All-Party Parliamentary University Group

Weekly update

24 – 28 November 2025

A regular digest of House of Commons, House of Lords, and higher education sector business.

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Parliamentary business

Higher Education and Funding: Threat of Insolvency and International Students - Education Committee oral evidence session

On Tuesday 25 November from 10:00am, the House of Commons Education Committee heard oral evidence as part of their inquiry into “Higher Education and Funding: Threat of Insolvency and International Students”.

Witnesses included:

- The Rt Hon. the Baroness Smith of Malvern, Minister of State (Minister for Skills), Department for Education
- Susan Lapworth, Chief Executive at Office for Students
- Patrick Curry, Director for Higher Education Oversight, Department for Education

Financial stability and provider exit

Helen Hayes MP, Committee Chair, mentioned University of Warwick private roundtable session and a comment that a provider could collapse before the end of the year. The Minister said “I wouldn’t necessarily say before the end of the year there would be an imminent collapse”. She thought that provider would have spoken to the DfE and OfS.

She repeatedly mentioned the White Paper’s focus on specialisation, efficiency and collaboration. There were two positive mentions of the UUK Transformation and Efficiency Taskforce (particularly the benchmarking work).

When the Chair asked what the government would do if a university was at the point of insolvency the Minister said this wouldn’t happen overnight. “We wouldn’t intervene solely in the interest of protecting a provider, but we would want to protect the interests of students, taxpayers and research”. The UK government would intervene in order to support important research and protect the interest of taxpayers. This might take a whole range of different things for example supporting preparations to support students to transfer to other courses, considering potential partnerships for universities, discussing relevant operational issues that might have an impact on cash flow of university like student loans”.

Insolvency

The Minister said the OfS might decide to issue a student protect direction to protect their interests, and look at safeguarding research. In an insolvency scenario the government priority would be to protect student and taxpayer interests as well as working with DSIT on research capability.

She didn't agree with some of the evidence the committee received about suddenness or immediateness of insolvency or liquidation. The DfE has worked hard to understand legal status of HE providers and legal nature of insolvency process. Were an organisation to enter into compulsory liquidation, she believed insolvency legislation permitted trading during compulsory liquidation which would mean the government could support students and capacity of the provider. There would be opportunities for students to have a teach out of their course or move elsewhere (with achievements protected). The government did not think there was a university in this position.

There was a brief question about the impact on international students, to which the Minister spoke about provisions for students to move to other institutions (including 60 day period to sort visas/sponsorship).

Susan Lapworth agreed it was harder for the OfS to secure good outcomes for students at larger institutions, including due to 'regulatory bite' being less effective the closer a university came to insolvency. She gave figures for the number of providers in the top 3 risk categories: 1 in top category, 24 in next category (12 month risk) and 26 in the third (2-3 year risk). She stressed there were more small than large providers in each category.

Civic institutions

An MP asked about funding/other levers that could be pulled to maximise the civic role of universities. The Minister stressed it was government's responsibility to set out a vision but the sector's role to implement. Examples of ways to measure civic impact included engagement with LSIPs, local employers benefitting from research happening in universities, and universities working with local authorities on mitigating pressures on housing.

Transformation Fund and Collaboration

Asked about a Transformation Fund, the Minister was stressed universities' own responsibilities while acknowledging that the government has a role thinking through regulation and working with universities on specific issues that prevent change happening. She referred to the UUK T&E Taskforce and KPMG/Mills & Reeve work on 'radical collaboration'.

When asked about the VAT regime potentially preventing collaboration, the Minister thought it wasn't a primary issue nor something in her power to change. She loosely committed to raising this with the Chancellor, but mentioned the tuition fee increase as a potential retort.

In response to a question on potential legislative changes around competition law, the Minister seemed to think this would be unnecessary due to ongoing discussions between the CMA, government and sector including guidance from the CMA on which types of collaboration weren't subject to competition law.

Sector finances

Manuela Perteghella MP asked how the Minister would respond to the UUK argument that tuition fee increase had been wiped out by cuts to grant funding, freezing foundation year fees and increasing taxes including NICs. Baroness Smith stressed that the government had made long term commitment to increasing fees, so those other taxes/freezes didn't wipe out the benefit.

Baroness Smith agreed the TEF wasn't yet a good enough measure to be linked with fee increases, but that the OfS was working on it; it would be in a better place by the time of legislation.

