

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

This submission is made by Unite, Britain and Ireland's largest union with over 1 million members across all sectors of the economy including manufacturing, financial services, transport, food and agriculture, construction, energy and utilities, information technology, service industries, health, local government, and the not-for-profit sector. Unite also organises in the community, enabling those who are not in employment to be part of our union.

We will not answer every question in detail but provide a response concerned with the main themes in the call for evidence on behalf of our membership in the education sector.

Impact of Government Policy on International Students

· How will current Government policies affect the financial stability of higher education institutions?

According to the Office for Students (OfS), the current financial environment could result in an aggregate net reduction in Higher Education sector income of £3.4 billion against the forecast position. Without mitigating action this could result in up to 72% of providers facing a deficit in 2025- 2026¹.

The previous Government enacted the Net Migration Act 2023 which has already had a detrimental effect on the Higher Education sector. In the ten months to October 2024, there were 16% fewer applications for main applicant sponsored study visas than in the same period in 2023, and 14% fewer than in 2022². Unite's view is that this decline in foreign students is directly contributing to the current fiscal crisis in the sector. In addition, the decision to raise the salary threshold for the Skilled Worker visa from £26,200/£29,000 to £38,700 from April 2024, and now £41,700 is having a detrimental effect on the recruitment of staff from abroad including the staff groups represented by Unite³.

This does not only impact students, there is a positive contribution made by international staff to the success of UK Higher Education as in the 2022/23 academic year, there were more than 77,000 international academic staff at UK HE providers, representing 32% of the academic workforce⁴.

Considering that position any policy pursued by government which includes changes to reduce access to higher education and/or the financial envelope from which higher education is resourced will have a material impact on the stability of higher education institutions.

Additionally, the recent immigration white paper (May 2025) includes changes which will further impact Higher Education institutions and the number of international

¹ <https://www.officeforstudents.org.uk/media/s32lw2vq/financial-sustainability-of-higher-education-providers-in-england-november-2024-update.pdf>

² <https://ifs.org.uk/articles/student-visas-down-sixth-will-cause-challenges-some-universities>

³ <https://www.gov.uk/skilled-worker-visa/your-job>

⁴ Understanding an international sector: staff visa status | HESA

students accessing higher education providers. This policy will impact in the recruitment of international students into UK HE institutions. As higher education is already under severe financial pressure, any further restrictions which deter international students from coming to the UK could lead to universities facing even deeper financial concerns⁵.

The UK Higher Education Sector can play a key role in addressing the economic and skills problems the UK faces. At a time when the geopolitical position is uncertain, the Trump Administration is withdrawing funding from US Higher Education institutions and also tightening up USA immigration rules for foreign students it makes no sense for the UK to become a hostile environment to foreign students. To follow this path will only further weaken the financial stability of a key driver of the UK economy.

What implications will these policies have on future tuition fee increases?

Unite is clear that financial resources and the way which government policy reforms the funding position across institutions is critical to a successful outcome for students, staff, and society. It is likely that tuition fees will have to increase disproportionately to maintain financial resources and in Unite's view this is not a sustainable position from which government should finance our higher education institutions. The debt mountain which students face will only increase, and the likelihood is that up to one third of this lost in the long term.

Unite's view is that the **current funding mechanism for higher education is unsustainable**. Labour has committed to a secure future for higher education and the opportunities it creates and pledged to work with universities to deliver for students and our economy. To achieve this:

- Unite demands Government makes **different choices including on taxation, further borrowing and collective bargaining**.
- Unite is calling for a **wealth tax to help restore public services and secure necessary investment**.

Higher Education Insolvency Protections

What is the current state of insolvency processes for higher education institutions?

This is a tricky question as there is no clear picture as to what might happen in the event of a higher education institution becoming insolvent, primarily because this is a rare occurrence.

In the HE restructuring regime allows the government the opportunity to make conditional loans to otherwise unviable providers, the regime does not provide a bespoke administration regime. If your institution was established by statute – a Higher Education Corporation, in other words – there does not appear to be an easy way to declare the provider itself insolvent, though it would be possible for a secured creditor

⁵ <https://www.gov.uk/government/publications/restoring-control-over-the-immigration-system-white-paper/restoring-control-over-the-immigration-system-accessible>

to appoint a receiver to liquidate charged property assets. There is obvious consideration around students and their educational attainment but mirroring this is the outcome for the workforce, not only academic staff but the thousands of ancillary and professional staff which contribute to the success of any Higher education institution.

What measures exist to protect students, staff, and other stakeholders in case of institutional insolvency?

There is the ability of government to intervene and provide secure financial arrangement to allow an institution to meet its obligations. For Unite, as a representative of the workforce within the university structure the wider question is around the political settlement required to adequately fund our universities and secure the future for our higher education workforce.

Are additional safeguards needed to strengthen protections?

As universities are not companies as such there is uncertainty around the process should an institution become insolvent, effectively unable to meet financial debts. The sector does not appear to be prepared, and government may need to act at speed to ensure a process put in place should any higher education institutions perish due to the current financial malaise impacting swathes of the sector. There is a need for an urgent solution and in-built protections for students and staff. When commentators fear that in one or two years some education institutions more run out of liquidity then the urgency of the situation is apparent.

What would be the consequences of a higher education provider becoming insolvent?

This would have a severe impact upon the student population with course completions outstanding and necessary arrangements required to allow other institutions to complete. An even greater impact would be upon the workers that deliver the educational services required to ensure the university can deliver its functions of teaching and research. There is also the loss to the local community and significant economic value of having a university to supply chain industries (hospitality, logistics) as well as the broader social value.

How do higher education institutions contribute to growth in their local economies, the provision of public services, and their wider communities?

What strategies should be implemented to prevent insolvency and ensure sustainable regional provision of courses?

There needs to be a serious government level discussion concerning the role and value of higher education and how to fund it.

Its analysis estimated that the 'economic footprint' of HE providers across the UK resulted in:

- 768,000 full-time jobs
- £71bn in terms of gross value added (GVA)

- £116bn in terms of general economic output⁶

For Unite it is important that when considering the value of university institutions in monetary terms **a prolific return on investment as for every £1 of public money invested into UK universities there is £14 economic benefit generated.**⁷

This must be the starting point when considering the reform of higher education funding. We must find a way of **resourcing higher education directly which understands the value in future economic growth that investment in our institutions provides.** Take Coventry for example, in simple economic terms, the campus had a gross quantifiable economic footprint of 6,730 full time equivalent jobs and £320m in Gross Value Added (GVA) in Coventry (2021/22) with one in every twenty jobs in attributed to the presence of the university.⁸ Universities are often in the top 5 employers of the cities they inhabit. The knock-on effect of losing such a major employer would be devastating.

Through our democratic structures, Unite lay members decide the policy direction of our sector and have an agreed policy that **calls on the government to fundamentally review funding for higher education institutions** as a priority. We note that the Secretary of State for Education has outlined there will be a further statement on reform this summer.

Unite members demand that this involves:

- **Replacing student loan repayments with a more sustainable method of paying for Higher Education.**
- **Putting the sector on a sound financial footing and avoid the need for mergers of Higher Education institutions in all but the most exceptional cases of financial mismanagement.**
- **No compulsory redundancies.**
- **A reversal of the marketisation of higher education.**

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⁶ [Higher education: Contribution to the economy and levelling up - House of Lords Library](#)

⁷ [Universities UK Report](#)

⁸ [Making things happen: Coventry University's contribution to regional growth - HEPI](#)