

Financial sustainability of higher education providers in England: November 2025 update

In May 2025, the Office for Students (OfS) published its annual report on the financial sustainability of higher education providers in England. That report set out our analysis of the higher education sector's financial position and resilience.¹ The report drew on financial data returned to the OfS by universities and colleges as well as other information. It found that, overall, providers were forecasting a third consecutive year of deteriorating financial performance, before an anticipated improvement from 2025-26 onwards.

This report provides an update on the analysis we published in May, based on the latest available data for UK and international student recruitment for entry in autumn 2025. This report accounts for the anticipated tuition fee uplift for UK undergraduates announced by the Secretary of State for Education from 2026-27² but not the government's proposed levy on income from international students' tuition fees.

This report provides updated information about the sector-wide position, to support leaders and governors as they ensure financial planning and forecasts are prudent and appropriately stress-tested. The updated picture is underpinned by the financial data compiled by most providers in 2024 and returned to the OfS in early 2025. Many providers will already have adjusted their expectations and taken action to address changes in student recruitment, and other risks, since submitting their forecasts.

The latest information indicates that, overall, UK and non-UK student recruitment remain below the sector's previous expectations, although it is above the more pessimistic scenarios modelled in our May report. We estimate UK undergraduate entrants to have increased, in aggregate, by 3.1 per cent, which is one percentage point lower than the sector's forecasts for 2025-26. At an aggregate level, the volume of Confirmation of Acceptance for Studies (CAS)³ issued by providers to non-UK entrants, as part of the study visa application process, has increased by 6.3 per cent, which, if it translated to growth in registrations, would be 2.3 percentage points lower than those forecasts.

However, beneath this sector-wide recruitment picture, there is significant variation for types of providers and individual providers. Research-intensive universities saw their UK undergraduate recruitment rise by 9.9 per cent, at the expense of weaker than expected recruitment for most other provider groups, many of which saw declines in UCAS acceptances despite predicting growth.

International student recruitment also varies significantly between providers. Notably, larger research-intensive universities have seen a 7 per cent decrease in the number of CAS issued to

¹ See OfS, ['Financial sustainability of higher education providers in England: 2025'](#).

² See Gov.UK, [Post-16 education and skills White Paper](#).

³ Confirmation of Acceptance for Studies is issued by providers to applicants to apply for study visas. They are issued up to six months before a course start date. The CAS to visa ratio is not a one-to-one relationship, as a CAS is issued per course, and so if an applicant applies to multiple courses they will receive multiple CAS, ultimately they can only register on one course and thus gain one visa.

postgraduate international students. Underpinning some of the decline is an 11.6 per cent reduction in CAS issued to students from China, which is likely to have disproportionately affected this type of provider. Conversely, all other provider groups have seen growth in international students.

Our May 2025 analysis of recruitment trends suggested that providers' financial forecasts were based on overly optimistic predictions of student recruitment, particularly for international students. In that report we modelled alternative scenarios with less positive recruitment outcomes. These models suggested that the actual outturn position for 2025-26 was likely to be even more challenging than that suggested by the sector's forecasts for 2025-26. The modelling also suggested that any improvement in financial outlook anticipated by providers from 2025-26 could be reversed with a continuing weakening of the sector's financial recovery until at least 2027-28.

In the current report, we have modelled the impact of autumn 2025 student recruitment based on the most recent data. This modelling suggests that, after accounting for key shifts in the financial context, the sector could see a total net reduction in annual tuition fee income of £437.8 million in 2025-26 compared with the sector's forecasts. Without mitigating action, this could result in 124 providers, around 45 per cent of the sector, reporting a deficit. For comparison, 96 providers forecast a deficit for 2025-26 in the Annual Financial Return for 2024 (AFR24).⁴ The modelling also shows that 45 providers could have less than 30 days' liquidity in 2025-26, compared with 41 providers forecasting low liquidity.

Following the government's announcement of inflation-linked increases in UK undergraduate tuition fees from 2026-27, our modelling suggests the proportion of providers reporting a deficit would improve from 45 per cent in 2025-26 to 41 per cent in 2026-27.

