



# SPENDING REVIEW SUBMISSION

September 2024

## Introduction

GuildHE is an officially recognised representative body for UK higher education, championing distinction and diversity in the sector. It is the most diverse representative body in the UK, serving 67 institutions across the nations and comprising universities, university colleges, further education colleges and specialist institutions. Members are small and large, 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. Our members are principally focused on vocational and technical higher education and include major providers of professional programmes in education and teacher training; healthcare; agriculture, food, and the built environment; business and law; and the creative arts.

GuildHE is proud to represent a diverse range of institutions and to submit a spending review submission on their behalf. This response draws on extensive work done with members, as well as research we conduct throughout the year and collaborative work we do with the other formal representative bodies, UUK and AoC, mission group colleagues and other sector bodies. The proposals in this document strike a balanced approach between costed and cost-neutral options that will enable institutions to help themselves while recognising that the scale of the task is large enough that they cannot do it alone—nor would Government necessarily want them to do it alone given the risks associated with HE institutions taking independent decisions about provision and public offerings. We propose a combination of financial assistance and government actions that will make a big difference to institutions and ensure they can contribute effectively to the social, economic, and financial needs of the UK.

## Recommendations to preserve diversity and distinction

GuildHE recognises that the current economic situation is tough, not only for the education sector but for government funding across all areas of activity. We also know that the new government has clear ambitions to drive economic growth, renew our public services and capitalise on the potential within our country to deliver a stronger future. The UK higher education sector is key to realising those ambitions. The latest figures published in a Sept 2024 [London Economics report](#) show that the UK higher education sector's impact, once direct spending by the sector and the benefits of international students are combined, was more than £265 billion in 2021-22. This means for every £1 of public money invested into UK higher education, £14 of economic benefit is generated. Not only that, but the HE sector delivers enormous benefits to the public purse: HMT sees a benefit of £75,000 per graduate, even when considering the cost of subsidising their education through loans and grants. Furthermore, for every £1 of public research funding, the UK higher education sector generates £9.90 through research and knowledge exchange activity. Our sector, despite its constrained financial situation, works collaboratively to find creative solutions to ensure strong public value and impact.

GuildHE institutions are deeply embedded in their towns, cities, industries and regions, developing accessible learning opportunities, driving support for local businesses, and spearheading powerful civic engagement. They provide specialist provision in professional subject areas including the creative arts; agriculture, food and the built environment; education and teacher training; business and law; and healthcare and sport. Many of our members specialise in flexible learning, online delivery and apprenticeships. Our members supply our country with primary and secondary school teachers,

nurses, radiographers, farmers, food security experts, actors and musicians, artistic directors, architects, engineers, construction site managers, accountants, physical therapists, writers, film and television producers, surveyors, lawyers, church leaders, musicians and veterinarians. They work internationally and advise our UK government on issues related to food security, healthcare, and student wellbeing.

Our 67 institutions have continued to deliver high-quality higher education despite operating within an increasingly financially constrained environment. They, along with the rest of the higher education sector, have been seeking significant efficiencies in recent years, largely in response to tuition fees being frozen since 2017 and declining teaching grants from Government. Despite their efforts, cost saving exercises are not sufficient to solve the deeper financial problems wrought from underfunding the HE system. Furthermore, those exercises introduce new risks to ensuring high-quality student experiences, which increasingly include extended pastoral care and services alongside expected learning and teaching activities; services which have been extended in large part due to community service deficiencies related to the underfunding of health and social care over the last decade.

To balance their budgets and avoid deficits, institutions around the country are looking hard at the cost of different subjects and their range of student and staff services. But leaving these institutions to take those decisions independently, without some level of coordinated dialogue across the sector, raises the possibility that we may reintroduce subject or geographical cold spots. These 'cold spots' mean that people in certain regions of our country are shut out from study that would improve their life chances and that certain industries could struggle to drive growth in particular regions. Cold spots are major barriers to the government's ambitions for improving our economy and society.

