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Department for Education

Financial year 2025-26

Student loan forecasts for England

Student loan forecasts for English borrower entrants, outlay and repayments, with average loan amounts, lifetime repayments and cost to government

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[1 update](#)

[Release home](#)

[Explore and download data](#)

[Methodology](#)

[On this page](#)

[Headline facts and figures](#)

[About this release](#)

[Undergraduate learners with
higher education student loans:
Average borrowing per student](#)

[Undergraduate learners with
higher education student loans:
Average repayment per student](#)

[Student loan costs to
government: Cashflows](#)

[Student loan costs to
government: Cost to taxpayer](#)

[Long term student loan
projections](#)

[Contact us](#)

[Back to top](#)

Headline facts and figures

Full-time undergraduate higher education students starting in academic year 2025/26 are expected to borrow on average

£45,190

over the course of their studies.

Of full-time undergraduate higher education students starting in academic year 2025/26,

55%

are expected to repay their loan in full.

The government is forecast to subsidise

33%

of the full-time undergraduate higher education Plan 5 loan outlay issued in financial year 2025-26.

The number of total undergraduate entrants expected to take out loans in 2030/31 is

547,000

Up 13% on 2024/25 entrants.

Government is expected to issue

£25,155m

in student loans in 2030-31. Up £3,730m (in nominal terms) on 2025-26.

Half of undergraduate loan borrowers starting in academic year 2025/26 are expected to repay

their loan in full within

30

years.

Full-time undergraduate higher education borrowers starting in the 2025/26 academic year are expected to borrow on average £45,190 over the course of their studies. Most borrowers will repay at least some of their loan. The income contingent nature of the loans means some are not expected to fully repay: 55% of full-time undergraduate higher education borrowers starting a course in the 2025/26 academic year are expected to repay their loan in full.

In total £21.4 billion was issued in the 2025-26 financial year, as published by the Student Loans Company. This was composed of: 21% Plan 2 full-time higher education loans, 73% Plan 5 full-time higher education loans, 4% Master's loans, <1% Plan 2 part-time higher education loans, 1% Plan 5 part-time higher education loans, <1% Advanced Learner loans, <1% Doctoral loans.

Total student loan outlay is forecast to increase by 17% between the 2025-26 and 2030-31 financial years to £25.2 billion in nominal terms. This is mainly driven by increases in full-time undergraduate higher education loan outlay, partly reflecting increases in average loan amounts (forecast to rise by 14% between the 2025/26 and 2030/31 academic years) and a forecast increase in the number of loan-borrowing entrants over the same period.

Total undergraduate loan-borrowing entrants are expected to grow by 13% over the forecast period, from 485,000 in the 2024/25 academic year to 547,000 in 2030/31. This is largely driven by the projected growth of England's 18-year-old population across the forecast period, and the expectation that the percentage of this population taking higher education courses will also gradually increase.

As loan repayments depend on borrowers' income and borrowers are only liable to repay for a fixed number of years, the government does not expect all loans to be repaid in full and expects to subsidise a proportion of student loans.

Of the loan outlay issued in the 2025-26 financial year, the government is forecast to subsidise (with

comparisons to last year's publication):

- 39% of Plan 2 full-time higher education loan outlay (32% in 2024-25)
- 35% of Plan 2 part-time higher education loan outlay (31% in 2024-25)
- 33% of Plan 5 full-time higher education loan outlay (29% in 2024-25)
- 35% of Plan 5 part-time higher education loan outlay (28% in 2024-25)
- 39% of Plan 5 Advanced Learner Loan outlay (32% in 2024-25)
- 0% of Master's loan outlay (0% in 2024-25)
- 47% of Doctoral loan outlay (23% in 2024-25)

[Back to top](#)

About this release

This statistical publication provides forecasts for higher education and further education student loans in England. These include forecasts of student numbers, student loan outlay and student loan repayments. Only income-contingent student loans issued to students through Student Finance England are included.

This is the latest in an annual series of statistical publications on student loan forecasts. It covers forecasts produced in April 2026, primarily covering the period from the 2025-26 to 2030-31 financial years.

The forecasts are based on models developed by the Department for Education (DfE). Details of quality and methodology are provided in the methodology document accompanying this publication.

We welcome feedback on this publication and the forecasts presented within it at he.modelling@education.gov.uk.

Undergraduate learners with higher education student loans: Average borrowing per student

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Table 1.1: Forecast mean average loan outlay per undergraduate borrower per academic year

			2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Forecast	Higher education full time	Total	£15,980	£16,480	£16,900	£17,380	£17,870	£18,210
		Fee loan	£8,920	£9,210	£9,460	£9,730	£10,000	£10,210
		Maintenance loan	£8,150	£8,330	£8,480	£8,680	£8,910	£9,070
	Higher education part time	Total	£4,910	£5,100	£5,310	£5,470	£5,640	£5,740
		Fee loan	£4,300	£4,490	£4,700	£4,860	£5,020	£5,120
		Maintenance loan	£5,810	£5,980	£6,130	£6,270	£6,510	£6,640

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Footnotes

1. Coverage: Borrowers who receive undergraduate loans through Student Finance England. For further details on eligibility, please see the Student Finance England practitioner website: [Link to practitioner products section on the SLC website \(opens in new tab\)](#).
2. Borrowers receiving both fee and maintenance loans for their course are included in all higher education undergraduate loan product categories.

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The average forecast loan outlay per undergraduate borrower per year is displayed in Table 1.1. Higher education full-time undergraduate students are forecast to borrow on average £15,980 in the 2025/26 academic year. Students may take out a tuition fee loan, a maintenance loan or both. On average, for full-time undergraduate students, £8,920 is borrowed in tuition fee loans and £8,150 in maintenance loans. In future years, the amount borrowed for higher education undergraduate loans is expected to rise in line with OBR forecast RPIX figures for the first quarter of the calendar year after the start of the academic year. Maximum fees for the 2026/27 academic year are set to increase by 2.71%.

By the 2030/31 academic year higher education full-time students' average borrowing per year is expected to

rise to £18,210 (up 14% on 2025/26), which is driven by an increase in both the average tuition fee loans (up 14% on 2025/26, to £10,210) and the average maintenance loans (up 11% on 2025/26, to £9,070).

Higher education students studying part-time are expected to borrow on average £4,910 in the 2025/26 academic year and this is expected to rise by 17% to £5,740 in the 2030/31 academic year. The average undergraduate part-time fee loan is forecast to be £4,300 in the 2025/26 academic year; tuition fees for part-time study are generally lower than for full-time study, resulting in lower tuition fee loans. The average part-time maintenance loan is forecast to be £5,810. Unlike full-time undergraduate borrowers, the majority of part-time borrowers only take out tuition fee loans, which is why the average total part-time loan is only slightly higher than the average fee loan.

