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Analysis of Responses to the  
Consultation on Support for  
Postgraduate Study

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RESEARCH

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# 1. Executive Summary

## 1.1 Policy Background and Rationale for Government Intervention

The Government's *Consultation on Support for Postgraduate Study*<sup>1</sup> ran from 23<sup>rd</sup> March to 29<sup>th</sup> May 2015.

It was divided into two parts, reflecting two separate Government proposals:

1. Postgraduate taught Master's loan proposal; and
2. Postgraduate research proposal.

### 1.1.1 Postgraduate taught study

The Government believes there are clear economic and social benefits from increasing the supply of workers with the high level skills needed to meet demand from employers and stimulate an innovation-led, knowledge-based economy.

Postgraduate study is integral to developing these types of high level skills; however, the number of entrants to postgraduate Master's courses has fallen by as much as 17% over the three years from 2011/12<sup>2</sup>. In addition, 60% of one-year full-time postgraduate Master's entrants at UK institutions are from outside the European Union (EU), while only a quarter are UK domiciled<sup>3</sup>.

Postgraduate Master's courses are aimed at extending knowledge in a particular area or converting to a new discipline. They constitute a vast landscape of qualifications, including Master of Arts (MA), Master of Science (MSc), Master of Business Administration (MBA), Postgraduate Certificate (PgCert) and Postgraduate Diploma (PgDip). Postgraduate Master's study is classified as a Level 7 qualification in the Quality Assurance Agency for Higher Education's Framework for Higher Education Qualifications.

In order to increase the take-up in one-year postgraduate Master's courses, the Government has proposed a new state-funded student loan. The intention is to make an income-contingent loan of up to £10,000 available to anyone under age of 30 who is accepted by an eligible provider to undertake an eligible postgraduate Master's course.

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<sup>1</sup> Department for Business, Innovation and Skills (March 2015) Consultation on Support for Postgraduate Study. Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/416243/BIS-15-185-consultation-on-support-for-postgraduate-study.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/416243/BIS-15-185-consultation-on-support-for-postgraduate-study.pdf)

<sup>2</sup> HESA Student Record Data – English and EU Domiciled Students.

<sup>3</sup> HESA Student Record Data – English and EU Domiciled Students.

The target group of the proposed loan is “those who face the greatest barriers to accessing finance; without duplicating the provision of support available through existing funding mechanisms”<sup>4</sup>.

The first part of the consultation sought views and evidence on the proposed design of the Master’s loan, as well as on the wider implications and the impact on employers and business.

### 1.1.2 Postgraduate research

Postgraduate research involves significant independent study and the development of research and analysis skills. It is classified as a Level 8 qualification in the Quality Assurance Agency for Higher Education’s Framework for Higher Education Qualifications. Examples include Doctor of Philosophy qualifications (usually abbreviated as PhD or DPhil).

Postgraduate research is financed through core funding to higher education institutions from the Higher Education Funding Council for England (HEFCE) and by the UK Research Councils, whose funding includes studentships.

At Budget 2015, the Government announced its intention to review how to broaden and strengthen support for postgraduate research. The Review will look at how to further develop partnerships with industry and charities and will examine whether to introduce income contingent loans of up to £25,000 over the lifetime of a postgraduate research degree.

The second part of this consultation sought views and evidence to support this review.

## 1.2 Methodology

The consultation and all responses were administered by the Department for Business, Innovation and Skills (BIS) and securely passed to Pye Tait Consulting for independent analysis and anonymous reporting in line with the Data Protection Act 1998 and Market Research Society (MRS) Code of Conduct.

The consultation generated 465 total responses of which 411 were valid for analysis<sup>5</sup>. Responses were received from a wide range of perspectives, such as education-sector organisations, representative bodies, businesses, charities, societies, individual members

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<sup>4</sup> <https://www.gov.uk/government/topical-events/autumn-statement-2014>.

<sup>5</sup> Responses not valid for analysis included superseded responses, multiple email files from an electronic conversation; duplicate files; questions raised by members of the public; as well as content not directly relevant to the subject of the consultation.

of the public and students. The findings reveal a mix of views and opinions within and between these different groups, for example, between Russell Group and non-Russell Group universities.

The conclusions and any associated recommendations within the report are based on the views of respondents and not those of Pye Tait Consulting or the Department for Business, Innovation and Skills (BIS).

## **1.3 Postgraduate Master's Loan Proposal – Main Findings and Conclusions**

This section summarises the findings and conclusions for the postgraduate Master's loan proposal, spanning three broad themes: 1) barriers to postgraduate study; 2) eligibility for the proposed Master's loan (including wider impact) and; 3) design features of the proposed Master's loan.

### **1.3.1 Barriers to accessing postgraduate Master's study**

Almost all consultation respondents (99%) share the view that access to finance for postgraduate Master's courses is prohibitively expensive for some individuals.

A key issue is the cost of tuition fees and the need for students to cover these in addition to course and maintenance/living costs. Raising sufficient finance to pursue study at Master's level is considered particularly challenging for individuals from low income backgrounds and those with substantial financial commitments, such as a mortgage and household bills.

Other potential barriers include work and family commitments, including the need to ensure childcare costs are covered if reducing the amount of working hours, or even leaving work altogether, to meet the demands of a postgraduate Master's course.

A minority of respondents pointed out that the Government's Professional and Career Development Loan (PCDL) can be difficult to access in terms of the application process and ability to obtain credit approval. This arguably marginalises students who need it most. Respondents also raised concern about the requirement for repayments to commence one month following course completion, stating that employment might not have been secured by this point, which could potentially lead to some individuals facing financial difficulty.

### 1.3.2 Loan eligibility criteria (including wider impact)

A number of key issues have emerged from the consultation findings with respect to the eligibility criteria for the proposed loan. Some of these issues have a wider impact where there are potential implications for borrowers with protected characteristics<sup>6</sup>.

This is important as the Public Sector Equality Duty requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities.

#### ***The upper age limit for the proposed loan***

The Government's proposal to apply an 'under age 30' eligibility criterion has met with widespread concern from all respondent groups. There are suggestions that this would be discriminatory on the grounds of age; furthermore that women, Black and Minority Ethnic Groups (BMEs) as well those with disabilities, may be adversely affected based on the perception that individuals from these groups enter postgraduate Master's study later in life. For example, some respondents feel that women can be unfairly disadvantaged where they have taken time out of education or work to have or care for children.

There appears to be a widespread perception amongst respondents that additional financial commitments such as a mortgage, household bills and costs associated with raising a family, are experienced more by the '30 and over' age group<sup>7</sup> and that these commitments represent a financial barrier to accessing postgraduate Master's study. The connections made between financial commitments among this age group and barriers to postgraduate study primarily reflect assumptions of respondents rather than personal experience or sustained evidence.

#### ***Proposed exclusion of all distance learning Master's courses***

The proposed exclusion of distance learning courses has also been subject to some concern, in part due to the fact that this limits flexibility for people in work, some disabled people, and those with parenting and caring responsibilities. A number of respondents pointed out that the move towards online learning is accelerating and offers considerable economies and advantages for individuals. They argue that it would be counter-productive for the nation to exclude that most cost-effective teaching and learning approaches. It was also argued that placing limits on the intensity of study could potentially discriminate against individuals with a disability or suffering other health issues who might need greater flexibility in learning.

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<sup>6</sup> The protected characteristics include: age, gender, gender reassignment, disability, race, marriage and civil partnerships, pregnancy and maternity, sexual orientation, religion and belief.

<sup>7</sup> This is a highly complex and nuanced area, covered in greater detail in section 4.5.1, p.44.

More than half of respondents (59%) believe that a reduced study period of less than 50% intensity should be permitted.

### ***Proposed exclusion of other postgraduate qualifications***

The Government does not intend to duplicate the provision of support available through existing funding mechanisms. However, a minority of respondents commented that Postgraduate Certificate and Postgraduate Diploma routes should be eligible for the loan. These courses are considered most attractive to people already in work and those who prefer to upskill and progress more gradually towards a Master's qualification due to other commitments, such as work and family.

A small minority of respondents highlighted the importance of PGCE qualifications, for example: 1) seeking assurance that existing funding would continue; 2) suggesting that the proposed postgraduate Master's loan should be made available to teachers of 'shortage' subjects; and 3) raising concern that the exclusion of PGCE students could act as a disincentive to those considering entering teaching in favour of an alternative course.

### ***Better support for individuals out of scope of the loan proposal***

Some 174 respondents suggested ways of better supporting individuals out of scope of the current proposal. Examples include stimulating greater employer involvement in funding for postgraduate degrees (such as scholarships), as well as via small grants and loans which could be offered by grant-giving institutions. Some respondents also feel that the application and repayment terms of the Government's Professional and Career Development Loan could be made "less onerous".

The £25 million Postgraduate Support Scheme (PSS) administered by the Higher Education Funding Council for England (HEFCE) has been described as valuable in opening access to postgraduate study for students suffering financial hardship. It was suggested by 31 respondents that this scheme (or similar) could potentially provide additional finance where the maximum £10,000 loan amount is insufficient to cover all study costs, or to support those out of scope of the loan.

Through a combination of support measures and clear information, the Government could go some way to alleviating not only financial, but also some non-financial barriers to postgraduate study. Examples of these given include finding the time to study around other commitments and the potentially "daunting prospect" of returning to education later in life.

## ***Domicile***

A small minority of responses addressed the eligibility criteria that students must be English domicile and/or EU nationals, and must have been resident in England or the EU over the past three years.

A notable concern is that there may be challenges pursuing repayments from students based in the EU; conversely it was pointed out that universities might want to attract and retain international students domiciled beyond the EU.

The consultation document makes clear the postgraduate Master's provision is a devolved matter for Scotland, Wales and Northern Ireland and that these nations will have the option to develop their own scheme.

## ***Risk of institutional tuition fee inflation***

Just over half of respondents (55% - including universities) believe that the proposed loan will lead to increased demand for postgraduate courses, which they feel will in turn fuel tuition fee inflation.

To counteract this risk, respondents suggest that some form of fee cap be imposed and/or that institutional fee changes should be subject to greater scrutiny or be made more transparent to mitigate this risk. Bearing in mind that the Government does not intend to introduce new or additional regulation, there could be an oversight or monitoring role here for HEFCE and/or the Office for Fair Access (OFFA).

### **1.3.3 Design of the postgraduate Master's loan**

#### ***Appropriateness of the proposed loan amount***

Almost all respondents (91%) agree that the availability of an "up to £10,000 income contingent loan" will increase an individual's likelihood to pursue a one-year postgraduate Master's qualification. However this strength of opinion is tempered in relation to whether £10,000 is the right amount to support individuals in undertaking study, with just over half (51%) believing that it is.

Respondents are concerned that £10,000 will not go far enough to cover all tuition fee costs for some courses, let alone living/ maintenance and course costs. Furthermore if the loan were to be used as a means of contributing to some, but not all, associated costs, £10,000 would likely leave a funding gap for those with limited savings or from certain socio-economic and low income backgrounds. Added to this, there is also the issue of tuition fee/study cost variance due to a number of factors. For example, some courses (particularly STEM subjects) tend to be more expensive, and living costs in London and some other locations are higher than average. Taking these issues into account it is



perhaps unsurprising that almost all respondents (95%) expect students to borrow greater than 50% of the maximum available loan offer.

### ***Master's Loan Repayment Terms***

Just under three quarters of respondents (72%) agree that the Master's loan proposal strikes the right balance of repayment terms to achieve an affordable scheme for borrowers whilst also meeting the principle of borrowers repaying in full.

However, a key concern is that, when an individual's salary reaches £21,000, the proposed repayment interest rate of 9% of salary could be a "big hit" on top of concurrent undergraduate student loan repayments. Respondents believe adjustments should be made to ensure the repayment arrangements do not risk creating a significant financial burden. Suggested adjustments were lowering the interest rate and lowering the salary threshold as a trade-off; or lowering the interest rate and extending the repayment term beyond 30 years.

### ***How Master's loan payments should be made***

Just under three quarters of respondents (72%) agree that the Master's loan should be paid to the borrower in instalments. It was felt that payment direct to the borrower would help to mitigate the potential risk of tuition fee inflation, as well as enabling students to balance this funding alongside other forms of support; for example where tuition fees may already be covered by an employer. However, this approach may require institutions to make budgeting adjustments where they currently require tuition fees to be paid in full up front.

A smaller proportion of respondents (a mix of education sector, industry, students and other individuals) feel the loan should be paid direct to the institution to guard against misappropriation, abuse or potential fraudulent behaviour. Others suggest that the student finance system would be "more efficient and controlled" if it worked in a similar way to the current undergraduate student loan system, i.e. tuition fees are paid directly to the course provider, and then living/ maintenance and course costs paid separately to the student through a maintenance loan.

The majority (88%) of respondents agree that confirmation of attendance would be an appropriate trigger to release funds to the borrower. In order to minimise the administrative burden, universities in particular would like to ensure the new confirmation process to release funding can integrate well with their existing procedures for dealing with undergraduate loans.

### ***Institutional eligibility***

More than four-fifths of respondents (84%) agree that institutional eligibility should be restricted to institutions and Alternative Providers who have obtained Degree Awarding Powers and are funded by the Higher Education Funding Council for England (HEFCE).

Those disagreeing<sup>8</sup> believe Alternative Providers; specifically those validated at postgraduate level and subject to review by the Quality Assurance Agency (QAA), should be eligible. It was argued that, if they are offering valid programmes which are scrutinised by external quality assurance processes, there is no reason they should be excluded.

### **1.3.6 Conclusions**

These conclusions are based on the views of respondents and not those of Pye Tait Consulting or the Department for Business, Innovation and Skills.

#### ***Barriers to postgraduate Master's study***

1. The extent of current financial and non-financial barriers faced by individuals wishing to pursue postgraduate Master's study, justify the proposed loan policy based on the Government's objective.

#### ***Loan eligibility criteria (including wider impact)***

2. The proposed under age 30 eligibility criteria is widely viewed with concern and as discriminatory; but this is a complex issue on which further consideration may be required as to how best to support those out of scope and not eligible for the loan who face non-financial barriers.
3. The proposed 50% minimum study intensity course eligibility criteria, as well as the exclusion of all distance learning modes of study, could make one-year full-time (or two-year part-time) postgraduate Master's study difficult to access for some people.
4. There is a risk of institutional tuition fee inflation caused by 1) increasing demand for postgraduate Master's study through the availability of a new government backed loan; and 2) any proposed new system that involves course fees being paid directly to institutions. This could lead to a higher loan maximum being needed in the future.

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<sup>8</sup> Includes a mix of education sector respondents (comprising five Alternative Providers), industry, students and other individuals.

### ***Design of the postgraduate Master's loan***

5. The proposed £10,000 loan amount would help some individuals to access and pursue postgraduate Master's study where they could not have done so before, but some argue it may not go far enough to enable access for some individuals who cannot find the shortfall to cover total tuition fee costs exceeding £10,000, plus living/ maintenance and course costs.
6. Although the findings support the Government's intention for the postgraduate Master's loan to be available to all subject areas, it is important to ensure that higher cost courses – for example strategically important science-based subjects – can still be easily accessed under the maximum loan offer<sup>9</sup>.
7. The proposed repayment arrangements feel well balanced, but specific aspects, such as the repayment rate at 9% and the £21,000 income threshold, could place a substantial repayment burden on those with an undergraduate loan to repay at the same time.
8. The potential administrative burden on institutions could be minimised where new confirmation processes to trigger loan amounts being released to borrowers are harmonised with existing processes for undergraduate student loans.

*More detail on these conclusions is provided in section 6.1.*

## **1.4 Postgraduate Research Proposal – Main Findings and Conclusions**

This section summarises the findings and conclusions for the postgraduate research proposal. The findings are summarised as per the three broad themes of the consultation document, starting with the theme which attracted the most feedback.

### **1.4.1 Income contingent loans to support postgraduate research students**

Overall, respondents support the introduction of a new loan for postgraduate research, highlighting that would be most useful for those who are already self-funded or partially funded. A new loan could, for example, reduce the time needed for students to search for other forms of funding or avoid them having to undertake part-time work.

In a similar vein to the postgraduate Master's loan proposal, some respondents expressed concern that the suggested loan amount (in this case £25,000) would not go far enough to cover the costs of study and would leave a funding gap.

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<sup>9</sup> This ties in with the shortfall issue described as part of conclusion 2.

It was also observed that a new loan of up to £25,000 could create a financial burden on the borrower, especially if repayments would be concurrent with undergraduate loans as per the proposal for the postgraduate Master's loan. However, this was not suggested as a reason for not introducing such a loan.

To protect existing funding streams, some respondents feel that loans should only be available once individuals have been turned down from traditional grant funding.

#### **1.4.2 Review of support for postgraduate research**

Respondents are keen to ensure that support is maintained for existing funders and schemes that serve postgraduate research, for example through Research Councils UK. They consider it important that any new form of loan offer for postgraduate research is not detrimental to these existing mechanisms.

Students and university respondents feel that while an increase in financial support would be a positive move, it is essential that this complements, rather than destabilises in any way, the existing funding landscape; moreover that the quality of research is not lost.

Some 52 respondents discussed issues around the availability and "limited" level of stipends, which they see as a major deciding factor for students in undertaking postgraduate research. Based on this, respondents call for stipend levels to be maintained or increased in conjunction with the availability of a new loan.

#### **1.4.3 Partnering to support postgraduate research students**

Respondents are strongly in favour of developing and encouraging partnerships with industry and charities (for example to encourage business investment and create new relationships), as well as building on the existing structures that support postgraduate research students. CASE studentships – where industry or charitable sponsors are expected to pay part of the cost of the PhD bursary and RCUK funding pays the remainder – are described as excellent ways of linking industry and researchers.

Other suggestions include developing match funding schemes to leverage support from business partners, creating tax incentives for those businesses that collaborate, as well as maintaining and strengthening scholarships and studentships.

Relatively few respondents commented on the merits of crowdfunding, with views divided between those who saw it as an opportunity, and those who felt it would not be straightforward, for example it could only reap benefits for those research projects which appealed to individuals or other bodies in the external community. The innovative use of crowd-funding and other partnership approaches is perhaps an area for further research.

### 1.3.4 Conclusions

These conclusions are based on the views of respondents and not Pye Tait Consulting or the Department for Business, Innovation and Skills.

1. There is strong support for the introduction of a new loan scheme for postgraduate research students where this complements existing funding mechanisms;
2. There is substantial evidence to suggest that existing partnerships between universities, industry and charities should be enhanced; and
3. The current availability and level of stipends risks suppressing the UK's ability to attract and retain top research talent.

*More detail on these conclusions is provided in section 6.2.*

## 2. Policy Background

This section provides an overview of postgraduate study in the UK and sets out the rationale for Government's intervention.

### 2.1 Overview of Postgraduate Study in the UK

The Government believes there are clear and recognised benefits to the economy from increasing the supply of workers with the high level skills needed to meet demand from employers and stimulate an innovation-led economy.

Postgraduate study is crucial to meeting this aim. Indeed UK universities are among the best in the world and it is in the national interest for more citizens to have access to that excellence.

In the UK, there are broadly three types of postgraduate study with a range of financial support mechanisms available. These are:

- One-year Postgraduate Master's
- Postgraduate Research; and
- Other Postgraduate Courses

A postgraduate Master's qualification normally contains at least 180 CATS<sup>10</sup> credits; a postgraduate Certificate is normally 60 credits and a postgraduate Diploma is normally 120 credits.

#### 2.1.1 About postgraduate Master's qualifications

Postgraduate Master's courses are aimed at extending knowledge in a particular area or converting to a new discipline. Courses are largely taught, for example through lectures, seminars and coursework; typically last one year full-time or in some instances two years full-time or part-time; and may also be studied full-time or part-time with distance learning options.

Postgraduate Master's study is classified as Level 7 qualifications in the Quality Assurance Agency for Higher Education's Framework for Higher Education Qualifications. Examples of postgraduate Master's qualifications include Master of Arts (MA), Master of Science (MSc), Master of Research (MRes), Master of Business Administration (MBA),

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<sup>10</sup> Credit Accumulation and Transfer Scheme.

