



**Department for Education technical
consultation on the International Student
Levy**

**Response from the Chartered Association of
Business Schools**

18th February 2026

Chartered ABS response to the Department for Education's technical consultation on the International Student Levy

Question 5: Are there any circumstances not specifically mentioned in the technical consultation document, for which it is unclear whether a provider is or is not in scope? [Yes/No]; Please provide additional information.

Yes.

There are a handful of institutions that offer only postgraduate programmes. Given that the funds generated by the levy will largely be redirected towards initiatives designed for undergraduate students, such as maintenance grants, we question whether these institutions should be included in the levy. If they are included, there should be a clear mechanism to ensure that a proportion of the levy funds supports their widening access or student support programmes.

Question 6: Do you foresee any challenges with the definition of international students included in the technical consultation document? [Yes/No]; If yes, please provide additional information.

Yes.

While the Government has rightly stated that transnational education (TNE) delivered by providers in a country other than the United Kingdom will not be in scope of the levy, it is unclear whether students on joint or dual degrees where a portion of the degree is physically taught in England will be in scope.

Similarly, it is also unclear whether exchange students, students on placements or sandwich years, and foundation students will be within the scope of the levy.

We strongly believe there are a number of exemptions that should fall outside the scope of the levy.

- **Students on joint or dual degrees within a TNE partnership or as part of a multi-campus university or school:**
 - In a survey of Chartered ABS members on the scope of the international student levy, 47% of respondents agreed that students on joint or dual degrees should be exempt.
 - While the Government has indicated that these students will only be in scope for periods physically taught in England, we are concerned that including these students could lead to changes in the delivery of certain joint degrees with providers potentially offering fewer joint degrees. This would undermine the student experience whilst reducing the economic benefit of international students studying in the UK.

- There are a small number of schools that have multiple campuses across different countries, and as part of their degree programmes students are required to rotate between these campuses. Students who come to study in the UK under these arrangements should not be within scope, as they are usually in the UK for only a short period of time. If the levy were to apply to them, it could influence schools and universities to reduce their presence in the UK or discourage future arrangements from including the UK.
 - Students who are coming here on a time-limited basis should not be in scope of the levy as they are unlikely to settle in the UK. Furthermore, this would not sit well with the education ministries and regulators in partner countries and run contrary to the direction laid out in the new International Education Strategy.
- **Scholarship-funded international students:**
 - Students coming to the UK on government-funded scholarships should be exempt from the scope of the levy to help ensure cordial relationships with sponsor countries. This would not sit well with the education ministries and regulators in partner countries and run contrary to the direction laid out in the new International Education Strategy.
- **Students who have withdrawn from the course:**
 - The Government has indicated that students that withdraw from a course within two weeks of starting without being awarded any qualification or credit will not be in the scope of the levy.
 - Around 83% of our members believe the two week withdrawal is insufficient. We believe the withdrawal time frame should be extended to a reasonable time frame of at least 12 weeks. This will ensure that institutions are not liable to pay for students that have withdrawn from a course within a short period of time.
- **Students on an exchange year in the UK:**
 - An overwhelming majority (77%) of Chartered ABS members who responded to our survey on the levy agreed that exchange students should be exempt from the scope of the levy.
 - We are concerned that including these students could lead to changes in the delivery of certain exchange programmes with providers potentially offering fewer opportunities for exchange students.
 - This would undermine the student experience whilst reducing the economic benefit of international students studying in the UK. Students who are coming here on a time-limited basis should not be in scope of the levy as they are unlikely to settle in the UK. Furthermore, this would not sit well with the education ministries and regulators in partner countries

and run contrary to the direction laid out in the new International Education Strategy.