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Table 1.2: Forecast proportion of undergraduate borrowers starting between academic years 2024/25 and 2030/31 by length of loan borrowing

Higher education full time	1	23%
	2	11%
	3	42%
	4	20%
	5+	4%
Higher education part time	1	51%
	2	15%
	3	12%
	4	5%
	5+	17%
Total	1	25%
	2	11%
	3	40%
	4	19%
	5+	5%

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[Back to top](#)

Footnotes

1. Coverage: Borrowers who receive undergraduate loans through Student Finance England. For further details on eligibility, please see the Student Finance England practitioner website: [Link to practitioner products section on the SLC website \(opens in new tab\)](#).
2. The outlay model only forecasts students as receiving loans up to six years after entering higher education; therefore, no Plan 1 outlay is forecast. However, there are some exceptional cases where students may still be paid a Plan 1 loan across our forecast horizon, for example, if they had suspended their studies.

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Undergraduate students often take out loans for several years, usually related to the length of their course. The average full-time undergraduate borrower will take out 3 years of student loans, as shown in 'Table 14: Average length of funding per higher education undergraduate student' which can be found in the 'Explore data and files' section of this release. Higher education full-time undergraduate students starting in the 2025/26 academic year are forecast to borrow on average £45,190 over the course of their studies, as displayed in Table 1.3. This rises

to £50,700 for those starting in 2030/31 due to the expected increases in maximum tuition fees from 2025/26 onwards and expected rise in maintenance loan caps in line with forecast inflation.

Just over half of part-time undergraduate higher education borrowers are expected to take out a loan only in one year, with a further 15% taking out two years of loans and 12% taking out three years of loans. Part-time undergraduate students starting in the 2025/26 academic year will borrow £12,290 on average over the course of their studies. This rises to £13,810 for students starting in 2030/31. The increase is driven by an expected rise in tuition fee loans and, to a smaller degree, by the annual uprating of maintenance loans.

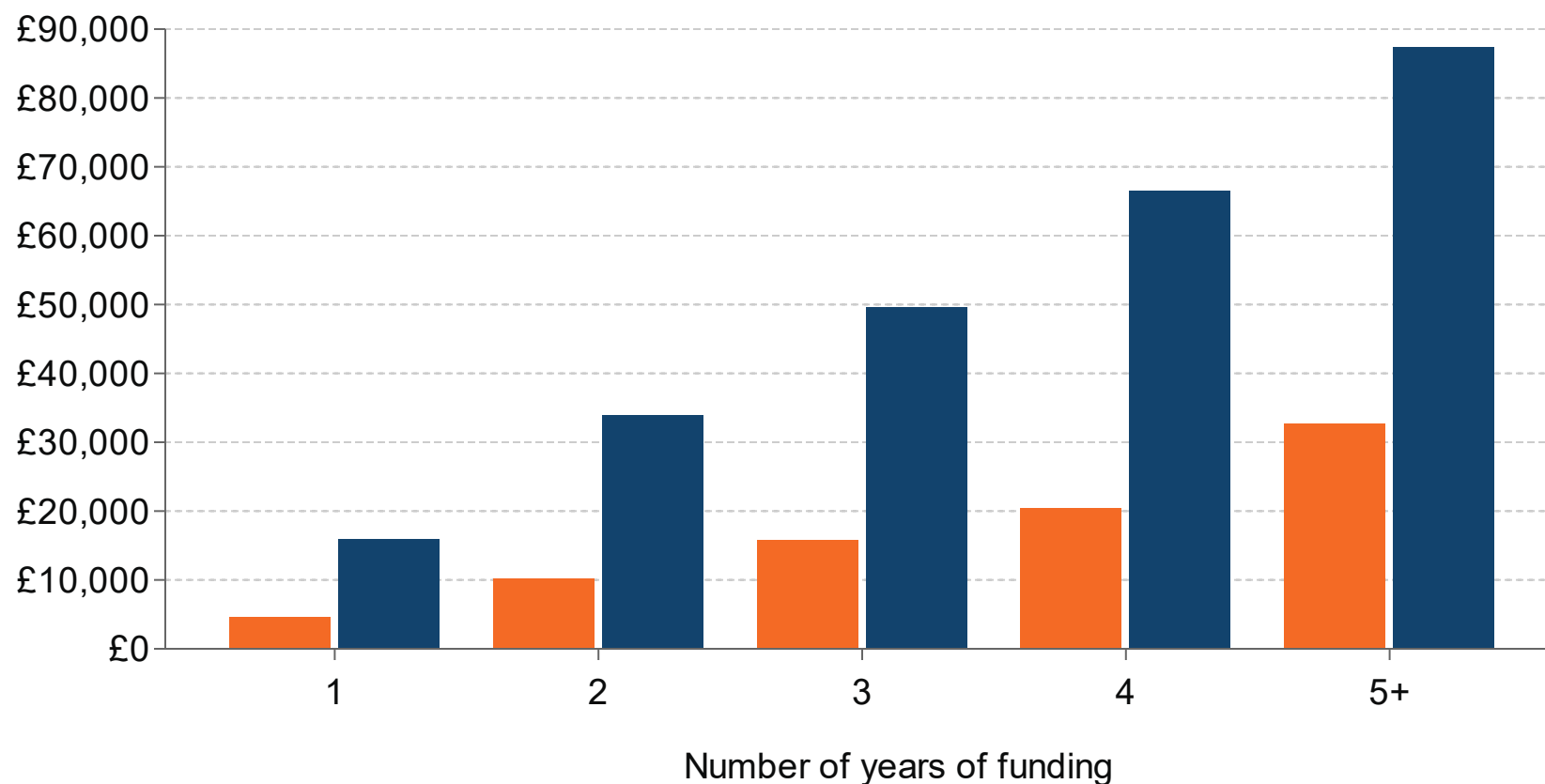
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Figure 1.3: Forecast mean average total loan amount per borrower per starting academic year by number of years of funding

Average
amount
borrowed



- Mean average total loan amount per borrower per start year (Higher education part time)
- Mean average total loan amount per borrower per start year (Higher education full time)

Footnotes

1. Coverage: Borrowers who receive undergraduate loans through Student Finance England. For further details on eligibility, please see the Student Finance England practitioner website: [Link to practitioner products section on the SLC website \(opens in new tab\)](#).
2. The outlay model only forecasts students as receiving loans up to six years after entering higher education; therefore, no Plan 1 outlay is forecast. However, there are some exceptional cases where students may still be paid a Plan 1 loan across our forecast horizon, for example, if they had suspended their studies.

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The amount borrowed varies depending on the number of years students take out funding for. Higher education students starting in the 2025/26 academic year and taking funding for 2 years of full-time study are expected to take out £33,950 on average while full-time students taking funding for 4 years are expected to borrow £66,430. Part-time students starting in the 2025/26 academic year and taking funding for 2 years of study are expected to borrow £10,110 on average, while those taking funding for 4 years are expected to borrow £20,360 on average.

Students accrue interest on their loans whilst in study. For undergraduate students, the interest rate during study usually varies depending on their plan type. The final loan balance when students enter repayment will be higher than the total loan amount borrowed.

