



Department
for Education

Higher education policy statement & reform consultation

Equality analysis

February 2022

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Summary

Higher education (HE) is fundamentally important to individuals, society, and the economy. Studying in HE can equip graduates with the skills, knowledge, and a grounding in the experience they will need to succeed later on in life.

A review of Post-18 Education and Funding was announced in February 2018 and an Independent Panel, chaired by Sir Philip Augar, prepared a report for the review, published in May 2019.

The UK Government is now publishing a policy statement and consultation which builds upon the HE recommendations of that report, outlining further reforms to the way in which the sector operates and is funded. A consultation on the Lifelong Loan Entitlement (LLE) is also being published.

The policy statement sets out a series of announcements relating to HE funding and finance including significant additional investment in the HE system and measures aimed at rebalancing the system to ensure sustainability and value.

The consultation outlines further reforms to the funding and finance system which may be taken forward to supplement those measures already decided and announced in the policy statement. These measures are aimed at delivering better value for money for students and taxpayers investing in HE, while improving outcomes and access for all students, particularly those from underrepresented or disadvantaged groups.

Part 1 – Policy Statement on HE funding and finance

The first part of this document is in reference to the policy statement that sets out how we are investing in HE to prioritise provision that results in better outcomes for students, the economy and society, and how we plan to tackle the rising cost of the system to taxpayers, while reducing debt levels for students and graduates. We will:

Invest in HE to deliver provision that results in the best outcomes for students, the economy and society by:

- Increasing the SPG by an additional £300 million, on top of existing recurrent grant funding, as well as providing £450 million of capital funding, including to support high-cost subjects such as sciences, medicine, and engineering, and level 4 and 5 provision.
- Investing up to £75 million in scholarships to support high-achieving students from disadvantaged backgrounds.
- Providing further funding to support providers with the upfront investments required to roll out HTQs, as a high-quality offer at level 4 and 5, through a further iteration of the Growth Fund. We are also addressing financial barriers for learners

and moving towards the flexibility envisaged by the LLE by putting the student finance package for Higher Technical Qualifications (HTQs) on a par with degrees, from academic year 2023/24. This will include extending student finance access for HTQs and allowing learners studying HTQs part-time to access maintenance loans, as they can with degrees.

Reduce debt levels for students and graduates by:

- For all students, freezing maximum tuition fees at £9,250, up to and including AY2024/25, effectively reducing the cost of HE for students in real terms. The tuition fee freeze will mean students starting 3-year degrees in AY2022/23 will borrow up to £780 less during their studies than if they had risen in line with forecast inflation from September 2023.
- For new HE students commencing study from AY2023/24 onwards, reducing the rate of interest in and after study to RPI+0% to ensure that, under these terms, students do not repay more than they borrow in real terms.

Ensure the long-term sustainability of the system by:

- For post-2012 student loan borrowers, maintaining the repayment threshold (the income above which loan repayments are required) at its current level of £27,295 per year up to and including FY2024-25, and then increasing it annually in-line with RPI.
- For new HE students commencing study from AY2023/24 onwards, introducing: (i) a repayment threshold of £25,000 that will increase annually in-line with RPI from FY2027-28; and (ii) a repayment term of 40 years. The changes to repayment thresholds - and for new borrowers the loan term - will ensure that those who benefit from HE after graduation make a reasonable contribution to its costs, helping to support the next generation of students to benefit in the same way as they do.
- Continuing to keep the student finance system, including repayment terms, under review to ensure that it is delivering value for money for both students and the taxpayer.

Part 2 – Consultation on further potential reform areas

The second part of this document outlines equality analysis on a suite of proposals to supplement the announced changes to HE funding and finance. These are aimed at improving the value for money of the investment in HE made by students and taxpayers further, while improving outcomes and access. It encompasses:

Section A: **Improving the quality of student outcomes in England**, by:

- Incentivising high-quality provision that leads to good outcomes for students, by considering the possible case for proportionate **student number controls (SNCs)** as a lever to tilt growth towards provision with the best outcomes for students, society, and the economy.
- Seeking to ensure that students are equipped with the minimum skills required to undertake and benefit from HE – by exploring the case for low level **minimum eligibility requirements (MERs)** to access HE student finance. We strongly believe that students should pursue post-18 education options that will encourage them onto pathways in which they can excel and achieve the best possible outcomes. Students need to be confident that, when they apply for a course, they will have the ability and prior attainment to be able to complete it. It is also fairer for the taxpayer that the significant public subsidy which goes into HE is aimed at securing the best outcomes for students and the economy. We are consulting on whether there is a case for MERs in principle, the specific low level at which they could be set, and the correct exemptions.

Section B: Access to HE in England

- Seeking views on how **eligibility for the national state scholarship** should be set. As part of this, we outline how we will create the right conditions for genuine social mobility through our reforms to the access and participation regime. Improving access to HE by considering the case for **reducing the fees charged for foundation years** to ensure they cost no more than an equivalent course in an FE college. We want to ensure value for money from courses facilitating access to HE for disadvantaged students. Foundation years will continue to play an important role in enabling subject switching for those students who would benefit from this, as well as building skills and improving grades, and aligning foundation years to Access to HE course fees could help to improve access to them. We are also considering the case for exemptions to this proposal.

Section C: Level 4 and 5 courses in England

- **Supporting provision and uptake of high-quality level 4 and 5 courses** to meet the skills needs of employers and allow more learners to benefit from the excellent outcomes high-quality level 4 and 5 can offer, while also ensuring these

courses represent value for money for the learner and the taxpayer. We seek views in this section on barriers faced by providers in offering and promoting level 4 and 5 courses and the role of the fee and funding system in affecting provider and learner behaviour.

- We provide information on changes we are making to the student finance offer to ensure that approved HTQs (Higher Technical Qualifications), the centrepiece of reforms to higher technical education, are accessible to learners. We are consulting on how we can ensure they are fit for the flexible, modular system of the future.

Under the Public Sector Equality Duty (PSED), we have considered the possible impacts of the main policy proposals in the consultation on groups with protected characteristics. We welcome further views and evidence on any potential impact of these policies to help inform decisions to be made in light of the consultation responses.

Who this is for:

This policy statement and reform consultation is for anybody throughout the UK with an interest in HE and the future landscape of the sector. This includes:

- HE providers, including further education colleges offering HE and some independent training providers.
- HE stakeholders, representative bodies, and charities.
- Schools and further education institutions and their staff, career advisors, teachers, and leaders.
- Other government bodies and departments.
- Graduates and students of the HE system, or people who plan to access it in the future and their parents/guardians, where applicable.
- Graduate employers.
- While some of these proposals will only directly impact HE in England, we are interested in views from stakeholders across the UK.

Summary of equality impacts across all policy announcements and proposed changes

This equality analysis comprises two parts.

Part 1 covers the expected equality impacts associated with the changes to the HE funding and finance system announced in the policy statement. Part 2 covers the possible equality impacts which may arise as a result of further reforms to HE that may be taken forward to supplement the measures already decided and announced in the policy statement.

Equality impacts of policy statement on HE funding and finance (Part 1)

HTQ student finance changes

We are addressing financial barriers for learners and moving towards the flexibility envisaged by the LLE by putting the student finance package for HTQs on a par with degrees, from academic year 2023/24. This includes ensuring HTQs are eligible for HE student finance and part-time maintenance loans. The change in the loan eligibility is likely to have a positive impact on people of all backgrounds. Utilising the Higher-Level Learners in England (AY 18/19) dataset we find there are proportionately more women and people from ethnic minority backgrounds studying level 4 and 5 than in the UK population. Additionally, level 4 and 5 learners are on average older than learners studying degrees. Finally, learners identifying as having at least one disability are less likely to study level 4 and 5 (when compared to the proportion of people in the UK). We do not have data on the remaining protected characteristics but in the Higher Technical Education consultation we anticipated that HTQ reforms on the whole would not have any particular impact relating to these protected characteristics and we assume the same for these support changes.

Student finance

We expect these student finance changes to have positive impacts on some earners and negative impacts on others. We do not consider that the proposals would amount to unlawful discrimination. While certain groups may be more likely to be affected, this arises from borrowers' lifetime earnings, not the characteristics themselves. We have explored in detail how different characteristics might be correlated with certain lifetime income profiles and have identified that some groups with particular protected characteristics (for example women and loan borrowers entering repayment in their early 20s) may be more likely to experience some negative impacts, such as higher than average increases in lifetime loan repayments. However, overall, the equality impacts are mixed, and these groups are also more likely to benefit from aspects of the policy (for

example, younger people are more likely to be in the highest earning group who will benefit from the reforms and women are more likely to be earning below the repayment threshold and will generally pay less than men). The proposals for reform covered in Part 2 are aimed at ensuring better outcomes for students overall.

Repayments will still generally be positively correlated with lifetime earnings, as is the case under the current system. The system will remain progressive overall. While some groups may be more affected by these changes, they will typically make lower repayments than those in higher deciles of borrower lifetime incomes and be less likely to repay their loans in full.

The reforms generate savings for the taxpayer through increasing annual and lifetime loan repayments from some student finance borrowers. They will help ensure the system remains sustainable in the long term and is able to continue benefitting future generations of students. The reforms will also bring about a fairer balance in how the cost of HE is shared between graduates and the general taxpayer.

We do not consider the changes to student finance will have a significant negative impact on the need to advance equality of opportunity. The system overall remains progressive, with a fairer burden of cost spread across graduate borrowers. From a review of the evidence, we do not believe that the student finance changes are sufficient to induce significant behaviour changes or preclude participation in either higher education or the labour market. Returns to a degree are strong on average and past reforms, which have increased the cost share of study to students have not stood in the way of improvements in participation. Indeed, overall participation by age 19 continues to be at record levels, with increases since 2012 across the main protected groups for which we have reliable data. This reflects the secondary role student finance terms play in the decision to go on to higher education.

We do not consider that these proposals would have any significant impact on the need to foster good relations between persons who share a particular protected characteristic and those who do not. There could be perceptions of unfairness, for example between borrowers under the new regime and the post-2012 regime, but these are more likely to be based on the date study commenced than between groups who share or do not share a protected characteristic.

Maximum Level 6 fee limits

Freezing fees at their current levels for full-time, part-time, and accelerated degree courses at Level 6 would benefit all students, including those who are eligible for loan support from the Student Loans Company (SLC) to cover the upfront cost of fees.

This policy is expected to have a marginally positive impact for all students, irrespective of their protected characteristics. Freezing maximum tuition fees (and therefore fee loans) will mean students will face a lower real terms debt burden, marginally improving the attractiveness of the student loan offer.

Students who are female, older, from black, Asian and ethnic minority groups and disadvantaged backgrounds are more likely to be debt averse. These students would particularly benefit from this policy as they are more likely to be averse to taking out higher levels of student debt which may lead them to make certain decisions about higher education, including choosing not to participate, even when it is in their long-term best interests to do so.

In the remainder of this equality analysis, the impact of the fee freeze on students according to their particular protected characteristics is considered as part of the equality analysis of the student finance policy changes. The reforms for new borrowers (commencing study from AY2023/24 onwards) come as a package, and we therefore focus on their cumulative impact rather than their component parts.

Which groups of students are more likely to rely on Student Loans Company loans to study?

Student loans are available for full-time and part-time HE study and for study at Levels 3-6 via Advanced Learner Loans (ALLs).

The majority (87% in AY2018/19) of English domiciled full-time undergraduate students mainly fund their tuition fees through loans from the SLC. However, students who share any of the characteristics of:

- female,
- young (under 21 at start of course),
- no religious belief, Spiritual or of 'any other religion or belief',
- lesbian, gay or bisexual,
- white or black,
- a known disability,
- low HE participation neighbourhood,
- from the East Midlands, East of England, North-West, South-West, West Midlands and Yorkshire and the Humber,

are more likely than average to fund their fees mainly via SLC and therefore more likely to be in the catchment of those affected by student finance reform. Location is not a protected characteristic but is relevant to the impacts of this policy, as we know average earnings vary in different regions of the UK and therefore the impacts of changing repayment terms are also likely to differ. We do not have reliable data for those in other protected groups.

Part-time HE students and ALL borrowers are more likely than full-time HE students to be female and older students.

Which groups of student loan borrowers are more likely to experience higher costs?

The reforms only impact repayments for post-2012 borrowers (starting up to and including AY2022/23), and new borrowers (those starting courses from AY2023/24). The overall impact of the reforms on both groups of borrowers will depend on when they start(ed) their course and on their lifetime earnings, as this will determine lifetime repayment amounts.

Borrowers earning below the repayment threshold will not need to make repayments on their loan, protecting the incomes of the very lowest earners each year. Earnings can fluctuate, so the lowest lifetime earners may not be the lowest earners in every year. Therefore, borrowers with the lowest lifetime incomes (lifetime earnings in the bottom 10% of loan borrowers lifetime earnings), while more protected from the reforms, will still see some negative impact with an increase in lifetime repayments. Graduates who are more likely than average to be among the lowest earners 10 years after graduation (earning under £15,000 in FY2018-19) are likely to share any characteristics of: female, any ethnicity other than white, starting study after age 45, from a disadvantaged background, or who reside outside of London after graduation. Individuals who share any characteristic of: Muslim, identify as disabled or whose gender identity is not the same as their sex, may be less likely than average to be in employment and therefore to be amongst the lowest lifetime earners who are less affected by reforms.

Among new full-time HE borrowers, lifetime repayments are higher for the bottom 80% of lifetime earners under the new system, but lower for the top 20%. Similarly, among post-2012 full-time HE borrowers, lifetime repayments are expected to increase for the bottom 90% of lifetime earners but be marginally lower for the top 10%. The characteristics of borrowers likely to be in these lifetime earnings groups are detailed below.

Across changes to post-2012 and new borrowers, female and young (entering repayment in their early 20s) borrowers are likely to see some negative impact with larger than average increases in lifetime repayments. This reflects the increased loan term under the new system, and for female borrowers their typically lower-than-average lifetime earnings.

Notwithstanding the impacts of other reforms, which may impact choices and outcomes for graduates, we estimate that among new borrowers, the largest proportional increases in lifetime repayments will be from lower earners (by 174% for those in the 4th decile of borrowers' lifetime earnings), while middle earning borrowers will see the largest absolute increases (by around £16,500 in FY2021-22 prices, or 1.6% of lifetime earnings, for those in the 6th decile of borrowers' lifetime earnings). Among post-2012 borrowers,

middle earners in the 5th and 6th deciles of borrower lifetime earnings will see the largest proportional increases in lifetime repayments, by 68% and 65% respectively (equivalent to 0.8% to 0.9% of average lifetime earnings in these borrower earnings deciles), but borrowers in the 7th decile of borrower lifetime earnings are likely to see the largest absolute increase in lifetime repayments (by £10,800 in FY2021-22 prices; equivalent to 0.9% of average borrower lifetime earnings for decile 7). This is due to two effects: some borrowers coming into repayment either for the first time or for more time during their careers, and some borrowers who would have already been repaying now repaying more (and for longer in the case of new borrowers).

Alongside younger and female borrowers, those likely to see some negative impact with increased lifetime repayments under the reforms for both post-2012 and new borrowers are more likely than average to have characteristics of white or black ethnicity, from disadvantaged backgrounds, or reside in the North, Midlands, South-West or Yorkshire and the Humber. Survey data also indicates that graduates who identify as disabled and are in employment are likely to have earnings below those of graduates who do not identify as disabled. This may indicate that employed graduates who identify as disabled are likely to be among those with below median earnings, who see increased repayments.

The highest lifetime earners (top 10%) among post-2012 borrowers will experience some positive impact with small decreases in lifetime repayments (around £200), however the highest lifetime earners among new borrowers will experience large decreases in lifetime repayments (down 26%) as the lower repayment threshold and lower interest rate reduce their total debt in comparison to the current system. Those students expected to see a positive impact and benefit more than average from the changes are more likely to be male, Asian, mixed or other ethnicity, young graduates, those from more advantaged backgrounds (independently schooled or from a neighbourhood with high HE participation) and to reside in London after graduation.

We expect to see similar impacts for ALL borrowers and part-time HE borrowers, but with a smaller magnitude of impact reflecting their typically lower loan debt.

Relating to age there will be a small difference in impacts of reforms on lifetime repayments between those reaching 18 years old in AY2022/23 and AY2023/24. Those able to enter HE in the last year under terms for post-2012 borrowers would see slightly smaller impacts on average than those only able to enter HE a year later (£5,300 average increase for the AY2022/23 cohort in comparison to £5,800 increase in average lifetime repayments for the AY2023/24 cohort).

Might increases in long-term repayment costs affect participation decisions?

Whilst the evidence highlights that some groups of students are more debt-averse and concerned about costs than others - including those aged 20 years or older, students from ethnic minorities, single parent students, those with a disability or health condition, and those from disadvantaged backgrounds – we expect there to be a neutral impact and do not believe the available evidence suggests that freezes to tuition fees or changes to student finance terms are likely to significantly change participation decisions for full-time degrees. They may, however, have larger impacts on part-time and those relying on loans to study at Further Education Colleges (FECs). It is also possible that the reforms, together with other measures the government is taking to improve quality and increase transparency, will influence the decision of individuals regarding when to study a degree. The need to create a boundary between those on post-2012 and new repayment terms creates a difference in the lifetime repayments made by 18-year-olds according to whether they start a course in AY2022/23 or AY2023/24. This is especially notable in higher earning deciles.

Might increases in long-term repayment costs affect work decisions?

Higher repayments will reduce the gains to work for those earning above the new repayment threshold. However, the increase is very small and so we believe unlikely to impact the decision over whether to work or not. We see a more significant impact on the marginal incentive to earn more for borrowers who are brought into repayment and so lose 9% of earnings in addition to taxes at that earnings point. We do not believe, however, based on data from the general graduate population, that this is likely to have significant impact on labour market decisions. Those brought into repayment (based on LEO data 10 years past graduation) are more likely to be female, younger graduates, from disadvantaged backgrounds, and reside in either the North, Midlands, South-West or Yorkshire and the Humber after graduation.

SPG investment

Increased Strategic Priorities Grant (SPG) investment may have some equality impacts, and these have been considered in developing guidance for the Office for Students (OfS). The scale and nature of these impacts will depend on how the additional funding is allocated by the OfS. It is expected that the OfS will carry out further equality analysis in reaching its funding allocation decisions. We therefore do not consider this particular policy announcement further in this equality analysis.

Equality impacts of consultation on further potential reform areas (Part 2)

Our initial assessment based on the current level of policy detail set out in the consultation document is that these proposals could have a positive impact on students with certain protected characteristics. We do not consider that the proposals would amount to unlawful discrimination. While certain groups may be more likely to be affected, a core rationale for the reforms is that they should lead to higher quality provision, more informed choices and better outcomes for students overall.

We consider the reforms set out in the consultation would positively advance equality of opportunity by helping to remove or minimise disadvantages suffered by people due to their protected characteristics and taking steps to meet the needs of the people from protected groups where these are different from the needs of other people. Evidence shows that students with certain protected characteristics are more likely to face greater barriers to access and participation in higher education and achieve poorer outcomes during and after study than students who do not¹. Accordingly, successful reform aimed at delivering better student outcomes from higher education is likely to benefit students in those protected groups in particular.

We do not consider that these proposals would have any significant impact on the need to foster good relations between persons who share a particular protected characteristic and those who do not. We do not consider that any frustrations felt by students with particular protected characteristics who are affected by these proposals would affect relationships with others who do not share them. There could be perceptions of unfairness if the policies are most likely to be seen as affecting those parts of the HE sector which have more students who are lower attaining and achieve poorer outcomes and are proportionately more likely to have certain protected characteristics, but as above the aim is for these students to benefit from better outcomes.

Student Number Controls (SNCs)

The introduction of SNCs, aimed at incentivising high quality provision and subjects that deliver better returns, would affect all students. All students, including those with particular protected characteristics, would be positively impacted if an SNC policy leads them to choose those courses or education pathways which result in better outcomes.

¹ The Office for Students (OfS) publishes wide-ranging data on the outcomes of students with different characteristics. See for example: [Differences in student outcomes - Office for Students Access and participation data dashboard - Office for Students](#)

Whether students with certain protected characteristics would be disproportionately impacted by an SNC is difficult to assess as policy detail is still at a high level. It will ultimately depend on which approach the UK government adopts and what exemptions, if any, are put in place. It will also depend on the behavioural response of students to an SNC and the quality and choice of alternative courses and options available to them.

Different approaches and exemptions are likely to have different equality impacts. This is because the numbers of students with different protected characteristics vary significantly across providers and subjects².

Minimum eligibility requirements

The use of minimum eligibility requirements based on entry qualifications to determine access to student finance for degree level study would affect all student groups.