TPS

The Minister stressed this was a serious issue for post-92 universities. It was a very difficult situation given how staff value this pension scheme. HMT wasn't keen to provide funding to a sub-section of the sector so other options were being worked through in an active way.

International students

Minister Smith thought the Immigration White Paper was a "balanced package with respect to students". She highlighted various measures the government was taking to maintain the UK's attractiveness and, on the International Education Strategy, said it was led by DfE/DBT, FCDO but HO would see it and input "often lively discussions".

Various MPs raised Public First and IFS modelling on the levy (and criticism). She said all analysis she had seen assumed "elasticity of less than 1" which would still lead to increased revenue even with slightly reduced demand. She repeatedly stressed the need to show the benefit of international students to the domestic market and that the levy was a legitimate way to fund the much needed reintroduction of targeted maintenance grants. She also thought comparisons of tuition fee increase vs. levy cost didn't properly taken into account the value of having longer term certainty of domestic fees.

You can watch the session and read the transcript.

Budget Resolutions – HoC Debate

During Thursday 27 November's Budget Resolutions debate, several MPs raised issues relevant to the higher education sector, including the financial stability of universities, maintenance support for students, and concerns around the proposed international student levy.

Mary Glindon MP (Labour) welcomed the Chancellor's decision to introduce **maintenance grants for disadvantaged students**, but urged the Government to act carefully on the **proposed international student levy**, citing sector warnings that 45% of universities expect to report a deficit this year. She said that diverting international fee income "at such a fragile moment" could cause **course closures, staff redundancies and cuts to student services**, and asked Ministers to review the mechanism before implementation and publish full sensitivity analyses of international demand.

Further concerns were later echoed in a related section of her speech, where she again asked the Treasury to explore alternative funding models to avoid destabilising the sector and raised the issue of **PhD researchers being excluded from childcare support** because stipends are not taxable income. She urged Ministers to work with the Department for Education to find a solution so that researchers receive equal access to the expanded childcare offer.

Adam Jogee MP (Labour) highlighted the Budget's wider benefits for education providers and stated that the measures would offer "more support for **universities and colleges, such as Keele University and Newcastle College**," enabling them to continue providing a "world-class British education."

Sir Mel Stride MP (Conservative) criticised the Government's decision to **freeze student loan repayment thresholds**, warning that younger graduates would be disproportionately impacted given wider changes to national insurance and labour market conditions. He argued that the Budget risked worsening youth unemployment and undermining the prospects of those leaving university or apprenticeships and struggling to secure work.

Wider references to higher education arose in connection with employment and skills. Several Members warned that the economic climate would make it harder for graduates to enter stable employment, while others welcomed the potential for productivity-driven growth that could support university-linked innovation. **Yuan Yang** MP (Labour) cited the University of Reading's strengths in IT and life sciences, noting its "university spin-outs" as part of the region's economic ecosystem.

You can watch the debate and read the full transcript.

Forthcoming Business

Department for Education - Oral Questions

On Monday 1 December, at 2.30pm the Secretary of State for Education, Rt Hon Bridget Phillipson MP, and her ministerial colleagues, will answer oral questions in the House of Commons.

Relevant questions include:

- Sir Gavin Williamson MP (Conservative): What steps her Department is taking to help prevent Chinese influence in universities.

  You can read the full list of questions and watch the session.

The Work of the Department for Education - Education Committee oral evidence session

On Tuesday 2 December from 2:30 pm, the House of Commons Education Committee will hear oral evidence as part of their inquiry into "The Work of the Department for Education".

Witnesses include:

- Rt Hon Bridget Phillipson MP, Secretary of State at The Department for Education
- Susan Acland-Hood, Permanent Secretary at The Department for Education

You can watch the session.

Improving social mobility for careers in the arts and creative – HoL Oral Question

On Wednesday 3 December, an oral question titled "Improving social mobility for careers in the arts and creative" will take place in the House of Lords. This question has been tabled by The Earl of Clancarty (Crossbench).

You can watch the session.

Written questions and statements

Department for Education: Higher Education (Freedom of Speech) Act 2023

Preet Kaur Gill (Labour): (UIN91148) To ask the Secretary of State for Education, when her Department will introduce its proposed changes to the Higher Education (Freedom of Speech) Act 2023.