[Back to top](#)

Undergraduate learners with higher education student loans: Average repayment per student

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Table 2.1: Repayment behaviour for undergraduate borrowers starting in academic year 2025/26, by lifetime income decile

	2025/26				
	Average loan balance at SRDD (nominal)	Average loan balance at SRDD (in FY2025-26 prices)	Average lifetime repayments (in FY2025-26 prices)	Median years liable to repay	Proportion of loan outlay repaid in real terms
Total	£45,800	£40,800	£27,900	30	69%
1	£45,200	£40,200	£3,300	40	8%
2	£44,500	£39,600	£7,100	40	18%
3	£45,400	£40,500	£13,800	40	34%
4	£46,500	£41,300	£20,000	40	49%
5	£45,200	£40,200	£26,600	40	67%
6	£45,700	£40,700	£33,500	35	83%
7	£44,700	£39,900	£37,000	28	93%
8	£46,400	£41,300	£40,600	22	99%
9	£46,500	£41,400	£41,600	18	101%
10	£47,500	£42,200	£42,600	13	102%

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[Data symbols](#) 

[Back to top](#)

Footnotes

1. Coverage: Borrowers who receive undergraduate loans through Student Finance England. For further details on eligibility, please see the Student Finance England practitioner website: [Link to practitioner products section on the SLC website \(opens in new tab\)](#).
2. A summary timeline of the introduction of different plan types is available in Table 1.1 in the publication Methodology: [Link to student loan forecasts for England methodology](#)

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Statutory Repayment Due Date (SRDD)

The point a borrower becomes liable to begin repaying a loan, normally the start of the tax year (6 April) after graduating or otherwise leaving their course. After the SRDD borrowers are required to make repayments if their income is above the repayment threshold.

On average undergraduate higher education borrowers starting their studies in academic year 2025/26 are forecast to enter repayment with an average debt of £45,800, equivalent to £40,800 in financial year 2025-26 prices. This debt is composed of loan outlay borrowed and interest accumulated during study. Over the course

of their loan term, they are expected to repay on average 69% of the loan outlay borrowed (in real terms), at a total of £27,900 in repayments in financial year 2025-26 prices. The median undergraduate loan borrower starting study in academic year 2025/26 is expected to repay their loan debt in full in 30 years.

As student loan repayments are income contingent the amount of loan debt repaid varies with earnings. How repayment varies can be explored through grouping student loan borrowers into ten equal sized groups depending on their forecast lifetime income known as Lifetime Earnings Deciles. These deciles take into account factors such as career breaks and early retirement.

Repayment behaviour by income decile

Among borrowers starting study in the 2025/26 academic year, those forecast to have lower lifetime earnings repay considerably less than average. Those individuals in decile 1, who earn less than 90% of other loan borrowers over their lifetime, are estimated to repay £3,300 in financial year 2025-26 prices, which is 8% of loan outlay borrowed. Higher lifetime earnings deciles repay substantially more than average. The highest 10% of lifetime earners, decile 10, will make average lifetime repayments of £42,600 in financial year 2025-26 prices.

Those in the top deciles of lifetime earners, deciles 8, 9 and 10, are expected to repay their loans in full, within their 40 year repayment term. All repay roughly what they borrowed in real terms because interest on Plan 5 loans is charged at the level of inflation (RPI) with a slight lag, so is cancelled out by discounting back to 2025-26. Previous cohorts on Plan 2 loans were charged interest above RPI so could repay more than 100% of their loan in real terms.

These are earnings deciles specific to loan borrowers, based on earnings projections used in these financial forecasts. They do not align with earnings deciles for the population in general. On average graduates have higher earnings than non-graduates, therefore the lowest 10% of lifetime earners amongst loan borrowers are likely to have higher average lifetime earnings than the lowest 10% of lifetime earners among the general population.

“Lifetime” here refers to the modelled earnings period used for producing financial forecasts. For a given borrower, this captures 43 years after their SRDD. As such it does not reflect a full lifetime of earnings, especially where a borrower is expected to reach the end of their repayment term before retirement, or where a

borrower has taken a loan later in life and had pre-study earnings.

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Table 2.2: Repayment behaviour for undergraduate borrowers starting in academic year 2025-26, by study type

	2025/26				
	Average loan balance at SRDD (nominal)	Average loan balance at SRDD (in FY2025-26 prices)	Average lifetime repayments (in FY2025-26 prices)	Median years liable to repay	Proportion of loan outlay repaid in real terms
Total	£45,800	£40,800	£27,900	30	69%
Higher education full time	£48,100	£42,800	£29,400	31	69%
Higher education part time	£13,300	£11,700	£7,400	23	64%

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[Data symbols](#) 

Footnotes

1. Coverage: Borrowers who receive undergraduate loans through Student Finance England. For further

details on eligibility, please see the Student Finance England practitioner website: [Link to practitioner products section on the SLC website \(opens in new tab\)](#).

2. A summary timeline of the introduction of different plan types is available in Table 1.1 in the publication Methodology: [Link to student loan forecasts for England methodology](#)

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Repayment behaviour by study type

Whether a borrower studies full-time or part-time affects both the borrower's typical loan amount and their ability to repay.

Table 2.2 shows that higher education part-time borrowers have a far lower loan balance at SRDD. £13,300 for part-time borrowers versus £48,100 for full-time borrowers. This is driven by part-time borrowers who tend to receive smaller fee loans and they request less maintenance support compared to full-time borrowers.

Part-time borrowers also repay a lot less than full-time borrowers, £7,400 versus £29,400 in FY2025-26 prices. This is driven primarily by the lower initial loan amounts, but also reflects a lower ability to repay. Fewer part-time borrowers, 64% are expected to fully repay their loans than full-time borrowers (69%).

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Table 2.3: Repayment behaviour for undergraduate borrowers starting in academic year 2025/26, by sex

	2025/26				
	Average loan balance at SRDD (nominal)	Average loan balance at SRDD (in FY2025-26 prices)	Average lifetime repayments (in FY2025-26 prices)	Proportion of loan outlay repaid in real terms	Median years liable to repay
Total	£45,800	£40,800	£27,900	69%	30
F	£45,900	£40,900	£27,000	67%	33
M	£45,700	£40,600	£29,200	72%	28

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Footnotes

1. Coverage: Borrowers who receive undergraduate loans through Student Finance England. For further details on eligibility, please see the Student Finance England practitioner website: [Link to practitioner products section on the SLC website \(opens in new tab\)](#).
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Repayment behaviour by sex

Male and female borrowers have broadly similar expected loan balances at graduation, £45,900 for females and £45,700 for males.

Male borrowers are expected to repay more of their loan, £29,200 in 2025-26 prices, £2,200 more than female borrowers. The median male borrower is expected to repay their loan 5 years quicker than the median female borrower and are on average forecast to repay 5% more of their loan. This reflects generally higher lifetime earnings among males than females.