***Diversity of institution and subject is essential for ensuring and equalising access to higher education, for protecting genuine student choice and for underpinning a rich research, development and innovation system that can act as a catalyst for economic growth and for tackling 21st century challenges.***

Our institutions are an essential part of the talent pipeline for globally successful and strategically important UK industry sectors be they agriculture, technology, creative arts, education, or healthcare. Not only do they provide flexible undergraduate courses and apprenticeships from levels 4 through 7, but they also provide part time, self-funded, and institutional bursary-supported routes to doctorates in specialised disciplines and professions. In so doing, our world-leading and strategically significant institutions play an important and unique role in the innovation and skills ecosystem which could be utilised much more effectively. Their unique and often values-based approaches to teaching and learning, applied pedagogies, class sizes and institutional management mean that our member institutions are well suited to supporting students with diverse needs and supporting widening access and participation more broadly.

## Cost-neutral actions Government can take immediately

[GuildHE has previously published](#) a list of cost-neutral actions that could and should be taken by the Government to support the sector and reinforce public commitment to higher education. These measures would require no new investment from government and would deliver significant help to institutions.

We have recommended to government that it move swiftly to:

- **Adjust the Student Loans Company payment schedule.** To alleviate cash flow issues, we propose shifting the May SLC payment to April and distributing SLC payments evenly over three instalments. This would provide immediate relief for smaller institutions, those without the ability to cross-subsidise and those struggling to diversify income to the extent of how large, multi-faculty universities can. While requiring short-term financial flexibility, this is a cost-neutral measure that will become increasingly important should the Lifelong Learning Entitlement be implemented.
- **Convene a taskforce focused on the sector's financial sustainability.** Maintaining [small, specialist and practice-based institutions is critical to building innovation](#) and providing choice in the sector. Chris Husbands recently [reflected](#) on the challenges faced by the sector and how we might plot different paths forward, but some action is now required to coalesce thinking for different types of institutions.
- **Reinstate a Ministerial Data Taskforce** to inform holistic thinking across teaching, research, knowledge exchange and skills, and to identify where improvements or greater cooperation across sector bodies and regulators (including the newly-forming Skills England) could reduce burden. If we want to work effectively across tertiary education, this work is vital. The current regulatory overlap costs institutions money, stifles innovation and stops many of our members from engaging due to the complexity and additional resources required.
- **Commit to avoiding disorderly market exits.** This could be achieved by opening a window at HMT to provide repayable grants to institutions to ensure smooth transitions to closure or merger for those facing insolvency, or could take the form of a more formal [administration regime as exists for further education and sixth form colleges](#).
- **Establish a centralised coordination function to oversee mergers or closures** to avoid unanticipated consequences like geographical or subject area cold spots at a point when demand for higher-level skills is only increasing. The Further Education commissioner takes this role for further education institutions, but no such role exists for higher education.
- **Review the financial impact of the current approach to regulation** in HE. GuildHE believes changes to the regulatory approach in England has created many additional costs for institutions, with smaller institutions or those who are tertiary providers [disproportionately impacted](#). For example, the Office for Students' condition B4 requiring 5 years of assessed work retention should be removed as it assumes all work is written.

Financial sustainability is key to securing the future of our universities, and the above measures would go a long way to helping institutions in the short-term while longer-term thinking is being undertaken in partnership with the new government.



## GuildHE-indicated priorities for further investment

UK higher education is expensive for individual students and for the government. The OECD has claimed that a first degree from an English higher education institution is the [most expensive in the world](#) and that tuition fees in England are the highest across the OECD.

It is estimated that the UK government funds [just 16% of the cost of higher education](#). This is significantly lower than comparator countries and suggests some of the growth challenges we're seeing are related to such low investment. We need our new government to take action to allow all facets of our world-class education and research system to thrive so that it can contribute to the economic development of the country. Some of the investment required should be channelled to institutions directly, while some of it needs to go to students to ensure higher education continues to be an engine for greater equality of opportunity across society.

Below, we outline what we see as key priorities for the new government to address in its upcoming budget to ensure our world-leading system not only continues to deliver life-changing opportunities, but is also positioned to drive the government's ambitions around economic growth, restoring public services, and improving the lived experience of everyone in the UK. While we at GuildHE agree that funding for HE institutions needs to be increased at least in line with inflation, we are currently open to discussion on how that is achieved because we see advantages and disadvantages to all options. We have worked closely with Universities UK on its blueprint for ensuring the financial sustainability of the sector and believe we need bold and ambitious action to set the sector onto firm footing and protect the value it can deliver for us all. We use this submission to highlight investment opportunities we see sitting alongside broader arguments for increased institutional funding. We also use this opportunity to identify areas that speak to our member institutions specifically and will ultimately secure the diversity of our sector as we look to capitalise on that very richness as a strength required to support the government ambitions for the next 5 years and beyond.

