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Higher Education in Crisis:

A Failing Model and the

Need for Alternatives

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UK higher education is experiencing a sector-wide crisis caused by chronic underfunding, workforce deterioration, weak governance and ineffective regulation. Co-ordinated government intervention and structural reform are needed to make the system sustainable and accountable.

SUMMARY

No-one who works in higher education needs to be reminded of the size of the challenge facing the UK. The sector is chronically underfunded; it is mismanaged and poorly governed; and it is being overseen by a failed model of regulation.

However, the scale of the crisis has not fully cut through in the media or government, let alone to the general public. There is a desperate need for the UK's four governments to step in and offer immediate solutions to what is an urgent and pressing crisis. There is also a desperate need for us to get our stories and our vision for the future out there in a coordinated way, and to win the hearts and minds of the public.

In this context, as part of a revitalised campaigning strategy, UCU is launching a new series of key issues briefs that aim to cut to the heart of the crisis facing UK higher education. These briefs are underpinned by sector-wide analysis of existing data and scholarship, UCU's own data, and case studies from universities and branches that illustrate and humanise the scale and impact of the crisis. They will also demonstrate UCU's practical solutions to the HE crisis, showcase member expertise, and provide useful material for politicians, policymakers, journalists, potential partners and UCU members in local, regional, national and UK-wide campaigning and lobbying. The briefs will sit alongside toolkits, links to additional data sources and evidence, and a programme of our own research development, all available via a dedicated campaign website <https://educationitsours.org.uk>

In this first brief, we outline the scale of the crisis and foreshadow the initial programme of upcoming briefs throughout the 2026-27 academic year.

A BROKEN SYSTEM

UK higher education, as it is currently constituted, is failing students, staff, communities and the taxpayer. The government has averted its eyes, instead repeating the mantra that intervention is not possible as universities are “autonomous institutions”. While institutional management is to blame for some of the decisions, the problems are also structural and systemic, as some UK governments are beginning to recognise. Solutions also must be coordinated and not left to individual institutions.

We will explore various elements of the crisis in detail in forthcoming briefs. In summary though, we can point to multiple system-wide problems:

1. Funding

Higher education is chronically underfunded. Real-terms funding per student in England has fallen by around 35% since 2015–16, and recent sector analysis indicates that 124 institutions (45% of providers included in OfS analysis) could face a deficit in 2025–26.¹ OfS financial sustainability analysis also indicates that 57 providers are expected to experience three consecutive years of deficits.² This is no longer a problem of isolated ‘failing providers’ – the model itself is failing.

Baseline university income comes from a few key sources, with tuition fee income constituting over 50% on average across the sector. This is an increase of over 100% in the twenty years since 2005–6. Direct government support for the core university function of teaching dropped over the same period by 70%.

This model doesn't work for anyone, let alone taxpayers. The system was designed to shift the cost of higher education from the state to graduates. In practice, however, the government remains heavily exposed because repayments depend on graduate earnings. A substantial share of loans will never be repaid, and during periods where government borrowing costs are high the Treasury risks making a loss even on those loans that are repaid in full.

¹OfS, (2026), Financial sustainability of higher education providers in England 2026

²OfS, (2026), Financial sustainability of higher education providers in England 2026

Annual Student Loan Outlay, Repayments and Write-Offs (in £m)							
	2024/25	2025/26*	2026/27*	2027/28*	2028/29*	2029/30*	Total
Outlay	£20,660	£22,005	£23,195	£24,235	£25,160	£25,970	£141,225
Repayments	£5,130	£5,715	£6,215	£6,630	£7,215	£7,830	£38,735
Write-offs	£6,074.4	£6,570.7	£6,844.15	£7,096.4	£7,341.3	£7,575.55	£41,502.5

