Grant Thornton

Roundtable: Stability Through Change

Higher Education Chairs of Audit Committee virtual roundtable

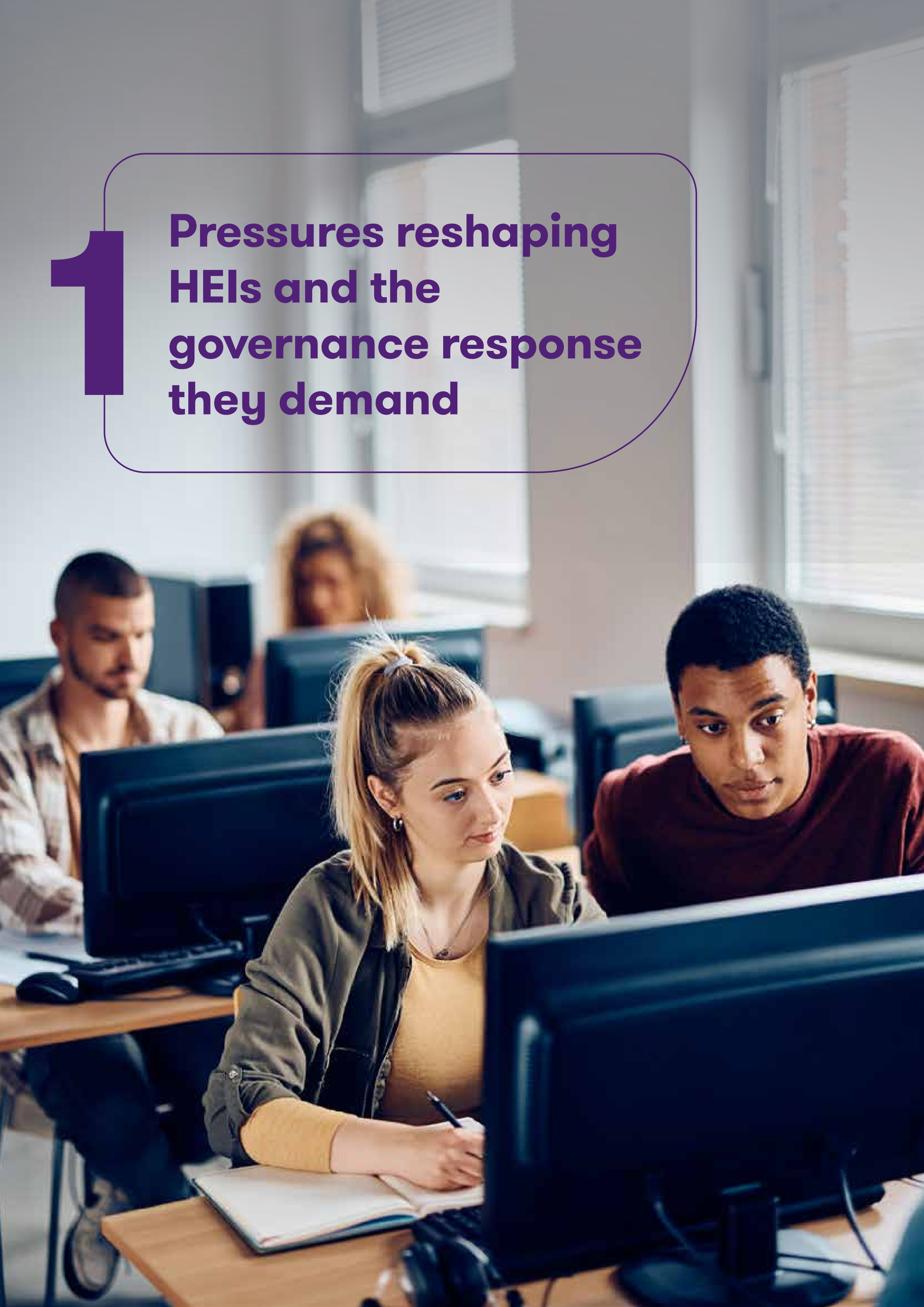
Introduction

On 24 March 2026, Grant Thornton (GT) hosted a virtual discussion for Chairs of Audit Committees (or equivalent). The session, titled Stability Through Change: Steering Finance, Course Offerings and Strategic Structuring in Challenging Times, focused on the higher education (HE) sector and how higher education institutions (HEIs) can adapt to meet the needs of an ever-changing landscape. From the changing role of the finance function to creating credible forecasts in the face of uncertainty, the discussion highlighted the need for HEs to address risk across their organisations.

The discussion was led by GT experts, starting with introductory remarks by Katy Doherty, Audit Director, followed by sessions chaired by Casper Sijpesteijn, Consulting Associate Director with a focus on strategy, operations and finance, and Chris Petts, Turnaround and Restructuring Partner and GT national lead on Higher Education.

