Higher education student finance for the 2021 to 2022 academic year

Equality Analysis

November 2020

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Introduction

Under the Equality Act 2010, the Department for Education (DfE), as a public authority, is legally obliged to give due regard to equality issues when making policy decisions – the public sector equality duty, also called the general equality duty.

One means of meeting this requirement is to carry out an Equality Analysis which helps us understand the potential impact of new policy proposals and regulations on people from different groups in society and whether some are likely to be affected more than others.

DfE as a public authority, must in the exercise of its functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
- Advance equality of opportunity between people who share a protected characteristic and those who do not; and
- Foster good relations between people who share a protected characteristic and those who do not.

Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard to the need to:

a) Remove or minimise disadvantages suffered by persons with protected characteristics;
b) Take steps to meet the needs of persons who share a relevant protected characteristic; and
c) Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons it disproportionately low.

The general equality duty covers the following protected characteristics: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

To date we are yet to find evidence to suggest that the characteristics of gender reassignment, pregnancy and maternity and sexual orientation have an impact of the likelihood of a student to receive certain student support products beyond the assumption that pregnant women or mothers would be more likely to receive or go on to receive certain targeted grants designed to support those with dependants or childcare. There is also no robust data collected on religion or belief at undergraduate level and so there are limitations in assessing the effect of policy changes for 2020/21 on different religious groups.

As disadvantage in education is still apparent in connection to family income and economic status we will also consider the impact on individuals from lower income groups. We will use the terms protected and disadvantaged groups as well as protected characteristics. Protected groups are a reference to people with protected characteristics, and disadvantaged groups refer to low income groups with low participation rates more widely.

Any queries or comments about this Equality Analysis should be addressed to: Linda Brennan, Department for Education, Great Smith Street, London, SW1P 3BT, linda.brennan@education.gov.uk

Summary of equality impacts across the proposed changes

Changes to the overall student finance system

A number of policy proposals considered in this equality analysis concern changes to student finance arrangements for the 2021/22 academic year with maximum loans and grants for living and other costs and postgraduate loans uplifted by forecast inflation (3.1%).

- Increases in grants that act as a contribution towards the cost of living for students starting full-time undergraduate courses before 1 September 2016 by 3.1%;
- Increases in dependants' grants for full-time undergraduate courses by 3.1%;
- Increases in loans for living costs for undergraduate courses by 3.1%; and
- Increases in loans for students starting postgraduate master's degree courses and doctoral degree courses in 2021/22 by 3.1%;

Our overall assessment is that these proposed changes will have a marginally positive impact for those with and without protected characteristics. Although student loan debt may rise, this is largely due to increases in loans for living costs for undergraduate courses and loans towards the costs of postgraduate courses, which if not implemented would make higher education less affordable, and consequently potentially less accessible, for students from lower income backgrounds.

For the 2021/22 academic year, the disabled students' allowances for undergraduate students, currently structured as four separate sub-allowances, are being simplified into one allowance in line with the postgraduate disabled students' allowance (DSA). The same allowance will apply to both full-time and part-time undergraduate and postgraduate DSA recipients in 2021/22. This will apply for both new and continuing students. An exception for travel costs will be made to this maximum cap, which means that travel costs will in effect be uncapped.

Our overall assessment is that for the vast majority of students, these proposed changes will have either no impact or a positive impact. It is possible that a very small number of students will be negatively affected by receiving slightly less support in the 2021/22 academic year than they would have done otherwise (as the new £25,000 cap for undergraduate students is slightly lower than the maximum of the current three capped sub-allowances added together), but these students are also likely to be able to access slightly more support in future years of their course than they would have done otherwise. A detailed assessment of the impact of changes to DSAs for 2021/22 can be found at page 18 below.

Proposed changes to loans, grants and allowances in 2021/22

Support for Undergraduate Courses

Loans for living costs for new full-time students and continuing full-time students starting their courses on or after 1 August 2016

- Maximum loans for living costs for new full-time undergraduate students and eligible continuing full-time undergraduate students starting their courses on or after 1 August 2016 will be increased by forecast inflation (3.1%) in 2021/22.
- For students living away from home and studying outside London, the maximum loan for living costs for 2021/22 will be £9,488. The equivalent loan rate for students living away from home and studying in London will be £12,382, for those living in the parental home during their studies, £7,987 and for those studying overseas as part of their UK course, £10,866.

Loans for living costs for new full-time students and continuing full-time students starting their courses on or after 1 August 2016 who are entitled to certain benefits

- Maximum loans for living costs for new full-time undergraduate students and eligible continuing full-time undergraduate students starting their courses on or after 1 August 2016 and who are eligible for benefits will be increased by forecast inflation (3.1%) in 2021/22.
- For undergraduate students who are entitled to benefits who are living away from home and studying outside London, the maximum loan for living costs for 2020/21 will be £10,815. The equivalent loan rate for students who qualify for benefits and who are living away from home and studying in London will be £13,504; for those living in the parental home during their studies, £9,423; and for those studying overseas as part of their UK course, £12,096.