Students with certain protected characteristics, such as students from black and ethnic minority groups and those with Special Educational Needs, are likely to be disproportionately impacted as they are less likely to achieve certain levels of prior attainment than other students. The extent to which protected groups are impacted will depend on the way the MER is applied, the level of prior attainment and qualifications used to set the MER, and what exemptions, if any, are put in place.

As with SNCs, all students would be positively impacted if the MER leads them to choose different courses or education pathways which result in better outcomes. Given that students with certain protected characteristics tend to achieve lower levels of prior attainment, they are disproportionately likely to be affected by a MER for level 6 HE study compared to students who achieve higher levels of prior attainment. It is not possible to conclude whether those students affected by a MER will go on to achieve better outcomes than they would have done otherwise. However, given evidence shows that not all students benefit from a level 6 qualification and the poor average outcomes for students below the MER, it is expected that on average these students may be subsequently better off as a result.

Foundation years

Proposals to reduce the fee limit on foundation courses would disproportionately affect students who are male, older, and black, or from mixed/other ethnic minority groups as they tend to be overrepresented on these courses compared to the undergraduate student population as a whole.

² [Who's studying in HE?: Personal characteristics | HESA](#)

The proposed reforms would most likely have a significant positive impact as students with particular protected characteristics are more likely to be debt averse meaning they may benefit more from lower foundation years fees and the reduction in the overall cost of studying for a first-degree qualification.

As a negative impact, students with some protected characteristics (e.g., mature students and black, Asian and mixed/other ethnic minority groups) may be at greater risk of reduced access to HE and choice of provision if some providers choose to stop offering foundation year courses because the lower fees are not sufficient to cover the costs of provision.

National state scholarship

The equality impacts of a national state scholarship will be dependent on the eligibility criteria set on which we are seeking views. A full analysis will be undertaken as the policy is developed. There may be potential impacts in relation to age, sex and race due to differences in prior attainment within these groups, given that the intention is to target only high achieving students from disadvantaged backgrounds.

Level 4 and 5 fees and funding

In the consultation we seek views on growing level 4 and 5 provision and how Higher Technical Qualifications (HTQs) can be delivered in a flexible, modular way. We also set out HTQ student finance changes. We are not proposing any changes to fees. Therefore, the high-level analysis of how learners may be affected by a change in fees which follows is intended to support respondents in considering their consultation responses, as opposed to being an assessment of a particular policy change (and analysis is provided in the consultation document as well).

Part 1 – Policy statement on HE funding and finance

HTQ student finance changes

We are announcing changes to HTQ student finance. We are addressing financial barriers for learners and moving towards the flexibility envisaged by the LLE by putting the student finance package for HTQs from AY2023/24 on a par with degrees. This includes:

- **Ensuring access to HE student finance for approved HTQs.**³ This is an important step towards the LLE, bringing FE and HE closer together, and delivering on the PM's commitments in his skills speech.⁴
- **Levelling the playing field so HTQ learners can access maintenance loans when studying part-time** (in the same way that degree learners can), which will help move towards a more flexible and accessible system where learners can fit study around work and other commitments. It will remove an inconsistency that incentivises degree study over HTQs for those that study part-time.

These changes aim to support those who face barriers when trying to access finance when studying HTQs. It will help more students taking up these types of courses who would not have otherwise had the opportunity. The change in the loan eligibility is likely to have a positive impact on people of all backgrounds. However, the extent they will benefit will vary based on how likely they are to take out the loan and how credit constrained people with similar characteristics have been in the past. Those who have been greatly affected by a lack of finance will stand to benefit the most.

The first HTQs, Digital HTQs, will be studied from September 2022, and HTQs will be rolled out in stages according to occupational route. Therefore, the data we use to inform our assessment draws on all Level 4 and 5 learners. We assume that the proportion of protected characteristics has remained similar in the level 4/5 learner population over time. SLC and ESFA are planning to collect data about HTQ students who take out student support loans for AY2022/23. Therefore, we will have a better understanding at a later date of the learner base who are benefitting from current student support arrangements.

With regards to the change in part-time maintenance loan eligibility, the changes will also support new learners that require a part-time maintenance loan to study part-time. In the academic year 2018/19, approximately 38% of all OfS recognised HE level 4 and 5

³ HTQs will still need to meet HE student finance academic year criteria to qualify for funding (in the same way as other designated qualifications).

⁴ [PM's skills speech: 29 September 2020 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/speeches/pm-s-skills-speech-29-september-2020).

students were studying part-time⁵. The majority of OfS recognised HE level 4 students study part time (67.5%), however the majority of OfS recognised HE level 5 students are full time (73.5%)⁶. We know that proportionately more women study level 4 and 5 part-time than the proportion of women in the population, and that the majority of part-time students are over 25.⁷ Other groups will benefit from having access to part-time maintenance loans and part-time study in these groups may therefore increase.

Sex

Female students make up most level 4 and 5 classroom-based students, accounting for an estimated 59% of level 4 and 5 students in 2018/19⁸.

Table 1: Modes of study by sex⁹:

	Male	Female
Studying part-time courses	43%	57%
Studying full-time courses	40%	60%
UK Population	49%	51%

Data taken from Academic Year 2018/2019.

Disability

Over one in ten level 4 and 5 classroom-based students (13%) identified as having at least one disability in 2018/19¹⁰. However, this is lower than the level 6 statistic, with 16% of level 6 students identifying as having at least one disability¹¹, and lower than those reporting a disability in the UK population (21%).¹²

Age

A large proportion of level 4 and 5 students are aged 30 years and older. In 2018/19 around 47% of level 4 and 5 students were aged 30 years and older. Whilst students

⁵ [2018/19 Higher Level Learners in England dataset](#).

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

⁹ Internal analysis based on the [higher level learners in England dataset](#) AY 2018/19.

¹⁰ [2018/19 Higher Level Learners in England dataset](#).

¹¹ Ibid.

¹² [Family Resources Survey 2018/19 \(publishing.service.gov.uk\)](#)

aged 18 and under had the lowest representation amongst level 4 and 5 students in 2018/19, accounting for around 7% of level 4 and 5 students¹³.

Table 2: Mode of study by age¹⁴:

	Students aged 16-18 (percentage)	Students aged 19-24 (percentage)	Students aged 25+ (percentage)	Total number of students (number)
Proportion studying part-time courses, AY 2018/19	2%	25%	73%	66,055
Proportion studying full-time courses, AY 2018/19	11%	35%	54%	80,753

Race

Students from ethnic minority¹⁵ backgrounds account for around 22% of level 4 and 5 classroom-based students¹⁶. Students from white backgrounds were the most represented ethnicity across level 4 and 5 classroom-based students, accounting for around 78% of level 4 and 5 students¹⁷ in AY2018/19.

Table 3: Mode of study by ethnicity¹⁸:

	Students from ethnic minority backgrounds	Students from white background
Part time courses	15%	85%
Full-time	27%	73%
UK population¹⁹	15%	85%

¹³ [2018/19 Higher Level Learners in England dataset](#).

¹⁴ Internal analysis based on the [higher level learners in England dataset](#) AY 2018/19.

¹⁵ Ethnic minorities being defined as learners who are Asian, black, mixed and other.

¹⁶ [2018/19 Higher Level Learners in England dataset](#).

¹⁷ Ibid.

¹⁸ Internal analysis based on the [higher level learners in England dataset](#) AY 2018/19.

¹⁹ [2011 Census](#).

Remaining protected characteristics

We do not have data on gender reassignment, pregnancy and maternity, religion or belief, or sexual orientation of students enrolled in level 4 and 5 qualifications, and we do not have a further breakdown on part-time study. However, in the HTE consultation, we anticipated that HTQ reforms on the whole would not have any particular impact relating to these protected characteristics. We therefore anticipate that the HTQ student support changes would not have any particular impact related to these protected characteristics.

Changes to the student finance system

To help contextualise the equalities impacts of student finance reform we first set out how the system is expected to look with and without reform to student finance.

Current system without interventions

Without interventions to the current system, we assume:

- Tuition fees would increase with forecast RPI^{x20} inflation from AY2023/24.
- The undergraduate student loan system would continue to be the post-2012 (plan 2) system, with the repayment threshold (and upper interest threshold) rising in line with earnings growth from FY2022-23.
- Students would continue to accrue interest at RPI+3% in-study, and after study at a variable rate of RPI+0% to RPI+3% depending on earnings.
- Any outstanding loan balance would be written off 30 years after becoming liable to repay.

New system

Throughout the equality analysis we consider two cohorts of undergraduate students who will experience the changes to the student finance system in different ways.

As an example of post-2012 (Plan 2) borrowers we consider the cohort of borrowers starting courses in AY2022/23. These students are expected to experience:

- Tuition fees frozen at AY2022/23 levels for both AY2023/24 and AY2024/25, before continuing to increase with forecast RPI^x inflation.

²⁰ Forecast RPI, RPI^x and earnings growth are as published by the OBR in the October 2021 Economic and Fiscal Outlook. Long term inflation and earnings forecasts are as published by the OBR in the March 2021 Economic and Fiscal Outlook.

- The repayment threshold (and upper interest threshold) is maintained at FY2021-22 levels until FY2024-25, and then increases with RPI inflation.
- Interest is accrued during study at RPI+3%, and after study at a variable rate between RPI+0% and RPI+3% depending on earnings
- Any outstanding loan balance is written off 30 years after becoming liable to repay.

As an example of new borrowers, we consider the cohort starting courses in AY2023/24. These students are expected to experience:

- Tuition fees frozen in AY2023/24 and AY2024/25, at the same levels as AY2022/23, before increasing with forecast RPIx inflation.
- The repayment threshold is £25,000 until FY2026-27 and then increases with RPI inflation.
- Interest is accrued at RPI+0% both during and after study.
- Any outstanding balance is written off 40 years after becoming liable to repay.

Undergraduate loan outlay

Without intervention tuition fees would increase, with forecast RPIx inflation, from £9,250 in AY2022/23 to £9,770 in AY2024/25. Freezing fees at £9,250 for a further two years will mean a student starting a three-year full-time degree in AY2022/23 will borrow up to £780 less over the course of their study than if fees rose with forecast inflation from September 2023.

Total upfront undergraduate student loan outlay across part-time and full-time HE students is forecast to rise from £18.0bn in FY2020-21 to £24.1bn in FY2026-27 in nominal terms. Freezing tuition fees reduces total undergraduate student support outlay by £1.9bn in nominal terms over the period up to FY2026-27.

Table 4: Historic total undergraduate student loan outlay (£bn)

	Full-time Fee loan	Full-time Maintenance loan	Part-time Fee loan	Part-time Maintenance loan	TOTAL
2012-13	3.6	3.5	0.0	0.0	7.1
2013-14	5.2	3.7	0.1	0.0	9.0
2014-15	6.6	3.8	0.2	0.0	10.6
2015-16	7.7	3.9	0.2	0.0	11.8
2016-17	8.3	4.6	0.2	0.0	13.1
2017-18	8.7	5.5	0.2	0.0	14.4
2018-19	9.1	6.2	0.3	0.0	15.6
2019-20	9.5	6.9	0.3	0.0	16.7
2020-21	10.1	7.5	0.3	0.0	18.0

Table 5: Forecast total undergraduate student loan outlay without intervention (£bn)

	Full-time fee loan	Full-time Maintenance loan	Part-time Fee loan	Part-time Maintenance loan	TOTAL
2021-22	10.5	7.9	0.3	0.0	18.8
2022-23	10.8	8.4	0.4	0.0	19.6
2023-24	11.2	9.0	0.4	0.0	20.6
2024-25	11.8	9.5	0.4	0.1	21.7
2025-26	12.4	10.0	0.4	0.1	22.9
2026-27	13.1	10.5	0.5	0.1	24.1

Loan debt

Undergraduate loan borrowers currently accrue interest on their loan debt at RPI+3% during study. As a result of the continued fee freeze borrowers starting 3-year degree courses in AY2022/23 would accrue up to £850 less in loan debt by their Statutory Repayment Due Date (SRDD), of which £780 is due to lower borrowing, as in Table 6.

Table 6: Loans borrowed and nominal loan debt at SRDD, for a student starting a 3-year degree in AY22/23 borrowing maximum fee loans and maximum maintenance loans for studying in London and not living with parents.

	Current loan system with fees rising with inflation from AY23/24	Loan System with fees frozen up to and including AY24/25	Difference between Current and New System
Loans borrowed	£67,590	£66,820	- £780
Nominal loan debt at SRDD	£78,000	£77,150	- £850

Borrowers starting courses from AY2023/24 onwards will, as well as benefiting from the ongoing freeze in tuition fee caps, also have loans on the new terms with RPI+0% interest during and after study. The combination of freezing tuition fees for two more

years and reducing interest to RPI+0% reduces the expected debt on entering repayment for borrowers in this cohort by up to £6,520, as shown in Table 7.

Table 7: Loans borrowed and nominal loan debt at SRDD, for a student starting a 3-year degree in AY23/24 borrowing maximum fee loans and maximum maintenance loans for studying in London and not living with parents.

	Current Loan System without intervention	New Loan System	Difference between Current and New System
Loans borrowed	£69,470	£68,160	- £1,310
Nominal loan debt at SRDD	£79,300	£72,780	- £6,520

As noted above, for students starting courses from AY2023/24 the interest rate after entering repayment will also be fixed at RPI+0%. This means that the loan debt of borrowers with loans on the new terms will not grow in real terms, but rather will only increase in-line with inflation.

Loan repayment

Table 8 below sets out the expected repayment thresholds to FY2030-31 for new borrowers (starting courses from AY2023/24) and post-2012 student loan borrowers (who have already commenced, or will commence, study up to AY2022/23) under these reforms, compared to the current system without intervention.

Table 8: Forecast repayment thresholds under the current system, and under the new system for new and post-2012 borrowers.

Financial Year	Without intervention	Post-2012 student loan borrowers	New borrowers starting courses from AY23/24
2021-22	£27,295	£27,295	N/A
2022-23	£28,555	£27,295	N/A
2023-24	£29,690	£27,295	£25,000
2024-25	£30,880	£27,295	£25,000
2025-26	£31,500	£28,095	£25,000
2026-27	£32,300	£28,880	£25,000
2027-28	£33,390	£29,705	£25,710
2028-29	£34,595	£30,560	£26,450
2029-30	£35,880	£31,485	£27,250
2030-31	£37,215	£32,435	£28,070

Changes to the repayment threshold will impact monthly repayments. Table 9 sets out the impact on new borrowers' repayments, while Table 10 focuses on post-2012 borrowers. They both focus on FY2027-28 as this is the year when the first cohort of borrowers studying standard 3-year degrees supported by loans on the new plan type will enter repayment and become eligible to make repayments.

New borrowers starting courses from AY2023/24

The £25,000 repayment threshold for new borrowers from AY2023/24 will rise by RPI in April 2027, to a forecast £25,710. Borrowers who earn under £25,710 in FY2027-28 will not be required to make repayments on their student loan. This is expected to be 62% of new borrowers who are eligible to make repayments in FY2027-28.

New borrowers who earn over £25,710 in FY2027-28 will see an increase in their repayments of up to £58 per month. This is at most an additional 2.1% of gross earnings.

The reforms will mean some new borrowers – those earning between £25,710 and £33,390 (the levels expected for the repayment threshold in FY2027-28 for the new loan plan and Plan 2 loans, if the threshold was not kept at £27,295 to April 2025 respectively) – being drawn into repayment. This is expected to be 19%²¹ of new borrowers eligible to repay in FY2027-28.

Post-2012 borrowers

In the same financial year, FY2027-28, we expect the threshold for Plan 2 loans to have risen – given it is expected to increase with RPI from FY2025-26 - to £29,705. Borrowers with Plan 2 loans who earn under £29,705 will therefore not be required to make repayments on their student loan. This is expected to be 50% of all post-2012 borrowers who are eligible to make repayments in FY2027-28.

Plan 2 borrowers who earn over £29,705 in FY2027-28 will see an increase in their repayments of up to £28 per month. This is at most an additional 1.0% of gross earnings.

Without intervention, the Plan 2 threshold would be expected to reach £33,390 in FY2027-28. Keeping the Plan 2 threshold at £27,295 to April 2025 will therefore also mean some Plan 2 borrowers – those earnings between £29,705 and £33,390 – being drawn into repayment. This is expected to be 7% of post-2012 borrowers eligible to repay in FY2027-28.

²¹ Note, this does not sum from the relevant table due to rounding.

Table 9: Repayments in FY27-28 for new borrowers (starting from AY23/24) under: (i) the current (post-2012) system without intervention; and (ii) new finance systems

Nominal Annual Earnings	Proportion of new borrowers expected to earn at most this level	Monthly repayments under the current system	Additional monthly repayments under new system	Repayments as a proportion of gross earnings under the current system	Repayments as a proportion of gross earnings under the new system	Difference between repayments as a proportion of gross earnings under the current and new systems
£10,000	24%	£0	£0	0.0%	0.0%	0.0%
£20,000	46%	£0	£0	0.0%	0.0%	0.0%
£25,000	60%	£0	£0	0.0%	0.0%	0.0%
£25,710	62%	£0	£0	0.0%	0.0%	0.0%
£30,000	72%	£0	£32	0.0%	1.3%	1.3%
£33,390	80%	£0	£58	0.0%	2.1%	2.1%
£40,000	91%	£50	£58	1.5%	3.2%	1.7%
£50,000	97%	£125	£58	3.0%	4.4%	1.4%
£60,000	99%	£200	£58	4.0%	5.1%	1.2%
£70,000	99%	£275	£58	4.7%	5.7%	1.0%

Table 10: Repayments in FY27-28 for post-2012 borrowers under: (i) the current (post-2012) system without intervention; and (ii) the new finance systems (i.e., post-2012 system with the repayment threshold kept at £27,295 until April 2025)

Nominal Annual Earnings	Proportion of post-2012 borrowers expected to earn at most this level	Monthly repayments under the current system	Additional monthly repayments under new system	Repayments as a proportion of gross earnings under the current system	Repayments as a proportion of gross earnings under the new system	Difference between repayments as a proportion of gross earnings under the current and new systems
£10,000	21%	£0	£0	0.0%	0.0%	0.0%
£20,000	33%	£0	£0	0.0%	0.0%	0.0%
£25,000	42%	£0	£0	0.0%	0.0%	0.0%
£29,705	50%	£0	£0	0.0%	0.0%	0.0%
£30,000	51%	£0	£2	0.0%	0.1%	0.1%
£33,390	57%	£0	£28	0.0%	1.0%	1.0%
£40,000	70%	£50	£28	1.5%	2.3%	0.8%
£50,000	83%	£125	£28	3.0%	3.7%	0.7%
£60,000	90%	£200	£28	4.0%	4.5%	0.6%
£70,000	94%	£275	£28	4.7%	5.2%	0.5%

Costs of the student finance system

The full-time undergraduate student loan system is expected to add £61bn to the deficit (Public Sector Net Borrowing or PSNB) over the next 6 years (FY2021-22 to FY2026-27) and will continue to add around £10bn to the deficit every year through to FY2040-41. This package of reforms to the student finance system will cut the deficit cost of student finance over the next 6 years in half²², and will reduce the ongoing deficit cost of student finance to ensure student finance is sustainable for the long-term.

Table 11: Full-time undergraduate student loan PSNB from FY21-22 to FY26-27 and long term PSNB (FY40-41) with and without intervention, in £m.

²² The majority of savings in FY2021-22 are a result of revaluing loans given prior to FY2021-22 to post-2012 loan borrowers.

Package	Current system costs, £m	New system costs, £m	Savings from reforms, £m
FY2021-22	10,135	815	-9,320
FY2022-23	9,485	7,500	-1,985
FY2023-24	9,200	5,985	-3,215
FY2024-25	10,245	5,450	-4,795
FY2025-26	10,825	4,635	-6,190
FY2026-27	11,050	3,950	-7,100
Total PSNB FY2021-22 to FY2026-27	60,940	28,335	-32,605
Long term annual PSNB (FY2040-41)	9,735	-2,515	-12,250

Another way of considering the cost of student finance is through the Resource Accounting and Budgeting (RAB) charge. This is an estimate of the proportion of the value of newly issued loans which is not expected to be repaid and is one way to look at how the cost of student loans is shared between graduate borrower and general taxpayer²³. In this financial year (FY2021-22) we expect that the taxpayer will pay 44p²⁴ out of every pound of loan outlay issued to full-time undergraduate loan borrowers. We expect this to reduce to 31p per pound of student outlay in FY2021-22 with the reforms to student finance, and by FY2026-27 to 19p per pound.