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Table 2.4: Repayment behaviour for undergraduate borrowers starting in academic year 2025/26, by age at SRDD

	2025/26				
	Average loan balance at SRDD (nominal)	Average loan balance at SRDD (in FY2025-26 prices)	Average lifetime repayments (in FY2025-26 prices)	Proportion of loan outlay repaid in real terms	Median years liable to repay
Total	£45,800	£40,800	£27,900	69%	30
Age < 21	£17,600	£16,500	£14,400	87%	20
Age 21-25	£50,300	£44,700	£34,100	77%	30
Age 26-30	£44,400	£39,400	£23,900	61%	38
Age 31-40	£46,500	£41,400	£21,600	53%	40
Age 41+	£48,600	£43,100	£15,100	35%	33

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Footnotes

1. Coverage: Borrowers who receive undergraduate loans through Student Finance England. For further details on eligibility, please see the Student Finance England practitioner website: [Link to practitioner products section on the SLC website \(opens in new tab\)](#).
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Repayment behaviour by age at SRDD

Age at SRDD, which is broadly a proxy for age at graduation, also affects a borrowers repayment behaviour.

A borrower reaching SRDD at <21 years old may have been on a short course as there will not have been time between taking their loan and SRDD to have completed a full undergraduate degree, or they may have withdrawn before completion of a longer course. So, they have lower loan balances at SRDD than other borrowers. Other age groups tend to have a similar pattern to the overall population, with ability to repay falling in higher age groups due to the repayment term reaching closer to or into retirement.

All age groups covering age 26 and older at SRDD are expected to have higher median years to fully repay than the population-wide median. This reflects these borrowers reaching later points in their careers before the end of their repayment terms, meaning a higher proportion of borrowers fall below the repayment earnings threshold before the end of their repayment terms. This may happen due to retirement, lifestyle changes, sickness or death.

All borrowers aged 41+ at SRDD will be well beyond state pension age by the end of the 40 year repayment term, so lifetime repayments are lower than other age groups, reflecting typically reduced earnings in retirement. Median years to repay remain in the low 30s, lower than the figure for the 31-40 age group, reflecting a higher proportion of borrowers either fully repaying or having their loan written off before the end of term, most commonly due to death.

Repayment behaviour additional information

The proportions of loan outlay repaid in real terms, in Table 2.1-2.4, are not calculated in the same way as the loan subsidy by government in each financial year. Loan outlay repaid in real terms considers the total amount of borrowing undertaken by students starting their course in the same year, a single cohort. This differs from the section 'Student loan costs to government: Cost to taxpayer' which covers loan subsidy where loans are presented by financial year and instead include student loan borrowers across multiple cohorts who receive outlay in the same year.

The number of years liable to repay will be shorter than the repayment term (40 years for Plan 5 borrowers) where a borrower either has fully repaid or has their loan written off before the end of their 40 year repayment term. The most common cause for early write-off is death.

Undergraduate borrowers starting their studies in the 2023/24 academic year have taken out loans under different repayment terms, known as Plan 5, compared to those who started in 2022/23 who repay under Plan 2. The different terms are:

- Plan 5 loans have a lower repayment threshold than Plan 2 loans, with the Plan 5 threshold set at £25,000 (up to and including the 2026-27 financial year), compared to £29,385 (up to and including the 2029-30 financial year), both increasing annually by RPI thereafter.
- Plan 5 loans have longer repayment terms, 40 years compared to 30 years for Plan 2 loans
- Plan 5 loans have a lower interest rate of RPI+0%, compared to Plan 2 loans which have interest rates of RPI+3% during study, variable between RPI+0% and RPI+3% after study depending on earnings.

The forecast lifetime repayment behaviour for the final Plan 2 cohort starting in 2022/23 was presented in Table 2.1 of the 2023 publication, alongside the 2023 forecast for the 2023/24 Plan 5 cohort (in 2022-23 prices) in

Unlike Plan 2 borrowers in the 2022/23 academic year cohort and previous, no borrowers in the 2025/26 cohort are expected to repay substantially more than they borrowed in real terms. This is because Plan 5 loans accrue interest at a rate linked to inflation. Currently the highest earners who repay their loan in full may pay marginally more than they borrowed in real terms. This is because loan interest is assumed to be based on a lagged measure of inflation, in line with real-world policy, which is out of sync with in-year inflation used for converting to 2025-26 prices.

[Back to top](#)

Student loan costs to government: Cashflows

The total number of undergraduate loan-borrowing entrants is expected to grow by 8% over the forecast period, from 506,000 in the 2025/26 academic year to 547,000 in the 2030/31 academic year. This is largely driven by projected stability in the participation rate of 18-year-olds - who make up around 50% of students entering higher education each year - and projected growth in their population.

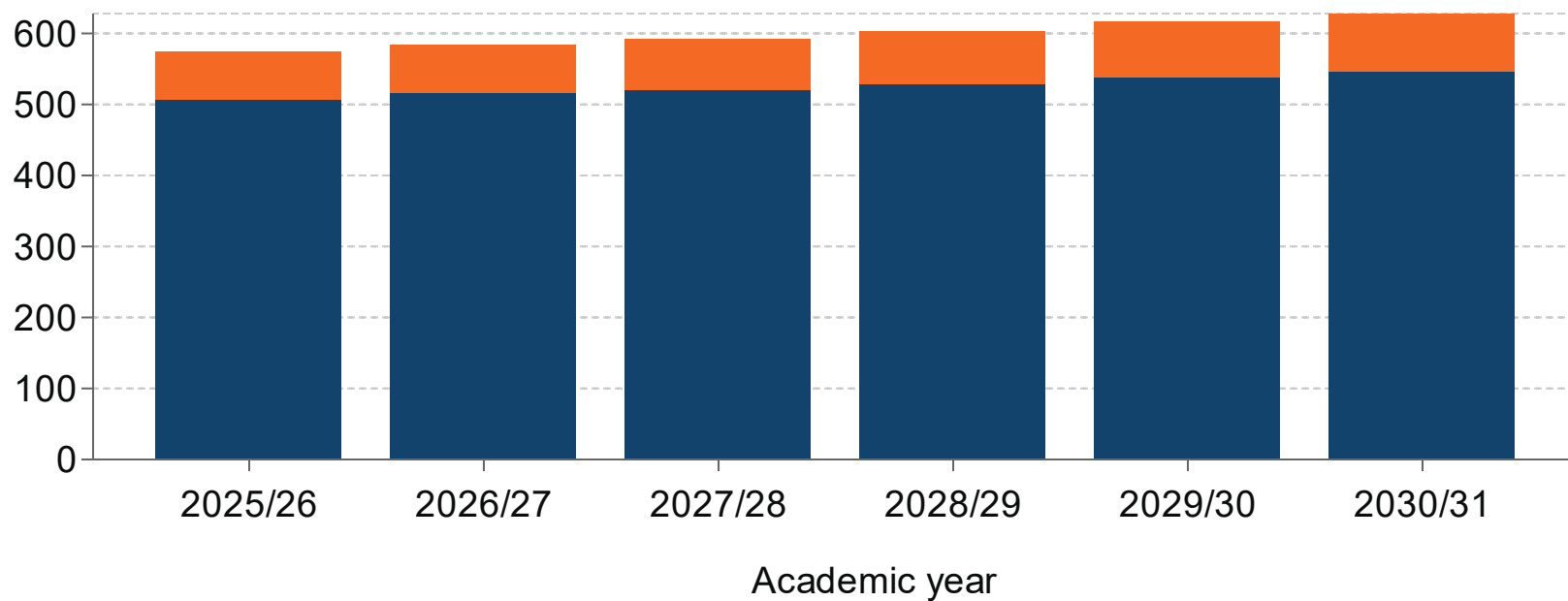
The number of postgraduate loan borrowing entrants is forecast to increase from 68,000 in the 2025/26 academic year to 81,000 in the 2030/31 academic year. The projected increase is driven by recent growth in the number of postgraduates entrants.

