (NCUB) suggests that there is a skills shortage across many sectors in the UK, with 80% of employers reporting they struggled to find skilled workers in 2024. Evidence collected by the Confederation of British Industry (CBI) also suggests that, in the midst of this skills crisis, employers want to be actively involved in the co-creation of curricula at providers to improve skills outcomes in the interests of their businesses.

As we demonstrate in our examples below, vocational and specialist institutions are already executing these collaborative models with industry:

- At **UA92**, all students receive coaching and mentoring from industry professionals alongside their studies. This embedded skills initiative ensures that students have access to 'character and personal development' support from industry experts.
- Students at **Norwich University of the Arts** worked with Habitat to craft an imaginative material collection tailored for a children's range, all while staying faithful to Habitat's brand identity. This live brief opportunity offers valuable industry insight for students to become employment ready.
- **BPP University** ensures that almost all of their tutors are serving professionals working in the law, accountancy, tax, data, marketing and nursing and healthcare arenas. The design and delivery of courses integrate with the professional experience of its staff and are able to be dynamic with latest industry skills trends.
- Students at **Leeds Arts University** were given the opportunity to pitch to creative agency Ride Shotgun, who set a competition brief for their client HSBC. The winners were given a two-week paid placement at Ride Shotgun, working on briefs and spending time gaining experience in different departments
- **Falmouth University's Launchpad Futures** is a programme that drives growth in Cornwall's regional economy by sharing expertise and facilities with local businesses. The programme drives growth of existing businesses in a region with low levels of wider public investment. Note: this programme is at risk of closing due to the lack of replacement funding for European Development Funding (ERDF) since Brexit.

Specialists train essential public sector workers

The Health Foundation estimates that, in order for the NHS workforce to grow in line with the country's needs, the proportion of first-year higher education students in England training to be NHS clinical professionals would need to increase by 50%, from one in nine of the total intake in 2022–23 (76,300 students) to one in six (125,700 students) in 2031–32. The Get Britain Working White Paper also commits to delivering 40,000 more elective appointments each week to reduce waiting lists, addressing public health issues through talking therapy and expanding services in mental health and musculoskeletal care. These commitments need specialist higher education and training providers to be in a position to boost capacity and deliver the skills necessary.

The main thrust of the NHS 10-Year Health Plan is to increase community settings for healthcare, improve NHS services through technological innovation and to reduce long-term illness through preventative care. Specialist and vocational healthcare HEIs provide

training programmes such as nursing and midwifery, social care, occupational therapy, paramedic science, psychotherapy and counselling, early years health, special educational needs care, healthcare leadership, chiropractic care, physiotherapy, osteopathy, radiography, imaging and sport and physical rehabilitation.

HE providers such as **Health Sciences University** and **Northern College of Acupuncture** have partnerships with local NHS trusts and local authorities to run community clinical practices for the public at reduced cost with student, graduate and staff clinicians. This model has great potential, if scaled up, to better utilise our institutions to bring healthcare, mental health support and illness prevention closer to people's homes.

Bringing the expertise and facilities of higher education providers located in rural, coastal and other 'left-behind' areas into partnership with the NHS has the potential to supply young people in training with professional experience and increase trust in, and ambition to pursue, careers in the NHS. Examples of institutions that are delivering these programmes in rural and suburban regions where preventative care is vital due to levels of health or ageing populations are **Health Sciences University** in Bournemouth, **Bishop Grosseteste University** in Lincoln, **Wrexham University** Glyndwr, **Bath Spa University** in Chippenham and **Birmingham Newman University** in Bartley Green.

We believe that there is significant value in utilising the infrastructure of GuildHE institutions to offer public sector workforce training, including plugging the teacher supply shortage. The infrastructure, focus on quality, flexibility, breadth and depth of expertise enable them to increase intakes, offer incentives and provide support to students from a wide range of backgrounds. Higher education institutions can deliver Initial Teacher Training at scale and this learning together can facilitate understanding of the various elements of the curriculum, creating a robust workforce. They also have the ability to continue to support NQTs and experienced teachers which in turn should aid retention of existing teachers.