Josh MacAlister: This government's changes to the 2023 Free Speech Act will create a more proportionate, balanced and less burdensome approach to protecting free speech and academic freedom in higher education. Strengthened free speech duties on higher education (HE) providers and the Office for Students (OfS) came into force on 1 August 2025, including requirements to promote freedom of speech and academic freedom and, for HE providers only, to put in place enhanced codes of practice. We will also seek to repeal and amend elements of the Act where necessary to ensure it is fit for purpose. This includes seeking to repeal the tort and duties on students' unions, and to amend the OfS' free speech complaints scheme and mandatory condition of registration. Making these changes will require primary legislation.

In the meantime, as well as the new provider duties in place, the OfS' director for freedom of speech and academic freedom continues to work with the sector to offer advice and share best practice, so providers themselves are more effectively protecting free speech and academic freedom.

Department for Education: Overseas Students: Admissions

James McMurdock (Independent): (UIN91086) To ask the Secretary of State for Education, what steps she is taking to support higher education providers to (a) diversify their income sources and (b) reduce financial vulnerability arising from international recruitment.

Josh MacAlister: Higher education (HE) providers are responsible for managing their finances. As such, they must continue to adapt to uncertainties and financial risks. However, this government is committed to putting the HE sector on a secure financial footing so that it can face the challenges of the next decade.

Our decision to raise tuition fees annually in line with inflation, alongside refocusing the Office for Students (OfS) on monitoring the sector's financial health, demonstrates this commitment.

The government does not currently have any plans to issue guidance to higher education providers in light of the Office for Student's (OfS) assessment of the HE sector's reliance on international student fee income. The OfS is responsible for monitoring and reporting on the financial sustainability of the sector, including risks relating to international student recruitment.

Ministry of Justice: Demonstrations: Sentencing

Jim Shannon (Democratic Unionist Party): (UIN91338) To ask the Secretary of State for Justice, if he will issued sentencing guidelines for people convicted of supporting Hamas during university protests.

Jake Richards: The Government is absolutely clear that support for proscribed organisations is unacceptable. Section 12 of the Terrorism Act 2000 (TACT) makes it an offence to invite support for; recklessly express support for; or arrange a meeting in support of a proscribed organisation. Section 13 of TACT makes it an offence to wear clothing or carry articles in public, which arouse reasonable suspicion that an individual is a member or supporter of a proscribed organisation, and publish an image of an item of clothing or other article, such as a flag or logo in the same circumstances. Proscription offences can carry a maximum penalty of up to 14 years in prison and/or an unlimited fine.

While everyone is entitled to their political opinions, and higher education providers have duties to take reasonably practicable steps to secure freedom of speech and academic freedom within the law, any discussions and protests must be lawful. Inciting others to violence or terrorism is not protected speech. In these instances, we would expect university leaders to take robust action, particularly where there are concerns that a criminal act may have been committed, including reporting crimes to the police.

The investigation and prosecution of criminal offences, including determining whether an offence has been committed or not, is a matter for the police and Crown Prosecution Service, which are operationally independent. Sentencing decisions in individual cases are a matter for the independent judiciary.

Sentencing guidelines are developed by the Sentencing Council for England and Wales, in fulfilment of its statutory duty to do so. All sentencing courts in England and Wales must follow any sentencing guidelines which are relevant to the offender's case, unless it is in the interests of justice not to do so (by virtue of section 59 of the Sentencing Code). The court must give reasons when departing from the guidelines.

The Sentencing Council has issued a package of guidelines on terrorism offences, including the s.12 TACT offence of support of a proscribed organisation, which provide the Court with guidance on factors that should be considered, which may affect the sentence given. They set out different levels of sentence based on the harm caused and how culpable the offender is. The guidelines also include non-exhaustive lists of aggravating and mitigating factors which can result in an upward or downward adjustment in the sentence. The guidelines can be found online at the Council's website: https://sentencingcouncil.org.uk/.

Department for Education: Gender: Academic Freedom

Preet Kaur Gill (Labour): (UIN91147) To ask the Secretary of State for Education, what steps her Department is taking with universities to ensure academics with gender-critical views are not treated differently and that their research is allowed to be published.

Josh MacAlister: This government is absolutely committed to freedom of speech and academic freedom. Higher education (HE) must be a space for robust discussion and intellectual rigour. Academics must be allowed to test the truth of the ideas that shape society and participate in the free exchange of ideas.