At a sector level, the increase in student recruitment between 2024-25 and 2025-26 implied by the latest data is a positive sign. Both UK and non-UK students' recruitment levels are predicted to be above the scenarios we had set out in our May 2025 report. However, our view is that there continues to be significant volatility in student recruitment, and that the growth seen this year may not continue in subsequent years. As even the growth seen this year is below provider forecasts, there is no doubt that the financial outlook for the sector remains challenging.

In our conversations with providers, it is clear that many are planning more prudently and being more realistic about recruitment challenges in their financial planning. Some providers that have not met their recruitment forecasts have still achieved levels within their scenario planning parameters and will therefore have plans in place to respond to associated reductions in income. However, although some institutions are undergoing significant transformation to deliver sustainable long-term business models, others are still taking short-term cost-saving measures to respond to recruitment challenges, or are undergoing transformation that does not go far enough. It is essential that providers continue to tackle these challenges to remain sustainable in the medium and long term and build resilience to future risk and uncertainty.

We remain committed to safeguarding opportunities and high quality education for students from all backgrounds, particularly where a provider's viability is at risk, so students have options to continue their studies if their provider can no longer operate.

⁴ Our May publication reported 92 providers, but these numbers have been updated for the AFR24 submission to include those submitting after May publication date. Sector analysis still includes two AFR23 submissions.

We ask any provider facing financial difficulties to engage with the OfS as early as possible, particularly where there may be concerns about ongoing viability or cashflow, in the short, medium or long term. We also encourage early engagement with other key stakeholders, such as lenders and other funders.

This report finds that:

- Acceptances of UK undergraduate students by English providers through UCAS have grown by 3.1 per cent in 2025 compared with the same point in 2024, although this remains below the sector's forecast growth of 4.1 per cent.
- The overall growth in UK undergraduate recruitment is driven by larger research-intensive and medium-sized institutions. All other provider typology groups have seen a reduction, except providers in the Level 4 and 5 qualifications group. However, UCAS is not a significant entry route for these providers.
- Indications from Home Office data suggest that international student recruitment has returned to year-on-year growth after the significant decline in visa applications in 2024, although not back to previous levels. Data shows an overall increase of 6.3 per cent in the number of CAS issued in the period before the September 2025 intake. However, this falls below the sector's forecast international student growth of 8.6 per cent.
- Our modelling indicates that more providers than forecast must overcome financial challenges in the coming years, and a general need to forecast for more prudent recruitment. The recently announced fee increase for UK undergraduate students from 2026 onwards will provide some help in managing financial challenges, including increasing costs, although active mitigation in the context of future headwinds is still required.

Summary of providers' forecasts for 2025-26 and 2026-27

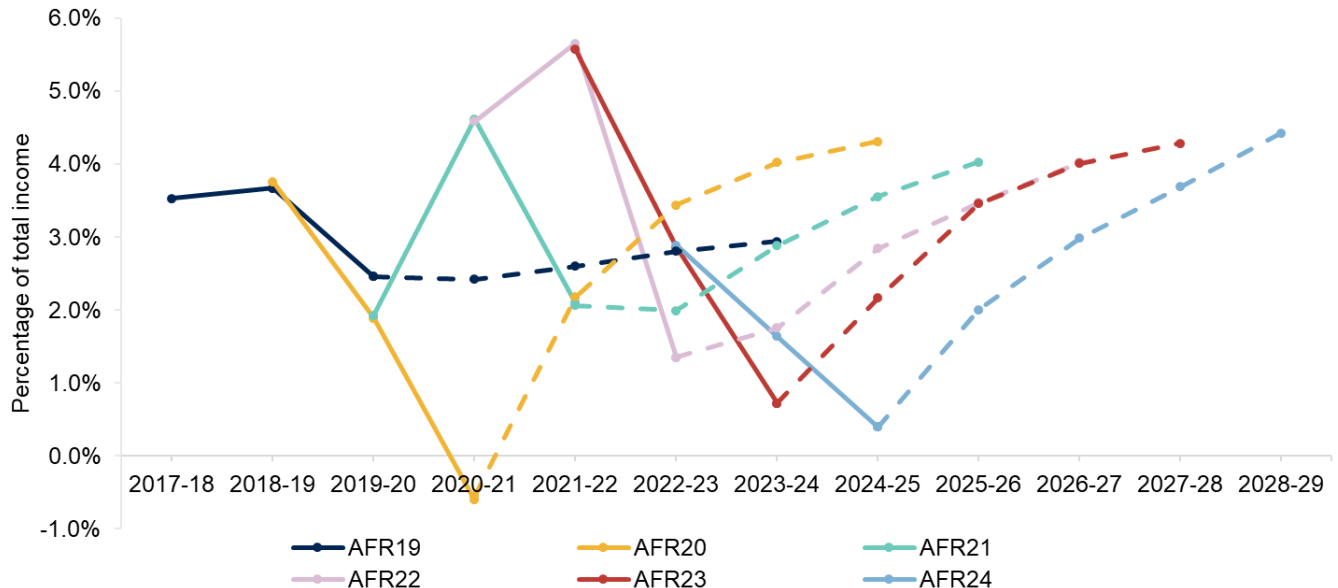
Our May 2025 report highlighted a deterioration in key financial performance and resilience indicators compared with previous forecasts. Notably, the sector's aggregate surplus for 2024-25 was projected to fall from forecasts made in the previous return, to just 0.6 per cent of total income. This reduction in forecast surplus levels was primarily driven by a 21 per cent reduction in forecast new international student entrants.

