

University Alliance response to the International Student Levy technical consultation

Summary

We are deeply concerned that, as the government's impact assessment acknowledges, post-92 universities will be less likely to be able to pass on the cost of the levy to their international students. It is extremely counterintuitive and inefficient to make the financial position of post-92 institutions more precarious by taxing them to reinvest in the students and provision they already play an outsized role in supporting.

We are still urging the government to significantly redesign or scrap the levy, but if it is implemented, we are calling on the government and the Office for Students to:

- Use the HESA Standard Registration Population (SRP) to establish a headcount of students in scope for the levy.
- Use Full-Time Equivalent (FTE) rather than headcount reporting to avoid a perverse situation of part time students costing institutions more than full time students in their levy liability.
- Address issues remaining with students in scope of the levy even if the HESA SRP or FTE records are used, including UK citizens that do not qualify for home fee status, students on industrial placement for the whole year and students eligible for a refund after two weeks.
- Consider whether EU students should be excluded from the levy.
- Consider the administrative burden on institutions of the first year of the levy coinciding with the transition to in-year data collection.
- Share more information about OfS data processes for ensuring there will be no double counting of students on non-standard academic years, to ensure effective scrutiny.

Consultation questions

Do you foresee any challenges with the definition of international students included in the technical consultation document?

The proposal to define international students as “those higher education students who do not qualify for home fee status” will mean several groups of students are unfairly captured in the levy liability. Several, although not all, of these issues can be addressed if the Office for Students (OfS) uses the HESA Standard Registration Population (SRP) to establish a headcount of students in scope for the levy. This would exclude students who are recorded as “not eligible to pay home fees”, but that are also:

- **Dormant for the entire cycle** (i.e., students who have suspended study but have not formally de-registered).
- **Intercalating out to another provider for the entire cycle.**
- **Incoming visiting and exchange students.** This is particularly important in the context of the UK associating with Erasmus+ for 2027 as a third country, as this reporting category includes those students studying in the UK for a period of time (including a full academic year/12 months) but are not considered enrolled for a degree at that institution. Whilst the technical consultation excludes students recruited under a short-term study visa from the definition of international students, it is not yet clear whether Erasmus+ students in the UK for over six months will require a Student visa. It is also not yet clear how incoming Erasmus+ students to the UK will have their fee status returned in HESA as they will not pay tuition fees to their host institution. The government should confirm that students returned as “fee eligibility not assessed” will not be in scope for the levy.

- **Students who are writing up and have no active study** (i.e., students who are normally expected to submit a thesis to the HE provider for examination, have completed the work of their course and are not making significant demands on HE providers resources). Institutions usually only charge a nominal fee when students transfer to writing-up status, which is sometimes referred to as an “overtime registration fee”. In most universities, the writing-up/overtime registration fee is less than the proposed levy amount per student.
- **Students who withdraw early.** Whilst the technical consultation mentions students who start a course and leave within the first two weeks without being awarded a qualification or credit will be exempt, the SRP also excludes students who leave within two weeks of the anniversary of their start date (for example a student who leaves within two weeks of their second year of study and is therefore not liable for tuition fees for that year).

OfS’ calculations should also be based on Full-Time Equivalent (FTE) rather than headcount reporting to avoid a perverse situation of part time students costing institutions more than full time students in their levy liability. This would be extremely unreasonable given the total intensity and fee level for full and part time students is usually the same overall upon completion of their course, meaning institutions do not receive any additional financial benefit from part time students and the revenue is spread over a longer period. More part time non-UK students are female (53% in 2024/25) than full time non-UK students (48% in 2024/25) and women have already been disproportionately affected by the dependent ban for taught master’s students. Part time non-UK students are also older than their full time counterparts; in 2024/25 48% of part time non-UK students were aged 30 or over, compared to 10% of full time non-UK students.

Some part time students who are not eligible to pay home fees will be studying via their employers on courses with closed cohorts, such as CPD courses funded by the NHS or strategic authorities. If these courses are credit-bearing, then it seems those students would be included in the levy liability under the definition in the technical consultation but given the revenue from these courses will be significantly lower than a full undergraduate or postgraduate programme and the source of this income, it seems illogical that they should be in scope.

However, there are issues remaining with students in scope of the levy even if the HESA SRP or FTE records are used. These include:

- **UK citizens that do not qualify for home fee status.** Students must usually have been ‘ordinarily resident’ in the UK on the first day of the first academic year of their course and for the three years before that date to be eligible for home fee status. It seems incongruous with the stated purpose of the levy for any UK citizens to be in scope.
- **Students on industrial placement for the whole year.** International students on a credit-bearing placement or “sandwich year” typically pay significantly lower tuition fees.
- **Students eligible for a refund after 14 days.** We are concerned that the two-week window for withdrawals is not long enough to cover the small number of circumstances in which a student might receive a refund on their deposit or fees. This could include visa processing delays (which has been a significant issue for the January 2026 intake) and non-fraudulent visa refusals, as well as more extreme circumstances, such as the death or serious injury of a student. There should be a low burden process that allows providers to flag any students that received a full refund (and therefore provided no financial benefit to the institution) so they can be removed from the headcount.

