

The Higher Education (Fee Limits and Fee Limits Condition) (England) (Amendment) Regulations 2026

Lead department	Department for Education
Summary of proposal	The proposal would increase the maximum tuition fee (and loan) limits by forecast inflation (2.7 per cent) for the academic years 2026/27 and 2027/28. This would mean that the maximum tuition fee cap for full-time courses would rise from £9,535 to £9,790 and £10,050 in the respective academic years.
Submission type	Impact assessment – 8 December 2025
Legislation type	Secondary legislation
Implementation date	March 2026
RPC reference	RPC-DFE-25111-IA-(1)
Date of issue	14 January 2026

RPC opinion

Rating¹	RPC opinion
Fit for purpose	The Department evidences the problem under consideration. The impact assessment (IA) identifies a sufficient range of long-list options and justifies the selection of the short-list option. The IA has identified and monetised the key impacts from the proposal and outlines the key reasons for selecting the preferred option compared to the 'do-nothing' option.

Urgent measure statement

The Department has used the Better Regulation Framework's 'urgent measures' process for this provision. Where the Government decide that legislation is required urgently and there is insufficient time ahead of seeking collective agreement for a preferred regulatory option, and the necessary options assessment (OA) to be submitted to the RPC for independent scrutiny in accordance with the framework, departments are, instead, required to submit an impact assessment (IA) for scrutiny as early as possible after obtaining collective agreement. The IA should contain evidence, which should have been in set out in the OA, on the rationale, identification of options and the justification for the preferred way

¹ The RPC opinion rating is based only on the robustness of the rationale, options identification (including SaMBA) and justification for preferred way forward, as set out in the [Better Regulation Framework guidance](#). RPC ratings are fit for purpose or not fit for purpose.

forward. The RPC then offers an opinion that includes an overall fitness-for-purpose (red/green) rating.

RPC summary

Category	Quality ²	RPC comments
Rationale	Green	The IA provides sufficient evidence and analysis to demonstrate the case for the proposal in pursuit of the stated policy objectives. The IA provides sufficient SMART objectives and theory of change. The objectives could be improved by providing further detail on potential measurement metrics.
Identification of options (including SaMBA)	Green	The IA considers a reasonable range of options but could benefit from using the Green Book's Strategic Options Framework Filter. The IA could also expand its long list to discuss other approaches that might achieve the policy objectives, particularly alternative levels of fee increases or indexation. The IA justifies against exempting SMBs, as the proposal is deregulatory and beneficial to business.
Justification for preferred way forward	Green	The IA provides a good quantification of the impact of the preferred option on business, individuals and government. However, the IA could clarify some modelling and methodological assumptions underpinning these estimates. The IA provides sufficient justification for selecting the preferred option compared to the do-nothing option, explaining the trade-offs involved.
Regulatory Scorecard	Satisfactory	The IA provides fair directional ratings across the categories of overall welfare, business and household impacts. The scorecard includes the estimates of benefits to business and costs to individuals, but could be improved by including an equivalent annual net direct cost to households (EANDCH) estimate. For Part B, the IA could be improved by expanding its discussion of the competition and innovation impact.
Monitoring and evaluation	Satisfactory	The IA provides useful detail on the data and evidence sources that will be used to help assess the impact of the proposal against the objectives. The IA would benefit from discussing further how it will address other

² The RPC quality ratings are used to indicate the quality and robustness of the evidence used to support different analytical areas. The definitions of the RPC quality ratings can be accessed [here](#).

factors influencing achievement of the policy objectives.

Summary of proposal

A growing number of higher education (HE) providers are facing financial challenges. The Government intend to address this by increasing, by forecast RPIX inflation, undergraduate maximum tuition fee (and loan) limits for new and continuing students with home fee status (excluding those enrolled in classroom-based foundation years) at higher education (HE) providers in England that are registered with the Office for Students.

Based on the OBR RPIX inflation forecast published in November 2025 this means the maximum tuition fee cap for standard full-time undergraduate courses would rise by 2.7 per cent to £9,790 in the academic year 2026/27, and by a further 2.7 per cent to £10,050 in 2027/28. This fee-uplift proposal is considered deregulatory in its impact on HE providers, as it does not introduce any additional obligations or costs for them.

