Autumn Budget 2026

Rt Hon John Healey MP
Chancellor of the Exchequer
HM Treasury

9th September 2026

Dear Chancellor,

University Alliance represents 20 leading professional and technical universities across the UK. Professional and technical universities will be a vital partner in delivering the government's 10-year plan for Britain and the Autumn Budget is an opportunity to unlock, deepen and sustain the contributions they make to their places and the nation.

The Prime Minister has set the country an ambitious task: to become a **technical education superpower**, valuing "the hard hat as much as the graduation cap" and ending the scourge of young people not in education, employment or training (NEET). Our Budget submission sets out how we can work together to achieve this ambition. We focus on three conditions needed for success and the fiscal and policy reforms that will help create them.

1. **Coherent and stable technical pathways from levels 2 to 8;**
2. **No barriers to access and success for learners at any age or stage;**
3. **Financially viable professional and technical universities.**

Alliance universities are civic and economic anchors in their places, whether it's London, Glasgow and Cardiff or Middlesborough, Scarborough and Peterborough. We understand the imperatives, the complexities and the routes to achieving good growth in every postcode.

Alliance universities specialise in embedding industry and employers in our curricula, assessment and careers services. We are leading providers of skills and innovation in the engineering, technology, creative and healthcare sectors and deliver applied research that supports business growth and regional development.

Meeting the needs of priority and Industrial Strategy (IS-8) sectors will require a coherent system of lifelong learning that boosts opportunities for young people whilst also upskilling and retraining people already in the workforce. We are proof that the solutions can be found with and within universities, as well as our partners in schools, colleges and industry. Collaboration and innovation will be key to unlocking the triple helix approach, with every part of the post-16 system pulling in the same direction and the government backing us all to thrive.

We would welcome the opportunity to meet with your team ahead of the Budget to discuss these priorities and how professional and technical universities can continue to deliver on the government's ambitions for the whole of the UK.

Yours sincerely,

Vanessa Wilson

Chief Executive of University Alliance

University Alliance submission to Autumn Budget 2026

Overview

Our submission focuses on the **fiscal and policy reforms that will help turn the UK into a technical education superpower**. Working together, we must create the following **three conditions** to achieve this ambition. We will explain why these conditions are needed and the changes necessary to create them.

1. **Coherent and stable technical pathways from levels 2 to 8;**
2. **No barriers to access and success for learners at any age or stage;**
3. **Financially viable professional and technical universities.**

1. Building coherent technical pathways from levels 2 to 8

Technical education is increasingly appealing to young people but hindered by continuous policy churn and uncertainty. The target of two-thirds of young people in higher-level learning by age 25 will only be met if learners can see where technical pathways lead; they are stable over time; and one part of government is accountable for delivery.

Some of the highest-value technical education in the UK – levels 4 to 8 – sits outside plans to devolve the 16-19 budget, technical pathways from 14 and employment support to elected mayors. Regional collaboration will be essential to implementing locally relevant skills agendas. This will require new ways of working, including innovative delivery models between education providers, which need to be underpinned by coherent policies from both central and local government.

Why does this matter?

- **71%** This is the proportion of jobs in 2035 expected to be filled by someone already in the workforce.[1] A highly skilled and productive workforce will require a system of lifelong learning that supports people of all ages to be fully active in the labour market and qualified throughout their career.
- **Up to 3 million** This is the number of jobs that could disappear in 'high-risk' declining occupations (e.g. administrative, secretarial, customer service and machine operators) by 2035, which carries threats not only for workers in these occupations, but also young people who leave education without the skills and qualifications typically required to enter high-skilled growth occupations.[2]
- **Two thirds** This is the proportion of skilled workers needed in priority sectors in the next 5 years that will require qualifications at level 4 and above.[3] This simply will not be achieved without professional and technical universities.
- **67,745** This is the number of entrants to higher education in 2025 with at least one Applied General Qualification (such as BTEC's) that will be defunded and replaced by V Levels[4] - a pathway used disproportionately by disadvantaged learners.[5]
- **30%** This is the NEET rate for 22-24-year-olds whose highest qualification is at GCSE level or below. In contrast, NEET rates for graduates aged 22-24 have remained relatively low and stable at around 10% throughout the past two decades.[6] While this is still too high and the transition into work must be continually strengthened, those with a degree or higher education qualifications also spend less time NEET than those with no qualifications.[7] Labour market outcomes for people without level 3 or key stage 5 qualifications are significantly weaker in the UK than in most other high-income countries.[8]