On behalf of Universities UK and ourselves, GuildHE runs the sector-wide **Teacher Education Advisory Group (TEAG)**. The Group meets 3-4 times a year and brings together colleagues from DfE, Ofsted, UCET, and the heads of institutions delivering teacher education to discuss operational and strategic issues within the teacher training ecosystem. This is a useful vehicle through which we can engage with Government on these ambitions.

The current impacts of the innovation funding and metrics system

In 2023, GuildHE commissioned experimental analysis of the HEIF funding formula. When the size of an institution is taken into account, vocational, technical and specialist institutions see significant comparative jumps in their return on investment and effectiveness in relation to larger providers. Through this lens, the performance of these institutions looks excellent. For example, the **Royal Academy of Dramatic Art (RADA)** jumps from 20th in the country to 1st for consultancy. For impacts of contract research, **Harper Adams University** jumps from 35th in the country to 6th, and 1st in the West Midlands.

Royal Agricultural University jumps from 25th to 2nd for intellectual property income, second only to the University of Oxford. The significant size, capacity and resource differences between GuildHE institutions and those ranking high in the current system demonstrates just how significantly these institutions ‘punch above their weight’ when engaging with businesses and communities.

Priority 3: Play a greater civic role in their communities

We agree that higher education institutions are pivotal to regional development. It is well known that levels of regional investment, maturity of policymaking and skills capital are not geographically equal across the UK and that this disparity impedes economic and social growth.

Social change is stimulated through local growth and regeneration; public and community engagement and public service. However, the current system does not have the metrics to capture impact delivered by diverse institutions. At present, the data collected through the Higher Education Business Community Interaction Survey (HE-BCI) does not effectively capture the full diversity of social, cultural and civic impacts delivered by the sector.

In the most recent Knowledge Exchange Framework (KEF3), a third of GuildHE members achieved high engagement results for the metric on graduate start-ups and continuing professional development. They deliver innovative new business, lifelong learning and a diversity of skills to regions across the UK by quickly and efficiently engaging with their local communities to deliver the government’s aim to tackle regional inequalities and inclusively grow the economy.

Expanding essential public services

Health Sciences University (HSU) delivers world-class health education and research in allied health professions and is committed to improving health outcomes and addressing health disparities. They have a 100% employability rate in professional careers and study in clinical settings across the world. The university is located in Boscombe, a suburban area of Bournemouth that struggles with high levels of deprivation. Partnering with the NHS, the local authority and private healthcare providers, HSU delivers clinical services to support the health and wellbeing of the local community. As part of this activity, HSU is involved

with the [Dorset Innovation Hub](#), which is one of only four health hubs in the UK dedicated to bringing together actors in primary, community, secondary and social care with academia, innovation research and industry to create sustained health innovations across the Dorset Integrated Care System. The London clinic also provides free osteopathic services to vulnerable and disadvantaged groups such as the homeless and those living with HIV.

Delivering essential regional skills training

Many vocationally-focused GuildHE institutions train the workforce for priority skills areas, with strategic consideration of the needs and strengths of their regions. Again, this is a capability that is currently underdeveloped and could be scaled up with proper investment.

For example, the **University of Worcester** has the highest sustained employment rate in the country (2024 LEO survey data) and produces highly-qualified teachers, healthcare professionals and social workers nationally, but particularly for Worcester and the West Midlands due to collaborative partnerships with businesses and the NHS.

Another example from the same region shows that **University College Birmingham** has a total economic impact of £358 million across the UK. This demonstrates the institution's integration within the local community, its significant contribution to its region, and its impact on the broader economy.

Many GuildHE institutions sit in 'cold-spot' areas, including rural and coastal areas. These areas are noted by low levels of public and private investment, local authority maturity and low levels of HE participation. Their strength is as a servicer of their local communities, businesses and students through close collaboration with connected industries and other providers. These institutions are focused acutely on widening participation and engaging hard to reach people. They are, by nature, civic institutions, though they are often excluded from Civic University Agreements due to their size or location.

