EXPLANATORY MEMORANDUM TO

THE EDUCATION (STUDENT FEES, AWARDS, SUPPORT AND LOAN REPAYMENTS) (AMENDMENT) REGULATIONS 2026

2026 No. 130

1. Introduction

1.1 This explanatory memorandum has been prepared by the Department for Education and is laid before Parliament by Command of His Majesty.

1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Declaration

2.1 Baroness Smith at the Department for Education confirms that this Explanatory Memorandum meets the required standard.

2.2 Anne Rimmer, Deputy Director for Student Funding Policy at the Department for Education confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Mark Williams at the Department for Education can be contacted with any queries regarding the instrument at: mark.williams@education.gov.uk.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument makes amendments to the suite of legislation governing funding for further education students and higher education undergraduate and postgraduate students in England ("the Student Finance Regulations"). A separate instrument is planned to introduce new student funding arrangements for further education students and higher education undergraduate students under the Lifelong Learning Entitlement[1] ("LLE") for courses starting on or after 1 January 2027. The existing Further Education and Higher Education student support systems are planned to run in parallel with LLE for a number of years.

4.2 Changes to the Student Finance Regulations for the 2026/27 academic year in this instrument primarily concern changes to maximum fee loans for undergraduate students and changes to maximum loans for living and other costs for undergraduate students and postgraduate students. This instrument also makes changes to other policy areas, detailed in paragraphs 5.37 to 5.82 of section 5 of this Explanatory Memorandum.

4.3 This instrument makes amendments to the Education (Student Loans) (Repayment) Regulations 2009 ("the Repayments Regulations") which make provision for the recovery of student loans, detailed at paragraphs 5.83 to 5.88 of section 5 of this Explanatory Memorandum. In particular, when a person is required to report their

[1] https://www.gov.uk/government/publications/lifelong-learning-entitlement-lle-overview/lifelong-learning-entitlement-overview

income to HMRC via an Income Tax Self-Assessment ("ITSA") return, these amendments bring the repayment of student loans into scope of the new penalties regime established by sections 116 and 117 of, and Schedules 25 and 26 to the Finance Act 2021 ("FA 2021").

Where does the legislation extend to, and apply?

4.4 The extent of each amendment made by this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is the same as that of the provision amended.

4.5 The territorial application of each amendment made by this instrument (that is, where the instrument produces a practical effect) is the same as that of the provision amended.

5. Policy Context

What is being done and why?

Increasing maximum fee loans for full-time and part-time students for 2026/27.

5.1 The Government has increased fee limits for designated undergraduate courses offered by Approved (Fee Cap) Providers by 2.71% for eligible new and continuing undergraduate students for the 2026/27 academic year and by 2.68% for 2027/28 based on forecast RPIX[2]. RPIX is the inflation index that the Secretary of State has had regard to in the Student Fees (Inflation Index) Regulations 2006 when satisfying herself that increases in fee limits are no greater than is required to maintain their value in real terms.

5.2 Changes to fee limits for 2026/27 and 2027/28 were made through the affirmative Higher Education (Fee Limits and Fee Limit Condition) (England) Regulations 2026 which were laid in draft on 5 February 2026[3] and are explained in detail in the draft Explanatory Memorandum for those Regulations[4]. Maximum fees for foundation years in classroom-based subjects in 2026/27 will remain at the levels that apply for the 2025/26 academic year.

5.3 The Government has increased maximum fees for the 2026/27 and 2027/28 academic years and will legislate when parliamentary time allows to increase maximum fees automatically for future academic years. These increases will provide long-term certainty over future funding for the higher education sector so that it can focus on reform.

5.4 This instrument amends the Education (Student Support) Regulations 2011 ("the Student Support Regulations") to increase the corresponding maximum fee loans in 2026/27 for new and continuing undergraduate students by 2.71%, so that students undertaking courses at Approved (Fee Cap) Providers can continue to meet the full costs of their tuition up-front in 2026/27. Maximum fee loans for foundation years in

[2] 2.71% is forecast RPIX for the first quarter of 2027 published by the Office for Budget Responsibility in it supporting document 'November 2025 Economic and Fiscal Outlook - detailed forecast tables: economy': https://obr.uk/efo/economic-and-fiscal-outlook-november-2025/ The first quarter of 2027 is used as it is roughly mid-way through the 2026/27 academic year for most students who will start the 2026/27 academic year in Autumn 2025. 2.68% is the corresponding RPIX forecast for the first quarter of 2028.
[3] https://www.legislation.gov.uk/ukdsi/2026/9780348279184/contents
[4] https://www.legislation.gov.uk/ukdsi/2026/9780348279184/memorandum/contents

classroom-based subjects in 2026/27 will remain at the levels that apply for the 2025/26 academic year.

