

million+ response to the BIS consultation on support for postgraduate study – May 2015

Introduction

1. million+ is a university think-tank working with modern universities which engage in teaching, research and knowledge exchange. These universities also have many long-standing partnerships with further education colleges, supporting students from diverse backgrounds to access and progress through higher education. We welcome the opportunity to respond to this consultation. In responding we have focused on some key areas:
 - a. the impact on older learners
 - b. the impact on part-time and distance learning students
 - c. the issue of concurrent repayments
 - d. the risk of fee and / or cost inflation
 - e. differential support for postgraduate taught and postgraduate research students

Patterns of postgraduate study

2. Postgraduate study is an integral part of the activities and opportunities that UK universities offer. Postgraduate students from the United Kingdom and overseas make a vital contribution to the UK's world-class research base. Yet both the Browne Review and Students At The Heart of The System, the White Paper published by BIS Ministers in June 2011, failed to consider postgraduate study and the future of postgraduate provision in sufficient detail.
3. Broadly speaking, therefore, the government's support for a postgraduate loan scheme is a positive development. It is an important first step in recognising the challenges faced by those who would like to study at postgraduate level. However, it will be important that the final scheme maximises opportunities for those that wish to pursue postgraduate study, including for those who want to study at postgraduate level on a part-time basis, when they are older, or those that graduated prior to the introduction of higher undergraduate tuition fees in 2012.
4. The pattern of higher education and demographic of university students has changed significantly in recent years. There have been sharp increases in the proportion of students going to university on account of policies on widening access and participation. This has had an impact on the age profiles of students. In 2013/14, almost 30% of first year first degree UK domiciled students were over the age of 21. The majority of first year first degree students studying part-time were over the age of 30. Looking more widely at other undergraduate students, nearly 85% of those in their first year in 2013/14 were over the age of 21.
5. An older undergraduate population means an older postgraduate population. In 2013/14, nearly half of first year UK domiciled postgraduate students were over the age of 30 (46.5%) – up by 3 percentage points on the 2012/13 numbers.

Impact on older learners

6. The age limit proposed by the government for the postgraduate loan scheme – meaning that only those students under the age of 30 will be eligible – will exclude a significant number of

potential students from the scheme. The evidence provided in the consultation document in support of the age restrictions notes that 68% of English domiciled postgraduate taught students received no financial award e.g. they self-funded in some way. Although we acknowledge that a greater proportion of younger students received no award, this is a significant issue across all age groups – the lowest figure in the data in this category is 59%. Access to finance is important for a majority of all postgraduate students at every age category.

7. We are not convinced that the proposed loan scheme should only be eligible to those under the age of 30. We would urge the government to think again and consider a scheme that is accessible to all students regardless of age.

Impact on part-time / distance learning students

8. The significant numbers of postgraduate students studying part-time means that the proposal to restrict eligibility to those studying either full-time or at 50% part-time could a) exclude students who are studying at a lower intensity and / or b) dissuade students from taking up postgraduate study. Part-time study is designed to be flexible so that students can participate in higher education alongside other commitments. The loan scheme as proposed could mean students studying at a lower intensity having to self-fund their studies, or feeling pressure to study at a higher intensity than intended or comfortable. The risk is that the scheme harms flexibility of provision as institutions and students elect to study courses on the basis of the loan scheme eligibility, rather than on academic needs. Excluding distance learning is a further possible barrier to flexibility.
9. We believe the government should rethink the eligibility rules on part-time intensity and distance students and consider how to make any postgraduate loan scheme available to as many students as possible.

Transition to postgraduate study

10. As part of the move towards further support for postgraduate students, the Department for Business Innovation and Skills asked the Higher Education Funding Council for England to administer a postgraduate bursary scheme. Many of the criteria published for the bursary scheme are the same as those for the loan scheme. One requirement present in the HEFCE scheme but that does not appear to be mentioned in the loan scheme proposals is that a student must have commenced undergraduate study in or after September 2012 and have been charged the higher tuition fee level introduced in that year. This means that the HEFCE bursary scheme is restricted to those undergraduates moving immediately onto postgraduate study.
11. HEFCE's own research on postgraduate transition identified that only 13% of first-degree students move on to postgraduate students within one year. The majority of postgraduates – 80% according to HEFCE – enter their course more than three years after completing their first-degree. A postgraduate loan scheme which started in 2016/17 and which retained the same criteria would therefore exclude the majority of potential postgraduate entrants and is therefore unlikely to address the current failure in the postgraduate market. We are pleased that the proposal does not include this requirement and would recommend that this remains the case.

Impact of concurrent repayments

12. A postgraduate loan scheme with repayments on an income contingent basis is clearly a better option than other forms of finance such as professional and career development loans (PCDL).

The comparison of costs provided in the consultation demonstrates that the proposed scheme would be more affordable for students than if they opted for a PCDL. However, the consultation proposes that postgraduates would be expected to repay their undergraduate and postgraduate loans concurrently. This will mean that borrowers who access both undergraduate and postgraduate loans and whose earnings are in excess of the repayment threshold, will be exposed to a marginal repayment rate of up to 18%, disregarding any NI, tax or pension contributions.