Driving community regeneration and developing culture

Despite these constraints, GuildHE institutions have consistently produced good results for regional growth and regeneration in the Knowledge Exchange Framework (KEF), demonstrating their prime position to support the government's aims to boost regional economies and social change. These results show that this excellent practice is having a demonstrable impact on a diversity of sectors, industries and professions. This strong link between vocational diversity and high-quality civic development activity is evidence of the powerful regional impact these institutions have on both economic and social development and growth.

The Hive is a collaborative project between the **University of Worcester** and Worcestershire County Council. It is Europe's only fully integrated university and public library that functions as a community space, hosting a variety of events and activities such as talks, workshops and exhibitions throughout the year. The Hive also operates as a

business centre, space for council services and a café. For families with young children, The Hive has one of the largest Children's Libraries in Europe and offers dedicated play areas and regular story time sessions, fostering a love of reading from an early age. For university students, The Hive positions itself as a space for wellbeing through events, activities, drop-ins and signposting.

To contribute to regeneration, **Arts University Bournemouth** purchased a 1930s playhouse, the Palace Court Theatre, in Bournemouth town centre. The initiative has generated a multi-purpose community venue that creates opportunities for local partnerships to stimulate local economic growth and increase the cultural capital of Dorset, especially through tourism. This is a relatively new venture that will support three key partnerships: Collaboration between Dorset NHS Integrated Care System and the YMCA to develop evidence in arts, health and wellbeing and give access to culture for alienated communities; AUB will work with Health Sciences University to provide intergenerational arts activities to promote healthy ageing and address loneliness and social isolation; Bournemouth Area Hospitality Association and the Business Improvement District will collaborate to develop a programme to utilise the theatre for the destination economy.

Our creative specialist institutions provide cultural hubs in rural, coastal or suburban areas such as Falmouth, Hereford, Hartlepool, Plymouth, Norwich and Bournemouth. These institutions offer vital access to cultural education for communities outside of big cities and the capital. The following are examples of the types of cultural engagement activity our GuildHE institutions are driving:

- 1 Hereford College of Arts** offers a variety of free public facilities that are open to the community. These facilities are designed to inspire creativity, promote cultural exchange, and provide opportunities for learning and engagement such as state of the art Studios and Workshops.
- 2 Northern School of Contemporary Dance** and **The London Contemporary Dance School** offer a diverse range of community dance programs for people of all ages and abilities. These programs provide opportunities for individuals to explore their creativity, improve their physical and mental health, and connect with others through the power of dance.
- 3 The Northern College of Art** offers short courses and workshops open to the public, particularly in art, design, and photography. These courses provide opportunities for individuals to develop their skills and explore their creativity.
- 4 Arts University Plymouth's Young Arts programme** was established in 1988. It features the university's renowned Saturday Arts Clubs and for over 30 years, has worked to bridge the gap in arts provision for young people created by increasingly limited access to creative activity in schools. Young Arts uses art as a catalyst for learning, shaping the artists, makers and creative thinkers of the future, supporting learning and social development, often working with specific widening participation groups.

Priority 4: Raise the bar further on teaching standards, to maintain and improve our world-leading reputation and drive out poor practice

GuildHE is committed to a culture of high-quality, enhancement-led practice within our sector. We are a founding member of the UK Quality Council, in which we participate on an ongoing basis. We have proactively commissioned several reviews and initiatives to address national quality concerns, including recent inquiries into grade inflation, admissions practices, international pathways, and franchise partnerships. This proactive approach demonstrates sector leadership in identifying potential areas of improvement and ensuring accountability.

