

## **Explanatory Memorandum to the Education (Student Finance) (Fee Limit and Loan Amounts) (Miscellaneous Amendments) (Wales) Regulations 2025**

This Explanatory Memorandum has been prepared by the Strategy and Funding Division and is laid before Senedd Cymru in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

### **Minister's Declaration**

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the Education (Student Finance) (Fee Limit and Loan Amounts) (Miscellaneous Amendments) (Wales) Regulations 2025. I am satisfied that the benefits justify the likely costs.

**Vikki Howells MS**

**Minister for Further and Higher Education**

21 February 2025

## **Part 1**

### **1. Description**

1.1 The Education (Student Finance) (Fee Limit and Loan Amounts) (Miscellaneous Amendments) (Wales) Regulations 2025 (“the 2025 Regulations”) amend:

- the Higher Education (Amounts) (Wales) Regulations 2015;
- the Education (Student Support) (Wales) Regulations 2017; and
- the Education (Student Support) (Wales) Regulations 2018.

1.2 The 2025 Regulations will amend those regulations to:

- increase the full-time undergraduate tuition fee caps;
- apply these caps to all qualifying persons on qualifying courses at regulated Welsh institutions for academic years beginning on or after 1 August 2025; and
- increase the amount of tuition fee loan for academic years beginning on or after 1 August 2025 accordingly.

1.3 Raising the tuition fee cap does not increase the tuition fee charged, which is a matter for the institution providing the course.

### **2. Matters of special interest to the Legislation, Justice and Constitution Committee**

2.1 None.

### **3. Legislative background**

3.1 Sections 22 and 42(6) of the Teaching and Higher Education Act 1998 and sections 5(3) and 55 of the Higher Education (Wales) Act 2015 provide the Welsh Ministers with the powers to make these regulations.

3.2 Sections 5(3) and 55 of the Higher Education (Wales) Act 2015 enable the Welsh Ministers to increase the tuition fee cap by prescribing a “maximum amount”. A fee limit specified within a higher education institution’s fee and access plan cannot exceed this maximum amount. The power to prescribe the maximum amount is framed broadly, with no express qualifications or limitations on how it may be exercised.

3.3 The functions of the Secretary of State in sections 22(1) and (2)(b) of the Teaching and Higher Education Act 1998 were transferred to the National

Assembly for Wales, so far as they relate to making provision in relation to Wales, by section 44 of the Higher Education Act 2004 (c. 8). The Secretary of State's function in section 42(6) of the Teaching and Higher Education Act 1998, in so far as being exercisable in relation to Wales, was transferred to the National Assembly for Wales by the National Assembly for Wales (Transfer of Functions) Order 1999, article 2 and Schedule 1 (S.I. 1999/672). The functions of the National Assembly for Wales were transferred to the Welsh Ministers by virtue of section 162 of, and paragraph 30 of Schedule 11 to, the Government of Wales Act 2006 (c. 32).

- 3.4 The 2025 Regulations are subject to the Negative Procedure by virtue of section 42(2) of the Teaching and Higher Education Act 1998 and section 55(5) of the Higher Education (Wales) Act 2015. Only the first regulations to be made under section 22 of the 1998 Act and section 5(3) of the 2015 Act are subject to the Affirmative Procedure (by virtue of section 42(4) of the 1998 Act and section 55(3) and (4) of the 2015 Act respectively). As first regulations have been made in both cases, all subsequent regulations, including these, are subject to the Negative Procedure.

#### **4. Purpose and intended effect of the legislation**

- 4.1 The 2025 Regulations amend existing regulations as outlined below.
- 4.2 Establishing limits on the fees that may be charged by regulated providers is established policy. Increasing the value of tuition fee caps is in response to the continued inflationary pressures experienced by Welsh institutions. Increasing the tuition fee caps in Wales for the 2025/26 academic year for full-time undergraduate courses will enable Welsh institutions to charge fees that reflect some of these cost pressures.

##### *Changes to fee caps in Wales (full-time undergraduate courses)*

- 4.3 The Higher Education (Wales) Act 2015 provides for a maximum fee level (the "tuition fee cap") to be charged to certain people ("qualifying persons") on certain courses ("qualifying courses"). A qualifying course, a description of which is provided for by regulations (the Higher Education (Qualifying Courses, Qualifying Persons and Supplementary Provision) (Wales) Regulations 2015), is one which is captured by a provider's "fee and access plan", a plan which must be approved by Medr. A fee and access plan enables regulated providers to state how they will go about achieving certain policy objectives of the Welsh Ministers. If the plan is approved, providers may, for the courses in their plan, charge qualifying persons (also provided for by the Higher Education (Qualifying Courses, Qualifying Persons and Supplementary Provision) (Wales) Regulations 2015) a

fee up to the fee cap. The amount they will charge is specified in their fee and access plan.