Table 12: Full-time undergraduate RAB charge on student loans by financial year

Financial Year	Current system RAB charge	New system RAB charge	Savings from package:
FY21-22	44%	31%	-13
FY22-23	44%	31%	-14
FY23-24	44%	29%	-15
FY24-25	43%	24%	-19
FY25-26	42%	21%	-21
FY26-27	41%	19%	-22

²³ It should be noted that the RAB charge is not a complete measure of the balance of contributions towards HE between student and taxpayer contributions. In particular, it does not take account of the value of grants issued to support either student living costs or directly to providers such as in the case of the SPG. However, as this analysis only looks at changes in student finance it is a good metric for these purposes.

²⁴ See Annex A for further information on the latest estimate of the RAB charge.

Financial Year	Current system RAB charge	New system RAB charge	Savings from package:
Long term: FY40-41	36%	11%	-26

Analysis of equality impacts relating to changes to the student finance system

Personal characteristics of HE loan borrowers

Student finance reform will directly impact those who take out, or have taken out, SLC student loans to fund their studies. We can compare this population with those who use other sources of funding (or where funding information is not available) in order to understand whether some groups of students are more likely to be impacted by student finance changes than others.

The vast majority of eligible English domiciled full-time undergraduate students take out a fee loan (95% in AY2019/20)²⁵. However not all students are eligible for fee loans. On average 87% of full-time English domiciled undergraduate students have their fees mainly funded by SLC, 11% have fees mainly not funded by SLC, and funding source is not known or not required for the remaining 1%²⁶.

The analysis below examines whether protected groups are under- or over-represented within the group of students whose fees are mainly funded by SLC. Equivalent data for part-time English domiciled undergraduate enrolments at English HE providers in 2019/20 is not provided due to low completeness in HESA data for the majority of characteristics.

Sex

Females are more likely to attend HE than males. Looking specifically at how study is funded amongst full-time English domiciled undergraduates, students identifying as female or other are very slightly more likely to take out a student loan.

Table 13: Full-time, English domiciled undergraduate enrolments by funding type and sex at English HE providers in AY 2019/20.

²⁵ [Student support for higher education in England 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/531212/student-support-for-higher-education-in-england-2021.pdf)

²⁶ Figures do not sum to 100% due to rounding

	Female	Male	Other	Total
Fees mainly funded by SLC	88%	87%	89%	925,475 (87%)
Fees not mainly funded by SLC	11%	12%	10%	120,215 (11%)
Funding Not known/absent	1%	1%	1%	12,010 (1%)
Total	599,460	457,245	995	1,057,700

Source: DfE Analysis of the HESA 'Student' and 'Alternative Student' records

Age

Most students attending HE are aged 20 or under at enrolment. We also see they are the most likely to fund their fees through student loans, with reliance on student finance generally declining with age, though remaining high for all groups.

Table 14: Full-time, English domiciled undergraduate enrolments by funding type and age* group. English HE providers in AY2019/20.

	20 and under	21-24 years	25-29 years	30 years and over	Not known	Total undergraduate enrolments where age is known	Total
Fees mainly funded by SLC	91%	85%	75%	77%	-	925,475 (87%)	925,475 (87%)
Fees not mainly funded by SLC	8%	14%	22%	20%	-	120,215 (11%)	120,215 (11%)
Funding Not known/absent	1%	1%	2%	3%	-	12,005 (1%)	12,010 (1%)
Total	642,995	256,700	57,205	100,795	5	1,057,695	1,057,700

Source: DfE Analysis of the HESA 'Student' and 'Alternative Student' records

* Age on 31 August in reporting year. For example, during the reporting period 1 August 2019 to 31 July 2020, age will be as at 31 August 2019.

Religion or other belief

Most full-time undergraduate students attending HE are of no religion. They are also over-represented amongst students who mainly fund their fees through SLC, as are students with Spiritual religious beliefs or who have a religion or belief not individually listed in the table below. Students who are Hindu or Jewish are much less likely than the average student to mainly fund their fees through SLC, whilst Christian and Muslim students are as likely as the average student.

Table 15: Full-time, English domiciled undergraduate enrolments by funding type and religious belief at English HE providers in AY 2019/20.

	Christian	Muslim	Buddhist	Hindu	Jewish	Sikh	Spiritual	Any other religion or belief	No religion	Information refused	Not known	Total undergraduate enrolments where religion is known	Total
Fees mainly funded by SLC	87%	87%	85%	82%	76%	85%	88%	88%	90%	83%	64%	859,655 (88%)	925,475 (87%)
Fees not mainly funded by SLC	11%	12%	14%	17%	23%	14%	11%	11%	10%	15%	34%	105,425 (11%)	120,215 (11%)
Funding Not known/absent	1%	1%	1%	1%	2%	1%	1%	1%	1%	2%	2%	10,340 (1%)	12,010 (1%)
Total	305,625	120,245	4,740	21,985	5,235	12,755	13,300	16,540	474,995	68,495	13,785	975,420	1,057,700

Source: DfE Analysis of the HESA 'Student' and 'Alternative Student' records

Sexual orientation

Undergraduates identifying as lesbian, gay or bisexual are slightly more likely to have their fees mainly funded by SLC than the average student. Students not supplying their sexual orientation (where information is refused or not known) are less likely than average to have their fees funded mainly by SLC.

Table 16: Full-time, English domiciled undergraduate enrolments by funding type and sexual orientation at English HE providers in AY 2019/20.

	Heterosexual	Lesbian, gay or bisexual	Other sexual orientation	Information refused	Not known	Total undergraduate enrolments where sexual orientation is known	Total
Fees mainly funded by SLC	88%	90%	88%	85%	86%	689,205 (88%)	925,475 (87%)
Fees not mainly funded by SLC	11%	9%	10%	14%	12%	85,025 (11%)	120,215 (11%)
Funding Not known/absent	1%	1%	2%	1%	2%	7,915 (1%)	12,010 (1%)
Total	714,915	54,075	13,150	62,490	213,065	782,145	1,057,700

Source: DfE Analysis of the HESA 'Student' and 'Alternative Student' records

Gender reassignment

The majority of full-time English domiciled undergraduate students identify with the same gender as their sex. Students who refuse to provide their gender identity are less likely than average to fund their fees mainly via SLC. Students whose gender identity is not known are less likely than average to fund their fees via SLC.

Table 17: Full-time, English domiciled undergraduate enrolments by funding type and gender identity at English HE providers in AY2019/20.

	Same as their sex	Not the same as their sex	Information refused	Not known	Total undergraduate enrolments where gender identity is known	Total
Fees mainly funded by SLC	87%	87%	85%	88%	604,065 (87%)	925,475 (87%)
Fees not mainly funded by SLC	11%	11%	14%	11%	79,425 (11%)	120,215 (11%)
Funding Not known/absent	1%	2%	2%	1%	8,145 (1%)	12,010 (1%)
Total	685,480	6,155	15,995	350,070	691,635	1,057,700

Source: DfE Analysis of the HESA 'Student' and 'Alternative Student' records

Ethnicity

The majority of full-time English domiciled undergraduates are white. White and black students are slightly more likely than average to fund their fees mainly via SLC. Asian and other ethnicity students, and students who have not provided ethnicity information, are slightly less likely to fund their fees mainly via SLC.

Table 18: Full-time, English domiciled undergraduate enrolments by funding type and ethnicity at English HE providers in AY 2019/20.

	White	Black	Asian	Other	Mixed	Not known	Total undergraduate enrolments where ethnicity is known	Total
Fees mainly funded by SLC	88%	88%	85%	83%	87%	75%	916,670 (88%)	925,475 (87%)
Fees not mainly funded by SLC	10%	11%	14%	15%	12%	22%	117,670 (11%)	120,215 (11%)
Funding Not known/absent	1%	1%	1%	1%	1%	3%	11,595 (1%)	12,010 (1%)
Total	704,255	104,925	159,260	23,025	54,470	11,765	1,045,935	1,057,700

Source: DfE Analysis of the HESA 'Student' and 'Alternative Student' records

Socio-economic background

The majority of full-time English domiciled undergraduate students are not from neighbourhoods with low HE participation (POLAR4 quintile 1). Students from low participation neighbourhoods are more likely than average to fund their fees mainly via SLC. Those where information on their neighbourhood is unknown are much less likely to fund their fees mainly via SLC than average.

Table 19: Full-time, English domiciled undergraduate enrolments by funding type and POLAR at English HE providers in AY 2019/20.

	Low HE participation neighbourhood (POLAR4 quintile 1)	Other neighbourhood (POLAR4 quintiles 2 to 5)	Unknown neighbourhood (POLAR4)	Total undergraduate enrolments where POLAR neighbourhood is known	Total
Fees mainly funded by SLC	91%	87%	68%	922,985 (88%)	925,475 (87%)
Fees not mainly funded by SLC	8%	12%	27%	119,245 (11%)	120,215 (11%)
Funding Not known/absent	1%	1%	5%	11,815 (1%)	12,010 (1%)
Total	129,415	924,630	3,650	1,054,045	1,057,700

Source: DfE Analysis of the HESA 'Student' and 'Alternative Student' records

Region

Full-time English domiciled undergraduates are more likely to be from London than another English region. Students from London, and where information on region is not known, are less likely than average to fund their fees mainly via SLC. Students from the North-East are most likely to fund their fees mainly via SLC. Students from the East Midlands, East of England, North-West, South-West, West Midlands and Yorkshire and the Humber are also more likely than average to fund their fees mainly via SLC.

Table 20: Full-time, English domiciled undergraduate enrolments by funding type and region at English HE providers in AY2019/20.

	East Midlands	East of England	London	North-East	North-West	South-East	South-West	West Midlands	Yorkshire & Humber	England - region unknown	Total undergrad enrolments where region is known	Total
Fees mainly funded by SLC	90%	89%	83%	92%	89%	87%	90%	89%	90%	54%	924,630 (88%)	925,475 (87%)
Fees not mainly funded by SLC	9%	10%	15%	8%	10%	12%	10%	10%	9%	36%	119,645 (11%)	120,215 (11%)
Funding Not known/absent	1%	1%	1%	0%	1%	1%	1%	1%	1%	10%	11,860 (1%)	12,010 (1%)
Total	81,430	108,800	240,640	42,010	131,835	168,265	82,040	111,605	89,505	1,565	1,056,135	1,057,700

Source: DfE Analysis of the HESA 'Student' and 'Alternative Student' records

Disability

The majority of full-time English domiciled undergraduate students have no known disability. Students who do have a known disability are slightly more likely than average to fund their fees mainly via SLC.

Table 21: Full-time, English domiciled undergraduate enrolments by funding type and disability status at English HE providers in AY2019/20.

	Known disability	No known disability	Total
Fees mainly funded by SLC	88%	87%	925,475 (87%)
Fees not mainly funded by SLC	11%	11%	120,215 (11%)
Funding Not known/absent	1%	1%	12,010 (1%)
Total	188,985	868,710	1,057,700

Source: DfE Analysis of the HESA 'Student' and 'Alternative Student' records

Influence of student finance on higher education decision making

This section considers the evidence on how student finance influences student participation decisions and, if so, how this might vary by protected characteristic. The evidence tends to focus on overall attitudes to cost and debt, rather than on specific terms and conditions. The focus is on upfront costs to the student rather than long-term costs and debt levels over time. While these proposals would see a small reduction in real term fee levels, and lower debt balances on graduation, the most significant impacts unwind in the form of increased lifetime repayments for many. This is a limitation in the evidence, although where there is direct evidence in relation to repayment levels this is highlighted.

While these reforms will see more students brought into repayment and for longer, which could act to lessen demand, the evidence suggests any impact is likely to be small. We believe that past changes are instructive – while there have been significant concerns when reforms have shifted more of the cost burden on to students this has not been accompanied by falls in participation. Indeed, overall participation by age 19 continues to be at record levels, with increases since 2012 across the main protected groups for which we have reliable data²⁷. We would expect some students who would otherwise have entered HE in AY2023/24 to bring forward their entry to AY2022/23, in a similar way to when student finance terms changed for new entrants in AY2012/13.

Where an effect might be seen it is more likely to be amongst groups that the literature identifies as being more concerned about debt and the cost of study – those from disadvantaged backgrounds; mature students; those studying part-time; people from ethnic minorities; those who for religious reasons may have concerns about interest bearing loans; single parent students; those identifying as having a disability or health condition; those living in London and those attending an FEC.

Those who already face quite weak financial returns from study may also find it better value to follow alternative pathways. However, this is harder to predict, as those with the very lowest earnings will remain under the repayment threshold for much of their careers.

²⁷ [Widening participation in higher education, Academic Year 2019/20 – Explore education statistics – GOV.UK \(explore-education-statistics.service.gov.uk\)](https://www.gov.uk/explore-education-statistics)

Summary of the key evidence

In support of the post-18 review we commissioned a review of the available literature on the [Impact of the student finance system on participation, experience and outcomes of disadvantaged young people](#) (from 2019). It found:

- Many prospective and current students are concerned about the cost of HE and anticipate high levels of debt, a prospect which is troubling and uncomfortable for those more pessimistic about the benefits of HE or with parents who have negative attitudes to debt.
- Some groups are more vulnerable to debt or have more concerns about debt, with worries about costs and debt aversion higher/more prevalent among students and prospective students from disadvantaged backgrounds. However, there are indications that those from middle-income groups/middle classes are also becoming more concerned about debts
- Significant proportions of potential students reported anxieties about HE costs and/or student debt and felt their decision about whether to go to university could be affected.
- However, concerns about costs and debt do not necessarily translate into deciding against or postponing HE entry, and, despite applicants' and potential applicants' concerns, most do continue on to HE. HESA data shows how the 2012 student finance reforms, which originally saw a significant shift in the cost of HE on to the student, did not have a significant impact on participation, with participation by age 19 having risen since 2012 across all protected characteristics for which we have data.
- There is some research, however, that a fear of debt could be a key reason for some students not taking out ALLs (for FE study).
- Worries about costs and student debt, whilst not impacting on whether people enter HE or not, can indirectly impact upon wider HE choices particularly the choice of institution. For example, by leading some students to study from home in order to reduce living costs and the associated need for higher debt.
- There is some evidence that concerns about cost and debt have, indirectly, led to increased importance placed on university reputation, quality and proven employment prospects in order for students to feel that they have maximised their return. There is also some evidence of greater discernment amongst FE students in a loan-based environment.
- The research reviewed also finds low levels of awareness of the detailed aspects of student finance (including the availability of bursaries etc) among prospective HE students including HE applicants. Often those from disadvantaged backgrounds had less knowledge of student finance than those from more advantaged backgrounds. Separately, in a recent DfE study of applicants, it was found that 49% did not know that the repayment threshold was (then) £25,000 and

30% did not know that the loan was written off after 30 years²⁸. This lack of awareness suggests sensitivity to changes in student terms and conditions may be low.

DfE commissioned research on the [influence of finance on higher education decision making](#) (2018) also provides useful evidence:

- Compared with other factors, financial factors do not have the biggest influence on applicants' decision whether or not to go to university, though they were somewhat more important for disadvantaged groups and applicants from ethnic minority backgrounds.
- Around half of applicants reported that they were 'put off' to some extent by the costs associated with university, although only 13% were put off to a great extent. They were more 'put off' by tuition fees (rather than living costs). However, the majority of applicants (75%) considered university to be a worthwhile investment despite the costs.
- Many (66%) who reported that they were 'put off' the costs of university cited the repayment threshold as part of the student finance system that persuaded them to apply to university anyway. Applicants from disadvantaged groups, females, and those over 21 were more likely to cite the threshold. When the study was conducted the threshold was set at £21,000 and across all applicants 88% reported it as appealing.
- The research also considered some reform scenarios where the repayment threshold was changed. While not directly relevant to the reforms and now rather old (the work was done in 2014-15), it suggested that students did not show strong changes in their intentions to apply when the repayment threshold changed.

The 2015 Student Income and Expenditure Survey²⁹ provides good evidence on which students report that they are most influenced by the cost of fees (and which we assume to also mean the long-term cost of study).

- For full-time students, women, those aged 20 years or older, those from a black and minority ethnic background, students from a routine/manual or an intermediate work background, single parent students, those living with their parents, those living in London, students identifying as having a disability or health condition, studying arts or social science-based courses, of independent status, and attending an FEC.
- It also gives us evidence on part-time students, with a slightly higher proportion of HE part-time students reporting that fees affected decisions about HE in some

²⁸ [Attitudes towards the Student Finance System, Gov.UK](#)

²⁹ [Student Income and Expenditure Survey 2014-15, Gov.UK](#)

way in 2015 (29%), compared to a quarter of full-time students. Similarly, among part-time students, those most likely to say that they were influenced by the cost of fees were female, from a black and minority ethnic background, and living in London. However, part-time students differed from full-time students in that those from an intermediate or managerial/professional background, studying education and/or for PGCE/ITT, studying at an English HEI and studying at a higher intensity (50% FTE or more) were more likely to report that their HE decisions had been influenced by the cost of fees.

A report specifically on Muslim students and potential students³⁰ reported that some individuals who progress into HE feel that concerns about student loans make their decisions difficult. Some ways in which it affects decisions included: undertaking an apprenticeship instead of HE study; delaying entry to HE to save up money for their fees; choosing institutions close to home so they can live with their families to reduce costs; or choosing a vocational subject offering funding or a better chance of employment after graduation rather than a subject they would really like to do. Those who were strongly opposed to taking out loans because of the interest aspect tended not to take out student loans and/or not go to university. They use other techniques to generally avoid interest such as borrowing from family and friends, saving up to buy things outright, and using interest free overdrafts. Most individuals - regardless of the strength of their faith - were concerned about having debt and wanted to avoid it wherever possible³¹. Interim findings from the Muslim Census survey, of 36,000 responses, estimated that around 4,000 students per year are opting out of university due to lack of Alternative Student Finance³².

HE returns

IFS analysis³³ suggests that on average there are strong returns to a degree – averaging £130,000 for a man and £100,000 for a woman. This suggests that even for those lifetime middle earners experiencing the biggest increase in repayments from these reforms, there would remain a strong incentive to do a degree. However, the IFS also finds significant variation around this average return, with approximately 20% of students experiencing a negative return. This points to the possibility that for some the higher costs of repayments will be sufficient to undermine the incentive to study for a degree, and to instead follow an alternative education or skills route.

³⁰ [Alternative Student Finance: current and future students' perspectives](#)

³¹ Note that it is not possible to calculate the extent of these issues. The study was based on interviews with small numbers.

³² [Levelling Up Unequal Access to University Education \(muslimcensus.co.uk\)](#)

³³ [The impact of undergraduate degrees on lifetime earnings \(publishing.service.gov.uk\)](#)

However, we note that lower lifetime earners are likely to have the lowest returns but are also likely to face much smaller repayment rises. In general, the IFS analysis suggests that some groups are more likely to experience the lowest returns and so potentially most at risk from the degree return turning negative than others. For example, whilst men generally see higher cash returns, proportional to what they could have expected to earn elsewhere, they are smaller and a greater proportion of men see negative returns than women, which is true for all subjects and provider types. This is generally driven by the strong “outside HE” option for men compared to the equivalent for women.

Subject is a key determinant of returns, with creative arts, agriculture and physical sciences all seeing relatively large proportions of students get negative returns whilst those entering less selective institutions are more likely to get lower returns. Ethnicity was also found to be a factor, with black Caribbean women and men from the black other group, having the lowest average returns. Due to the higher earnings of those that don't go to HE, relative to their peers from more disadvantaged backgrounds, returns are lower on average for the least disadvantaged students (excluding those attending private schools) and highest on average for the most disadvantaged.

Analysis of lifetime impacts on borrowers by borrower income decile

This section of the equalities assessment uses forecasts produced by the DfE Student Loan Forecasting models. The earnings and repayment forecasts are at an individual level which allows analysis of borrower characteristics, such as lifetime earnings, sex and age on entering repayment at SRDD. The forecasts take into account future economic conditions as estimated by the OBR at the Autumn Budget 2021. The methodology used to estimate these lifetime repayments is similar to that available [via the Explore Education Statistics service](#). There have since been improvements in the estimation of long-term earnings forecasts³⁴.

Earnings change over borrowers' lifetimes. Typically, individuals will have lower earnings towards the start of their career, which may mean they earn below the repayment threshold for a number of years before earnings increase to a level at which repayments are due. However, there is much variation around this general trend, and many will see their earnings go up and down across their career, for example if they experience unemployment, become part-time, or move jobs. This sort of variation may be associated with particular characteristics, for example females being more likely to experience reduced earnings associated with childcare.