## As a matter of priority, the government should:

# Increase student support

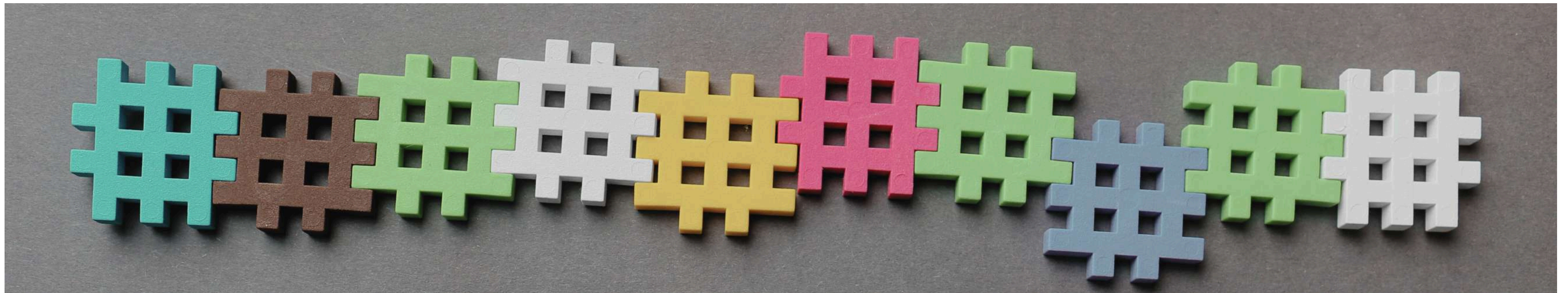
- Reinstatement maintenance grants for students from lower socio-economic groups.
- Ensure that student maintenance loans cover basic student living costs and that all students that need loans are eligible by revising the parental income threshold.
- Increase funding for university mental health services and incentivise a greater collaboration between education providers and the NHS.
- Extend UKRI's New Deal for Postgraduate Research Students to deliver improved support for all postgraduate taught and research students, irrespective of how they are funded.

The current student maintenance loan does not cover students to a basic living standard, which has a knock-on effect on access, student experience and student wellbeing. A [recent Higher Education Policy Institute report](#) recommended implementing a minimum income standard for students of just over £18,000 per year outside London and just over £21,000 in London; both of which are much higher than [the £10,227 available for those studying outside London for academic year 2024-25](#). More students are working to supplement those loans in order to survive during their studies, upwards of 20 hours, because they are not able to rely on their parents for additional financial support. At the same time, students are increasingly seeking out institutional hardship funds, while institutions themselves are being expected more and more to increase the financial support they can offer, alongside increasing their mental health or other wellbeing services to cope with students under such pressure.

Labour's 5th mission in government is 'Breaking Down the Barriers to Opportunity'. If school leavers see university as unaffordable or just not feasible due to the extraordinary financial balancing act it has become, then they will not pursue it. But as [multiple labour market trajectories predict](#), demand for higher level skills will only increase in the future. The UK should strive to provide higher education opportunities for everyone who wants them, and must ensure these opportunities are equally available to all. For all these reasons, but specifically the fact that students from lower socio-economic groups are less likely to rely on any personal financial support, we suggest the government reinstate maintenance grants and that maintenance support is revised upwards and pinned to inflationary rises going forward, to ensure it covers basic costs of study.

The 2024 [Student Academic Experience survey](#) makes seven recommendations including: reviewing maintenance systems, supporting students by facilitating part time work, and examining welfare provisions for students. Our own recommendations are in line with these. Arguably, the issues at hand are inextricably linked. A more supportive and realistic maintenance system would ease pressure on students to work part-time and significantly ease the mental health pressures students face by ensuring they had enough funding to survive while focusing their energies and efforts on their studies. This would also ease the growing burden on university health services, as well as on the overstretched National Health Service. Increasing funding for university mental health services and incentivising a greater collaboration between education providers and the NHS is also a vital action to address student wellbeing.