Postgraduate Certificate (PgCert) and Postgraduate Diploma (PgDip).

### 2.1.2 About postgraduate research qualifications

Postgraduate research involves significant independent study and the development of research and analysis skills.

Postgraduate research is classified as Level 8 qualifications in the Quality Assurance Agency for Higher Education's Framework for Higher Education Qualifications. Examples include Doctor of Philosophy qualifications (usually abbreviated as PhD or DPhil).

Postgraduate research is financed through core funding to higher education institutions from the Higher Education Funding Council for England (HEFCE) and by the UK Research Councils, whose funding includes studentships.

### 2.1.3 About other postgraduate qualifications

Other postgraduate courses generally involve teaching aimed at employment in a particular profession. These courses include regulated provision such as Postgraduate Certificates of Education (PGCE) and professional courses in health, social care and architecture; and non-regulated study towards postgraduate certificates and diplomas<sup>11</sup>.

## 2.2 Rationale for Government Intervention

The Government aims to stimulate increased take-up in postgraduate Master's study by improving access to finance where evidence shows it is a barrier to progression; and support postgraduate research.

The Government's *Consultation on Support for Postgraduate Study*<sup>12</sup> set out the rationale for intervention for postgraduate Master's study and postgraduate research, respectively. This is summarised in sections 2.2.1 and 2.2.2.

Further details about the Government's proposals are explained in sections 4 and 5.

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<sup>11</sup> OPG courses will not be eligible for the Government's proposed Master's loans, neither will individual postgraduate modules or studies that lead solely to institutional credit.

<sup>12</sup> Department for Business, Innovation and Skills (March 2015) Consultation on Support for Postgraduate Study. Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/416243/BIS-15-185-consultation-on-support-for-postgraduate-study.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/416243/BIS-15-185-consultation-on-support-for-postgraduate-study.pdf)

## 2.2.1 Postgraduate Master's study

Postgraduate study helps to deliver the highest levels of skills and knowledge for the UK economy, however it is concerning that UK student enrolments on postgraduate Master's courses have declined over recent years.

Data from the Higher Education Statistics Agency (HESA) shows that the number of postgraduate Master's entrants grew by 7% between 2008/9 and 2010/11 and then fell by 17% over the next three years. As a result there were fewer students starting a Master's course in 2013/14 than there were in 2008/9<sup>13</sup>. In addition, 60% of full-time postgraduate Master's entrants at UK institutions are from outside of the European Union (EU); and only around one quarter are UK domiciled. As a result of these patterns in domestic student participation, there are now significantly more full-time international students than those from the UK<sup>14</sup>.

The evidence demonstrates a clear downward trend in full-time and part-time postgraduate Master's course enrolment for UK (and other EU) students. Some other postgraduate courses have also witnessed a decline but this has occurred in specific disciplines<sup>15</sup> although it is not clear exactly why this has occurred. In contrast, postgraduate research enrolment figures have remained broadly flat.

## 2.2.2 Postgraduate research

At Budget 2015, the Government announced its intention to review how to broaden and strengthen support for postgraduate research students and excellence postgraduate research. The Review will look at how to further develop partnerships with industry and charities and examine whether to introduce income contingent loans of up to £25,000 over the lifetime of a postgraduate research degree.

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<sup>13</sup> HESA Student Record Data – English and EU Domiciled Students

<sup>14</sup> HESA Student Record Data

<sup>15</sup> Universities UK (2014) *Postgraduate Taught Education: The funding challenge*. (NB: The report highlighted particular drops in courses aligned to education).



## 3. Methodology (Consultation, Analysis and Reporting)

This section sets out the main focus of the consultation, explains how responses were handled and summarises the total number and breakdown of responses by category. It also explains the approach to analysis and reporting, including cautionary notes.

### 3.1 Overview of the Consultation Process

The Government's *Consultation on Support for Postgraduate Study*<sup>16</sup> opened on 23<sup>rd</sup> March 2015 and closed on 29<sup>th</sup> May 2015.

The consultation invited views on the specific details of the postgraduate Master's loan proposal, including for example definitions of the target group, eligibility criteria, wider implications and the impact on employers and business.

It also invited views on how it might broaden and strengthen support for postgraduate research students. This included how to leverage Government funding through industrial and charitable partnerships; as well as options for widening participation in the funding of research, such as emerging crowdfunding platforms.

The consultation responses contribute evidence towards the final loan design that will meet the Government's policy objectives. It should be noted that the Government does not intend to use the introduction of the new loan to increase regulation on the higher education sector, and wishes to keep the introduction of new regulation to a minimum.

In parallel to the public consultation on Support for Postgraduate Study, the Department for Business Innovation and Skills (BIS) commissioned a survey of current and prospective students on the terms of the loan being consulted on, as a companion piece to: acquire a snapshot of current views regarding the proposed loan announcement; determine the extent to which the availability of the loan would impact/change decisions to pursue Master's study; gain an understanding of the extent to which more students might be encouraged to consider/pursue a Masters qualification; and inform the assumptions made about loan take-up behaviour. The findings from this survey have been reported separately<sup>17</sup>.

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<sup>16</sup> Department for Business, Innovation and Skills (March 2015) Consultation on Support for Postgraduate Study. Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/416243/BIS-15-185-consultation-on-support-for-postgraduate-study.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/416243/BIS-15-185-consultation-on-support-for-postgraduate-study.pdf)

<sup>17</sup> This report was prepared by YouthSight.

## 3.2 Handling of Responses

The Government's consultation document explained the proposed changes and included a questionnaire for individuals or organisations to complete and return. In addition, or as an alternative to completing the questionnaire, the Government invited free-format<sup>18</sup> responses, such as letters and supporting documentation.

All responses were handled by the Department for Business, Innovation and Skills (BIS) and securely handed over to Pye Tait Consulting for independent analysis and anonymous reporting in line with the Data Protection Act 1998 and Market Research Society (MRS) Code of Conduct.

Responses were received in a combination of ways, including:

- Completion of an online version of the consultation questionnaire;
- Submission by email of an electronic (Word/PDF) copy of the completed consultation questionnaire; and
- Free-format correspondence, such as letters, emails and supporting information.

## 3.3 Summary of Responses

The consultation generated 465 total responses, of which 411 were valid for analysis<sup>19</sup>.

Of the 411 responses analysed:

- 264 were received via the online questionnaire;
- 79 were received as Word/PDF versions of the consultation questionnaire (either with or without additional or supporting information); and
- 68 consisted of purely free-format correspondence.

Responses were received from a wide range of perspectives, such as education-sector organisations, representative bodies, businesses, charities, societies, members of the public and students (Table 1).

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<sup>18</sup> From this point forward, the term 'free-format' is used to refer to consultation responses that were not submitted using the online questionnaire or template Word version of the questionnaire.

<sup>19</sup> Responses not valid for analysis included superseded responses, multiple email files from an electronic conversation; duplicate files; questions raised by members of the public; as well as content not directly relevant to the subject of the consultation.

**Table 1: Respondents by category**

Respondent category	Total responses	Respondent category	Total responses
Alternative Provider	9 (2.2%)	Micro Business (up to 9 staff)	2 (0.5%)
Business representative organisation	16 (3.9%)	Other	9 (2.2%)
Central Government	1 (0.2%)	Other Society/Association	12 (2.9%)
Charity or Social Enterprise	17 (4.1%)	Research Council	1(0.2%)
Educational Institution - not elsewhere classified	9 (2.2%)	Small Business (10 to 49 staff)	6 (1.5%)
Further Education College	5 (1.2%)	Student	74 (18%)
HE Policy Organisation	5 (1.2%)	Student Representative Body	14 (3.4%)
Individual	90 (21.9%)	University	78 (19.0%)
Large Business (250 staff+)	23 (5.6%)	University Association	8 (1.9%)
Local Government	7 (1.7%)	University Staff	21 (5.1%)
Medium Business (50 to 249 staff)	3 (0.7%)	Unknown	1 (0.2%)

Base: 411 responses

## 3.4 Analysis and Reporting

### 3.4.1 Scope and limitations

The purpose of the consultation analysis has been to identify any emerging themes, concerns and unintended consequences from the Government's proposals, with the aim of gaining a better understanding of the issues faced by postgraduate students from a support perspective.

Many of the consultation responses were very detailed in nature, offering a range of views, including alternative ideas and suggestions to those set out within the Government's proposals. The majority of these views are from the perspective of individuals rather than being representative of an organisation. Certain responses were supported by evidence, such as personal or business experience, as well as statistics drawn from published and local/unpublished sources.

The extensive volume of qualitative, perceptual data has demanded a synthesised account of all responses, drawing attention to the most prominent emerging issues and themes including, where appropriate and possible, a balance of views supporting and countering

the Government's proposals. These are illustrated using quotations drawn from a mix of different respondent groups.

It has, therefore, not been possible for the analysis to provide an exhaustive or verbatim account of all individual views, nor have we been asked to investigate the reliability of third-party sources of evidence, such as survey base numbers, or survey and analytical techniques.

**The Government may wish to consider further analysis of the ideas and suggestions raised by consultation respondents prior to finalising its proposals.**

### 3.4.2 Structure and reporting of base numbers

#### ***Structure***

This report presents the findings from the consultation questionnaire. It is divided into two main parts, denoting two separate sets of proposals:

1. Postgraduate Master's Loan Proposal; and
2. Postgraduate Research Proposal.

Within each part of the report, sections are used to denote main themes and sub-sections are used to denote key question areas. These follow the structure of the consultation document for ease of reference.

Each section begins with a summary of the Government's main consultation proposal (in turquoise). Where applicable, the results of 'yes/no' or 'multi response' questions are shown in tables<sup>20</sup>, followed by textual analysis of respondents' views, opinions and any evidence (where applicable).

#### ***Reporting of base numbers***

1. Not all respondents addressed all aspects of the consultation. As such, the base numbers for each consultation question differ and are stated where applicable throughout this report;
2. Where the total number of respondents to the free-format questions is reported, the figures include those who answered the questionnaire, as well as those who provided fully open responses (e.g. letters);

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<sup>20</sup> The tables showing results to the 'yes/no' and multi-response questions are preceded by the question number and question text from the consultation document (paraphrased where appropriate).

3. Some respondents did not follow the guidance for question routing, for example questions beginning “*If no... please give reasons/evidence*” were answered by some respondents even where ‘yes’ had been selected to the previous question. These responses have been treated as valid where they offered important considerations relevant to the question, have been appropriately analysed to reflect the viewpoint, and are reflected in the base numbers.
4. Base numbers for the free-format questions exclude responses that simply contained the text ‘not applicable’; ‘N/A’ or used only special punctuation marks such as question marks or exclamation marks.

### 3.4.3 Cautionary notes

#### ***Evidence and opinion***

The vast majority of consultation responses are based on the views and opinions of individuals and informed by the best of their available knowledge and, of course, by their values and perceptions. A minority of respondents, especially some universities, referred to other sources of evidence such as their own internal survey findings. This report presents the main arguments at face value, with specific examples included by way of anonymous quotations, where appropriate. No attempt has been made to offer contextual or alternative facts or arguments.

#### ***Sensitivity to different types of respondents***

As part of the analysis, care was taken to identify any notable differences of opinion within and between respondent groups (as defined by Table 1, above). In addition for the analysis on postgraduate research, findings were compared between Russell Group and non-Russell Group universities.

On the whole, perceptions were mixed within and between respondent groups, meaning that it cannot be said for example that one group holds views that are different to another group.

Further considerations for analysis with respect to ‘respondent perspectives’ are set out below.

#### ***Respondent perspectives***

Respondent perspectives are not always clear from the written evidence. This is due to inconsistencies in the way two of the profiling questions were answered – discussed in turn, below.

*“Please tick a box from the list of options... that best describes your role or organisation?”*

In response to this question, some respondents might have ticked ‘individual’, whereas others might have ticked the box to describe the nature of the organisation they work for, such as a university or small business. That is, one respondent may have been responding from his or her own perspective but might have ticked the organisation that they work for. This has made it difficult to determine whether the response is definitely from a personal or from an organisational perspective.

*“Are you responding on behalf of your organisation or membership base?”*

The majority of consultation responses appear to be based on individual views rather than views representing their organisation as a whole.

In total, 302 out of 343 respondents to the consultation questionnaire (online or Word/PDF versions) specified whether they were providing their own individual view or a representative view from their organisation or membership base<sup>21</sup>.

Of these 302 respondents:

- More than two thirds (216) specified that they were providing an individual view; and
- 86 specified that they were providing a representative view.

In addition, some respondents might have been unable to state that they were responding on behalf of their organisation but might still be the most informed voice in relation to certain questions.

For each of the above reasons and in the interests of reliability, cross-tabulations of the ‘yes/no’ questions and ‘multi-response’ questions by type of organisation, have not been undertaken.

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<sup>21</sup> This question was only asked in the online version of the questionnaire but not in the Word version. This information was volunteered by some respondents as part of free-format correspondence and is reflected in the total of 302.

# 4. Postgraduate Master's Loan Proposal

## 4.1 Proposal Summary

At Autumn Statement 2014, the Chancellor announced a new income contingent loan for one-year postgraduate Master's students. The Government intends to make a loan of up to £10,000 available to anyone under the age of 30 who is eligible and accepted to study a one-year postgraduate Master's course (e.g. MA, MBA, MSc, MRes) in any subject.

The Chancellor set out a number of key principles for the scheme whereby on average individuals will repay in full; the scheme will provide individuals with a contribution to the cost of study at the time they need funding; and with the safeguard that they will only repay once they are earning a salary above £21,000.

The proposed loan is not intended to be a universal offer available to all postgraduate students, but targeted towards those who face the greatest barriers to accessing finance without duplicating the provision of support available through existing funding mechanisms. The evidence pointed to those under age 30 as being that target group.

To inform the design of the Government's postgraduate Master's loan proposal, the first part of the consultation sought feedback in relation to the following areas: policy objective; loan amount, individual and institutional eligibility criteria; the potential for fee inflation; course intensity; loan distribution and repayment arrangements. In addition, the findings highlight other wider implications from the loan proposal, including the potential impact on employers and business.

## 4.2 Policy Objective

***From the consultation document:*** *The Government's objective is to support the highest levels of skills needed for the UK economy, and increase participation at postgraduate taught level by enabling those who cannot afford, or would delay study at this level, to take up places.*

### 4.2.1 Finance as a barrier to postgraduate Master's study

Almost all consultation respondents consider finance to be a significant barrier to pursuing postgraduate Master's study (Table 2).

**Table 2: “Do you believe that access to finance is a significant barrier to progression into postgraduate taught Master’s study?”**

Yes	No
99%	1%

Base: 313 respondents

A total of 291 respondents provided supporting reasons and evidence. Almost all share the view that 1) finance can be prohibitively expensive for some students; and 2) existing finance options are not easy to access. These two broad arguments seem to be inextricably linked, with lack of access to existing finance exacerbating the perception that Master’s courses are out of reach.

*“The National Union of Students (NUS), in their report ‘Broke and broken: Taught postgraduate students on funding and finance’ report that 52.3% of respondents said that postgraduate study would not have been an option for them if they had not received any financial support.”*

*Business Representative Organisation*

*“The inability to access funding, the lack of studentships, and the differences in funding provision between institutions, means that many students are unable to access post graduate courses... students simply do not have the means.”*

*Student Representative Body*

*“We see many students every year who cannot access sufficient funds to study at Master’s level. Often students start a Master’s course without adequate funding and have to leave because they can’t afford to continue, and then they have wasted money on tuition fees for a course they cannot complete.”*

*University*

**Postgraduate Master’s study is prohibitively expensive**

According to 162 respondents, total costs associated with Master’s study are prohibitively expensive, especially when taking into account living and course costs as well as tuition fees. Specific cost-related barriers include (from most to least cited):

- Insufficient personal savings to cover tuition fees, living and course costs;
- Family members being unable to provide additional financial support;



- A catch-22 barrier whereby individuals might need to leave their employment or reduce working hours to undertake a full or part-time postgraduate course, but that doing so would mean sacrificing vital income needed to cover all associated course costs;
- Competing priorities and financial commitments among students undertaking postgraduate courses, such as needing to support a home and family;
- Tuition fees often have to be paid to institutions either in full or in large up-front instalments;
- Tuition fees could rise in the future; and
- Concerns among current/undergraduate students about mounting debt levels that could become onerous to repay and potentially limit options for raising future finance for other purposes.

*“I was interested in pursuing a postgraduate degree in order to assist with a change of career but was dissuaded from this due to the significant cost involved.”*

*Individual*

*“I was considering a postgraduate qualification myself but could not afford the fees and I already have £20k plus in student debt from my first degree.”*

*Individual*

### ***Students from lower socio-economic and low income backgrounds face particular barriers***

Opinions from respondents are that students generally rely on their own personal savings, those from parents/guardians or via an employer. Where family income levels are not sufficient to support postgraduate study, these individuals can be inhibited from accessing postgraduate courses.

Several respondents suggest a link between socio-economic classification<sup>22</sup> and participation in postgraduate study. For example, one higher education stakeholder organisation described how their work with HEFCE revealed *“much lower rates of progression to postgraduate taught courses from undergraduates from disadvantaged backgrounds”*. This work informed the 2014 *National Strategy for Access and Student*

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<sup>22</sup> The National Statistics Socio-Economic Classification (NS-SEC) system has been constructed to measure employment relations and conditions of occupations. Conceptually, these are central to showing the structure of socio-economic positions in modern societies and helping to explain variations in social behaviour and other social phenomena (Office for National Statistics). Further information available at: <http://www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/soc2010/soc2010-volume-3-ns-sec--rebased-on-soc2010--user-manual/index.html>

*Success in Higher Education*, which in turn states: ‘Students who cannot overcome barriers to entering postgraduate study are likely to be at a disadvantage when entering a labour market in which postgraduate qualifications are becoming increasingly common’<sup>23</sup>.

Several universities mentioned their involvement with HEFCE’s £25m 2014/15 Postgraduate Student Support Scheme (PSS), which targets funding support towards postgraduate students who need it most. They pointed to findings in support of an argument that lack of funding is a barrier to students from low income backgrounds.

*“Analysis of the [University’s] Destinations of Leavers from Higher Education (DLHE) data has shown that graduates between 2008 and 2012 from a Low Income Household (less than £25,000 per annum) were significantly less likely to be undertaking a postgraduate taught course at 6 months from graduation, when compared to their [non-widening participation] counterparts.”*

*University*

*“[We were] commissioned to research the intention of undergraduate students in English HEIs to progress to postgraduate study... students from low socio-economic backgrounds were more likely to intend to undertake postgraduate study, but less likely to actually do so.”*

*University*

### **Existing finance options are not easy to access**

Some 114 respondents are concerned that existing sources of finance for postgraduate study, such as Professional and Career Development Loans and finance from any savings or family, do not go far enough to enable students to access postgraduate study.

*“PCDLs are perceived as administratively burdensome, often requiring a disproportionate amount of time/effort to simply register a course for consideration.”*

*University*

*“Private and PCDL loans are only available to students who meet strict credit checks, which marginalises students who may have a poor credit history or no credit history.”*

*University*

*“The PCDL is unfit for purpose and offers a very poor deal for students.”*

*Student Representative Body*

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<sup>23</sup> Department for Business, Innovation and Skills (2014) *National strategy for access and student success in higher education*

*“The current system of 1 year and 1 month interest free is unreasonable. My wife was unable to meet repayments meaning my savings had to pay it off.”*

*Individual*

Statistics from universities’ own surveys of postgraduate Master’s course offer-holders and/or decliners, leads universities to conclude that the difficulties faced by students in accessing finance for postgraduate study is leading to some students not taking up course offers.

