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HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Raj Jethwa
Chief Executive
UCEA
Woburn House
20 Tavistock Square
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10 March 2025

Dear Mr Jethwa,

Thank you for your letter of 23 October to Baroness Smith about employer National Insurance changes. Your letter has been passed to HM Treasury and I am replying as the Minister responsible for the UK tax system and I am sorry for the delayed response.

The Government has taken a number of difficult but necessary decisions on tax, welfare, and spending to fix the public finances, fund public services, and restore economic stability after the situation we inherited from the previous government.

We have not changed National Insurance contributions on employer pensions contributions. However, one of the toughest decisions we took was to raise the rate of employer National Insurance contributions (NICs) from 13.8 per cent to 15 per cent, whilst reducing the per-employee threshold at which employers start to pay National Insurance (the Secondary Threshold) from £9,100 to £5,000.

We recognise that UK higher education creates opportunity, is an engine for growth in our economy, and supports local communities – and the Government is committed to creating a secure future for our higher education sector.

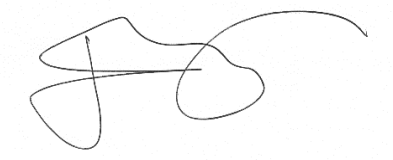
The Budget provided £6.1 billion of support for core research, and confirmed the Government's commitment to the Lifelong Learning Entitlement, a major reform to student finance which will expand access to high-quality, flexible education and training for adults throughout their working lives.

The Secretary of State for Education has since confirmed that maximum fees will rise in the Academic Year 2025/26 for the first time since 2017, from £9,250 to £9,535 for a standard full-time undergraduate course. This was a difficult decision which demonstrates that Government is serious about the need to put our world-leading higher education sector on a secure footing: in order to face the challenges of the next decade and to ensure that all students have confidence that they will receive the world-class higher education experience they deserve.

While this represents a substantial investment in the sector which will support higher education providers in managing the financial challenges they are facing, ultimately higher education providers are autonomous and responsible for managing their own budgets and business models. Government and the Office for Students expects providers to make changes to their business models where needed, to protect their long-term sustainability.

I hope this response is helpful. Thank you for taking the time to make me aware of your concerns.

Yours sincerely,



JAMES MURRAY MP
EXCHEQUER SECRETARY TO THE TREASURY