Relatedly, GuildHE, along with others in the sector, has been working with UKRI to consider what a '[New Deal](#)' for [postgraduate students](#) would look like, with a report summarising the next actions published in 2024. The immediate actions recommended will apply only to those PhD students funded by UKRI, which covers only 20% of all doctoral students in the UK. We would like government to commit further resources to UKRI to deliver the benefits of the New Deal for all PGR students, regardless of how they are funded, in order to improve conditions for the whole of the talent pool and deliver key ambitions of the [R&D People and Culture Strategy](#).



# Enhance funding for institutions while reviewing systems that jeopardise diversity

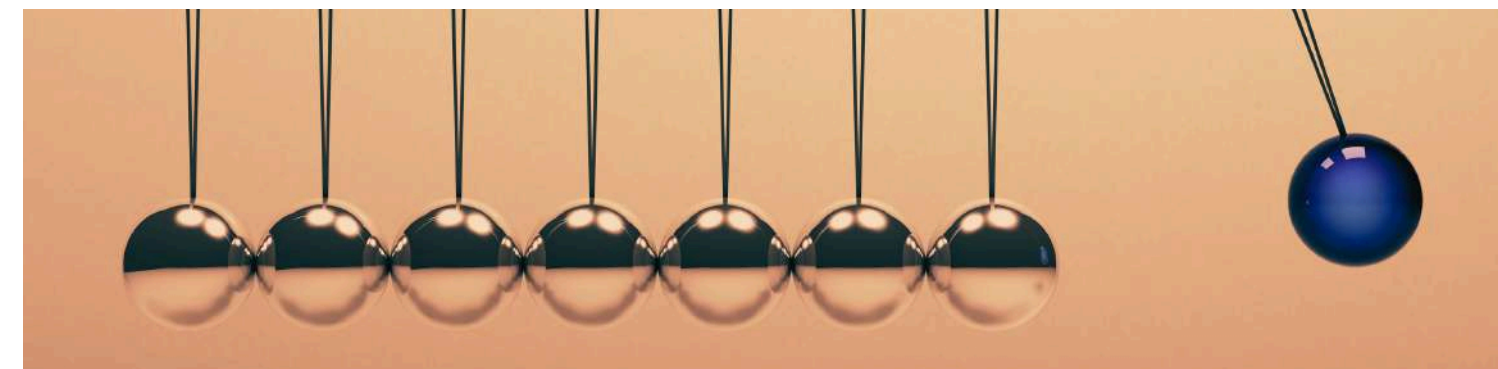
- **Protect and enhance specialist institution funding grants informed by a taskforce focused on the sector's financial sustainability.**
- **Remove the HEIF threshold and reform QR funding to support emergent and consolidating research environments.**
- **Work collaboratively with government departments, regulators of tertiary education and the sector to ensure regulation is effective, proportionate, cost effective and risk-based.**

The health and success of our system is predicated on strong, diverse and dynamic HE providers. Our internationally and industry-renowned institutions are [agile and innovative](#) but are under growing threat in the current regulatory and financial environment. GuildHE member institutions offer a truly unique student experience which is fully immersive within their discipline, attracts practitioners to contribute to teaching, and enables pedagogy to drive the vision and mission of the provider. OfS grant funding goes some way to retaining this type of specialist provision as part of the ecology of the sector. However, it does not go far enough, especially in light of more recent cuts to such funding. To avoid losing the rich diversity which makes our sector world-leading, we strongly recommend that the OfS funding methodology responds by recognising the particularities that come with smaller and specialist provision, through the protection and enhancement of specialist institution funding grants and the creation of a new **taskforce focused on the sector's financial sustainability**.

Relatedly, many smaller or specialist institutions are currently excluded from research or knowledge exchange funding streams due to their size or specialisms. Excellent research and knowledge exchange should be funded wherever it is found. This can be done by reforming the allocation methodology for the Higher Education Innovation Fund to refresh and consolidate the fund's objectives and remove the effects of the lower threshold, as detailed in our related [blog for HEP!](#). Additionally, it can be achieved by gearing quality-related funding to support emergent and consolidating research environments.

As set out in [Labour's manifesto](#), this government has committed to tackling short term research funding cycles, and to introducing 10-year funding settlements for research and innovation. We believe that existing strategic bodies such as UKRI and Research England are best placed to help government identify the most effective way to meet the overall aim of bringing stability to UK R&D. These will also be the best mechanisms for ensuring fair and proportionate dispersal of new funds to both extend and establish new research capacity. By distributing the funds through these bodies, there is potential for the full spectrum of R&D performing organisations, including smaller and specialist institutions, to benefit from more stable funding, thereby strengthening our research base across all regions of the UK.