At that time, providers' forecasts anticipated a recovery beginning in 2025-26, with projections of increased surpluses of 2.1 per cent that year rising to 3.6 per cent by 2027-28. This projected recovery was underpinned by assumptions of strong and sustained growth in both UK and international student recruitment. However, we raised a concern that these growth assumptions appeared overly optimistic at a sector-wide level. Our view was that the projections did not fully account for the increasing variation in recruitment patterns for both UK and international students that we had seen in recent years, meaning that any actual financial recovery could be slower than forecast, or even reversed.

Figure 1 shows how sector-level forecasts for surplus and deficit levels for 2025-26 have reduced between the submission of AFR21 and AFR24 as we moved closer to that year. This trend probably reflects the higher level of accuracy of near-term forecasting, but also potentially indicates a more cautious approach being applied to short-term planning. In contrast the longer-term

forecast pattern remains largely unchanged, with the recovery curve actually steepening slightly. We would encourage providers to critically assess the level of optimism embedded in their longer-term forecasts to ensure that projected recovery trajectories remain credible and achievable.

Figure 1: Sector-adjusted surplus/(deficit) as a percentage of total income (adjusted for pension provision movements)



Latest student number recruitment trends

We continue to monitor student recruitment closely, drawing on our engagement with individual providers and sector groups as well as data shared with us by UCAS and the Home Office. Given that tuition fee income is forecast to account for 55.4 per cent of the sector's total income in 2025-26, the autumn recruitment period remains a critical indicator of financial sustainability.

Our analysis of recruitment trends suggests that while student recruitment is falling short of AFR24 forecasts at an aggregate level, it is performing better than we anticipated in our scenario modelling and remains above the 'no growth' scenario outlined in our May report. At an aggregate level this represents a closer alignment with provider forecasts than in previous years.

However, as was the case last year, the autumn recruitment picture for both UK and non-UK students varies significantly across provider typology groups and within provider groups. The impact of this is that more providers than expected could face deficits (without mitigations) for 2025-26, with some facing difficult recruitment challenges. We continue to expect volatility in future recruitment patterns and it is important that providers continue to plan to be able to respond to a range of different outturns in student recruitment for subsequent years.

UK undergraduate students

UCAS acceptance data from 28 days after Level 3 results day (RD+28) provides a strong indication of UK undergraduate student recruitment for many providers.⁵

⁵ Level 3 results day represents results day for Level 3 qualifications, including A-Levels, T-Levels and BTEC Nationals.