*Forecast figures

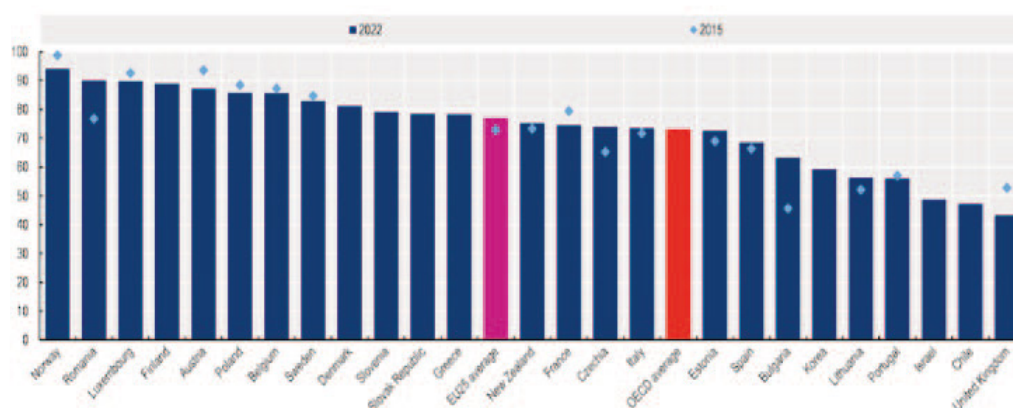
Source: Department for Education, Student Loan forecasts for England 2024-25, Help and related information - Student loan forecasts for England - Explore education statistics - GOV.UK. Write-offs figures have been calculated using RAB charges (Table 4.1) and student loan outlay figures (Table 3.2).

We are talking about a persistent write-off on student debts of over £7 billion annually.

The persistent claim by government ministers and university managements that universities are fully autonomous is belied by their reliance on hefty tuition fees and future taxpayer subsidy when these are inevitably not repaid. For students themselves, this of course means a large accrual of debt and the corresponding, often life-long reduction in their income due to repayments. This is most acutely felt by those delivering the most important social functions at lower wages, such as social care.

This is not an efficient funding model. It should be enough to point to this as a problem created here in the UK. But we are also out of step internationally, with the UK having one of the least efficient higher education funding models.

The proportion of university income generated from public sources is 40% lower than the EU25 average and has declined significantly over the last seven years. We are an international outlier in our reliance on high tuition fees and large student loan balances.



Graph: Trends in the share of expenditure coming from government sources in bachelor's, master's, and doctoral or equivalent programmes (2015 and 2022) - source: OECD (2025), Education at a Glance 2025: OECD Indicators, OECD Publishing, Paris, <https://doi.org/10.1787/1c0d9c79-en>.

Continuing this model will only create more debt, and more cost to the taxpayer, all while delivering insufficient income for universities to maintain their global position. It is a system that works for nobody. It must be changed.

2.A Workforce crisis

For over a decade, staff in UK universities have been subject to wholesale erosion of their working terms and conditions, and now the loss of large sections of the workforce and the knowledge and expertise they hold.

The average academic worker in higher education has not seen a pay rise that matches inflation for 15 years. Cumulatively this has had the real terms effect of a greater than 20% pay cut, or effectively a downgrading by a whole pay grade of an entire skilled class of workers. Salaries in the UK are out of step with international norms, even for those who are able to secure full-time employment. While we have UK-wide sectoral bargaining via the new JNCHES framework, this has consistently failed to meet the needs of workers and resulted in wholesale downgrading of workforce salaries.

Excessive workloads and inadequate support for employees has seen significant increases in workload stress and sickness absence, and a widespread sense of despair amongst university workers. UCU recently conducted a survey of workers in post-16 education. Results for higher education workers revealed some stark realities:

30% of HE respondents were unsure if they would be working in the sector in 12 months, with an additional 5% saying they would definitely not be working in the sector in 12 months.

33% said their workload was unmanageable most or all of the time.

26% said they had been absent at least once in the past 12 months due to workload related stresses or pressures.

64% said their workload was mostly or completely unsustainable.

28% said they had used less than half of their leave entitlement in the past 12 months.

50% said they always or often work during their annual leave.