The IA considers four options:

- Option 0: Do nothing
- Option 1: An RPIX-linked tuition fee uplift for all HE providers in the Approved (fee cap) category – secondary legislation (preferred option)
- Option 2: Non-regulatory option (uncapped fees) – rejected
- Option 3: Alternative options (An RPIX-linked fee uplift for HE providers with a teaching excellence framework (TEF) rating – rejected

The Department presents an equivalent annual net direct impact on business (EANDCB) figure of -£680.9 million, consisting of increased tuition fee income for providers.

Rationale

Problem under consideration

The IA outlines the problem under consideration, explaining that the real value of tuition fees for UK undergraduate students has declined due to inflation, resulting in increasing financial pressure on providers. The Department draws on a range of evidence to illustrate this problem, including internal analysis, which shows that the real value of fees has fallen by around 38 per cent since 2012/13 and 2025 estimates from the Office for Students, which has found that 45.2 per cent of HE providers are estimated to be operating in deficit. This evidence is sufficient to demonstrate the case for proposal. As the Department acknowledges that these adverse outcomes have occurred despite the 2025 fee uplift, the IA could benefit from discussing further how effective an inflationary uplift to the fee cap is as a mechanism for addressing the problems under consideration, especially as opposed to a larger increase. Furthermore, the IA could clarify the likelihood of subsequent increases in the cap.

Argument for intervention

The IA's argument for intervention is focused on an improvement in teaching quality, choice and value. The Department evidences this argument, referencing a 2025 Universities UK survey, which found that nearly half of responding institutions have closed courses as well as significant cutbacks of optional modules, academic departments and student services. The IA could benefit from expanding this argument, considering education as a merit good that is currently under-provided in the market (and considering more of these as 'real' as opposed to purely financial effects in the regulatory scorecard).

Objectives and theory of change

The IA outlines the objectives of the proposals, which follow the SMART framework. The Department suggests some indicators for measuring the success of the objectives, such as teaching quality and student outcomes. The IA could be improved by providing more detail on these potential indicators, including the specific metrics required, and how they will be sourced. The IA states that the objectives are realistic as previous tuition fees uplifts have been shown to maintain total teaching income per student but could benefit from providing further evidence to support these claims. The IA provides a good theory of change diagram.

Identification of options (inc. SaMBA)

Identification of options

The Department has generated four options for its long list, including a do-nothing option, the option of uncapped fees, and an option for an RPIX-linked fee uplift for higher education providers (HEPs) with a TEF rating. The Department details these options in the IA, describing qualitatively what they would involve and their associated risks. The assessment could, however, be improved by including detail on the process behind developing the long list of options, such as how research and other evidence have been used to form these policies. The long list of options could benefit from using the Green Book's Strategic Options Framework Filter, which could help present the long list in greater detail while retaining a clear and concise structure. The IA could also benefit from expanding its long list to discuss other approaches or options to achieve the policy objectives. In particular, the main alternative of eliminating the cap appears too starkly different from the preferred option to form a realistic alternative. The long list could focus on other changes, which would ensure funding such as a one-off increase above the rate of inflation, fully restoring tuition fees in line with historical inflation or perpetually fixing tuition fees to inflation. These could be applied in combination with the long-list options that have been set out.

More fundamentally, the long list could consider changing the current framework rather than merely updating funding within it. This could include other funding approaches that have been implemented internationally, such as more use of grants and dual-track policies. The Department could then explain why these have not been carried through to the short list.

The Department has assessed the long list of options against four criteria to generate the short list and justify discarding the other long-listed options. These criteria are:

- Maintains overall affordability for the taxpayer.
- Maintains high-quality teaching and preserves student choice.
- Ensures access to higher education is not restricted on the basis of affordability.
- Delivers increased funding to HE providers and support financial stability of the HE sector.

The assessment justifies the selection of the short-list option, and the IA explains clearly the reasoning behind this and justifies why other long-list options are not viable for short-list appraisal. The IA could benefit from aligning its criteria with the specific key critical success factors as set out in the Green Book. For instance, the first criterion could be redefined as an affordability critical success factor, and the second criterion as a strategic fit critical success factor. The Department assesses each option qualitatively and provides a red/amber/green (RAG) assessment against each criterion. However, the IA could benefit from explaining the measurement

criteria that have been applied to form this RAG assessment and could clarify the incremental variance between the different ratings. The IA could provide more justification for some of the RAG ratings. For instance, Option 2 would seem to score more highly than the preferred option on delivering increased funding to HE providers, but both have been rated 'green'.