**We recommend that quality-related (QR) funding, allocated on the basis of research quality and impact achieved, should include a gearing mechanism for institutions with the smallest allocations, as [recommended by the House of Commons Science and Technology Committee in 2019](#).** This would underpin investment in infrastructure, such as open access repositories and information systems. By providing a longer-term funding tool to UKRI, this recommendation could become a reality and ensure research capacity and impact is grown widely across the country in order to benefit as many localities as possible as we drive forward the Government's ambitions.



GuildHE has [conducted in-depth research and written extensively](#) on the need to reform the current regulatory approach and for a sharp reduction in the costs of regulatory compliance. The recent review of the OfS by the [House of Lords Industry and Regulators Committee](#) also identifies that to foster innovation and diversity, OfS should be more transparent about its regulatory approach, streamline its activity and be more mindful of its impact on the providers it regulates. Furthermore, the findings and recommendations of the [Independent Review of the Office for Students](#), led by Sir David Behan, showed the need for better coherence and collaboration between regulators of HE to ensure efficiency and to improve the relationship between the OfS, institutions and students. We, therefore, recommend that the Department for Education works collaboratively with us and other membership bodies to ensure institutional voices are fed into actions by government departments and all regulators of tertiary education to improve the regulatory system.

## Release institutions from Teachers Pension Scheme liabilities

Based on the latest ONS data, [dataHE analysis](#) suggests that most of the financial benefit of the modest recruitment increase for this academic year (2024-25) has been wiped out by the 0.6% increase in prices last month. The £9,250 fee cap, introduced in 2017, is now equivalent to £5,793 in 2012 money and the shortfall compared to the 2017 cap is about £3,800 per student per year. We now also know that funding shortfalls like these are leading to cost cutting exercises across the sector, with 40% of institutions [expected to be in deficit](#) by the end of 2023/24.

The sector is responding to financial pressures in a number of ways including: reducing staff, reducing estate sizes and selling assets, reducing the amount of face-to-face teaching to compensate for reductions in staff or physical premises, utilising AI to make assessment and feedback more efficient, and shifting focus to the most economically-viable subjects rather than those of strategic importance (e.g. nursing, social work, teaching).

One factor exacerbating the financial pressure institutions are facing is the increase in contribution rate to the Teachers Pension Scheme (TPS), which many institutions are statutorily bound to be members of due to their legacy as teacher-training colleges. Ongoing obligations to TPS is placing exorbitant strain on institutions; a burden the government acknowledged earlier this year when it alleviated the strain for further education and sixth form colleges by increasing their public grants. Alongside this, independent schools have been relieved of their TPS obligations altogether. The fact that higher education institutions have not been afforded either of these opportunities feels not only a strong irony, but a detrimental oversight which could hasten the collapse of otherwise viable institutions focused on delivering teachers into primary and secondary schools across the country. **We strongly recommend institutions currently contributing to TPS be released from obligatory ongoing commitments to that pension scheme and allowed to offer alternative, sustainable options.**

# Champion institutions as catalysts for local and national growth

- Implement robust, fair and targeted regional development funding to boost local growth and skills through higher education, business and local government collaboration.
- Commission Skills England to run a mapping exercise to gather evidence on regional needs, innovation capacity and existing capabilities across the UK.
- Recognise and fund creative and cultural institutions as key drivers of cultural capital, societal wellbeing and higher living standards.

Low productivity contributes directly to weak economic growth across the UK. This lack of strong growth has led to a reduction in private investment, levels of public investment, the availability of public services, and the effectiveness of efforts to equalise economic and social opportunities across the UK. We urge the government to recognise the importance of higher education institutions as anchor institutions and economic engines in their regions. Our member institutions hold key relationships across mayoral and combined authority regions including with government officials, schools, colleges, and employers. They deliver degrees, apprenticeships and other flexible programmes to respond to labour market needs and ensure education can deliver on its promise to improve lives and communities.