- We are also concerned that the levy would apply to students covered by the newly signed Erasmus+ agreement. This would run counter to the spirit of the agreement, which aims to broaden opportunities for young people from all backgrounds, as well as learners and education, youth and sport staff, to study and train abroad.
- Students from the UK studying in Erasmus+ partner countries are not subject to comparable levies. The UK should therefore extend reciprocal treatment to Erasmus+ students who come to study in the UK.
- **Students on placement years:**
 - More than half (53%) of Chartered ABS members responding to our survey on the levy believed that students on placement years should be exempt from the levy.
 - Students employed by a company as part of their degree for a placement or sandwich year should not be within scope of the levy during the placement year as they are working rather than studying during that period.
 - These students typically pay reduced tuition fees during their placement year, equating to about 20% of full-time tuition fees.
 - Including placement year students would therefore disproportionately increase the levy burden relative to the fee income received, without reflecting their actual cost or funding position.
- **British Nationals Overseas:**
 - We are concerned that certain British citizens who live outside of the UK and therefore are not eligible for home fee status will be within scope of the levy. We believe this could be addressed by changing the scope of the levy to those students that are studying in the UK on a study visa.
- **PHD students:**
 - We believe that these students should be exempted from the levy. UKRI funding is allocated to both UK and international PhD students, therefore applying the levy on these students could be viewed as a levy on UKRI funding.
 - Additionally, they should be exempt from the levy, consistent with how PhD students are treated in other countries. For instance, in many European countries international PhD students are not charged tuition fees, or their tuition fees are subsidised by the state.
 - PhD students contribute significantly to the UK's research and innovation ecosystem, and applying a levy to them would undermine their contributions.
- **Foundation years:**

- We seek clarity on whether foundation year international students will be included within the scope of the levy.
- We believe these students should be exempt from the scope of the levy, as their numbers will be limited. However, applying the levy could make the UK a less attractive study destination, given that the impacted students would face increased fees over four consecutive years.

Question 8: Do you think the proposed restrictions to the scope of the levy would have any unintended consequences on the behaviour of students or providers? [Yes/No]; If yes, please provide additional information.

Yes.

While we are not aware of any unintended consequences as a result of the restrictions to the scope of the levy, we do believe there will be changes in provider and student behaviour due to the broad scope of the levy.

As mentioned in our response to question 6, we are concerned that if students on joint TNE degrees or exchange years are within scope of the levy this could result in changes in the delivery of certain joint degrees with providers potentially offering fewer joint degrees or opportunities for exchange students. This would undermine the student experience whilst reducing the economic benefit of international students studying in the UK.

This would also run counter to the Government's International Education Strategy and undermine the bold ambition for the education sector to collectively grow education exports to £40 billion per year by 2030. The strategy has identified TNE as a significant growth opportunity and many of our business schools are exploring and building TNE partnerships.

However, these partnerships will only be successful if they are built on sustainable and mutually beneficial foundations. Partner countries will not look favourably at the UK if their students are being charged the international student levy. Even though institutions are liable for the levy, many of our members, around 57%, expect to pass on the cost of the levy to the student.

Therefore, we are concerned that partner countries and institutions may engage in fewer joint degree ventures if the UK is deemed too expensive or unwelcoming to international students.

Similarly, as the UK has recently rejoined Erasmus+, applying the levy to Erasmus+ students studying in the UK could have damaging consequences for the UK's relationship with its European partners. More importantly, if institutions pass these costs on to students, it may discourage participation in the Erasmus+ programme, particularly if the UK is perceived as a costly destination. Given that the UK is already

regarded as a more expensive study destination compared to many European countries, it is therefore imperative that the government exempt exchange students from the levy to ensure the UK remains an attractive and competitive study destination.

Question 9: Do you foresee any difficulties with the method for calculating the levy, which is outlined in the technical consultation document? [Yes/No]; If yes, please provide additional information.

Yes.

The proposed methodology for determining which students fall within scope includes all existing and new international students registered with higher education providers After 1 August 2028.

However, many business schools offer alternative intakes beyond the traditional September start date. For example, 74% of our members offered a January 2025 intake for their programmes, meaning that some students will span two academic years. In light of this, it is important that the Government and the Office for Students have robust mechanisms in place to avoid double counting and that they clearly set out how such cases will be treated in their response to the consultation.

Furthermore, institutions should be able to reconcile and verify the data directly with the OfS if they believe that the figures are higher than expected. The OfS has previously stated that there will be an appeals process. We would like the Government to share further details about how this appeals process would work in their response to the consultation.

Question 10: Are there any circumstances, not specifically mentioned in the technical consultation document, in which it is unclear whether a learner should or should not be counted in the calculation of the levy? [Yes/No]; If yes, please provide additional information.

Yes.

As mentioned elsewhere in this consultation response we believe there should be an expanded time frame for when levy payments do not apply for students that have withdrawn from course. The Government has indicated that students that withdraw from a course within two weeks of starting without being awarded any qualification or credit will not be in the scope of the levy. However, if a student withdraws from a course within 15 days, then the institution will still be eligible for the payment of the levy. We believe the withdrawal time frame should be extended to a reasonable time frame of at least 12 weeks. This will ensure that institutions are not liable to pay for students that have withdrawn from a course within a short period of time.

