

Sent via email to: [ISL.CONULTATION@education.gov.uk](mailto:ISL.CONULTATION@education.gov.uk)

Dear Secretary of State,

### **International Student Levy (ISL)**

We are writing in response to the Government's [technical consultation on the proposed International Student Levy](#) (ISL) published on 26<sup>th</sup> November, 2025.

The Thames Valley Chamber of Commerce (TVCC) represents businesses across one of the UK's most knowledge-intensive, IP-rich and internationally competitive regional economies. Our members work closely with higher education institutions on research partnerships, commercial innovation activity, workforce development and graduate recruitment. TVCC is also the Department for Education's Employer Representative Body (ERB) for two Local Skills Improvement Plans (LSIPs) covering Berkshire and Oxfordshire.

In preparing the TVCC response we refer you to the following submissions/statements:

- [Universities UK response to the ILS](#) (dated 30<sup>th</sup> October 2025)
- [Russell Group comments on the Autumn Budget](#) (dated 26<sup>th</sup> November 2025)
- [Russell Group response to government announcement on maintenance grants](#) (29<sup>th</sup> September 2025)

Notably, Universities UK has estimated that the ISL would remove over £600 million per annum from the English higher education sector. This would have, we agree, materially affect institutional financial sustainability and have a detrimental effect on the wider Thames Valley, and UK economies and ambitions for growth outlined, for example, in the government's Industrial Strategy.

The following builds on the above and provides a business perspective to the ISL.

The Thames Valley remains a fantastic study destination. Government should continue to take every opportunity to 'invest in the success' of our region - as a driver of economic growth for the UK - and send the most positive, welcoming, message to international students.

[International students](#) contribute significantly to the Thames Valley and wider UK economy – not only through tuition fees, but through local expenditure, research participations and post-study employment. Under current funding structures, international fee income is not surplus revenue, it underpins the financial model of the sector. Specifically, it supports:

- Cross-subsidy of high-cost courses in engineering, medicine and laboratory sciences (and key STEM subjects)
- Research infrastructure and doctoral training programmes
- Hardship funds, bursaries and student support services
- Capital investment in laboratories, digital infrastructure and innovation facilities

[Why Thames Valley](#) and why are our universities so important. The economic, prosperity (past, present and future) of the Thames Valley is intertwined with our success of our academic institutions. Our Thames Valley universities are:

- Drivers of economic growth, social mobility and sustainable economies.
- Deeply embedded within the government's eight sectors identified as having the greatest potential over the next decade.
- Critical to supporting economic security, resilience, net zero and regional growth.
- Centres of commercial innovation, that support foreign direct investment flows (e.g., see [Ellison Institute of Technology](#) and [Shinfield Studios](#)).
- World leading across many fields and advanced industry clusters.

The Thames Valley is home to many world-leading institutions, including the Universities of Oxford, Reading, Royal Holloway, Oxford Brookes University and Buckinghamshire New University as well as several high performing FE/HE colleges. Most of these anchor institutions are TVCC members and are directly involved in shaping our programme of work that drives regional, and national, economic growth and innovation.

Universities in the Thames Valley underpin high-value employment clusters and provide critical graduate talent pipelines. By way of example, the University of Reading contributes around £1 billion in GVA each year and supports circa 12,300 jobs, with local student spending estimated at £260 million annually.<sup>1</sup> Research also shows that Royal Holloway, University of London contributes approximately £657 million and over 7,000 jobs (2022) to the UK economy.<sup>2</sup>

Collectively, they support thousands of in/direct jobs. Many of our employers rely on access to an internationally diverse, highly skilled talent pool of graduates that drive their business success, innovation ecosystems and deliver regional economic growth and productivity. Their direct impact is truly global and the 'soft-power' and influence they play internationally – we would argue - is phenomenal. What drives this richness, is their capacity to attract and retain world leading talent and researchers.