With these links, higher education institutions have strong convening power to achieve inclusive growth across different scales, labour markets and geographical areas. Vocational, technical and specialist institutions in the UK are key to boosting productivity levels and tackling 21st century challenges. However, funding for business support initiatives has reduced more recently. SMEs, for example, make up [more than 99% of businesses in the UK](#), but funding for business mentorship schemes, accelerators, incubators and innovation hubs has been hugely impacted by Brexit, Covid-19, the cost of living crisis and wider higher education financial insecurity. In our local and regional policy manifesto, [Places Matter: the role of universities](#), we delineate that to achieve effective growth, **we must urgently implement robust and fair regional development funding that is targeted to boost local growth and skills through higher education, business and local government interaction.**

We need a fresh look at how regional growth can be achieved through initiatives that combine research *and* innovation *and* skills. In our 2023 report [Expertise in Action](#), we evidenced the significant impact GuildHE institutions have on local economies, skills and communities through innovation. This impact is currently being stifled due to the threshold in the Higher Education Innovation Fund's formula and its use in regional funding initiatives. We urge the Government to use this opportunity to reimagine the potential of regional funding to drive all three by supporting institutions such as those in GuildHE more effectively to reach underserved communities and micro businesses.

GuildHE welcomes the new government's ambitions to increase the power of devolution and ensure local communities have influence over their areas and regions. Making better and fairer places across the UK is a key ambition for many higher education institutions. GuildHE institutions are often strong anchor institutions in their regions with a significant role in the local economy and active regional partnerships. Our 2022 report, [Building the Jigsaw](#), provides further examples of the impact of these partnerships regionally, nationally and internationally. We therefore suggest that Skills England should run a mapping exercise to gather evidence on innovation capacity and capability across the UK, as well as regional needs. This should inform strategic support for local authorities in low-capacity areas to prioritise innovation projects and hubs.



Civic engagement with students, the public, communities and local businesses is an organising principle of institutions like our GuildHE members – providers that specialise in vocational, technical, practice-based and employer-led provision. It is a fundamental pedagogical principle that engagement with civil society is a practice that increases opportunity, fairness and prosperity in any given place. For example, many of our creative specialist members are in rural, coastal and cold spot locations such as Plymouth, Norwich, Hereford and Hartlepool. Not only are they providing high-quality and accessible higher education, but they also act as cultural hubs for their local areas, providing galleries, art facilities and similar for public use. Furthermore, our creative graduates are utilising their skills to tackle real-world issues such as climate change and crises in healthcare. Our recent report on the [Value of Creative Graduates](#) shows the impact they have on our wider society, while cultural and creative activities have been shown to play an instrumental role in levelling up regions of this country. Hence, we recommend that government recognises and funds creative and cultural institutions as key drivers of cultural capital, societal wellbeing and higher living standards.



## Leverage a diverse range of vocational and technical institutions in seeking to develop an impactful national Skills Strategy to tackle 21st century challenges

- Ensure Skills England and regional skills plans are informed by vocational and specialist HE providers delivering skills to key sectors like education, agriculture, healthcare, the built environment, and the creative arts.
- Commit to strategic investment in agri-tech skills and innovation projects.
- Reverse cuts to creative arts teaching grant funding.

GuildHE believes that government should maximise the role of all higher education institutions in reversing persistent low levels of investment in left-behind geographical regions and priority sectors. As we outlined in detail in our [Effective Skills Policy: a Manifesto for Change](#), to increase productivity and drive economic growth across the country, the higher education sector, local government and business sectors must work collaboratively to identify opportunities to develop new qualifications and address skills shortages in key sectors. The introduction of Skills England is a welcome development in providing insight and coordination of a national skills strategy and we believe **Skills England should act as a centre for strategic insight and forward planning for shaping skills goals across the public and private sector, using higher education institutions as central partners.**

To maximise its success, it is paramount that the **Skills England board includes representatives from vocational and specialist higher education institutions, particularly those from key sectors such as teaching, health and social care, agriculture/agri-tech, the built environment, and the creative industries.** GuildHE members like these will provide vital insight into the skills needed to supply priority industries. Regional growth plans must also ensure the full diversity of higher education institutions are utilised in local and regional strategic planning, such as Local Strategic Improvement Plans. Currently, higher education providers are underutilised as local actors in strategic planning and their influence on place-making is overlooked.

