

Autumn Budget submission 2026

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8 September 2026

Overview

1. MillionPlus, the Association for Modern Universities, welcomes the opportunity to contribute a written representation to the Budget. Modern universities play a key role in delivering the skills required across a range of different levels, industries and regions and stand ready to support the Government to develop the critical pipelines of talent needed for the future across business and core public services.
2. Modern universities make up 52% of all UK undergraduates and 37% of all postgraduates, with over one million students studying at modern institutions across the UK. They make a huge contribution to their regional economies as anchor institutions, generating £17bn in expenditure-related gross value add as a result of their economic activity.
3. Modern universities are crucial delivery partners for skills in both core public services and key growth-driving industries and are central to the Government's mission to bolster economic growth. They deliver the vital skills needed for the growth-driving sectors identified by the Government in their industrial strategy, including the creative arts, advanced manufacturing, business and professional services and clean energy industries and in 2022/23, 77% of creative arts students, 74% of software engineering students and 69% of architecture, building and planning students were at modern universities. Modern universities also educated 67% of initial teacher training students, 76% of nursing students and 70% of midwifery students in 2022/23.
4. The UK has one of the highest regional disparities among OECD countries¹, reaffirming the barriers this presents to driving up regional economic growth in certain parts of the UK. Addressing these disparities is critical to ensuring that communities across the UK have access to the skills pipeline needed to support regional economic growth. Modern universities are anchor institutions in their region, providing crucial pipelines of talent to their local and regional economies and as such are crucial partners as the Government seeks to advance their devolution agenda and address these disparities.
5. England currently has a highly unequal geographic distribution of skills, primarily driven by the high concentration of graduate-level skills in London and the South East of England. The retention of graduates in the regions where they have grown up and studied is particularly high for modern universities illustrating the way in which MillionPlus members are key to meeting local skills needs and addressing regional skills shortages. Modern universities also provide genuinely transformative experiences for both young and mature learners and particularly those from disadvantaged and non-traditional backgrounds. They do so through providing them with pathways into high-quality education and training which is developed in lockstep with industry partners from the local area, which equips them with the skills and competencies needed to embark on careers that contribute to both the economy and core public services. Crucially, modern universities widen opportunity and drive social mobility for the

¹ <https://www.oecd-ilibrary.org/docserver/b9aab803-en.pdf?expires=1730992643&id=id&accname=quest&checksum=E0527B971F8031A075F0C0BB1894E369#:~:text=In%20the%20United%20Kingdom%2C%20the%20share%20of%2025%2D64%20year,OECD%20countries%20with%20available%20data>

most disadvantaged in society and are a core route through which society can prevent young people becoming NEETs both now and in the future.

6. Yet the challenging financial context faced by universities is having a tangible impact on the ability of moderns to maintain a breadth of provision across Britain's world-leading sector, which risks damaging the skills pipeline, increasing regional inequality and frustrating progress towards the Government's ambitions. This is particularly key as analysis shows that by 2035 88% of new jobs will be graduate level.²
7. MillionPlus calls for a joined-up, cross-government approach that safeguards the financial stability of the system. Crucial to this will be recognising the vital role higher education plays in the skills landscape. The Government should seek to fulfil this through the pursuit of the following policies:
 - Recommit to widening participation and lifelong learning and undertake a broad review of the student maintenance system to ensure it is reflective of the cost of living and address the challenges faced by disadvantaged students.
 - Safeguard sector financial stability by reviewing higher education funding to deliver a stable joined-up system that aligns with and complements the Government's priorities.
 - Take forward reform of the Teachers' Pension Scheme (TPS).
 - Support a diverse research landscape through funding structures and incentives to drive innovation.

Delivering opportunity by enhancing access and participation

8. Modern universities are drivers of opportunity for underrepresented groups in higher education, something which is central to their ethos as institutions. They invest considerable resources into recruiting and retaining students from the least advantaged backgrounds and have valuable insights into the persistent barriers and workable solutions which can unlock further engagement in the education and skills systems.
9. In England 67% of all higher education entrants from a low participation background were studying at modern universities, and modern universities accounted for 79% of full-time mature entrants to higher education. In Scotland, a third of universities are modern, yet they account for 45% of full-time entrants to university from the most disadvantaged backgrounds.³
10. Modern universities are therefore well placed to support both young people and mature learners from diverse backgrounds to enter higher education, and to work with the Government to support economic growth and tackle the NEETs challenge. Modern universities target their widening participation activity at their local communities and can play a key role in supporting those not in education or training programmes to engage with opportunities in their area. For example, the University of East London has a dedicated team working with local schools and colleges to create pathways into local HE study, while the University of Staffordshire offers free courses to locals to support their transition into study at the university.

