



All-Party Parliamentary University Group

Weekly update

23 – 27 February 2026

A regular digest of House of Commons, House of Lords, and higher education sector business.

If you would like more information on parliamentary business, please contact:

Andrea Rezman | appug@universitiesuk.ac.uk

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Parliamentary business

Free speech complaints scheme run by the Office for Students – HoL Oral Question

On Monday 23 February, an oral question titled “Free speech complaints scheme run by the Office for Students” took place in the House of Lords. This question has been tabled by Lord Skidelsky (Crossbench).

Lord Skidelsky opened the debate by inquiring about the Government’s assessment of a letter signed by more than 350 academics and campaigners calling for the introduction of a free speech complaints scheme to be run by the OfS.

Responding for the Government, Baroness Smith replied that both she and the Secretary of State for Education had considered the letter and met with signatories. While declining to comment on the future legislative timetable, she stated that the Government remain committed to introducing a revised complaints scheme and are considering options to do so.

Lord Skidelsky asked the Minister on why the scheme, provided for under Section 8 of the Higher Education (Freedom of Speech) Act 2023, has not yet been brought into force, despite a June 2025 Department for Education policy paper committing to “seek a legislative vehicle at the earliest opportunity”. He asked whether there was a timetable for legislation to amend and implement the Act.

Baroness Smith indicated that progress is being made and that the amended scheme could be introduced “sooner rather than later”.

Lord Young of Acton (Con) asked whether primary legislation was in fact required. Citing advice received from a senior parliamentary official, he suggested that Section 8 could be partially commenced through secondary legislation in a way that addressed ministerial concerns, particularly around whether students should be able to bring complaints to the OfS. He asked why this route had not been pursued.

In response, **Baroness Smith** noted that students already have access to complaints through the Office of the Independent Adjudicator, and reiterated that the intended focus of the OfS scheme was on staff, visiting speakers and members. She confirmed that alternative proposals, including those put forward by Lord Young, were under consideration.

Lord Mohammed of Tinsley (LD) suggested that a short, stand-alone Bill, similar to the Medical Training Bill, could resolve the matter quickly and avoid prolonged uncertainty. **Baroness Barran (Con)** raised recent cases in which academics had gone

to court to vindicate their free speech rights, arguing that the absence of the scheme risks increasing litigation and associated costs. She asked the Minister to review proposals said to provide a legally workable route to commencement.

Baroness Smith maintained that the Government are reviewing a range of options and are in ongoing discussion with officials about the most appropriate mechanism for implementing the scheme. She did not commit to a specific legislative route.

Baroness Bennett of Manor Castle (Green Party) argued that the most significant threat to **academic freedom is the financial instability facing the university sector** (*“Half of UK universities face a deficit in 2025-26 and as many as 50 are at risk of closure in the next year. The University and College Union tracker shows that 105 universities are facing major redundancies. Our universities are in crisis. What are the Government going to do?”*).

The Minister responded by attributing financial pressures in part to the previous Government’s tuition fee freeze and pointed to the current Government’s inflation-linked fee increases as a means of stabilising funding.

You [can watch the session](#) and [read the transcript](#).

Student Loans: Review – HoL Oral Question

On Tuesday 24 February, there was a House of Lords oral question on “Student Loans: Review”, tabled by Lord Young of Cookham.

Lord Young of Cookham (Conservative) opened by pressing the Government on whether they would review the current student loans regime. He argued that an average graduate debt of £53,000 now requires earnings of around £66,000 per year simply to cover interest and criticised the freezing of repayment thresholds from 2027. Referring to comments from senior Labour figures describing the system as “egregious”, he asked whether the Government would consider capping interest rates at RPI.

Responding for the Government, **Baroness Smith of Malvern** emphasised that monthly repayments are income-contingent and not determined by the headline level of debt. She stressed that the system remains heavily subsidised, noting that lower-earning graduates are protected by loan cancellation at the end of the repayment term and that only a minority of borrowers are expected to repay in full. She reiterated that the Government keeps student finance under review to ensure it remains fair and sustainable but defended the core structure of the system.