Held under Chatham House Rule, the discussion emphasised the diverse challenges faced as a result of pressures felt across the sector.

1 Pressures reshaping HEIs and the governance response they demand



The roundtable opened with a clear sense that the UK HE sector is no longer facing temporary disruption, but a defining moment of lasting impact. Financial pressures across the sector have intensified to the point where many institutions are fundamentally reassessing their operating models, course portfolios and long-term purpose. Frozen tuition fees, declining international recruitment and rising cost bases represent the most visible challenges, but they sit atop deeper structural issues that have been building for years. Redundancies, course closures and major restructuring programmes are no longer exceptional responses but rather are becoming core features of how HEs move toward stability.

Despite the shared external pressures, the discussion highlighted how unevenly these challenges land across the sector. Some universities feel the strain most acutely through immediate cashflow pressures, while others grapple with entrenched deficits, ageing estates, or offerings that no longer align with student demand or regional skills needs. Governance and leadership transitions can further complicate already difficult choices. As a result, audit committees face a complex reality that there is no single solution. Each institution requires a response rooted in its own risk profile, culture and strategic context.

Against this backdrop, the role of the audit committee is expanding. Alongside its traditional focus on assurance and control, the role increasingly demands a forward-looking lens that prioritises scenario planning, stress testing, value for money and transformational risk. Committees are also paying greater attention to how effectively change is governed, how resilient leadership teams are, and whether culture and communication support constructive decision-making in uncertain times. These themes set the foundation for the wider discussion that followed, as participants explored how audit committees can help universities find stability not by resisting change, but by shaping it deliberately and confidently.

2 The changing role of finance

Just as the role of the audit committee is being transformed, the role of the finance function within HEIs are becoming more balanced in their key responsibilities. Grant Thornton's Casper Sijpesteijn spoke to the roundtable, highlighting the four core areas when thinking about what finance does, and how the time spent in each area has evolved over time.

CFO scorecard : Does Finance provide relevant support?

Operational delivery

This quadrant represents the traditional core of finance, including processing income and payments, closing the books, applying accounting rules and making sure the numbers reconcile. Historically this work has dominated finance teams' capacity, often consuming around 80% of time and effort. Casper acknowledged that this work remains essential, but argued it can no longer overshadow everything else. Leading organisations are now aiming to reduce operational delivery to closer to 30% of overall effort, not by cutting corners, but by improving efficiency and reducing the cost to serve through better systems, automation and data quality.

Business protection

Covering control, compliance, budgeting, cost management and safeguarding the organisation against failure or financial misstatement, is business protection. Casper noted that as HEIs operate under greater external scrutiny and financial pressure, this area has inevitably grown in importance. The focus here is not just on avoiding problems, but on providing appropriate challenge and discipline while making sure institutions understand their risk exposure, remain compliant, and do not end up in the headlines for the wrong reasons.

Stakeholder management

Threaded across all three quadrants is stakeholder engagement. As finance shifts towards protection and value creation, it naturally interacts with a far wider group of stakeholders. For HEIs this could include academic leaders, professional services, governance bodies, lenders, regulators and external partners. Casper highlighted that the real challenge is not simply producing better information, but ensuring finance is connected to the right people at the right time across the institution's ecosystem. Without those relationships, even high quality insight risks being ignored or misunderstood.

Value creation

This quadrant is the most underdeveloped, yet most critical. This is where finance moves from reporting what has happened to shaping what happens next. It includes activities such as investment appraisal, capital allocation, business case development and understanding course or departmental profitability. Done well, value creation enables finance teams to guide decision makers through the financial implications of strategic choices, explain why the numbers look the way they do today, and improve financial literacy across the organisation before major decisions are locked in. Casper emphasised that this is not about finance "owning" decisions, but about equipping leaders with the insight they need to make better ones.

Casper then turned to the infrastructure that sits behind this shift in functionality of finance teams. He argued that universities often try to move finance “up the value chain” without first fixing the foundations. Too much management information is still produced because it always has been, not because it supports real decisions. Rationalising KPIs, simplifying processes and improving upstream data quality are essential enablers, particularly if HEIs want to take advantage of automation and AI to reduce manual effort. Finance teams increasingly need confident business partners and data savvy professionals who can connect systems, extract the right data and translate numbers into insight.

This introduction by Casper prompted an honest response from the room, with many participants recognising their own institutions in the picture he described. Several audit committee chairs openly reflected that their finance teams have historically been anchored in the “bottom half” of the model, heavily weighted towards operational delivery, but acknowledged that this balance is beginning to shift. A shift which has not been straightforward.