Table 1 summarises our analysis of this data. The analysis suggests a 3.1 per cent increase in UK full-time undergraduate student entrants for providers in England. This is below the 4.1 percent growth forecast by the sector in AFR24, representing an estimated £39.5 million shortfall in tuition fee income across the sector. It is above the March 2025 Office for Budget Responsibility (OBR) forecast, which estimated a 0.3 per cent increase in entrants from 2024-25 levels.⁶

While the data suggests UK student recruitment is below sector forecasts, it is notable at a sector level that the 1.0 percentage point gap between forecast growth and growth implied by the UCAS data has narrowed significantly from 4.5 percentage points' difference last year. Figure 1 shows the reduction in sector-level surplus for 2025-26 from the previous AFR to AFR24, which could suggest that providers are planning more prudently for year 1 of their forecasts.

However, the aggregate picture masks substantial variation between provider groups, as shown in Table 1. The most striking trend is the sharp increase in acceptances at larger research-intensive providers, which saw a 9.9 percent rise, far exceeding their own forecast of a 1.7 per cent decline. This growth has offset weaker than expected recruitment across most other provider groups, many of which saw declines in UCAS acceptances despite forecasting growth.

Table 1: Change in UK UCAS acceptance data at 28 days after Level 3 results day, 2024 to 2025, and change in forecast UK undergraduate entrants 2024-25 to 2025-26 from AFR data

OfS provider group	Change in UK undergraduate acceptances and holding firms at RD+28, 2024 to 2025	Provider forecast change in UK full-time undergraduate entrants, 2024-25 to 2025-26
Larger teaching-intensive	-1.2%	4.7%
Larger research-intensive	9.9%	-1.7%
Medium	2.3%	2.7%
Smaller	-2.1%	2.0%
Specialist creative	-3.2%	11.4%
Specialist	-7.2%	20.7%
Level 4 and 5 ⁷	115.2%	29.7%
Total	3.1%	4.1%

Source: OfS analysis of UCAS data and OfS AFR.

This divergence highlights a growing polarisation in recruitment outcomes, with larger research-intensive providers capturing a greater share of UK undergraduate demand, while other groups, particularly smaller and specialist providers, face more challenging conditions.

International students

Data received from the Home Office suggests that the number of international students will increase by approximately 6.3 per cent compared with the previous year, if the CAS trend is mirrored in registrations. While this remains below the 8.6 per cent growth forecast in AFR24, it is above the levels we had previously modelled and represents a more positive outturn than in

⁶ See OBR, [Economic and fiscal outlook: March 2025](#), detailed forecast tables: aggregates.

⁷ UCAS is not a typical entry route for Level 4 and 5 providers. 115.2 per cent growth represents fewer than 200 additional entrants.

autumn 2024. However, overall numbers are still likely to remain more than 10 per cent below the equivalent period in 2023.

At a sector level, CAS issuance increased in February to September 2025 compared with the same period in the previous year. This growth was seen at both undergraduate (5.2 per cent) and postgraduate (6.9 per cent) levels. However, both figures fell below provider forecasts, with the gap most pronounced at postgraduate level. Here the difference between CAS data growth and forecast growth is 2.9 percentage points.

As with UK student recruitment, there is considerable variation between providers. The most notable trend is the significant reduction in international postgraduate recruitment at larger research-intensive providers. Modest growth in undergraduate international student recruitment is not sufficient to offset this shortfall, resulting in an overall decline in international student recruitment for this group compared with their forecasts.

This unexpected drop may help to explain the increase in UK undergraduate acceptances at larger research-intensive providers, as they sought to mitigate the financial impact of lower international postgraduate enrolments – particularly given the higher tuition fees typically paid by this group.

Table 2 shows the variation across provider typologies, with some, such as specialist and smaller providers, seeing strong growth, while others, particularly larger research-intensive providers, experienced notable declines.

Table 2: Change in number of CAS issued from February to September 2024 and from February to September 2025, and change in forecast non-UK entrants 2024-25 to 2025-26 from AFR data, split by undergraduate and postgraduate