Baroness Smith of Llanfaes (Plaid Cymru) raised concerns about the deterrent effect of rising debt on participation, particularly in lower-income regions, questioning

whether the system risks returning higher education to the wealthy. The Minister rejected this, arguing that the removal of upfront fees and expansion of participation—now above 50% of young people—demonstrates continued access, though she acknowledged the need to close persistent participation gaps.

Baroness Garden of Frognal (Liberal Democrat) described the system as “broken” and proposed loan write-offs after a defined period of public service for professions such as nursing, teaching and the Armed Forces, alongside a broader cross-party review. The Minister again cautioned against conflating debt levels with repayment amounts and set out the Government’s priorities since taking office: stabilising university finances, increasing maintenance support, reintroducing maintenance grants, tackling NEET rates, and supporting apprenticeships.

Lord Londesborough (Crossbench) focused on fiscal sustainability, noting that outstanding student debt in England stands at approximately £270 billion and is forecast to rise significantly. He asked what proportion is realistically expected to be repaid and what this implies for the public balance sheet. The Minister acknowledged the substantial public subsidy inherent in the system, stating that for Plan 2 full-time borrowers starting in 2022–23, only around 32% are expected to repay in full, framing this as a deliberate public investment in higher education’s wider societal benefits.

Baroness Winterton of Doncaster (Labour) cautioned against nostalgia for a “golden era” of maintenance grants, noting that participation was previously far lower and financial pressures still existed. The Minister agreed, arguing that a mass higher education system requires a different funding model, while reaffirming plans to reintroduce maintenance grants and increase maintenance loans.

The Earl of Effingham (Conservative) highlighted what he described as contradictory messaging within the Government about whether the system is fair or requires reform, referencing public confidence polling. The Minister responded by pointing out that the Plan 2 system was introduced by the previous Conservative Government and argued that proposals such as an interest cap would not necessarily reduce monthly repayments for most borrowers.

Finally, **Baroness Deech** (Crossbench) cited Sutton Trust research on maintenance support and suggested prioritising grants, reconsidering the number of university places and encouraging mergers. The Minister rejected reducing participation as a solution but agreed on the need to address student cost-of-living pressures, reiterating that maintenance support will be increased and grants reintroduced.

You can [watch the session](#) and [read the transcript](#).

Student loan repayment plans – Westminster Hall Debate

On Wednesday 25 February, there was a Westminster Hall debate on “Student Loan Repayment Plans”, tabled by Jas Athwal MP (Labour).

Jas Athwal MP (Labour) opened the debate by arguing that the Plan 2 student loan system has evolved into what many graduates now experience as a long-term structural burden rather than a time-limited, income-contingent contribution. He focused in particular on three features: the 9% marginal repayment rate on earnings above the threshold, the use of RPI as the basis for interest calculations, and repeated freezes to the repayment threshold. He cited official figures showing that in 2024–25, £12.6 billion was added to Plan 2 balances in interest while only £2.8 billion was repaid, presenting this as evidence that balances are increasing systemically even among compliant borrowers. He described average graduate debt of around £53,000 on completion and argued that many middle earners will never clear their balance before write-off.

Athwal framed his intervention around fairness and predictability. While accepting the principle that graduates should contribute to the cost of their education, he argued that retrospective changes to repayment thresholds and the cumulative effect of freezes had undermined trust. He questioned whether it is justifiable to freeze thresholds during a cost-of-living crisis, whether RPI remains an appropriate benchmark given criticism from the Office for Budget Responsibility, and whether the 9% rate disproportionately affects middle earners who are neither high earners able to clear debt quickly nor low earners protected from repayment. His core message was that incremental adjustments will not be sufficient and that the system requires structural reconsideration.

A number of Labour backbenchers reinforced this line.