5.5 This instrument amends the Student Support Regulations to increase maximum fee loans in 2026/27 by forecast RPIX, 2.71%, to £9,790 for a full-time course; to £11,750 for a full-time accelerated course; and to £7,335 for a part-time course. Corresponding uplifts will apply in 2026/27 to maximum fee loans for students undertaking the final year of a full-time course, overseas years of study and work placement years.

5.6 Eligible students undertaking designated undergraduate courses at Approved Providers are not subject to maximum fee limits and can apply for fee loans towards the costs of their tuition.

5.7 This instrument amends the Student Support Regulations to increase the maximum fee loan in 2026/27 for courses offered by Approved Providers with a Teaching Excellence Framework (TEF) award by 2.71% to: £6,525 for full-time courses; £7,830 for full-time accelerated courses; and £4,890 for part-time courses. Maximum fee loans for courses offered by Approved Providers without a TEF award will be increased by 2.71% to: £6,350 for full-time courses, £7,620 for full-time accelerated courses and £4,760 for part-time courses.

5.8 Eligible students undertaking full-time graduate entry accelerated courses in medicine and dentistry can apply for fee loans towards the costs of their tuition.

5.9 This instrument amends the Student Support Regulations to increase the maximum fee loan for graduate entry accelerated courses by 2.71% to £6,125 for the first year of a course and to £5,860 for years 2 – 4 of a course. Students undertaking years 2 – 4 also qualify for additional fee support through the NHS Bursary Scheme.

5.10 An Equality Impact Assessment (EIA) for changes to higher education fees and fee loans for the 2026/27 and 2027/28 academic years was published on legislation.gov.uk[5] when the affirmative Higher Education (Fee Limits and Fee Limit Condition) (England) (Amendment) Regulations 2026, setting maximum fee limits for 2026/27 and 2027/28, were laid in draft, and is published again on legislation.gov.uk alongside this instrument.

5.11 Our overall assessment is that inflationary increases in maximum fees will have a have a largely neutral impact on most students, since tuition fees, and the level of student debt, will not change in real terms and the increase in maximum fees will be accompanied by a corresponding increase in fee loans. This will ensure that participation in Higher Education (HE) remains free at the point of access for those eligible for financial support from the Student Loans Company.

Changes to living costs support for full-time undergraduate students in 2026/27.

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5.12 Each year the Government considers increases to maximum loans and grants for living and other costs in respect of the academic year starting in the following calendar year.

[5] https://www.legislation.gov.uk/ukdsi/2026/9780348279184/resources

5.13 Maximum loans for living costs for undergraduate students and loans towards fee and course costs for students starting postgraduate master's degree courses and doctoral degree courses in 2026/27 are being increased by 2.71%.

5.14 For the 2026/27 academic year, maximum dependants' grants (adult dependants grants, childcare grant and parents' learning allowance for full-time undergraduate students with adult and child dependants) and disabled students' allowance (DSA) for full-time and part-time undergraduate students and postgraduate students with disabilities will remain at the levels that apply for the 2025/26 academic year.

5.15 A 2.71% increase to maximum loans for 2026/27 will have a largely neutral impact on most students. While this may lead to an increase in debt for students funding their studies through loans for living and other costs, the level of debt will remain unchanged in real terms meaning that the student finance changes should not impact negatively on participation decisions for most students. While the impact of a 2.71% increase to living costs support for 2026/27 is largely neutral, it will not offset the significant erosion in the real value of support which has occurred in the last few years due to high inflation. This means that some students who are more debt averse could still choose not to participate in higher education because they now regard it as being too expensive.

5.16 Maintaining maximum dependants' grants and disabled students' allowance at 2025/26 levels in 2026/27 will help to ensure the student finance system remains financially sustainable. This is likely to have a disproportionately negatively impact on students who are female, older or have a declared disability. However, the impact will be limited to those students who are claiming the maximum amounts or close to the maximum amounts with students with disabilities who have very high-cost support needs well above the maximum cap affected the most.

5.17 Maintaining maximum grant amounts at 2025/26 levels in 2026/27, is not expected to have significantly alter participation decisions. This is because the real term reduction in the value of additional financial support these grants provide will be small and mitigated by the inflationary increase in loans to help cover living costs.

5.18 An EIA covering the impact of increasing loans and freezing grants for 2026/27 has been published on legislation.gov.uk alongside this instrument.

