



Department for Education

2025-0043609

**The Rt Hon Baroness Jacqui Smith
Minister for Skills**

Johnny Rich
Chief Executive
Engineering Professors Council
By email: j.rich@epc.ac.uk

23 December 2025

Dear Johnny,

Thank you for your correspondence of 18 November, regarding the international student levy.

As you note, the levy will fund the reintroduction of maintenance grants for students from the lowest income families, so that they can progress into and excel in higher education (HE). It is right to ensure that all young people have access to the opportunities they deserve, and we are delivering this through our Opportunity Mission, breaking the damaging link between background and success.

HE providers will pay a simple flat fee of £925 per international student per year. This is broadly equivalent to a 4.5% fee, a reduction from the 6% level initially proposed in the immigration white paper. The income raised by this levy will be fully reinvested into HE and skills, including the reintroduction of targeted maintenance grants for priority courses, progression through the post-16 system, and investment in the wider skills system.

The levy forms part of the plan for HE student finance and funding reform, as set out in the Post-16 Education and Skills white paper. It should be seen as part of a wider plan which puts the sector on a secure financial footing, whilst also ensuring that it contributes to wider governmental objectives.

I can assure you that the levy has been designed with fairness at its core. As you note, we are also increasing tuition fee caps for all HE providers in line with forecast inflation in 2026 to 2027 and 2027 to 2028, to provide long-term certainty over future funding for the sector. We will also legislate, when parliamentary time allows, to increase tuition fee caps automatically for future academic years for high-quality HE providers.

We believe that inflation-linked tuition fee uplifts will provide a strong and sustainable funding stream for our universities. Over the next five years, these uplifts are currently projected to generate around £6 billion, significantly outweighing the cost of the levy, which is currently projected as less than £1 billion. This approach ensures that the sector benefits from compounding annual increases, delivering growing resources to support quality education and innovation.

I can assure you that we have listened to concerns raised by the sector. Providers will be given an allowance for the first 220 international students each year. This is to mitigate the levy having a disproportionate impact on smaller providers, particularly those operating specialist and resource intensive models with limited other means of cross-subsidisation.

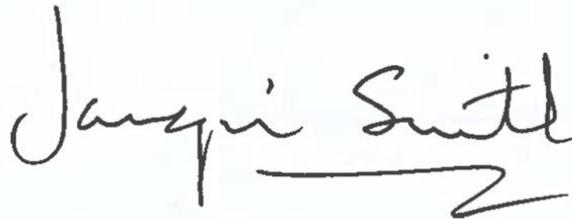
Furthermore, the levy will not be introduced until academic year 2028 to 2029 to give providers time to plan for its introduction. Providers will also pay the levy one year in arrears, to help with their financial planning. I can assure you that we will keep the rate under review and future decisions on deployment of the proceeds of the levy will be set out at the next Spending Review, including in the priority areas of research and skills.

We will continue to engage with providers on the implementation of the levy to ensure its effective introduction and operation. We have now launched a technical consultation that gives providers the opportunity to contribute their views and shape how the levy will be delivered when it is introduced in 2028. Providers have until 18 February 2026 to respond, and you can access the consultation on the GOV.UK website at: [tinyurl.com/2PHZ6ZED](https://www.gov.uk/consultation/2PHZ6ZED).

Thank you also for your kind offer to meet. Unfortunately, diary pressures mean that I am unable to accept at this time. I would instead encourage you to engage with the consultation, which will form part of our thinking on the levy's implementation.

Thank you again for writing on this important matter.

Yours sincerely,

A handwritten signature in black ink that reads "Jacqui Smith". The signature is written in a cursive style with a long horizontal flourish at the end.

**The Rt Hon Baroness Jacqui Smith
Minister for Skills**