Richard Burgon MP argued that the scale of indebtedness warrants a serious discussion about cancelling student debt and moving to a more progressive, tax-based funding model. **Rachael Maskell MP** linked the issue to maintenance support and rising housing costs, suggesting that the system embeds disadvantage from the point of entry. **Natasha Irons MP** criticised the retrospective alteration of repayment thresholds and the use of RPI rather than CPI, arguing that this distorts the real cost of borrowing. Several Members described the system as effectively functioning as a graduate tax but without the stability, transparency or parliamentary clarity normally associated with taxation.

Distributional and behavioural impacts

A consistent theme across contributions was the distributional impact of Plan 2. **Jess Brown-Fuller MP (Liberal Democrat)** highlighted the impact on women and carers who take time out of the labour market, allowing interest to accumulate and increasing lifetime repayments. Other Members pointed to disproportionate effects on those from lower-income backgrounds who rely more heavily on maintenance borrowing. **Ben Lake MP (Plaid Cymru)** raised the question of participation, suggesting that the scale of indebtedness risks deterring prospective students, particularly from disadvantaged backgrounds.

Several MPs referenced anecdotal and constituency evidence of behavioural distortion. Members described graduates seeking to avoid crossing repayment thresholds, delaying career progression, or perceiving promotions as financially marginal due to the combined effect of income tax, national insurance and student loan deductions. The cumulative narrative suggested growing political sensitivity around the interaction between graduate repayments and broader economic participation.

Helen Hayes MP (Labour), Chair of the Education Committee, acknowledged the strength of feeling among Plan 2 graduates but cautioned that institutional finances remain fragile. She noted that the Committee is examining higher education funding and that reforms to graduate repayments cannot be separated from overall system sustainability. This intervention implicitly recognised the tension between graduate fairness and the fiscal model underpinning university funding.

Opposition and Liberal Democrat positions

Ian Sollom MP (Liberal Democrat) argued that successive Governments have treated repayment terms as adjustable fiscal levers, thereby eroding trust. He emphasised that when Plan 2 was introduced, the threshold was expected to rise with earnings, and that repeated freezes represent a departure from the original design. He called for reversing the planned threshold freeze from 2027, abandoning RPI as the interest benchmark and initiating a cross-party commission to undertake structural reform insulated from short-term fiscal pressures. He also warned against reducing student numbers or narrowing course provision as a budgetary response, arguing that universities' civic, research and economic roles must be preserved.

Jack Rankin MP (Conservative), responding for the Opposition, accepted that the system is not working as intended and criticised the planned freeze from April 2027. He argued that altering repayment conditions after borrowers have entered the system is morally problematic. The Conservative proposal set out in the debate focused on abolishing "real interest" on Plan 2 loans so that balances do not rise faster than inflation. He linked this to the Conservative party's recently announced "New deal for young people", including expanded apprenticeships and early-career

employment incentives, suggesting that university participation should not be assumed as the default pathway.

Government response

Josh MacAlister MP (Labour), Parliamentary Under-Secretary of State for Education, responded for the Government. He began by reaffirming the transformative value of higher education and warning against rhetoric that could discourage prospective applicants during the UCAS cycle. He acknowledged the strength of feeling expressed and stated that the Secretary of State and Ministers are “alert to the issues”, confirming that student finance design will be looked at. However, he did not announce a formal review, consultation or timetable for reform.

MacAlister contextualised the debate by setting out the history of repayment threshold freezes under previous Governments. He then confirmed the Government’s current position. The Plan 2 threshold has been increased to £29,385, ending the most recent freeze. However, as announced at Budget 2025, the threshold will be frozen for three years from April 2027. He stated that this measure will generate £5.9 billion, which will be reinvested in education and support for young people, and framed it as necessary for fiscal sustainability and fairness across the wider education settlement, including further education.

He emphasised that, in monthly terms, the additional repayment for many borrowers would be modest, presenting this as a proportionate measure. While acknowledging concerns about interest, he framed the issue within broader fiscal constraints and the need to balance competing pressures across the education system.

You [can watch the session](#) and [read the transcript](#).

Prime Minister's Questions

On Wednesday 25 February, during Prime Minister’s Questions, Leader of the Opposition, the Rt Hon Kemi Badenoch MP, questioned the Rt Hon Keir Starmer MP on whether the Government would cut interest rates on student loans.