³⁴ The new methodology for forecasting earnings is currently in beta phase awaiting external validation. However, given the significant improvements in forecast accuracy provided the new method has been used for this analysis of impacts of this policy. Full details on this method will be published in the annual Student Loan Forecasts publication in June 2022.

This variation in annual impacts underlines the importance of considering the impact of these policies across borrowers' lifetime. Such an analysis also allows us to factor in the impact of reduced debt on graduation, lower interest rates, as well as extended repayment periods. In the analysis below we group student loan borrowers into ten equal sized groups (deciles) depending on their lifetime income. We'll refer to these groups as:

- **Lowest lifetime earners** (Decile 1): these individuals earn less than 90% of other loan borrowers over their lifetime
- **Low lifetime earners** (Deciles 2 to 4): among loan borrowers these individuals earn more than the lowest earners but less than the top 60% of lifetime earners
- **Middle lifetime earners** (Deciles 5 and 6): among loan borrowers these individuals earn more than the low earners, but less than the top 40% of lifetime earners
- **Higher lifetime earners** (Deciles 7 to 9): among loan borrowers these individuals earn more than all bar the top 10% of lifetime earners.
- **Highest lifetime earners** (Decile 10): these individuals have lifetime earnings in the top 10% of all loan borrowers.

These deciles do not align with earnings deciles for the population in general. On average graduates have higher earnings than non-graduates³⁵, 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.

Impacts on new borrowers

Tables 22 to 25 look at the lifetime impacts for new loan borrowers forecast to start courses in AY2023/24. This is the first cohort who will take out loans under the new system. The exact impacts of student finance reform for later cohorts of starters may be different depending on the economic conditions during and after study, which will impact interest rates, earnings, and repayment thresholds, however the effects are expected to be comparable.

On average, lifetime repayments increase by £5,800 (30%) in FY2021-22 prices, and borrowers repay for 2 more years (from 30 to 32 years). On average 66% of loan outlay will be repaid in real terms, in comparison to 50% under the current system.

Looking at the impact across different lifetime earners, we see that the new system remains progressive: borrowers with higher lifetime earnings repay more over their lifetime than those with lower lifetime earnings. However, the impact of the changes is

³⁵ [Graduate labour market statistics, Reporting Year 2020 – Explore education statistics – GOV.UK \(explore-education-statistics.service.gov.uk\)](https://explore-education-statistics.service.gov.uk)

rather different: middle lifetime earners experience the highest increases (for the 6th borrower lifetime income decile around £16,500 across the lifetime of the loan, equivalent to 1.6% of their average lifetime income), compared to £1,600 amongst the lowest lifetime earners (0.8% of average lifetime income for decile 1), and the highest earners pay less (up to £14,200 gain, equivalent to 0.4% of average lifetime income in decile 10).

In more detail:

- The **lowest lifetime earners** among loan borrowers will see small increases in their lifetime repayments, repaying around £1,600 more over their lifetime. This reflects both the longer loan term and the lower repayment threshold. As they currently repay very little of their loan outlay in real terms, 10%, in the current system this is proportionately a large increase in lifetime repayments (38%).
- **Lower lifetime earners** see their repayments more than double. The largest relative increase across all borrowers is for those in decile 4 who see average lifetime repayments increase by 174%. This increase is equivalent to 1.6% of borrower lifetime earnings in decile 4. This reflects both the longer loan term and the lower repayment threshold. Lower lifetime earners would expect to be liable to repay for the full 40 years and to have the remainder of their loan cancelled at the end of the loan term.
- **Middle lifetime earners** would see the largest absolute increases in lifetime repayments (£16,500 for decile 6 of loan borrowers). They would see increases in the proportion of their loan outlay which they repaid in real terms, from 25% - 37% on average (decile 5 and 6 respectively) in the current system to 64% - 81%. Some middle lifetime earners, more than half of decile 6, would expect to repay their loan in full under the new system, and therefore would not repay for the full 40 years.
- **Higher lifetime earners** would generally see higher lifetime repayments, though those in the 9th decile of lifetime earners would expect lifetime repayments to decrease (by £5,900/13%) compared to the current system. Nearly all higher lifetime earners would repay their loan in full and would expect to repay for fewer years than under the current system. This reflects that a lower repayment threshold will bring forward repayments on their loans, and lower interest will lead to lower total loan debt, leading to lower lifetime repayments and earlier repayment.

The **highest lifetime earners** see large reductions in their lifetime repayments (-26% / £14,200). They still generally repay in full, but due to the interest reduction, do not repay more than they borrowed in real terms. They also expect to repay for fewer years (13 years) than under the current system (17 years). This reflects that a lower repayment threshold will bring forward repayments on their loans and lower interest will lead to lower total loan debt leading to lower lifetime repayments and earlier repayment in full.

Table 22: Impact of the proposed policy on average total lifetime repayments (in FY2021-22 prices) of new borrowers (AY2023/24 cohort), by borrower lifetime earnings decile (in FY2021-22 earnings)

	Mean annual lifetime earnings (in 21/22 earning equivalents)	Mean total lifetime earnings (in 21/22 earning equivalents)	Average total lifetime repayments – baseline (£)	Average total lifetime repayments – policy (£)	Average total lifetime repayments - Impact (£)	Average total lifetime repayments - Impact (%)
Entire cohort average	£30,200	£1,164,000	£19,500	£25,300	£5,800	30%
Lifetime earnings decile 1	£5,700	£189,000	£4,100	£5,600	£1,600	38%
Lifetime earnings decile 2	£11,300	£420,000	£4,600	£9,500	£5,000	108%
Lifetime earnings decile 3	£15,100	£576,000	£5,200	£13,400	£8,200	156%
Lifetime earnings decile 4	£18,400	£713,000	£6,700	£18,300	£11,600	174%
Lifetime earnings decile 5	£22,000	£853,000	£9,700	£24,200	£14,600	150%
Lifetime earnings decile 6	£25,500	£1,003,000	£14,600	£31,100	£16,500	113%
Lifetime earnings decile 7	£29,700	£1,172,000	£20,600	£35,200	£14,600	71%
Lifetime earnings decile 8	£34,700	£1,391,000	£30,300	£36,800	£6,500	22%
Lifetime earnings decile 9	£43,400	£1,748,000	£45,300	£39,300	-£5,900	-13%

	Mean annual lifetime earnings (in 21/22 earning equivalents)	Mean total lifetime earnings (in 21/22 earning equivalents)	Average total lifetime repayments – baseline (£)	Average total lifetime repayments – policy (£)	Average total lifetime repayments - Impact (£)	Average total lifetime repayments - Impact (%)
Lifetime earnings decile 10	£88,400	£3,575,000	£53,900	£39,800	-£14,200	-26%

Table 23: Impact of the proposed policy on average total lifetime repayments (in FY2021-22 prices) of new borrowers (AY2023/24 cohort) as a proportion of borrower lifetime earnings (FY2021-22 earnings equivalents), by lifetime earnings decile (in FY2021-22 earnings)

	Mean annual lifetime earnings (in 21/22 earning equivalents)	Mean total lifetime earnings (in 21/22 earning equivalents)	Average total lifetime repayments as a proportion of borrower lifetime earnings – baseline (%)	Average total lifetime repayments as a proportion of borrower lifetime earnings - policy (%)	Average total lifetime repayments as a proportion of borrower lifetime earnings - Impact (pts)
Entire cohort average	£30,200	£1,164,000	1.7%	2.2%	0.5
Lifetime earnings decile 1	£5,700	£189,000	2.2%	3.0%	0.8
Lifetime earnings decile 2	£11,300	£420,000	1.1%	2.3%	1.2
Lifetime earnings decile 3	£15,100	£576,000	0.9%	2.3%	1.4
Lifetime earnings decile 4	£18,400	£713,000	0.9%	2.6%	1.6

	Mean annual lifetime earnings (in 21/22 earning equivalents)	Mean total lifetime earnings (in 21/22 earning equivalents)	Average total lifetime repayments as a proportion of borrower lifetime earnings – baseline (%)	Average total lifetime repayments as a proportion of borrower lifetime earnings - policy (%)	Average total lifetime repayments as a proportion of borrower lifetime earnings - Impact (ppts)
Lifetime earnings decile 5	£22,000	£853,000	1.1%	2.8%	1.7
Lifetime earnings decile 6	£25,500	£1,003,000	1.5%	3.1%	1.6
Lifetime earnings decile 7	£29,700	£1,172,000	1.8%	3.0%	1.2
Lifetime earnings decile 8	£34,700	£1,391,000	2.2%	2.6%	0.5
Lifetime earnings decile 9	£43,400	£1,748,000	2.6%	2.2%	-0.3
Lifetime earnings decile 10	£88,400	£3,575,000	1.5%	1.1%	-0.4

Table 24: Impact of the proposed policy on the proportion of loan outlay repaid in real terms of new borrowers (AY2023/24 cohort), by borrower lifetime earnings decile (in FY2021-22 earnings)

	Mean annual lifetime earnings (in 21/22 earning equivalents)	Mean total lifetime earnings (in 21/22 earning equivalents)	Proportion of loan outlay repaid – baseline (%)	Proportion of loan outlay repaid – policy (%)	Proportion of loan outlay repaid - impact (ppts)
Entire cohort average	£30,200	£1,164,000	50%	66%	16
Lifetime earnings decile 1	£5,700	£189,000	10%	15%	4
Lifetime earnings decile 2	£11,300	£420,000	12%	26%	14
Lifetime earnings decile 3	£15,100	£576,000	13%	36%	22
Lifetime earnings decile 4	£18,400	£713,000	17%	48%	30
Lifetime earnings decile 5	£22,000	£853,000	25%	64%	39
Lifetime earnings decile 6	£25,500	£1,003,000	37%	81%	44
Lifetime earnings decile 7	£29,700	£1,172,000	52%	92%	40
Lifetime earnings decile 8	£34,700	£1,391,000	78%	97%	19
Lifetime earnings decile 9	£43,400	£1,748,000	111%	99%	-12

	Mean annual lifetime earnings (in 21/22 earning equivalents)	Mean total lifetime earnings (in 21/22 earning equivalents)	Proportion of loan outlay repaid – baseline (%)	Proportion of loan outlay repaid – policy (%)	Proportion of loan outlay repaid - impact (ppts)
Lifetime earnings decile 10	£88,400	£3,575,000	131%	99%	-32

Table 25: Impact of the proposed policy on median years to full repayment or cancellation of new borrowers (AY2023/24 cohort), by borrower lifetime earnings decile (in FY2021-22 earnings)

	Mean annual lifetime earnings (in 21/22 earning equivalents)	Mean total lifetime earnings (in 21/22 earning equivalents)	Median years to full repayment or cancellation - baseline	Median years to full repayment or cancellation - policy	Median years to full repayment or cancellation - impact
Entire cohort average	£30,200	£1,164,000	30	32	2
Lifetime earnings decile 1	£5,700	£189,000	30	40	10
Lifetime earnings decile 2	£11,300	£420,000	30	40	10
Lifetime earnings decile 3	£15,100	£576,000	30	40	10
Lifetime earnings decile 4	£18,400	£713,000	30	40	10
Lifetime earnings decile 5	£22,000	£853,000	30	40	10

	Mean annual lifetime earnings (in 21/22 earning equivalents)	Mean total lifetime earnings (in 21/22 earning equivalents)	Median years to full repayment or cancellation - baseline	Median years to full repayment or cancellation - policy	Median years to full repayment or cancellation - impact
Lifetime earnings decile 6	£25,500	£1,003,000	30	35	5
Lifetime earnings decile 7	£29,700	£1,172,000	30	28	-2
Lifetime earnings decile 8	£34,700	£1,391,000	30	23	-7
Lifetime earnings decile 9	£43,400	£1,748,000	29	19	-10
Lifetime earnings decile 10	£88,400	£3,575,000	17	13	-4

Impacts on post-2012 borrowers

- Impacts on post-2012 borrowers are considered specifically for loan borrowers forecast to start courses in AY2022/23. This is the last cohort of loan borrowers who will take out loans under the system for post-2012 borrowers. The exact impacts of student finance reform for earlier cohorts of starters may be different depending on the economic conditions during and after study, and the length of repayment term remaining, however the impacts are expected to be comparable.
- **On average** total lifetime repayments are expected to increase as a result of the lower repayment threshold (in comparison to the current system). On average total lifetime repayments are expected increase by £5,300 (24%) in FY2021-22 prices. This means student loan repayments account for, on average, 2.2% of lifetime earnings, an increase of 0.4ppts. Most borrowers continue to have some of their loan cancelled at the end of the loan term and therefore remain liable to repay for the full 30 years. On average 60% of loan outlay will be repaid in real terms, in comparison to 48% under the current system. Lifetime repayments under the new system are progressive, with borrowers with higher lifetime earnings repaying more on average over their lifetime than those with lower lifetime earnings.

In more detail:

- The **lowest lifetime earners** among loan borrowers will see very small increases in their lifetime repayments, repaying around £500 more over their lifetime. Total student loan repayments are expected to represent 2.1% of their lifetime earnings, an increase of 0.2ppts.
- **Lower lifetime earners** see their repayments increase a small amount (by £1,700 for decile 2 to £4,500 for decile 4 of loan borrowers). This represents a more than 60% increase in lifetime repayments for deciles 3 and 4, however repayments still represent only around 1.5% of lifetime earnings. They would still expect to repay little of their loan outlay in real terms (on average 13% for decile 2 to 26% to decile 4) and have the remainder of their loan cancelled at the end of the loan term.
- **Middle lifetime earners** would see slightly larger than average increases in lifetime repayments (£7,100 and £9,600 for decile 5 and 6 respectively). Proportionally middle lifetime earners see the largest increases in repayments (by 68% and 65% respectively for deciles 5 and 6), but on average this is around 1% of their lifetime earnings. They would expect to repay around half (on average 39% for decile 5 and 54% for decile 6) of their loan outlay in real terms and have the remainder of their loan cancelled at the end of the loan term.
- **Higher lifetime earners** see higher lifetime repayments, but these increases peak for decile 7 (+£10,800) and trail off towards decile 9 (+£5,500). Borrowers are expected to repay more of their loan outlay in real terms as their earnings increase, with decile 9 repaying 28% more than they borrowed in real terms.

These borrowers do not typically repay their loan in full (though more than half of decile 9 are expected to), however this reflects that they are typically accumulating interest at rates higher than inflation.

- The **highest lifetime earners** see small decreases in their lifetime repayments (£200). They generally repay in full and repay around a third more than they borrowed in real terms. The (long term) lower repayment threshold will bring forward repayments on their loans resulting in slightly earlier repayment (by 1 year).

Table 26: Impact of the proposed policy on average total lifetime repayments (in FY2021-22 prices) of post-2012 borrowers (AY2022/23 cohort), by borrower lifetime earnings decile (in FY2021-22 earnings)

	Mean annual lifetime earnings (in 21/22 earning equivalents)	Mean total lifetime earnings (in 21/22 earning equivalents)	Average total lifetime repayments – baseline (£)	Average total lifetime repayments - policy (£)	Average total lifetime repayments - Impact (£)	Average total lifetime repayments - Impact (%)
Entire cohort average	£31,300	£1,227,000	£22,000	£27,300	£5,300	24%
Lifetime earnings decile 1	£5,700	£196,000	£3,700	£4,100	£500	13%
Lifetime earnings decile 2	£11,100	£423,000	£4,400	£6,100	£1,700	38%
Lifetime earnings decile 3	£14,900	£583,000	£5,400	£8,900	£3,500	64%
Lifetime earnings decile 4	£18,600	£731,000	£7,500	£12,000	£4,500	61%
Lifetime earnings decile 5	£22,100	£874,000	£10,500	£17,600	£7,100	68%
Lifetime earnings decile 6	£25,800	£1,028,000	£14,700	£24,300	£9,600	65%
Lifetime earnings decile 7	£30,000	£1,209,000	£24,200	£35,100	£10,800	45%
Lifetime earnings decile 8	£35,800	£1,441,000	£36,000	£46,400	£10,400	29%
Lifetime earnings decile 9	£44,700	£1,819,000	£52,000	£57,500	£5,500	11%

	Mean annual lifetime earnings (in 21/22 earning equivalents)	Mean total lifetime earnings (in 21/22 earning equivalents)	Average total lifetime repayments – baseline (£)	Average total lifetime repayments - policy (£)	Average total lifetime repayments - Impact (£)	Average total lifetime repayments - Impact (%)
Lifetime earnings decile 10	£97,400	£3,974,000	£61,500	£61,300	-£200	0%

Table 27: Impact of the proposed policy on average total lifetime repayments (in FY2021-22 prices) of post-2012 borrowers (AY2022/23 cohort) as a proportion of lifetime earnings (FY2021-22 earnings equivalents), by borrower lifetime earnings decile (in FY2021-22 earnings)

	Mean annual lifetime earnings (in 21/22 earning equivalents)	Mean total lifetime earnings (in 21/22 earning equivalents)	Average total lifetime repayments as a proportion of borrower lifetime earnings – baseline (%)	Average total lifetime repayments as a proportion of borrower lifetime earnings – policy (%)	Average total lifetime repayments as a proportion of borrower lifetime earnings - Impact (pts)
Entire cohort average	£31,300	£1,227,000	1.8%	2.2%	0.4
Lifetime earnings decile 1	£5,700	£196,000	1.9%	2.1%	0.2
Lifetime earnings decile 2	£11,100	£423,000	1.0%	1.4%	0.4
Lifetime earnings decile 3	£14,900	£583,000	0.9%	1.5%	0.6
Lifetime earnings decile 4	£18,600	£731,000	1.0%	1.6%	0.6

	Mean annual lifetime earnings (in 21/22 earning equivalents)	Mean total lifetime earnings (in 21/22 earning equivalents)	Average total lifetime repayments as a proportion of borrower lifetime earnings – baseline (%)	Average total lifetime repayments as a proportion of borrower lifetime earnings – policy (%)	Average total lifetime repayments as a proportion of borrower lifetime earnings - Impact (ppts)
Lifetime earnings decile 5	£22,100	£874,000	1.2%	2.0%	0.8
Lifetime earnings decile 6	£25,800	£1,028,000	1.4%	2.4%	0.9
Lifetime earnings decile 7	£30,000	£1,209,000	2.0%	2.9%	0.9
Lifetime earnings decile 8	£35,800	£1,441,000	2.5%	3.2%	0.7
Lifetime earnings decile 9	£44,700	£1,819,000	2.9%	3.2%	0.3
Lifetime earnings decile 10	£97,400	£3,974,000	1.5%	1.5%	0.0

Table 28: Impact of the proposed policy on the proportion of loan outlay repaid in real terms of post-2012 borrowers (AY2022/23 cohort), by borrower lifetime earnings decile (in FY2021-22 earnings)

	Mean annual lifetime earnings (in 21/22 earning equivalents)	Mean total lifetime earnings (in 21/22 earning equivalents)	Proportion of loan outlay repaid – baseline (%)	Proportion of loan outlay repaid – policy (%)	Proportion of loan outlay repaid - impact (ppts)
Entire cohort average	£31,300	£1,227,000	48%	60%	12
Lifetime earnings decile 1	£5,700	£196,000	8%	9%	1
Lifetime earnings decile 2	£11,100	£423,000	9%	13%	4
Lifetime earnings decile 3	£14,900	£583,000	12%	20%	8
Lifetime earnings decile 4	£18,600	£731,000	16%	26%	10
Lifetime earnings decile 5	£22,100	£874,000	23%	39%	16
Lifetime earnings decile 6	£25,800	£1,028,000	32%	54%	22
Lifetime earnings decile 7	£30,000	£1,209,000	54%	79%	25
Lifetime earnings decile 8	£35,800	£1,441,000	78%	103%	25
Lifetime earnings decile 9	£44,700	£1,819,000	114%	128%	14

	Mean annual lifetime earnings (in 21/22 earning equivalents)	Mean total lifetime earnings (in 21/22 earning equivalents)	Proportion of loan outlay repaid – baseline (%)	Proportion of loan outlay repaid – policy (%)	Proportion of loan outlay repaid - impact (ppts)
Lifetime earnings decile 10	£97,400	£3,974,000	132%	134%	2

Table 29: Impact of the proposed policy on median years to full repayment or cancellation of post-2012 borrowers (AY2022/23 cohort), by borrower lifetime earnings decile (in FY2021-22 earnings)

	Mean annual lifetime earnings (in 21/22 earning equivalents)	Mean total lifetime earnings (in 21/22 earning equivalents)	Median years to full repayment or cancellation - baseline	Median years to full repayment or cancellation - policy	Median years to full repayment or cancellation - impact
Entire cohort average	£31,300	£1,227,000	30	30	0
Lifetime earnings decile 1	£5,700	£196,000	30	30	0
Lifetime earnings decile 2	£11,100	£423,000	30	30	0
Lifetime earnings decile 3	£14,900	£583,000	30	30	0
Lifetime earnings decile 4	£18,600	£731,000	30	30	0
Lifetime earnings decile 5	£22,100	£874,000	30	30	0

	Mean annual lifetime earnings (in 21/22 earning equivalents)	Mean total lifetime earnings (in 21/22 earning equivalents)	Median years to full repayment or cancellation - baseline	Median years to full repayment or cancellation - policy	Median years to full repayment or cancellation - impact
Lifetime earnings decile 6	£25,800	£1,028,000	30	30	0
Lifetime earnings decile 7	£30,000	£1,209,000	30	30	0
Lifetime earnings decile 8	£35,800	£1,441,000	30	30	0
Lifetime earnings decile 9	£44,700	£1,819,000	30	26	-4
Lifetime earnings decile 10	£97,400	£3,974,000	18	17	-1

Analysis of lifetime impacts on borrowers by age and sex

Rather than grouping borrowers by income, as in the earlier analysis, we can group by characteristics of age and sex. This allows us to look at how policy impacts may differ by these characteristics across individuals' lifetimes. We consider the impacts for new borrowers (AY2023/24 cohort), as set out in Table 30, and for post-2012 borrowers, in Table 31.