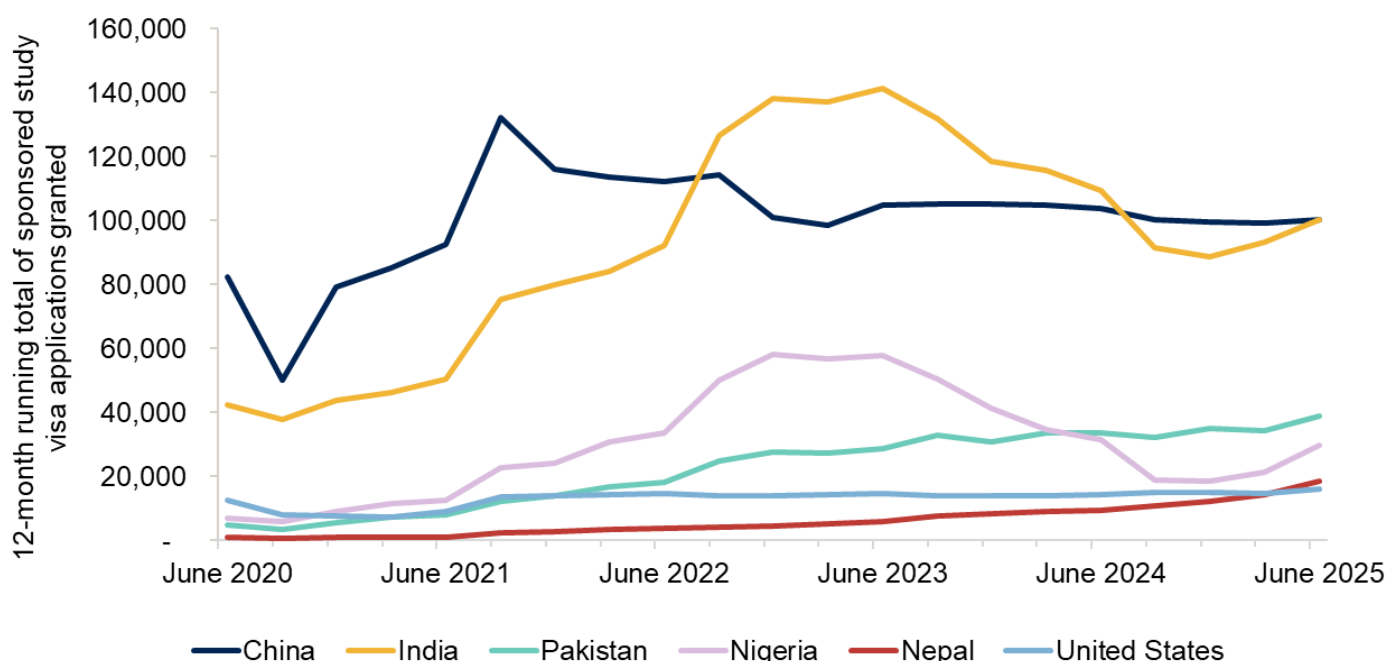
OfS provider group	Percentage change in UG CAS issued	Percentage change in PG CAS issued	Percentage change in total CAS issued	Percentage change in UG forecast non-UK entrants	Percentage change in PG forecast non-UK entrants	Percentage change in total forecast non-UK entrants
Larger teaching-intensive	-2.6%	12.0%	6.2%	5.1%	12.3%	9.6%
Larger research-intensive	6.3%	-7.0%	-3.3%	3.8%	7.7%	6.6%
Medium	-1.4%	18.6%	10.8%	6.0%	11.7%	9.5%
Smaller	-11.7%	30.1%	11.6%	6.6%	6.0%	6.3%
Specialist creative	21.7%	2.3%	10.3%	4.5%	10.4%	8.2%
Specialist	187.8%	46.4%	63.3%	45.1%	12.7%	17.4%
Level 4 and 5	22.3%	16.5%	19.1%	-9.5%	27.3%	-1.6%
Total	5.2%	6.9%	6.3%	6.0%	9.8%	8.6%

Source: Home Office: CAS assigned (excluding child student) data. Note: 'UG' = 'undergraduate'; 'PG' = 'postgraduate'.

Providers' exposure to specific international markets seems to have played a role here. Among the ten countries with the largest number of CAS issued between February and September 2025, only China and Malaysia saw declines.

Based on published visa data for the year to June 2025, the reduction in number of sponsored study visas granted to students from China (-7 per cent) equates to approximately 7,000 fewer students.⁸ This is likely to have had a disproportionate impact on larger research-intensive providers, which have traditionally recruited heavily from this market. Figure 2 shows the trend for student visas granted to main applicants for the six countries with the largest number of visas up to June 2025.