Our members are well-placed to tackle 21st century challenges, which go beyond securing new teachers, ensuring our hospitals have the right number of nurses, and deploying the creative arts for public health interventions to improve lives in the UK. In our recent publication, '[Land Based Education: A Foundation For Prosperity](#)' we argue that our member institutions are well-positioned to assist the government in addressing critical national and global challenges like food security, climate change,

and the biodiversity crisis. Agriculture in the UK provides half the food that we eat, employs 4.2 million people across the agri-food sector and generates a total economic value of £128 billion. Moreover, 'green skills' are essential for tackling environmental challenges, reducing carbon emissions, and combating climate change. The UK requires a skilled workforce to ensure a thriving natural environment, including clean air, water, and biodiversity. Our specialist institutions are equipped to train this workforce and support nature recovery efforts. We therefore want to see the Government commit to strategic investment in developing agri-tech skills and innovation projects.

Furthermore, as suggested in our [creative education coalition work](#), more joined-up work is needed between the different government departments and HE providers to determine how creative education can be the low cost/no-cost state intervention to addressing key challenges associated with health, social cohesion, crime, productivity and the environment. Furthermore, with the creative industries bringing in £108 billion a year to the UK economy, employing over 2.4 million people and growing at more than 1.5 times the rate of the wider economy over the past decade, the government must ensure that the talent pipeline is protected and diversified. Higher education is a major (if not the most important) supplier of skills to the creative industries. We can support Labour's [Creative Sector Deal](#) to realise the full potential of this industry, but only if the prolonged cuts to creative HE courses cease. For creative HE providers to effectively contribute to our skills, community, and economic development, **the government must reverse cuts to creative arts teaching grant funding.**

## Work directly with institutions to develop delivery plans for public sector growth ambitions

- Introduce a new ministerial cross-government health and education taskforce.
- Launch an additional financial support system for healthcare and education students.

GuildHE institutions offer specialised training for a range of public service professionals, including primary and secondary teachers, nurses, allied health professionals, social workers, care workers, paramedics, and others. These critical professions have been neglected through underinvestment and a lack of coordination between government departments and higher education institutions, which are often overlooked as the key providers of the skilled workforce necessary for our public services. In our recent [Teacher Education Manifesto](#), we provide nine tangible actions for this government to take in order to increase the number of students undertaking teaching qualifications. With other sector groups, we have also called for the **creation of a new ministerial cross-government health and education taskforce** to ensure that the higher education sector is a central force in its plans to deliver 6,500 new teachers and implement the [NHS Long Term Workforce Plan](#).

Learning from the success of other countries, **we also advise new financial support packages for education and healthcare students.** This, we believe, will both encourage more people into teaching and healthcare professions and ensure they are supported to succeed. Funding may be through scholarships and bursaries, or it could be through a student loan forgiveness programme which forgives loan debt following a certain number of years of service in the respective sector, as is offered by the US and other countries. Instituting a more supportive financial offer in this way may also improve professional retention, a clear risk already materialising in both schools and our NHS.

# Secure the Graduate Route visa and ring-fence funding for international collaborative projects for smaller institutions

- **Maintain and secure the 2-year graduate visa.**
- **Create research funding streams to support international collaborative projects for smaller institutions to broaden the UK's research ecosystem.**

International students play a significant role in both the UK economy and the higher education sector, boosting the UK economy by [£41.9 billion](#). The uncapped fees subsidise the cost of teaching domestic students; an uneasy arrangement that has been tested by recent immigration policy restrictions and volatility in key recruitment markets across the globe.

We welcome the recent statements by the Secretary of State for Education confirming that the UK will remain open to international students. Subsequently, there have been more positive responses from our key international recruitment markets, but more work remains given the volatility of immigration policy over the past several years and the unhelpful government rhetoric that has underpinned it.

In line with the Migration Advisory Committee's recommendation, we strongly urge the government to **maintain and secure the 2-year graduate visa**. It is integral to attracting applicants and ensuring the benefits they bring are spread across the country. [Sixty per cent](#) of recent visa applicants were based outside of London, showing benefits beyond the capital.

We also recommend the government create **research funding streams to support international collaborative projects for smaller institutions to broaden the UK's ecosystem**. These types of projects foster the exchange of knowledge, extend soft power, and lead to innovative solutions, the type we need to distinguish the UK on a global stage and also make valuable and unique contributions to 21st century challenges, both inside and outside the country.

Distinction and Diversity  
in Higher Education

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