We understand from our conversations with DfE that the Minister is interested in knowing more about how we as a sector support pedagogical enhancements. We have a number of national organisations working to continually improve and train our academic staff through programmes and practice sharing, which include: the sector-owned [AdvanceHE Professional Standards Framework for Teaching & Learning](#); the [AdvanceHE Fellowship Scheme](#); the [JISC digital pedagogy toolkit](#); [QAA support](#); the [Level 7 sector agreed teaching qualification \(PGCHE\)](#); the [Level 7 Apprenticeship in "Academic Professional"](#); the [HE Pedagogies journal](#) as well as individual subject journals covering pedagogy; [British Educational Research Association](#) journals and support. Alongside this, we host a Learning and Teaching network to discuss pedagogical approaches and share best practice, while most of our members (along with most others in the sector) host an annual conference dedicated to learning and teaching.

Quality regulation and enhancement

The failure of the Office for Students to implement a truly 'risk based' approach across its conditions, but particularly its B conditions (quality), has been most acutely felt by smaller, specialist or non-traditional providers on the Register. We have [written extensively](#) on what needs to change. Many of our concerns and recommendations were echoed in the House of Lords investigation into the OfS and subsequently picked up by Lord Behan's review. This primarily relates to the need for the OfS to demonstrate a much greater commitment to, and active pursuit of, its responsibility to maintain a diverse higher education sector under the Act.

The lack of synergy between OfS expectations and sector-agreed standards creates unnecessary tension. GuildHE, working collaboratively with UUK, QAA and the UK Quality Council, have devised a quality map which shows all the ways in which individual providers, the sector collaboratively, and the various regulators of HE have oversight over academic standards and quality (publication forthcoming). It shows an incredibly comprehensive picture of peer review and external intervention, but we recognise it is complicated to communicate to policy makers and the public. This comprehensive and autonomous approach is why the UK sector is seen as excellent globally and our peer review processes seen as a robust and valid measure of quality.

OfS should not be the key driver of enhancement in the sector. Not only does it have a fractious relationship with providers who do not yet trust the OfS to operate in an enhancement-led collaborative way, but there are inherent tensions between the OfS duties to regulate providers and those offering support to the sector to enact good practice. We believe that a sector-wide enhancement programme is best managed by a UK-wide agency such as the QAA, which has a wealth of experience in evaluating and embedding enhancement across the sector, and is more connected to quality practitioners and academics in the sector than is OfS.

Teaching standards

Our report, Practice Informed Learning, provides case studies of the ways in which dual professionals (individuals who are both industry experts and experienced educators) are actively involved in teaching at GuildHE institutions. This unique blend of expertise enriches the learning experience, fostering new perspectives for both practitioners and students. Furthermore, our recent Creative Graduates Report details many of the ways in which our teaching and learning practices utilise engagement with businesses and real-world scenarios in assessments. As vocational, technical and specialist providers, which place students and teaching at the heart of their institutions, GuildHE members are delivering innovative pedagogies that draw on the strengths and characteristics of their specialist disciplines in order to create inclusive teaching and learning experiences.

Royal Central School of Speech and Drama is deeply committed to ensuring neurodivergent students thrive through inclusive pedagogy. One of their standout initiatives is a research-led project exploring the impact of Psycho-Physical Actor Training techniques on neurodivergent students; in particular, those with dyslexia and dyspraxia. Research conducted at RCSSD revealed a neurotypical bias within traditional psychophysical training, leading RCSSD to develop a inclusive pedagogical model incorporating best practice principles such as enhancing strategies for discussion and feedback, utilising a more active approach to goal-setting based on 'deliberate practice' principles, and engaging students with an understanding of preferred learning styles. This research has been disseminated to teaching staff and used to revise the voice curriculum for its courses, receiving positive feedback from students.

Priority 5: Underpinning all of this needs to sit a sustained efficiency and reform programme

While the sector grapples with escalating costs in teaching, research, student support, and regulatory compliance without commensurate funding increases, we agree it is right to find innovative and collaborative solutions to ensure the health of our sector. However, the higher education sector is often viewed through the lens of large, generalist universities by the government, which overlooks the unique contributions and challenges faced by smaller-scale, specialist and non-traditional providers.