*“46% of home/EU postgraduate taught offer-holders for 2013 entry cited “did not have funding” as their main reason for not taking up their place.”*

*University*

*“For 2014, 36% of students who withdrew their applications for postgraduate taught study did so as they had accepted a funded offer from elsewhere, and 14% withdrew because they could not fulfil the financial requirements for admission.”*

*University*

Several institutions participating in HEFCE’s £25 million Postgraduate Support Scheme found evidence that some postgraduate applicants would not have participated in this study without the additional financial element of support that the scheme made available, for example:

*“In 2014, 38% of applicants to our HEFCE Postgraduate Support Scheme Home/EU postgraduate taught scholarships stated that they were unlikely to take up their offer of a place without securing funding.”*

*University*

*“In our survey of scholarship recipients for the HEFCE Postgraduate Support Scheme, 71.9% either disagreed or strongly disagreed with the following statement: “I would have enrolled on my course even without the financial support of the [University’s] Postgraduate Scholarship.”*

*University*

Other specific issues associated with lack of access to finance for postgraduate study include that:

- Some commercial bank loans aimed at the postgraduate market are too restricted by subject area; and
- Short or non-existent repayment moratorium periods following course completion can lead to potential applicants thinking twice before committing, i.e. where they are not confident in having a repayment vehicle in place in sufficient time.

*“The costs associated with undertaking a taught Master’s course are at such a level that they are prohibitive to many, and existing sources of funding only mitigate this to a limited extent.”*

*Student Representative Body*

*“My ultimate ambition is to gain a funded PhD and this is not a place I would want to turn down because I need a job to pay the bank back.”*

*Student*

### **Importance of removing barriers to specific disciplines/subject areas**

A small minority of respondents mentioned specific disciplines and subject areas for which barriers to postgraduate study need to be removed. STEM subjects and Humanities were mentioned most often, for which there are concerns about a gap in funding to meet student demand for pursuing study at this level.

*“A HEFCE Postgraduate Experience Project (PEP) is currently taking place at the University. Research to date has shown that 57 students registered for a STEM MSc for the year 2014/2015 then withdrew; the majority of these students withdrew for financial reasons.”*

*University*

*The introduction of loans for postgraduate students as a policy should not be taken in isolation. Instead, Government should look at how it can boost the supply of higher-level skills, particularly in STEM, as a priority.”*

*Business Representative Organisation*

*“Insufficient funding is an even more acute barrier to postgraduate taught access across the wide range of non-STEM courses in the Humanities and some Social Science disciplines. There is generally less financial support for postgraduate students in these areas.”*

*University*

### **4.2.2 Non-financial barriers to postgraduate Master’s study**

Two thirds of respondents agree that non-financial barriers stand in the way of taught Master’s courses (Table 3).

**Table 3: “Are there barriers, other than access to finance, which in your view prohibits progression into postgraduate taught Master’s study?”**

Yes	No
66%	33%

Base: 308 respondents

*“[Our own] qualitative research [among bursary holders] revealed three broad barriers to progressing to postgraduate study faced by students from disadvantaged backgrounds: financial barriers, knowledge/information related barriers and confidence related barriers.”*

*University*

The main non-financial barriers (listed from most to least cited) include:

- Lack of spare time around other priorities such as work and childcare, exacerbated by a perceived lack of flexibility across postgraduate courses to enable distance learning or part time study;
- The daunting prospect of leaving current employment or reducing working hours to return to education, exacerbated where employers are unable to accommodate reduced hours;
- Insufficient knowledge among undergraduates about the availability, application process and benefits of postgraduate courses, linked to a wider concern about inadequate careers information, advice and guidance available in schools;
- Lack of recognition among potential students and employers around how postgraduate qualifications can enhance employment prospects and lead to better business outcomes, respectively;
- Lack of available places in the chosen field of study; and
- Lack of recognition of experiential learning, particularly for more mature students who may not have an undergraduate degree.

## 4.3 Loan Amount

**From the consultation document:** *The maximum total loan amount an individual can borrow for a postgraduate taught Master's course is up to £10,000.*

### 4.3.1 Sufficiency of £10,000 loan amount to encourage take-up of postgraduate taught Master's study

The vast majority of respondents agree that a £10,000 Government loan could increase postgraduate Master's course participation (Table 4).

**Table 4: "Do you believe the availability of up to a £10,000 income contingent loan will increase an individual's likelihood to pursue taught Master's study?"**

Yes	No
91%	9%

Base: 308 respondents

*"For students who have to save up a larger sum, a loan of £10,000 reduces the length of time they have to spend working and saving before they are able to undertake the degree. In this case the loan will bring forward the date at which they can undertake a Master's degree."*

*Government Department – Individual Respondent*

Respondents who consider the loan amount insufficient to encourage interest in postgraduate Master's study were asked to provide supporting reasons or evidence. A total of 90 responses were received (including some respondents stating 'yes', to the question above, who wished to raise additional considerations). A summary of the points raised are set out below.

#### **A Master's loan of £10,000 will not cover all associated costs**

Some 35 respondents are doubtful that the proposed loan will enhance the broad spectrum of the postgraduate Master's market. Their main concern is that £10,000 would not cover the entirety of tuition fees and would only contribute a very small amount to maintenance/living and course costs, given the likelihood tuition fees would also need to be paid.

Respondents pointed out that, should the £10,000 loan not prove sufficient, the likelihood of any student pursuing postgraduate Master’s study would depend on their personal financial situation and ability to secure additional finance to cover other related (living) costs.

*“£10,000 is simply not enough. The tuition fee for the course I want to pursue is £23,976 at a university in London. The loan amount would barely cover half of the course fee and when factoring London living costs the sum total will be extortionate”*

*Student*

The question of tuition fee inflation and the pricing policies of individual institutions also drew comment (discussed in more detail within section 4.7). Specifically if demand increases, so will the cost of study, i.e. tuition fee inflation, in which case a capped loan of up to £10,000 could quickly become insufficient.

*“In all probability, institutions will raise the cost of postgraduate taught study as demand and course uptake rises. Setting an upper limit that does not allow for fee inflation is short sighted and will result in less likelihood of individuals pursuing postgraduate taught study in the long run”*

*Large Business*

***Students will be discouraged by the “loan burden” – especially if the loan amount is not enough to cover all associated costs***

Some 16 respondents commented that the “burden” of debt resulting from a postgraduate Master’s loan will discourage potential students from taking up postgraduate Master’s study, especially if all associated costs – tuition fees living/maintenance and course costs cannot all be met by the £10,000 loan. The “burden” may be read in different ways, for example negative connotations of debt per se; a long term period of repayment deductions from salary with no clear end in sight; and the risks this might pose to being able to make other purchases, or pursue another lending decision such as a mortgage.

*“For some it may [be enough] but there will be those that already have enough debt from their BA and will not want to take on additional tuition fees.”*

*University*

*“I would be highly cautious about accumulating additional loans for postgraduate tuition fees and living costs on top of my undergraduate loans. I fear I would be crippled with debt”*

*Student*

### ***Additional socio-economic barriers to pursuing postgraduate Master's study***

Twelve respondents raised the issue that this loan amount will only benefit those from more affluent financial backgrounds who already have financial support and/or savings to cover additional costs, such as living expenses.

*“A loan at a maximum of £10,000 would fall far short of what was required to make it possible for young students, from less-well-off backgrounds, or in low-paid sectors, to undertake further study”*

*University*

*“The loan would have a large uptake by middle-class students who are currently funding their studies through parental support or savings. [The amount] is not sufficient to generate new interest from students whose circumstances mean that finance is a significant barrier to any decision to pursue further study as it is simply not enough”*

*University*

Several also mentioned geographical variations in living costs, particularly with London being more expensive, which could mean that at a £10,000 loan would not stretch as far and may prove insufficient.

*“This course is £23,976. I would be prevented from pursuing this course because £10,000 will barely cover half. Note that this is just tuition and that when factoring London living costs, the sum total will be extortionate.”*

*Student*

*“Students [living] in London may be more able to absorb the costs of study at one of the London universities because they can live at home. The availability of a loan scheme may therefore restrict student choice by ensuring that they either attend university near their parents' home, or encourage students to study in cheaper cities.”*

*University*

#### **4.3.2 Sufficiency of £10,000 Master's loan to support individuals in study**

Respondents were split almost 50:50 on the issue of whether the loan amount of £10,000 is sufficient to support individuals in their studies (Table 5).



**Table 5: “Do you think £10,000 is the right amount to support individuals in undertaking study, while ensuring they have a stake in deciding whether studying a Master’s degree is the right path for them?”**

Yes	No
51%	49%

Base: 298 respondents

Respondents stating ‘no’ were asked to provide supporting reasons or evidence. A total of 197 responses were received (including views from some respondents stating ‘yes’ who chose to raise additional considerations).

### ***Maximum loan amount should be higher than £10,000***

Among respondents providing supporting reasons for their ‘no’ response, just over specified that the maximum loan amount should be higher than £10,000. Some 44 respondents suggested an ideal amount for the loan, with individual and student respondents tending to suggest larger figures than universities and industry respondents.

*“I would imagine a £15,000 loan limit would be useful to many students, would encourage more people to take these degrees, and would still offer a very low risk to tax payers.”*

*Government Department – Individual Respondent*

### ***Individual/student views***

Among responses from individuals and students, suggestions for ideal loan amounts vary dramatically – ranging from £20,000 to as much as £30,000. In all cases, the main rationale is the perceived need to be “realistic” about living/ maintenance and course costs as well as tuition fee commitments for the duration of study.

*“Students are ultimately going to be paying back this loan, therefore the amount should cover all their cost needs so that they can feel comfortable within their studies without worry, stress or financial pressure.”*

*Student*

Other suggestions are that the loan amount should be increased to cover more “prestigious and reputable universities” and that the maximum amount should be the cost of the most expensive postgraduate Master’s courses in the country.

### Education and industry sector views

Suggested loan amounts among these groups of respondents vary in the order of between £15,000 and £20,000.

*“The loan should cover the full cost of the tuition fees plus help towards reasonable living expenses. £15,000 - £20,000 will generally cover these costs whilst still requiring possible savings from the individual which will guarantee they have to put true thought into postgraduate study.”*

*Small Business*

*“The real cost of study includes both course fee and maintenance. The loan would need to cover both costs to ensure equity of opportunity. We suggest that a maximum loan amount in the region of £15,000 - £20,000 would provide this.”*

*University*

### **Loan amount should be lower than £10,000**

Fewer than ten respondents specified that the loan amount should be less than £10,000. The central argument is that other sources of funding are available through bursaries, scholarships and part-time employment; furthermore that even £5,000 will make a substantial difference in opening opportunities/incentives for individuals to pursue one-year postgraduate Master’s study. In several cases, respondents’ reasoning hinges on the perception that tax-payers’ funds have already been used to support undergraduate study.

*“£10,000 is too much. Perhaps £5,000 and the individuals to fund the rest. The government should not be funding the student habits and lifestyle for those who simply want to continue in education due to fear of what else to do. If they were serious about postgraduate study there are already loans and self-funding means available.”*

*University*

### **4.3.3 Loan amount should be means tested**

A total of 62 respondents suggest that the postgraduate Master’s loan should reflect the student loan system for undergraduate degrees, with a proportion of these respondents commenting that the loan amount should be means tested based on individual circumstances<sup>24</sup>. It should be noted however that this does not reflect the Government’s policy objective or guiding principles underpinning the design of the proposed scheme.

<sup>24</sup> These respondents did not always make clear whether means testing referred to eligibility to access the loan or in relation to the amount that might be received.

*“Like the undergraduate system the loan should be calculated on a means tested sliding scale that also takes into account if a student is working whilst studying.”*

*Student*

#### **4.3.4 Loan amount should reflect actual tuition fee levels and living/maintenance and course costs**

Another argument raised by 46 respondents is that the loan amount should be tailored to reflect actual tuition fees and average living/maintenance costs in the area of study being considered by the student, with London highlighted by a number of respondents as being a more expensive place to study. This, it was argued, would help ensure equality of opportunity for all individuals to study all subjects in any geographic location.

*“Average course fees across specific disciplines and across all institutions in the country should be accounted for when considering the maximum loan amount. Rather than selecting an arbitrary number for maintenance, the average living costs of the chosen area of study should also be established.”*

*Medium-sized Business*

*“The ultimate amount should reflect the actual fee charged by the institution of the student’s choice plus appropriate living costs of that area, for example London students will require more maintenance than students who study in other geographical areas.”*

*Student*

A number of respondents referenced higher tuition fees which are typically associated with certain strategically-important subjects – mainly STEM subjects (including medicine). The perception is that students are more likely to be dissuaded from pursuing these courses by the financial implications of funding the difference between £10,000 and the true cost.

#### **4.3.5 Additional and supplementary funding should be encouraged**

A slightly different line was taken by 19 respondents who feel that, in order to meet the funding gap between a £10,000 loan and the total cost of study, Government should incentivise other funders, such as philanthropic donors, industry and other sponsors, to provide additional supplementary packages.

#### **4.3.6 Proportion of the loan expected to be borrowed**

The vast majority of respondents would expect individuals to borrow more than half of the proposed loan amount (Table 6).

**Table 6: “If you agree that £10,000 is the right amount – what proportion of £10,000 do you think an individual would seek to borrow, and why?”**

Less than 50%	More than 50%
5%	95%

Base: 215 respondents

Supporting reasons either way were given by 190 respondents:

***Rationale for borrowing more than 50% of the loan***

The main incentive for students borrowing more than half of the proposed £10,000 loan, is that the average cost of postgraduate Master’s course fees will be total greater than £5,000. On top of this, students will need to cover additional costs such as accommodation, travel, food, possible childcare, books and additional living costs throughout the whole year.

*“Less than 50% of the loan would not even cover half of the tuition fees.”*

*Student*

*“The maximum loan would not cover fees and living expenses.”*

*Large Business*

In addition, the “intense study and commitment” required by many Master’s courses means that students will unlikely to be able, or want, to have to continue to work or take up part-time work to support themselves.

*“Where individuals have responsibilities, living costs and a demanding study schedule, part-time work will simply not pay for everything they need. It would be deemed more sensible to many to borrow as much as they can over this period so they can devote as much time as possible to the studies they are pursuing at such cost.”*

*Student*

The tendency to take out a maximum postgraduate Master’s loan is also considered highly likely among those students progressing into postgraduate education straight from undergraduate study, i.e. most will generally have little in the way of savings to support themselves or credit history to enable easy access to other forms of commercial finance. This supports the case for making the loan available to younger students, as per the

Government's intention, although this argument in itself does not address the perceived appropriateness of applying upper age limit, for which the majority of respondents are not in favour.

*"The demand is likely to be more than 50% to in order for a major contribution to be made to the two elements of fee and subsistence costs in a year. It is likely individuals will seek to borrow the maximum and still need to work or find additional funds from elsewhere."*

University

### **Rationale for borrowing less than 50% of the loan**

Twelve respondents believe that individuals will seek to borrow less than 50% of the loan mainly due to the need to keep debt at the lowest possible level. The perception is that individuals will seek the lowest amount possible to cover their tuition fee costs and then "muddle through with general expenses" e.g. by taking part-time work and possibly stay at home to reduce their maintenance/living costs.

*"Students from less affluent backgrounds emerge from undergraduate study with significant debts, [therefore] extensive further borrowing, especially if earnings are being delayed, is a barrier to them."*

University

### **4.3.7 Impact of a £10,000 loan on learning patterns**

The majority of respondents agree that the availability of a postgraduate Master's loan will encourage one-year postgraduate Master's study over other postgraduate courses; with a greater propensity for encouraging full-time (as opposed to part-time) study (Table 7).

**Table 7: "Do you believe the availability of a £10,000 income contingent loan will have an impact or influence on the following:"**

Respondent category	Yes	No
Propensity to study a postgraduate taught Master's course over Other Postgraduate courses	80.5%	19.5%
Propensity to study full-time over part-time	73.5%	26.5%
Propensity to study part-time over full-time	33.7%	66.3%

Base range: 267-293 respondents

Supporting reasons were provided by 222 respondents:

### ***Propensity to study a postgraduate Master's course***

Views are mixed as to whether the propensity for students to choose a one-year postgraduate Master's course over other postgraduate options presents an opportunity or a challenge.

*"We anticipate that the availability of loans for postgraduate taught courses, but not for other postgraduate courses such as diplomas and certificates, may drive a reduction in demand for other postgraduate courses. Furthermore, we anticipate that the wider sector will shift its postgraduate provision, favouring Master's courses over other postgraduate courses, and that industry and professional bodies may also seek to shift their recommended routes into employment towards Master's courses."*

*HE Policy Organisation*

*"Individuals know whether they wish to study for a research degree or a taught degree, and loans for taught programs are unlikely to change that, as researchers will seek funding elsewhere."*

*Small Business*

### ***Propensity to study full-time over part-time***

Respondents arguing that the loan will favour full-time over part-time study, believe that this will encourage students to obtain their qualification faster because longer periods out of employment could make it harder to support living costs.

*"The decision to study full or part time is often based on other commitments, although if the financial burden was reduced then maybe more people could afford to drop part-time work in order to study full time."*

*Student Representative Body*

### ***Propensity to study part-time over full-time***

In contrast, some believe that due to the £10,000 loan being unlikely to cover all costs, part-time study could increase to allow for study and employment side-by-side. Furthermore, the introduction of a loan could help make part time study possible for some people where it was not possible at all before.

*"Some students would no doubt welcome the opportunity to study full-time instead of combining work with study. However, if the value of the loan does not cover the cost of studying full-time, then the incentive to give up paid employment to study on a full-time, rather than a part-time basis, is much diminished."*

*University*

## 4.4 Contribution to Costs

**From the consultation document:** *The loan amount is intended to be a contribution towards the costs of pursuing postgraduate taught Master’s study. It is not intended to provide finance to cover all the associated costs of studying at this level.*

Just under two thirds of respondents believe the loan should be paid direct to the borrower (Table 8). Views are mixed on this issue, with some education sector respondents, businesses, students and others in favour of payment direct to the borrower, and some against.

**Table 8: “Do you think the proposed loan should be paid directly to the borrower, and the borrower should decide the balance they allocate between fees and maintenance?”**

Yes	No
64%	36%

Base: 292 respondents

A total of 249 respondents provided supporting reasons, with two thirds describing why payment direct to the borrower would be beneficial and around a third arguing against this scenario.

### 4.4.1 Reasons in favour of the loan being paid direct to the borrower

A common argument raised by respondents is the need to avoid a repeat of the increases in tuition fees which occurred following the introduction of undergraduate student loans. This, it was argued, would be mitigated by paying the loan direct to the borrower.

Other arguments in favour of a direct payment to students are that students would have the choice to study part or full-time and the freedom to allocate the Master’s loan to fund tuition fees, living/maintenance and/or course costs depending on individual circumstances.

*“One significant risk with the introduction of the loans is that it supports institutions, by contributing to fee inflation, rather than supporting students. Paying the loan directly to the borrower, rather than the institution, may have a significant effect in reducing this risk.”*

*Non-Departmental Public Body*

*“Students should be allowed choice and control over the loan to best suit their personal circumstances and to discourage fee inflation”*

*University*

In some cases, where a borrower has a sponsor, they may only be willing to fund tuition fees but not living/maintenance or course costs. Consequently, the ability of the student to allocate funds as needed would be advantageous. In another scenario, the student may have already saved part or all of the tuition fee amount and wish to pay this themselves and then use the loan to fund living/ maintenance and course costs.

*“There are bursaries and scholarships available in some cases, so giving the student free allocation of the loan would allow them to take advantage of other funding opportunities; if the money had to go to the provider then any course bursaries would be lost.”*

*University*

A number of respondents made the point that paying the loan directly to the borrower will make it very clear to them that dealing with the money is their responsibility. They suggest that, by this point, a student should be responsible enough to realise if they don't pay their tuition fees they risk losing their place.

#### **4.4.2 Reasons against the loan being paid directly to the borrower**

Those respondents against the idea of the loan being paid direct to the student argue that the system is open to misappropriation, abuse or potential fraud issues if tuition fees are not paid directly to institutions and prioritised over maintenance and course costs.