- **2.5** This is the number of unemployed people per vacancy in April to June 2026; this ratio has remained at 2.5 since July to September 2025.[9] According to the CBI, the rise in youth unemployment is being driven mostly by weak job creation and businesses' caution to hire, which they attribute in large part to cost pressures and policy uncertainty.[10]
- **5%** This is the number of students in the 2020/21 cohort of AS- and A-level students combining subjects from a STEM, Social Science and Humanities subject, a drop of almost two-thirds from 2015/16. Increasing proportions of students are electing to only study subjects that sit within the same major subject group. This is particularly notable given that post-16 students in England study a narrower range of subjects than their international counterparts, with the average number of level 3 qualifications per student dropping from 5 in 2015 to 3 in 2019.[11]
- **£145.8bn** This is the amount the creative industries contributed in GVA in 2024, accounting for 5.5% of all UK GVA.[12] Creative higher education remains the main talent pathway into the creative industries; three quarters of those working in the creative industries are graduates.[13] Among students studying Arts subjects, there appears to have been a shift towards studying vocational level 3 qualifications and away from AS- or A-levels. Despite this shift, the overall take-up of the Arts at level 3 is declining.[14]
- **£100m** This is the amount the Strategic Priorities Grant was cut by for 2026/27. High-cost subject funding allocations were cut for nursing, computing and the creative arts; all of which are linked to IS-8 or Skills England priority sectors. The increase in creative industries GVA between 2023 and 2024 was driven by the 'IT, software and computer services' subsector, which grew by an estimated 8.7%.[15] The Department of Health and Social Care has identified 26 priority occupations for the health sector and 95% of projected additional employment in these priority occupations require qualifications at level 4 and above. Historically, the education pathways most important to these priority occupations are higher education courses in nursing and midwifery, medicine and dentistry, and allied health at level 6 and above.[16]

Recommendations

1.1 Allow some V Levels in large qualification sizes to ensure existing successful qualifications can be retained. The Starmer Government took an important step in agreeing to pause the defunding of applied general qualifications such as BTECs[17]. However, we remain concerned about the pace of the transition to V Levels and the decision to make them all a single uniform size equivalent to one A Level, with just one V Level per subject in most cases.[18] Members of the Curriculum and Assessment Review have argued that for some disciplines (e.g., art and sport) and routes to HE or employment (e.g., social care), larger qualifications will remain essential and that V Levels and T Levels must be differentiated by purpose, not just size.[19] The absence of an applied science V Level risks many universities reverting to A-level-focused entry requirements and fewer learners progressing into nursing, health and STEM. The subjects and content of the new V Levels must be decided in close consultation with universities and employers, so that V Levels secure HE progression as well as employment.

1.2 Commit to greater transparency in the short-term about how Growth & Skills Levy receipts are allocated and spent and commit to using 100% of funds collated through the Levy for skills development in the longer-term.

1.3 Commit to protecting level 6 apprenticeships from further funding restrictions based on age or standard. Policy instability is holding technical provision back. Skills

England highlighted that colleges and universities lack the certainty they need to invest in future skills needs[20] even before the severe funding restrictions on level 7 apprenticeships, the complete defunding of all leadership and management apprenticeships and the introduction of V Levels. The CBI has argued that default multi-year funding for national and devolved skills is key to ensuring both employers and training providers can make strategic, long-term investments.[21]

1.4 Extend access to modules through the Lifelong Learning Entitlement (LLE) to level 7 and to all subjects linked to priority and IS-8 sectors, including the creative industries, so individuals and employers can access the postgraduate expertise they need in a timely and flexible way.

1.5 Ensure English devolution does not lead to further fragmentation of delivery and accountability for technical education. The government will need to put the architecture and accountability measures in place to ensure coherent pathways through and between education and employment can continue to be developed; and to ensure that learners and institutions are not disadvantaged from sitting just outside combined authority boundaries.

1.6 Create a single Department with Cabinet level oversight of post-16 education, skills and research. We have long called for a return to a Minister for Universities split across departments responsible for education and research, but bolder action is now needed given policy responsibility for technical education is split across DfE, DWP and DBIST - a governance arrangement that is uniquely fractured. There are important insights and lessons to be learned from models in Wales and Scotland.[22] As part of the triple helix approach, better join-up is needed across government on the Industrial Strategy. For example, the Creative Industries Skills Audits (funded by DCMS) found that those jobs creative employers anticipate being in growing demand in the next 3-5 years are predominantly highly skilled roles; yet Architecture is the only creative subject included within the DfE and DWP's new measure of 'priority pathways'.[23] It is also unclear the extent to which the creative industries will be covered by eligibility criteria for the LLE and maintenance grants, and funding for creative and performing arts courses has been cut completely from the Strategic Priorities Grant.