Sex

The impacts of these reforms are mixed for both males and females. Female borrowers are likely to see higher increases in lifetime repayments than male borrowers, however male borrowers are still expected to make higher total lifetime repayments on average.

Among **new borrowers** the policies have larger impact on female borrowers than male, increasing their average total lifetime repayments by £6,400, compared to £5,100. Men benefit more from the lower interest rate and lower repayment threshold as the combined effect of these policies allows them to repay their loan 2 years earlier on average. As female borrowers are forecast to have lower lifetime earnings compared to men, on average, the policy package results in additional 6 years of loan repayment. However male borrowers are still expected to make higher total lifetime repayments on average.

Among **post-2012 borrowers** the policies have slightly larger impacts on female borrowers than male, increasing average lifetime repayments by £5,400 in comparison to £5,200. This reflects that the value of the repayment threshold decreases over time bringing more lower earners into repayment and those female borrowers are forecast to have lower lifetime earnings. However, due to their higher average earnings male borrowers are expected to repay more in total.

Age

Among **new borrowers**, total lifetime repayments increase the most in absolute terms (£6,700/38%) for the borrowers who start repaying their loans between 26 and 30 years of age. Borrowers between 31 and 39 years of age at the start of repayment are proportionately affected the most, increasing their total repayments by 44% (£6,200). These borrowers can expect to continue to be liable to repay their loans into their 70s as the median years until full repayment increases to 39 years for this age group.

The borrowers who start repaying their loans before they turn 21 repay their loans 7 years earlier on average after the policy implementation. This cohort has lower loan balance at the start of repayment on average as they generally undertook shorter courses at level 4 or 5, rather than three-year degrees. Despite slightly lower-than-average expected lifetime earnings, they benefit the most from lower interest rate on their loans.

Among **post-2012 borrowers**, lifetime repayments increase by between 24% and 32% depending on age group. Lifetime repayments increase the most for those who enter repayment in their early 20s (by £5,600), but proportionally the increase is highest for those entering repayment before 21 (by 32%). There is no difference across age groups in the average age of loan cancellation/full repayment, with the majority of borrowers expected not to repay in full.

On average post-2012 borrowers starting in AY2022/23 will see slightly smaller impacts from reform than borrowers starting a year later (£5,300 in comparison to £5,800 increase in lifetime repayments). The difference will be larger for female borrowers who would expect to see an impact of £5,400 if they started in AY2022/23 rather than £6,400 if they started in AY2023/24. This difference in lifetime repayments depending on start year is especially likely to impact younger borrowers who start HE aged 18 in AY2023/24.

Table 30: Effect of policy change on new borrowers (starting in AY2023/24) by protected characteristic.

Characteristic	Mean annual lifetime earnings (in FY2021-22 earning equivalents)	Mean total lifetime earnings (in FY2021-22 earning equivalents)	Average total lifetime repayments (FY2021-22 prices) under baseline	Average total lifetime repayments (FY2021-22 prices) under proposed policy	Impact on average total lifetime repayments (FY2021-22 prices), £	Impact on average total lifetime repayments (FY2021-22 prices), %	Proportion of loan outlay in real terms under baseline	Proportion of loan outlay in real terms under proposed policy	Impact on proportion of loan outlay in real terms, ppt	Years until full repayment or cancellation under baseline	Years until full repayment or cancellation under proposed policy	Impact on years until full repayment or cancellation, years	Estimated population size
All	£30,200	£1,164,000	£19,500	£25,300	£5,800	(30%)	50%	66%	16	30	32	2	468,212
Female	£27,700	£1,060,000	£17,400	£23,800	£6,400	(37%)	44%	61%	18	30	36	6	267,953
Male	£33,400	£1,303,000	£22,200	£27,300	£5,100	(23%)	57%	72%	15	30	28	-2	200,259
Age at SRDD <21	£24,700	£1,094,000	£10,300	£13,100	£2,900	(28%)	64%	83%	19	30	23	-7	46,920
Age at SRDD 21-25	£31,000	£1,290,000	£22,900	£29,200	£6,300	(28%)	54%	71%	17	30	33	3	297,514

Characteristic	Mean annual lifetime earnings (in FY2021-22 earning equivalents)	Mean total lifetime earnings (in FY2021-22 earning equivalents)	Average total lifetime repayments (FY2021-22 prices) under baseline	Average total lifetime repayments (FY2021-22 prices) under proposed policy	Impact on average total lifetime repayments (FY2021-22 prices), £	Impact on average total lifetime repayments (FY2021-22 prices), %	Proportion of loan outlay in real terms under baseline	Proportion of loan outlay in real terms under proposed policy	Impact on proportion of loan outlay in real terms, ppt	Years until full repayment or cancellation under baseline	Years until full repayment or cancellation under proposed policy	Impact on years until full repayment or cancellation, years	Estimated population size
Age at SRDD 26-30	£28,300	£1,028,000	£17,600	£24,300	£6,700	(38%)	43%	60%	17	30	37	7	55,383
Age at SRDD 31-39	£30,400	£894,000	£14,200	£20,400	£6,200	(44%)	35%	51%	16	30	39	9	36,179
Age at SRDD 40+	£39,700	£635,000	£10,800	£14,800	£4,000	(37%)	27%	37%	10	30	30	0	32,216

Table 31: Effect of policy on post-2012 borrowers (starting in AY2022/23), by protected characteristic.

Characteristic	Mean annual lifetime earnings (in FY2021-22 earning equivalents)	Mean total lifetime earnings (in FY2021-22 earning equivalents)	Average total lifetime repayments (FY2021-22 prices) under baseline	Average total lifetime repayments (FY2021-22 prices) under proposed policy	Impact on average total lifetime repayments (FY2021-22 prices), £	Impact on average total lifetime repayments (FY2021-22 prices), %	Proportion of loan outlay in real terms under baseline	Proportion of loan outlay in real terms under proposed policy	Impact on proportion of loan outlay in real terms, ppt	Years until full repayment or cancellation under baseline	Years until full repayment or cancellation under proposed policy	Impact on years until full repayment or cancellation, years	Estimated population size
All	£31,300	£1,227,000	£22,000	£27,300	£5,300	-24%	48%	60%	12	30	30	0	335,146
Female	£29,100	£1,137,000	£19,800	£25,300	£5,400	-27%	43%	55%	13	30	30	0	190,423
Male	£34,200	£1,346,000	£24,800	£30,000	£5,200	-21%	54%	66%	12	30	30	0	144,723
Age at SRDD <21	£24,500	£1,077,000	£13,300	£17,700	£4,300	-32%	48%	64%	16	30	30	0	7,483
Age at SRDD 21-25	£31,700	£1,320,000	£23,500	£29,000	£5,600	-24%	52%	65%	13	30	30	0	264,565
Age at SRDD 26-30	£28,700	£1,042,000	£20,600	£25,500	£4,900	-24%	41%	52%	10	30	30	0	22,976
Age at SRDD 31-39	£29,600	£873,000	£17,700	£23,000	£5,300	-30%	33%	43%	10	30	30	0	22,193

Characteristic	Mean annual lifetime earnings (in FY2021-22 earning equivalents)	Mean total lifetime earnings (in FY2021-22 earning equivalents)	Average total lifetime repayments (FY2021-22 prices) under baseline	Average total lifetime repayments (FY2021-22 prices) under proposed policy	Impact on average total lifetime repayments (FY2021-22 prices), £	Impact on average total lifetime repayments (FY2021-22 prices), %	Proportion of loan outlay in real terms under baseline	Proportion of loan outlay in real terms under proposed policy	Impact on proportion of loan outlay in real terms, ppt	Years until full repayment or cancellation under baseline	Years until full repayment or cancellation under proposed policy	Impact on years until full repayment or cancellation, years	Estimated population size
Age at SRDD 40+	£36,500	£603,000	£10,600	£13,900	£3,300	-31%	20%	26%	6	30	30	0	17,928
All	£31,300	£1,227,000	£22,000	£27,300	£5,300	-24%	48%	60%	12	30	30	0	335,146

Analysis of impacts on borrowers with other protected characteristics, socio-economic background and region

Forecasts of lifetime repayments are only available for age and sex. To look at other protected characteristics we need to instead look at how they might play into earnings differences in a given year. This can be done through the Longitudinal Educational Outcomes (LEO) dataset, which links information about students, including personal characteristics, education, employment, and income. By combining these sources, we can look at the progress of higher education leavers into the labour market.

In the analysis below, we follow the methodology used in the [Graduate Outcomes \(LEO\)](#) publication to show earnings outcomes for graduates. In the main, this means that:

We use annualised earnings rather than raw earnings. Daily earnings are estimated by dividing the total raw earnings during the tax year by the number of days worked during the tax year. This is then multiplied by 365 to give annual earnings for FY2018-19.

We show results for those in sustained employment only, as we expect these to have reliable and accurate earnings data. A graduate is classed as “in sustained employment” in FY2018-19 if they are in paid employment for at least one day in five out of six months between October 2018 and March 2019. If they are not employed in March, they must additionally have at least one day in employment in April 2019 year to be counted as being in sustained employment.

The following analysis looks at the characteristics of graduates at various income levels, at one, five and ten years after graduation. This will help to understand how changes in the student finance repayment threshold will impact different demographics over different time periods after graduating.

The latest LEO data we have is for FY2018-19. To understand how the reforms might impact different individuals within this dataset we must adjust the different repayment rates so that they are in FY2018-19 earnings terms. The current plan 2 threshold is £27,295 per annum, which in FY2018-19 terms is equivalent to around £24,600. As the current repayment threshold is uprated by earnings, future thresholds are equivalent to a similar value of earnings in FY2018-19 terms. In contrast, a repayment threshold that is not changed or is uprated by RPI inflation will lose value over time when expressed in FY2018-19 terms. For example, by April 2032 the repayment threshold for post-2012 borrowers would have fallen from around £24,600 today (£27,295 in nominal values) to around £21,400 in FY2018-19 terms. The repayment threshold for new borrowers (£25,000 initially) only affects borrowers starting from AY2023/24. The first three-year-degree borrowers affected by the new threshold will be liable to repay from April 2027. At

this point the repayment threshold for new borrowers would be equivalent to around £19,200 in FY2018-19 terms. Ten years later the threshold would be equivalent to £18,000 in 18/19 earnings, and after 30 years would be equivalent to £15,000 in FY2018-19 terms.

For this reason, the makeup of the £15,000 to £30,000 income bands are of particular interest for this analysis as it is these groups we would expect to be most impacted.

Our analysis compares the characteristics of four types of borrowers, who we will refer to as:

- The **lowest earners** (those on incomes of up to £15,000) who will remain below the repayment threshold and therefore will be less likely to be affected by the changes in a given year,
- **Middle earners** with earnings below the current repayment threshold but who would fall into repayment either now or in the longer term under these proposals (new borrowers on roughly £15,000 to £25,000 or post-2012 borrowers on £20,000 to £25,000),
- **Higher earners** (£25,000 to £40,000) who will repay more of their loan and make repayments for longer, and
- The **highest earners** (typically earning over £40,000 up to ten years after graduation) who are expected to repay their loan in full. They will repay more of their loan each year, but at a faster rate than other borrowers and so will pay less in interest over time.

The protected characteristics considered are sex, ethnicity, and age (at the start of the course)³⁶. For additional context, we also consider free school meal (FSM) status, POLAR quintile and current region.

Protected characteristics (Sex, Ethnicity and Age)

Sex

Table 32: The proportion of UK domiciled graduates in each income band by sex at one, five and ten YAG in FY2018-19 tax year. Coverage - Graduates that are in sustained employment only in FY2018-19.

Years after graduation	Income band	Male	Female	All
1 YAG	Up to £14,999	23%	26%	25%

³⁶ Disability, gender reassignment, pregnancy, maternity, religion or belief, and sexual orientation are not considered in this section as we do not have reliable data that covers these (either through the data not being collected by HESA or low coverage from self-reporting).

Years after graduation	Income band	Male	Female	All
1 YAG	£15,000 to £19,999	19%	22%	21%
1 YAG	£20,000 to £24,999	22%	25%	23%
1 YAG	£25,000 to £29,999	16%	14%	15%
1 YAG	£30,000 to £34,999	8%	6%	7%
1 YAG	£35,000 to £39,999	5%	4%	4%
1 YAG	Over £40,000	7%	3%	5%
1 YAG	Total number of graduates	76,400	108,105	184,505
5 YAG	Up to £14,999	11%	16%	14%
5 YAG	£15,000 to £19,999	9%	13%	11%
5 YAG	£20,000 to £24,999	15%	18%	16%
5 YAG	£25,000 to £29,999	16%	19%	18%
5 YAG	£30,000 to £34,999	12%	13%	13%
5 YAG	£35,000 to £39,999	10%	8%	9%
5 YAG	Over £40,000	27%	13%	19%
5 YAG	Total number of graduates	88,690	118,760	207,435
10 YAG	Up to £14,999	12%	21%	17%
10 YAG	£15,000 to £19,999	6%	11%	9%
10 YAG	£20,000 to £24,999	8%	12%	11%
10 YAG	£25,000 to £29,999	10%	12%	11%
10 YAG	£30,000 to £34,999	11%	12%	11%
10 YAG	£35,000 to £39,999	11%	10%	10%
10 YAG	Over £40,000	43%	22%	31%
10 YAG	Total number of graduates	73,815	99,350	173,160

Source - DfE's Longitudinal Educational Outcomes (LEO) data.

Coverage - The cohorts included graduated in AY2016/17 (1 YAG), AY2012/13 (5 YAG), AY2007/08 (10 YAG).

Individuals who did not identify as male or female in the HESA collection are excluded to prevent disclosure.

All population counts are rounded to the nearest 5.

All percentages are rounded to the nearest whole percentage.

Those on the lowest earnings (up to £15,000) are slightly more likely to be female and therefore females are slightly less likely to be affected by these changes compared to males. This benefit increases several years after graduation. One year after graduation, there is a higher proportion of females in the lowest income band (26% of females, 23% of males). At five and ten years after graduation, this trend continues but the difference widens (ten years after graduation it is 21% of females, 12% of males).

Middle earners are more likely to be female and therefore move into repayment under the proposals. At each time period, there was a higher proportion of females in the £15,000 to £25,000 earnings bands. For example, at five years after graduation, 31% of females are in this income band compared to 24% of males.

In the medium term, females are equally as likely as males to be middle earners who will end up repaying more of their loan under the proposals. At five and ten years after graduation, a similar proportion of male and female graduates earn between £25,000 and £40,000 (at ten years after graduation this is 32% of males, 34% of females). One year after graduating, there is a slightly higher proportion of males in this income band (29% of males, 24% of females).

The highest earners (who will benefit the most from these proposals) are much more likely to be male than female. There is a noticeably higher proportion of male graduates in the highest income band (over £40,000) at all years after graduation. This is particularly prominent ten years after graduation where 43% of males are in the highest income band compared to 22% of females.

Ethnicity

Table 33: The proportion of UK domiciled first degree graduates in each income band by ethnicity at one, five and ten YAG in FY2018-19. Coverage - Graduates that are in sustained employment only in FY2018-19.

Years after graduation	Income band	White	Asian	Black	Mixed	Other	Not known	All
1 YAG	Up to £14,999	24%	24%	29%	27%	28%	26%	25%
1 YAG	£15,000 to £19,999	22%	20%	19%	21%	18%	17%	21%
1 YAG	£20,000 to £24,999	24%	22%	21%	22%	21%	19%	23%
1 YAG	£25,000 to £29,999	15%	15%	13%	14%	14%	15%	15%
1 YAG	£30,000 to £34,999	7%	8%	8%	7%	8%	9%	7%
1 YAG	£35,000 to £39,999	4%	6%	5%	4%	6%	5%	4%
1 YAG	Over £40,000	4%	5%	5%	4%	5%	9%	5%
1 YAG	Total number of graduates	139,635	19,545	12,780	6,855	2,115	3,575	184,505
5 YAG	Up to £14,999	13%	15%	19%	15%	17%	18%	14%

Years after graduation	Income band	White	Asian	Black	Mixed	Other	Not known	All
5 YAG	£15,000 to £19,999	11%	11%	11%	11%	10%	11%	11%
5 YAG	£20,000 to £24,999	17%	15%	16%	16%	13%	16%	16%
5 YAG	£25,000 to £29,999	18%	15%	17%	16%	16%	15%	18%
5 YAG	£30,000 to £34,999	13%	12%	12%	12%	12%	12%	13%
5 YAG	£35,000 to £39,999	9%	8%	9%	9%	8%	9%	9%
5 YAG	Over £40,000	19%	24%	16%	20%	23%	20%	19%
5 YAG	Total number of graduates	160,935	21,390	11,870	6,550	1,930	4,760	207,435
10 YAG	Up to £14,999	16%	20%	20%	18%	21%	20%	17%
10 YAG	£15,000 to £19,999	9%	8%	9%	8%	7%	9%	9%
10 YAG	£20,000 to £24,999	11%	9%	11%	10%	10%	11%	11%
10 YAG	£25,000 to £29,999	11%	10%	13%	10%	10%	12%	11%
10 YAG	£30,000 to £34,999	12%	9%	12%	10%	9%	11%	11%
10 YAG	£35,000 to £39,999	11%	9%	10%	9%	10%	10%	10%
10 YAG	Over £40,000	31%	35%	25%	35%	34%	26%	31%
10 YAG	Total number of graduates	137,135	17,525	7,210	4,085	1,355	5,850	173,160

Source - DfE's Longitudinal Educational Outcomes (LEO) data.

Coverage - The cohorts included graduated in AY2016/17 (1 YAG), AY2012/13 (5 YAG), AY2007/08 (10 YAG).

Ethnicity is identified from the HESA student record collection or ILR collection depending on provider type.

All population counts are rounded to the nearest 5.

All percentages are rounded to the nearest whole percentage.

For the lowest income band (one year after graduation), graduates who are less likely to be affected by the changes include black graduates (29%), "other" (28%) and mixed (27%) where they had similarly high proportions. A similar trend was seen five years after graduation (19% of black graduates, 17% of "Other") but at ten years after graduation, "Other", Asian and black graduates had similarly high proportions.

All ethnic groups had similar proportions in the £15,000 to 25,000 income bands, so are equally as likely to be brought into repayment positions.

Asian graduates were the most likely to be higher earners (£25,000 to £40,000) one year after graduation. However, at five and ten years after graduation they had a lower-than-average proportion in this income band because many have progressed to the highest income band. Ten years after graduation, black and white graduates had high proportions in this group.

All the ethnic groups had a similar proportion in the highest income band one year after graduation (4% or 5% for all known ethnic groups, although “Not known” had a 9% proportion). A high proportion of Asian graduates were earning over £40,000 five years after graduation (24%) and at ten years after graduation it was Asian, mixed, and “Other”. At five and ten years after graduation, a low proportion of black graduates were earning over £40,000.

Age

Table 34: The proportion of UK first degree domiciled graduates in each income band by age at start of the course at one, five and ten YAG in FY2018-19. Coverage - Graduates that are in sustained employment only in FY2018-19.