The department has confirmed our plans for the Higher Education (Freedom of Speech) Act 2023, which will create a more proportionate, balanced and less burdensome approach to protecting free speech and protecting researchers' rights to academic freedom. From 1 August 2025, providers have strengthened duties to secure and promote the importance of free speech. These duties require HE providers to take reasonably practicable steps to protect those expressing lawful views, including those which may be gender critical.

The Office for Students has also set out detailed published guidance for HE providers on how to implement their duties and protect academic freedom, including in relation to the expression of gender critical views.

As well as taking reasonably practicable steps to protect the lawful freedom of speech and academic freedom of all academics, including those with gender critical beliefs, HE providers must also comply with relevant provisions of the Equality Act 2010, which prohibits unlawful discrimination in relation to protected characteristics, such as gender critical beliefs.

Department for Education: Universities: Finance

Ian Sollom (Liberal Democrats): (UIN91217) To ask the Secretary of State for Education, what protocols exist for (a) her Department and (b) the Office for Students when approached by (i) universities and (ii) lenders regarding (A) university financial difficulties, (B) debt arrangements and (C) lending terms.

Josh MacAlister: The department does not intervene directly in negotiations between universities and banks. As independent institutions, universities are responsible for managing their own finances. We do of course regularly meet both with providers and banks to discuss the finances of higher education institutions. However, it is important these discussions are kept confidential.

The processes and protocols of the Office for Students (OfS) are a matter for them. In the first instance, providers should speak to the OfS where they have identified financial risk.

Department for Education: Students: Grants

Freddie Van Mierlo (Liberal Democrats): (UIN91873) To ask the Secretary of State for Education, what assessment she has made of the adequacy of student maintenance grants in meeting students' living costs.

Josh MacAlister: The previous government removed maintenance grants, and the real-terms value of loan support for students has reduced by more than 20% over the last five years. It is essential that our government improves this.

That is why we will reintroduce targeted means-tested maintenance grants before the end of this Parliament, funded by a levy on international student fees. The grants will support students from low-income households studying courses aligned with our missions and the Industrial Strategy, and we will set out further detail at the Autumn Budget.

Additionally, the government will increase maintenance loans in line with forecast inflation every academic year. This will provide students with long-term financial certainty on the financial support they will receive while studying and ensure that students from the lowest income families receive the largest year-on-year cash increases in support.

Department for Business and Trade: Universities: Conditions of Employment

Justin Madders (Labour): (UIN93010) To ask the Secretary of State for Business and Trade, what steps he has taken to protect university workers' terms and conditions when they are transferred to a subsidiary company.

Kate Dearden: When a business changes its owner, its employees may be protected under the Transfer of Undertakings (Protection of Employment) Regulations (TUPE). TUPE may also apply when a service transfers to a new provider. If TUPE applies, the employees' jobs usually transfer over to the new company, and their employment terms and conditions transfer. The new employer cannot change an employee's terms and conditions if the reason is the transfer itself.

Department for Science, Innovation and Technology: Universities: Research

Pippa Heylings (Liberal Democrats): (UIN92052) To ask the Secretary of State for Science, Innovation and Technology, pursuant to the Answer of 20 October 2025 to Question 79133 on universities: research, what assessment she has made of the impact of the MRC funding model changes on universities.

Kanishka Narayan: The change to the Medical Research Council's (MRC) funding model was informed by the findings of the 2020 MRC Unit and Centre Review. This found that a new model could support more strategic investment in medical research, enable closer collaboration with industry, and help researchers be more agile in their work.

MRC Centres of Research Excellence (CoREs) are a new way of funding bold and ambitious science, tackling the most important challenges by delivering transformational impact in biomedical and health research. Establishment of the new CoRE funding model is a change in the mechanism of support and does not in any way change MRC's intent to continue supporting high quality research. Existing units are invited to secure continued, long-term investment through the new CoRE model, while other research activities are invited to transition onto MRC grant support. The MRC continues to provide routes for sustained research investment, mitigating the risks to universities as much as possible.

Department for Education: Erasmus+ Programme

The Lord Moraes OBE (Labour): (HL11748) To ask His Majesty's Government whether they are seeking to rejoin the Erasmus programme, or an equivalent scheme, as part of their post-Brexit reset plans.