2. Removing barriers to access and success

The Prime Minister has acknowledged that the public is looking for "much more substantial change" when it comes to the economy and the cost-of-living crisis[24]. Maintenance support has not kept pace with living costs and Alliance universities report that severe cost-of-living pressures are among the most significant barriers to accessing higher technical education. Making it easier and cheaper to enter post-18 education and training is one of the most direct levers the government has to widen opportunity and reverse the rise in NEETs.

Why does this matter?

- **12%** This is the proportion of care leavers that participated in higher education by age 19, compared to 45.0% of all other pupils. The HE participation rate for pupils with Free School Meals (FSM) status is 28.6%, compared to 48.4% of all other pupils.[25]
- **£61,000** This is the amount a student needs to have a minimum socially acceptable standard of living over the course of a three-year degree (excluding fees). This rises to £77,000 if studying in London.[26]
- **£10,544** This is the maximum annual maintenance loan available to people from low-income households, which covers just half of a first-year student's true costs

(estimated at £21,126 a year in England)[27] While we welcome the forthcoming reintroduction of maintenance grants, we are concerned they will be too small to change access decisions at £500–£1,000 a year (around 80% less than their 2015/16 level in real terms).[28]

- **18 years** This is how long the parental income threshold for student maintenance loans in England has been frozen.
- **30,000** This is the number of additional students starting university in 2023/24 that would have been eligible for the maximum level of maintenance support, if the parental income threshold had risen with inflation since 2016. Families on £32,535 or less would have been eligible for the maximum loan, compared to the current much lower threshold of £25,000.[29]
- **£60,100** This is the amount of debt students from the poorest backgrounds will graduate with, compared with £43,600 for the richest.[30]
- **65%** This is the proportion of students who work while studying. The relative importance of financial difficulties has more than doubled over the past few years amongst students that have considered leaving their course and is continuing to increase.[31]
- **£20** This is the amount per week in transport costs that Alliance members report can prevent attendance before loans or wages arrive[32]. The Transport Committee found that the cost and availability of transport is restricting opportunity for young people in many areas; that targeted schemes demonstrably work; and that a coherent national approach is needed in England.[33] The Committee's report notes that Cambridgeshire and Peterborough's £1 Tiger Bus Pass for under-25s supported over 730,000 journeys and was described by the Combined Authority as a "lifeline" for students.
- **23.1%** This is the proportion of students in the North East and East Midlands to achieve top grades in their A levels in 2026, which varied considerably from students in London and the South East (32.7% and 31.5% respectively).[34] Educational attainment varies more between regions in the UK than in many other OECD countries.[35] This year, the North East is the only English region where 18-year-olds applied at a lower rate than in 2019. Students living in London are almost twice as likely to apply to university than those living in the North East, the widest application gap on record.

Recommendations

2.1 Reduce the upfront cost of higher education participation through reforms to the student maintenance system:

- Increase parental income thresholds and address the real terms cut to maximum maintenance support levels following high inflation in 2022-24 (a 10% cut over two years)[36], which has not yet been reversed.
- Make it easier for students not supported by their parents or wider family to be classified as independent.
- Raise the value of targeted maintenance grants; ensure they apply to courses linked to all growth-driving and priority sectors, including the creative industries; and fund them within the student finance system rather than the international student levy - a precarious and politically charged income stream that will disproportionately impact teaching-intensive universities.
- Implement an "apply early" campaign with the Student Loans Company as a low-cost way of helping ensure Student Finance and Disabled Students' Allowance payments arrive by induction rather than weeks into the first term.

2.2 Fund the Transport Committee's recommendation on young people's bus travel (Recommendation 27, *Buses connecting communities*): a pilot free bus pass for under-22s, valid for travel at any time of day, through the review of the English National Concessionary Travel Scheme. A lower-cost first step, mirroring the Welsh pilot, would be a national £1 single fare for young people, which the Confederation of Passenger Transport estimates at £100–150 million a year across England.[37]

3. Ensuring professional and technical universities are financially viable

The government's technical education ambitions depend on institutions whose finances are deteriorating. Teaching-focused universities are particularly exposed to current financial pressures, putting their ability to absorb further shocks at risk.