Insecure work has also increased significantly. This is unevenly experienced depending on the kinds of work people are doing, and in fact who they are. According to the latest available HESA staff data (2024/25) 127,240 academics are employed on fixed-term or atypical contracts – a figure that has changed little in recent years.³ This figure rises to three-fifths for teaching-only academics (61%) and over three-quarters (79%) for research only staff.³

The British Academy's SHAPE Observatory has been tracking the decline in work across the humanities and social sciences, showing an overall 6% decline in jobs, particularly sharp declines in post-92 universities and a shift away from valuing research expertise in these fields with an increase in teaching-only positions. In 2024-25, HESA data shows that about 70 percent of research staff in UK universities were on fixed-term contracts (55,614), and 3,440 academics working in universities were on zero hours contracts.⁴

Women are more likely to be on fixed-term contracts, zero hours contracts and hourly paid contracts than men. Black, Asian, Other, and Mixed staff are still more likely to be employed on a fixed-term contract than White staff. Black, Bangladeshi or Bangladeshi British and Pakistani or Pakistani British staff remain the most likely to be on zero hours and hourly paid contracts.⁵

Decent pensions have often been offered as a complement to lower or declining pay in universities, but these too have come under threat, with regular declines in benefits for those on Universities Superannuation Scheme pensions (largely in pre-92 universities) only beginning to be turned around in the last few years, thanks to UCU members taking extensive industrial action. For those on the Teachers' Pension Scheme (mostly in post-92 institutions), increased costs associated with the provision of these pensions has led some employers to make aggressive moves against their own workers. At Solent University, staff have been forced into a subsidiary company to avoid the university's obligations under law to provide a defined benefit pension. At Northumbria, cash

³<https://www.hesa.ac.uk/news/19-02-2026/sb274-higher-education-staff-statistics>

⁴<https://www.hesa.ac.uk/news/19-02-2026/sb274-higher-education-staff-statistics>

⁵https://www.ucu.org.uk/media/15245/Precarious-work-in-higher-education---update-August-2025/pdf/Precarious_work_in_higher_education_-_update_August_2025.pdf

incentives were provided to staff for them to move out of TPS and into USS, alongside threats to withhold future pay increases from those who did not make the shift.

Repeated redundancy threats are driving staff out of the profession and deepening a recruitment and retention crisis, as well as a structural failure of the UK's expert knowledge base.

Collectively, these are not isolated problems, but a UK-wide workforce crisis that demands a holistic response.

3. Mismanagement and weak governance

In the UK, higher education institutions are too often poorly run, with restructuring, course closures and mass redundancies pursued ahead of workforce stability or the national interest.

Extreme examples exist, such as the dismissal recently of the former University of Greater Manchester vice-chancellor after he was arrested along with other senior staff on suspicion of fraud. Or at the University of Dundee, where an independent inquiry by former Glasgow Caledonian University principal Pamela Gillies found wholesale failures of governance. Gillies identified “poor financial judgement, inadequate management and reporting, poor monitoring of the financial sustainability KPI, a lack of agility in responding to a fall in income by the University leadership and weak governance in relation to financial accountability by the University Court.” She also pointed to a “top-down, hierarchical and reportedly over-confident style of leadership and management” and “a culture in which challenge was actively discouraged.”⁶

This is a description that, if it has not yet manifested to the scale of Dundee, is very familiar to many workers across higher education. Governing bodies are distant and disengaged, often failing in their responsibilities to hold management to account. Staff, student and community representation on these bodies has declined, or in some cases, been eliminated entirely.

Historically important internal governance mechanisms that placed the professional expertise of academic staff at the centre of decisions about academic provision have

⁶<https://www.sfc.ac.uk/assurance-accountability/institutional-sustainability-and-governance/institutional-governance/university-of-dundee/>

been sidelined or their power reduced. In some cases, these academic senates are now majority management appointees, giving a lie to any pretence at oversight, or even effective checks and balances. Across the sector, we consistently see decisions being taken by small numbers of executives, largely answerable only to themselves.

And every few years, these executives churn through the system, moving on to another institution and leaving devastation behind. There is zero accountability for the impact of management decisions on institutions, their staff and students, or the wider community.

These executives often outsource decisions to transnational external consultancy firms, who roll out standardised models aimed at reducing course numbers and choice, increasing workload on staff, and reducing staff headcount.⁷ None of this is driven by best practice in pedagogy, research or student welfare, let alone the interests of communities or the UK as a whole.