The Rt Hon. the Baroness Smith of Malvern: The UK and EU agreed a substantial package to take forward our future partnership, at the first UK-EU Summit in London on 19 May. At the summit, the UK agreed to work towards association to Erasmus+ on mutually agreed financial terms. The government will ensure that any agreement resulting from the negotiations reflects a fair balance between the UK financial contribution and the number of UK participants who receive funding from it.

Department for Science, Innovation and Technology: Research: Databases

The Lord Clement-Jones CBE (Liberal Democrats): (HL11714) To ask His Majesty's Government what is the total cost to UK Research and Innovation (UKRI) of the Data and Analytics Research Environments UK research programme; how much if any in additional funds that programme has received from non-UKRI sources; and how much of those funds were finally spent, and by which UK universities or organisations, at the end of the institutional funding chain.

The Lord Vallance of Balham KCB: The Data and Analytics Research Environments UK (DARE UK) programme is funded by UK Research and Innovation (UKRI) and co-delivered by Health Data Research UK (HDR UK) and Administrative Data Research UK (ADR UK) who jointly oversee programme delivery.

The Medical Research Council (MRC), which is part of UKRI, has provided £24.4m since 2021 to the DARE UK research programme. This was allocated from the UKRI Digital Research Infrastructure (DRIC) fund. Funding has been awarded to a range of projects led by over 28 research organisations.

Details of recipient organisations are available at GtR.ukri.org

A list of the DARE UK Early Adopters (projects supporting the testing and integration of capabilities in UK Trusted Research Environments) awarded by the DARE UK team are available at dareuk.org.uk

Final spend figures for on-going projects will be confirmed in due course via DARE UK (Data and Analytics Research Environments UK) – HDR UK.

Sector news

Universities receiving £6.4bn a year less for teaching students compared to a decade ago – UUK analysis

New analysis from Universities UK (UUK) shows the scale of underfunding English universities face in teaching today's home students, compared to ten years ago.

Taking the 2015-16 academic year as the baseline, the analysis tracks the ‘unit of resource' for teaching in England – which includes both tuition fees and direct government grants – up to this academic year. Both funding streams have failed to keep up with inflation through this period, leaving universities in England today receiving £6.4bn a year less in real terms for teaching home students compared to a decade ago. It means that funding per student for teaching in 2025-26 is 64% of the level it was in 2015-16.

The figures ahead of this week's Budget also come on the back of recent analysis published by the Office for Students predicting 45% of universities will face a deficit this academic year, compared to 34% when the regulator undertook the same analysis six months ago.

While the government has recently announced it intends to link tuition fees to inflation from now on, this will only prevent the gap that has grown in funding the teaching of domestic students from growing further. The yearly £6.4bn shortfall is effectively ‘baked in' to higher education funding in England without increases in direct grant funding.

The regulator's figures also reveal how the government's proposed tax on international students, which government says will be used to fund maintenance grants for key subjects, will further hit the sector's finances. It is expected to add £780m of additional costs to universities each year, with an inflation uplift to tuition fees expected to raise just over half that amount annually, £440m.

Research with 60 of UUK's members has previously shown how, in gripping the financial challenges they face, universities have been taking difficult decisions, including on course provision. 49% of those surveyed in spring 2025 had closed courses; 55% consolidated courses; 46% removed module options, and 18% closed departments entirely. Meanwhile nearly 80% are considering future reductions in research investment.

UUK is calling for government to change its approach and recognise the damage that a tax on international students will do to their ability to drive economic growth by meeting the future skills needs and undertaking cutting-edge research and innovation.

Vivienne Stern MBE, Chief Executive of Universities UK, said:

This Budget has to be about growth. The Government has rightly identified universities as fundamental to this aim. They contribute over a quarter of a trillion pounds to the economy each year, they are a vital component of the skills system and provide the foundation of many new companies with the highest growth potential. The Secretary of State for Education was right to set the goal of putting universities on a firm financial footing.

“If that's the goal, this research shows just how far off achieving that we are Universities are cutting costs hard, losing jobs and courses as a result. They are also showing that they can do things differently, with mergers and collaboration on the cards for some.

“The decision to increase fees in England in line with inflation was brave, and the right thing to do. It is beyond disappointing that the government plans to remove more than the amount this will bring into universities through a new tax on international students. That is the opposite of helpful, taking us further away from the goal of financial stability; which we need to play our full part in delivering the government's missions.