Table 3.1 shows the forecast number of student entrants receiving loans per academic year, from 2025/26 to 2030/31; the 2024/25 figures can be found in ‘Table 2a: Forecast number of students receiving loans, by loan product’ in the ‘Explore data and files’ section of the release.

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Figure 3.1: Forecast number of student entrants receiving loans per academic year (in thousands)

Forecast
number of
entrants
receiving
loans



- Number of student entrants (thousands) (Plan 3, Forecast, England)
- Number of student entrants (thousands) (Plan 5, Forecast, England)

Footnotes

1. Coverage: All entrant borrowers who receive loans through Student Finance England. For further details on eligibility, please see the Student Finance England practitioner website: [Link to practitioner products section on the SLC website \(opens in new tab\)](#).
2. A summary timeline of the introduction of different plan types is available in Table 1.1 in the publication Methodology: [Link to student loan forecasts for England methodology](#)

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Table 3.2: Forecast student loan outlay in England per financial year. Financial year 2025-26 outlay figures are actuals as published by the Student Loans Company.

		2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Plan 2 and 5	Total	£20,605m	£20,870m	£21,685m	£22,365m	£23,215m	£24,075m
	Higher education full time	£20,140m	£20,420m	£21,215m	£21,880m	£22,710m	£23,560m
	Higher education part time	£380m	£365m	£390m	£400m	£415m	£430m
	Advanced Learner loans	£80m	£80m	£80m	£80m	£85m	£85m
Plan 3	Total	£825m	£830m	£885m	£950m	£1,015m	£1,080m
	Master's loans	£760m	£780m	£825m	£885m	£950m	£1,010m
	Doctoral loans	£65m	£55m	£60m	£65m	£70m	£75m
Total		£21,425m	£21,700m	£22,565m	£23,315m	£24,230m	£25,155m

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Footnotes

1. Coverage: All borrowers who receive loans through Student Finance England. For further details on eligibility, please see the Student Finance England practitioner website: [Link to practitioner products section on the SLC website \(opens in new tab\)](#).

2. The outlay model only forecasts students as receiving loans up to six years after entering higher education; therefore, no Plan 1 outlay is forecast. However, there are some exceptional cases where students may still be paid a Plan 1 loan across our forecast horizon, for example, if they had suspended their studies.

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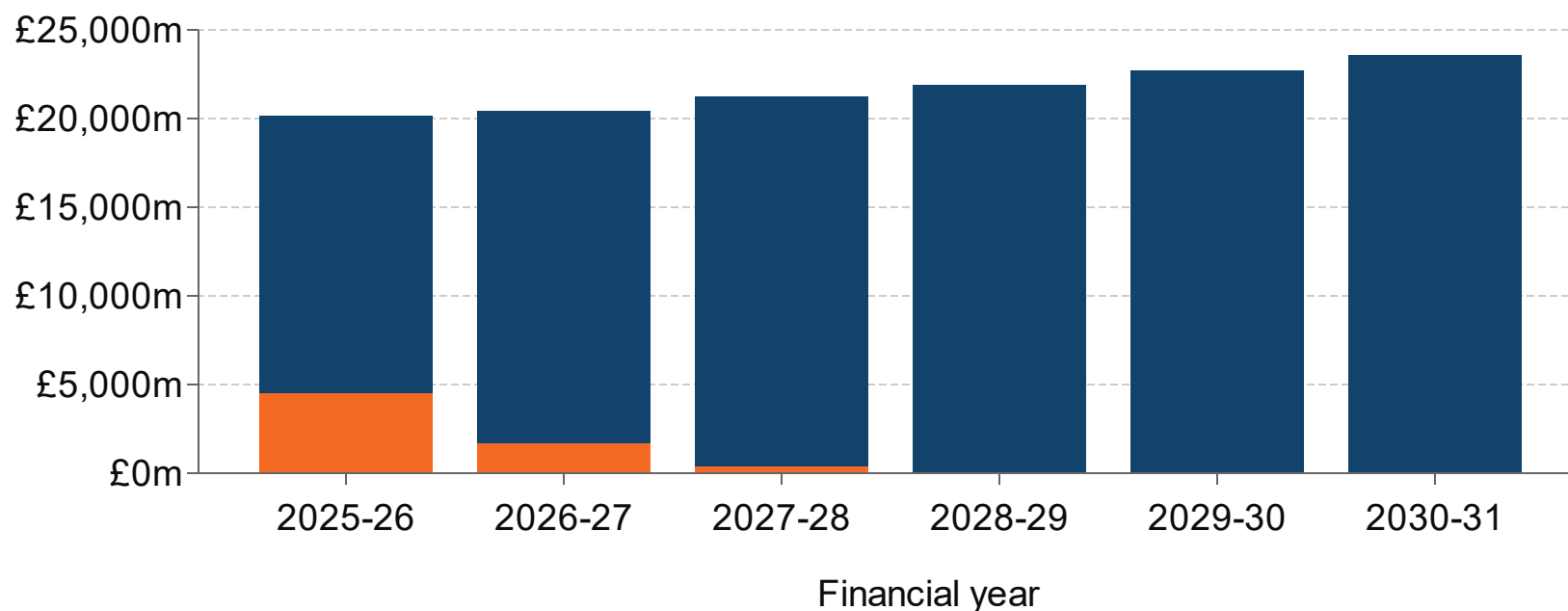
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Table

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Figure 3.3: Forecast higher education full-time undergraduate student loan outlay per financial year. Financial year 2025-26 outlay figures are actuals as published by the Student Loans Company.

Forecasted
outlay



- Loan outlay (Plan 5, Higher education full time, England)
- Loan outlay (Plan 2, Higher education full time, England)

Footnotes

1. Coverage: All borrowers who receive loans through Student Finance England. For further details on eligibility, please see the Student Finance England practitioner website: [Link to practitioner products section on the SLC website \(opens in new tab\)](#).
2. The outlay model only forecasts students as receiving loans up to six years after entering higher education; therefore, no Plan 1 outlay is forecast. However, there are some exceptional cases where students may still be paid a Plan 1 loan across our forecast horizon, for example, if they had suspended their studies.

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Total student loan outlay is forecast to increase from £21.4 billion in the 2025-26 financial year to £25.2 billion in 2030-31 in nominal terms.

No Plan 1 loan outlay is forecast as these loans are only available to students who started their courses prior to September 2012.