Changes to living costs support for 2016 cohort students in 2026/27

5.19 The maximum loan for living costs for new full-time undergraduate students and continuing full-time undergraduate students who started their courses on or after 1 August 2016 ('2016 cohort students') will be increased by 2.71% in 2026/27. The loan for living costs is partially income assessed.

5.20 This instrument amends the Student Support Regulations so that the maximum loan for living costs for most 2016 cohort students living away from home and studying outside London will be £10,830 in 2026/27; for students living away from home and studying in London, £14,135; for students living in the parental home, £9,118 and for students studying overseas as part of a UK course, £12,403.

5.21 Different rates of loan for living costs apply to 2016 cohort students eligible for benefits. This instrument amends the Student Support Regulations so that the maximum loan for living costs for 2016 cohort students who are eligible for benefits and are living away from home and studying outside London will be £12,345 in 2026/27; for students living away from home and studying in London, £15,415; for

students living in the parental home, £10,757 and for students studying overseas as part of a UK course, £13,806.

5.22 2016 cohort students aged 60 or over on the first day of the first academic year of their course qualify for a lower single rate of loan for living costs. This instrument amends the Student Support Regulations so that the maximum loan for living costs for 2016 cohort students aged 60 or over on the first day of the first academic year of their course will be £4,582 in 2026/27.

Changes to living costs support for 2012 cohort students in 2026/27

5.23 The maximum loan for living costs for full-time undergraduate students who entered higher education on or after 1 September 2012 but before 1 August 2016, ('2012 cohort students'), will be increased by 2.71% in 2026/27. The loan for living costs is partially income assessed.

5.24 This instrument amends the Student Support Regulations so that the maximum loan for living costs for 2012 cohort students living away from home and studying outside London will be £7,764 in 2026/27; for students living away from home and studying in London, £10,833; for students living in the parental home, £6,175 and for students studying overseas as part of a UK course, £9,223.

5.25 2012 cohort students on lower incomes qualify for an income assessed maintenance grant, or for 2012 cohort students who are eligible for benefits, an income assessed special support grant. The maximum maintenance grant and special support grant for 2012 cohort students will be increased by 2.71% in 2026/27 to £4,473.

Changes to elements of the living costs package for full-time undergraduate students.

5.26 Full-time undergraduate students who are attending courses that are longer than 30 weeks and three days in length during the academic year qualify for an income assessed long courses loan for each week or part week above 30 weeks and 3 days. Students attending their courses for 45 weeks or more in the academic year qualify for the same amount of long courses loan as students attending for 52 weeks.

5.27 This instrument amends the Student Support Regulations to increase the maximum long courses loan by 2.71% in 2026/27 for full-time undergraduate students. For students living away from home and studying outside London, the maximum long courses loan will be £116 a week; for students living away from home and studying in London, £149 a week; for students living in the parental home £77 a week and for students studying overseas as part of a UK course, £161 a week.

5.28 Full-time undergraduate students who are undertaking a work placement year of a sandwich course do not qualify for the full living costs support package unless they are undertaking an unpaid placement in the public sector, as defined in the Student Support Regulations. Instead, most students undertaking work placement years qualify for a reduced rate, non-income assessed loan for living costs.

5.29 This instrument amends the Student Support Regulations to increase the maximum reduced rate loan for living costs for eligible full-time undergraduate students who are undertaking a work placement year on a sandwich course by 2.71% in 2026/27. For students living away from home and studying outside London, the maximum reduced rate of loan for living costs will be £3,281, for students living away from home and studying in London, £4,607 and for students living in the parental home, £2,461. Students undertaking an overseas work placement as part of a UK course, qualify for

the reduced rate of loan that applies to students living away from home and studying outside London.

5.30 Full-time undergraduate students who are undertaking a year of a course in medicine or dentistry that is defined as a bursary year in the Student Support Regulations are eligible to apply for bursary support from the NHS Business Services Authority. These students do not qualify for the full living costs package under the Student Support Regulations. Instead, they qualify for a reduced rate, non-income assessed loan for living costs.

5.31 This instrument amends the Student Support Regulations to increase the maximum reduced rate loan for living costs for full-time students who are undertaking an NHS bursary year of their course in medicine or dentistry by 2.71% in 2026/27. For students living away from home and studying outside London, the maximum reduced rate of loan for living costs will be £2,828, for students living away from home and studying in London, £3,970 and for students living in the parental home, £2,122. Students studying overseas as part of a UK course, qualify for the reduced rate of loan for living costs that applies to students living away from home and studying outside London.

Changes to living costs support for the final year of full-time undergraduate courses.

5.32 Students attending full-time undergraduate courses that are not accelerated degree courses qualify for lower rates of loan for living costs for the final academic year of their course. This instrument amends the Student Support Regulations to increase maximum final year rates of loan for living costs by 2.71% in 2026/27.