You can read the full analysis.

Funding, finance and reform: an analysis of the Post-16 Education and Skills White Paper - Institute for Fiscal Studies

On Monday 24 November, the Institute for Fiscal Studies (IFS) published analysis of the Post-16 Education and Skills White Paper. The report focuses primarily on the funding and finance elements of the White Paper and their implications for learners, providers and public spending.

Key findings include:

1. The White Paper sensibly considers the entire post-16 education system – further and higher education – together. **This is a step in the right direction, but while the scope is broad, the paper mostly focuses on individual policy measures and the proposals do not always add up to a coherent overall**

strategy. There is insufficient indication of how the different reforms connect, or strategic vision for how key trade-offs in the system will be resolved.

2. The government has set a **headline target of two-thirds of young people participating in higher-level learning** (degrees and advanced technical courses), but with no deadline. Currently, about half of young people participate in higher-level learning. Based on existing trends, the goal would be met by the late 2030s. Achieving the target earlier, by 2030, would mean around an extra 50,000 young people participating in higher-level training relative to current trends. The government should set a clear deadline for the target as this will determine how ambitious it is.

3. The White Paper confirms that **funding for 16–19 education will increase by £450 million in real terms between 2025–26 and 2026–27**, with the extra coming from within the Department for Education's budget set out in the 2025 Spending Review. This translates into a 3% increase in **real-terms spending per student between 2025–26 and 2026–27.** That is a significant increase given the overall 1.8% increase in day-to-day spending implied by the Spending Review over this period. Even so, funding levels will remain below those of the early 2010s – with real-terms funding per pupil **around 4% lower in colleges and 18% lower in school sixth forms.**

4. The government has committed to increasing the cap on tuition fees for domestic undergraduates in line with inflation each year. This will **arrest the decline in real-terms per-student teaching resources**, which had been steadily eroded by successive cash-terms freezes to the tuition fee cap since the tripling of fees in 2012/13. Although the fee cap was already increased with inflation this year (to £9,535), confirming an ongoing path of inflation-linked increases provides some much-needed certainty for universities and prospective students alike.

5. The new Lifelong Learning Entitlement is expected to be available from September 2026. This will give adults from age 18 a flexible loan entitlement equivalent to four years of post-18 study (worth £38,140) to use across further and higher education – including, in some subjects, for individual modules of larger courses. This has the potential to make it easier to mix academic and vocational study, as well as supporting those retraining later in life. But its success will depend on learners and employers seeing value in individual modules. **Early evidence underscores the delivery challenge with the Lifelong Learning Entitlement: in a recent trial of short courses, only 125 people enrolled** compared with an expectation of around 2,000.

6. Living-cost support for students – which is provided in the form of maintenance loans – has become substantially less generous in real terms

over the last decade. The maximum loan has been increased in line with forecast inflation each year, but inflation has been higher than expected, and fewer students have been entitled to the maximum each year as a result of a long-running freeze in the household income thresholds that determine the amount of loan people are eligible for. The government intends that the maximum loan will continue to rise in line with inflation, but if it maintains the freeze in income thresholds, **by 2029/30, some students may be able to borrow over £1,000 (around 15%) less in real terms than equivalent students would be entitled to this academic year.**

7. The government will reintroduce **maintenance grants for low-income students studying 'priority subjects' by the end of this parliament**. It has said little about the design of the new grants, with more detail promised at the Budget. Limiting the grants to those on 'priority courses', as the government plans, and who are also currently eligible for the maximum student loan would lead to about 10% of England-domiciled students being eligible. If, for example, the government awarded a flat grant worth £4,000 a year to this group, the total cost would be around £500 million. Restoring the system of maintenance grants that was in place until 2016/17 – where more than half of students received grants – would cost around £2.6 billion in today's prices.

8. The government plans to introduce a new levy on tuition fees paid by international students, with further details expected in the Autumn Budget. If the levy were applied at the 6% modelled in the immigration White Paper, it would likely have raised slightly less than £600 million if it had been in place in 2023/24. **The government should be clear on the economic rationale for such a levy, which would constitute a tax on the UK's exports.** There is no meaningful sense in which the revenues raised from this levy will "pay for" the reintroduction of maintenance grants for some students, as government has claimed.