The government should also consider whether EU students should be excluded from the levy. The stakes are high for the government's UK-EU reset negotiations and it is clear that education and youth mobility has and will continue to be central to a strengthened UK-EU relationship. Whilst the UK has so far rebuffed the position that EU students could pay UK home fees under a youth experience scheme, we anticipate that this stance will be increasingly difficult to maintain. Exempting EU students from the levy from the outset and therefore removing the need for institutions to increase their fees for EU students, could be seen as a gesture of goodwill in the wider UK-EU negotiations. It would also mean that if the UK's negotiating position on fee status for EU students were to change, spending commitments would not need to be reviewed to account for a reduction in levy revenue.

Do you think the proposed restrictions to the scope of the levy would have any unintended consequences on the behaviour of students or providers?

As discussed earlier, we are concerned that institutions will be disincentivised from recruiting **part-time international students** (particularly undergraduate and postgraduate research students who could count towards 6+ years of levy liability); recruiting international students to **courses with industrial placements**; and **offering courses with closed cohorts to UK employers**, such as CPD courses funded by the NHS or strategic authorities if they have a significant proportion of students not eligible for home fee status.

The impact assessment accompanying the consultation is considerably lacking in detail, particularly on the potential impact on student behaviour. The draft legislation should include a sunset clause, so the levy does not become a permanent feature when "estimating the response of students to fees across the sector is a significant source of uncertainty".

Do you foresee any difficulties with the method for calculating the levy, which is outlined in the technical consultation document?

We are concerned about the administrative burden of requiring the HESA student data return in October 2029. This will coincide with the transition to in-year data collection, creating considerable burden on institutions from September-December. If in-year return deadlines are delayed (one of the many challenges with the first Data Futures collection) this could have knock-on effects on institutions ability to complete the retrospective year-end return and OfS' ability to process the data, calculate the levy liability and invoice providers on time.

Whilst the consultation notes that "the OfS will ensure students are not double counted if their academic year runs across two levy academic year reporting periods in line with standard practices", the lack of any detail about this process has not assuaged concerns about the potential for double counting students on non-standard academic years. The OfS should share more information about their data processes to ensure effective scrutiny. There should be a clear and timely administrative review process for institutions to query the headcount for their levy liability, but it is not clear from the consultation whether there is an intention to do this or whether it would be possible in the proposed timeframe between establishing the headcount and issuing invoices to providers.

As discussed earlier, there should be a low burden process for providers to flag any students that received a full refund (and therefore provided no financial benefit to the institution) so they can be removed from the headcount for the academic year in question.

Are there any other comments on the design of the International Student Levy, as outlined in the technical consultation document, which you wish to raise?

As we have already highlighted, the impact assessment accompanying the consultation is considerably lacking in detail. The introduction of the levy should be delayed until the government can better establish how price elasticity will affect international student demand and the subsequent impact on different types of universities.

The impact assessment does acknowledge that **post-1992 universities will be less likely to be able to pass on the cost of the levy to their international students**. This should at the very least prompt a delay to the implementation of the levy until the government has legislated for the annual automatic domestic tuition fee uplift set out in the post-16 white paper and we still argue should result in the levy being significantly redesigned or scrapped. The financial impact of the levy will come on top of specific financial and recruitment pressures on post-92 universities (in addition to the headwinds facing the whole sector), such as the increasing cost of the Teachers' Pension Scheme employer contribution rate, which is now 28.68% of pay up from 16.48% in 2019. There has been a notable increase in competition for home students to mitigate the decline in non-UK student recruitment, resulting in significantly increased recruitment by some providers, particularly higher tariff universities. This has been the pattern over the last three recruitment cycles; Dr Jo Saxton, the Chief Executive of UCAS said in June 2025 that while offer-making is higher for all types of universities, it is "noticeably up in high-tariff institutions". According to the OfS, "this more competitive environment means that some providers are facing significant reductions in both non-UK and UK student entrants".

These universities are amongst those at the vanguard of the government's call for higher education to play a bigger role in the skills system and help break down the technical and academic divide. For example, there are 88 universities delivering higher and degree apprenticeships, the majority of which are post-92 universities.

Post-92 universities are also engines of social mobility and many are key to local prosperity in less wealthy regions. They provide a disproportionate share of HE opportunities for UK students from the lowest-income backgrounds, including white working-class men, the most underrepresented group in UK higher education. The Institute for Fiscal Studies found that the least selective post-92 universities have the highest mobility rates based on the proportion of students who were eligible for free school meals and are amongst the top 20% of earners at age 30. The lowest-ranked areas for opportunity are concentrated in parts of the North, Midlands and coastal regions where post-92 universities often provide the main route to higher education and local employment.

It is extremely counterintuitive and inefficient to make the financial position of post-1992 institutions more precarious by taxing them to reinvest in the students and provision they already play an outsized role in supporting.