Figure 2: Sponsored study visa applications granted, by year ending



Source: Home Office.⁹

Modelled outcomes: Update

To assess the impact on the sector of these emerging changes in recruitment, we have modelled a new scenario based on the available updated recruitment information. The basis for modelling remains the AFR24 submission, as with our May paper. Data collected through our most recent interim financial return is not included.

The AFR24 submissions included a range of assumptions from providers, as is to be expected from autonomous institutions. Notably, however, this included different approaches to and assumptions about increases to UK undergraduate fees above and beyond the increase to £9,535 announced from September 2025. For modelling purposes, we have therefore removed any further

⁸ See Gov.UK, '[Why do people come to the UK – Study?](#)'.

⁹ See Entry Clearance Visas granted outside the UK, [Summary tables, year ending June 2025](#).

increases providers assumed beyond 2025-26 for this fee type, to normalise the sector-level data and create a consistent baseline.

We have then modelled across all relevant providers the increase to UK undergraduate tuition fees as announced by the Secretary of State for Education in the House of Commons on Monday 20 October 2025. We have used the OBR forecast Retail Price Index, excluding mortgage interest payments (Retail Price Index) inflation rate for 2026-27 (2.7 per cent in the first quarter of 2027).¹⁰

We estimate this to represent up to an additional £438.7 million of annual fee income for the sector, if the fee increase is applied to both 2026-27 entrants and continuing students forecasts at fee cap providers. Our model assumes that the benefits of this fee increase are used to improve liquidity level. In practice providers may allocate the income differently, for example investment in additional expenditure.

The increase to employer National Insurance contributions, which took effect in April 2025, was announced in November 2024. The timing of this announcement meant that it was inconsistently treated by providers in their AFR24 submissions. No adjustments have been made in the modelling to account for this, and so for many providers it may represent an additional expense on top of the surplus or deficit positions already submitted. We estimate the impact to be around £300 million.

The model does not include any assumptions for the introduction of the levy on international student fees announced by the Secretary of State for Education at the Labour Party Conference in September 2025, as it is not yet certain when this levy will take effect. If introduced in 2027-28 or 2028-29, we anticipate the impact of a 6 per cent levy to be in the region of £760 million or £780 million of additional costs per year across the sector based on provider tuition fee forecasts.¹¹

The model relies on the key assumptions around student entrant numbers detailed in Table 3. We have not modelled beyond 2026-27, because much of the base data for the model is now outdated. We will continue to monitor financial variables for updated forecast data as it is submitted (AFR25) and we will report on this in our comprehensive annual report on financial sustainability in 2026.

Table 3: Scenario assumptions and parameters

Student group	2025-26	2026-27
UK undergraduate entrants	Based on provider-level UCAS trends (or a finance typology average if UCAS data not available)	+2.6% ¹²
UK postgraduate entrants	Per provider AFR24 forecasts	Per provider AFR24 forecasts
Non-UK undergraduate and postgraduate entrants	Variable undergraduate and postgraduate trends based on CAS data.	No growth from 2025-26