The annual growth of entrant borrowers and the rise in average loan amounts due to annual loan uprating drive the increase of higher education full-time undergraduate outlay from £20.1 billion in the 2025-26 financial year to £23.6 billion in 2030-31. Students entering study from the 2023/24 academic year onwards will repay the loans they borrow under Plan 5 repayment terms. In the 2025-26 financial year, 78% of higher education full-time undergraduate outlay was borrowed under Plan 5 repayment terms, expected to rise to over 99.9% of higher education full-time undergraduate outlay in 2030-31.

Plan 3 postgraduate loan outlay is forecast to increase from £825 million in the 2025-26 financial year to £1.08 billion in 2030-31.

Additional information on historic student loan outlay is published in 'Table 1: Historical student loan outlay and forecast student loan outlay, by loan product' and can be found in the 'Explore data and files' section of the release.

[Back to top](#)

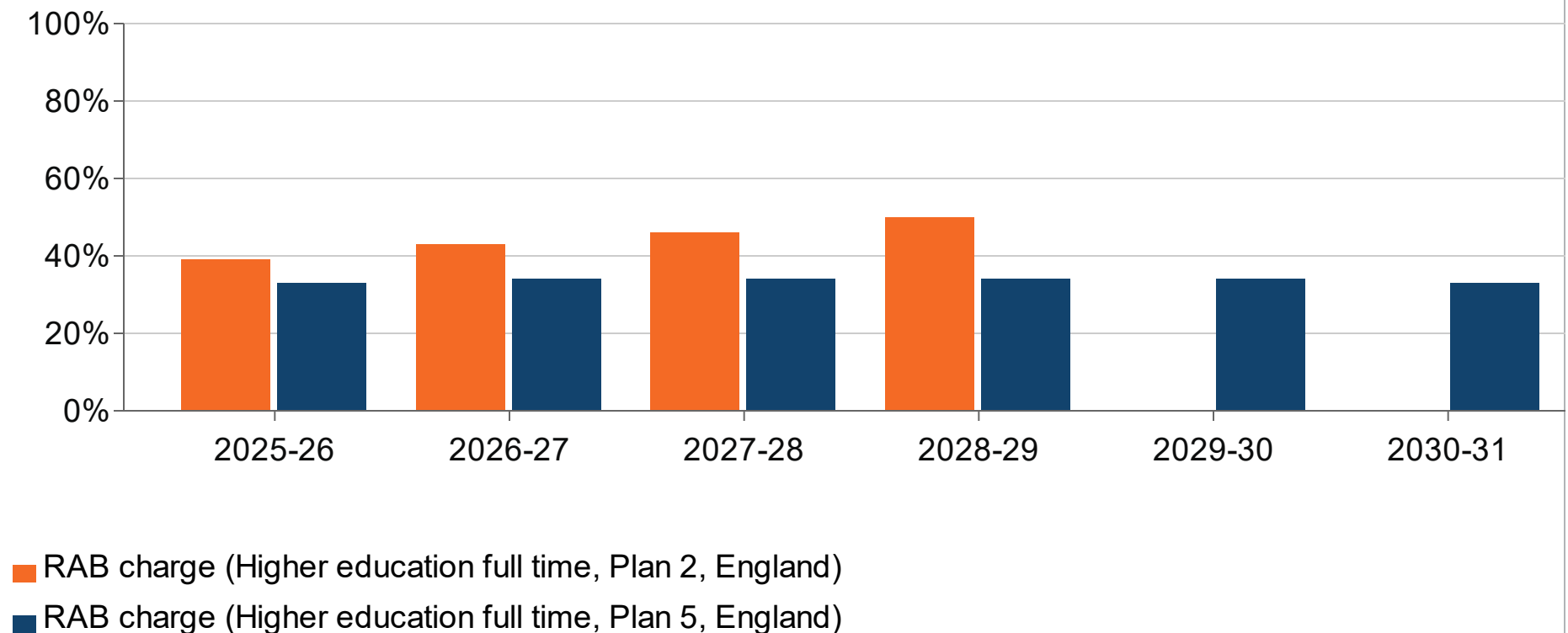
Student loan costs to government: Cost to taxpayer

Chart

Table

► Export options

Figure 4.1: Forecast Resource Accounting and Budgeting (RAB) charge by loan product, per financial year



Footnotes

1. Coverage: All borrowers who receive loans through Student Finance England. For further details on eligibility, please see the Student Finance England practitioner website: [Link to practitioner products](#)

[section on the SLC website \(opens in new tab\)](#).

2. A summary timeline of the introduction of different plan types is available in Table 1.1 in the publication Methodology: [Link to student loan forecasts for England methodology](#)

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As student loan repayments are income contingent, Government expects to subsidise a proportion of student loans. The RAB (Resource, Accounting and Budgeting) charge is the estimated cost to Government of providing a subsidy for the student finance system. It is the proportion of loan outlay issued each year which is not expected to be repaid, when future repayments are valued in present terms using the HMT discount rate. For more information about the HMT discount rate, see the methodology document.

For example, the Plan 5 full-time higher education RAB charge in the 2029-30 financial year is forecast to be 34%, meaning that 34% of loan outlay issued for full-time higher education study under Plan 5 repayment terms in the 2029-30 financial year is not expected to be repaid, accounting for money received in later years being worth less than money received today.

Positive RAB charges reflect the fact that while most borrowers will repay at least some of their loan, not all borrowers are expected to repay in full. This is because initial loan balances can be large, borrowers are only required to make repayments above a set threshold, and unpaid balances are cancelled after 30 years for Plan 2 and Plan 3 loans, and 40 years for Plan 5 loans.

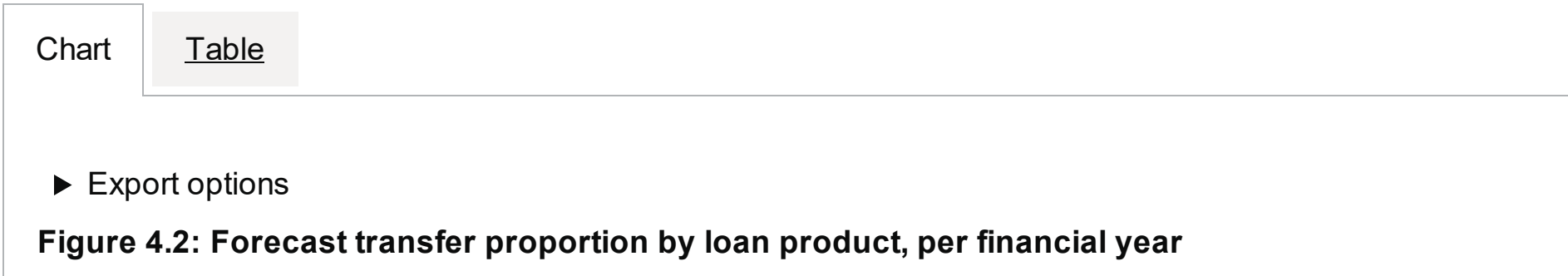
The RAB charge for Plan 2 full-time higher education loans is 39% in the 2025-26 financial year. Changes to