Years after graduation	Income band	Under 21	21-24	25-34	35-44	45-54	55+	All
1 YAG	Up to £14,999	25%	25%	22%	23%	28%	49%	25%
1 YAG	£15,000 to £19,999	23%	19%	14%	13%	14%	9%	21%
1 YAG	£20,000 to £24,999	24%	22%	21%	17%	15%	9%	23%
1 YAG	£25,000 to £29,999	15%	15%	17%	16%	13%	10%	15%
1 YAG	£30,000 to £34,999	6%	8%	10%	11%	9%	6%	7%
1 YAG	£35,000 to £39,999	4%	6%	6%	7%	8%	4%	4%
1 YAG	Over £40,000	3%	5%	9%	14%	13%	13%	5%
1 YAG	Total number of graduates	135,355	20,025	16,505	8,405	3,500	725	184,505
5 YAG	Up to £14,999	12%	19%	21%	20%	27%	60%	14%
5 YAG	£15,000 to £19,999	11%	14%	12%	11%	12%	9%	11%
5 YAG	£20,000 to £24,999	17%	17%	15%	14%	14%	7%	16%

Years after graduation	Income band	Under 21	21-24	25-34	35-44	45-54	55+	All
5 YAG	£25,000 to £29,999	19%	16%	16%	16%	14%	8%	18%
5 YAG	£30,000 to £34,999	13%	11%	12%	13%	12%	5%	13%
5 YAG	£35,000 to £39,999	9%	7%	8%	9%	9%	3%	9%
5 YAG	Over £40,000	20%	17%	16%	17%	14%	8%	19%
5 YAG	Total number of graduates	153,905	21,485	16,640	10,540	4,240	640	207,435
10 YAG	Up to £14,999	15%	21%	21%	21%	38%	67%	17%
10 YAG	£15,000 to £19,999	8%	11%	10%	10%	12%	9%	9%
10 YAG	£20,000 to £24,999	10%	11%	11%	11%	10%	6%	11%
10 YAG	£25,000 to £29,999	11%	12%	12%	12%	10%	5%	11%
10 YAG	£30,000 to £34,999	11%	11%	12%	14%	10%	3%	11%
10 YAG	£35,000 to £39,999	10%	9%	11%	13%	9%	2%	10%
10 YAG	Over £40,000	34%	25%	23%	20%	12%	8%	31%
10 YAG	Total number of graduates	128,140	17,335	13,825	10,075	3,190	590	173,160

Source - DfE's Longitudinal Educational Outcomes (LEO) data.

Coverage - The cohorts included graduated in AY2016/17 (1 YAG), AY2012/13 (5 YAG), AY2007/08 (10 YAG)

Individuals are grouped by their age when they started the course.

All population counts are rounded to the nearest 5.

All percentages are rounded to the nearest whole percentage.

Considering the lowest income band, graduates who are less likely to be affected by the changes are those in the over 55 age group who were much more likely than the average graduate to be in the lowest income band for all years after graduation. As these are close to the retirement age, they are unlikely to be making repayments for long. The 45-54 group had an above-average proportion in the lowest income band with the difference highest at ten years after graduation (38% of 45-54 compared to 17% of all graduates). The under 21 age group had the lowest proportion in this income band at five and ten years after graduation.

Young graduates (under 21 at the start of their course) are most likely to be brought into repayment positions. One year after graduation, a high proportion of young

graduates were earning between £15,000 and £24,999, and the proportions decrease as the age band increases. At five and ten years after graduation, the difference between age bands becomes smaller except for the over 55 age group.

For the higher earners (£25,000 to £39,999) who will repay a higher proportion of their loans over a longer time, the 35-44 age group had the highest proportion one year after graduation (34%, 33% for 25-34, 26% for all graduates). This is also true at ten years after graduation. At five years after graduation, all age bands had proportions below the average except for under 21 age group.

New borrowers who are young graduates are the most likely to repay their loans earlier under the system. One year after graduation, the three oldest age groups had very high proportions of graduates in the highest income band. Five and ten years after graduation, the under 21 age group had the highest proportion. The oldest age group had a very low proportion of graduates earning over £40,000 ten years after graduation (8% compared to 31% of all graduates).

Socio-economic background (FSM and POLAR)

Free School Meals

Table 35: The proportion of young (under 21 at start of course) UK domiciled first degree graduates in each income band by FSM status at one, three and five YAG in FY2018-19. Coverage - Graduates that are in sustained employment only in FY2018-19.

Years after graduation	Income band	FSM	non-FSM	Not known	All (under 21 at start of course)
1 YAG	Up to £14,999	31%	24%	21%	25%
1 YAG	£15,000 to £19,999	26%	23%	17%	23%
1 YAG	£20,000 to £24,999	22%	25%	22%	24%
1 YAG	£25,000 to £29,999	12%	15%	17%	15%
1 YAG	£30,000 to £34,999	5%	6%	9%	6%
1 YAG	£35,000 to £39,999	2%	3%	7%	4%
1 YAG	Over £40,000	2%	3%	7%	3%
1 YAG	Total number of graduates	15,130	106,410	13,825	135,355
3 YAG	Up to £14,999	19%	13%	12%	13%
3 YAG	£15,000 to £19,999	19%	15%	10%	15%
3 YAG	£20,000 to £24,999	23%	23%	17%	23%
3 YAG	£25,000 to £29,999	18%	20%	19%	20%

Years after graduation	Income band	FSM	non-FSM	Not known	All (under 21 at start of course)
3 YAG	£30,000 to £34,999	9%	11%	12%	11%
3 YAG	£35,000 to £39,999	5%	6%	9%	7%
3 YAG	Over £40,000	7%	11%	22%	12%
3 YAG	Total number of graduates	14,800	111,100	18,170	144,065
5 YAG	Up to £14,999	17%	11%	10%	12%
5 YAG	£15,000 to £19,999	14%	11%	7%	11%
5 YAG	£20,000 to £24,999	19%	17%	12%	17%
5 YAG	£25,000 to £29,999	18%	19%	14%	19%
5 YAG	£30,000 to £34,999	12%	13%	12%	13%
5 YAG	£35,000 to £39,999	7%	9%	10%	9%
5 YAG	Over £40,000	13%	19%	34%	20%
5 YAG	Total number of graduates	14,155	118,000	21,745	153,905

Source - DfE's Longitudinal Educational Outcomes (LEO) data.

Coverage - The cohorts included graduated in AY2016/17 (1 YAG), AY2014/15 (3 YAG), AY2012/13 (5 YAG).

"Young" graduates are those who started their course aged 21 or under. Most mature students can't be linked to an NPD record, so they are excluded.

An individual is classed as FSM if they were eligible at any point in the last 6 years of school (Year 11 or before).

"Not known" FSM could be due to multiple reasons such as, not appearing on the school census or unable to be matched to their NPD record.

All population counts are rounded to the nearest 5.

All percentages are rounded to the nearest whole percentage.

It should be noted that "Not known" FSM status can be caused by several reasons:

- They attended a school that does not complete the school census ([details can be found in the Schools Census Guidance](#)).
- They attended school in Wales or Scotland only.

- National Pupil Database (NPD)³⁷ and HESA records can't be linked (affects a small minority of cases, as they have been linked in LEO, but there is no common identifier between the two sources to ensure a perfect link).

For FSM, we look at one, three and five years after graduation instead of one, five and ten due to the lower quality of data ten years after graduation.

For each year (one, three and five) after graduation, a high proportion of graduates who were eligible for FSM are in the lowest income band and are less likely to be affected by the changes.

Considering the middle earners (£15,000 to £24,999) that are more likely to be brought into the repayment threshold, FSM graduates were more likely to be in the £15,000 to £19,999 income band for each year after graduation. For FSM and non-FSM graduates, a similar proportion of graduates were in the £20,000 to £24,999 income band (22% and 25% respectively one year after graduation, 23% for both at three years after graduation, 19% and 17% five years after graduation).

In the medium term, non-FSM graduates are more likely to pay a higher amount (earning between £25,000 and £39,999). At five years after graduation the non-FSM group have the highest proportion (41%, compared to 37% for FSM).

Non-FSM graduates always had a higher proportion than FSM graduates in the highest income band so are more likely to repay their loans faster. The “Not known” FSM status graduates had the highest proportion in the highest income band for all years after graduation. At five years after graduation 34% of “Not known” FSM graduates were in the top income band compared to 19% of non-FSM graduates and 13% of FSM eligible graduates.

POLAR3 quintiles (participation of local area)

Table 36: The proportion of young (under 21 at the start of course) UK domiciled first degree graduates in each income band by POLAR3 quintile at one, five and ten YAG in FY2018-19. Coverage - Graduates that are in sustained employment only in FY2018-19.

³⁷ The NPD is a key DfE data store, covering education, skills and children's services data for individual learners in England. More details on the data are available at [Find and explore data in the National Pupil Database - GOV.UK \(education.gov.uk\)](https://education.gov.uk)

Years after graduation	Income band	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	Not known	All (under 21 at start of course)
1 YAG	Up to £14,999	28%	27%	25%	24%	21%	38%	25%
1 YAG	£15,000 to £19,999	28%	26%	24%	22%	19%	23%	23%
1 YAG	£20,000 to £24,999	23%	24%	25%	25%	25%	20%	24%
1 YAG	£25,000 to £29,999	12%	13%	14%	16%	17%	10%	15%
1 YAG	£30,000 to £34,999	4%	5%	6%	7%	8%	4%	6%
1 YAG	£35,000 to £39,999	2%	3%	3%	4%	5%	3%	4%
1 YAG	Over £40,000	2%	2%	3%	3%	5%	3%	3%
1 YAG	Total number of graduates	14,360	20,375	26,315	31,150	40,210	2,945	135,355
5 YAG	Up to £14,999	14%	12%	12%	11%	11%	11%	12%
5 YAG	£15,000 to £19,999	13%	12%	11%	10%	9%	11%	11%
5 YAG	£20,000 to £24,999	19%	19%	17%	16%	15%	17%	17%
5 YAG	£25,000 to £29,999	19%	19%	19%	19%	18%	17%	19%
5 YAG	£30,000 to £34,999	13%	13%	13%	13%	13%	13%	13%
5 YAG	£35,000 to £39,999	8%	8%	9%	9%	10%	8%	9%
5 YAG	Over £40,000	14%	16%	19%	21%	25%	23%	20%
5 YAG	Total number of graduates	16,860	24,805	30,010	34,025	44,595	3,615	153,905
10YAG	Up to £14,999	16%	16%	15%	15%	13%	13%	15%
10YAG	£15,000 to £19,999	10%	9%	8%	8%	7%	8%	8%
10YAG	£20,000 to £24,999	12%	12%	10%	10%	9%	11%	10%
10YAG	£25,000 to £29,999	12%	12%	12%	11%	10%	11%	11%
10YAG	£30,000 to £34,999	12%	11%	11%	11%	11%	11%	11%
10YAG	£35,000 to £39,999	10%	11%	11%	11%	10%	10%	10%
10YAG	Over £40,000	28%	29%	32%	34%	39%	36%	34%
10YAG	Total number of graduates	13,315	19,930	24,730	28,015	38,080	4,080	128,140

Source - DfE's Longitudinal Educational Outcomes (LEO) data.

Coverage - The cohorts included graduated in AY2016/17 (1 YAG), AY2012/13 (5 YAG), AY2007/08 (10 YAG)

"Young" graduates are those who started their course aged 21 or under.

Details on POLAR can be found at <https://www.officeforstudents.org.uk/data-and-analysis/young-participation-by-area/about-polar-and-adult-he/>

POLAR Quintile 1 are the areas with the lowest HE participation rates and Quintile 5 are the areas with the highest.

"Not known" POLAR3 quintile could be because HESA do not hold a home postcode for the student, or it is missing from OfS' lookup.

All population counts are rounded to the nearest 5.

All percentages are rounded to the nearest whole percentage.

POLAR3 is used instead of the more up to date POLAR4 due to the cohorts used to create each metric. The ten years after graduation cohort is used in creating the POLAR3 metric so POLAR3 only is available. This is consistent with the latest Graduate Outcomes (LEO) publication.

Graduates from a lower POLAR quintile (more disadvantaged or areas with lower participation) are less likely to be affected by the changes. One year after graduation, the proportion of graduates in the lowest income band decreases as the quintile increases (areas with higher participation rates). The trend is similar for five and ten years but with a smaller variation between the quintiles. At one year after graduation, the proportion of “Not known” POLAR graduates is high (38% compared to 25% of all graduates).

Considering graduates who will be brought into repayment, students from lower POLAR quintiles are more likely to be impacted. For the £15,000 to £19,999 income band, the proportion of graduates decreases as the POLAR quintile increases. The difference between quintiles 1 and 5 is greatest one year after graduation (nine percentage points at one year after graduation, three percentage points at ten years after graduation). Five and ten years after graduation, a similar trend is seen for the £20,000 to £24,999 income band.

In the medium-term, POLAR has little impact on who will pay more and for longer. One year after graduation, the proportion of graduates earning between £25,000 and £39,999 increases with the POLAR quintile from 18% in quintile 1 to 30% in quintile 5. However, at five and ten years after graduation there is little difference between the quintiles.

Graduates from higher POLAR quintiles are more likely to benefit from the changes. For all years after graduation (one, five and ten), the proportion of graduates earning over £40,000 increases with the quintile. The difference between quintiles 1 and 5 is three percentage points one year after graduation. This widens to eleven percentage points at five and ten years after graduation.

**Table 37: The proportion of UK domiciled graduates in each income band by current region at one, five and ten YAG in FY2018-19.
Coverage - Graduates that are in sustained employment only in FY2018-19.**

Year after graduation	Income band	East Midlands	East of England	London	North-East	North-West	South-East	South-West	West Midlands	Yorkshire and the Humber	Scotland	Wales	Northern Ireland	All
1 YAG	Up to £14,999	24%	22%	23%	27%	27%	22%	27%	26%	27%	26%	29%	30%	25%
1 YAG	£15,000 to £19,999	24%	20%	16%	24%	25%	19%	21%	23%	26%	14%	21%	24%	21%
1 YAG	£20,000 to £24,999	25%	24%	22%	21%	23%	25%	23%	23%	23%	15%	22%	19%	23%
1 YAG	£25,000 to £29,999	14%	16%	18%	15%	13%	17%	15%	13%	12%	13%	14%	12%	15%
1 YAG	£30,000 to £34,999	7%	8%	9%	6%	6%	8%	6%	7%	5%	10%	6%	5%	7%
1 YAG	£35,000 to £39,999	4%	4%	6%	4%	3%	5%	4%	4%	3%	8%	5%	5%	4%

Year after graduation	Income band	East Midlands	East of England	London	North-East	North-West	South-East	South-West	West Midlands	Yorkshire and the Humber	Scotland	Wales	Northern Ireland	All
1 YAG	Over £40,000	4%	6%	7%	3%	3%	5%	3%	4%	3%	13%	3%	5%	5%
1 YAG	Total number of graduates	13,685	18,680	37,145	7,435	23,870	28,840	15,660	17,095	16,590	1,310	3,005	1,155	184,505
5 YAG	Up to £14,999	14%	13%	11%	17%	16%	12%	17%	16%	16%	19%	17%	18%	14%
5 YAG	£15,000 to £19,999	14%	10%	6%	16%	15%	9%	14%	13%	15%	12%	15%	17%	11%
5 YAG	£20,000 to £24,999	20%	15%	10%	20%	20%	15%	19%	19%	21%	14%	19%	18%	16%
5 YAG	£25,000 to £29,999	19%	18%	16%	18%	19%	18%	18%	19%	18%	15%	18%	18%	18%
5 YAG	£30,000 to £34,999	12%	13%	15%	11%	11%	14%	11%	12%	11%	10%	10%	10%	13%

Year after graduation	Income band	East Midlands	East of England	London	North-East	North-West	South-East	South-West	West Midlands	Yorkshire and the Humber	Scotland	Wales	Northern Ireland	All
5 YAG	£35,000 to £39,999	7%	9%	11%	7%	7%	10%	7%	7%	6%	9%	7%	5%	9%
5 YAG	Over £40,000	14%	21%	31%	11%	12%	22%	14%	14%	12%	22%	14%	14%	19%
5 YAG	Total number of graduates	14,865	19,855	49,195	8,420	26,530	30,530	16,240	18,120	18,135	1,745	2,675	1,120	207,435
10 YAG	Up to £14,999	19%	17%	13%	17%	18%	17%	21%	19%	19%	20%	17%	20%	17%
10 YAG	£15,000 to £19,999	11%	8%	5%	12%	11%	8%	11%	10%	11%	9%	12%	12%	9%
10 YAG	£20,000 to £24,999	13%	10%	6%	14%	13%	9%	12%	12%	14%	10%	13%	17%	11%
10 YAG	£25,000 to £29,999	13%	10%	8%	14%	14%	10%	12%	12%	14%	12%	13%	12%	11%

Year after graduation	Income band	East Midlands	East of England	London	North-East	North-West	South-East	South-West	West Midlands	Yorkshire and the Humber	Scotland	Wales	Northern Ireland	All
10 YAG	£30,000 to £34,999	12%	11%	9%	13%	13%	11%	12%	12%	13%	14%	13%	12%	11%
10 YAG	£35,000 to £39,999	10%	11%	10%	11%	11%	11%	10%	11%	10%	10%	10%	10%	10%
10 YAG	Over £40,000	22%	33%	48%	19%	22%	34%	22%	24%	20%	26%	22%	18%	31%
10 YAG	Total number of graduates	11,980	16,570	40,580	6,755	21,200	26,170	15,010	14,705	14,760	1,960	2,575	885	173,160

Source - DfE's Longitudinal Educational Outcomes (LEO) data.

Coverage - The cohorts included graduated in FY2016/17 (1 YAG), FY2012/13 (5 YAG), FY2007/08 (10 YAG)

Current region is defined by the address recorded in the DWP Customer Information System.

All population counts are rounded to the nearest 5 and all percentages are rounded to the nearest whole percentage

Graduates living outside of London are more likely to not be affected by this policy. One year after graduation, graduates living outside of the East Midlands, East of England, London, or the South-East were more likely to be in the lowest income band. This trend was also seen at five years after graduation. However, at ten years after graduation London is the only region with a below average proportion in the lowest income band.

Considering the middle earner income bands (£15,000 to £19,999 and £20,000 to £24,999), London always has a below average proportion of graduates and so are less likely to be brought into a repayment position. At five and ten years after graduation, the South-East and East of England are also below average whereas the North and Midlands regions have an above average proportion of graduates.

For the higher earners income range (£25,000 to £40,000), who are likely to repay more of their loan over a longer period, in the long-term London graduates are least likely to see this impact. One and five years after graduation, the East of England, London and the South-East have the highest proportions of graduates of the English regions. However, ten years after graduation London has the lowest proportion (27%) and all other regions have a proportion greater than or equal to the average (32%).

Graduates living in London are more likely to repay their loans earlier as a result of the changes. For each year after graduation (one, five and ten), London has a high proportion of graduates earning over £40,000 compared to the overall graduate populations. At ten years after graduation, the London proportion (48%) is 17 percentage points greater than the overall proportion (31%) whereas the North-East is significantly lower (19%). One year after graduation, a high proportion of graduates living in Scotland are earning over £40,000 (13%) but this trend is not seen at five and ten years after graduation.

We do not have robust administrative data on how graduate earnings vary by the characteristics of disability, gender reassignment, pregnancy and maternity, religion or belief or sexual orientation. For these characteristics we need to turn to other sources.

Pregnancy and maternity

It is likely that as female borrowers are expected to see higher-than-average increases in lifetime repayments under the policy, this may also indicate borrowers who go on to share the characteristics of pregnancy and maternity may also see higher than average lifetime repayments.

Disability

Survey data³⁸ indicates that graduates identifying as disabled have higher inactivity and unemployment rates than graduates who do not identify as disabled, this may therefore indicate that they are more likely than average to be amongst the lowest earners, who are less impacted by reforms. Survey data³⁹ also indicates that graduates who identify as disabled and are in employment are likely to have earnings below those of graduates who do not identify as disabled. This may indicate that graduates who identify as disabled are less likely to be amongst the highest earners, who benefit the most from the reforms.

Gender reassignment

There is evidence that individuals whose gender identity is not the same as their sex may also be more likely than average to be unemployed⁴⁰. Graduates who share this characteristic may therefore also be likely to have higher than average unemployment and therefore to be amongst the lowest lifetime earners, who are less affected by reforms.

Religion or Belief

There is some evidence⁴¹ that religion or belief is associated with different levels of employment and earnings, with those who identify as Muslim significantly less likely to be in employment and those who identify as Jewish with the highest hourly pay. If this trend is also seen among graduates, then those who identify as Muslim may be more likely than average to be among the lowest lifetime earners less affected by reforms, and those who identify as Jewish may more likely than average to be affected by these reforms, either through higher lifetime repayments or (for new borrowers) through moving into the highest earning bands and benefiting from reduced lifetime repayments.