Changes to living costs support for part-time undergraduate students in 2026/27.

5.33 The maximum loan for living costs for eligible new part-time undergraduate students and continuing part-time undergraduate students who started their level 6 courses (honours degree and equivalent courses) on or after 1 August 2018 will be increased by 2.71% in 2026/27. The loan for living costs is also available for and part-time level 5 pre-registration healthcare courses and part-time level 4 and 5 approved Higher Technical Qualifications starting on or after 1 August 2024. It is partially income assessed.

5.34 This instrument amends the Student Support Regulations so that the maximum loan for living costs for part-time students living away from home and studying outside London will be £10,830 in 2026/27; for students living away from home and studying in London, £14,135; for students living in the parental home, £9,118 and for students studying overseas as part of a UK course, £12,403.

Changes to loans for students starting postgraduate master's degrees in 2026/27.

5.35 The maximum loan for students starting postgraduate master's degrees on or after 1 August 2026 will be increased by 2.71% in 2026/27. This instrument amends the Master's Degree Loans Regulations to increase the maximum postgraduate master's degree loan to £13,206.

Changes to loans for students starting postgraduate doctoral degrees in 2026/27.

5.36 The maximum loan for students starting postgraduate doctoral degrees on or after 1 August 2026 will be increased by 2.71% in 2026/27. This instrument amends the Doctoral Degree Loans Regulations to increase the maximum postgraduate doctoral degree loan to £31,122. It also increases the maximum postgraduate doctoral degree loan that can be paid for any one academic year to £13,206.

Removing the household income assessment for loans for living costs for care leavers attending undergraduate courses.

5.37 Care leavers are significantly under-represented in higher education with research suggesting financial concerns are a significant barrier to application and contribute to the high withdrawal rate from higher education courses. Most care leavers attending undergraduate courses already qualify for the maximum living costs entitlement as their household incomes are below the minimum household income threshold for maximum support.

5.38 However, a small number of care leavers qualify for less than the maximum living costs entitlement. These are most likely to be care leavers who are married or in a civil partnership and, in the case of carer leavers aged 25 or over on the first day of an academic year, those with a cohabiting partner. For these groups of students, the taxable income of partners is taken into account in the household income assessment for living costs support.

5.39 Our policy intent is to increase care leavers access to and participation in higher education by ensuring that all care leavers have access to the maximum loan for living costs support package for undergraduates.

5.40 This instrument amends the Student Support Regulations so that all care leavers, as defined in the Regulations, who are attending full-time and part-time undergraduate courses will qualify for the maximum loan for living costs. Care leavers who are attending full-time undergraduate courses requiring more than 30 weeks and 3 days attendance in an academic year, will also qualify for the maximum long courses loan.

5.41 These changes will apply to full-time and part-time undergraduate courses in respect of an academic year starting on or after 1 August 2026.

Introducing a 13-week time-limit for retrospective payments of Childcare Grant.

5.42 Full-time students who are eligible for student support and who have a dependent child or dependent children may apply for childcare grant which provides an income assessed contribution of up to 85% of the actual childcare costs charged by registered and approved childcare providers. Currently, childcare providers can make a retrospective claim for childcare payments in respect of childcare that took place during any previous academic year of study, and there is no time limit on the submission of such claims.

5.43 Our general policy intent is to prevent childcare providers in most cases from making new retrospective claims for payment for childcare significantly after the final date that the childcare claimed for took place.

5.44 This instrument amends the Student Support Regulations to introduce a 13-week time limit for retrospective claims for childcare from childcare providers after the childcare claimed took place. It also provides that claims for payment for any childcare that was incurred before the new provision comes into force must be made by the end of 13 weeks after the new provision comes into force.

5.45 In addition, this instrument introduces a discretion to pay claims to childcare providers after the 13-week time period has expired, where the Secretary of State (in practice, the Student Loans Company), having regard to the circumstances, considers such a claim for childcare grant should be paid.

5.46 These changes will apply to full-time undergraduate courses from the date this instrument comes into force.

Removing nannies from the list of registered and approved childcare providers who qualify for payments of Childcare Grant.

5.47 Full-time students who are eligible for student support and who have a dependent child or dependent children may apply for a childcare grant which provides an income assessed contribution of up to 85% of actual childcare costs charged by registered and approved childcare providers, including nannies.

5.48 Our general policy intent is to remove nannies from the list of childcare providers who can submit claims for childcare costs in order to protect public money.