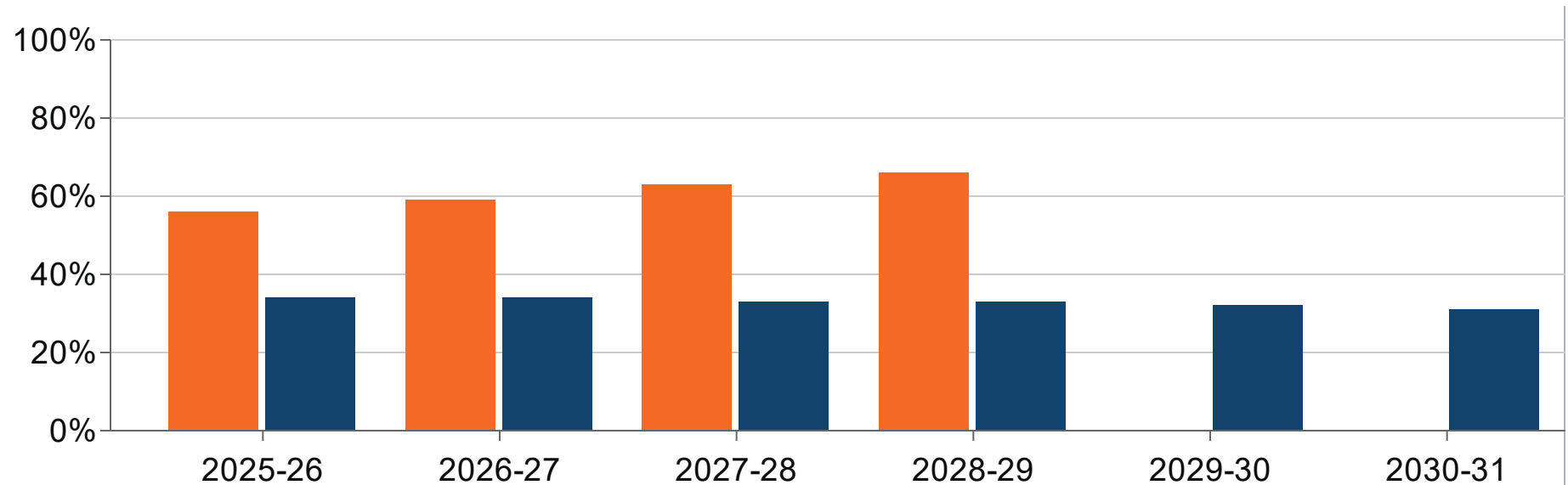
Plan 2 repayment terms, [announced \(opens in new tab\)](#) in February 2022, maintained the Plan 2 repayment threshold at £27,295 up to the 2024-25 financial year, and changed the repayment threshold in financial year 2025-26 onwards to link to inflation rather than earnings growth. A further freeze to Plan 2 thresholds was announced at the 2025 Autumn budget, fixing the threshold at 2026-27 levels until April 2030. For 2026-27, the Plan 2 repayment threshold has been set at £29,385 and updated figures can be found on [gov.uk \(opens in new tab\)](#).

From the 2023/24 academic year, undergraduate loans for new loan borrowers are issued under Plan 5 repayment terms. Students who started their course before 2023/24 will continue to receive loans on Plan 2 terms. Plan 5 RAB charges are generally lower than those for Plan 2. This reflects Plan 5 loans having longer repayment terms and lower repayment thresholds, and therefore a lower proportion of the outlay issued is expected not to be repaid in present terms. This is balanced to an extent by lower interest charged on Plan 5 loans.

Part-time students generally take out smaller total loans than full-time students, but are a very different demographic mix to full-time students. The forecast RAB charge in the 2029-30 financial year for Plan 5 part-time students is 37%.

Since the last publication, there have been revisions to the data, economic assumptions, policies and modelling methodology used within the student loan repayment and earnings models. These updates all contribute, to varying degrees, to any changes over time in the forecast of figures such as RAB charge, stock charge and percentage of borrowers expected to fully repay their student loans. Current assumptions about the future student finance system are set out in the [methodology document](#) in the student loans earnings and repayments model chapter, while the assumptions about future tuition fee and maintenance loans are covered in the student loan outlay chapter. Sensitivity to economic assumptions is explored in the methodology document.





- Transfer proportion (Higher education full time, Plan 2, England)
- Transfer proportion (Higher education full time, Plan 5, England)

Footnotes

1. Coverage: All borrowers who receive loans through Student Finance England. For further details on eligibility, please see the Student Finance England practitioner website: [Link to practitioner products section on the SLC website \(opens in new tab\)](#).
2. A summary timeline of the introduction of different plan types is available in Table 1.1 in the publication Methodology: [Link to student loan forecasts for England methodology](#)

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Transfer Proportion

Under the [partitioned loan transfer approach \(opens in new tab\)](#), student loan outlay is partitioned into a loaned portion and a transfer of capital to the borrower. Conceptually, the transfer proportion is the fraction of student loan outlay identified at loan inception as government expenditure, in recognition that this portion of the loan is unlikely to be repaid. The transfer proportion is used in the Office for National Statistics (ONS) public sector finance statistics.

The calculation of the transfer proportion differs from the RAB charge in the way future repayments are discounted to present values. The discounting of future repayments used for calculating the transfer proportion is based on the individual borrower's interest rates, which vary across different loan products and even for different borrowers under the same plan type, rather than the HMT discount rate. This is why the transfer proportion can be lower or higher than the RAB charge for different loan products. This reflects the different use of the transfer proportion and RAB charges in government finances. Further information is available in the [ONS methodological note on the alternative valuations of future repayments \(opens in new tab\)](#).

Like the RAB charge, the transfer proportion is relatively stable across the forecast period. The forecast transfer proportion for Plan 5 full-time loans in the 2029-30 financial year is 32%, meaning that 32% of loan outlay.

Whilst most borrowers are expected to repay their loan in full, some are not expected to repay fully. Undergraduate borrowers starting their studies in or after the 2023/24 academic year take out loans under Plan 5 repayment terms, compared to those starting in 2022/23 who repay under Plan 2. Table 4.3 shows the proportion of students starting study in the 2022/23, 2023/24, 2024/25 and 2025/26 academic years that are forecast to fully repay their loans.

Plan 5 borrowers have a maximum repayment term of 40 years, compared to 30 years for borrowers under Plan 2. 55% of full-time higher education borrowers in the 2025/26 and 2026/27 academic years starting cohorts are expected to repay their loans in full. Of the remaining 45% of these cohorts, the majority are expected to repay some of their loans, with some almost fully repaying over the 40-year repayment term. This is an increase from borrowers who started in the 2022/23 academic year under Plan 2, 32% of whom were expected to repay their loans in full, from last 2022/23 forecast.