*“The main cost and perceived barrier is fees, so the fees should be paid directly to the institution and if any amount is remaining that then should the go directly to the borrower for maintenance. Some people mismanage finances and this way potential abuse or fraud of the system is reduced.”*

*Medium Business*

Some respondents suggest that the system would be “more efficient and controlled” if it worked in a similar way to the current undergraduate loan system, i.e. tuition fees are issued directly to the course provider, and then living/maintenance and course costs issued to the student through a maintenance loan.



*“The full tuition fee portion, or at least a high percentage of it should be paid directly to the institution. Otherwise there is the risk that people will not budget properly and will be unable to pay course fees, or pay late, which is an issue for HEIs.”*

*Student*

*“The experience with the undergraduate loans when payment was made to the individual (circa 1999/2000) was that significant numbers of borrowers took out the loan and did not pay fees to the university. Payment to the individual was also less efficient as it required two transactions instead of one. Payment of the ‘fees’ proportion of the loan to the institution is more like the current undergraduate scheme so will be familiar to students and cheaper for institutions to administer.”*

*University*

Among respondents disagreeing that the loan should be paid directly to the borrower, just under two thirds believe the loan should be limited to a tuition fee loan paid directly to the institution (Table 9).

**Table 9: “If you disagree that the loan should be paid directly to the borrower, do you think a proportion of the loan should be limited to a fee loan which is paid directly to the course provider?”**

Yes	No
64%	36%

Base: 159 respondents

With tuition fees often having to be paid up-front, respondents feel this would lend itself to a system whereby tuition fees are paid directly to course providers.

*“Fees have to be paid at the start of the course whereas living costs can be spread so it seems ‘common sense’ that the fee amount is paid directly to the course provider.”*

*Student Representative Body*

*“Some students may abuse the system if they are paid directly, whereas if the fees are paid for them, they will have to manage the maintenance part of the loan to live.”*

*University*

Among respondents in agreement that a proportion of the loan should be paid direct to the institution to cover tuition fees, just under two thirds feel this should be less than half of the total loan amount (Table 10).

**Table 10: “If you agree that a proportion of the loan should be limited to a fee loan which is paid directly to the course provider, how much of the £10,000 loan should be limited for the purpose of a fee loan?”**

Less than 50%	More than 50%
64%	36%

Base: 137 respondents

A total of 118 respondents who answered this question provided supporting reasons (sections 4.4.3 to 4.4.4).

#### 4.4.3 Reasons why less than 50% of the loan should be allocated to course fees

Just under two thirds of these respondents gave reasons why less than 50% of the loan should be allocated to tuition fees, with most viewing a restriction on the tuition fee portion as a means of limiting the possibility of tuition fee inflation.

*“Paying most of the loan to the borrower will force institutions to keep their fees competitive by balancing value and prestige in order to attract high quality candidates.”*

*University*

Some see the need for flexibility depending on how students plan to use parallel sources of funding.

*“Some students will receive other sources of funding for fees. This loan should be flexible to a certain extent and able to be used for living expenses, childcare, travel, books etc.”*

*Medium Business*

Others reiterated the importance of geographical issues, i.e. variations in living costs will mean that some students may need to reserve a higher proportion of their loan for living costs during the course of their study.

#### 4.4.4 Reasons why more than 50% of the loan should be allocated to tuition fees

The most common argument for weighting the loan towards tuition fees as opposed to maintenance/living and course costs is that tuition fees present the main barrier to accessing Master's study for most students. As such it was argued that tuition fees should be ring-fenced to ensure they are paid.

*“As much as possible should be put towards a fee loan. The fees are the difficult bit to pay because they all have to be paid at the start. Maintenance is easier to cover for yourself, therefore if the loan is to be most useful it should be for fees.”*

*Student*

#### 4.4.5 Other sources of finance relied upon by students

The consultation asked: *“What other sources of finance may an individual need or rely upon, as well as the proposed loan, to meet all the costs of pursuing postgraduate taught Master's study?”*

A total of 276 respondents answered this question, suggesting alternative or additional sources of finance that an individual may need in support of postgraduate Master's study. These are set out below in order from most to least cited.

##### ***Funding from employment***

Firstly, some 202 respondents mentioned part-time employment during the period of study as a means of funding costs, although some believe this could be detrimental to postgraduate study due to the demanding nature of these courses.

Taking a gap year is also becoming more common for graduates, in order to build savings through employment to put towards a postgraduate course.

*“The ‘Our Pound in Your Pocket’ (2013) survey of student finances found that a total of 56% of Master's students work alongside their studies.”*

*Student Representative Body*

##### ***Family support***

Family-sourced financial support was mentioned by 121 respondents as a key contributor to covering costs, generally in the form of loans and gifts from a spouse or parents. This might include support in the form of living rent free. Linked to this, some flagged up that students facing finance as a barrier to postgraduate study, may feel compelled to prioritise

living at home over pursuing their first choice of institution, which could affect their attainment potential.

*“The ‘Our Pound in Your Pocket’ (2013) survey of student found that a total of 29% of Master’s students funded their study and/or living costs through loans from family and friends.”*

Student Representative Body

### **Scholarships**

Scholarships were mentioned as valuable sources of finance by 104 respondents, generally in the form of employment or institutional scholarships, studentships, grants and bursaries. Furthermore some employers will make direct employer contributions to enable their employee(s) to access postgraduate study.

*“Certain courses attract funding from Research Councils and other private investors however these are limited.”*

University

*“The government should actively explore incentives to help more employers – both large companies and SMEs – to contribute towards the costs of postgraduate taught study for their employees.”*

HE Policy Organisation

### **Bank loans, credit cards and overdrafts**

External loans and credit were mentioned by 89 respondents; for example the Government’s Professional and Career Development Loan, other bank loans (such as those available specifically for postgraduate and professional study), credit cards and overdraft facilities. Some respondents expressed concern that struggling postgraduate students are turning to more expensive loans or pay-day lenders.

*“We are increasingly seeing students turn to bank loans, credit cards and pay-day lenders with aggressive repayment schedules and high interest rates due to lack of finance options.”*

Alternative Provider – Education

## 4.5 Individual Eligibility

**From the consultation document:** *Individual eligibility will align with Part 2 - Schedule 1 of the Student Support Regulations 2011. Individuals will be English domicile and/or EU nationals, and must demonstrate that they have been resident in England and/ or in the European Union for a minimum of three years prior to attending a postgraduate taught Master's course.*

*The loan will not be available to non-EU nationals unless specified under the Student Support Regulations. Individuals will be under age 30 on 1st August as the start of the academic year in which they attend the first year of an eligible postgraduate taught Master's course.*

### 4.5.1 Groups experiencing finance as the main barrier to accessing postgraduate Master's study

The consultation asked: *“Which group of individuals, in your view, experience finance as the main barrier to pursuing postgraduate taught Master's study? Are the proposed eligibility criteria appropriate or should they be refined?”*

A total of 295 respondents answered this question and stated the following groups (from most to least cited):

- Individuals aged 30 and over;
- Individuals from low income backgrounds;
- Individuals aged 30 and below; and
- Black and Minority Ethnic (BME) groups.

Taking each group in turn, the main arguments given by respondents are summarised as follows:

#### ***Individuals aged 30 and over***

- Many older students have financial commitments and outgoings such as a mortgage, dependent children, childcare costs etc.
- These students tend not to live at home with parents and, therefore, do not have that living cost support;

*“The fact that people under 30 have the most difficulty in getting finance is not a good reason to rule it out for people over the age of 30, unless you can be sure that each and every person over the age of 30 has sufficient finance to undertake a Master’s degree at present. That seems unlikely.”*

*Government Department – Individual Respondent*

*“The assumption that individuals over 31 have alternate financial sources and savings is not realistic.”*

*University*

*“As individuals get older, the financial risks to pursuing education become greater. They are further on in careers, perhaps earning greater salaries so there is a greater leap to putting that on hold.”*

*Small Business*

*“According to a report by HEFCE, declining numbers in recent years are most evident in part-time postgraduate taught Master’s courses. The majority of all those in part-time are aged 31 and over and the likelihood of part-time study increases with age.”*

*Business representative organisation*

The vast majority of consultation respondents flagged up concerns with the Government’s proposed age limit for the postgraduate Master’s loan.

*These concerns were embedded across numerous question responses and are explored further in section 4.13.*

### **Individuals from low income backgrounds**

- Low income background and low income jobs give little opportunity to save money and no option to be financially supported by parents; and
- Such individuals may be less likely to secure other loans or credit cards to help sufficiently towards postgraduate funding.

*“Means testing is the best way to identify who requires the loan most.”*

*Charity/Social Enterprise*

*“What research has been carried out here? I'm 34. I came from a deprived background. I was forced to leave home aged 16. I got into lots of personal debt putting myself through further and undergraduate education and later realised I'd made a poor career choice. Through being passionate and working hard I now nearly have a professional qualification, but access to postgraduate funding could change my (and my family's) life significantly.”*

*Individual*

*“The proportion of students taking [our] PG taught course from a lower socio economic class is much lower (30%) than those from a higher socio economic class (70%). This could be an indication that students who consider themselves from a lower socio economic class find it harder to access loans and financial help through the traditional routes.”*

*University*

### **Individuals aged 30 and below**

- It is generally those aged under 30 who are more likely to go straight from undergraduate to postgraduate education without the time and ability to save funds;
- Younger students are far more likely to have undergraduate loans yet to be paid off; and
- This age group is less likely than those over 30 to have accumulated a strong credit track record and may therefore be less likely to secure commercial finance readily.

*“Those in their 20's who have just completed an undergraduate degree experience finance as the main barrier. They are best defined as students who want to continue their education further. Most of the eligibility criteria seem appropriate.”*

*Student*

*“I would believe that the under 30s are harder pressed to find financing for postgraduate courses, however I disagree that this should therefore exclude all older students.”*

*Individual*

### **BME groups**

- BME students are already under-represented at postgraduate level.

*“Our undergraduate data from 2014 shows that BME students make up 52% of the student population; at postgraduate taught level this significantly drops to 18% Asian and 16% Black.”*

*University*

## 4.5.2 Other ways of identifying individuals with financial needs

The consultation asked: “*Are there other ways of identifying individuals with financial need for the purposes of pursuing study at this level?*”

From 100 responses to this question, suggestions generally fit within the following two broad themes (which the Government may wish to explore further):

### ***Robust means testing***

Some 89 respondents suggest robust means testing as an appropriate way of identifying individuals with financial need but that it should be different to the undergraduate means testing system, i.e. based on individuals’ personal income, and spouse if applicable, as opposed to parental income.

Other assessments might include the number of dependents i.e. children and care giving; assessment of personal savings and assessment of expenditure, i.e. monthly outgoings, including financial commitments such as mortgage repayments.

“Unlike undergraduate study, postgraduate students are highly likely to not be living at home with their parents, have children and dependents of their own and have their own mortgages or rent commitments. It is a must that expenditure is taken into consideration to establish true financial need.”

University

### ***Time-based***

Eleven respondents suggest a time-based criterion (i.e. a specific number of years) between completing an undergraduate programme and applying to start postgraduate study. These respondents feel that individuals who have completed an undergraduate degree within the previous three years (including more mature students) would likely still be in financial need if they were to then commence one-year postgraduate Master’s level study.

“*Could it be possible to link the final-year undergraduate means-tested support to postgraduate taught study for students continuing straight through to [this level]?*”

University

## 4.5.3 Eligibility of EU citizens

Finally, points were raised by a small number of respondents regarding the eligibility of EU citizens for the loan. On the one hand it was argued that making the loan available to EU



citizens could present challenges in terms of easily administering and obtaining repayments. Conversely, there were arguments raised on the importance of including EU and wider international students within the proposals.

*“I’m somewhat surprised that the consultation suggests that EU citizens who have been resident in Britain for three years will be eligible for this scheme... This means that someone from Europe who has done an undergraduate degree in Britain would be eligible for a loan under this scheme. Given that it’s much harder to reclaim money from people who leave the country this seems to be a risk to the public finances.”*

*Government Department – Individual Respondent*

*“We would propose that loans are made available to all international students, not just students from the EU. If international students have demonstrated success in academia at undergraduate level... then universities should want to appeal to these students and retain them.”*

*University*

*“A significant proportion of students should be UK domiciled to ensure that the UK is training sufficient numbers of individuals with advanced and higher skills.”*

*University Association*

## 4.6 Institutional Eligibility

***From the consultation document:*** Subject to meeting the individual eligibility criteria, individuals are eligible to undertake study at a Higher Education Funding Council for England (HEFCE) fundable institution or any Alternative Provider who has obtained Degree Awarding Powers.

### 4.6.1 Course providers considered in scope

More than three quarters of respondents believe that institutional eligibility should be restricted to HEFCE-fundable institutions (Table 11).

**Table 11: “Do you think that institutional eligibility should be restricted to HEFCE fundable institutions and Alternative Providers who have obtained Degree Awarding Powers?”**

Yes	No
84%	16%

Base: 274 respondents

Respondents answering ‘no’ to this question were asked which other institutions and providers should be included under the eligibility criteria.

Seventy respondents provided suggestions, including some of those responding ‘yes’ who wished to raise additional considerations. Suggestions can be broadly categorised as follows:

### ***Registered Alternative Providers***

Fourteen respondents believe Alternative Providers, specifically those validated at postgraduate level and subject to review by the Quality Assurance Agency (QAA), should be eligible, arguing that if they are offering valid programmes which are scrutinised by external quality assurance processes, they should be eligible to participate.

*“Validated and reviewed alternative providers should not be unfairly marginalised as this may have an unforeseen impact on the HE and research sector.”*

*University*

### ***UK-wide institutions***

A smaller number of respondents (11 in total) suggest that institutions in other UK nations besides England should be eligible. This is deemed important to ensuring equality of access, and to facilitate cross-border flows of students.

Furthermore, it was argued that student choice of institution should be driven by the course they wish to take and not restricted by geography, ensuring that both competition and quality remain key drivers in the postgraduate market

*“In total, there were 6,575 English-domiciled taught Masters students enrolled in institutions in Scotland, Wales and Northern Ireland in 2013–14. At taught Master’s level, there are also relatively high concentrations of subject provision outside of England. For instance, around one-third of veterinary science students were enrolled in Scotland, Wales and Northern Ireland in 2013–14.”*

*University Representative Body*

### **Distance learning Master’s course provision**

Finally, four respondents emphasised in response to this question that distance learning students should be eligible for the loan.

These respondents point to distance learning being the only viable option for some individuals to gain postgraduate Master’s qualifications, taking into account work and family commitments that restrict travel and ability to participate in face-to-face learning environments.

*“Mature students may have to balance study, work and home life commitments, and can’t afford the luxury (unlike younger students) to take time out to attend a brick university.”*

*Student*

**Issues associated with distance learning courses are explored in more detail within section 4.8.1.**

### **4.6.2 Quality assurance for non-HEFCE fundable institutions**

The consultation asked: *“What quality and assurance arrangements should be put in place for institutions and providers who are not HEFCE fundable institutions, or Alternative Providers without Degree Awarding Powers, to ensure standards and quality?”*

There were 95 responses to this open question, with views primarily divided between two main opposing arguments:

#### **1. Full quality control arrangements- subject to QAA procedures**

Some 50 respondents share the view that institutions should be inspected and subject to full QAA review and oversight. Following a positive outcome, the institution should then become an eligible study destination for students accessing the loan.

*“There is no reason why QAA controls already in place for designated courses and institutions cannot be extended to alternative providers and such if they meet the requirements.”*

*University*

**2. No arrangements – non-HEFCE fundable institutions should not be eligible**

Some 33 respondents argue that those without degree awarding powers should not benefit from postgraduate degree loans. This they see as a means of ensuring the standard and quality of degree awards.

*“HEFCE fundable institutions and alternative providers with degree awarding powers are in that position for a reason, and need no further arrangements. It will be a waste of unnecessary extra [quality assurance] costs and the money should be saved and used for students.”*

*University*

*“I think it should be restricted to those who already offer degrees as it will be difficult to regulate those without degree awarding powers”*

*Individual*

**4.7 Tuition Fee Inflation**

**From the consultation document:** *The Government is interested in understanding the impact on postgraduate tuition fees as a result of this proposal, and what could be done to address these concerns - for example through the process of designating institutions for access to the loans - and thereby avoiding fee inflation through the final design features of the scheme.*

**4.7.1 Risk of tuition fee inflation**

Just over half of respondents feel that the proposed postgraduate Master’s loan will lead to institutional tuition fee inflation (Table 12).

**Table 12: “Do you believe the availability of up to a £10,000 loan would result in excessive course fee inflation?”**

Yes	No
55%	45%

Base: 269 respondents

Among respondents who answered ‘yes’, 94 provided supporting reasons – with views summarised under the following headings:

***‘Yes’ – undergraduate precedent of excessive course fee inflation***

Forty respondents believe that the loan will result in excessive tuition fee inflation based on the history of undergraduate tuition fee inflation in 2012. To back this up, respondents pointed out that when the Government lifted the cap on tuition fees, the majority of universities chose to increase their tuition fees from in the region of £3,000 per annum to £9,000 per annum.

*“Universities are already experiencing financial difficulties, and it is only a matter of time before postgraduate fees ‘catch up’ with undergraduate fee inflation.”*

*University Association*

Respondents argue that a tuition ‘fee limit’ should be designated prior to the Master’s loans becoming available and, ideally, by subject (and therefore cost). As long as the system is unregulated there will, they say, be the potential for excessive tuition fee inflation.

*“Significant increases to undergraduate tuition fees in recent years have, in our view, set a precedent for the student being seen as the primary source responsible for funding for HEI’s which are essentially businesses.”*

*Student Representative Body*

***‘Yes’ – supply and demand forces***

A smaller number of respondents (32) believe that the availability of Master’s loans will drive up student numbers and, thereby, also power an increase in tuition fees as demand exceeds current supply. Respondents argue that even when supply and demand become more stable the increased tuition fees will not be reduced.

*“Certainly fee inflation would be encouraged by an increasing demand for postgraduate, unless supply of places also increases rapidly.”*

*Large Business – Industry*

Some university respondents made the point that postgraduate Master’s courses are more expensive to provide by universities and that, due to reductions in HEFCE funding, their tuition fees could well increase in the future. Tuition fees, they argue, have been deliberately kept low while waiting for a Government response to the lack of funding opportunities for one-year postgraduate Master’s study. Now the Master’s loans have been proposed, these universities may feel justified in raising their tuition fees to what they will see as a more “realistic” level.

*“Unfortunately if universities feel they can make more money from Master’s students, as the fees could be covered by a loan, they may well increase fees as there is no cap on postgraduate fees. This may also be seen as a necessity to them due to the continued cuts in central government funding.”*

*University*

*“Universities mostly charge as much as they possibly can for undergraduate courses so they will take the opportunity to do the same for postgraduate courses when the loan becomes available.”*

*Student*

Some concern has been expressed that any hike in tuition fees could off-set the advantage to the nation in attracting new and greater numbers of postgraduate students, resulting in a situation where increased Master’s tuition fees will simply put students off undertaking further study.

*“The evidence of undergraduate fees is that universities will charge as much as the market can afford and making loans available would increase this - perhaps further measures would be required to combat this.”*

*Business representative organisation*

### ***‘No’ - competitive market***

A total of 90 respondents provided reasons to justify why they do not believe the availability of a £10,000 loan will lead to tuition fee inflation.

The main argument is that institutions are used to operating in what respondents call a “highly competitive environment” and will be aware that excessive tuition fee inflation runs the risk of being priced out of the market for Master’s programmes.

*“The postgraduate market is highly competitive, universities are seeking to expand numbers, not deter students. Increases to course fees are largely related to inflationary factors.”*

*University*

These respondents pointed out that, unlike the undergraduate admissions process, students can hold offers from a number of institutions concurrently and therefore tuition fee levels remain a key factor in student choice between institutions.

Additionally:

- The expectation that the proposed Master’s loan will be used for living/maintenance and course costs, as well as tuition fees will limit the extent to which tuition fee inflation could take place; and
- One-year postgraduate Master’s courses in the UK have to compete internationally, and the market determines the price, rather than the availability of finance.