5.49 This instrument amends the Student Support Regulations so that nannies are not normally able to submit claims for payment of childcare costs. It also introduces a discretion to allow claims from nannies for childcare costs incurred for exceptional reasons, for example, where the costs are related to a child's disability or health reasons and the Secretary of State (in practice, the Student Loans Company) considers that a claim for childcare grant should be paid.

5.50 These changes will apply to full-time undergraduate courses in respect of an academic year starting on or after 1 August 2026.

Removing obsolete references to the Scottish Healthcare Allowance.

5.51 English domiciled students attending bursary years of an undergraduate or graduate entry course in medicine or dentistry, quality for bursaries and have their fees paid by the NHS Business Services Authority. They can also apply for a reduced rate non-means tested loan for living costs from Student Finance England under the Student Support Regulations.

5.52 The definition of a bursary year in the Student Support Regulations includes a reference to an academic year of a course in relation to which the student is eligible to apply for a Scottish Healthcare Allowance for a course leading to a qualification in a healthcare profession other than as a medical doctor or dentist i.e. courses in nursing, midwifery and the allied health professions.

5.53 This reference was added to the Student Support Regulations for the 2005/06 academic year, but under current student support arrangements, English domiciled students cannot qualify for a Scottish Healthcare Allowance as it is currently only available from the Scottish Government for Scottish domiciled students.

5.54 This instrument amends the Student Support Regulations to remove obsolete references to the Scottish Healthcare Allowance.

5.55 These changes will apply to undergraduate and graduate entry courses in medicine and dentistry from the date this instrument comes into force.

Amending the definition of a Scottish designated courses.

5.56 The Student Support Regulations define a "Scottish designated full-time course", a "Scottish designated part-time course" and a "Scottish designated postgraduate course" as a full-time, part-time or postgraduate course substantially provided in Scotland and designated under the Education (Student Loans) (Scotland) Regulations 2007 ("the Scottish 2007 Regulations"). The Scottish Government has replaced references to the 2007 Regulations with references to regulations under Part 4 of the Student Support (Scotland) Regulations 2022 ("the Scottish 2022 Regulations"). This is a like for like change and has been made following the Scottish Government consolidating various regulations into a single instrument.

5.57 This instrument amends the Student Support Regulations to replace any existing references to regulation 4(9) of the Scottish 2007 regulations with regulations 13(4) of the Scottish 2022 regulations. This instrument makes corresponding changes to the Master's Degree Loans Regulations.

5.58 These changes will apply to undergraduate and postgraduate courses from the date this instrument comes into force.

Amending references to the Ukraine Permission Extension Scheme to align with the latest Home Office rules.

5.59 The Home Office (HO) introduced the Ukraine Permission Extension Scheme (UPES) on 4th February 2025, following changes to their Immigration Rules on 19 February 2024. The UPES extends a person's leave in the UK for a further 18 months and replaces other 'in-country' Ukraine schemes such as the Ukraine Family Scheme and the Ukraine Extension Scheme.

5.60 We have previously amended the Student Finance Regulations so that those who have been granted leave under the UPES, and their eligible family members, may qualify for student support in England, home fee status and are "qualifying persons" for the purposes of tuition fee limits for academic years of a course beginning on or after 1 August 2024, without requiring them to meet the normal three-year ordinary residence requirement.

5.61 Since laying Student Finance Regulations for the 2025/26 academic year on 13 February 2025, the HO has made further changes to the Immigration Rules to include UPES, and we now need to update our regulations to reflect the latest HO paragraph numbers. This ensures consistency with other references in our regulations which links particular schemes to the HO rules.

5.62 This instrument also updates definitions of persons granted leave under the Ukraine Extension Scheme and the Ukraine Family Scheme, to reflect that these schemes have since been removed from the HO rules.

5.63 This instrument makes corresponding changes to the Master's Degree Loans Regulations, and Doctoral Degree Loans Regulations for postgraduate master's loans and postgraduate doctoral degree loans respectively. It also makes corresponding changes to the Further Education Loans Regulations for advanced learner loans.

5.64 This instrument also makes corresponding changes to amends the Fees and Awards Regulations and the Fee Limit Condition Regulations.

5.65 These changes will apply from the date this instrument comes into force.

Amending the rules on overstaying and entitlement to student support and home fee status.

5.66 Paragraph SUI 13.1 of the Immigration Rules allows the Home Office (HO) to disregard periods of overstaying where the application was made within a certain timeframe and it considers that there was a good reason why the application for leave could not have been made before the expiry of a person's most recent leave. The Student Loans Company currently disregards periods of overstaying in line with paragraph SUI 13.1 of the Immigration Rules for the purposes of assessing the three-year ordinary residence requirement. Paragraph SUI 13.1 replaces paragraph 39E of the Immigration Rules which was deleted and relocated to paragraph SUI 13.1 in November 2025.