Kemi Badenoch argued that successive governments of “every colour” had increased the cost of university and that the system is now “at breaking point” for graduates. Describing student loans as a “debt trap”, she asked directly whether the Prime Minister would cut interest rates. She later criticised the freezing of repayment thresholds and suggested that policies designed in a low-interest-rate environment were no longer fit for purpose in 2026. Referring to previous Labour statements in opposition, including commitments to abolish tuition fees and suggestions that

graduates would “pay less”, she pressed the Prime Minister to clarify whether graduates are now paying more or less under Labour.

In response, the Prime Minister framed the issue as part of the economic inheritance from the previous Conservative Government, stating that Labour had inherited a “broken” student loans system. He did not commit to cutting interest rates, but pointed to the reintroduction of maintenance grants, which he noted had been scrapped under the Conservatives, and said the Government would “look at ways to make it fairer”. Rather than focusing on the mechanics of interest rates or repayment thresholds, he repeatedly shifted to macroeconomic indicators, citing falling inflation (now at 3%), reductions in energy bills (£117 announced that morning), declining borrowing, and improving business confidence. He argued that these measures would ease cost-of-living pressures for students and graduates more broadly.

Kemi Badenoch returned several times to the specific question of interest rates, arguing that the Prime Minister had failed to provide a direct answer. She also raised youth unemployment, citing Bank of England commentary, and argued that Government tax and borrowing decisions were increasing pressure on young people. She characterised Labour as taking money “out of the pockets of graduates” while increasing welfare spending, and criticised the freezing of repayment thresholds as evidence that graduates were paying more, not less.

The Prime Minister responded by noting that repayment thresholds had been frozen for 10 years under the Conservatives and that Plan 2 was introduced by the previous Government. He defended Labour’s wider economic strategy, stating that falling inflation, multiple reductions in Bank of England interest rates, reduced borrowing and record FTSE levels demonstrated improved economic management. He framed the debate within a broader narrative of economic stabilisation, investment and business confidence, rather than outlining specific reforms to the interest rate structure of student loans.

You [can watch the exchange](#) and [read the transcript](#).

Medical Training (Prioritisation) Bill

(The long title of this bill is A Bill to Make provision about the prioritisation of graduates from medical schools in the United Kingdom and certain other persons for places on medical training programmes)

This bill would prioritise UK medical graduates for foundation and specialty training posts across the UK in response to ongoing pressure on training capacity and rising competition ratios. The Bill aims to restore competition to more sustainable levels by giving priority to graduates of UK medical schools, those with significant NHS

experience, and certain Commonwealth citizens. As a result, some international medical graduates — including those with two years' experience under current BMA policy — may not fall within the prioritised categories.

For universities, the bill could reinforce the value of a UK medical degree and support domestic recruitment by offering clearer progression into NHS training. However, it may also create perceptions that international graduates face reduced access to postgraduate training, which could affect international recruitment over time. Institutions may therefore need to strengthen communications about career pathways, consider developing overseas clinical partnerships or alternative routes for international students, and monitor potential financial implications given current reliance on international fee income.

This is a bill that has been introduced in January this year as 'emergency legislation' by the government so has been fast tracked to the final stages of Royal Assent quite quickly.

Forthcoming business

Department for Education - Oral Questions

On Monday 2 March, the Secretary of State for Education, Rt Hon Bridget Phillipson MP, and her ministerial colleagues, will answer oral questions in the House of Commons.

Relevant questions include:

- David Chadwick (Liberal Democrat): What assessment she has made of the effectiveness of the student loan system.
- Douglas McAllister (Labour): What steps she is taking to meet the target of two-thirds of young people participating in higher-level learning.

You can watch the session.

Scientific research funding - Science, Innovation and Technology Committee oral evidence session

On Wednesday 4 March, the House of Commons Science, Innovation and Technology Committee will hear oral evidence as part of their inquiry into “Scientific research funding”.

