

Dear Rt. Hon. Jeremy Hunt MP, Chancellor of the Exchequer
cc The Rt Hon Gillian Keegan MP, The Rt Hon James Cleverly MP, Robert Halfon MP

I am writing to you as the CEO of [University Alliance](#). We represent [16 of the UK's leading professional and technical universities](#). Ahead of the Autumn statement, we want to highlight some low-cost or cost-neutral policies that will allow us to continue working in partnership with employers to deliver the vital skills our public services and economy need.

Our members are delivering against the government's skills agenda to the highest standards. We are some of the largest providers of degree apprenticeships and seven of our members are part of an Institute of Technology. We now have the highest proportion of gold ratings in the [Teaching Excellence Framework](#) and [67% of our research is world leading or internationally excellent](#).

The university sector is facing serious financial challenges: [UK universities now make a loss on teaching for home students and on research](#). A [recent House of Lords Inquiry](#) found that *"the current system of higher education funding is not sustainable and will lead to growing issues in the coming years"*. There are political, social and economic imperatives to address this: [most parents want their children to attend university](#), the [earnings gap](#) between the most and least privileged is significantly reduced for university graduates, and there is a [growing high-level skills shortage](#). Long-term changes are needed, but we believe short-term, cost-neutral solutions should be implemented now.

- Most urgently, the cost-of-living crisis is having a significant impact on students. Despite increases in hardship funding from universities and the OfS, [half of students have financial difficulties](#) and 76% of [students feel that the cost-of-living crisis has affected their studies](#). In England, the real value of maintenance loans is at the lowest level since they were introduced and are set to fall again in 2024. Those from lower income backgrounds are at the biggest disadvantage: they work more hours outside of their studies and will leave with the most debt. We urge you to **increase student maintenance support**. [London Economics](#) have modelled cost-neutral options for funding student maintenance support.
- For technical universities, rising pension costs are a significant issue. Differing requirements for pre and post-92 universities mean there is now a real risk of a two-tier university system emerging. Universities like ours will soon be making a 28% contribution for all staff on the Teacher's Pension Scheme (TPS), which they are legally bound to offer by the [1992 Further and Higher Education Act](#). The recent 5% increase comes at a [cost of £125m per annum for the HE sector](#). Technical universities will have less to invest in quality education, with many universities anticipating cuts to staffing and student services. The government must **urgently review Higher Education participation in the TPS** and ideally look wholesale at reforms to pension provision across the HE sector to ensure they work for employees, employers and the taxpayer and we avoid the current climate of unexpected large scale

cost burdens.

- Our economy needs international students. [On average, each parliamentary constituency in the UK is £58m better off](#) because of them: £560 per citizen. International student fees now significantly cross-subsidise all university research and teaching. The global reputation of UK universities must be protected to maintain our position as a top study destination. Suggestions from government that international students should be discouraged from coming to the UK, and frequent references to 'low value degrees' do not go unnoticed on the world stage. One of the most impactful cost-free actions your government could take to support the financial sustainability of UK universities is to make **a coordinated effort to boost the global reputation of UK higher education** in public statements and messaging. This should not be at odds with your regulatory agenda to ensure HE providers meet quality requirements.

We know your government believes in making long-term decisions for a brighter future. So do we – and we have more short-term and long-term recommendations to harness technical education in our briefing, '[Let's Get Technical](#)'. There is no better investment in the future than an investment in skills and opportunity for our people. Please consider our suggestions as a way of doing just that.

Yours sincerely,
Vanessa Wilson