Consideration of alternative options to regulation

The IA discusses a non-regulatory option; uncapped fees. This option would remove price cap regulation, meaning HE providers would be free to charge tuition fees at whatever level they chose appropriate. The Department explains why this option is not carried forward to the short list, as under this option, tuition fees at many HE providers would likely be set above the current maximum fee limit, meaning HE would be less affordable to the payer and may result in access to HE being based on the ability to pay rather than the ability to learn.

SaMBA and medium-sized business assessment

The IA justifies against exempting SMBs, as the proposal is considered deregulatory and beneficial to business. The IA provides the distribution of HE providers by number of employees, identifying the proportion of micro, small and medium-sized businesses. The proposal would benefit most directly Approved (fee cap) providers, which tend to be larger organisations (they include most universities). The IA would benefit from discussing whether this might indirectly negatively affect the relative position of small HE providers, as well as considering any potential mitigation measures to address this.

Justification for preferred way forward

Appraisal of the short-listed options

The IA presents a net present social value (NPSV) of £0 for the preferred option, as the benefits received by HE providers from increased tuition fee incomes are transferred from the student (and the taxpayer) in the form of higher tuition loan outlays. The Department monetises the impacts of the proposal on these key groups, estimating that it will increase nominal tuition fee income of the HE sector by £390 million in academic year 2026/27 and £800 million in year 2027/28. Students are expected to repay approximately £140 million and £356 million in additional student outlay for the respective academic years while the proportion that is unpaid and is instead covered by the resource accounting and budgeting (RAB) charge from the taxpayer is estimated to be £157 million and £257 million, respectively. The IA explains that these impacts are not directly comparable due to modelling assumptions. However, the IA could benefit from clarifying these modelling assumptions for a lay reader so the transfer between providers, students and the taxpayer can be presented clearly in the NPSV.

Furthermore, the Department could provide further detail on the methodology underpinning the student tuition loan outlay estimates, as it is not clear at how these have been arrived and the assumptions and data sources that have been utilised to drive these costs. The IA explains that the RAB charge is based on future loan write-

offs and interest subsidies (forecast to be 30 per cent in the relevant academic years) but could also provide further explanation on how this has been applied to the student outlay cost estimates.

The IA provides more detail on the methodology underpinning the HE provider benefits, explaining that increase in tuition fee income is calculated by applying the forecast undergraduate enrolment numbers and the forecast uplifted fee cap across all Approved (fee cap) providers. Forecasted enrolment numbers are calculated by applying growth rates derived from the Student Loans Company borrower forecasts to the Department's internal enrolment data. The IA explains that long-term undergraduate entrant forecasts are inherently uncertain, posing a risk that the RAB estimates are underestimated in the long term, alongside HE tuition fee income. The IA could be improved by testing this uncertain assumption in the sensitivity analysis.

The IA explains that the counterfactual scenario is one where the fees remain frozen at the 2025/26 fee limit level. The Department appraises the above impacts over a ten-year appraisal period to produce the NPSV and business NPV. This assumes that the fee uplift will remain at the 2027/28 level for the remainder of the appraisal period.

The IA also discusses non-monetised impacts from the proposal, such as student benefits from having the same options and choices for study and maintaining the quality of teaching provision and student outcomes. The IA could benefit from drawing on any qualitative evidence to support further the existence of these benefits and indicate their scale.

Selection of the preferred option

The IA explains that an RPIX-linked fee uplift for HE providers is the preferred option. The IA outlines some key reasons for selecting this as the preferred option compared to the 'do-nothing' option. Raising fees by inflation would help to maintain in real terms the level of financial investment on teaching activities such as staff, course content and teaching facilities. The preferred option would help stabilise the sector's finances, compared to the do-nothing option where there is already growing evidence of increasing cost-saving measures to offset the reduction in the real value of tuition fees against a background of rising costs, including the future possibility of providers exiting the sector altogether. The IA explains how this preferred option balances sufficiently the desire for financial stability in the HE sector against affordability for students and the taxpayer, explaining the trade-offs that have occurred. The qualitative discussion of the proposed option and monetised analysis used to justify the preferred approach is sufficient.