13. The government's reasons for proposing concurrent repayment of undergraduate and postgraduate loans are clearly motivated by a desire to limit liability to the Treasury, and is no doubt influenced by some of the predictions for future defaults / non-payment on undergraduate loans (some estimates suggest the RAB charge on those loans to be around 45%). However, concurrent repayment terms are very likely to act as a disincentive to some students who are concerned about affordability. The repayment amounts produced in the consultation document on the face of it appear low, but they do not take into account other financial commitments that graduating students will have at the beginning of their careers. Accordingly we consider that there would be considerable merit in revisiting this proposal with a view to achieving a more balanced outcome for individuals.

Fee and cost inflation

14. The introduction of higher undergraduate tuition fees in 2012 was accompanied by a reduction in direct grant to institutions. Therefore, although the government may have anticipated wider variations in fees set by different institutions, it was obvious that institutions would react by increasing tuition fees to compensate for the loss of direct grant. The government was advised of this at the time by many organisations working in the sector, including million+. The situation with postgraduate loans is different. As it stands, there is very little in the way of direct grant for postgraduate taught provision, and the proposal is for the loan to act as a contribution towards costs. We believe that this is the right approach for the postgraduate loan (notwithstanding some of the concerns raised above) as it will mean that students can make the decision about how to use the funding to finance their study – whether that be for course fees, living costs or other associated costs that come with postgraduate education. This will also mean that the government will not need to introduce fee regulation at postgraduate level.
15. Although the government wishes to avoid fee inflation in the postgraduate sector, it is inevitable that as costs to institutions increase, then fees will increase. The government should ensure that it does not penalise institutions for reasonable increases in fees. The government should also learn from the experiences in the undergraduate sector following the decision to enable students at alternative providers to access tuition fee loans. In December 2014, the National Audit Office criticised some elements of this provision, noting that in some cases students that were ineligible for loans received them, that dropout rates were higher than in the HEFCE funded sector and that some providers were enrolling students on to unapproved courses. The consequences of the lack of oversight and regulation led to further criticism from the Public Accounts Committee about the possible misuse of public funds.
16. Therefore, the risk may well be less about fee inflation on postgraduate courses and more about the potential for loans to be offered to ineligible students, or for inappropriate / unapproved courses. The government needs to consider how to mitigate this risk.

Support for postgraduate research students

17. While the proposals regarding support for postgraduate taught students have been in play for some time, following the announcement in the 2014 Autumn Statement, the decision to review the support for postgraduate research students appeared relatively late and with short notice. This means that the consultation contains little information or evidence on the issues that may be present in the support for postgraduate research students.
18. In particular, the proposal to offer income contingent loans to postgraduate research students is difficult to consider in this context as the consultation does not outline or define the problem the government is trying to address. By comparison, the proposals on postgraduate taught students are accompanied by sufficient evidence and information for us to offer comment.
19. It is also surprising that the government is only proposing support for postgraduate research students in the form of income contingent loans, rather than any other forms of support, e.g. different grant arrangements, support via institutions rather than through research council awards. If students are unable to obtain grants under the current system (as stated in the consultation document), then there is potential to look at those rules and regulations rather than introduce a loan scheme.
20. If a loan scheme is introduced, a further complication arises from the treatment of MRes degrees. Where these are 1 year in length, they are very similar to postgraduate taught degrees. However, the proposal mooted in the consultation is that MRes degrees would be eligible for up to £25,000 of loan support in that one year. This compares to support of up to £10,000 for 1-year postgraduate taught students. Given that MRes students are a very small proportion of the overall postgraduate sector (less than 5% of full-time postgraduate students in 2012/13), this will create significant inequality in treatment of students.

Conclusion

21. New support for postgraduate students is to be welcomed. Many organisations, including million+, have long been of the view that more financial support is needed to enable students to take up postgraduate study. The costs for many students are prohibitive, particularly after acquiring debt as a consequence of their undergraduate studies. It is likely that this has been a factor in the decline in the number UK domiciled postgraduate students in recent years. We are pleased that the government has acknowledged the issue, and is seeking to address the problem. However, we believe that more thought needs to be given to ensuring there is coherence and consistency of support for postgraduate taught and postgraduate research students.
22. We are concerned that the proposals described in the consultation document will mean that significant numbers of potential postgraduate students will still be unable to access financial support to continue their higher education. We believe that the government should reconsider the loan scheme to ensure that students of all ages are eligible to apply for support, and to consider how to make it more accessible to students aiming to study on a flexible basis. We also believe that the requirement to repay undergraduate and postgraduate loans concurrently will be a disincentive to many students.

23. The government needs to take account of some of the criticisms of the National Audit Office on undergraduate loans when considering course, institution and student eligibility criteria for any postgraduate loan scheme. The government should evaluate the current bursary scheme being managed by HEFCE, where many institutions are reporting difficulties in filling places due to a lack of demand from potential students, to consider what lessons can be learned prior to making any final decisions on introducing a postgraduate loan scheme.

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