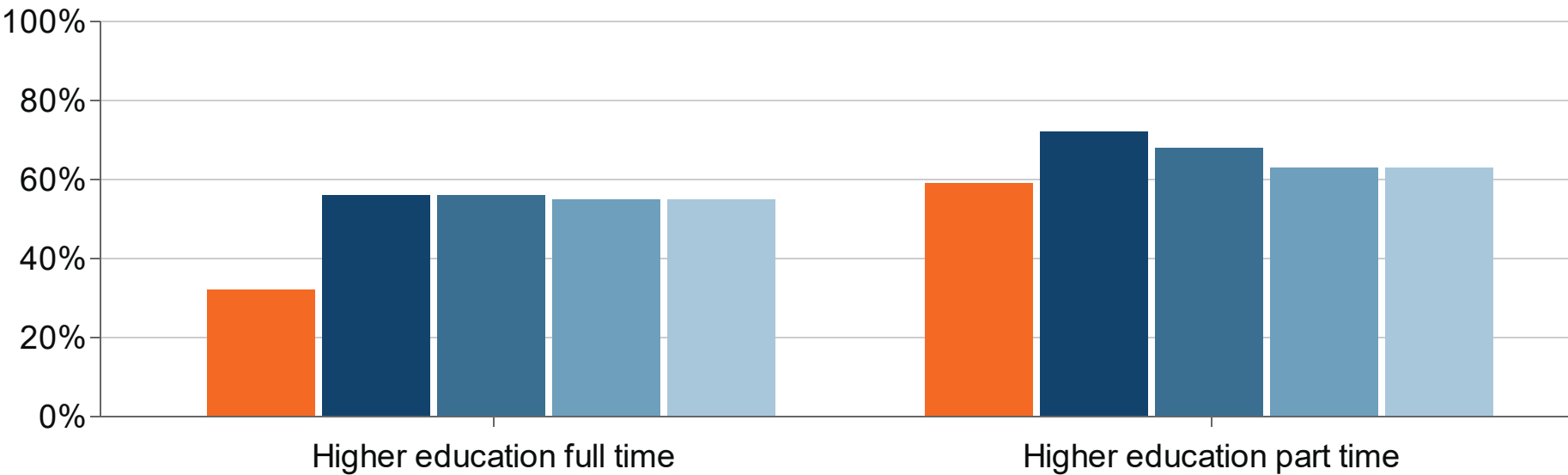
Despite the 0% RAB charge, around 31% of Master’s loan borrowers are expected not to fully repay their loan during their 30-year repayment term. In addition, these borrowers have interest rates fixed at RPI+3%. This may mean that the discounted repayments of some borrowers meet or exceed the total outlay provided, but do not fully pay off the interest accrued on the loan before the end of the repayment term.

Chart

Table

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Figure 4.3: Forecast proportion of higher education undergraduate borrowers expected to fully repay student loans, by academic year cohort



- Proportion expected to fully repay loan (Plan 2, England, 2022/23)
- Proportion expected to fully repay loan (Plan 5, England, 2023/24)
- Proportion expected to fully repay loan (Plan 5, England, 2024/25)
- Proportion expected to fully repay loan (Plan 5, England, 2025/26)
- Proportion expected to fully repay loan (Plan 5, England, 2026/27)

Footnotes

1. Coverage: All borrowers who receive loans through Student Finance England. For further details on eligibility, please see the Student Finance England practitioner website: [Link to practitioner products section on the SLC website \(opens in new tab\)](#).
2. A summary timeline of the introduction of different plan types is available in Table 1.1 in the publication Methodology: [Link to student loan forecasts for England methodology](#)

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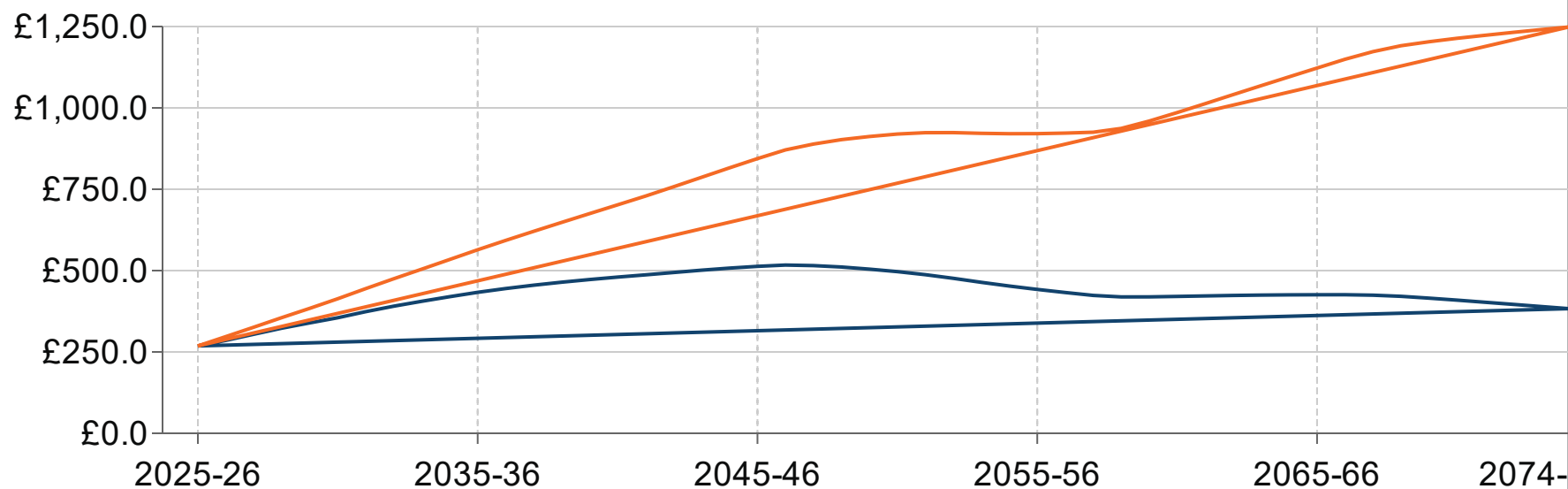
Long term student loan projections

Chart

Table

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Figure 5.1: Projected long-term face value of student loans in nominal and real terms



- Outstanding loan balance at the start of financial year (2025-26 prices £ billion) (England)
- Outstanding loan balance at the start of financial year (£ billion) (England)

Footnotes

1. Coverage: All borrowers who receive loans through Student Finance England. For further details on eligibility, please see the Student Finance England practitioner website: [Link to practitioner products section on the SLC website \(opens in new tab\)](#).

2. The outlay model only forecasts students as receiving loans up to six years after entering higher education; therefore, no Plan 1 outlay is forecast. However, there are some exceptional cases where students may still be paid a Plan 1 loan across our forecast horizon, for example, if they had suspended their studies.

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Source: Student Loans long term forecast

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Figure 5.1 shows the forecast outstanding student loan balance through to the 2074-75 financial year in £billions. The outstanding balance on student loans is anticipated to reach a peak of around £517 billion in 2025-26 prices in the mid 2040s, at around the time that the first few cohorts of Plan 2 loan borrowers reach the end of their 30 year repayment terms and have any remaining loan balance cancelled. At this time, the nominal face value of the student loans would be approximately £870.9 billion.

These projections are intended to give an indication of how the outstanding balance of student loans could grow if current policies and trends continue, but are inherently very uncertain given the length of time they project into the future.

[Back to top](#)

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