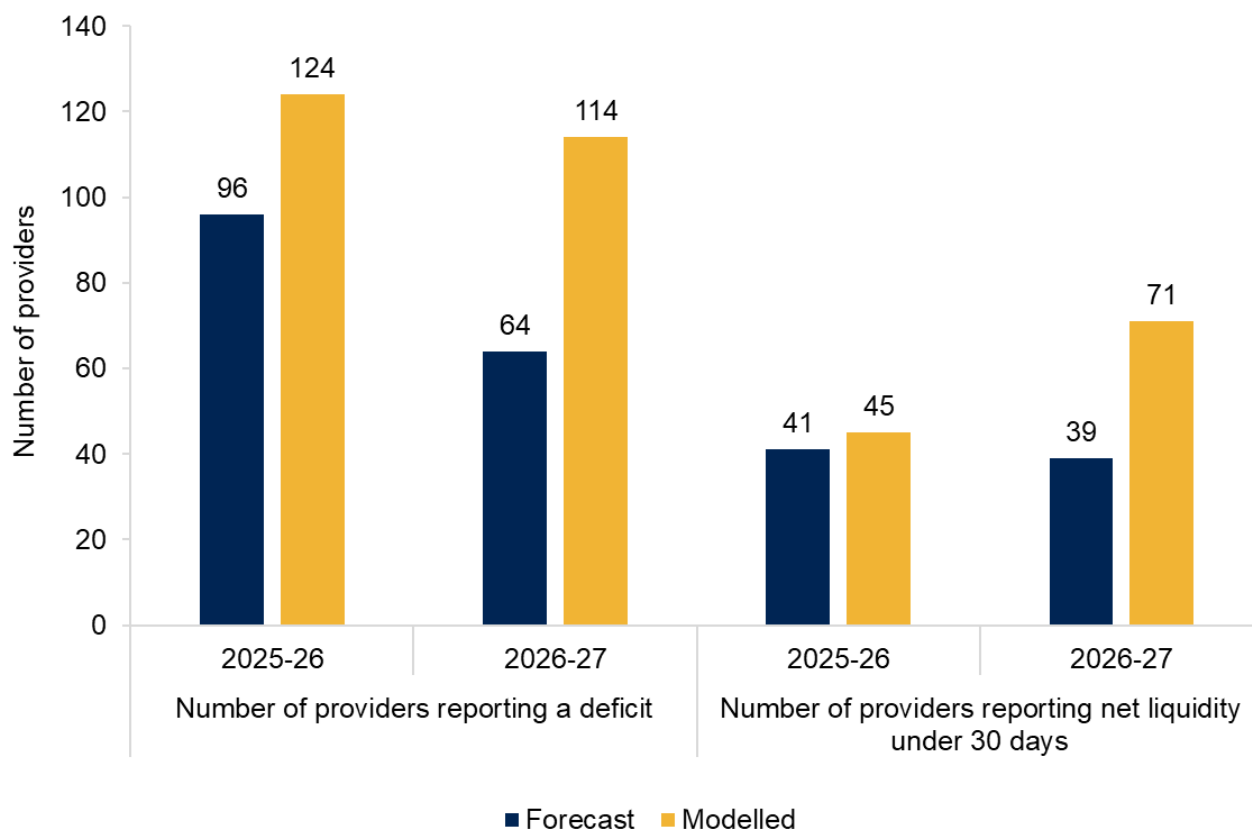
¹⁰ Retail Price Index forecast taken from OBR, [Inflation](#).

¹¹ 6 per cent taken from technical annex to Immigration White Paper at Gov.UK, [Restoring control over the immigration system: Technical annex \(accessible\)](#). No further assumptions have been made regarding fee income or elasticity of demand.

¹² See OBR, [Economic and fiscal outlook: March 2025](#), detailed forecast tables: aggregates.

Figure 3 shows how many providers would incur deficits and low liquidity under this model, compared with the forecast data.

Figure 3: Number of providers reporting a deficit and low liquidity levels model compared with AFR



Our updated modelling indicates a potential increase of 28 providers likely to report a deficit in 2025-26, compared with the forecasts submitted by providers in AFR24, increasing the percentage of providers to 45 per cent, compared with 35 per cent according to their own forecasts. In 2026-27 the modelling suggests an additional 50 providers, rising from 64 in provider forecasts to 114. This is due to the shortfalls in recruitment for 2025-26 and removal of growth projections for 2026-27 (2.0 percentage points lower for UK undergraduates, and 5.7 percentage points for non-UK entrants).

However, the inflationary uplift to UK undergraduate tuition fees, announced for consecutive years, has a moderating effect. As a result, the proportion of providers modelled to be in deficit improves from 45 per cent in 2025-26 to 41 per cent in 2026-27. In terms of overall surplus levels, the sector-level recovery still weakens, from 2.0 per cent and 3.0 per cent in 2025-26 and 2026-27 respectively, to 1.4 per cent and 2.0 per cent.

While the fee increases help to offset some of the income shortfalls created by recruitment challenges, they are not sufficient to fully address the financial pressures currently facing the sector. We recognise that many providers may have revised their plans since the AFR24 data collection, and in many cases mitigating action has already been taken or is in development.