- 4.4 Fee caps apply only to qualifying persons. These are students who have a connection to the UK and fall into three broad groups: those settled in the UK, EU nationals and certain others undertaking courses in Wales, and refugees and others who require humanitarian protection. Students may qualify for a tuition fee loan to meet the immediate cost of their education.
- 4.5 The maximum tuition fee caps that may be charged to qualifying persons on qualifying courses by a regulated provider in Wales will be increased for academic years beginning on or after 1 August 2025.
- 4.6 From 1 August 2025, the *per annum* tuition fee caps will be as recorded in table 1 (and will match those in England).

| <b>Table 1. Existing and new tuition fee caps*</b>  |                 |            |
|---|-----------------|------------|
|   | <b>Existing</b> | <b>New</b> |
| Full-time undergraduate   | £9,250          | £9,535     |
| The final year of certain courses   | £4,625          | £4,765     |
| Academic year(s) which are work placements/sandwich   | £1,850          | £1,905     |
| Academic year(s) of courses provided in conjunction with an overseas institution  | £1,385          | £1,430     |
| * The three lower fee limits are linked by policy to the full-time undergraduate fee cap at the rate of 50%, 20%, and 15% respectively. |                 |            |
| <i>Source: Welsh Government</i>   |                 |            |

- 4.7 These changes to tuition fee caps will apply to all new and continuing students who are qualifying persons on qualifying courses. Whilst the 2025 Regulations will change the tuition fee cap a Welsh regulated provider may charge for a higher education course it provides, the level of tuition fee charged to a student is a matter for the provider, as is the timing of any changes.

#### *Tuition fee loan support for students ordinarily resident in Wales and studying in Wales*

- 4.8 Tuition fee loans for eligible students ordinarily resident in Wales studying on a course offered by a Welsh regulated provider (an institution with a fee and access plan) will be increased to accommodate the new tuition fee caps (and the three lower limits, as set out in table 1) for academic years beginning on or after 1 August 2025.

- 4.9 If a Welsh institution does not wish to have a fee and access plan approved (or Medr refuses to approve one), they may charge any fee they choose. In this case, providers may apply for course designation (for the purposes of attracting student support) from the Welsh Ministers on a course-by-course basis. If an application is approved, a student ordinarily resident in Wales may access a reduced rate of tuition fee loan. The tuition fee loan available to students ordinarily resident in Wales on such courses will be increased to £6,355 for academic years beginning on or after 1 August 2025.
- 4.10 Tuition fee support is available for those students ordinarily resident in Wales who are on accelerated graduate entry courses in medicine and dentistry (which are four years in duration). Support consists of a mix of NHS tuition fee bursary and tuition fee loan (depending on year of course). Tuition fee loans for students undertaking accelerated graduate entry courses in medicine and dentistry will increase to £6,070 for academic years beginning on or after 1 August 2025.

*Tuition fee loan support for students ordinarily resident in Wales and studying outside of Wales*

- 4.11 The maximum tuition fee caps in England for undergraduate courses offered by approved (fee cap) providers (providers registered with the Office for Students to whom maximum fee caps apply) will increase to £9,535 for a standard full-time course and £7,145 for a part-time course for the 2025/26 academic year. Tuition fee loans for eligible students ordinarily resident in Wales studying on a course offered by an English approved (fee cap) provider will be increased to accommodate each of the new limits for academic years beginning on or after 1 August 2025.
- 4.12 Full-time and part-time undergraduate courses offered in England at approved providers are not subject to tuition fee caps. Tuition fee loans for eligible students ordinarily resident in Wales studying on such courses at approved providers will be increased to £6,355 for academic years beginning on or after 1 August 2025.
- 4.13 Higher education providers in Scotland and Northern Ireland can charge full-time undergraduate students from outside their respective countries a maximum tuition fee of up to £9,535 for the 2025/26 academic year. Tuition fee loans for Welsh students studying in Scotland and Northern Ireland will increase accordingly for academic years beginning on or after 1 August 2025.

## **5. Consultation**

- 5.1 There is no statutory requirement to consult on these regulations and consultation has not been undertaken.

## **PART 2 – REGULATORY IMPACT ASSESSMENT (RIA)**

An RIA has been conducted for the 2025 Regulations.

### **6. Options**

#### *Option 1: Business as usual*

6.1 If the 2025 Regulations are not made and the tuition fee caps and tuition fee loans are not increased then the implications would be as follows:

- regulated providers of higher education, who have experienced continued cost inflation, would not be able to increase fees, reducing revenue in real terms and putting further pressure on their financial position.
- student debt would be unaffected. While there would be no direct (price) impact on participation, the ongoing reduction of resource available to providers of higher education may begin to impact the quality, and other aspects, of provision, making higher education less attractive.
- tuition fee loans for eligible students ordinarily resident in Wales studying on a course offered by an institution outside of Wales would not meet the tuition fee charged, where the institution has increased the fee for the 2025/26 academic year. This would be contrary to existing Welsh Government policy of ensuring no Welsh student having to meet tuition costs upfront.

#### *Option 2: Make the Regulations*

6.2 Making the 2025 Regulations ensures that the implications outlined above are avoided. The increase in the tuition fee caps will assist regulated providers of higher education in Wales. Students ordinarily resident in Wales studying on a course inside or outside of Wales will continue to have their tuition costs met upfront. This is the preferred option.