This narrow perspective fails to recognise the efficiency and responsiveness of institutions like those in GuildHE, which operate with lean budgets, adapt quickly to changing demands, and maintain realistic financial projections. We express concern over the prevailing narrative among some policy commentators that smaller higher education institutions are inherently inefficient and should, therefore, be compelled to merge into larger entities. While mergers may be beneficial in specific circumstances, they are expensive in terms of time and resource, require years to deliver benefits, and do not necessarily result in cost savings. Moreover, the possibility that consolidation means a decrease in the number of smaller or non-traditional institutions in favour of preserving the many larger-scale, multi-faculty institutions risks undermining the diversity and agility that characterise our sector and its ability to effectively meet the evolving needs of students and industry.

The pursuit of efficiency savings within higher education fails to adequately address the sector's critical funding challenges. Years of stagnant tuition fees and declining government support have severely eroded the financial stability of universities and colleges without providing a framework for evolving operating models to adapt to diminishing funding sources. While increased funding is undoubtedly necessary, placing the burden of this financial strain solely on students is unacceptable. UK tuition fees rank among some of the highest globally, while government contributions account for only 18% of the total cost of higher education; a figure that is dwarfed by typical levels of G20 nations. With evidence showing that HE spending is an investment rather than a cost, Government needs to commit additional or consider reconfiguring existing funding so that we preserve and protect its diversity.

To ensure the long term financial sustainability of a diverse sector, we need to ensure that funding mechanisms recognise the additional resources needed to continue to operate specialist institutions. GuildHE considers the World Leading Specialist funding stream crucial for maintaining England's globally renowned specialist institutions. For many of our members, this funding represents a significant portion of their income (between 9-20%).

This funding stream enables our specialists to maintain world-class teaching and learning facilities, including high-contact teaching, low staff-student ratios, and industry engagement.

In the meantime, there are some short-term steps the government could take to alleviate financial pressures and implement some operational efficiencies to ensure institutions have capacity to evolve:

- **TPS:** Universities enrolled in the Teachers' Pension Scheme (around 8% of total TPS membership) are now required to pay pension contributions of around 29% (compared to 16.4% in 2019). While the Government recently recognised this burden by providing funding to further education and sixth-form colleges to mitigate their TPS costs, and even exempted independent schools from these obligations entirely, higher education institutions have received neither option. This inequitable treatment poses a significant threat to the continued operation of institutions that play a critical role in training qualified teachers for our schools and other vital public services. Affected HE institutions should be released from TPS obligations and utilise alternative pension schemes to manage costs sustainably.
- **SLC payment re-profiling:** Transitioning to a more evenly distributed funding profile, such as 33:33:33 or 40:40:20, would require a one-time adjustment to the payment schedule across financial years. This change would be cost-neutral for the government while significantly improving cash flow for providers. This enhanced liquidity will better enable institutions to support Reform priorities 1 and 2, which aim to diversify higher education qualifications and improve student diversity.
- **Promoting a tertiary approach requires greater regulatory collaboration:** To improve interoperability and efficiency, regulators must enhance collaboration and data sharing. This requires ministerial intervention to facilitate more effective data management and sharing. A ministerial taskforce focused on a more coherent regulatory approach across HE and FE would be welcomed.
- **Review the Strategic Priorities Grant:** SPG should better reflect the high-cost funding of subjects leading to employment in the government's strategic priority areas. There have been significant cuts to creative arts grant funding, which has put innovative, industry-focused and high-quality teaching in these areas at risk. Longer term, the SPG should respond to the needs of regional, industry and globally significant specialists in all subject disciplines relevant to the Government's ambitions.
- **Convene a ministerial taskforce** focused on the sector's financial sustainability. This will enable DfE to have a more nuanced understanding of the challenges faced by diverse HE providers. It could also ensure oversight of the regulator's depth of understanding and a mechanism through which to determine whether regulatory burden is causing its own inefficiencies within the system. GuildHE has evidence that this is the case, especially in relation to governance demands for those operating non-traditional models less well-understood by OfS.