#### 4.7.2 Means of safeguarding against tuition fee inflation

The consultation questionnaire asked:

*“If you agree that the availability of up to a £10,000 loan would result in excessive course fee inflation, do you agree that the Government should look at mechanisms to safeguard against rapid and excessive course fee inflation, and how should it be assessed?”*

*“If yes - what safeguards should be applied against rapid and excessive fee inflation, and how should this be monitored”*

In total, 147 respondents agree that the Government should look at mechanisms to safeguard rapid and excessive tuition fee inflation, and 106 provided reasons to support their views. The main emerging themes are summarised below:

*“[The loan] certainly will lead to fee inflation if you say it’s for fees! It is really important that the loan is just given to the student directly, so that they have the same incentive that they have now to shop around.”*

*Government Department – Individual Respondent*

#### **Impose a cap on tuition fee level increases**

The view of 100 respondents is that a centrally-set tuition fee cap is the only way the Government can be certain that excessive tuition fee inflation will not happen. This could allow for tuition fees to be raised by a certain percentage each year (in line with inflation).

*“If there is no cap on fee costs, excessive fee inflation is highly likely. It is then highly likely that the potential students which the loan is intended to help, will still not be able to afford to study at postgraduate level.”*

*Alternative Provider*

*“There should be maximum limits on course fee increases and clear restrictions on maximum course fees for new courses, to prevent the possibility of underhand tactics in an attempt to increase fees disproportionately.”*

*Student Representative Body*

## Transparency of tuition fee levels

According to 88 respondents, there should be greater transparency in tuition fee levels through additional Government monitoring. This should be designed to track an institution's breakdown of course fees and justification for any instance of inflation which surpasses a 'normal' inflation rate.

These respondents further explained that, if institutions intend to raise their tuition fee level above 'normal' inflation, they should be required to submit a formal application to Government to do so. An application of evidence with justifications would arguably safeguard, and allow Government to grant or reject unjustifiable applications.

*"In its report 'A Review of the Cost of Postgraduate Taught Provision', HEFCE developed a methodology for Higher Education Institutions to calculate and understand their costs of delivering postgraduate taught provision. This methodology could be used... to determine what future funding is required and what fee increases would be appropriate and necessary."*

*Business Representative Organisation*

Some 18 respondents disagree with these arguments, instead highlighting that universities are autonomous financial institutions, operating in a competitive market, and that they should be able to choose their own offering in terms of programmes and associated costs.

*"The absence of a cap on postgraduate taught fees could actually work to keep costs down. If they were capped at £10,000 it is possible that institutions would move towards the maximum for the same reasons (reputation, status, and premium) that influenced their decision to do so for undergraduate fees."*

*University*

These respondents also feel that any mechanism put in place to control tuition fee inflation will necessitate a potentially complex administrative system. It was suggested by respondents that the Higher Education Funding Council for England (HEFCE) and/or the Office for Fair Access (OFFA) could continue to review and monitor postgraduate fee levels.

*"The postgraduate taught market is currently celebrated for its diversity and flexibility, and any attempt to impose further regulation could risk having a negative impact. An example of this is the presence of fee controls at undergraduate level, which has resulted in HEIs making a deficit on every Home/EU undergraduate student that it teaches. It should be noted that similar controls at postgraduate taught level would provide a disincentive for institutions to offer [these] courses if they were unable to meet the costs of this provision."*

*University*



## 4.8 Postgraduate Master’s Course Eligibility

**From the consultation document:** Loans can be used to support individuals undertaking a postgraduate taught Master’s course in any subject.

The majority of respondents agree with the Government’s description of postgraduate Master’s courses for the purpose of eligibility for the loan (Table 13)

**Table 13: “Do you agree with the description of postgraduate taught Master’s courses provided?”**

Yes	No
82%	18%

Base: 278 respondents

A total of 72 respondents referred to additional qualifications that they feel should be included. These generally fall under the following headings:

1. Distance learning programmes;
2. Postgraduate Certificates and Postgraduate Diplomas; and
3. Master of Research (MRes) and Integrated Masters.

Sections 4.8.1 to 4.8.3 explore views relating to these three qualification types in more detail.

### 4.8.1 Distance learning programmes

Some 30 respondents questioned the proposed exclusion of the distance learning Master’s programmes altogether pointing to the increase in popularity of this type of learning.

*“HEIs are increasingly looking to distance learning study for many of their courses, and this policy decision could have a detrimental impact upon potential growth.”*

*University*

*“By excluding distance learning Master’s courses, it suggests that online distance learning programmes are perceived to be of less importance whereas, in reality, they are at the core of flexible learning and often the preferred method of study of individuals who are in full-time employment.”*

*University*

Respondents argue that not including distance learning courses would have a detrimental effect on widening access to education among students who cannot physically attend a course and those who require flexibility. Issues around equality of opportunity were raised with respect to students who are limited by geography, personal circumstances (for example looking after children or being a carer), current employment or disability.

*“Distance learning courses are designed to meet the needs of the audience. Participants often choose this mode of study to enable them to upskill whilst maintaining family/work commitments. Exclusion of this group of courses would affect the individual, the associated industry and thus the level of skills across society.”*

*University*

*“We suggest that distance learning courses should be included in certain situations. There are situations where distance learning is the only viable option for some students. This may be due to a number of factors such as (but not limited to); dependents such as elderly parents who need care, access requirements such as a lack of mobility or lack of an alternative course.”*

*Student Representative Body*

*“If loans are not available for distance learning courses a barrier would remain for those without a suitable institution nearby, or those cannot move away from their current home to study due to other commitments.”*

*Student*

These respondents feel that the exclusion of distance learning courses would undermine the credibility of qualifications gained through this process. This, they believe, is unfair since the tuition fees, hours, quality and workload required are on par with taught on-site provision. Furthermore, excluding distance learning courses could have an impact on blended learning programmes which combine distance learning with more traditional forms of teaching.

Distance learning is also considered an important route for strategically important STEM subjects given that employment in these sectors (e.g. engineering) is often full-time.

*“Our provision includes [distance learning taught Master’s] in industrially significant and hence economically important areas, including our Master’s programmes in engineering, technology and computing.”*

*University*

#### 4.8.2 Postgraduate Certificate and Postgraduate Diploma

A small minority of respondents (15) commented that Postgraduate Certificate and Postgraduate Diploma routes should be included since these are considered most attractive to people already in work and those who prefer to progress gradually towards a Master’s qualification. This may have a bearing on the Government’s age criteria proposal where these vocational pathways are being followed by people already in work and above age 30.

*“Flexibility and being able to step on and off a programme is an important consideration in attracting those who are working but need to upskill etc.”*

*University*

*“Module collecting is very common and leads to a wider range of topics being covered when an MSc is eventually collected. In turn this leads to more rounded practitioners who are better able to deliver enhanced care to patients.... It is [therefore] vitally important to include [postgraduate certificates and diplomas] these courses in the loan.”*

*Professional Body*

These respondents feel that having the ability to complete a postgraduate qualification in smaller parts/modules is vital for upskilling within the vocational professions, such as law and nursing, and that excluding postgraduate Certificates and Diplomas could have a negative impact on these sectors.

*“Students choose to progress to/undertake postgraduate taught study in order to obtain a vocational-related postgraduate qualification which will assist them in securing employment within the higher occupational classification categories as per SOC 2010 - and this in itself will support the economy as positions within these categories are salaried at a level which will mean the borrower will be in a position to repay their accrued loans.”*

*University*

A small minority of respondents specifically mentioned the importance of Postgraduate Certificate in Education (PGCE) qualifications, for example: 1) seeking assurance that existing funding would continue; 2) suggesting that the proposed postgraduate Master’s loan should be made available to teachers of ‘shortage’ subjects; and 3) raising concern that the exclusion of PGCE students could act as a disincentive to those considering entering teaching in favour of an alternative discipline.

*“If the teaching profession is to [maintain] the effectiveness of schooling that the community expects, then nothing should be done which lessens teachers’ engagement in continuing professional development.”*

*University Association*

### 4.8.3 Master of Research Degrees (MRes) and Integrated Master’s Degrees

Eleven respondents pointed to MRes and Integrated Master’s degrees being important to ensure a level playing field in terms of choice and access.

Respondents emphasised how MRes qualifications are vital in providing a research pipeline and high level skills; and that Integrated Master’s degrees help students who 1) need to change careers in order to compete in the job market; and 2) study in a field not related to their undergraduate/previous qualification.

*“Given that MRes courses are similar in length to *postgraduate taught* courses it would seem most appropriate to include them in this proposal.”*

*University*

*“It seems inequitable to exclude from eligibility those who have an integrated Master’s from going on to undertake a specialist Master’s qualification. We would recommend exempting strategic and vulnerable subject areas such as engineering from this rule”*

*University*

## 4.9 Course Intensity

***From the consultation document:*** *Postgraduate taught Master’s courses must be either full-time or two years part-time, whereby part-time must be a minimum of 50% intensity at the start of the course, compared to the duration of the equivalent full-time course per academic year.*

More than half of respondents believe that a further reduced study period of less than 50% intensity should be permitted (Table 14).

**Table 14: “Are there instances where a further reduced study period – of less than 50% intensity – should be considered for pro-rata loan eligibility?”**

Yes	No
59%	41%

Base: 254 respondents

A total of 150 respondents explained why a further reduced study period should be considered for pro-rata loan eligibility. The emerging themes are discussed in sections 4.9.1 to 4.9.2.

#### 4.9.1 Reasons for less than 50% study intensity

##### **Personal and social factors**

A number of these respondents (65) feel that there are instances in which more flexibility in studying is required due to factors such as disability, other health issues, and parenting/caring responsibilities.

*“Some people will have specific disabilities which make it hard, if not medically impossible, to study at an intensity of over 50%. This means that their decision to study at a lower intensity may be beyond their control. The Government should consider offering support to these students, ensuring that they are not unfairly discriminated against by the course intensity criterion.”*

*Student Representative*

*“...Flexibility to allow students to reduce their studies to less than 50% intensity, without this impacting on availability of loans, may benefit students with disabilities or other particular circumstances which impact on their ability to study at a higher intensity. To do otherwise may be seen as discrimination.”*

*University*

##### **Employment/placement factors**

Thirty-one respondents mentioned the importance of being able to balance learning with employment commitments

*“If you are studying part-time but also in low-income employment without other forms of financial support it is unlikely you will be able to complete the course in two years due to having to spread the cost out further.”*

*Medium Business*

#### 4.9.2 Reasons for less than 25% study intensity for part-time students

Among respondents who challenged the criterion of 50% minimum study intensity, thirteen suggest 25% as a threshold for part-time student eligibility – flagged up as being of particular importance to disabled students; those who are in work; or students who have family commitments.

*“The 50% intensity rule is out of step with loans for undergraduate provision, for which there is a minimum intensity of 25%. We would prefer a system which matches as close as possible the undergraduate loan system, and would recommend a 25% threshold.”*

*University*

*“When lack of flexibility of a course can be a significant barrier to accessing postgraduate education, and when undergraduate study support is provided at intensities as low as 25%, the consultation’s 50% minimum intensity requirement seems unnecessarily restrictive.”*

*Student Representative Body*

#### 4.10 Postgraduate Master’s Loan Distribution

***From the consultation document:*** For one-year full-time courses, the loan is paid to the borrower in 3 tranches across the academic year, subject to the institutions confirmation of attendance.

*For two-year full-time and two-year part-time courses, the loan is split and paid £5,000 per academic year over the two years of study, paid in 3 tranches in each academic year, subject to the institutions confirmation of attendance.*

##### 4.10.1 Distributing the Master’s loan through instalments

Just less than three quarters of respondents agree that the loan should be paid to the borrower in instalments (Table 15).

**Table 15: “Do you agree that the loan should be paid to the borrower in instalments across the academic year?”**

Yes	No
72%	28%

Base: 271 respondents

Supporting reasons were given by 193 respondents, which fall under the following themes:

### ***Helping students with budgeting/financial planning***

Some 51 respondents feel that instalments will help students to budget during study, i.e. to reduce the risk of over-spending. An instalment system is also considered appropriate where a student needs to withdraw or interrupt their study as it would reduce the potential for loss of money to the taxpayer.

*“[Instalments] should limit the borrower’s liability to incur further debt should they choose to withdraw... Guidance to borrowers and institutions will need to be clear around the implications of passive withdrawal.”*

*Student Representative Body*

*“The University strongly supports payments being made in instalments which it believes allows Government to more effectively ensure funding is used for the purpose it has been granted, especially in the case of withdrawals once a course has commenced. Payment by instalments will also allow the student more effectively budget their expenditure throughout the year.”*

*University*

### ***Issues around ‘when’ instalments will be made***

The point was raised by 56 respondents that the loan distribution schedule would need to allow for flexibility in relation to tuition fees typically required to be paid up-front by course providers.

*“We suggest that the loan is paid to the borrower in one lump sum at the beginning of the course. This allows for payment of fees and flexibility of use, especially given that a large proportion of funds are likely to be required at the start of the course (e.g. to cover fees and relocation/accommodation expenses).”*

*Education sector - University*

*“If people are looking to pay for their fees with the loan (because they don't have £9,000 lying around at the start of the year) they need it at the start of the year, not split throughout the year as universities demand payment up front.”*

*Student*

A small number of respondents questioned why universities need to charge up-front tuition fees given other flexible payment mechanisms could be made available, such as direct debit.

**Issues around ‘how’ instalments will be made**

Some 51 respondents commented on ‘how’ instalments should be made. A number feel that the instalment system should mirror the existing undergraduate student loan system. However, adjustments would need to be made as one-year postgraduate Master’s courses typically last between 9 and 12 months and therefore payments should be spread more evenly across that period.

*“The existing system used for undergraduate loans should be used for PG loans, with the fees paid direct to the university.”*

*University*

*“I believe it should reflect that of an undergraduate loan, where the payments for the course are paid directly to the university, and the maintenance help is paid to the student. This works very well with undergraduate loans, so should be mirrored.”*

*Student*

**4.10.2 Triggers for releasing instalments to the borrower**

Almost 90% of respondents consider confirmation of attendance to be an appropriate trigger to release loan instalments to the borrower (Table 16).

**Table 16: “Do you think confirmation of attendance is an appropriate trigger to release the loan to the borrower?”**

Yes	No
88%	12%

Base: 273 respondents

Supporting reasons were provided by 156 respondents, broadly captured by the headings below:



### ***Minimising the administrative burden for institutions***

The view of 49 respondents is that the process needs to be as uncomplicated as possible and should integrate with institutions' existing processes for administering undergraduate student loans. This would help to ensure the administrative burden on institutions is minimised as far as possible.

*“Aligning reporting and loan recovery processes to existing processes, and thereby minimising the administrative and data burden, aligns with the sector’s efficiency agenda and the Government’s strategic priorities for the sector, and with the work of the Higher Education Data and Information Improvement Programme.”*

*University*

Respondents remarked that some students will need the loan to be able to enrol. Also, as most postgraduates will need to pay for their accommodation/living expenses in advance, it is important that the loan is processed efficiently to remove any potential financial barrier to attending or participating in the course.

*“Students may require the loan to be paid to them before they are able to physically attend lectures/seminars. Most universities require the fee to be paid before the programme begins.”*

*University*

*“Students are likely to need the money at the start of the year as they incur significant initial costs - for study materials, accommodation or course fees - so could be left in financial difficulty if the loan was late to arrive in their account.”*

*Student Representative Body*

### ***Ensuring that the loan is used for the purpose of study***

Some 19 respondents stated that confirmation of attendance should be required to make sure students are actually attending the course; moreover this could help to avoid fraud.

*“It is important to prevent anyone receiving money when they are not actually studying, to the detriment of someone else who may be entirely dedicated to the course.”*

*Small Business*

### ***Other possible triggers for payment***

Eleven respondents mentioned other potentially important triggers for payment, such as confirmation of progress (for distance learners) and level of engagement. For example,

postgraduate Master's students can have periods for private study, dissertations, placements, experiments, data collection periods etc. which may mean time away from the institution.

*"I would add confirmation of exam attendance or coursework submissions as well to prevent fraud."*

*Student*

*"We do not think that the process of confirming attendance on a termly basis as happens for undergraduate students to the SLC is appropriate. It is especially difficult to confirm attendance in the final term for students who are taking a dissertation as part of their postgraduate taught courses. Our preferred mechanism is likely to depend on the mechanism for the release of funds to students. In particular if funds are released upfront there seems no need to confirm attendance."*

*University*

## 4.11 Postgraduate Master's Repayment Terms

### ***From the consultation document:***

- Up to £10,000 loan amount;
- Borrowers are charged at RPI+3% with a repayment income threshold of £21,000, frozen for five years;
- Repayment is 9% of salary above the income threshold;
- Repayments will begin when the income threshold is met;
- Payments will be made concurrently alongside any outstanding undergraduate student loan repayments; and
- Any outstanding postgraduate Master's loan will be written off after 30 years from the date at which the interest started accruing.

Just less than three quarters of respondents believe the proposed repayment terms are appropriate (Table 17).

**Table 17: “Do you think the proposal sets out the right balance of repayment terms to achieve an affordable scheme for borrowers whilst also meeting the principle of borrowers to repay in full?”**

Yes	No
72%	28%

Base: 270 respondents

Supporting reasons were provided by 144 respondents (sections 4.11.1 to 4.11.3).

#### 4.11.1 Proposed repayment terms are too stringent

According to 55 respondents, the proposed repayment terms are too stringent, especially due to the effect of repaying the postgraduate Master’s loan and undergraduate student loan concurrently.

*“The total income proposal has the significant disadvantage of creating a “cliff-edge” at the threshold: if an individual earns £20,999, they would make no student loan repayments, whereas if their income rises by £1 to £21,000, they would now be liable for student loan repayments of hundreds of pounds...This would create a significant disincentive for individuals to increase their earnings above the threshold.”*

*Professional Institute*

#### 4.11.2 Comparison of repayment terms with other forms of finance

Twenty-seven respondents made the point that the proposed loan is more affordable and offers fairer terms than other forms of commercial finance.

*“We find the terms to be favourable in comparison with both commercial lending and the current model of Professional and Career Development Loans on offer.”*

*University*

#### 4.11.3 Alternative repayment models

Respondents disagreeing with the proposed repayment terms were asked to suggest other possible arrangements. 75 respondents chose to do so – summarised below.

### ***Adjusting the 9% above income repayment rate, £21000 salary threshold and/or 30-year write-off terms***

There is no consensus on what changes should be made. Thirty-six respondents gave a variety of suggestions under this heading, including:

- Reducing the 9% above income repayment rate, offset by lowering the £21,000 salary threshold;
- Increasing the 9% repayment rate, offset by increasing the £21,000 threshold;
- Reducing the 9% repayment rate and increasing the £21,000 salary threshold;
- Increasing only the £21,000 salary threshold (suggested thresholds in the region between £23,000 and £30,000);
- Extending the 30 years write-off term to offset against a reduction to the 9% repayment rate and/or increase in the £21,000 salary threshold; and
- Reducing the RPI+3% interest rate to match inflation levels.

*“It should be 9% of income above threshold for undergraduate debt and then 4.5% for postgraduate PG debt. This reduces the [overall] monthly payment but still recovers money from the graduate. You could then possibly increase write-off to 35 or 40 years for postgraduate debt.”*

*University*

*“Everyone should have to repay a manageable percentage, even those who earn less, as it is unfair that only those with higher earnings should have to repay the loan.”*

*Student*

If there are two student loans to repay (undergraduate and postgraduate), one of the suggested solutions is to consider a tiered system whereby the repayment rate increases with salary.

*“The Government may vary the rate of repayment where an individual is on a higher salary (for example, 3% repayment on £21,000; 5% repayment on £26,000; 9% repayment on £31,000).”*

*Society/Association*

*“We modelled the impact of changing the proposed flat RPI+3% interest rate to a tiered interest rate (putting it in line with the terms on undergraduate loans)... We estimate with a tiered interest rate of RPI+4%, you would receive the same efficiencies as with a 3% flat rate, but you would make the loan repayment more progressive, as those in the income deciles 1 to 8 would repay less in real terms, whilst the top two deciles would repay more and enough to subsidise lower repayments elsewhere.”*

*Student Representative Body*

## 4.12 Timetable for Loan Issuance and Repayment

***From the consultation document:*** Government is targeting issuing the new loans beginning academic year 2016/17. Repayment will commence in April of the following financial year dependent upon withdrawal or course completion, and subject to reaching the relevant income threshold. Repayments will be collected directly if the borrower resides outside of the UK.