Sexual Orientation

We do not know whether impacts of these reforms are significantly different depending on sexual orientation. There is some evidence in UK data that identifying as gay, bisexual or lesbian may correlate with different earnings⁴² in comparison to identifying as

³⁸ Graduate Labour Market Statistics 2020, <https://explore-education-statistics.service.gov.uk/data-tables/permalink/3549e0f1-ea96-4f9c-a6cf-267122ff89f9>

³⁹ Graduate Labour Market Statistics 2020, <https://explore-education-statistics.service.gov.uk/data-tables/permalink/87097cb7-fee5-40ba-8d45-5f0defc1f074>

⁴⁰ National LGBT Survey: [National LGBT Survey: Summary report - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

⁴¹ [Religion, education and work in England and Wales - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

⁴² [Sexual orientation and earnings | VOX, CEPR Policy Portal \(voxeu.org\)](https://voxeu.org)

heterosexual, however this may be linked to partnership status rather than sexual orientation.

Analysis of impacts on other borrowers

Analysis of student finance and funding reforms to this point have focused on impacts on full-time HE students, however these reforms will also impact part-time HE and ALLs borrowers who also repay on the Plan 2 system.

Advanced Learner Loans

ALLs are available for study for designated FE courses at level 3 to 6, and include courses such as certificates, diplomas and Access to HE Diplomas. These loans help learners to pay the fees charged by colleges and training organisations. These loans do not cover degrees or courses designated for HE student finance. ALLs have been available since 2013/14 and a learner is eligible for four typically. For the first three years loans were available for learners ages 24 or older studying full level 3 and level 4 qualifications. From 2016/17, ALLs were extended to learners aged 19 or older on the first day of their course, and learners were able to then study concurrently with multiple loans.

ALL applicants are more likely to be female (72.3% in 2019/20) and older than HE learners (the highest demand was from age groups 31-40 with 30.3% (21,060) and 24-30 with 26.6% (18,490). Applicants are most likely to be from London (17%) and least likely to be from the East Midlands (6%).⁴³

ALL borrowers typically have much lower loan debt than HE borrowers, the average debt at SRDD was £3,130 for the 2021 ALL SRDD cohort, in comparison to £45,060 for the same HE SRDD cohort⁴⁴, but are also less likely to earn above the plan 2 repayment threshold than HE borrowers (16% of the 2019 ALL repayment cohort were in live employment and made a payment, in comparison to 33% of the 2019 repayment cohort of HE loan borrowers)⁴⁵. This tends to reflect that the vast majority of ALL learners are studying at L3 (90% in 2019/20)⁴⁶ and the lower average earnings among learners at this level.

Among FE borrowers, median earnings tend to differ with level of study undertaken. Median annualised earnings one year after study for learners who achieved in academic year 2012/13 are set out in Table 38 and

⁴³ [Further education and skills, Academic Year 2019/20 – Explore education statistics – GOV.UK \(explore-education-statistics.service.gov.uk\)](https://www.gov.uk/explore-education-statistics)

⁴⁴ Table 5Aiii, 5Avi, [Student Loans in England: 2020 to 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

⁴⁵ Table 3aiv and 3aiv, [Student Loans in England: 2020 to 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

⁴⁶ [Further education and skills, Academic Year 2019/20 – Explore education statistics – GOV.UK \(explore-education-statistics.service.gov.uk\)](https://www.gov.uk/explore-education-statistics)

Table 39 below. A repayment threshold of £25,000 in FY26-27 (the last year of the freeze for new borrowers) would be equivalent to around £17,300 in 2013-14 equivalent earnings (around 1 year after learning⁴⁷). Table 38 shows that one year after learning we would expect more than a quarter, but less than half, of level 3, and more than half of level 4 and 5 learners to be earnings above this level. For learners at each level of qualification we'd expect a higher proportion of male learners to be earning at this level than female learners.

Five years later, FY30-31, the repayment threshold would be expected to be £28,070 in nominal terms. This would be equivalent to around £18,200 in 2017-18 equivalent earnings (5 years after learning for learners who achieved in AY2012/13⁴⁸). More than half of learners at level 4 and 5, and nearly half of learners at level 3 would be expected to have earnings at this level. For learners at each level of qualification we'd expect a higher proportion of male learners to be earning at this level than female learners.

This is likely to indicate that among new borrowers (starting AY2023/24 onwards) female ALL borrowers may see higher increases in lifetime repayments, and be liable to repay for longer, than male borrowers. However due to their higher earnings male ALL borrowers would be likely to have higher total lifetime repayments than average, and to repay more of their loan in real terms.

Impacts among post-2012 ALL borrowers are likely to be much smaller than impacts on HE borrowers due to the smaller loan balances. It is likely that among post-2012 ALL borrowers female borrowers would see higher than average increases in lifetime repayments, but that male borrowers would have higher total lifetime repayments than average.

Table 38: Earnings distribution of Further Education learners who achieved in AY2012/13 1 year after learning by sex. Source: Further education: outcome-based success measures⁴⁹

Qualification level	Sex	25th Percentile	Median	75th Percentile
Level 3	All	£7,740	£12,640	£18,420
Level 3	Male	£9,010	£15,190	£22,700
Level 3	Female	£7,220	£11,520	£16,470
Level 4	All	£12,320	£19,360	£26,000

⁴⁷ Some students achieving in 2012/13 will have a first full year of earnings in 2013-14 others in 2014-15 depending on the month their course finishes.

⁴⁸ Some students achieving in 2012/13 will have a fifth full year of earnings in 2017-18 others in 2018-19 depending on the month their course finishes.

⁴⁹ [Earnings one years after learning by demographics and provision](#) via explore-education-statistics.service.gov.uk

Qualification level	Sex	25th Percentile	Median	75th Percentile
Level 4	Male	£15,400	£22,390	£30,310
Level 4	Female	£11,090	£17,800	£23,840
Level 5	All	£14,070	£23,270	£31,420
Level 5	Male	£18,060	£26,890	£35,740
Level 5	Female	£12,730	£21,200	£28,910

Table 39: Earnings distribution of Further Education learners who achieved in AY2012/13, 5 years after learning by sex. Source: Further education: outcome-based success measures⁵⁰.

Qualification level	Sex	25th Percentile	Median	75th Percentile
Level 3	All	£11,850	£18,270	£25,090
Level 3	Male	£15,110	£21,330	£29,090
Level 3	Female	£10,750	£16,640	£22,950
Level 4	All	£14,180	£22,670	£30,590
Level 4	Male	£18,510	£26,370	£35,040
Level 4	Female	£12,530	£20,440	£27,870
Level 5	All	£15,670	£26,140	£35,210
Level 5	Male	£21,730	£31,200	£40,980
Level 5	Female	£13,680	£23,250	£32,420

Part-time HE loan borrowers

Part-time HE learners are more likely to be:

- female (60% of part-time undergraduates in AY2019/20, in comparison to 55% of full-time undergraduates⁵¹),
- mature students (over half of part-time undergraduate learners in AY2019/20 are 30 and over, in comparison to 8% of full-time learners⁵²),

⁵⁰ [Earnings five years after learning by demographics and provision](#) via explore-education-statistics.service.gov.uk

⁵¹ [Chart 3 - HE students by sex 2014/15 to 2019/20 | HESA](#)

⁵² [Table 43 - HE student enrolments by subject of study and age group 2019/20 | HESA](#)

- white (82% of part-time undergraduates in AY2019/20 in comparison to 71% of full-time undergraduates⁵³),
- have a known disability (18% of part-time undergraduate learners in AY2019/20 in comparison to 16% of full-time undergraduates⁵⁴).

Only around half of part-time undergraduates are likely to fund their fees mainly via SLC⁵⁵, and therefore part-time students are less likely to be in the catchment of those affected by student finance reform.

Part-time HE loan borrowers typically have smaller loan balances than full-time learners. This is in part due to eligibility; level 6 learners have only been eligible for maintenance loans for part-time study since 2018/19 and part-time level 4 and 5 HE learners are not generally entitled to maintenance loans.

We expect the trends in lifetime repayments under the policy to be similar for part-time borrowers as full-time, but the magnitude of impacts to be smaller reflecting part-time students' smaller loan balances. As for full-time students, it is likely that female and younger borrowers would see larger than average increases in lifetime repayments under the policy, whilst those entering repayment as older borrowers saw smaller than average impacts. As for full-time loans we would expect male borrowers to repay more than average in total lifetime repayments, reflecting their higher average earnings.

Borrowers earning below the repayment threshold in any financial year would still not be impacted by the reforms. We do not have robust data on part-time earnings by protected characteristic, but assuming part-time learners have similar outcomes to full-time learners we would expect borrowers who share any characteristics of: female, any ethnicity other than white, starting study after age 45, from a disadvantaged background or who reside outside of London after graduation, are more likely than the average student to be among the lowest earners 10 years after graduation (earning under £15,000 in AY2018/19).

⁵³ [Table 45 - UK domiciled HE student enrolments by subject of study and ethnicity 2019/20 | HESA](#)

⁵⁴ [Table 44 - HE student enrolments by subject of study and disability marker 2019/20 | HESA](#)

⁵⁵ In 2019/20 97,535 (out of 192,515) part-time English domiciled undergraduates at English HE providers mainly funded their tuition fees via SLC (Source: DfE Analysis of the HESA 'Student' and 'Alternative Student' records)

Other alternative reform options considered and discounted

Numerous combinations of reforms to student loan terms, with the goal of decreasing the public subsidy on student loans while preserving the income-contingent nature of the current system, have been explored by the Augar panel and subsequently by government. The reforms discussed in this document represent the distillation and refinement of modelling and analysis carried out over multiple years.

Possible changes to loan term length or the repayment threshold with the goal of decreasing the public subsidy, other than those discussed in this paper, will generally have similar overall equalities impacts, with the degree of impact varying with the scale of the change made.

Increasing the interest rate on student loans is an alternative option that could decrease the public subsidy by increasing repayments from high earners. However, this has been discounted as interest rates at their current levels are regularly identified as one of the most unpopular features of the current student loan system due to their impact on students' debt levels. Increasing interest rates could exacerbate issues of debt aversion among some groups of students. A range of legal issues would also arise if the interest rates on student loans were to exceed comparable rates for personal loans prevailing on the market.⁵⁶

A further alternative option for decreasing the public subsidy on student loans would be to raise the repayment rate. The repayment rate has been fixed at 9% of earnings above the repayment threshold since the introduction of income-contingent Plan 1 student loans in 1998. Raising the repayment rate to a figure above 9% would increase repayment of student loans by raising the marginal tax rate of those individuals already required to repay their loans under current terms and would lead to more borrowers repaying in full and faster (though there would be some offsetting of savings from increased repayments due to the highest earners clearing their debts more quickly). However, this has also been discounted as – unlike changes to the repayment threshold – increasing the repayment rate would do nothing to broaden the base of individuals who are required to make a contribution to the cost of their higher education; the burden of reducing the subsidy would be concentrated on a smaller number of individuals. In contrast, by maintaining the existing repayment threshold (for post-2012 borrowers) and lowering it (for new borrowers), the number of people contributing to the cost of their higher education will increase, and the size of the increase in contributions from individual borrowers will be gradual and moderate.

⁵⁶ A temporary interest rate cap is currently in place on student loans that serves to reduce the maximum rate on Plan 2 loans. See: [How interest is calculated - Plan 2 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/how-interest-is-calculated-plan-2)

Annex A – Loan repayment in full by borrower lifetime income decile

Table A1: Proportion of AY2023/24 cohort repaying their loan in full, by borrower lifetime earnings decile

Lifetime earnings decile	Proportion repaying in full under baseline	Proportion repaying in full under policy	Impact
Entire cohort average	23%	52%	29%
1	4%	7%	3%
2	4%	12%	9%
3	5%	15%	10%
4	4%	23%	18%
5	8%	37%	29%
6	12%	55%	43%
7	20%	81%	62%
8	32%	95%	64%
9	53%	99%	46%
10	94%	99%	5%

Table A2: Proportion of AY2022/23 cohort repaying their loan in full, by borrower lifetime earnings decile

Lifetime earnings decile	Proportion repaying in full under baseline	Proportion repaying in full under policy	Impact
Entire cohort average	18%	23%	5%
1	2%	2%	0%
2	2%	2%	0%
3	1%	2%	1%
4	2%	2%	1%
5	2%	4%	2%
6	4%	7%	3%
7	9%	15%	6%
8	16%	30%	14%
9	49%	65%	16%
10	94%	97%	2%

Annex B: Updates to the RAB charge

The RAB charge is the estimated cost to Government of providing a subsidy for the student finance system. It is the proportion of loan outlay that is expected not to be repaid when future repayments are valued in present terms, which considers both inflation and the cost of borrowing to government.

In June 2021, the published⁵⁷ forecast for the RAB charges for FY2021-22 by plan type was as follows:

Table B1: RAB charges for FY2021-22 by plan type as at June 2021

Plan	FY2021-22 RAB charge
Plan 2 full time	53%
Plan 2 part time	46%
Postgraduate master's	0%
Postgraduate doctoral ⁵⁸	40%
Advanced Learner Loans	67%

The RAB charge forecast for FY2021-22 has changed substantially since June 2021, falling across all plan types⁵⁹. While changes have been made in a range of areas to both data inputs and methodologies, the most significant two updates to underpin the net fall in RAB charges are:

- A downward revision to long term earnings forecasts for undergraduates following a switch to an improved data set and methodology.⁶⁰ This increased the RAB charge, by 6ppts for Plan 2 FT.
- A change in the real financial instruments discount rate⁶¹ from +0.7 to -1.1. This reduced RAB charges, for example the Plan 2 FT RAB charge fell by 14ppt.

A full breakdown of impacts on RAB charge by category is contained in Table B2 below:

⁵⁷ [Student Loan Forecasts for England](#) via explore-education-statistics.service.gov.uk

⁵⁸ Steady state marginal RAB charge

⁵⁹ Except for the Master's plan, which continues to be valued at 0% using the intrinsic discount rate.

⁶⁰ The new methodology for forecasting earnings is currently in beta phase awaiting external validation.

However, given the significant improvements in forecast accuracy provided the new method has been used for this analysis of impacts of this policy. Full details on this method will be published in the annual Student Loan Forecasts publication in June 2022.

⁶¹ [Department of Health and Social Care group accounting manual 2021 to 2022](#), gov.uk

Table B2: Changes in RAB charges for FY2021-22 by category and plan type since June 2021

Update category	Plan 2 full time	Plan 2 part time	Postgraduate master's	Postgraduate doctoral
Discount rate	-14 ppt	-13 ppt	0 ppt	-21 ppt
Model methodology	+6 ppt	+2 ppt	0 ppt	0 ppt
Economic forecasts	-2 ppt	-3 ppt	0 ppt	0 ppt
Other ⁶² (data updates)	1 ppt	1 ppt	0 ppt	0 ppt
Total	-9 ppt	-13 ppt	0 ppt	-21 ppt

In January 2022, the forecast for the RAB charges for FY2021-22 by plan type are as follows in Table B3.

Table B3: RAB charges for FY2021-22 by plan type in January 2022

Plan	FY2021-22 RAB charge
Plan 2 full time	44%
Plan 2 part time	33%
Postgraduate master's	0%
Postgraduate doctoral ⁶³	19%
Advanced Learner Loans	60%

⁶² Other includes a variety of small updates, such as replacing forecasts with outturn earnings and repayment data once available, updates to forecast student numbers and loan outlay forecasts and, where applicable, policy changes.

⁶³ Steady state marginal RAB charge

Part 2 – Consultation on further potential reforms

The consultation sets out a suite of proposals for further reform including: the introduction of student number controls (SNCs) and minimum eligibility requirements (MERs); lowering fees for Foundation Years (FYs) courses; the creation of a National State Scholarship; and growing high-quality level 4 and 5. The LLE and associated changes to provision are not included as these proposals are the subject of a separate consultation.

The proposals set out in the consultation are at different stages of development with some questions very open and more about seeking views, or on points of principle, while others are more a statement of proposed policy intent. Accordingly, analysis of the equality impacts of the HE reform measures on which we are consulting is at a higher level of detail and subject to greater uncertainty compared to the equality analysis on the policy statement on HE funding and finance.

In many cases it is detailed policy design decisions that will ultimately determine what, if any, equality impacts may arise. Given some of these decisions are still to be made, we cannot yet form a complete judgment on the cumulative impact of these reforms. **We are publishing this initial assessment to help inform consultees' understanding and welcome further views and evidence on any potential equalities impact of these policies to inform decisions to be made in light of the consultation responses.**

Analysis of equality impacts by proposed measure

Student Number Controls (SNCs)

The UK government is considering re-introducing SNCs to incentivise HE providers to refocus on high quality provision and subjects, which deliver the best outcomes and value for money for students, society, and the economy.

SNCs could be used to restrict the entry of students into provision that has offered poor outcomes and instead tilt growth towards the provision of post-18 education and training with the best employment and earnings outcomes. SNCs could also act as an effective measure to ensure funding is used efficiently and better supports the needs of the economy across all regions of the UK.

The specific design of any SNC policy is still to be decided and there are various approaches under consideration. These range from a basic sector-wide cap on all providers and subjects to more granular outcome-based judgements about which provision should be capped and at what level. SNCs could be introduced with or without exemptions – for example, courses which offer higher returns, deliver significant benefits to society or are strategically important could be excluded from an SNC. It thus follows that the nature and scale of the equality impacts will depend on how an SNC is implemented and which parts of the HE sector are affected.

Whether those students affected by an SNC are positively impacted will depend on whether it leads them to make alternative educational choices that deliver better outcomes and returns compared to what they would have achieved if they had enrolled on their preferred Level 6 course.

Average outcomes differ between students with certain protected characteristics. Mature students have the lowest continuation rates at 85.7%⁶⁴, although there are disparities within each characteristic breakdown. Disabled students have the lowest employment rates (13 pts below the average), whereas black students have the lowest median salaries (£5,000 below the average)⁶⁵. There is variation within each characteristic group; the smallest in-group ranges are 3.1 percentage points for employment rates and £3,500 for median salaries.

An individual is likely to receive a net benefit from different educational choices if they have protected characteristics with poorer graduate outcomes, or if the alternative route has comparably better outcomes for people with the individual's protected characteristics.

SNCs with no exemption

Unless specified, the data presented on the equality impacts of SNCs relate to full-time, England domiciled, first degree students (level 6) at Approved fee (cap) HE providers in England. Only providers included in HESA are covered, meaning some approved (fee cap) FECs and other providers are omitted from this analysis.

In this option, a sector-wide student number cap would be introduced for all level 6 full-time courses, regardless of provider or subject area. While a student number cap could be implemented in a number of ways, for the purpose of illustration, we imagine this might constrain the growth of each provider's total student intake from the point at which SNCs were introduced. For example, each provider may be asked to freeze total student numbers for subsequent years, after the introduction of SNCs.

In the absence of evidence to suggest otherwise, it is assumed that subjects and providers will be impacted equally. Hence, we assume that the students most likely to be affected by an SNC are those with the lowest prior attainment, within each course. As data at this granular level is not available, we must make assumptions about who is likely to be impacted based on average attainment at Key Stage 5.

Table 40 below shows average A level point score across different characteristics. The lower achievers are more likely to be black or Asian, male, disadvantaged, eligible for

⁶⁴ [OFS continuation and transfer rates](#) for England domiciled students on first degrees.

⁶⁵ Median Salaries and employment rates are taken from [GLMS 2020](#). Median salaries are rounded to the nearest £500 and are not adjusted for inflation. See [methodology](#) for graduate definition.

FSM or have a SEN status. Precisely how these groups are affected will depend on the level of cap imposed under the SNC and the admissions choices made by individual providers, meaning impacts are impossible to estimate with any degree of accuracy at this stage.

Table 40: Average A level point score by different characteristics⁶⁶

Category	Characteristic	Average Point Score per A level Entry
Overall	National Average	39.5
Ethnicity	Any other ethnic group	38.0
Ethnicity	Asian or Asian British	37.5
Ethnicity	Black or black British	35.1
Ethnicity	Chinese	44.0
Ethnicity	Mixed Dual background	38.6
Ethnicity	White	38.9
Sex	Female	40.2
Sex	Male	38.6
Disadvantage status	Disadvantaged	34.8
Disadvantage status	Non-disadvantaged	39.1
FSM status	Eligible for FSM	34.6
FSM status	Not eligible for FSM	39.7
SEN status	EHC plans and statements of SEN	36.7
SEN status	No Identified SEN	38.6
SEN status	SEN Support	36.1

SNCs with exemptions

An SNC policy with exemptions based on outcomes criteria would mean that parts of the HE sector would be capped while others would be allowed to continue growing. For example, many STEM subjects are likely to score better in terms of returns, societal

⁶⁶ DfE A level and other 16 to 18 results for students in England, [2019/20 publication](#). Specific table breakdown link [here](#). APS in 2019/20 was 5.7 points higher than in 2018/19.

benefits and strategic importance to the economy, than non-STEM related subjects. Similarly, higher tariff providers are more likely to perform better on absolute outcome criteria than medium and lower tariff providers.