² <https://future.universitiesuk.ac.uk/future-jobs>

³ <https://www.millionplus.ac.uk/campaigns/think-modern/>

11. However without additional and urgent support for the most vulnerable, there is a risk not only to limiting Britain's ability to address persisting inequalities, but also of reversing the progress seen in recent years, while damaging the future skills pipeline.
12. There are a series of significant and ongoing challenges which threaten to undermine progress on access, including the substantial and persistent gap between living costs and student maintenance support. It is vital that this challenge is addressed, as it places pressure on the ability of disadvantaged students to engage fully with their higher education experience.
13. This is illustrated by a series of recent findings, including that 65% of full-time undergraduates are in paid employment during term time⁴, meanwhile 90% of school-leavers who are due to attend university note they intend to work while studying⁵. These statistics reinforce the fact that for a vast swathe of learners entering higher education, working alongside study is an absolute necessity.
14. A recent survey of UK students also found that two thirds of undergraduates run out of money before the end of term, with 19% reporting that they skip meals and 78% relying on financial support from parents to bridge the gap⁶. This highlights the deficiencies within the existing maintenance support system and the urgent need to review both the thresholds and levels of financial support provided, particularly to the lowest income groups.
15. MillionPlus welcomed steps taken in 2024 to uplift student maintenance support in line with inflation. While this decision has gone some way to better supporting students, this measure alone is not sufficient to address the ongoing cost-of-living challenges facing the most vulnerable learners. We recommend that the Government now commits to undertake a comprehensive review of the student maintenance system. This review should consider how both grants and loans should be structured to ensure they are fully reflective of the cost of living and address the pressures faced by disadvantaged and underrepresented students in both entering higher education and fully engaging with their studies throughout their course.
16. MillionPlus also welcomed the announcement last year of the reintroduction of maintenance grants which will play a crucial role in supporting access. MillionPlus encourages the Government to deliver on these commitments and to ensure that this vital support is not restricted to subjects that align directly with the industrial strategy.
17. MillionPlus urges the Government to recommit to both widening participation and lifelong learning to ensure those facing the most significant barriers to entering university can continue to navigate these. Through working in partnership with the Government, modern universities can help to deliver these opportunities, helping all students to meet their potential and addressing the skills needs of the future.

A financially stable and joined-up system

18. The higher education sector faces a significantly challenging financial environment due to a combination of declining income and increasing costs. Analysis from UUK has shown that the real-terms value of

⁴ [Student Academic Experience Survey 2026 - HEPI](#)

⁵ [Teach student loan calculations in maths classes, says Ucas chief](#)

⁶ [UK students face mounting funding pressure as many run out of money before term ends](#)

domestic tuition fees declined by 36% between 2012-13 and 2024-25 in England, which has contributed to universities losing £1.7bn on domestic teaching in 2023-24. These pressures are being felt both acutely and widely across the sector, illustrated by numerous course closures, restructures, as well as a multitude of institutions implementing redundancy schemes across the regions.