9. Labour's 2024 manifesto proposed broadening the apprenticeship levy into a growth and skills levy, allowing employers to use levy funds for a wider range of training. **The White Paper confirmed that this will go ahead from April next year, but there are still big questions over design.** The government has so far only indicated that new 'apprenticeship units' will fall within scope, without defining what these are. For employers and learners planning their training, greater clarity is needed sooner rather than later.

Responding to the publication, Universities UK has drawn attention to the IFS adding its voice to growing concerns about the negative impact of any international student levy.

Vivienne Stern MBE, Chief Executive of Universities UK, said:

"Expert voices from all quarters are questioning the economic rationale for the proposed international student levy. It would have severe consequences for the finances of universities and their activities in support of the government's missions - innovation and R&D, teaching domestic students and widening participation. The tax is being proposed at a time when the higher education sector is already facing strong financial headwinds with universities and grappling with real-terms reductions in the teaching unit of resource, as our analysis published today shows.

"Having a respected body like the IFS call this a "tax on a major UK export" must act as a wakeup call. We urge government to drop this proposal ahead of the Budget and take the necessary time to fully consider the implications of introducing such a levy. Government and sector must work together on finding alternative ways to fund enhanced maintenance support."

You can read the full report.

More targeted R&D investment towards driving UK growth and jobs unveiled by Technology Secretary

On Monday 24 November, the Department for Science, Innovation and Technology announced plans to direct public research and development funding more tightly towards defined national priorities, economic growth and talent attraction.

UK Research and Innovation (UKRI) will allocate a substantial share of its £38.6 billion budget to areas identified by the government as having high strategic or economic potential. This includes £8 billion for priority research areas such as climate resilience and flood defence, £7 billion to support the growth of innovative companies in emerging sectors, and £14 billion for curiosity-driven research.

Within this funding, £9 billion will be directed toward fields in which the UK is considered internationally competitive, including artificial intelligence, quantum technologies and engineering biology. Planned increases include nearly tripling engineering biology funding to £644 million and more than doubling AI funding to £1.6 billion.

The government expects these investments to support the expansion of high-potential firms and strengthen sectors such as clean energy, advanced materials, diagnostics and other technologies with projected impacts on productivity and GDP. Examples cited include companies developing graphene-based products, fuel cell technologies and rapid diagnostic tools.

Universities will see increases in core research and commercialisation funding in line with expected inflation for the next three academic years.

Alongside the funding reforms, the government highlighted efforts to attract international scientific talent. The £54 million Global Talent Fund has begun enabling senior researchers and teams to relocate to the UK across sectors such as neuroscience, psychiatry, plant–insect interactions and molecular biology. In total, the programme aims to attract 60–80 researchers to priority areas outlined in the Modern Industrial Strategy. Additional recruitment continues through UKRI and the UK's National Academies.

Further measures announced include:

- Opening the competition for the next Chair of the UKRI Board.
- Launching two new R&D Missions Accelerator challenges in construction digitalisation and creative content infrastructure.
- Opening the latest Women in Innovation Awards round, offering £4.5 million for up to 60 awardees.
- Increasing funding for the Metascience Unit to £49 million, including expanding distributed peer review and creating a £6 million grant opportunity for metascience projects.
- Additional investments through the Medical Research Council and other bodies to support early-career and international researchers.

These actions form part of a wider government approach to align public R&D investment with economic objectives, promote innovation-led growth, and strengthen the UK's research base.

Vivienne Stern, Chief Executive of Universities UK, has responded to Science and Technology Secretary Liz Kendall's speech at the UKRI Growth Summit:

"The UK is really good at research, discovery and innovation, and our universities are amongst the best in the world. The government is right to double down on this as an area of real strength, and a reason to be optimistic about the future of the UK.

Today's announcement sets out a clear framework to help the public and politicians see the real benefits that research brings to our everyday lives. World-leading research is happening right now at universities across the length and breadth of the country, helping us respond to global challenges, creating great jobs and driving local growth. It is great to see the government recognise the value of curiosity-driven research and funding for QR and HEIF remain stable, so universities from all four corners of the UK can continue to deliver for the country and power the industrial strategy."

You can read the full announcement.

Budget 2025 – HM Treasury

On Wednesday 26 November, the Government published its 2025 Budget, setting out its plans for taxation, spending and growth.

UUK has prepared a detailed briefing on the Budget and its implications for the HE sector, which you can read here.