Table 4 shows the breakdown by peer group of providers reporting a deficit, as modelled and as forecast. The larger teaching-intensive group is the only typology group that shows an improvement since AFR24 in the number of providers forecast to be in deficit in 2025-26.

Table 4: Number of providers with a deficit by peer group, forecast and modelled results 2025-26 and 2026-27

OfS provider group	Forecast 2025-26	Modelled 2025-26	Forecast 2026-27	Modelled 2026-27
Larger teaching-intensive	7	5	4	7
Larger research-intensive	5	10	2	6
Medium	21	25	13	22
Smaller	26	32	22	30
Specialist creative	12	19	8	18
Specialist	18	25	10	23
Level 4 and 5	7	8	5	8
Total	96	124	64	114
% of sector	35%	45%	23%	41%

Table 5 shows the number of providers reporting low liquidity (defined as less than 30 days) by peer group, both as forecast by providers and as modelled in our scenario. According to their own forecasts, larger teaching-intensive providers were the only typology group with no institutions falling below the 30-day liquidity threshold in either 2025-26 or 2026-27. This position is maintained in our modelled scenario for 2025-26. However, by 2026-27 the model indicates a deterioration in liquidity for this group, with two providers projected to fall below the 30-day threshold. In aggregate the larger teaching-intensive provider group tends to have higher net liquidity days than the larger research-intensive group, so while both groups appear to have gaps in their overall entrant fee income for 2025-26 the teaching-intensive group is starting from a higher aggregate base position.

Table 5: Number of providers with low liquidity by peer group, forecast and modelled results 2025-26 and 2026-27

OfS provider group	Forecast 2025-26	Modelled 2025-26	Forecast 2026-27	Modelled 2026-27
Larger teaching-intensive	0	0	0	2
Larger research-intensive	3	2	3	5
Medium	4	4	6	9
Smaller	14	16	12	21
Specialist creative	7	10	7	13
Specialist	6	6	6	13
Level 4 and 5	7	7	5	8
Total	41	45	39	71
% of sector	15%	16%	14%	26%

Our modelling for 2026-27 shows that liquidity levels are particularly affected when assumptions regarding a growth in student recruitment are removed. All provider groups see an increase in the number of institutions with low liquidity. However, there is significant variation between provider groups. For example, in the larger research-intensive group, the picture is more mixed. Some providers are able to improve their liquidity by recruiting more students than anticipated in certain

entry categories. One of these providers is likely to move above the 30-day low liquidity threshold. In contrast, other providers are expected to see their liquidity worsen further, as they have experienced recruitment shortfalls across all categories.

What the OfS is doing

The financial viability and sustainability of registered providers continue to be a high priority for the OfS. We are maintaining an increased focus in this area and will continue to monitor how individual providers are identifying, managing and addressing financial challenges.

In April 2025, we launched our first interim financial return to give an insight into 2024-25 financial performance, and we have just launched our first autumn return for an early view of 2025-26 performance, taking into account recent recruitment. This is in line with our aim of improving the agility of our approach to financial monitoring. We will continue to seek feedback from the sector on the format and timing of these data collections, to ensure we strike an appropriate balance between the benefit of improved access to important data and regulatory burden.

Since May there has been one provider closure, on which the OfS worked closely with other organisations to ensure that students' interests were protected and successful outcomes were secured with other providers. We have reviewed in detail the report 'Investigation into financial oversight and decision making at the University of Dundee' by Professor Pamela Gillies, and have updated some questions in the AFR25 commentary template to ensure we are asking relevant questions of providers.¹³

We continue to engage with sector representative bodies, financial experts, lenders and audit firms to discuss the wider risks facing the sector and the important role that effective governance and leadership play in addressing these challenges.

Some providers continue to face significant financial challenges, and we are monitoring and engaging with these providers. We encourage all providers to engage with us as soon as they identify financial challenges, so that we can work together to ensure that the interests of students continue to be protected.

Please contact Will Dent, Head of Financial Sustainability, by email to regulation@officeforstudents.org.uk, with any questions about our work on financial sustainability.

¹³ Available at Scottish Funding Council, '[University of Dundee](#)'.