Similarly, there should be adjustments made for students who have not made the full

payment of tuition fees. In this case, the institution should only be required to pay its proportional share of the tuition paid by students rather than the full £925 levy fee.

Question 12: Does the timing of payment outlined in the technical consultation document coincide with any key financial processes that may impact a provider's ability to pay within the proposed timings? [Yes/No]; If yes, please provide additional information.

Yes.

The timing of the payment is important. Universities experience financial pinch points throughout the year due to the timing of student loan payments. Key periods, such as the start of the Autumn term, require universities to cover staff salaries, teaching costs, and other upfront expenses before loan payments are received. Levy invoicing that does not account for these timing pressures could create cash flow difficulties for institutions.

The consultations states that the payments have spread out over four payments a year which should minimise the impact on cash flows. However, the timing of these payments is still important.

For instance, changes to the Lifetime Learning Entitlement (LLE) affect how the Student Loans Company (SLC) pays tuition fees to universities. Levy invoices must take this into account, as students' LLE usage can delay or alter SLC payments. Issuing invoices in late January, after most relevant payments have been processed, would help align levy charges with actual funding received, reducing financial strain on institutions.

Question 13: Does the approach to payment outlined in the technical consultation document pose any challenges for providers with alternative academic years? [Yes/No]; If yes, please provide additional information.

Yes.

The consultation states that the OfS will issue invoices at the end of the academic year, as most providers' financial years align with the academic year. However, as noted elsewhere in this response, students on January or other alternative intakes do not follow the traditional academic year. This creates a risk that invoices may not reflect the final, reconciled student data. To address this, the OfS should allow institutions to review and reconcile the data throughout the year, rather than only after the invoice has been issued.

Question 14: 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? [Yes/No]; If yes, please provide additional information.

Yes.

While the purpose of the consultation is to gather views on the technical aspects of the levy, we want to ensure the Government is prepared for the unintended consequences of the levy. The implementation of the levy will inevitably impact the number of international students coming to study in the UK thereby impacting how much money the levy will raise. Around 67% of our members have told us that the levy would lead to a decrease in the recruitment of international students. This will result in less income from the levy than the Government's modelling predictions.

Business schools recruit the largest share of international students, approximately one in three of all international students in the UK are enrolled in a business school. This levy will have a significant impact on business school finances, particularly at a time when their finances are under significant strain. Data from our 2025 Annual Membership Survey shows that 48% of schools reported a fall in income for the prior academic year of 2024/25. This fall in income was mostly driven by the decline in international student enrolments, 14% of schools reported lower enrolments of international undergraduate students and 39% reported lower enrolments of postgraduate international students. The financial strain will be exacerbated by the levy, as 49% of business school deans anticipate further cuts to business schools as a result of levy.

Even though the institution will be responsible for paying the levy, it is inevitable that some of these costs will be passed onto the student. When we asked our members how they would manage the cost of the levy, many told us they intend to pass on the cost of the levy to the student at least partially if not fully:

- 57% of business schools will pass levy cost partially onto students
- 28% of business schools will absorb levy cost
- 15% of business schools will pass on levy cost in full

Finally, while the use of the levy funds sits outside the scope of this consultation, we do have concerns about how the funds will be used.

We are concerned that business and management students may not be eligible for the maintenance grants funded through levy funds. To date, there has been little clarity on which subjects will be eligible for maintenance grants. The Government has only indicated that the list of eligible subjects will be informed by the best and most up-to-date evidence on skills needs.

While this is the right approach, business and management were not included in previous lists of subject groups that address priority skills needs published in July 2025,

despite evidence from Skills England that transferable skills such as leadership and management are critical to growth across the industrial strategy sectors.

Furthermore, business schools will be the largest contributors to the levy, and it would be a mistake for domestic business and management students to not benefit from maintenance grants.

We strongly urge the Government to consult the sector on this issue.

About the Chartered ABS:

We are the voice of the UK's business and management education sector. We support our members to maintain world-class standards of teaching, research, and enterprise engagement. Through dialogue with policymakers, business, and stakeholders, we inform government policy to help create the best possible environment for our business schools, the economy and wider society to flourish. Business and management graduates go on to lead organisations across the corporate, public and third sectors, contributing to our dynamic economy. The research undertaken in UK business schools has impact across society and helps to turn our capacity for invention into viable businesses.