Again, this is not a problem of an isolated institution like Dundee, but a feature of the system. The “autonomous institutions” of UK higher education have failed to sort their own messes out, and in doing so have lost the confidence of staff, students and taxpayers. The government must step in and set benchmarks around governance, with personal and institutional penalties for failure to comply. Looking to models like the recent Australian government governance reforms may be instructive here, alongside other examples closer to home, such as the Higher Education Governance (Scotland) Act 2016.⁸ A decade after its passage, has this had the intended effect in Scotland and are there lessons that can be learned for other UK jurisdictions?

4.A failed model of regulation

The Office for Students is not fit for purpose and should be abolished. It has been used to punish and discipline the sector, rather than to support the workforce or provide institutions with stability.

⁷<https://www.theferret.scot/consultancy-advising-edinburgh-huge-cuts/> See also: Verhoeven, D., & Eltham, B. (2024). “Nousferatu”: Are corporate consultants extracting the lifeblood from universities? *Review of Education, Pedagogy, and Cultural Studies*, 46(2), 327–349. <https://doi-org.sheffield.idm.oclc.org/10.1080/10714413.2023.2290972>

⁸<https://ministers.education.gov.au/clare/stronger-standards-university-governance-and-tackling-racism>

This is not just the view of UCU, but one that has been consistently held across multiple forums, from a landmark parliamentary Industry and Regulators Committee report in 2023 that found the regulator has “poor relations with providers and students, a controlling and arbitrary approach to regulation, and lacks independence from the Government.”⁹ Since the election of the Labour government in 2024, things have not significantly improved.

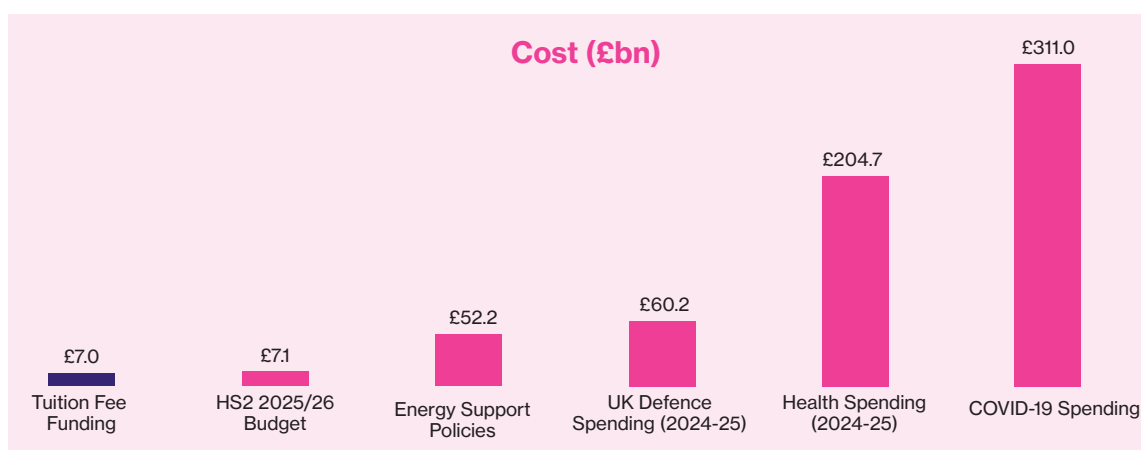
The regulator also lost a legal case brought by the University of Sussex over a half million pound fine for allegedly infringing on free speech. The regulator was found to be closed-minded, prejudging of an outcome and acting with bias. Again, this is not an isolated case but reflective of a wider pattern of behaviour by a regulator that is failing in its job.

UCU'S POSITION

Since Labour was elected in 2024, they have demonstrated a wholesale lack of interest in the stability of one of the UK's leading service sectors. Ministers and civil servants too often lean on the shibboleth of ‘institutional autonomy.’

As we have demonstrated here, however, the system is the problem as much as individual institutional leadership. Alternatives are available and a government that is serious about laying the foundations for future growth and expansion of opportunity must grab hold of those alternatives.

Resetting the funding model for higher education is wholly achievable. In comparison to other governmental priorities, the costs are small and the rewards great.