The timetable and delivery mechanism for issuing loans and collecting repayments was not open for consultation and is to be confirmed by the Government at a later date.

## 4.13 Wider Implications

***From the consultation document:*** The proposed loan does not make any distinction regarding the Public Sector Equality Duty<sup>25</sup> protected characteristics, with the exception of age in determining eligibility. The protected characteristics include: age, gender, gender reassignment, disability, race, marriage and civil partnerships, pregnancy and maternity, sexual orientation, religion and belief.

Half of respondents identified other issues of which Government should be aware, that could impact on take-up of the loan (Table 18).

<sup>25</sup> The public sector Equality Duty requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities.

**Table 18: “Are there other issues Government should be aware of, which would impact on the take-up of this proposed loan by those with any of the protected characteristics, and what steps might Government take to mitigate any negative impact?”**

Yes	No
50%	50%

Base: 241 respondents

A total of 122 respondents described potential implications for students with protected characteristics<sup>26</sup>. Some of these issues are interconnected, for example a suggestion that the proposed under age 30 eligibility criteria may adversely affect women seeking to access one-year postgraduate Master’s study after raising a family. The main themes are discussed in sections 4.13.1 to 4.13.6.

#### 4.13.1 Under age 30 eligibility criteria

The vast majority of consultation respondents flagged up concerns with the Government’s proposed under age 30 eligibility criteria for the postgraduate Master’s loan. While these concerns were embedded across numerous question responses, they were mentioned by 64 individuals in response to this specific question on wider implications of the Master’s loan proposals.

The main argument is that the under age 30 eligibility criteria proposal is “discriminatory”; furthermore that as there is no perceived age restriction for undergraduate student loans;<sup>27</sup> and therefore, there is no reasonable argument for operating an alternative model for one-year postgraduate Master’s loans compared to undergraduate student loans.

*“We have concerns that the age eligibility criteria may disproportionately disadvantage women who choose to undertake postgraduate study after having children, most likely at an age over 30.”*

*Student Representative Body*

<sup>26</sup> Some of these issues were raised in response to earlier questions and have already been flagged up in this report. This section sets out the arguments made in response to this specific follow-up question – “Are there any other issues Government should be aware of which would impact on this proposed loan by those with any of the protected characteristics, and what steps might Government take to mitigate any negative impact?”

<sup>27</sup> In fact this is incorrect- the age cap for undergraduate loans is 55. The responses given make it clear that this is widely unknown.

There were relatively few instances of external evidence and statistics being cited to support the argument that individuals age 30 and over are more likely to be disadvantaged by the proposed under age 30 eligibility criteria.

*“[As part of a tracking study that was not restricted to our institution] people were asked ‘What, if anything is preventing you from applying to study straight away?’ Of those interested in studying in the next five years, 82% of 18-29 year olds cited finance-related reasons but so did 58% of those over 29 years old.”*

*University*

*“HESA data show that the proportion of disabled Master’s students increases with age, suggesting that the age cap will disproportionately affect disabled people.”*

*Student Representative Body*

Some concern was raised by a small number of respondents about the reliability of data presented as part of Annex 5 to the Government’s *Support for Postgraduate Study* consultation, which was used to inform the proposed under age 30 eligibility criteria. Specifically, that the data are based on current postgraduate Master’s students, or those who have completed a postgraduate Master’s course, and do not consider those who are not currently studying, or could not pursue study at this level due to having encountered barriers.

*“The annex of ‘evidence’ is very flimsy indeed. In Table 4, for example, 16% of students 25 years old or younger and 14% each of students 36-40 and 41-45 years old ‘strongly agreed’ that they were ‘struggling to cope financially at the moment’. A difference of 2 percentile points is not enough to conclude that younger students are the ones most in need of financial assistance.”*

*Student Representative Body*

*“We have carefully analysed the evidence that BIS has provided in Annex 5. We do not believe that it provides a compelling argument as to why an age restriction should be in place at 30. The bulk of the evidence gathered relates to the profile of current or previous cohorts of postgraduate taught students. It therefore only reflects trends in those persons who were able and willing to enter postgraduate taught study. Clearly we are missing a key group of people in this analysis – those who did not enter PG study.”*

*Student Representative Body*

Finally, some respondents argue that the proposed under age 30 eligibility criteria may have a negative impact on postgraduate Master’s study in subjects such as medicine and law, which have longer undergraduate degree programmes.

### 4.13.2 Gender and parenting/caring responsibilities

Some 31 respondents feel that women will be indirectly and disproportionately affected by the age restriction, exacerbated by the exclusion of distance learning courses due to the time taken out of education/work to have or care for children.

*“Those aged 31 or over are more likely to study part-time and it is likely women will make up a significant number of these students. Therefore, women may be indirectly discriminated against if the loan is only available to students aged 30 or under.”*

*Business Representative Organisation*

### 4.13.3 Disability

Comments from 20 respondents suggest that the proposed under age 30 eligibility criteria and criteria related to the minimum intensity of study risk disadvantaging disabled students.

*“It is incredibly important that students with disabilities aren’t disadvantaged under the new arrangements through loan eligibility criteria that inhibits part-time students who are studying at less than 50% of an equivalent full-time.”*

*University*

*“Disability can impact the take-up of proposed loans, as students with disabilities do not only face financial barriers to education. They also face barriers caused by a lack of support in applying to postgraduate study and in undertaking postgraduate study.”*

*Student Representative Body*

### 4.13.4 Religion, race and socio-economic factors

Concerns were raised by 27 respondents that the proposed loan which is interest-bearing risks excluding Muslim students given that interest on profit is prohibited according to Sharia law.

*“Islamic Sharia law prohibits “Riba” — the paying and receiving of interest for profit. The prohibition can apply to excessive or unreasonable interest, but may also include the commercial rate of interest paid on a Professional Career Development Loan, bank overdraft or credit card. Sometimes the inflation-only interest that is paid on student loans for undergraduates is seen as Riba, although not all Islamic scholars share this view.”*

*Student Representative Body*



*“The proposed Sharia-compliant alternative finance product for undergraduates could be extended to this scheme for postgraduates to ensure that no student is negatively impacted because of their religious beliefs.”*

*University*

Some argue that the limitations on part-time study, based on the course intensity criteria can have implications on individuals from BME groups and those from low socio-economic backgrounds who it was suggested are more likely to study part-time.

*“We are particularly concerned that the exclusion of the majority of part-time students from PG loans may have a disproportionate impact on students from Black and Minority Ethnic backgrounds.”*

*University*

*“To mitigate any negative impact, the government should use means testing rather than age to assess whether someone does or does not have the necessary means required to pursue postgraduate taught Master’s study.”*

*Business Representative Organisation*

#### **4.13.5 Part-time and distance learning**

Ten respondents commented that the criteria related to the minimum intensity of study, combined with the under age 30 eligibility criteria, would disproportionately affect those who choose to study part-time at lower intensity or by distance learning. It was argued that this would particularly affect disabled individuals, women (and those with caring/parenting responsibilities), those already in work, and individuals from low socio-economic backgrounds.

*“This proposal discriminates against part-time students given that more than two thirds of part-time Master’s students in England are aged over 30.”*

*University*

*“Distance learning is favoured by many disabled students and those with long-term health impairments, including those who, for mobility reasons, cannot attend a conventional campus-based university...The proposed ineligibility of distance learning courses disproportionately affects course choice for disabled students of all ages.”*

*University*

#### 4.13.6 Alternative sources of support for those out of scope and ineligible for the Master's loan

**From the consultation document:** Professional and Career Development Loans (PCDL) have financed less than 10 per cent of postgraduate students over the last 10 years. On average, over the last 5 years, approximately 6,300 individuals have taken out a PCDL per year for the purposes of undertaking a postgraduate taught Master's degree, in a landscape where there are approximately 80,000 UK postgraduate taught students. Approximately 85% of PCDL borrowers are postgraduates, however despite the availability of PCDLs there has been a 17% decline in overall postgraduate taught entrants.

A total of 174 respondents described alternative sources of funding that could be offered to postgraduate Master's students who would not be eligible for the proposed postgraduate Master's loan.

##### **Scholarships, grants, bursaries and small loans**

Some 53 respondents mentioned scholarships, bursaries, grants and commercial loans which could be offered by grant-giving institutions, universities, government agencies, a range of other funding bodies, and employers. Eligibility criteria for these offers might include, for example, undergraduate achievement level, or those experiencing financial hardship.

*"Income-dependant non-repayable grants [could be accessed] for those from lower socio-economic backgrounds who wish to continue their education straight after graduating at undergraduate level."*

*Student*

*Employers could be given incentives to support employees in their development – this could be particularly applicable if the age limit of 30 remains."*

*Student Representative Body*

*"Universities are likely to continue to offer bursaries and scholarships to suitably qualified individuals, and some companies provide sponsorship although this is often nowhere near the cost of study."*

*University*

Some 30 education sector respondents suggest extending HEFCE's Postgraduate Support Scheme (PSS) to provide grants to those from lower socio-economic backgrounds.

*“It is necessary to make available some grants or scholarships for certain categories of student who would not be eligible for the loans or who would be debt adverse due to extreme financial considerations. I would encourage government to continue to offer the 2015/16 PSS HEFCE scholarship scheme in some form.”*

*University*

### **Employer funding/sponsorships**

Slightly fewer respondents (21 in total) advocate the Government doing more to encourage employer involvement in funding for one-year postgraduate Master’s qualifications.

*“The PSS has demonstrated that there is willingness among employers with specific advanced skills requirement to work closely with universities and to contribute to postgraduate student funding. There is the potential to develop some of these ideas into a full scheme which could offer employers incentives for participating, which might include tax breaks or match funding.”*

*University*

*“Incentives could be offered for employers (e.g. through the tax and national insurance system) to provide funding support for employees - particularly in areas of skills shortages such as engineering.”*

*University*

### **Professional and Career Development Loans (PCDL)**

Finally, 20 respondents support the case that PCDLs need to be more flexible, easier to access through a less onerous application process, and with more favourable repayment terms.

*“You need to make the PCDL more accessible to people. I know many people who have been declined for this.”*

*Student*

*“The Government might incentivise banks to offer PCDL loans or similar by underwriting part of the risk, enabling postgraduates to borrow on favourable terms from private lenders without increasing regulation or bureaucracy for universities.”*

*University*

*“According to Centre Forum (2013 report) only 3% of all home students who started a PG course that year took out PCDLs, the NUS believes them to be a bad option with onerous repayment terms, and only two banks (Barclays and Cooperative) offer them. If the PG*

*loan proposal depends on other potential PG students using PCDLs as an alternative option, then these need a serious overhaul – but it would require banks to (want to) engage in this.”*

*University*

## 4.14 Impact on Employers and Business

*This section of the consultation was designed specifically for the views for employers and businesses. Due to comparatively low levels of industry respondents, coupled with the fact comments were made on this section from other respondent groups, including universities, all results have been aggregated.*

### 4.14.1 Important qualifications that risk being excluded

Just over a quarter of respondents feel that certain postgraduate courses of importance to the economy risk being excluded from the proposed Master’s loan offer (Table 19).

**Table 19: “Are there any other postgraduate courses, particularly professional qualifications, that you feel would be excluded from the definition of eligible courses which you think are particularly important to the economy?”**

Yes	No
27%	73%

Base: 163 respondents

Respondents answering ‘yes’ were asked to list important qualifications that risk being excluded from the definition of eligible one-year Master’s courses and provide supporting reasons and evidence.

This generated 45 responses of which two came from industry. The main themes from these responses are summarised as follows:

#### **Subjects important to the economy**

Some 20 respondents suggest that professional qualifications, e.g. STEM subjects, IT professional courses, medical, business administration, accountancy and clinical psychology, should be specifically included in the definition of eligible courses.

*“There are plenty of subjects that add little to nothing to the economy. The loans should be restricted to in-demand subjects like science and technology.”*

*Individual*

*“It is possible that you could think about qualifications such as MBA and the like, and you’d want to look at legal qualifications, as this is an area where the Social Mobility Commission has found people from poorer backgrounds have difficulty breaking into.”*

*Government Department – Individual Respondent*

*“In the majority of cases legal and accounting qualifications are undertaken while working and the fees are taken care of by the employer, but for some this is a serious barrier.”*

*Student Representative Body*

### **Other modes/types of postgraduate courses**

Among 10 respondents there was mention of distance learning and blended learning, as well as Research Masters (MRes) and Postgraduate Certificates and Diplomas.

*“Our experience suggests that employers value a flexible and incremental route through postgraduate study. We would therefore welcome a widening of the proposed eligibility criteria to include other postgraduate courses and part-time study over a longer period and which would allow individuals a more flexible and incremental route through postgraduate study, building up from a certificate to a diploma and then to a Master’s qualification.”*

*University*

### **4.14.2 Conditions of the loan that could be changed or enhanced**

Just over 40% of respondents believe the proposed loan could be enhanced to encourage employers to contribute to funding a postgraduate Master’s qualification. Among these respondents, three quarters mentioned the age eligibility criteria (Tables 20 and 21).

**Table 20: “Based on the contribution to costs principle, are there features of the proposed loan scheme that you feel could be changed or enhanced that would encourage you as an employer or business to meet and/or contribute to your employees undertaking a postgraduate taught Master’s course?”**

Yes	No
41%	59%

Base: 126 respondents<sup>28</sup>

**Table 21: “If you agree that there are features of the proposed loan scheme which could be changed or enhanced, which of the following features would you change or enhance?”**

Respondent Category	% share of responses	% respondents mentioning
Age eligibility criteria	36.2%	75.8%
Loan amount	13.8%	28.8%
Course eligibility criteria	10.9%	22.7%
Contribution to costs principle	9.4%	19.7%
Repayment terms	9.4%	19.7%
Income contingent repayment term	7.2%	15.2%
Institutional eligibility criteria	6.5%	13.6%
Other conditions	6.5%	13.6%

Base: 138 responses (multi-response question) from 66 respondents

Supporting reasons were given by 44 respondents, of which six came from industry. These largely mirror comments made elsewhere in response to the consultation.

<sup>28</sup> Only 17 industry-based respondents answered this question, therefore all responses have been taken into account. The same approach has been taken to all subsequent questions in this section.

One response from a business representative organisation is based on feedback received from manufacturers across the UK. Specific points raised:

**“Loan amount:** *The government should review the loan amount following its introduction to ensure it does not deter learners from undertaking postgraduate taught courses in specific strategic subjects...*

**Contribution to costs:** *Providing a contributory loan towards the overall cost of undertaking a postgraduate taught course also ensures that those employers who have historically part-funded their students continue to do so...*

**Age eligibility:** *In the near future, manufacturing employees are likely to be moving between sectors and industries. As a result it is likely that we will see a surge in lifelong learning and re-training mid-career. This demand will come not only from employers, but the employees themselves. Therefore there should not be an age restriction on loans.”*

*Business representative organisation*

#### 4.14.3 Benefits of the new loan scheme to employers

The vast majority of respondents agree that the proposed loan could benefit employers and individuals, where it helps to access the skills they need (Table 22).

**Table 22: “Do employers agree, that given the access to skills that employers tell Government they need, this new loan proposal offers advantages to not only individuals but also to employers?”**

Yes	No
90%	10%

Base: 117 respondents

Some 54 respondents provided supporting views, including five from industry.

#### ***The advantages of higher skilled, better qualified workforce***

Some 23 respondents point to the importance of enhancing the talent pool for strategically important subject areas, in particular STEM related subjects and life sciences.

*“In order for the proposed loan scheme to succeed in terms of providing the skills that employers need, it would be much more effective for support to be targeted at subjects of key strategic importance to the economy, such as STEM subjects.”*

*University*

Additionally, the loan has the potential benefit for upskilling through vocational courses.

*“The provision of such a loan would enable prospective postgraduates to undertake and complete what they would never have been able to afford. The employers would gain in the sense that more postgraduates would be available to them... it will enable employers to recruit upskilled workers without needing to invest in them.”*

*Industry Representative Organisation*

*“Manufacturers are in critical need of higher-level skills... SMEs in particular are most likely to benefit from this proposal as they are less likely to be able to fully finance their employees through a postgraduate degree. Smaller firms are also more likely to cite barriers relating to a lack of monetary resource.”*

*Industry Representative Organisation*

#### 4.14.4 Costs of the new loan scheme to employers

A total of 60% of respondents disagree that changes to payroll systems will cost their business (Table 23).

**Table 23: “Do employers think that making changes to payroll systems to deduct postgraduate loan repayments will cost their business?”**

Yes	No
40%	60%

Base: 119 respondents

Among the minority who do consider that such costs will arise, the most commonly mentioned areas include payroll and HR staff time; dealing with employee queries; and correcting errors, respectively (Table 24).



**Table 24: “If you agree that changes to payroll systems will incur business costs, in which of the following areas will the changes have an impact?”**

Respondent Category	% share of responses
Payroll and HR staff time on operating the system	28.2%
Dealing with employee queries and preparing guidance	24.9%
Correcting errors resulting from increased volumes and extra complexity	22.0%
Upgraded software	18.6%
Other things	6.2%

Base: 177 responses (multi-response question) from 57 respondents

Some 26 respondents explained how changes to the payroll system would incur business costs, of which four views came from industry. Most expect an increase in HR/payroll time, but also say that, if the scheme is modelled on the undergraduate repayment scheme, existing methods will not require a lot of changing or impose much additional cost.

*“The introduction of contingent loans for undergraduates would have required employers to make the necessary provisions to their payroll... If the postgraduate loan repayments are to take a similar, if not identical, approach then businesses will be in a better position to adapt their systems accordingly.”*

*Business Representative Organisation*

*“We seek reassurance that the Basic Payroll Tools software will be fully tested and working correctly in time for the 2018/19 tax year. We anticipate that the cost of providing other payroll software will increase as it becomes more complex to design.”*

*Charity*

#### 4.14.5 Overcoming the administrative challenge for industry

*The consultation asked: “What new challenges, if any, do employers think administering this new loan scheme would present for them, and how might Government mitigate these?”*

This question generated 40 responses, of which six were drawn from industry.

### ***Aligning the new loan scheme with the current undergraduate scheme***

Once again, the point was made (in this case by 14 respondents) that using the same, or a similar, system to that used for the current and established undergraduate student loan regime will make administration of the proposed Master's loan simpler and easier for employers.

*“Employers will have to spend time acquiring the knowledge of the loan, how to input it and to make sure it is deducted correctly... Not all companies have payroll departments or even a designated IT department to deal with upgrading software.”*

*Business Representative Organisation*

*“Make it as similar to the existing student loan system as possible; i.e. levied on disposable income, using a percentage rate and paid in whole pounds. Keep it simple and streamlined.”*

*Business Representative Organisation*

*“Although there are not any significant new challenges, the time and resource spent administering any new loan scheme could be minimised by ensuring that the system for postgraduate loan repayments is as similar as possible to the current system for undergraduate loan repayments.”*

*University*

### ***Training, guidance and advice provision***

Six respondents said they expect additional training will be necessary to explain the new scheme to employers and those who will be working on administering the scheme. This includes institutions' HR and payroll staff and HMRC staff (so that they will be able to respond to queries from employers). Linked to this, clear guidance would need to be provided for employers and prospective students about the proposed loan (terms, rates, required forms/documentation etc.).

*“The key action that the Government can take to mitigate the challenges for employers is to ensure that HMRC staff are well-trained on the new loan scheme so that they can respond to queries raised by employers in an fully informed manner and also in an appropriate timescale, especially given that employers have tight monthly deadlines to report PAYE and tax under the Real Time Information (RTI) system.”*

*Business Representative Organisation*

### ***Changes to employment circumstances***

Six respondents point to the need to manage changes due to employees leaving or changing job; sickness; maternity/paternity leave etc.