19. In the latest OfS financial sustainability report, 43% of institutions were forecast to be in deficit in 2025-26⁷. This highlights the scale of the challenge facing the sector and the urgent need for the Government to take action to shore up the sustainability of the system.
20. The strength of UK higher education is in its diversity, and the quality and range of courses and institutions on offer to students of all ages and backgrounds. Yet the sector now faces a challenging financial environment that is threatening the viability of whole departments and undermining the research infrastructure that will fuel the innovations of tomorrow.
21. Our members are placemakers in their regions and are crucial to the pipelines of talent into both public services and business in their local area, as well as combining academic and vocational study through their teaching. It is vital that we give careful consideration to the conditions that will allow moderns to continue to play this role.
22. While modern universities are adapting and innovating, the cumulative impact of these challenges is making it harder for them to deliver against the country's current and future skills needs across public services and industry and support the opportunity and growth missions. Analysis that emerged last year illustrated that 3,900 courses have been lost across the sector between 2024 and 2025, with half of these being concentrated in lower tariff institutions. This serves as a powerful illustration of the stark impact that funding pressures are having and will continue to have on both student access and choice as institutions are forced to make difficult decisions about the provision they can sustain.
23. There is an urgent need for a joined-up, cross-government approach that takes the necessary steps to stabilise the HE sector. This stability is needed both in terms of future funding arrangements for universities and the wider policy and regulatory environment within which modern universities operate. MillionPlus urges ministers to review the funding of higher education to deliver a long-term and sustainable funding settlement that supports universities and their students to drive opportunity, skills development, innovation and economic growth across the whole country.
24. As this work is taken forward, MillionPlus urges the Government to ensure that policies are developed and implemented in a holistic manner, which take account of the role that different funding streams across Government and elements of the system play in supporting the overall sustainability of the sector. The recent decision to reduce teaching grant funding for courses such as nursing and computing is difficult to reconcile with the Government's ambitions for economic growth, public service reform and the development of a highly skilled workforce. It is vital that future Strategic Priorities Grant allocations complement the Government's missions and respond to the skills needs of businesses and public services across the country.
25. As the Government advances its devolution agenda, it is crucial that universities are included within discussions and developments surrounding local skills provision as they have invaluable insights and expertise surrounding the types of education and training and range of pathways which are needed.

⁷ [Financial sustainability of higher education providers in England 2026](#)

MillionPlus encourages the Government to introduce a new condition of devolved skills funding which requires universities to be included within future skills planning at the regional level.

Supporting financial sustainability through pension reform

26. One challenge compounding the financial difficulties modern universities are experiencing is the restrictions they face regarding the pension scheme their employees are enrolled into. The requirement for both English and Scottish modern universities to be enrolled into the Teachers' Pension Scheme (TPS) and the Scottish Teachers' Pension Scheme (STPS) is embedded within the Higher Education Act 1992, leaving these institutions without scope to manage these costs through the uptake of alternative pension schemes. Furthermore, the employers enrolled into TPS and STPS lack any influence over how the scheme is run and are unable to employ different mechanisms or levers to manage costs.
27. MillionPlus welcomed the commitment made in the Post-16 Skills White Paper to better understand our concerns with post-1992 pension provision and stand ready to work with the Government on the potential solutions to these challenges, which present a cost-neutral step that would significantly reduce financial pressures.
28. Despite recent reductions in employer contributions, the requirement for modern universities to enrol into the TPS within the Higher Education Act 1992 will continue to leave institutions with limited scope to manage these costs or adopt alternative pension schemes in the future. The impact this has had on modern universities is stark, particularly given the challenging financial context the sector faces. This has created an uneven playing field, with significantly higher employment costs for modern universities than pre-92 institutions.
29. Universities are rightly exploring all the available options to ensure their costs are well managed and reduced where necessary. MillionPlus strongly encourages the Government to undertake a review of pensions legislation to ensure universities are not restricted in their pension scheme options. This decision would provide modern universities with much greater scope to control their internal costs and help to shore up their financial position.

Driving growth and productivity through research and innovation

30. MillionPlus universities are a vital part of the UK's research landscape and academics at modern universities are crucial to ensuring that businesses can benefit from expertise in research and innovation. Modern universities represent vital hubs of skills, teaching, investment and growth in their regions, and they produce research that is deeply embedded in communities, highly responsive to societal need, policy-relevant, and often impossible to replicate elsewhere. Modern universities are therefore ideally suited to play a key role in the Government's place-based policies, and its drive towards more regional decision-making.
31. Modern universities play a unique role in the research landscape, delivering translational and innovative research, and producing research that plays an important role in driving economic growth throughout the UK. In REF2021, 63% of research carried out at modern universities was judged to be world-leading or internationally excellent.