Witnesses include:

- Professor Jon Butterworth, Professor of Physics, University College London
- Professor Catherine Heymans, Astronomer Royal for Scotland and Professor of Astrophysics, University of Edinburgh
- Simon Williams, Institute for Particle Physics Phenomenology, University of Durham
- Professor Michele Dougherty, Executive Chair, Science and Technology Facilities Council

You can [watch the session](#).

Secretary of State for Science, Innovation and Technology – Science and Technology Committee oral evidence session

On Tuesday 3 March, the House of Lords Science and Technology Committee will have an oral evidence session on the work of the Secretary of State for Science, Innovation and Technology.

Witnesses include:

- The Rt Hon Liz Kendall MP, Secretary of State at Department for Science, Innovation and Technology
- The Lord Vallance of Balham KCB, Minister of State at Department for Science, Innovation and Technology
- Emran Mian, Permanent Secretary at Department for Science, Innovation and Technology

You [can watch the session](#).

Written questions and statements

Department for Education: Students: Loans

Peter Prinsley (Labour): (112715) To ask the Secretary of State for Education, what assessment her Department has made of the potential impact of Plan 2 student loan interest rates on graduates' outstanding loan balances over time; and whether these rates will be reviewed as part of future student loan policy development.

Josh MacAlister : Plan 2 loans were designed and implemented by previous governments.

Interest rates are applied at the Retail Price Index (RPI) only, then variable up to an upper limit of RPI +3% depending on earnings. This maintains the real value of repayments over a long loan term. As an additional borrower protection, interest rates on post-2012 loans are automatically capped by the prevailing market rate for comparable unsecured personal loans, ensuring borrowers are protected if market conditions change.

Interest rates do not impact monthly repayments made by student loan borrowers. Repayments are made at a constant rate of 9% above the earnings threshold, and this rate strikes a balance between affordability for graduates and fairness to taxpayers. For example, someone earning £30,000 will repay around £4 per month in the 2026/27 financial year under the repayment threshold of £29,385.

Those earning below the earnings threshold do not make repayments. Any outstanding loan, including interest built up, is cancelled at the end of the loan term with no detriment to the borrower, and debt is never passed on to family members or descendants.

[Source](#)

EDM: Student finance (2850)

That this House notes with concern the growing complexity of the student loan system in England, including differing repayment thresholds, interest rates and write-off periods, which make it difficult for prospective students to understand their long-term financial obligations; further notes that many young people enter higher education without clear knowledge of how repayments are calculated or how interest accrues; recognises that financial education in schools does not adequately prepare students to assess the long-term implications of student finance decisions; and calls

on the Government to improve transparency through clearer, standardised loan information and to embed comprehensive, impartial education on student finance within secondary schools and sixth forms to ensure informed decision-making.

Sponsors: Peter Prinsley

[Source](#)

EDM: Marking the 60th anniversary of the University of the Air White Paper (2563)

That this House marks the 60 years since the publication of the White Paper, “University of the Air”, which paved the way for the creation of The Open University; celebrates the legacy of Jennie Lee, Baroness Lee of Asheridge, who was the driving force behind the paper; recognises the impact the paper has had on lifelong learning opportunities and making education accessible to all; commends how The Open University has provided educational opportunities to over 2 million students worldwide, and to students in every Westminster parliamentary constituency, via its world-class expertise in flexible distance learning and open entry model; and takes note of the role The Open University will play over the next 60 years in helping more people to achieve their ambitions and fulfil their potential regardless of where they start in life.

Sector news

New Deal for Young People – Conservative Party announcement

The Conservative Party has announced plans to cut the interest rate charged on student loans, arguing that the current system leaves graduates facing unnecessarily high costs over the lifetime of their borrowing.

Under the proposal, interest rates on student loans would be reduced to the level of inflation, rather than being set at inflation plus an additional margin. The party argues that this would prevent loan balances from growing rapidly, particularly for middle- and higher-earning graduates who are more likely to repay their loans in full and therefore pay significant amounts in interest.