We provide some further, specific observations on the proposed:

### **1. Financial sustainability and institutional resilience**

The proposed ISL introduces further uncertainty into an already volatile operating environment for UK higher education. Given the competitive nature of international student recruitment, there is strong evidence that most universities will be unable to pass the cost of the levy on to students. The practical effect would therefore be an additional direct financial pressure on institutions, including an inability to invest in higher-cost STEM, laboratory-based and health-sector related teaching and research activity. A reduction in this income risks:

- Course closures in strategically important disciplines / growth sectors
- Reduced investment in bursaries, hardship funds, wellbeing services and student success initiatives
- Constrained research capacity and doctoral training
- Damage to long-term knowledge development and regional economic growth

### **2. Research, innovation and commercialisation**

International student income supports academic posts, doctoral training, laboratory infrastructure and research collaboration. In regions, such as the Thames Valley, where university ecosystems are investing in and supporting key growth sectors, such as health and life sciences, Artificial Intelligence, advanced engineering (including space) and

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<sup>1</sup> <https://www.reading.ac.uk/about/economic-impact>

<sup>2</sup> [https://www.royalholloway.ac.uk/about-us/news/royal-holloway-exceeds-estimates-to-contribute-657m-to-the-uk-economy/?utm\\_source=chatgpt.com](https://www.royalholloway.ac.uk/about-us/news/royal-holloway-exceeds-estimates-to-contribute-657m-to-the-uk-economy/?utm_source=chatgpt.com)

clean technology clusters (to name a few), this income directly drives commercial innovation and investment (i.e. FDI attracted to the region because of collaboration opportunities) pipelines.

If the levy is imposed on students, it may reduce international demand. Beyond the immediate financial impact, this could lead to:

- Reduced student diversity and global engagement
- Fewer international partnerships and research collaborations
- Potential declines in global league table rankings that measure internationalisation
- Reputational damage affecting the UK's global competitiveness

The levy risks weakening university-industry collaboration by reducing institutions' capacity to co-invest in transformational research and innovation programmes. This would have direct consequences for [securing spin-outs<sup>3</sup>](#), inward investment and high-growth SMEs embedded within university ecosystems.

Any policy that reduces institutional financial flexibility may result in course contraction, reduced student services, and lower investment in employability programmes – with knock-on effects for local productivity and skills supply.

## Summary

While we recognise the Government's intention to strengthen maintenance support for domestic students, the proposed ISL presents, in our considered opinion, significant economic and strategic risks that will impact on the UK's ability to deliver economic growth and prosperity. We urge the Government to consider and reflect on the:

- Cumulative financial pressure already facing universities
- Cross-subsidy role of international fee income
- Disproportionate regional impact on high-value innovation clusters
- UK's global competitiveness in attracting talent and investment

In globally competitive, research-intensive regions such as the Thames Valley, these impacts would extend beyond campuses into the wider business and innovation economy.

## Our invitation

We invite Ministers, your officials, to meet with TVCC's University and business membership to discuss our submission and consider the ISL further. We also would welcome continued a constructive dialogue to help ensure government's higher education funding policy aligns with the UK's ambitions for growth, global talent attraction and research leadership.

We trust these comments will inform the development of a proportionate and economically sustainable approach and we look forward to continued engagement.

Yours Sincerely,



Paul Britton  
Chief Executive Officer

<sup>3</sup> See also: <https://www.ox.ac.uk/news/2025-10-31-terumo-completes-acquisition-university-oxford-spinout-organox-record-15bn>

## About TVCC

TVCC is the only accredited Chamber of Commerce for Berkshire, Buckinghamshire, Oxfordshire, and Swindon and one of the largest of the 51 Accredited Chambers of Commerce in the British Chambers of Commerce network. TVCC has provided services and support to the Thames Valley business community as an a-political, not for profit organisation, for over 75 years.

We serve over 4000 active international trade customers and members, one of the largest representations of major multinational employers and international trading SMEs in the British Chambers of Commerce network.



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