Why does this matter?

- **£2 billion** This is the sector deficit on a full economic cost basis in 2024/25, due to the gap in publicly funded teaching. UK universities also continue to face a research funding gap of more than £6 billion.[38] This is compounded by a 15% drop in real-terms of quality-related (QR) funding in England between 2010/11 and 2024/25 (with steeper decreases in the devolved administrations).[39]
- **2029** This is the last year in which there will be more UK residents under 18 years old than over 65 according to the principal ONS population projection. Young entrants dominate university intakes, but the number of UK domiciled 18-year-olds in the UK will peak in 2030/31 and then fall sharply, returning to 2016 levels by 2040.[40] If student numbers depend primarily on demographic trends rather than shifts in demand, this implies a reduction in total numbers across the sector of around 18.5% between 2030 and 2042.[41]
- **60%** This is the amount that direct government funding for university teaching has fallen by since 2010/11.[42] We welcome the government's decision to uplift tuition fees, but in practice this will keep fee income at the same level in real terms, rather than addressing the historical real terms erosion during the long-running freeze of the fee cap. Universities UK estimates these fee increases are offset by an estimated increase in costs of £9 billion from cuts, tax increases, the proposed levy on international student fees, and a reduction in income from international students due to more restrictive immigration policies, over the period to 2029-30.[43]
- **£2,588** This is the average cross-subsidy from international students towards the cost of education for UK students per year.[44] International student fees is one of vanishingly few places from which universities can cross-subsidise losses on publicly funded teaching and research, but international student recruitment is vulnerable to national policy and geopolitical factors.
- **43%** This is the drop in (main applicant) Student visas issued in Q2 of 2026 compared to the same period in 2025. Alongside lower application volumes, visa refusals are increasing, up 55% year on year in Q2 of 2026.[45] 19 of the top 20 sending countries to the UK saw a drop in student visa issuances, but the negative trend was strongest in the South Asia and Sub-Saharan Africa regions: India, Nepal and Nigeria all saw drops of more than 50%, while Pakistan saw visa issuances down 90% compared to Q2 2025.[46] Exacerbating the problem even further, the number of withdrawn visa applications has increased by 405% in just a year, indicating that the market may be diversifying away from the UK.[47]
- **£355** This is the amount that every UK resident is, on average, better off per year due to international students.[48] A single cohort of international students contributes £41.9 billion to the UK economy, including £18.6 billion in non-tuition spending (e.g. rent, food, transport); £207 million in visa fees; and £363 million in NHS surcharges.[49]

- **£46.1bn** This is the direct economic impact of the UK HE sector on the UK economy in 2021/22. The HE sector makes substantial economic contributions throughout all regions and nations of the UK, with every region accruing an economic benefit of more than £2bn in economic output terms.[50] In 26 constituencies, higher education is the single largest export sector, supporting 183,000 jobs and is in the top 3 in 102 constituencies.[51]

Recommendations

3.1 Honour the commitment in the post-16 white paper to legislate for annual increases in tuition fees linked to inflation, to give long-term certainty over future funding for the sector. Fee increases are only guaranteed to 2027/28, and the intention to legislate to increase tuition fee caps automatically for future academic years has not been enacted.

3.2 Require the Home Office to publish a fiscal assessment of the cost of Student visa refusals and processing delays, scored against lost export earnings and tax receipts, alongside practical reforms: real-time sharing of visa outcome data with sponsors, credibility interview transcripts provided as standard within the Administrative Review window, and a proportionate approach to Basic Compliance Assessment.

3.3 Rethink the international student levy and decouple maintenance grants from it**.** The levy will add to the financial pressures the sector is facing (with its current design falling hardest on the teaching-focused institutions) and could make the UK less competitive internationally.

3.4 Protect long-term funding for research and development, including Quality-Related (QR) funding and Higher Education Innovation Funding (HEIF), which returns £14.80 for every £1 invested.[52] This is the funding that enables professional and technical universities to be delivery partners for the Industrial Strategy; underwriting the SME support, applied research and innovation, and workforce development on which regional growth depends. HEIF allocations should not be over-hypothecated towards intellectual property and spinouts at the expense of other forms of innovation and entrepreneurialism that lead to commercial success.

3.5 Convene a citizens' assembly on how post-18 education should be paid for and by whom - addressing the trade-offs between graduate contributions, taxpayer investment, student numbers and the survival of local provision - and committing in advance to respond formally to its conclusions.

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