*“If individuals change jobs, this could cause problems. It needs to be included in their tax code so the new employer would know what to deduct and that it would be credited to the correct loan account.”*

*Micro Business*

*“If the individual's salary rises or falls, or if they leave the company, it will be up to the individual and employer to inform Government.”*

*University*

## 5. Postgraduate Research Proposal

### 5.1 Proposal Summary

The second part of the consultation sought views and evidence to support the Government's review of how to broaden and strengthen support for postgraduate research.

It explored views around existing support, how to better leverage funding through partnerships with industry and charities, as well as the potential demand for a Government-funded income-contingent loan of up to £25,000.

### 5.2 Review of Support for Postgraduate Study

**From the consultation document:** *The Government will review how it can both broaden and strengthen support for postgraduate research students and excellent postgraduate research. The Review will cover all postgraduate research degrees, including PhDs, research master's, Engineering Doctorates and other professional doctorates. It will not examine support for postdoctoral research.*

#### 5.2.1 Broadening and strengthening support for postgraduate research students

Consultation question	Base
"How can we broaden and strengthen support for postgraduate research students and excellent postgraduate research?"	190 respondents

#### **Maintaining support for existing funders and schemes**

Twenty-eight respondents described how current funding for postgraduate research derives from a diverse range of sources and that public as well as industry funding are essential. Respondents feel that any loan funding for postgraduate research should not be detrimental to these existing and vital mechanisms. It is clear from the consultation that Government support and Research Councils UK funding are considered fundamental.

Notwithstanding the current strengths of the system, respondents consider it important to increase funding through Research Councils and further expand Doctoral Training Centres.

Respondents support the case for increasing the pipeline of highly skilled research-trained postgraduates into the labour market on the basis this will strengthen the competitiveness of, and demand for, the UK's research base and its universities.

*“The UK has four of the world’s top ten research universities and is globally renowned for its research excellence. This position can be further strengthened by increasing investment into Research Councils UK, Catapults, Innovate UK and other industrial sector research bodies. This will help to bridge the gap between UK research and industrial implementation and development, thereby strengthening the demand for and impact of the UK’s excellent research.”*

*Large Business*

*“We consider it critical that the Government continues to support postgraduate research students through the Research Council and funding council grants and if possible increase overall investment in this area. The introduction of Doctoral Training Centres has been successful and we would like to see this programme enlarged.”*

*University – Russell Group*

*“Some critically important postgraduate provision (especially postgraduate research) depends on direct government funding to universities, through the Research Councils and Higher Education Funding Council for England (HEFCE).”*

*University – Russell Group*

It was noted that the Government's Taught Master's loan proposals (valid for England and European Union nationals) do not cover students in Scotland, Wales and Northern Ireland, where higher education is a devolved matter. Given that it was also noted that Research Councils UK stipends are available across the UK, this presents a need to ensure that postgraduate research students domiciled in these nations are not disadvantaged.

***Provision of a postgraduate research loan that complements existing funding***

The provision of loans for postgraduate research students is seen as one important way to broaden and strengthen support for excellent postgraduate research.

Typically, students and university respondents feel that an increase in financial support would be a positive move providing that it 1) complements, rather than destabilises, the existing funding landscape; and 2) the quality of research is not lost.

*“PG research students have the same problem [as undergraduate students], i.e. finance, so the single most important step for Government to take would be to include these students in the new PG loan system.”*

*University – non Russell Group*

*“Loans should broaden participation in postgraduate research to include those from non-traditional routes who may currently be hampered by cost. There is nothing to suggest that expanding the traditional demographic of those engaged in doctoral study would lessen the quality of research if Higher Education Institution (HEI) selection procedures are to be trusted.”*

*University – non Russell Group*

### ***Maintaining international competitiveness***

Respondents advocate broadening and strengthening support to improve excellence and maintain international competitiveness (23 respondents): an equally important goal alongside any financial support.

*“We are supportive of the intention to 'broaden' support for postgraduate research. If the research of the UK is conceived of entirely in terms of the few dozen 'research-intensive' universities, then this research community is too small to maintain international competitiveness.”*

*University – non Russell Group*

*“It is important to ensure that our postgraduate students receive support, excellent training and development opportunities — this will give them the skills they need to form the next generation of science leaders and innovators.”*

*Charity*

### ***Supporting partnerships with industry and charities***

Some 27 respondents made clear they are strongly in favour developing and encouraging partnerships with industry and charities, as well as building on the existing structures that support postgraduates. University respondents believe there should be better linkages with industry to promote investment.

Respondents would welcome further funding for Centres for Doctoral Training and collaborative doctoral awards, describing how they are effective means of facilitating partnerships with industry and charities. In addition, Research Council UK CASE

studentships<sup>29</sup> are considered to be important mechanisms for the individual and the wider partnership between the university and industry.

*“Incentivise employers to help fund further study amongst their employees.”*

*Individual*

*“The university’s own postgraduate research studentships provide 50% funding to match 50% from industrial contracts. The university would encourage Government funded schemes to reflect this successful scheme. Similarly, we would welcome further funding initiatives such as those released under Higher Education Innovation Funding (HEIF), which have enabled us to fund high quality, industry-focused research.”*

*Higher Education Policy Organisation*

One respondent described how the higher stipend rates offered by some charities attract a large number of applicants, with the potential for more investment.

*“More PhD studentships are needed at enhanced stipend rates. We have evidence that higher stipend rates offered by Wellcome Trust, British Heart Foundation or other charities attract more applicants.”*

*University – Russell Group*

### **Widening access to postgraduate research**

Better information, advice and guidance targeted towards underrepresented groups, as well as improving flexibility in the loan system for distance learners and part-time students, are cited as ways to strengthen support to postgraduate students.

*“A model which better supports part-time study would be welcomed, particularly one that supports those from disadvantaged backgrounds and those with other commitments already who have great potential. Flexibility in the loan system would therefore be welcomed.”*

*Student Representative Body*

*“More advice [is needed] for underrepresented groups e.g. black and ethnic minorities, disabled people, those people with young families, people in lower socio-economic groups.”*

*Educational institution – non Russell Group*

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<sup>29</sup> CASE studentships (Collaborative Awards in Science and Engineering) are collaborative training grants that provide students with a challenging research training experience, allowing top quality graduates to undertake research, leading to a PhD, within the context of mutually beneficial research collaboration between academic and partner organisations.

### ***Pan-discipline support***

Respondents suggest that support should cover a range of subject areas and that Research Council funding should be protected and expanded for doctoral scholarships (16 respondents). Some respondents argue that in the case of Humanities and Social Sciences, the availability of loans to enable self-financing would make a substantial difference to increasing participation.

*“Increasing support for postgraduate research students in the arts, humanities and the social sciences would improve the quality of excellent research across the board.”*

*Higher Education Policy Organisation*

### **5.5.2 Unmet demand for postgraduate research skills and qualifications**

<b>Consultation question</b>	<b>Base</b>
<i>“Is there unmet demand for postgraduate research skills and qualifications amongst employers and potential students?”</i>	142 respondents

#### ***Unmet and increasing demand for postgraduate research skills and qualifications among employers***

Some 47 respondents suggest there is unmet demand for research skills among employers. Highly qualified staff are considered to be in short supply in agriculture, the arts, physical sciences, the heritage sector, the financial sector, engineering and IT. This is believed to be due to a misalignment between the postgraduate courses taken by students and the skills needed by industry.

*“Particularly in the STEM subjects, demand from (quality) applications far outstrips funding in most areas. There is also demand from industry, at least in some disciplines (e.g. CDTs, EngD, CASE awards). In the life sciences we interview at least three times as many students (all appointable on paper) as we can appoint to funded places.”*

*University – Russell Group*



*“Evidence given to the Commission by Research Councils UK stated that they had recruitment and retention concerns in engineering, some physical science subjects, agricultural and soil sciences, in-vivo skills, economics, modern languages and quantitative methods within several subjects. We also heard evidence that employers were finding it difficult to recruit postgraduates with the specific skills they needed, particularly in science and engineering fields.”*

*Higher Education Policy Organisation*

The OECD report (2013)<sup>30</sup> and the Vitae (2013) study<sup>31</sup> were both cited as evidence of demand for postgraduate skills within the labour market. The Vitae report in particular states: *“There is a growing demand in the labour market for employees with a postgraduate research qualification. High demand for postgraduate research skills and qualifications is furthermore evidenced by the ability of doctorate holders to weather the 2009 recession, with median wages and employment rates holding steady, while those for first-degree and masters graduates fell”*.

Respondents strongly backed findings from the OECD report which describes how employers value qualities such as analytical and creative thinking, problem solving, independence and research capability, all gained through postgraduate research study. Moreover, respondents emphasised how postgraduate credentials enable individuals to distinguish themselves from the growing graduate population and hence improve immediate and long-term employment and salary prospects.

These respondents hold the view that demand for postgraduate research skills and qualifications are increasing within the labour market.

*“In the life sciences we interview at least three times as many students (all appointable on paper) as we can appoint to funded places.”*

*University – Russell Group*

*“A recent event at the University for PhD employers was attended by 10 major organisations and confirmed the following... that PhD students’ ability to work autonomously and to operate in highly complex intellectual domains in a structured and effective manner were skills much valued by employers”*.

*University – non Russell Group*

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<sup>30</sup> OECD (2013) *Making the most of knowledge. Key findings of the OECD-KNOWINNO project on the careers of doctorate holders*

<sup>31</sup> Vitae (2013) *What do researchers do? Early career progression of doctoral graduates*

### **Over-supply of postgraduate research application numbers**

Twenty-three respondents commented that postgraduate application numbers are increasing year on year and the majority of courses are greatly oversubscribed.

*“On an annual basis, the university receives a far greater volume of postgraduate research applications than can be met with available funding.”*

*University – non Russell Group*

*“There is certainly unmet demand from the student perspective. The university has many highly qualified applicants who wish to embark on doctoral study who are unable to do so due to lack of finance. The university receives approximately seven postgraduate research applications for each place every year.”*

*University – Russell Group*

A total of 19 respondents mentioned funding barriers and the high costs associated with studying as major barriers to meeting the demand for postgraduate research skills and qualifications.

### **5.2.3 Attracting and retaining top research talent in the UK**

<b>Consultation question</b>	<b>Base</b>
<i>“What is the impact of the availability and level of individual stipends and other factors such as postdoctoral opportunities? Does this vary across subjects?”</i>	177 respondents

#### **Stipends are essential but vary considerably across disciplines**

Some 52 respondents discussed issues around the availability and “limited” level of individual stipends, which they see as a major deciding factor for students in undertaking postgraduate research. Based on this, respondents recommend that the postgraduate researcher stipend levels are at least maintained or increased.

*“The level of student stipend must be sufficient to mean there is no need for doctoral students to get drawn into part-time work to the point where it risks their study. Stipends are desirable and have traditionally been limited in availability.”*

*University – non Russell Group*

*“The most important aspect in terms of ‘top research talent’ is going to be full stipends, such as those funded by Research Councils UK or Higher Education Institutions, rather than loans.”*

*University – Russell Group*

Respondents described the substantial differences in the availability of stipends between various disciplines, with arts and humanities not considered to be as well served as the sciences.

*“The lack of stipends is hugely detrimental, many are deterred from considering a research degree at all, many do not take up the offer of a place, many have to withdraw once they have started. Post-doctoral career opportunities and progression are not clearly identified and developed in many higher education institutions or identified and promoted in organisations outside these. Art, design and the humanities are not well served.”*

*University – non Russell Group*

Students and student representative bodies indicate a potential lack of appetite to continue studying due to the marked differences between the value of a stipend and the earnings potential from paid employment, particularly in the STEM sector.

*“The impact of stipends in STEM subjects, in particular, at just over £14k per annum contrasts sharply with offers of £50-60k [job] positions many Master’s graduates in these areas are offered. Consequently, potentially world-leading research is not being conducted by those individuals, negatively impacting on the prestige of British research globally. Whilst resources are clearly limited, a stipend matching the average UK income would arguably entice more PhD candidates to continue pursuing their research.”*

*Student*

### ***The value of overseas students and attracting international students***

Thirty-seven respondents discussed the importance and value of attracting international students to the UK, which they suggest is not helped by the current Visa regime and higher funding/lower fee levels elsewhere in Europe and beyond. Similarly, these issues coupled with the highly competitive nature of research careers, is understood to be leading to a “drain” of talent to postdoctoral and academic posts abroad. Changes in Government policy such as the removal of the post study work visa is considered a barrier to attracting and retaining international doctoral candidates.

*“Both countries [UK and Germany] provide a very high level of excellence in undergraduate and postgraduate programs. Unlike the UK however, higher education is free in Germany, which we believe will lead to the UK lagging further in the future.”*

*Large business*

*“To attract and retain postgraduates, the Government must ensure that the UK is viewed as a location of choice for world-leading research, with excellent prospects for its scientists. This requires long-term investment, clearly defined career structures and immigration policies, which signal that we are ‘open for business.’”*

*Charity or Social Enterprise*

*“Some government policies have been detrimental to our ability to attract and retain the very best doctoral candidates from across the globe. For example, we are unable to compete with top universities in the United States, now that the Post study work scheme is no longer widely available to international students researching in the UK.”*

*Higher Education Policy Organisation*

Individual stipends, Research Council UK funding and university scholarships are considered necessary in attracting candidates to postgraduate research in the UK. Centres for Doctoral Training are considered effective at attracting high quality students and in training them in industry relevant skills to enhance their career opportunities.

*“In terms of stipend level it is important for us to match our peers in the UK and internationally when offering scholarships. We use the nationally set Research Council UK (RCUK) minimum doctoral stipend level as a baseline for postgraduate scholarship stipends, whilst recognising that, particularly in certain subject areas, substantially higher amounts need to be offered in order to remain competitive.”*

*Higher Education Policy Organisations*

### **Improving career opportunities**

Supporting career progression, the transition from PhD to employment and the need to work with employers to better understand the research needs of industry, were collectively mentioned by 25 respondents as important areas for improving support. Respondents described the need for better awareness of employment opportunities and closer relationships between public sector organisations, charitable bodies and prospective employers in the postgraduate research process.

*“There is a large mismatch between the number of people entering postgraduate research education... and the number of academic positions available. The Government could work with employers to emphasise the needs to industry of the skills and knowledge obtained through postgraduate research education.”*

*University – Russell Group*

*“Job prospects are a significant barrier to attracting and retaining top research talent. Opening up employment prospects for early career researchers that have the potential for career progression between Higher Education, industry and the public sector would be useful.”*

*University – non Russell Group*

*“We recommend that during recruitment...and throughout the programmes, awareness of opportunities on PhD completion should be enhanced in order to give candidates the most rounded view possible. This could be facilitated through increased engagement with UK employers (private and public sector) during the PhD training process to improve career development and facilitate employment post award.”*

*University – Russell Group*

## 5.3 Partnering to Support Postgraduate Research Students

**From the consultation document:** *The Review will examine how to leverage Government funding through partnerships with industrial and charitable partners, including exploring options for widening participation in the funding of research for example via crowdfunding platforms.*

### 5.3.1 Links with industry and charities

Consultation questions	Base
<i>“How could the Government further develop partnerships with industrial and charitable partners to leverage public sector funding to support postgraduate research?”</i>	133 respondents
<i>“How could the Government link with existing funding mechanisms and finance platforms and/or support new or innovative approaches?”</i>	117 respondents

### ***Galvanising funding through industry and the private sector***

A total of 27 respondents cited the importance of developing partnerships with industry and encouraging the private sector to fund postgraduate research. CASE studentships – where industry or charitable sponsors are expected to pay part of the cost of the PhD bursary and Research Councils UK funding pays the remainder – are described as excellent ways of linking industry and researchers.

*“We would like to see the Government encourage contributions from outside the public purse, for example contributions and sponsorship of postgraduate qualifications from business or philanthropic sources.”*

*University – Russell Group*

Respondents commented that existing research structures should be strengthened, such as the Catapult Centres and to help kick-start new research areas.

*“We could build further on existing structures such as the Catapult Centres and the Scottish Innovation Centres – some of these already have PhD students.”*

*University – Russell Group*

*“Additionally, collaborative partnerships between employers and universities outside of the DTP/DTC system may well be used as a force multiplier to kick start new research areas and partnerships (e.g. the University Alliance Biosciences project).”*

*University – non Russell Group*

### ***Match funding schemes***

Respondents described how loan funding could be matched with externally leveraged support, for example through industrial and business partners (24 respondents).

*“Higher Education Institutions already have large numbers of industrial and business contacts and Government should trust them to develop the leverage. Schemes that encourage leverage should be developed.”*

*Student*

*“Our experience suggests there is a strong appetite and huge capacity for match-funded bursaries. This is particularly the case for science and engineering. We have found that jointly funded bursaries can provide a strong base for future interaction and collaboration.”*

*University – non Russell Group*

### **Tax incentives to stimulate industry support**

Twenty respondents argue that providing financial incentives, tax breaks and creating tax efficient schemes are ways to encourage employers to financially support postgraduate schemes. They suggest that incentives would motivate greater partnership commitments.

*“Tax incentives [should be] geared to encourage industry-sponsored postgraduate provision, either tied to the specific needs of a company or more general sponsorship.”*

*University – non Russell Group*

*“Offer longer-term tax incentives to attract funding to support postgraduate research and possibly match with public sector funding.”*

*Micro Business*

### **Scholarship/studentship funding**

Some 13 respondents described how scholarships and studentship funding are still key factors in students' decisions to pursue postgraduate research studies. Some feel that this funding should continue to be financed by institutions or research bodies.

*“We are unconvinced that postgraduate research loans will encourage more students to take up PhDs and may actually lead institutions to cut the amount of bursaries and scholarships available. This is likely to have a particularly negative effect on the development of postgraduate research opportunities outside the ‘research intensive’ universities... Grants and fee waivers – rather than further loans – are the best way to attract and retain top PhD students.”*

*University – non Russell Group*

### **Partnership with charities**

Respondents feel that universities should engage directly with charities and pointed to examples of projects already funded by those such as the Wellcome Trust. Respondents believe more could be done to encourage charities to support the postgraduate sector and that existing partnerships should be better utilised and new relationships developed.

*“Schemes operated in partnership with smaller patient-focused charities can help to bolster research in areas that may not otherwise be supported, such as rarer diseases... We currently support 33 PhD Studentship Programmes based in institutions throughout the UK... These programmes are embedded in leading research-intensive organisations and give students the opportunity to interact with, learn from and collaborate with a talented pool of university academics.”*

*Charity/Social Enterprise*

*“The government could encourage industry and charities to provide even more support for the postgraduate sector. If the government chose to tie income-contingent loans to existing partnerships, this might enhance the appeal of industrial partnerships...The prospect of securing such packages would encourage universities to build on their existing relationships with external partners or seek new relationships with other partners.”*

*University – Russell Group*

## **Crowdfunding**

Crowdfunding is the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the internet. Eight respondents touched on this mechanism as a potentially innovative source of raising funding for postgraduate research, generally that it would be worth exploring further but is largely untested in this sector.

*“The [university] is a leader in crowd funding of research projects. This is an exciting area and we hope to use our skills to produce new and innovative approaches to the funding of research projects.”*

*University – non Russell Group*

*“The government could also offer income-contingent loans as a top-up or as matched-funding to resources earned by entrepreneurial postgraduate researchers through ‘crowd-funding’ initiatives. “However, this is not a straightforward option. 1) It could not apply at the start of a candidature and so might limit the appeal of this option for the target group of potential postgraduate researchers; 2) it could only reap benefits for those research projects, which appealed to individuals or other bodies in the external community; 3) universities might need to invest in crowd-funding platforms (and might wish to vet the sources of external resource lest they contravene any of their research ethics codes); and 4) the track record of such ‘innovative’ initiatives is hardly encouraging.”*

*University – Russell Group*



## 5.4 Income Contingent Loans to Support Postgraduate Research Students

**From the consultation document:** *The Review will consider whether to broaden support for postgraduate research students by introducing income contingent loans of up to £25,000 over the lifetime of a postgraduate research degree. The intention is to offer loans as an addition to the present system of grant funding, not as a replacement, widening access to postgraduate research degrees by offering support to those unable to obtain grants under the current system.*

### 5.4.1 Influence of a possible loan for postgraduate research students

Consultation question	Base
<i>“Would the availability of a £25,000 loan influence a student’s decision to pursue postgraduate research study or the location of study? Please give your views on the loan amount and any other factors that may influence a student’s decision.”</i>	198 respondents

#### ***Loans would be useful, especially for self-funders or those who are partially funded***

According to 98 respondents, new loan funding would encourage postgraduate research study and would be most useful for those who are already self-funded or partially funded. A new loan could, for example, reduce the time needed for students to search for other forms of funding or in undertaking part-time work.