Key points include:

International student levy (England-only)

- The international student levy will be set at a flat rate of £925 per international student, per year, paid from 2028/29, with an allowance for the first 220 students.
- The levy will be collected by the Office for Students.
- DfE have launched a technical consultation on the levy's implementation, which will cover practical details including relevant definitions, calculating the levy, and operationalising payments.

Maintenance grants (England-only)

- From 2028/29, maintenance grants will provide £1,000 per year for the first two years of study for the most disadvantaged students (those with household residual incomes below £25,000).
- This will taper down to £500 for household incomes of £30,000. Students in their third year and onwards will be eligible for £750 and £375 respectively.
- Exact subject eligibility is to be confirmed but will draw from Skills England analysis, sector engagement and potential alignment with LLE subject lists.

Tuition fees and maintenance loans (England-only)

- Building on announcements made in the post-16 education and skills white paper last month, the cap on domestic undergraduate tuition fees in England will rise to £9,790 in 2026/27, and £10,050 in 2027/28.

- The maximum maintenance loan, for students living away from home outside of London (not receiving benefits), will rise to £10,830 in 2026/27. The 2027/28 rate has not been set.

Growth and Skills Levy

- An additional £725 million has been allocated for the Growth and Skills Levy, including a change to fully fund SME apprenticeships for eligible people under 25. Short apprenticeship units will also be introduced from April 2026, and more details on the Growth and Skills Levy package will be announced shortly.

Salary sacrifice

- Salary sacrificed pension contributions above an annual £2,000 threshold will no longer be exempt from National Insurance from 6 April 2029.

Student loan repayment thresholds

- There will be a freeze to the repayments and interest rate thresholds for Plan 2 student loan repayments for three years starting from 2027-28, estimated to raise around £400 million a year.

You can read the full Budget.

International student levy technical detail - DfE

Following the Chancellor's confirmation in the Budget, the Department for Education has now launched its technical consultation on the International Student Levy, providing details on the design and delivery of the policy.

Under the proposals:

- providers will be required to pay a **flat fee of £925 per international student per year**
- the levy will be **collected by the Office for Students**
- it will come into force on **1 August 2028**
- revenues will fund the **reintroduction of targeted maintenance grants for disadvantaged domestic students**, forming part of the government's *Plan for Change*

The consultation focuses on the **scope, calculation, and payment mechanisms** of the levy, and is aimed at higher education providers and tax professionals.

While UUK strongly supports the return of maintenance grants as an important tool for widening access, we remain deeply concerned about the financial impact of the levy on universities, particularly at a time when the sector is already experiencing severe funding pressures. International students play a vital role in sustaining the quality and breadth of teaching and research in the UK, and any changes to the financial model must avoid unintended damage to institutional stability.

We will be coordinating a sector-wide response to the consultation, and we would be grateful for your support in sharing our key messages through your networks. Please keep us informed of any engagement you undertake with stakeholders locally and nationally.

The deadline for the consultation is 18 February 2026.

You can read the full announcement.

Skills Imperative 2035: Creating a system of lifelong learning to provide the essential skills for tomorrow's workforce – NFER

The Skills Imperative 2035 programme, a five-year research initiative funded by the Nuffield Foundation, has examined how labour-market requirements are expected to change and how education, training systems and employers may need to respond. The final report, published by the National Foundation for Education Research, consolidates findings from the programme's previous working papers and technical studies.

This research programme has investigated how job and skill requirements are likely to change in future, and how the education and skills systems, and employers, need to respond to ensure that change makes everyone, not just a few, better off.

It shows that changes in the labour market are now happening faster than previously projected, by as much as three times for some occupations. If this trend continues through to 2035, there could be between one and three million fewer jobs in 'high-risk' declining occupations (e.g. administrative, secretarial, customer service and machine operators). This carries threats, not only for workers in these occupations, but also for young people who leave education without the skills and qualifications typically required to enter high-skilled growth occupations.

Greater focus is needed not only on supporting more workers in high-risk occupations to reskill and change careers, but also on ensuring more young people leave education with the qualifications and skills needed to compete for entry-level roles in high growth areas.

This requires a system of lifelong learning that nurtures the development of individuals' skills throughout early childhood, education and work. In the final report from The Skills Imperative 2035, we elaborate on the challenge that lies ahead, before setting out the collective response required from government, employers and the education system.

You can read the full report.