Mergers, federations and shared service models

We know that there is a growing interest in consolidation in the sector. GuildHE represents a number of institutions who have merged in recent years.

Health Science University has been created from a merger between the University College of Osteopathy and the Anglo-European Chiropractic Association; a merger inspired organically from close historical collaboration between these 2 providers. In our experience, there are significant and complex challenges in effectively managing students and staff through a merger process. These are resource-intensive exercises that do not deliver cost savings in the short or medium term.

Another style of collaborative model with which our members are familiar is the federated system. Six GuildHE members were once part of the **Conservatoire for Dance and Drama**, funded by HEFCE to bring together small and highly technical HE institutions under a common infrastructure. Federations offer a compelling model, balancing institutional autonomy and brand identity with shared resources, expertise, and a collective mission. However, the current OfS regulatory framework presents significant obstacles to such collaborations. The dissolution of the Conservatoires for Dance and Drama serves as a stark example of how regulation has impeded efficiencies. If the government aims to foster greater collaboration within the sector, revising the regulatory approach is essential.

GuildHE is currently undertaking a piece of work, in conjunction with members, to understand more about what shared services could deliver and how and whether there is appetite to implement such an approach amongst our membership. We are well-placed given we already provide essential shared services for our members including a research repository at a rate that is 93% lower than the usual market cost of such a system, and a virtual, live training package representing more than 50% savings on the published cost.

Shared services covers a spectrum of arrangements including contracted services, institutions providing services to one another, cost-sharing groups, federations, group structures and mergers. Given the current challenges, it is timely to re-examine the barriers to collaboration and to confirm that the OfS regulatory framework can support rather than deter joint ventures, federations and group structures, all of which could deliver greater efficiencies as well as better outcomes for students. GuildHE can provide a more detailed list of barriers to collaboration when appropriate (e.g., VAT rules, data rules, etc.) along with a list of reforms that could enable greater collaboration.

Existing collaboration shows us a path forward

GuildHE, along with UUK and AoC, is a company owner of and nominates members to the governing bodies of QAA, HESA, AdvanceHE, the OIA, JISC, and UCEA. Organisations like JISC have saved us around £300 million by pooling our resources and sharing infrastructure. JISC's most recent report Collaboration for a sustainable future outlines the huge possibilities our sector has for digital collaboration, subject to the priming funding required.

We are actively working with UUK on their efficiency taskforce and considering what convening powers we can deploy to support our members directly with efficiency and collaboration. However, to be most effective and move forward quickly, we need support, some centralised coordination, and the removal of competition and regulatory barriers within the system.

Regulatory activities

GuildHE has been a vocal advocate of regulatory reform, conducting research and publishing extensively on the need to significantly reduce the burden of regulation to ensure that it does not stifle innovation or work against smaller, specialist or less-traditional providers in the system.

The recent re-prioritisation announcement by the OfS to pause DAPs, university title and new registration application processes disproportionately impacts our members. The rationale was to spend more resources on mitigating potential financial crises in the sector by deepening their understanding of the pressures, but the pause to these processes does the opposite. It introduces new financial risks to providers with business plans that depend on achieving degree awarding powers in order to reduce costs associated with expensive validation agreements.

Exacerbating this burden is the disproportionate cost of regulation for the types of smaller providers that make up part of our membership. For example, a provider with 25 students pays a fee of £14,220, equivalent to £568 per student or 6% of total tuition fees (approved fee cap). Compare this to a provider with more than 20,000 students paying a fee of £214,485, equivalent to just £10.70 per student or 0.11% of tuition fee income (approved fee cap). Justification for this inequity is not based on evidence of increased risk within smaller providers; on the contrary, one could reasonably argue that risks increase in proportion to the size of the provider given the decentralised nature of governance and management mechanisms deployed in larger organisations. The clearly unequal burden placed on institutions of smaller scale in the sector introduces financial constraints to further investing in quality enhancement activities, along with any other activity, that may accelerate the drive towards achieving Government's ambitions across higher education. We strongly recommend that this is rectified in order to level the playing field and demonstrate a clear recognition that diversity of provision and providers in the sector is important to the government.