The Conservatives state that aligning interest rates more closely with inflation would make the system fairer and more transparent, ensuring graduates are not paying what they characterise as a “real terms” premium on their debt. They frame the reform as a measure to reduce the overall burden on working professionals, particularly younger workers already facing high housing and living costs.

The party contends that the change would not alter the core structure of the income-contingent repayment system, meaning graduates would still repay a fixed proportion of earnings above the repayment threshold. Instead, the reform focuses specifically on limiting how quickly outstanding balances increase over time.

In presenting the policy, the Conservatives have positioned it as part of a broader effort to support aspiration and ease financial pressure on graduates, while maintaining the sustainability of the student finance system and protecting taxpayer value.

You [can read the full announcement](#).

Liberal Democrats announce plan to urgently cut student loan repayments amid cost of living crisis

The Liberal Democrats have announced a plan to urgently reduce the spiralling cost of student finance, scrapping planned repayment threshold freezes.

Based on the Liberal Democrats' plan, a typical British graduate earning £35,000 would see their loan repayments cut by half within three years, putting an extra £280 a year back in their pocket. The reforms would aim to give graduates a boost of a £100 in the coming year, while the lowest earning graduates could save up to £5,000 over the lifetime of their loan.

The party is calling for some public sector workers including nurses, teachers, police officers and military personnel to have a proportion of their student debt written off after ten years of service. This incentive aims to help address recruitment and retention challenges in the NHS and schools while recognising the vital contributions of those who dedicate their careers to serving the country and their communities.

The Liberal Democrats would reverse the three-year repayment threshold freeze introduced by the Labour government. The threshold would also increase in line with average earnings rather than RPI, allowing it to rise faster and ensuring graduates keep more of what they earn than under the current system.

The party would create an independent body to oversee student loan repayment terms and protect graduates from retrospective changes, as both Labour and the Conservatives have previously introduced. This body would depoliticise key elements of the system, including repayment thresholds, interest rates, and loan terms, in a similar way to how the Low Pay Commission sets the minimum wage.

The party would also restore maintenance grants of £3,500 a year for disadvantaged students which were scrapped by the Conservative government from 2016.

Looking further ahead, the Liberal Democrats are calling for a Royal Commission to be established to look into long-term reforms to the student finance system, including replacing RPI with a fairer interest rate. The party said this would help forge a cross-party consensus over how to build a fairer system for graduates while supporting the world-leading university sector.

You [can read the full announcement](#).

Options for changing Plan 2 student loans: costs, benefits, and distributional effects - IFS

The Conservative and Liberal Democrat parties – along with a range of other stakeholders – have issued proposals for reforming the terms of Plan 2 student loans, which were issued to English students who started university between 2012 and 2022.

Under the Conservative party's proposal to reduce interest rates, graduates would see lower loan balances than under current policy. There would be no short-run impact on repayments, but over the long run the most recent cohort of graduates would repay around £11,000 less each on average (with benefits concentrated among those with higher lifetime earnings).

The Liberal Democrat proposal to increase the income threshold at which graduates start to make payments would save the average graduate who took out loans in 2022/23 around £8,000 over their lifetime (with the biggest benefits for those on lower-middle lifetime earnings). Graduates would see lower monthly repayments, but loan balances would be higher than under current policy.

Despite these very different effects, the long-run cost to the exchequer of the two plans is similar: £4 billion for the 2022/23 cohort under the Conservative proposals, and £3 billion for the same cohort under the Liberal Democrats' proposed reform. Costs would be slightly smaller for each of the earlier cohorts of students.

Proposals by the campaign group Rethink Repayment are much broader and come at much greater cost to the exchequer; they would roughly halve expected lifetime loan repayments for the last cohort of graduates with Plan 2 loans, with a long-run exchequer cost of around £12 billion for this cohort.

Finally, proposals that couple reductions in the loan repayment rate with a longer write-off period could reduce graduate repayments earlier in working life, while increasing them later on. This would still shift repayments between different groups of graduates, but could be designed to be approximately cost-neutral for taxpayers.

You [can read the full analysis](#).