Table 41 below compares the profile of undergraduate students for different subjects based on sex, disability status, age, ethnicity (distinguishing between black, Asian and other minorities) and disadvantage. It shows that there is considerable variation across subjects based on these four protected characteristics. Subject-level exemptions will have a disproportionate impact when students with particular protected characteristics are over- or under-represented in those subjects.

Sex⁶⁷: Women are more likely to study subjects allied to medicine, such as nursing and midwifery, allied health and health and social care. There are also around 4 times as many women studying veterinary sciences and psychology as men. Conversely, men are more likely to study engineering, physics, and computing.

Disability⁶⁸: Arts subjects like creative arts and performing arts, have the highest proportion of disabled students. Business and management courses have relatively low proportions of disabled students.

Age⁶⁹: Around 1 in 3 first degree students are classified as mature. This rises to around 2 in 3 in nursing and midwifery, with other medically related subjects also having high proportions, such as medicine, allied health and health and social care.

Ethnicity⁷⁰: Subjects allied to medicine have the highest proportions of black students. Less than 1% of veterinary science students are black. 29% of medicine and dentistry students and 17% of Law students are of Asian ethnicity. Agriculture has a very low proportion of students from all of the ethnic minority groups for which we have data.

⁶⁷ HESA 2019/20: [Table 46](#). *Enrolments include students from all domiciles.

⁶⁸ HESA 2019/20: [Table 44](#). *Enrolments include students from all domiciles.

⁶⁹ HESA 2019/20: [Table 43](#). *Enrolments include students from all domiciles.

⁷⁰ HESA 2019/20: [Table 53](#). *UK domiciled undergraduates of known ethnicity.

Table 41: Representation of students with different protected characteristics across different subjects in AY2019/20

Subject	Female⁷¹	Known Disability⁷²	Mature (Aged 21+)⁷³	Black⁷⁴	Asian	Other race⁷⁵	POLAR Quintile 1⁷⁶
Medicine and dentistry	60%	13%	57%	5%	29%	9%	6%
Subjects allied to medicine	80%	17%	54%	13%	15%	5%	17%
Biological and sport sciences	49%	16%	30%	6%	8%	6%	12%
Psychology	81%	21%	30%	6%	10%	7%	13%
Veterinary sciences	83%	17%	57%	1%	3%	3%	6%
Agriculture, food and related studies	71%	21%	39%	2%	2%	3%	11%
Physical sciences	42%	17%	30%	3%	11%	6%	11%
Mathematical sciences	36%	12%	25%	4%	16%	6%	9%
Engineering and technology	19%	11%	40%	7%	16%	7%	9%
Computing	16%	15%	40%	7%	16%	6%	14%
Architecture, building and planning	40%	13%	39%	7%	12%	7%	10%

⁷¹ HESA 2019/20: [Table 46](#). *Enrolments include students from all domiciles.

⁷² HESA 2019/20: [Table 44](#). *Enrolments include students from all domiciles.

⁷³ HESA 2019/20: [Table 43](#). *Enrolments include students from all domiciles.

⁷⁴ HESA 2019/20: [Table 53](#). *UK domiciled undergraduates of known ethnicity.

⁷⁵ Includes “Mixed” and “Other” ethnicity groups.

⁷⁶The POLAR Quintile 1 column is derived from unpublished HESA data filtered, as with the Female, disability and age columns, for full-time first-degree students. Only students for whom POLAR1 is known are included in the denominator. POLAR classifies local areas into five quintiles based on the proportion of 18-year-olds who enter HE aged 18 or 19. POLAR Quintile 1 represents students from the lowest undergraduate participation area. POLAR is not legally defined as a protected characteristic but is included for completeness.

Subject	Female⁷¹	Known Disability⁷²	Mature (Aged 21+)⁷³	Black⁷⁴	Asian	Other race⁷⁵	POLAR Quintile 1⁷⁶
Social sciences	64%	17%	35%	12%	12%	6%	12%
Law	65%	13%	30%	9%	18%	8%	13%
Business and management	47%	9%	45%	12%	17%	7%	10%
Media, journalism and communications	58%	18%	31%	8%	6%	7%	12%
Language and area studies	74%	21%	31%	3%	6%	7%	10%
Historical, philosophical and religious studies	55%	22%	27%	3%	5%	6%	8%
Design, and creative and performing arts	63%	23%	37%	5%	5%	7%	12%
Education and teaching	87%	17%	39%	5%	8%	4%	15%
Combined and general studies	66%	20%	34%	4%	5%	4%	9%
Geography, earth and environmental studies	54%	18%	24%	2%	5%	5%	7%

Minimum eligibility requirements (MERs)

The UK government is considering the introduction of MERs aimed at encouraging students with lower prior attainment to choose alternative post-18 education and training which more closely suits their ability and can lead to better earnings and employment outcomes than a degree level qualification.

MERs would be used to determine access to student finance for those intending to study a degree level qualification. In this way, they would act as a potential baseline standard to help ensure that students who seek SLC loan support to pursue level 6 qualification do so at the point when are likely to succeed at this level of study.

Data and methodology

The analysis relating to the proposed MERs relies on matched data from a number of sources, bringing together information on attainment at level 2 and above, and entry to Higher Education.

The following data sources are used:

- Young Person's Matched Administrative Dataset (YPMAD) - covering level 2 and level 3 attainment.
- School Census - covering personal characteristics for state-funded school pupils.
- HESA Student Record - covering HE student's participation, entry qualifications and degree outcomes.

The analysis relates to students entering first degrees in 2019/20. We focus on English domiciled first degree entrants who attended English schools at age 15 and identify whether students had achieved level 2 in English and Maths, and whether they achieved EE or equivalent at level 3 prior to entering HE.

Students who attend the Open University and those who entered HE with qualifications at level 6 and above are excluded from the analysis due to limited data on entry qualifications for these groups. Further Education Colleges are not included in the analysis.

Although attempts are made to remove students who would not be subject to minimum eligibility requirements (such as those who studied non-English qualifications) it is likely that some of the students identified as not having level 2 in English and Maths, or without level 3 qualifications, do in fact have qualifications which would exempt them from the MER.

Qualification reform at both Key Stage 4 and Key Stage 5 in recent years may affect the number of students impacted by the MER.

Number of students affected

We are unable to carry out a full assessment of each element of the MERs due to data limitations and so all figures should be treated as indicative. The coverage of level 2 and level 3 attainment data is limited to students aged 34 and under and the data remains less complete for older

students, students who entered HE with level 4 and higher qualifications, those who studied part-time and those for whom level 2 or level 3 qualifications were not required for the course applied for.

The tables below outline the estimated number of 18–34-year-old English-domiciled first-degree entrants at UK HE providers⁷⁷ in academic year 2019/20 who were in English schools at age 15 that would be below a level 2 and 3 MER with and without exemptions as set out in the HE reform consultation.⁷⁸

Table 42: Number of entrants in 2019/20 that fall below a level 2 in English and Maths MER.

	<u>Without exemptions</u> Below CC in English and Maths	<u>With exemptions applied</u> Below CC in English and Maths
Number of students below MER (i.e., estimated reduction in student numbers)	24,100	4,800
Percent of total 18–34-year-old level-6 degree entrants below MER	7.0%	1.4%
Percentage of total level-6 entrants below MER	3.9%	0.8%

Table 43: Number of entrants in 2019/20 that fall below a MER set at EE at level 3.

	<u>Without exemptions</u> Below EE at L3	<u>With exemptions applied</u> Below EE at L3
Number of students below MER (i.e., estimated reduction in student numbers)	26,800	6,200
Percent of total 18–34-year-old level-6-degree entrants below MER	7.8%	1.8%
Percentage of total level-6 entrants below MER	4.4%	1.0%

Characteristics of students affected

The section below presents the characteristics of students affected by the proposed Level 2 and Level 3 MERs compared to students who are not impacted either through having the attainment

⁷⁷ The HE providers included in the analysis are those who submitted a student record to the Higher Education Statistics Authority (HESA) in academic year 2019/20. See <https://www.hesa.ac.uk/data-and-analysis/students> for more information.

⁷⁸ Due to data limitations, we can only observe those affected within the 18–34-year-old population.

levels that meet the eligibility requirements or through being exempt, under one or more of the exemptions as set out in the consultation.

The analysis presented in this document is further restricted to students who attended English state-funded schools at age 15 who entered a first degree at age 18 to 24 due to poorer coverage of characteristic data for older students and those who attended independent schools.

The limitations of the data mean that it is not possible to show the full extent of the impact of applying exemptions on different groups. The limited data we do have suggests that, for students who fall below the MER, the characteristics of those affected by the exemptions are broadly similar to those students who are unaffected by exemptions.

Level 2 MER

The table below shows the personal characteristics of HE entrants by whether they are impacted by a level 2 in English and Maths MER. For example, males make up 47% and females 53% of entrants below the MER.

Note that the analysis relates to level 2 attainment prior to GCSE reform and so uses grade C as a proxy for a grade 4.

Table 44: Personal characteristics of HE entrants by whether they are impacted by a level 2 in English and Maths MER⁷⁹

	Below CC in English and Maths	CC or above in English and Maths or exempt from the MER
Sex - Male	47%	45%
Sex - Female	53%	55%
Special Educational Needs - No identified SEN	76%	93%
Special Educational Needs - SEN Support	21%	6%
Special Educational Needs - EHCP	3%	1%
Ethnicity - White	42%	68%
Ethnicity - Black	27%	8%
Ethnicity - Asian	18%	15%
Ethnicity - Mixed	7%	5%
Ethnicity - Other	6%	4%

⁷⁹ Information on disability is not available on the specific dataset used in the analysis due to the confidentiality arrangements that are in place.

	Below CC in English and Maths	CC or above in English and Maths or exempt from the MER
Non-Disadvantage – No Free School Meals.	77%	91%
Disadvantage – Free School Meals.	23%	9%
Disadvantage – Low Participation Neighbourhood POLAR 4 Q1	16%	13%
Non-Disadvantage – High Participation Neighbourhood POLAR 4 Q5	19%	26%

Source: National Pupil Database and HESA Student Record

This policy would disproportionately affect students who are black and from ethnic minority groups. Black students account for more than a quarter (27%) of those with no level 2 in English and maths compared to 8% of students with level 2 or who are exempt.

Females, regardless of whether they are impacted by a level 2 MER, are more likely to enter level 6 HE than males. Males, however, make up a slightly higher proportion of level 6 entrants with no level 2 (47%) than those with level 2 or who are exempt (45%).

First degree students with Special Educational Needs (SEN) status account for almost a quarter (24%) of students without level 2 English and Maths compared to 7% of students with level 2 in English and maths or with exemptions.

Although not a protected characteristic for the purposes of the Equality Act, we have also looked at level 2 attainment by disadvantage status. Those from the most disadvantaged POLAR quintile make up a higher proportion (16%) of the level 6 HE entrants without level 2 in English and Maths than entrants with a level 2 in English and Maths or who are exempt (13%).

Students who were eligible for Free School Meals at age 15 make up almost a quarter (23%) of level 6 HE entrants without level 2 in English and Maths compared to 9% of students who entered with a level 2 in English and Maths or who are exempt.

Level 3 MER

The table below shows the personal characteristics of HE entrants by whether they are impacted by a MER at EE or equivalent at level 3. For example, males make up 52% and females 48% of entrants below the MER.

This policy would disproportionately affect students who are black. Black students account for 14% of those below EE at level 3 compared to 8% of students with EE or above or who are exempt.

Males make up a slightly higher proportion of level 6 entrants with attainment below EE at level 3 at 52% compared to 48% for females. This is in contrast to the figures above the MER, where females make up 56% of entrants with EE or above or who are exempt.

First degree students with Special Educational Needs (SEN) account for 14% of students with attainment below EE at level 3 compared to 7% of students with EE or above or with exemptions.

Table 44: Personal characteristics of HE entrants by whether they are impacted by a MER set at EE at level 3⁸⁰

	Below EE at L3	EE or above at L3 or exempt from the MER
Sex - Male	52%	44%
Sex - Female	48%	56%
Special Educational Needs - No identified SEN	86%	93%
Special Educational Needs - SEN Support	13%	6%
Special Educational Needs - EHCP	1%	1%
Ethnicity - White	62%	67%
Ethnicity - Black	14%	8%
Ethnicity - Asian	13%	15%
Ethnicity - Mixed	6%	5%
Ethnicity - Other	5%	4%
Non-Disadvantage – No Free School Meals.	85%	91%
Disadvantage – Free School Meals.	15%	9%
Disadvantage – Low Participation Neighbourhood POLAR 4 Q1	16%	13%
Non-Disadvantage – High Participation Neighbourhood POLAR 4 Q5	22%	26%

Source: National Pupil Database and HESA Student Record

Although not a protected characteristic for the purposes of the Equality Act, we have also looked at level 3 attainment by disadvantage status. Those from the most disadvantaged POLAR quintile

⁸⁰ Information on disability is not available on the specific dataset used in the analysis due to the confidentiality arrangements that are in place.

make up a higher proportion (16%) of the HE entrants with attainment below EE at level 3 than HE entrants with EE or above or who are exempt (13%).

Students who were eligible for Free School Meals at age 15 make up 15% of level 6 HE entrants without level 2 in English and Maths compared to 9% of students who entered with a level 2 in English and Maths or who are exempt.

All students would be positively impacted if the MER leads them to choose different courses or education pathways which result in better outcomes. Given that students with certain protected characteristics tend to achieve lower levels of prior attainment, they are more likely to be disproportionately affected by a MER for Level 6 HE study compared to students who achieve higher levels of prior attainment.

It is not possible to conclude whether the students who are re-directed onto other pathways due to a MER would go on to achieve better outcomes than they would have done otherwise. However, given evidence shows that not all students benefit from a level 6 qualification and the poorer average outcomes for students below the MER, it is expected that on average these students may be subsequently better off as a result.

Foundation Years (FYs)

Foundation year programmes can be an important way for students to reach the entry level for a degree, especially on courses which require clear subject-specific knowledge, such as medicine, dentistry, and STEM subjects. They can be particularly important for students from disadvantaged backgrounds with high potential, whose prior experience did not prepare them adequately for entry to high quality provision. More generally, they offer a second chance for students who have not achieved their potential.

To ensure that foundation years represent good value for money to students and taxpayers, the government is consulting on proposals to reduce (with possible exemptions) the maximum fees that can be charged on these courses, where the current maximum fee limit is £9,250. This would bring FYs into line with alternative lower cost pathways such as Access to HE courses, which have similar aims and outcomes but with lower fees of up to £5,197.

Unless specified, the data in this section relate to full-time, England domiciled, first degree students (level 6) at HE providers in England. Only providers included in HESA are covered, meaning some approved (fee cap) FECs and other providers are omitted from this analysis.

Compared to the first-degree undergraduate student entrant population as a whole, foundation year students are more likely to be male, older, and black, or from ethnic minority groups. They are less likely to have declared a disability. Foundation year students are more likely to have lower prior attainment. They are also slightly more likely to come from the most disadvantaged backgrounds.

Table 45: Individual characteristics of foundation year vs first degree entrants (AY2019/20) and access to HE entrants (AY2017/18)

Category	Subcategory	Foundation year entrants	Access to HE entrants	Entrants into year one of a first degree
Sex	Male	50%	28%	42%
Sex	Female	50%	72%	58%
Age	Young (under 21)	55%	32%	81%
Age	Mature (age 21 and over)	45%	68%	19%
Disability Status	No Known Disability	86%	83%	83%
Disability Status	Disabled	14%	17%	17%
Ethnicity	White	52%	70%	67%
Ethnicity	Black	17%	15%	10%
Ethnicity	Asian	21%	9%	15%
Ethnicity	Mixed/Other	9%	6%	7%
Polar4 Quintile	Quintile 1	15%	21%	13%
Polar4 Quintile	Quintile 5	23%	18%	29%

Source: FY and entrants to year one data – DfE analysis of HESA data, Access to HE Data - OfS Preparing for degree study. [OfS Preparing for degree study](#). Data used for Access to HE entrants is from a different academic year but is the latest available.

Students who are female, older, from black, Asian and ethnic minority groups and from disadvantaged backgrounds are more likely to be debt averse⁸¹ meaning that they are more reluctant to borrow money to finance the cost of study⁸², even when it may be in their longer-term interest to do so. Debt aversion can influence the decisions prospective students make about HE, to the point they make poorer choices, including choosing not to participate.

All foundation year students, including those who share the protected characteristics identified above, would benefit from lower fees which would reduce the overall burden of student debt. The impact on participation in higher education is unclear at this stage. While the lower cost of study may encourage greater participation in higher education this could be offset by reduced access and choice of provision if lower fees lead to providers scaling back or withdrawing the courses they offer.

⁸¹ [Influence of finance on higher education decision-making \(publishing.service.gov.uk\)](#)

⁸² [Callender and Mason.pdf \(llakes.ac.uk\)](#)

National State Scholarship

The consultation proposes a national state scholarship to support talented, disadvantaged students to succeed in higher education. We anticipate that the scholarship will accommodate high achieving students from disadvantaged backgrounds, with eligibility criteria likely to be set in relation to school attainment and household income.

Potentially, linking eligibility criteria to high prior attainment could have equality impacts in relation to groups with specific protected characteristics. OfS data shows that in 2016/17 UK domiciled first degree graduates that achieved AAA+ at A level were proportionately more likely to be young (under the age of 21), and proportionately more likely to be male, with 24% of male students that studied A levels achieving AAA+, compared to 21% of female students. In terms of ethnicity, of the 2016/17 qualifiers, 8% of black students that studied A levels achieved AAA+, compared to 19% of their Asian counterparts, 24% of mixed and other ethnicity and 23% of their white counterparts.⁸³

We are inviting views on how the eligibility for a national scholarship scheme should be set and will undertake a full analysis as proposals are developed, having regard to potential impacts on groups with protected characteristics as defined under the Public Sector Equality Duty.

Level 4 and 5 fees and funding

Currently, the level 4 and 5 market is not working as effectively as it could. There is strong employer demand for higher technical skills and there are good wage returns for learners, but there is low uptake of level 4 and 5 courses. The UK Government is seeking views on barriers faced by providers in offering and promoting level 4 and 5 courses, the role of fees and funding in provider and learner behaviour and how to ensure HTQs provide occupational competence once modular provision is more widely available under the LLE. **We are not proposing any changes to fees.** Therefore, the high-level analysis of how learners may be affected by a change in fees which follows is intended to support respondents in considering their consultation responses, as opposed to being an assessment of a particular policy change (and analysis is provided in the consultation document as well).

Fees

Research on differential fees suggests that, overall, learners in HE are insensitive to fee levels.⁸⁴ However, debt aversion may impact how learners respond to any fee rises. The current cohort of level 4 and 5 learners is, on average, mature,⁸⁵ and more likely to be from an ethnic minority background (18%) than the UK workforce (15%).⁸⁶ A high proportion of level 4 and 5 learners were

⁸³ [Degree outcomes: overall results - Office for Students](#)

⁸⁴ Burge et al. (2014) *Understanding the impact of differential university fees in England* https://www.rand.org/pubs/research_reports/RR571.html.

⁸⁵ [Review of the level 4-5 qualification and provider market](#) (DfE, 2019).

⁸⁶ [Review of the level 4-5 qualification and provider market](#) (DfE, 2019).

from the most deprived bands in 2018/19, according to the Indices of Multiple Deprivation metric.⁸⁷ Learners with these characteristics are more likely to be debt averse.^{88 89} Notably, we want to grow uptake across the board, while also considering how any changes may affect these more debt averse learners.^{90 91}

⁸⁷ [Higher Level learners in England](#) (DfE, 2021).

⁸⁸ [Impact of the student finance system on participation, experience, and outcomes of disadvantaged young people](#) ([publishing.service.gov.uk](#)).

⁸⁹ Atherton (2016) [A report for the UCU – ‘Does Cost Matter’](#)

⁹⁰ [Impact of the student finance system on participation, experience, and outcomes of disadvantaged young people](#) ([publishing.service.gov.uk](#)).

⁹¹ Atherton (2016) [A report for the UCU – ‘Does Cost Matter’](#)



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