5.67 The Student Support Regulations provide that if a person's leave expires and no further leave has been granted or the person has not become a British or Irish citizen,

then their status as an eligible student terminates immediately before the first day of the academic year in respect of which they are applying for support. We consider it would be discriminatory to remove student support and home fee status to students where they have applied for further leave after the expiry of their most recent leave, but within paragraph SUI 13.1 of the Immigration Rules.

5.68 This instrument amends the Student Support Regulations so that where a student is applying for further leave in line with the relevant provisions of paragraph SUI 13.1 of the HO Immigration Rules, their eligibility is not terminated under the Student Support Regulations unless a decision is made by the HO to refuse them further leave to remain.

5.69 This instrument makes corresponding changes to the Master's Regulations, and Doctoral Regulations for postgraduate master's loans and postgraduate doctoral degree loans respectively.

5.70 This instrument also makes corresponding changes to the Fees and Awards Regulations and the Fee Limit Condition Regulations so that this group of students qualify for home fee status and, for undergraduate students, are 'qualifying persons' for the purposes of fee limits, unless a decision is made by the HO to refuse them further leave to remain.

5.71 These changes will apply to continuing full-time students from the date this instrument comes into force.

Removing entitlement to adult dependants' grant for an adult dependant living overseas.

5.72 Eligible full-time students can apply for means-tested adult dependants' grant (ADG) of up to £3,545 for the 2025/26 academic year for one dependant of the student who is either the student's partner or a non-partner adult who is financially dependent on the student and whose net income for the relevant academic year does not exceed £3,796. This currently includes dependants who are ordinarily resident outside the United Kingdom.

5.73 This instrument amends the Student Support Regulations to remove entitlement to ADG for dependants of an eligible student who are ordinarily resident outside the United Kingdom and are either the student's partner or a non-partner adult who is financially dependent on the student. This is to ensure the student finance remains financially sustainable. The provision of ADG for dependants living outside the United Kingdom could be seen as a subsidy to overseas Governments which have chosen not to provide adequate support to certain adults.

5.74 This change will apply to new students whose full-time undergraduate courses are starting on or after 1 August 2026.

Ensuring English domiciled students who qualify for funding from the Welsh Government under the International Learning Exchange Programme are entitled to apply for the full-time living costs package.

5.75 The International Learning Exchange Programme, known as 'Taith', was established in 2022 to provide opportunities for learners and staff to experience diverse cultures and to understand the importance of collaboration on global issues. English domiciled students who are undertaking designated full-time courses at providers in Wales can qualify for Taith funding for overseas study and work placements in Wales, in addition to the standard DfE student support package.

5.76 For clarification purposes, this instrument amends the definition of an 'Erasmus Year' in the Student Support Regulations by adding a reference to the International

Exchange Programme to that definition. This ensures that students on overseas work placements under the Taith programme have the same entitlement to living costs support as students on overseas work placements under the Turing programme which is already covered in the definition of an 'Erasmus Year', rather than for the reduced living costs entitlement that applies to other students on work placements as part of a sandwich course.

5.77 This change also ensures that the Student Support Regulations are fully aligned with our policy intent and Student Loans Company practice.

5.78 This change will apply to full-time undergraduate courses from the date this instrument comes into force.

Entitlement to higher rates of loans for living costs for lone parents.

5.79 Most full-time undergraduate students do not qualify for benefits. This is because the primary source of financial help for students is provided through the student support system. As such, students on full-time higher education courses cannot normally satisfy the entitlement conditions for Universal Credit.

5.80 Exceptions are only made where students have additional needs that are not met through the student support system, for example if they are a lone parent. Students who qualify for benefits, including lone parents, qualify for higher rates of loan for living costs, in order to encourage them to participate in higher education.

5.81 This instrument amends the Student Support Regulations to clarify that lone parents qualify for higher rates of loans for living costs in line with our policy intent and Student Loans Company practice.

5.82 This change will apply to full-time undergraduate courses from the date this instrument comes into force.

Updating the Repayment Regulations so that they reflect changes made by HMRC to the Finance Act 2021 in relation to Finance Penalty Reform legislation.

5.83 Income Contingent Repayment ("ICR") student loans were introduced in 1998. For UK based borrowers, repayments of ICR student loans are collected by HMRC through the tax system.

5.84 Regulation 36 of the Repayment Regulations enables HMRC to apply penalties for late payment of tax obligations and, by association, student loan repayments, under Schedule 56 to the Finance Act 2009 ("the FA09") where these penalties are collected through the Income Tax Self-Assessment (ITSA) tax system. Similarly, HMRC applies penalties for late filing of an ITSA return under Schedule 55 to the Finance Act 2009. Student loan repayments included on the ITSA return are part of the calculations of these late filing penalties by virtue of regulation 40 of the Repayment Regulations.

