

Rt Hon Robert Halfon MP
House of Commons
London
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28 April 2020

Dear Robert,

I'm writing to give you an update on universities' response to the COVID-19 pandemic, our proposed package of measures to ensure institutions can continue to play a vital role in the economy and society, and the recent assurances that have been provided.

Universities have risen to the challenge to fight COVID-19 and will have an important role to play in the nation's recovery when we emerge from the pandemic, including through reskilling communities, training the future health workforce and conducting vital research to increase our understanding of the medical and societal effects of the pandemic.

However, there is a significant risk that our capacity and ability to help the country get back on its feet is at risk due to the financial impact of COVID-19. The sector is facing losses of around £790m for the current financial year (2019-20), while the scale of financial risks for 2020-21 is more considerable with universities projecting a significant fall in international students. We cannot fully predict the impact yet but a 50% fall in fee income from international students and a 15% deferral of undergraduate students would result in the loss of over £3.2 billion of income to the sector in England next year (2020-21).

Universities UK and its Board have therefore proposed a package of measures which will provide a degree of stability to protect the student interest, maintain research capacity, prevent institutions failing and ensure universities are able to play a central role in the UK's economic and social recovery.

Our proposed package, enclosed with this letter includes measures which will:

- Provide protection from cuts to courses which supply public sector workers such as health workers and teachers and provide opportunities for retraining/reskilling for people whose jobs are affected by COVID-19
- Ensure applicants for 2020-21 have as much choice as usual about what and where they study
- Address immediate losses in income and cashflow and allow universities to keep operating
- Ensure that universities can maintain the UK's research excellence, capacity and training of PhD students
- Encourage and enable international and EU students to choose to study in the UK as planned

These proposals are presented as a package and should be implemented together; isolating certain elements risks unintended consequences to the detriment of students, research, and particular institutions and geographical areas.

This package includes measures to reshape and refocus some institutions to promote longer term sustainability and to better meet skills needs including through a transformation fund to support universities over the next two to three years to reshape and consolidate through federations and partnerships or potentially merge with other higher education institutions, further education colleges or private providers. This transformation fund would

enable some universities to significantly change to achieve longer-term sustainability (not just short-term stability) and ensure high quality provision of skills to meet economic needs.

Since our proposals were presented to government we have received welcome guidance around universities' eligibility to access the Coronavirus Job Retention Scheme and other government finance schemes. The Home Office decision, announced on 20 April, to allow Tier 4 sponsors with a good history of compliance to self-assess prospective international students' level of English has been similarly welcomed as it will help ease the difficulties created by the closure of English language testing centres overseas.

These are hugely challenging economic circumstances and the sector understands that government cannot provide full replacement of lost income. As part of a package of measures the sector will reduce costs, increase efficiency and moderate certain behaviours to increase stability and sustainability. Universities recognise that even with government investment significant action to reduce costs is necessary and are already making efforts to reduce costs as much as possible. For example, through tight controls on procurement, delaying capital projects and freezing recruitment.

We should stress that without government support, there is a serious risk within the sector of reduced provision and the financial failure of institutions; this would be to the detriment of students, particularly the most disadvantaged, the economy and skills base, local communities and our international research reputation.

I hope this information will prove useful for your committee's current programme of activity, and please respond to this email if you have any questions.

Yours sincerely,



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The voice of universities

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