*“Funding is the most frequently cited barrier to postgraduate research, so yes, experience suggests that an additional funding opportunity would influence a student’s decision.”*

*University – non-Russell Group*

*“The proposed income contingent loans to support postgraduate research students will be widely welcomed and may ameliorate some of the financial and other pressures on students wishing to undertake self-paying postgraduate research degrees.”*

*University – non-Russell Group*

*“The availability of a loan system would influence some, particularly those who would expect to have to self-fund. While some increase in the research student population could be expected, we would not anticipate that there would be a substantial overall increase in the number of postgraduate research students, unless there can be an increase achieved in partnership with charities and industry.”*

*Charity/social enterprise*

### **Issues around the size of the loan and unintended consequences**

While respondents were generally in support of the introduction of a loan, 37 observed that it might not be an attractive prospect for students who have already accrued a sizeable personal debt from having an undergraduate student loan. The main issue here is a potentially sizeable repayment amount where postgraduate repayments are concurrent with undergraduate loan repayments.

Notwithstanding this concern, some 20 respondents feel that the proposed maximum loan amount would not go far enough on its own to cover the costs of postgraduate research study and leave a funding gap.

*“We would prefer to see some different thinking instead of loans: for example a scheme to write off undergraduate debt, or paying doctoral students salaries rather than stipends to recognise their key role in delivering research and innovation outcomes for the UK.”*

*Research Council*

*“The availability of a £25,000 loan will be the deciding factor in whether to self-fund their study. However, the university is not convinced that the majority of potential students with high levels of undergraduate debt will see a partial loan for postgraduate research as attractive.”*

*University – Russell Group*

*“We note the research undertaken by Newcastle and York Universities reported to the British Sociological Association conference and referenced in the Times Higher Education (THE) on 30 April 2015, which suggested that prospective PhD students are unlikely to be willing to take on significant additional debt over a three to four year period.”*

*University – non Russell Group*

*“The amount is insubstantial in comparison to total costs of study and increasing the loan to cover the full cost of study makes it of a magnitude unlikely to be repaid in full and off-putting to potential applicants.”*

*Student Representative Body*

As mentioned previously, respondents feel that any new loan for postgraduate research should work in conjunction with existing funding mechanisms to bridge the funding gap and that the Government should be working towards making more funding available to the Research Councils.

*“Yes [the availability of a £25,000 loan would influence student’s decision to pursue postgraduate research study] they would but again the level of support is insufficient. Fees of about £4,000 a year will use a significant portion of this funding. Present research council grants are at fees plus £16,000 per year, this is the level the Government needs to be aiming at supporting by making more funding available to the Research Councils.”*

*Student*

### ***The location of study influences decisions***

The availability of a loan may influence where a student chooses to study, with 12 respondents suggesting that this could make London a more attractive option. This scenario may or may not lead to concern among some institutions of research talent migrating from north to south.

*“London is expensive to commute to or live in - if £25k was available then I think more students would choose this location.”*

*Individual*

*“It may make study in places like London more attractive.”*

*University – non Russell Group*

## 5.4.2 Broad subject support versus prioritisation of key disciplines

Consultation question	Base
<i>“Should we prioritise specific subjects where the scientific and economic case is strongest, or instead provide broad support to all subjects, even if this means capping the total number of loans or offering them on less generous terms? If we prioritise certain subjects, how should we go about it?”</i>	203 respondents

### ***Broad support for all subject areas***

Over half of respondents to this question (115) described how any loan support should cross all subject areas and be provided without prioritisation. Reasons include that:

- Postgraduate research students go on to have higher incomes, pay higher taxes and contribute more to the UK economy; and
- The UK’s future skills priorities may change as new technologies evolve and new business challenges need to be tackled.

*“The University believes that loans should be available to all research students. Students in the sciences and medicine often have access to a greater number of funding studentships, either through Research Councils UK or industrial contacts. Furthermore, the University believes that a broad scheme would reflect the outputs generated by research undertaken within the UK – whether they are scientific, economic, cultural or otherwise.”*

*University – Russell Group*

*“There is no justification for using loans to prioritise certain subjects at the postgraduate level. Any imbalances of subject demand derive from choices made much earlier in the educational process and cannot be ‘corrected’ or adjusted arbitrarily at this level of higher education.”*

*University – Russell Group*

### ***Prioritisation of subjects where the economic case is strongest***

Slightly fewer respondents (82 in total) described how specific subjects should be prioritised.

*“Targeted initiatives designed to address specific market failures or policy priorities could be more efficient than introducing a blanket support scheme open to all potential students.”*

*University – Russell Group*

Some feel that loans should benefit social science and humanities subjects where, they argue, funding is scarce and “underrepresented”. In contrast, others point specifically to STEM subjects, which they suggest, should be prioritised as they directly benefit the economy.

*“STEM subjects in principle should have priority if government decides to limit eligibility as these are most influential/conducive of a powerful economy.”*

*Student*

*“Prioritise the most needed subjects, but don’t abandon the others (e.g. the arts, humanities) as they should still be given a basic level of funding.”*

*Large business*

Respondents emphasised that prioritisation should be based on clear principles developed through external advice. Such criteria might include strategic economic objectives; business and partner needs; emerging research and technology; long term UK capacity and maintaining an international research system.

*“Listen to what industry tells you it needs. Learn from the Government’s own agencies on what skills are lacking.”*

*Individual*

### 5.4.3 Ensuring loans complement existing funding mechanisms

Consultation question	Base
<i>“How can we ensure loans complement existing funding mechanisms, maintaining a focus on the most excellent research and on linking with external funding?”</i>	141 respondents

### ***Complement, rather than displace, existing finance mechanisms***

Thirty respondents say it is important to be clear on whether funding through the Research Councils or other organisations will affect eligibility for the loan. Some form of restriction may be desirable, for example a small number of respondents feel that loans should only be available once individuals have been turned down from traditional grant funding.

*“Current funding for postgraduate researchers comes from a diverse range of sources, within which public funding is an essential component. The Government must continue to support postgraduate research students through Research Council and funding council grants and, if possible, increase overall investment in this critical component of the UK’s research base.”*

*University – Russell Group*

*“Loans should only be available if the student has a) applied for all grants funding from funding bodies and industry; and b) been turned down for funding or only received a partial award.”*

*Student Representative Body*

### ***Maintaining emphasis on quality research***

Some 17 respondents feel that the entry criteria for a loan should be restricted and there should be a form of scoring system to ensure that the most talented are attracted to a postgraduate research qualification.

*“The selection process for loans needs to be carefully thought through. It may be necessary to allocate a set number of loans to universities (based on a range metrics related to the size and strength of the research provision) and that universities can award them on the basis of academic merit to ensure that funds support the most promising new research talent.”*

*University – Russell Group*

*“The universities, along with funding partners such as the Research Councils and charities, will ensure this is achieved through their institutional/disciplinary eligibility criteria. In accepting students into postgraduate research places, universities already focus on the highest quality research projects and strive to ensure that successful applications are among the very top students.”*

*Charity or Social Enterprise*

### 5.4.4 Minimising complexity

Consultation question	Base
<i>“How can we minimise complexity for Higher Education Institutions and for employers?”</i>	119 respondents

#### ***Minimising the administrative burden***

A total of 32 respondents consider that the allocation of loans directly to students, in a similar way to the undergraduate system, would reduce the administrative burden on institutions.

*“Reduce the administrative burden on institutions by giving loans directly to students.”*

*University – Russell Group*

Aligning loans with existing structures and mapping the different sources of funding available from institutions is considered necessary to make an informed decision as to how the new loans will feature alongside, or in addition to, the existing financial support structures (32 respondents).

Harmonising with existing Research Council funding is considered especially important to reducing complexity.

*“Concentrate funding through existing sources and support programmes such as the Research Councils UK skills needs audit of employers.”*

*University – non Russell Group*

### 5.4.5 Suggestions for further research

Respondents made the following suggestions for further research in relation to a new loan for postgraduate research.

- Given the complexity of funding for postgraduate research in the UK, Government could consult across different industry sectors on longer-term skills needs, as well as to explore and identify possible ways of improving engagement with existing postgraduate support mechanisms;
- A new loan for postgraduate research would be complex, needing to take into account research quality, applicant eligibility as well as financial need. Further consultation on proposals would help to consider these complexities in more detail;

- It was pointed out that the Government must be confident that introducing a new loan for postgraduate research would not undermine the strengths of the existing system, nor give rise to unintended consequences such as reduced quality or oversupply of PhD graduates wishing to continue into postdoctoral research. The Government may therefore wish to commission a detailed independent review into the postgraduate funding ecosystem to better understand these drivers and strengths; assess the demand for postdoctoral researchers in UK academia; and establish the supply and demand for PhD skills in the wider economy. This would provide the basis to assess the potential impact of a new loan scheme.



## 6. Conclusions

The conclusions and any associated recommendations within this section are based on the views of respondents and not those of Pye Tait Consulting or the Department for Business, Innovation and Skills.

### 6.1 Conclusions – Postgraduate Master’s Loan Proposal

#### 6.1.1 Barriers to postgraduate Master’s study

#### **9. The extent of current financial and non-financial barriers faced by individuals wishing to pursue one-year postgraduate Master’s study, justify the proposed loan policy based on the Government’s objective.**

The consultation findings support the Government’s intention to develop a firm loan proposal to support access to postgraduate Master’s study. This is based on a wide range of respondent groups including education sector, industry, charities, individuals and others, pointing to current financial, as well as non-financial, barriers to postgraduate Master’s study.

Almost all consultation respondents (99%) share the view that access to existing finance for postgraduate Master’s courses is prohibitively expensive for some individuals. Furthermore a minority of respondents pointed out that the Government’s Professional and Career Development Loan (PCDL) can be difficult to access in terms of the application process and ability to obtain credit approval

#### 6.1.2 Loan eligibility criteria (including wider impact)

#### **10. The proposed under age 30 eligibility criteria is widely viewed with concern and as discriminatory; but this is a complex issue on which further consideration may be required as to how best to support those out of scope and not eligible for the loan who face non-financial barriers;**

There is a great deal of concern on the subject of the proposed under age 30 eligibility criteria. This criteria has resulted in the policy being considered discriminatory, not only on the grounds of age, but that it could indirectly discriminate other individuals with protected characteristics, such as women wanting to return to education after taking time out to have a family<sup>32</sup>; as well as those seeking to make a career change later in life.

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<sup>32</sup> Despite the perception among some respondents that more women than men would study later in life, HESA data shows that women are in fact only slightly more likely than men to be in postgraduate taught courses at an older age, with 35.6% of male PGT students aged over 29 versus 36.1% for women.

While firm evidence from the consultation has been limited in comparison to individual opinion, some universities in have cited their own surveys, as well as interventions such as HEFCE's £25 million Postgraduate Support Scheme (PSS), to highlight the difference that financial support can make. Where the PSS is concerned, support appears to have especially helped students from low socio-economic backgrounds and/or other disadvantaged backgrounds.

**11. The proposed 50% minimum study intensity course eligibility criteria, as well as the exclusion of all distance learning modes of study, could make one-year full-time (or two-year part-time) postgraduate Master's study difficult to access for some people.**

The proposed 50% minimum study intensity course eligibility criteria could discourage some people in employment or with family commitments from studying part time at lower intensities.

The consultation findings also point to the exclusion of all distance learning Master's courses being perceived as discriminatory towards individuals suffering from a disability or other health issues that makes distance learning the most feasible and flexible option.

**12. There is a risk of institutional tuition fee inflation caused by 1) increasing demand for postgraduate Master's study through the availability of a new government backed loan; and 2) any proposed new system that involves course fees being paid directly to institutions. This could lead to a higher loan maximum being needed in the future.**

A relationship between the availability of loans and the risk of tuition fee inflation may have already been indicated by the increase in undergraduate tuition fees in 2012. This might signal that Government should carefully consider how the Master's loan is apportioned to mitigate this.

The consultation findings largely support the Master's loan being paid in instalments, and payment direct to the borrower could ensure the provider marketplace remains reasonably competitive. That said, payment of the tuition fee element of the loan direct to institutions would harmonise more closely with existing processes for undergraduate students loans.

The Government may wish to consider some form of tuition fee monitoring to guard against a potential inflation scenario that could (soon) cancel out the benefit of the loan and result in the need for a larger loan amount to be made available to students, in turn exacerbating levels of student indebtedness.

### 6.1.3 Design of the postgraduate Master's loan

**13. The proposed £10,000 loan amount would help some individuals to access and pursue postgraduate Master's study where they could not have done so before, but some argue it may not go far enough to enable access for some individuals who cannot find the shortfall to cover total tuition fee costs exceeding £10,000, plus living/ maintenance and course costs.**

It seems highly likely that any amount of loan (be it £5,000 or £10,000) would help some students to access one-year postgraduate Master's study where this was not possible before. There may be some individuals who will still face financial barriers to accessing postgraduate Master's study regardless of the proposed loan amount.

However, while it is acknowledged that the proposed postgraduate Master's loan intends to act as a 'contribution' towards costs, rather than the sole source of funding for postgraduate Master's study, the findings do raise questions as to the sufficiency of a £10,000 loan to cover tuition fees alone, let alone living/maintenance and course costs.

If the objective is to increase participation in one-year postgraduate Master's study whilst also widening participation, it may be appropriate to raise the maximum amount where this would not present any significant additional risk to the taxpayer. This would help to ensure students are not prohibited from pursuing their preferred course; that individuals from lower socio-economic backgrounds have enough funding to cover all associated costs including living/maintenance and course costs where this might still be prohibitive with a £10,000 loan when tuition fees must also be taken into account; and that anyone seeking to leave current employment or reduce working hours to pursue one-year postgraduate Master's study does not suddenly find it impossible due to the effect of loss of income.

**14. Although the findings support the Government's intention for the postgraduate Master's loan to be available to all subject areas, it is important to ensure that higher cost courses – for example strategically important science-based subjects – can still be easily accessed under the maximum loan offer<sup>33</sup>.**

The findings broadly support a loan offer which is available across all subjects and disciplines, from STEM subjects to humanities and the arts. While it is important that the loan supports highest levels of skills to support the UK economy, the findings do not present a strong argument to prioritise some subjects over others, nor would this be easy to undertake, especially if future strategic priorities change.

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<sup>33</sup> This ties in with the shortfall issue described as part of conclusion 2.

It will be important to ensure that the maximum loan amount does not prohibit students from pursuing more expensive science-based courses that are important to the economy for the foreseeable future, as well as those in more expensive geographical areas to live, such as in London. This could be achieved by assessing where the proposed loan maximum of £10,000 sits on the scale of tuition fee costs for different subject areas and/or by geographical area. This would help to ensure the introduction of the Master's loan does not potentially disadvantage certain institutions and subject areas by deterring students from taking up that choice. This must be balanced against the view that without the availability of a Master's loan in itself, a certain proportion of students might not enter postgraduate Master's study at all due to the access to finance barrier.

**15. The proposed repayment arrangements feel well balanced, but specific aspects, such as the repayment rate at 9% and the £21,000 income threshold, could place a substantial repayment burden on those with an undergraduate loan to repay at the same time.**

The proposed repayment rate (9% of salary over £21,000) combined with a salary repayment threshold of £21,000 could cause particular problems for students with outstanding undergraduate student loans to repay – which will most likely be the majority of borrowers given the Master's loan is targeted at those under age of 30. Concurrent postgraduate and undergraduate student loan repayments might prove prohibitive..

The proposal for the Master's loan to act as a 'contribution to costs' would therefore be worthy of more detailed consideration to ensure the loan remains an attractive proposition and does not inadvertently place hardship on graduates with lower starter salaries. The impact of such a large salary stake could also affect these individuals' mortgage attainment potential.

**16. The potential administrative burden on institutions could be minimised where new confirmation processes to trigger loan amounts being released to borrowers are harmonised with existing processes for undergraduate student loans.**

Processing the Master's loan will inevitably involve some administrative burdens on institutions and businesses. However, it is unlikely that this will be significant, particularly if Government ensures the new Master's loan system works in harmony with existing processes for administering undergraduate student loans as far as reasonably possible.

## 6.2 Conclusions – Postgraduate Research Proposal

- 1. There is strong support for the introduction of a new loan scheme for postgraduate research students where this complements existing funding mechanisms.**

The consultation findings support Government intervention for improving support for postgraduate research students.

Any new loan scheme should complement existing sources of funding which are highly valued for supporting excellence in research, specifically funding offered by the Research Councils. It is vitally important that existing mechanisms are not adversely affected, nor that the introduction of loan opens up postgraduate research participation to the point that research quality is in any way diluted.

Some respondents made an observation about the potential “financial burden” that a loan of up to £25,000 could place on students, primarily in terms of the repayment commitment (especially when combined with an undergraduate loan) but more generally a negative perception about the idea of accruing too much debt per se. However these observations were not given as reasons not to introduce such a loan.

- 2. There is substantial evidence to suggest that existing partnerships between universities, industry and charities should be enhanced.**

There is a need to strengthen existing funding mechanisms and improve links between the research base and industry/charities, for example to encourage greater investment in research.

- 3. The current availability and level of stipends risks suppressing the UK’s ability to attract and retain top research talent.**

The availability and level (value) of stipends can be a major deciding factor in students’ decisions to undertake and continue with postgraduate research. There appear to be marked differences in the availability of stipends between different disciplines (a shortfall in supply relating to demand was noted for Humanities in particular). Furthermore the lack of comparability between the value of a stipend and the greater earnings potential from paid employment (noted particularly in relation to STEM careers) risks suppressing world class research potential.

Strengthen the availability and level of stipends could go some way to attracting and retaining greater numbers of postgraduate researchers, as well as enhancing the value of the work that they do.

## 6.3 Cross-cutting Themes

While it is acknowledged that the postgraduate Master's loan proposal is at a more advanced development stage than is the case for the postgraduate research proposal, some cross-cutting themes have emerged from the consultation and these are summarised below.

1. The respective maximum loan amounts (£10,000 for postgraduate Master's study and £25,000 for postgraduate research) may not cover all costs associated with study and could lead to students' being deterred by the idea of taking on additional debt;
2. It is unlikely that the introduction of new loans could fully meet the support needs of all postgraduates, taking into account their individual financial circumstances – nor should they necessarily aim to do so;
3. Any new loans would need to co-exist with other existing schemes. However, while existing funding mechanisms for postgraduate research are wide-ranging and highly valued for their selectivity, there appear to be greater perceived difficulties in accessing financial support for one-year postgraduate Master's courses despite the availability of the PCDL;
4. Any new loans should offer broad support for a range of subject areas, with respondents highlighting the importance of STEM subjects as well as the lack of funding to meet demand for humanities courses, in particular;
5. Administration of repayments could utilise existing systems and processes (e.g. associated with undergraduate student loans) with a view to minimising the burden on institutions;
6. Issues raised related to the burden of concurrent repayment arrangements with undergraduate student loans are relevant to the design of the postgraduate Master's loan policy, and would need to be considered as part of the future design of any new postgraduate research loan; and
7. A small minority of respondents to the consultation highlighted that students in Scotland, Wales and Northern Ireland are being excluded from the Master's proposals, although the consultation document does make it clear the postgraduate Master's provision is a devolved matter within each of the Devolved Administrations have the option to develop their own Master's loan scheme.

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