32. The research carried out at modern universities encompasses many of the eight high-growth priority sectors as set out in the Industrial Strategy. A series of case studies published in February 2026 highlighted research and impact from MillionPlus members across many of the IS8 priority sectors. For example, within life sciences case studies included Canterbury Christ Church University's work on [AI and dementia detection](#), University of Lancashire's research on [Grenfell firefighter health impacts](#), and University of Cumbria research on [end-of-life care experiences](#). Other examples covered clean energy (Liverpool John Moores University's [Global Centre for Maritime Innovation](#)), digital and technology (University of the West of Scotland research on [AI Misuse Detection](#)) and the creative industries (Abertay University's [Virtual Production Studios](#)).
33. In UKRI's most recent Knowledge Exchange Framework, modern universities scored highly on their engagement with local growth and regeneration, outperforming pre-92 units. Additionally, researchers and academics at modern universities have strong links with businesses: in 2024-25, modern universities across the UK provided services to 9,730 small and medium enterprises, representing a total value of £10.7 million. Modern universities are also natural partners to support the commercial application of research, given their wide geographical reach and historic focus on research that is local and commercially focused.
34. Our members are placemakers in their regions and can play a pivotal role in unlocking local growth through applied research that leads to practical, high-impact innovations for industry and public services. It is vital that careful consideration is given to the conditions that will allow this valuable research work to continue.
35. MillionPlus continues to call for the Government to commit to invest across the whole of the UK's research ecosystem, and for funding to not be narrowly concentrated in a small number of institutions. International evidence shows that concentration of research funding among a small group of providers is inefficient, reduces the rate of innovation and shrinks the pipeline of professional researchers. If research funding becomes concentrated in only a small group of universities, the UK risks losing local research that responds to real community needs, regional expertise, as well as opportunities for early-career researchers.
36. MillionPlus also urges the Government to avoid a 'one-size-fits-all' approach to research and innovation, and to ensure that those institutions with a smaller research base are not placed at a disadvantage. The UK's research strength lies in its breadth — across institutions, regions, disciplines and missions. Narrowing that base would reduce innovation, weaken global impact and limit the country's ability to respond to complex challenges.
37. Eligibility for Knowledge Transfer Partnership (KTP) funding should be restored for public sector and third sector organisations, following recent changes that have meant these organisations are no longer recognised as business partners in recent rounds of KTP funding.

The important role of international students

38. International students make an enormous contribution to the UK economy, with studies showing that the gross export value of higher education from international students is [£20.1bn](#) a year.⁸ The evidence is clear that international students make a positive impact on living standards in every constituency, with a

⁸ <https://www.publicfirst.co.uk/global-talent-local-growth-the-export-and-jobs-benefit-of-international-students-in-the-uk.html>

recent Public First study finding that each UK resident is on average £355 a year better off as a result of international students.

39. The international student market is highly competitive, and prospective applicants are sensitive to fluctuations in prices, as they endeavour to achieve the best value for their investment in their education. Various studies have explored the potential impact of a levy, with Public First projecting that a 6.38% rise in international student fees would lead to 16,100 fewer international students in the first year of its introduction.⁹ This research predicts that these changes to international student flows would cost the sector approximately £240m in the first year and £2.2bn across five years through lost fee income.
40. Given the significant impact that the international student levy will have on university finances, we urge the Government to shift their approach away from a fixed flat fee per student towards a model based on a proportion of income.
41. Given that price elasticity of demand is much greater than current Government modelling has so far predicted, it is clear that universities will not simply be able to pass on the cost of the levy to their international student cohort without it leading to a reduction in the numbers of these students they can recruit. Given the extent to which international students cross subsidise domestic student provision, there is a significant risk that the levy would have a negative impact on the sustainability of subject provision for domestic students.
42. MillionPlus is particularly concerned about the impact this could have on the provision of strategically important subjects for domestic students including health and social care courses. For example, in 2023-24 7% of students on undergraduate adult nursing courses were international students. Given the high costs associated with delivering this provision, the sizeable number of international students on these courses and the element of cross-subsidy, domestic student provision is particularly vulnerable to shifts in the flows of international student recruitment.
43. Modern universities play a crucial role in delivering the future workforce necessary to fulfil the NHS 10-year plan and in 2022-23, 76% of nursing students were at modern universities. There are concerns about the unintended consequences of the international student levy on the domestic pipeline of talent into the NHS.
44. In light of the impact this policy will also have on provision for domestic students, we urge the Government to commit to undertaking a thorough analysis of the potential ramifications this policy could have on course provision across the regions to ensure this is fully considered throughout the development of their approach. Following a careful analysis of the impact on domestic provision, the Government should consider if any subjects should be excluded from the scope of the levy as a result, for example health and social care courses.

⁹ <https://www.publicfirst.co.uk/couting-the-cost.html>