



**The Rt Hon Bridget Phillipson MP
Secretary of State for Education**

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Dear all,

I am proud to be the Secretary of State responsible for our world-leading higher education sector. The institutions which you lead make a vital contribution, as education and research institutions, to our economy, to society, and to industry and innovation. They contribute to productivity growth; play a crucial civic role in their communities; and have a key role to play in enhancing the UK's reputation across the globe. I also passionately believe in education for education's sake: a more educated society is happier, healthier, more cohesive, and socially and culturally richer.

The government wants to work in partnership with everyone involved in the higher education sector to deliver the change that the country needs. This will require a change in approach from the government – and real change from the sector as well. What I am setting out today is the start of a process of wide-scale reform in the higher education sector.

The Budget last week set out the major challenges facing our public finances and public services, and the tough decisions that the government is taking to fix the foundations and deliver change – some of which I know will affect your institutions. I recognise that the higher education sector is facing real financial challenges. Teaching income per UK student that higher education institutions receive has declined in real terms since 2015/16 and is now approaching its lowest level since 1997. The recent international recruitment environment has also been very challenging. The Office for Students reports a growing number of higher education providers facing significant financial difficulty, with 40% forecasting deficits in 2023-24.

I am clear that we need to put our world-leading higher education sector on a secure footing: in order to face the challenges of the next decade, and to ensure that all students have confidence that they will receive the world-class higher education experience they deserve.

In line with this approach, I am announcing today that from September 2025 we will be increasing both the maximum cap for tuition fees, and maintenance loans for students, in line with inflation. The new rates are set out below:

Fees

	2024/25	2025/26	Uplift
Full-time	£9,250	£9,535	£285

Part-time	£6,935	£7,145	£210
Accelerated	£11,100	£11,440	£340

Maintenance loans

	2024/25	2025/26	Uplift
Home	£8,610	£8,877	£267
London	£13,348	£13,762	£414
Elsewhere	£10,227	£10,544	£317
Overseas	£11,713	£12,076	£363

I am also confirming today that the government will proceed with the tuition fee reduction for classroom-based foundation years, as announced by my department on 17 July 2023. From the start of the 2025/26 academic year, a lower fee limit of £5,760 will be introduced for foundation years in classroom-based subjects – such as business, social science and humanities.

This government recognises the importance of foundation years for promoting access to higher education, but we believe they can be delivered more efficiently in classroom-based subjects, at lower cost to students.

The decision to increase maximum fees has been tough, and I have not taken it lightly. In return for the increased investment that we are asking students to make we want to work with the higher education sector on reforms to ensure the very best outcomes for all students and the country as a whole, including regional and national growth.

That is why I am setting out today my five priorities for reform of the higher education system. We will expect our higher education providers to:

1. **Play a stronger role in expanding access and improving outcomes for disadvantaged students.** The gap in outcomes from higher education between disadvantaged students and others is unacceptably large and is widening, with participation from disadvantaged students in decline for the first time in two decades. To support not just disadvantaged learners, but all learners, we need to do more to create a culture of lifelong learning and provide more flexible models to help everyone access higher education. I will expect the sector to work closely with the government and with the Office for Students to tackle these issues, including making the most of the opportunity of the Lifelong Learning Entitlement.
2. **Make a stronger contribution to economic growth.** I am clear that our higher education institutions already make a major contribution to economic growth, as skills providers; research institutions; employers; and educators of current and future leaders across the globe. But in some areas our higher education provision needs to be much more strongly aligned with the needs of

students and the economy. I will expect you to collaborate with Skills England, with other parts of government, and with partners in the further education sector, to ensure our higher and further education institutions are meeting skills needs; we will set out more detail in our post-16 skills strategy in the coming months. We must also work in partnership to ensure that research delivers benefits to the economy and society, including supporting our five national missions and our industrial strategy. And I want to develop a refreshed International Education Strategy with you to enhance the UK's influence and soft power around the world.

3. **Play a greater civic role in their communities.** Our higher education providers already play a vital and varied role in their communities and regions: as employers, skills providers, research institutions, and more. I want to build on this and ensure that you play a full part in both civic engagement, ensuring local communities and businesses benefit fully from your work; and in regional development, working in partnership with local government and employers to shape and deliver the economic and social change that is needed across skills, research and innovation. This civic contribution must be locally led, and you will each have distinctive and different roles to play, but I am clear that the government will want it to form a core part of a renewed vision for the sector.
4. **Raise the bar further on teaching standards, to maintain and improve our world-leading reputation and drive out poor practice.** We should be proud to have one of the best higher education systems in the world. But we need to be clear that there are also pockets of provision where standards are unacceptably low, which means that some students are being held back by poor outcomes. To maintain and enhance our national and international reputation we need a culture which accepts nothing less than high standards, and which requires continuous improvement for all. This will need a more rigorous approach to improving quality and supporting improvement. I ask you to work in partnership with the re-focused Office for Students as they develop and implement a new approach, following the conclusions of Sir David Behan's review.
5. **Underpinning all of this needs to sit a sustained efficiency and reform programme.** I know many higher education institutions are already making difficult decisions to ensure they are financially sustainable – and I welcome the efforts that the sector is already making, through Universities UK, to identify opportunities for system-level change. However, adapting to the changed context of the higher education sector over the next decade will require a more fundamental re-examination of business models and much less wasteful spending. We will need to see far greater collaboration across the sector to drive efficiency. I will also expect the sector to be significantly more transparent on how it is managing its resources and to be held to account for delivering great value for money for students and the taxpayer.

I hope you will recognise these as shared objectives, and I know that there is much good practice already underway, including the work outlined in Universities UK's recent report. I am committed to respecting the autonomy and diversity of the sector

– which are great strengths of our world-leading system. But I am clear too that this agenda needs a real change of approach, both from the government and from the institutions you lead. I want to work in partnership with you, the Department for Science, Innovation and Technology, UK Research and Innovation, and the Office for Students over the coming months to shape the changes to government policy that will be needed to support these changes. The Government will then set out its plan for higher education reform by next summer, to ensure the system delivers against these priorities.

I am determined that our universities are a success because I know how vital securing a sustainable future for our higher education sector is for the success of our students. I am also determined that this success must be not just for this year and the next, but for the decades ahead. I look forward to working with you all.

Yours faithfully,

A handwritten signature in black ink that reads "Bridget Phillipson". The signature is written in a cursive, flowing style.

**The Rt Hon Bridget Phillipson MP
Secretary of State for Education**