5.85 The Finance Act 2021 ("the FA 2021") introduces new penalties for the late submission of a tax return, the deliberate withholding of information (both of which are presently addressed by Schedule 55 to the FA09), and the late payment of tax (see sections 116-118 of, and Schedules 24-27 to the FA 2021). Details of this penalty reform ("the PR regime") can be found online[6].

[6] https://www.gov.uk/government/publications/interest-harmonisation-and-penalties-for-late-submission-and-late-payment-of-tax

5.86 Penalties for late submission of a tax return (Schedule 24 to the FA 2021) will not apply to student loans because they do not relate to the amounts that should have been stated in the ITSA return.

5.87 The new penalties commenced from tax year 2026/27, will be introduced to ITSA cohorts under a phased approach. They will eventually replace the relevant parts of the current penalty regime set out in Schedules 55 and 56 to the Finance Act 2009 ("the 2009 regime"). Section 118 of, and Schedule 27 to the FA 2021 will be used to disapply penalties under Schedule 55 and 56 for the commenced ITSA cohort.

5.88 The amended Repayment Regulations will also apply to student loan repayments for eligible volunteers for the 2025/26 tax year, who elect and are accepted into the Making Tax Digital system testing. Such volunteers are subject to the PR regime with the earliest filing and payment penalties for missed obligations due 31 January 2027. (See the Finance Act 2021 (Income Tax and Capital Gains Tax) (Penalties) (Appointed Day: Eligible Volunteers) Regulations 2024 (S.I. 2024/440 C.25).

6. Legislative and Legal Context

How has the law changed?

6.1 This instrument makes amendments to the Student Finance Regulations which govern funding for further education students and funding for higher education undergraduate and postgraduate students in England. The changes to the regulations listed below are primarily being made to reflect changes being made for the 2026/27 academic year to increase (i) maximum fee loans and loans for living and other costs for undergraduate students and (ii) maximum loans towards fee and course costs for postgraduate students. Section 22(2)(b) of the Teaching and Higher Education Act 1998 provides the powers to lay regulations setting student support for a single academic year, in this case 2026/27.

6.2 Changes are also being made to remove the income assessment for care leavers so that they qualify for the maximum loan for living costs, to introduce a 13 week time limit for retrospective claims for childcare grant from childcare providers, to remove entitlement to childcare grant for providers who are nannies and to remove entitlement to adult dependants' grant for an adult dependant living overseas. A number of additional policy changes to higher education student finance regulations are also being made from the date this instrument comes into force.

6.3 This instrument also makes amendments to the Repayment Regulations to bring new and existing ICR student loans that are part of an ITSA liability, within the scope of the new PR regime. The amendments only have effect in relation to taxpayers who have been moved onto the PR regime and are no longer subject to the 2009 penalty regime.

6.4 The following Regulations are being updated with the changes set out above:

- the Education (Fees and Awards) (England) Regulations 2007 (S.I. 2007/779) ("the Fees and Awards Regulations");
- the Education (Student Support) Regulations 2011 (S.I. 2011/1986) ("the Student Support Regulations");
- the Further Education Loans Regulations 2012 (S.I. 2012/1818) ("the Further Education Loans Regulations");
- the Education (Postgraduate Master's Degree Loans) Regulations 2016 (S.I. 2016/606) ("the Master's Degree Loans Regulations");

- the Higher Education (Fee Limit Condition) (England) Regulations 2017 (S.I. 2017/1189) ("the Fee Limit Condition Regulations");
- the Education (Postgraduate Doctoral Degree Loans and the Education (Student Loans) (Repayment) (Amendment) (No. 2) etc.) Regulations 2018 (S.I. 2018/599) ("the Doctoral Degree Loans Regulations");
- The Education (Student Loans) (Repayment) Regulations 2009 (S.I. 2009/470) (the " Repayment Regulations").

Why was this approach taken to change the law?

6.5 This is the only possible approach to make the necessary changes.

7. Consultation

Summary of consultation outcome and methodology

7.1 There is no statutory requirement to consult on these amendment regulations and no consultation was carried out. The principal changes in this instrument are to make increases to existing fee loans and loans for living and other costs for the 2026/27 academic year. A formal consultation would therefore not be appropriate for these changes given that they are not introducing new policy. However, as part of a quality review process in Summer and Autumn 2025, drafts of this instrument were sent to the Student Loans Company (SLC) for their review and comment. SLC were content that the drafting of the instrument was error-free and reflected policy intent.