6.3 No other options were considered. Students and the sector will recognise the amount of the increase as it will place regulated providers in Wales on an equal footing with institutions elsewhere.

### **7. Costs and benefits**

#### *Option 1: Business as usual*

- 7.1 Leaving the existing student support and fee protection regulations in place would mean no additional costs are incurred via the student support system. Providers will continue to experience cost pressures with no scope to increase fees charged to a majority of their students, and with a maximum fee level below that which a provider outside of Wales may charge for the 2025/26 academic year. Students ordinarily resident in Wales studying on a course outside of Wales would bear the entire cost of any tuition fee increase charged.

*Option 2: Make the 2025 Regulations*

- 7.2 Increasing the tuition fee caps will assist regulated providers of higher education in Wales to generate additional revenue for the 2025/26 academic year. Depending upon decisions taken by individual providers about whether to apply the fee increase, on which courses and on which cohort of students etc., the proposed change could generate up to an additional £21.9 million per annum in fee revenue.
- 7.3 Any change to the tuition fee charged by a provider of a course may impact students in the 2025/26 academic year. If fees are increased, an eligible student ordinarily resident in Wales will be able to apply for an increased maximum fee loan of up to £9,535 (and similarly for the linked tuition fee caps). Where an eligible student ordinarily resident in Wales is studying a course specifically designated by the Welsh Ministers or a course provided by an approved provider in England (providers registered with the Office for Students to whom maximum fee caps do not apply), they will be able to apply for an increased maximum fee loan of up to £6,355. Where an eligible student ordinarily resident in Wales is studying an accelerated graduate entry course (of four years in duration) in medicine or dentistry within Wales, they will be able to apply for an increased maximum fee loan of up to £6,070.
- 7.4 While a Welsh student has no upfront costs to meet, debt is likely to increase marginally as a result (for example, £855 in total for a typical three-year full-time undergraduate course at a regulated Welsh institution). Repayment of student loan debt is income contingent, an increase in fee debt may mean some middle-income graduates are in repayment longer than they would otherwise be. For graduates on lower incomes, their repayment will be unaffected as their loans will be written off after 30 years. This may not be of such significance to deter applications, particularly given institutions outside of Wales will be able to charge similar fees for the 2025/26 academic year. Evidence on the price (tuition fee) elasticity of demand for higher education in the UK is fairly limited but generally points to demand being relatively inelastic<sup>1</sup>. Nevertheless, students continue to

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<sup>1</sup> See for example Sa, 2017 ([The Effect of University Fees SA Accepted13July2017 GREEN AAM.pdf](#)) and Dearden et al, 2011 ([The impact of tuition fees and support on university participation in the UK](#))



be impacted by cost-of-living pressures and the changes to tuition fees may make some students more sensitive to increases in costs.

- 7.5 The costs arising from increasing the maximum tuition fee loans for the two financial years which encompass the 2025/26 academic year are recorded in table 2. This assumes the increase will apply to all students.

| <b>Table 2. Tuition fee loan costs for Welsh full-time undergraduate students</b>   |                |                |                  |
|---|----------------|----------------|------------------|
| <b>Academic year costs</b>  |                |                | <i>£millions</i> |
|   | <b>2025/26</b> | <b>2026/27</b> | <b>2027/28</b>   |
| Max fees £9,250   | £463.5         | £474.3         | £480.6           |
| Max fees £9,535   | £477.4         | £488.5         | £495.1           |
|   |                |                |                  |
| Cost of increasing fee cap  | <b>£13.9</b>   | <b>£14.2</b>   | <b>£14.4</b>     |
| Cost of increase @ RAB (non-cash)   | £0.7           | £0.6           | £0.6             |
|   |                |                |                  |
| <b>Financial year costs</b>   |                |                | <i>£millions</i> |
|   | <b>2025-26</b> | <b>2026-27</b> | <b>2027-28</b>   |
| Max fees £9,250   | £456.3         | £467.0         | £475.6           |
| Max fees £9,535   | £463.1         | £481.1         | £490.0           |
|   |                |                |                  |
| Cost of increasing fee cap  | <b>£6.8</b>    | <b>£14.1</b>   | <b>£14.4</b>     |
| Cost of increase @ RAB (non-cash)   | £0.4           | £0.7           | £0.6             |
| <i>Costs for financial year 25-26 include academic year 2024/25 with existing £9,250 cap. Assumes full loan to cover all tuition fee costs, for forecast number of students taking loans.</i> |                |                |                  |
| <i>Source: Welsh Government</i>   |                |                |                  |

## 8. Competition Assessment

- 8.1 The making of the 2025 Regulations has no impact on the competitiveness of businesses, charities, or the voluntary sector.

## **9. Post-Implementation Assessment**

- 9.1 The regulations governing the student support system are revised annually and are continually subject to detailed review, both by policy officials and delivery partners in their practical implementation of the regulations.