Recommendations

Below is a summary of recommendations based on evidence contained within the submission and our broader work with GuildHE members. Further evidence and policy analysis supporting individual recommendations is available if required.

Priority 1 recommendations:

1. Host roundtables with GuildHE and smaller-scale, specialist and non-traditional institutions so that the government and sector can improve its understanding of how heterogeneous business models expand access and improve outcomes.
2. Fund critical subject area outreach for priority subjects like creative arts, teaching, construction and agriculture where a more localised or regional approach is required to increase enrolments.
3. Collaborate with institutions to improve employer and public understanding of the diverse range of higher education opportunities available to adults ahead of or as part of the launch of the LLE.
4. Increase student support funding to improve access and outcomes for students. Reinstatement of student maintenance grants and increase the available level of maintenance loans. Revise household income thresholds.
5. Advocate for a new approach to higher education data, including improvements to student tracking across the system (via a unique learner number) and establish a ministerial data taskforce to improve regulatory efficiency.
6. Revolutionise how success is measured to better reflect the value and wider benefits of graduates to society and the economy.

Priority 2 recommendations:

1. Skills England should prioritise collaboration, consultation, and developing a deep understanding of the HE sector's diversity. This includes ensuring that the voices of diverse institutions and their students are central to the development of policies and vocational standards.
2. Review the OfS regulatory framework in light of the Lifelong Learning Entitlement to ensure regulatory expectations and funding levels do not inhibit its success.
3. Explore and support the scaling up of the types of collaborative models shared by GuildHE to increase their national impact on employment.
4. Ensure that funding streams for specific policy goals include a reasonable minimum allocation for all institutions to support diversity.
5. Working with DSIT, commission a review of the broader innovation funding landscape to identify and address gaps that constrain innovation and growth for smaller institutions and those in specialised fields.

Priority 3 recommendations:

1. Vocational and specialist institutions, especially those serving high-growth sectors and training in-demand occupations, should be incentivised and supported to collaborate with businesses, colleges and local public services with a flexible apprenticeship levy and central involvement in the development of Local Growth Plans.
2. Mandate the involvement of specialist, vocational, technical and smaller institutions in the strategic planning and implementation of 'cluster' growth developments outside of London and the South East, including in rural and coastal settings.

Priority 4 recommendations:

1. Reform regulatory fees to address OfS's disproportionate financial burden on smaller providers by implementing a more equitable fee structure.
2. Hold OfS to an expectation of transparency about their resources and how they are seeking efficiencies while ensuring the 'risk-based' nature of their activities is improved.
3. Revise the regulatory framework so that it is more conducive to partnerships and collaborations between institutions, adapted to the evolving landscape of lifelong learning (LLE) and diverse provision (such as apprenticeships, non-prescribed HE).

Priority 5 recommendations:

1. Re-evaluate eligibility criteria for TPS to release teacher education HE institutions from the scheme.
2. Adjust SLC payment schedules to swiftly improve cash flow for institutions.
3. Convene a ministerial taskforce dedicated to analysing and addressing the financial sustainability challenges faced by higher education providers. This will provide the Department for Education (DfE) with a more comprehensive understanding of the sector's financial realities.
4. Review the Strategic Priorities Grant to ensure its high-cost funding aligns with industry and Government priorities, including the creative industries.
5. Establish a sector-wide investment fund to provide centralised coordination and support for collaborative efforts to find efficiencies via shared services and similar joint efforts across institutions.
6. Extend the world leading and performing arts specialist funding pots and develop a new high impact grant for specialist institutions who are regionally or nationally important to growth in other disciplinary areas.

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