7.2 The change to the Repayment Regulations is required as a result of the new ITSA penalties. The new penalties have been shaped through three consultations:

7.3 The first Making Tax Digital: Tax Administration ran from August to November 2016. This consultation proposed models for a late submission penalty, as well as options for a separate late payment penalty. Initial comments were also sought in this consultation for alignment of the HMRC interest rules.

7.4 The second consultation Making Tax Digital: sanctions for late submission and late payment ran from March to June 2017. Here, further models were proposed for a late submissions penalty and a late payment penalty.

7.5 The third consultation Making Tax Digital: interest harmonisation and sanctions for late payment ran from December 2017 to March 2018. This consultation focused on aligning interest for monies owed to and by HMRC as well as proposing another model for the late payment penalty.

8. Applicable Guidance

8.1 The Government published details of changes to maximum fees for the 2026/27 and 2027/28 academic years and to student support for 2026/27 in a policy paper[7] on gov.uk on 26 November 2025, alongside the Budget.

8.2 Information setting out the changes made by this instrument will be made available to universities, colleges and other higher education stakeholders on Student Finance England's (SFE) practitioners' website by Spring 2026. Further information on changes to student support for 2026/27 will be published for students on gov.uk and SFE websites before 1 August 2026.

[7] https://www.gov.uk/government/publications/tuition-fees-and-student-support-2026-to-2027-academic-year

8.3 Guidance materials are being produced by SFE for students intending to apply for financial support for the 2026/27 academic year.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment has not been prepared for this instrument because there is no significant impact on business arising from changes to loans and grants for living and other costs for 2026/27 and other changes to student support for 2026/27.

9.2 An Impact Assessment of the 2.71% and 2.68% increases to maximum fee and fee loan limits for undergraduate courses in 2026/27 and 2027/28 was published on legislation.gov.uk[8] with the separate affirmative Higher Education (Fee Limits and Fee Limit Condition) (England) (Amendment) Regulations 2026 laid in draft on 5 February 2026 and coming into force on 21 March 2026. The same impact assessment is also published on legislation.gov.uk alongside this instrument.

9.3 HMRC have published a policy paper relating to PR[9], including a summary of the expected impacts. This paper and the associated impacts cover the changes to penalties as a whole, for both ITSA and VAT, rather than being specific to the student loan repayments.

Impact on businesses, charities and voluntary bodies

9.4 An increase in tuition fees will represent a financial benefit for businesses (higher education providers). There will be a positive financial impact on higher education providers; they will have greater financial resources which will enable them to spend more on their core activities than they previously were able to do.

9.5 The legislation does not impact small or micro businesses.

9.6 There is no, or no significant, impact on the public sector because these changes are either amendments of existing policy or reflect policy changes made by the HO or HMRC (in previous Finance Acts).

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The instrument does not include a statutory review clause, but we will be monitoring the number of students who receive fee loans, and grants and loans for living costs. This information is published in the Student Loans Company's Statistical First Releases[10].

10.2 HMRC will monitor and evaluate the broader changes in respect of the new penalties.

[8] https://www.legislation.gov.uk/ukdsi/2026/9780348279184/impacts
[9] https://www.gov.uk/government/publications/interest-harmonisation-and-penalties-for-late-submission-and-late-payment-of-tax
[10] https://www.gov.uk/government/collections9/student-support-for-higher-education-he

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 This instrument increases maximum fee loans for full-time, full-time accelerated and part-time undergraduate courses in the 2026/27 academic year. Corresponding changes to fee limits for 2026/27 have been made through the separate affirmative Higher Education (Fee Limits and Fee Limit Condition) (England) (Amendment) Regulations 2026, which also set fee limits for 2027/28. These regulations were laid before Parliament in draft on 5 February 2026 and come into force on 21 March 2026. Sections 10 and 119(5) of, and paragraphs 2, 3 and 4 of Schedule 2 to, the Higher Education and Research Act 2017 provide the powers to lay regulations setting fee limits for two academic years, 2026/27 and 2027/28.

11.2 Support for new undergraduate students whose courses start on or after 1 January 2027 under the new Lifelong Learning Entitlement funding system are expected to be set out in a separate SI currently planned to be laid in Parliament in spring 2026.

11.3 The Department has not applied the free issue procedure in relation to this instrument for the amendment in regulation 35(a) which corrects a minor error in the Repayment Regulations. The SI Registrar agrees that applying the free issue procedure would be disproportionate given the overall length of the Regulations and the brevity of the sole correcting provision.

12. European Convention on Human Rights

12.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 (“relevant European Union Acts”).