For some institutions, progress into the higher value quadrants has been driven by necessity rather than choice. One attendee described a period of significant upheaval, including leadership change, an external review, estate rationalisation and major course reviews. Those actions, they said, created space to rethink priorities and strengthen engagement with stakeholders, but came at a cost. They reflected, “It’s incredibly hard. You make progress and think you’re heading in the right direction, and then something else happens. There’s always something around the corner. You’re never really ‘there’; it’s always work in progress.” That sense of constant motion resonated across the roundtable.

Others were candid about how far they still have to go. Chairs from smaller institutions noted that finance functions often remain firmly rooted in operational delivery, despite strong ambition to move into business protection and value creation. As one participant observed, “Our finance team is still very much focused on transaction processing, that’s how it’s always been, and we’re desperate to get into the other quadrants.” While investment in IT, new finance leadership and collaborative partnerships were seen as steps in the right direction, many acknowledged that data limitations remain a major constraint. Immature costing models, fragmented systems and poor quality management information continue to undermine decision making — particularly at course and portfolio level.

The discussion also surfaced how structural and historical factors make this transition more difficult, especially within larger, more decentralised institutions. Pulling financial activity back into a properly resourced core function was recognised as necessary, but culturally challenging. As another participant remarked, “You’re trying to move from someone down the corridor to a central team, and that’s not always well received.” Skills shortages, particularly outside major cities, only add to the challenge.

Across institutions of all sizes, the quality of student and upstream data emerged as a shared frustration and a significant blocker to progress. While many universities are investing heavily in new systems and data platforms, attendees were clear that technology alone will not deliver the shift Casper described. “We’re probably all in the same boat,” one participant reflected. “Finance and student data still don’t mesh particularly well, the systems cost a fortune, and the real question is what you prioritise first.” Without better data, automation remains limited, insights remain partial, and finance teams struggle to free up the capacity needed to operate in the value creation space.

What became clear through the discussion was that most institutions recognise the need to rebalance effort away from operational delivery and towards insight, protection and strategic influence. Many have started that journey, often under pressure, but are grappling with legacy systems, cultural resistance and constant external shocks. As one attendee summarised, “We’d all been comfortable for a long time — if it wasn’t broken, we didn’t fix it. Now we’re trying to fix everything at once, while still keeping the lights on.”

3 Facing the reality behind transformation

The current landscape is one where many HEIs are under far greater strain than headline figures alone might suggest. Grant Thornton's Chris Petts shared his experience with the roundtable, highlighting that a growing number of institutions are now engaged in some form of transition, turnaround or cost reduction programme, often not for the first time, and are re examining decisions that might have felt unthinkable only a few years ago.

A central theme of Chris's remarks was the challenge of forecasting in an environment characterised by volatility and optimism bias. He noted that many five year forecasts continue to overestimate student numbers, particularly at the international postgraduate taught level. Some such forecasts have already begun to unravel, forcing institutions to take tougher decisions than they might otherwise have made earlier. The difficulty of forecasting given geopolitics, visa policy, and shifting student behaviour was noted, but that overall credibility matters. Overly optimistic assumptions risk undermining confidence with lenders and regulators at precisely the moment when trust and transparency are most needed.

Estate rationalisation, staff cost reviews and efficiency programmes are now commonplace, but Chris challenged the sector to look beyond "the obvious levers" and to think more fundamentally about long term viability.

In a sector where many providers deliver broadly similar offerings, Chris argued that long term resilience depends on understanding where an institution genuinely adds value, where demand is growing, and where investment should be focused. From his perspective, the question is not simply "what can we cut?", but equally "what should we do more of and how do we do it better?" This mindset mirrors how commercial organisations think about product mix and margin, even if the context and culture of HEIs are very different.

Audit committees and councils often sit at the crossroads between academic ambition and financial reality. Large, diverse governing bodies can struggle to reconcile differing perspectives, particularly when optimism about future growth collides with increasingly cautious messages from finance teams and external advisers. In that environment, Chris positioned the audit committee's role as one of constructive challenge, asking whether assumptions remain credible, whether risk mitigations are realistic, and whether the institution has clear options if conditions deteriorate faster than expected.

Chris's points highlighted what many around the table were already experiencing: widening gaps between aspiration and affordability, increasing scrutiny from lenders and regulators, and the growing need to make deliberate, evidence based choices about scale, shape and strategy.

In discussion, attendees were candid about the limits of what institutions can realistically predict, particularly around international postgraduate taught recruitment. As one audit chair put it bluntly, **"Anybody who thinks they've got a handle on international PGT students is misguided, it will remain volatile."** While short term marketing data can help refine near term forecasts, there was broad agreement that there is simply no long term certainty.