Regulatory Scorecard

Part A

Impacts on total welfare

The Department indicates that the preferred option is expected to have a neutral impact on total welfare. The IA presents an NPSV of £0 as the inflationary increase in

tuition fees represents an economic transfer from the student to the HE provider, and in turn, to the taxpayer (who funds Student Loans Company (SLC) tuition fee loans upfront and subsidises them to the extent that they are not repaid in full). The non-monetised impacts are positive, due to the HE sector remaining more financially stable and enabling HE to protect and improve teaching quality, student support, and facilities. The regulatory scorecard, and underlying analysis detailed in the IA's annex could focus more on these 'real' effects, as well as possible downsides such as lower demand from students compared to the counterfactual, as at present the scorecard mainly reports financial impacts (which are neutral in the round). Other 'real effects' also include the impact of underfunded courses on students who can afford to attend only their local university, and reluctance to undertake HE arising from concerns (including potential misconceptions) from students about repaying student loans.

Impacts on business

The IA indicates that the preferred option is expected to have a positive impact on business, as it will enable providers to generate higher nominal tuition fee income. The Department presents an EANDCB of -£680.9 million, consisting of increased tuition fee income for providers.

Consideration of administrative burden

This estimate does not include administration or familiarisation costs faced by HE providers. The Department justifies this, explaining that while there may be indirect administrative impacts from providers updating their website, or documents, with new fee information, this is not monetised as an additional burden as HE providers are assumed to check and update their websites and documentation each year when fee information is confirmed.

Impacts on households, individuals or consumers

The IA states that the overall impact of the preferred option on households is expected to be negative, as a fee uplift will increase the student loan outlays for students, with the proportion that is unpaid being covered by the RAB charge from the taxpayer. The Department monetises these impacts but could benefit from summarising them into EANDCH and household NPV metrics.

Distributional impacts

The IA indicates neutral distributional impacts, as most students use loans, and repayment terms remain unchanged. However, concerns about higher debt could discourage participation, especially among debt-averse groups such as female students, older learners, black and minority ethnic students, and those with disabilities, according to evidence from the 2025/26 equality impact assessment. The IA could discuss these impacts on different student socio-economic groups in more detail. The IA would also benefit from considering further the long-term impact of rising student debt on those with protected characteristics.

Part B

The policy is expected to have uncertain impacts on international considerations and as the preferred way forward may generate indirect positive impacts on trade by preserving the reputation of UK HE abroad. The preferred option is also expected to have an uncertain impact on natural capital and decarbonisation as HE institutions have autonomy over their capital estate and the subsequent impacts on the environment.

The Department states that the preferred option would also have an uncertain impact on the business environment as it does not introduce new regulatory requirements for HE providers but simply adjusts the tuition fee caps. However, the IA could be improved by expanding its discussion of this impact, considering the impact of the proposal on competition and innovation. For instance, by improving the quality and choice of HE for students, the proposal may affect the demand of HE in a competitive market equilibrium. Additionally, by providing financial relief, the proposal may also improve the innovation and research taking place in HE. The IA could draw on the material included in the annex containing the competition assessment to strengthen these points in the regulatory scorecard.

Monitoring and evaluation

The IA provides a reasonable monitoring and evaluation plan, setting out the objectives of the proposal and, most usefully, providing detail on the data and evidence sources that will be used to help assess the impact of the proposal against the objectives. However, the IA could benefit from providing further detail on some of the data sources, such as giving examples of the SLC data that is available on student loan borrowers. The IA would also benefit from discussing further how it will address other factors influencing achievement of the policy objectives, given the apparent limited increase in HE income from the proposal relative to the scale of the financial challenges facing the sector.

Regulatory Policy Committee

For further information, please contact enquiries@rpc.gov.uk. Follow us on X [@RPC Gov UK](#), [LinkedIn](#) or consult our website www.gov.uk/rpc. To keep informed and hear our views on live regulatory issues, subscribe to our [blog](#).

A Committee member did not participate in the scrutiny of this case to avoid a potential conflict of interest.