⁹<https://www.sfc.ac.uk/assurance-accountability/institutional-sustainability-and-governance/institutional-governance/university-of-dundee/>

These comparisons demonstrate that reducing or replacing tuition fees is fiscally achievable. The level of public investment required is modest relative to both international higher education funding systems and the scale of spending commitments regularly undertaken by the UK government on infrastructure of comparable significance.

Reforming the funding model also must happen alongside reform of how universities are run, in the interests of students, staff, communities and taxpayers.

However, we at UCU recognise that this is not going to happen overnight. In our June 2026 Higher Education Committee meeting, representatives debated and passed a proposal for a phased approach to working towards the structural change our sector needs.

To stabilise the sector, we need immediate interventions from government. Some of these will cost very little, while others are an important investment now in the future of one of the UK's leading drivers of economic and social progress. We need:

- an emergency cash injection for the sector
- a change of approach to international students, including reversal of the proposed levy; and removal of students from migration data
- a prohibition on the use of subsidiary companies to remove staff from the Teachers' Pension Scheme
- a guarantee of continued access to defined-benefit pensions; and
- a government commitment to review the funding model.

DEVOLUTION IMPACT

In Scotland, Wales and Northern Ireland, the issues are different but no less stark. Since 2014/15, funding per student in Scotland has fallen by 39% in real terms, while the Scottish Funding Council Research Excellence Grant has fallen by 43%.¹⁰ In Wales, the sector reported an underlying operating deficit of £79.3 million in 2024/25, with seven of the eight Welsh universities reporting underlying operating deficits.¹¹

¹⁰https://www.ucu.org.uk/media/15640/UCU-Scotland-Alternative-Vision-for-Scottish-Higher-Education/pdf/UCU_Scotland_Alternative_Vision_for_Scottish_Higher_Education

¹¹Medr, (2026), Financial sustainability of the higher education sector in Wales

In Northern Ireland, an independent review commissioned by the Department for the Economy concluded that financial pressures on higher education institutions are mounting, while their ability to respond is constrained by student number caps. Commentators have also pointed to the role the Treasury plays in sustaining the crisis in Scotland, Wales and Northern Ireland.¹²

RECOMMENDATIONS

A UK government that is serious about building for the future, must centre post-16 education at the heart of their plans now and over the next decade, and these are some key ways they can do that, starting immediately.

In devolved nations, governments are already turning their attention to the crises in higher education with a review announced by the new Welsh government and the Future Universities Framework initiative in Scotland bringing together government, universities and key sectoral players, including unions to co-design a new framework for the financial sustainability and success of the sector over the next twenty years.

A proper review of how higher education is working (and not) would reveal a number of more medium-term reforms that a progressive Labour government should explore. These are likely to include:

- a new regulatory approach based on stronger registration conditions
- a new model of institutional governance enforced through regulation
- reform of New JNCES (our national pay bargaining structure), so that UK-wide bargaining can deliver meaningful change.

That will also require a commitment of parliamentary time for new legislation.

And finally, as we look ahead, this must lead to a reset in the funding model for higher education, backed up with regulation to support and enforce national bargaining and value the workers who make higher education in this country great.

Real changes in funding and regulation can see higher education again serve the interests of students, staff, the communities our universities serve and the taxpayers who benefit from our world-leading teaching and research. UCU stands ready to support such a progressive university reform agenda.

¹²wonkhe.com/blogs/the-treasury-is-bankrupting-three-nations-universities/

GET INVOLVED

Education. It's ours

UCU members are at the heart of the campaign for a different future for higher education.

Over the coming months, we will publish more briefs that explore in depth the topics outlined above and continue to push our vision. Higher education belongs to all of us and we all have an interest in making it sustainable and accountable into the future.

To do that, we need more of you. If you work in higher education and are not yet a member, join UCU here and help shape the future of UK universities.

We also welcome interest from members in contributing to our briefs series. Get in contact via email at policy@ucu.org.uk

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UCU Briefs – Education. It's ours. is a member-powered series of evidence-based policy briefings supporting UCU's Higher Education campaign.

The series brings together member expertise, research and branch experience to develop practical solutions to the challenges facing higher education.

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