One participant noted that the most important question is not whether forecasts prove right or wrong, but **"what the layering of plans looks like if they don't come to pass."** That layering might include substituting different types of students, reducing costs, or consolidating parts of the course portfolio. As they observed, **"There's not a lot I can do to improve the quality of long term forecasting but where I can provide challenge is what the executive is going to do about it."** That sentiment aligned closely with Chris' emphasis on scenario based decision making rather than relying on a single view of the future.

Others echoed the extent to which optimism bias continues to shape forecasting and strategic planning. One attendee described reviewing recent forecasts and seeing **"the optimism bias we've had over the last few years has been remarkable."** Despite that track record, many institutions still plan for growth, even where historical data suggests otherwise. This creates a tension for finance teams, who may be investing in recruitment and admissions at the same time as they struggle to reconcile what the data is actually telling them with what strategy aspires to deliver.

The discussion then moved decisively into course and portfolio viability, where attendees referenced recent announcements by larger universities to close or teach out courses where long term trends showed little prospect of recovery. As one attendee noted, “The data showed numbers falling year on year and they weren’t going to change. So the question became why are we doing it?” While acknowledging the reputational and cultural risks involved, participants broadly agreed that avoiding such decisions simply defers and amplifies financial pressure.

This led to a wider debate about duplication and differentiation across the sector. Attendees questioned why multiple universities in the same city continue to offer broadly identical provision, often at marginal or negative contribution. Drawing on Chris’s commercial framing, one participant reflected, “If this were a business, we’d ask which products have the highest margin and stop the rest.” Yet, as several noted, translating that logic into the HE sector remains difficult, not least because “universities like doing what they’ve always done.”

Participants also highlighted examples of institutions that have built resilience by sharpening their focus and leaning into clear strengths. One example cited involved a university that put financial viability explicitly at the heart of its strategy, designing courses around employability and adapting provision rapidly in response to demand. As described, “They were very clear about who they were, what their students wanted, and why they were there and it worked.” While attendees acknowledged that no single model fits all institutions, many felt the sector could benefit from greater honesty about trade offs between mission, margin and scale.

Bringing the conversation back to governance, participants reinforced Chris’s observation about the tension audit committees often manage between academic optimism and financial realism. Large councils can struggle to reconcile differing perspectives, leaving finance teams caught in the middle. As one attendee noted, “At one end, people are saying ‘we’ll grow’; at the other, finance is saying ‘this isn’t credible’.” In that context, the audit committee’s role as facilitator and challenger becomes critical, ensuring that assumptions are surfaced, data is transparent, and decisions are not deferred by default.

Taken together, the discussion reinforced Chris’s central message. Universities cannot control geopolitics, policy shifts or global demand. What they can control is the clarity of their assumptions, the agility of their cost base, and their willingness to confront uncomfortable evidence about demand, duplication and differentiation.

Bringing the discussion together: shared challenges, shared priorities

In the closing discussion, what began as conversations about finance, forecasting and portfolio decisions ultimately converged on a shared recognition. HEIs are navigating complex change with systems, structures and cultures that were rarely designed for this level of volatility. Attendees spoke openly about frustration with legacy student and finance systems, with one noting that institutions often struggle to identify anything close to a “best of breed” solution for managing the end to end student lifecycle. The absence of reliable, joined up data continues to limit the quality of insight available to both executives and audit committees.

Rather than framing this as a purely technical issue, the discussion positioned digital transformation as an organisational challenge. Participants noted that large scale system implementations frequently fail not because of the technology itself, but because institutions do not first align on processes, roles and behaviours. As one attendee put it, “the most important things the audit committee can do is to challenge these preconceptions as they come through. And if we do more of that, the sector will start to implement better systems off the back of it.” This reinforced the view that audit committees have an important role to play as constructive challengers, testing whether proposed solutions genuinely simplify decision making or simply digitise existing complexity.

While recognising the deeply ingrained independence of many institutions, participants shared concern that progress in shared services and collaboration feels slow given the scale of financial pressure across the sector. As one attendee reflected, “If so many institutions are under financial distress, does it take somebody to fail before change really accelerates?” There was broad agreement that collaboration often starts informally, through shared provision or services, but that cultural, political and leadership barriers remain significant.

Whether discussing systems, course portfolios or institutional scale, participants repeatedly returned to the importance of clarity: about what an institution is trying to achieve, what it can realistically afford, and what it should stop doing as well as what it should invest in. Examples of universities that had aligned strategy, financial viability and student outcomes resonated strongly, even where attendees acknowledged that no single model would fit all.

Taken together, the session underscored the evolving role of audit committees in this environment. Beyond assurance, attendees recognised their responsibility to ask difficult questions, challenge optimistic assumptions, and ensure that change programmes, whether digital, financial or organisational, are grounded in reality. The value of the roundtable lay not in definitive answers, but in the shared acknowledgement that these challenges are widely felt, and that open, informed discussion remains one of the most powerful tools available to sector leaders navigating a period of profound change.

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