# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE** | **STUDENT FINANCE UPDATE** |
| **DATE** | **18 OCTOBER 2017** |
| **BY** | **KIRSTY WILLIAMS, CABINET SECRETARY FOR EDUCATION** |

Today I am outlining how the Welsh Government is maintaining its commitment to a stable, sustainable and progressive higher education funding system, whilst responding to the many unscheduled changes announced for the system in England.

My statement to the Senedd in July confirmed that our reforms will deliver a higher education funding settlement that supports students when they most need it. I also confirmed that there was a need for realism and an understanding that the English and Welsh systems do not operate in isolation and that we must provide the financial and regulatory framework to allow our institutions to compete both domestically and internationally.

However, it is clear that the political turmoil and uncertainty in England is having an impact on its ability to follow a consistent approach to policy development and initiatives in higher education and student support. I will not allow such instability and incoherence to knock us off course from delivering on a stable and sustainable higher education and student support system in Wales.

I am, therefore, confirming that the Welsh Government will continue to press ahead with implementing our response to the Diamond Review. It will be the most progressive and equitable system in the UK and will provide a parity of support across levels and modes of study that is unmatched anywhere in the UK or the EU. I only hope that the UK Government’s proposed review of Higher Education takes the time to look at the excellent report produced by Sir Ian Diamond and the Welsh Government response.

I was pleased that the UK Government decided to listen to concerns of this Government and others regarding the repayment threshold for student loans. Pending the successful conclusion of discussions with Her Majesty’s Treasury, it is my intention to bring forward regulations that will achieve the following from the 1 April 2018:

* increase in the repayment threshold for undergraduate loans from £21,000 to £25,000;
* the new threshold will apply to those who have already taken out and will take out loans for tuition and living costs for full-time and part-time undergraduate courses in the post-2012 system;
* the lower threshold for variable interest rates for post-2012 student loans will also rise to £25,000 on 6th April 2018, and the upper threshold will rise to £45,000 from £41,000 on the same date. Both the repayment and variable interest thresholds will be adjusted annually in line with average earnings, thereafter;
* the repayment thresholds applicable to pre-2012 student loans, the older mortgage style loans and master’s loans are not affected by these changes.

I still remain concerned about the rate of interest charged to students whilst they study and I will continue to discuss this with counterparts in England.

Given the uncertain political climate in England and the limitations placed on the Welsh Government by HMT, I have carefully considered our future plans for tuition fee levels. Therefore I am able to confirm that after consulting with our Universities and the National Union of Students, the maximum tuition fee will remain at £9,000.

I realise that this may cause some short-term complexities within our university sector and that financial plans will have included additional income from increased tuition fees. However, unlike the Government in England, I will continue to work in partnership with our Funding Council to ensure that there are no short-term financial issues for our institutions as a result of this change.

I can therefore confirm the following:

* I will allocate an additional £6m to HEFCW in this financial year to deal with the short-term implications of demographic change, as well allowing them to start preparing for the implications of Brexit;
* Up to an additional £10m will be made available to HEFCW to deal with any immediate issues arising from the tuition fee changes;
* a further £5m will be allocated to HEFCW in 2018-19 and 2019-20 to allow our institutions to provide bursaries and grants to postgraduate students, prior to full implementation of the new package of postgraduate support in 2019/20. This is in line with my announcement in July and will help incentivise Welsh Students to return to Wales to study, in line with our response to the Diamond Review.

As announced in the outline draft Budget 2018-19, capital funding will be available to support estate rationalisation over the next three years.