Loans for living costs for new full-time students and continuing full-time students starting their courses on or after 1 August 2016 who are aged 60 or over at the start of their course

- The maximum loan for living costs in 2021/22 for new full-time undergraduate students and eligible continuing full-time undergraduate students starting their courses on or after 1 August 2016 who are aged 60 or over on the first day of the first academic year of their course, will be increased by forecast inflation (3.1%) to £4,014.

Maintenance Grants and Special Support Grants for full-time students who started their courses before 1 August 2016

- The maximum maintenance grant and special support grant for eligible continuing full-time undergraduate students who started their courses on or after 1 September 2012 but before 1 August 2016, will be increased by forecast inflation (3.1%) in 2021/22 to £3,919.
- The maximum maintenance grant and special support grant for eligible continuing full-time undergraduate students, who started their courses before 1 September 2012, will be increased by forecast inflation (3.1%) in 2021/22 to £3,597.

Loans for living costs for full-time students who started their courses before 1 August 2016

- Maximum loans for living costs for eligible undergraduate students, who started their course on or after 1 September 2012 but before 1 August 2016, will be increased by forecast inflation (3.1%) in 2021/22.
- For students who are living away from home and studying outside London, the maximum loan for living costs will be £6,802. The equivalent loan rate for students living away from home and studying in London will be £9,490; for those living in the parental home during their studies, £5,410; and for those studying overseas as part of their UK course, £8,081.

Loans for living costs for full-time students who started their courses before 1 September 2012

- Maximum loans for living costs for eligible undergraduate students, who started their course on or after 1 September 2009 but before 1 September 2012, will be increased by forecast inflation (3.1%) in 2021/22.
- For students who are living away from home while studying outside London, the maximum loan for living costs will be £6,122. The equivalent loan rate for students living away from home and studying in London will be £8,567; for those living in the parental home during their studies, £4,747; and for those studying overseas as part of their UK course £7,287.

Long Courses Loans

- Maximum long courses (living costs) loans for new and continuing undergraduate students who are attending full-time courses that are longer than 30 weeks and 3 days during the academic year will be increased by forecast inflation (3.1%) in 2021/22.

Dependants' Grants

- Maximum amounts for dependants' grants (adult dependants' grant, childcare grant and parents' learning allowance) will be increased by forecast inflation (3.1%) in 2021/22 for all new and continuing full-time undergraduate students.
- The maximum adult dependants' grant (ADG) payable in 2021/22 will be increased to £3,190. The maximum childcare grant (CCG) payable in 2021/22, which covers 85% of actual childcare costs up to a specified limit, will be increased to £179.62 per week for one child and £307.95 per week for two or more children. The maximum parents' learning allowance (PLA) payable in 2021/22 will be increased to £1,821.

Disabled Students' Allowances

- A single DSA of up to £25,000 is being introduced for new and continuing full-time and part-time undergraduate students in 2021/22. This will replace the four DSA sub-allowances available for full-time and part-time undergraduate students in 2020/21. An exception for travel costs will be made to this maximum cap, which means that travel costs will in effect be uncapped.

Part-time loans for living costs

- The maximum loan for living costs in 2021/22 for new part-time undergraduate students starting degree level courses on or after 1 August 2018 will be £9,488 for students living away from home and studying outside London. The equivalent loan rate for students living away from home and studying in London will be £12,382; for those living in the parental home during their studies £7,987; and for those studying overseas as part of their UK course £10,866. The amount of loan a part-time student qualifies for will, in addition to household income, depend on the intensity of study on the course when compared to a full-time course.

Support for Postgraduate Courses

Maximum loans for new students starting Postgraduate Courses in 2021/22

- Maximum loans for new students starting Postgraduate Master's Degree courses in 2021/22 will increase by forecast inflation (3.1%) to £11,570.
- Maximum loans for new students starting postgraduate doctoral degree courses in 2021/22 will be increased by forecast inflation (3.1%) to £27,265.

Disabled Students' Allowance for Postgraduate Students

For 2021/22, the maximum cap for single postgraduate DSA will be increased from £20,580 to £25,000. This aligns with the maximum cap for the new single undergraduate DSA of £25,000 for 2021/22. An exception for travel costs will be made to this maximum cap, which means that travel costs will in effect be uncapped.

The rationale for student finance

Higher education represents a significant investment in both terms of time and money. While the costs of study, in the form of tuition fees and living expenses, are incurred up front, the benefits, in the form of higher lifetime earnings and improved health and well-being, do not materialise until later after the student has graduated.

Government intervention is needed because a private sector led credit market for student finance would not work: students would not be able to borrow, partially or fully full, the money they need to fully cover the costs they incur during study and repay the lender once they have graduated and started earning an income.

Put another way, the supply of higher education student finance which private lenders make available would be less than student demand. This in large part because students are unlikely to have collateral which they can offer lenders as security (human capital not being a physical asset) or sufficient liquidity to service loan repayments. Moreover, lenders do not have perfect information about the credit worthiness of students and their ability to repay the loan (which will be based on the student's employment and earnings outcomes after they graduate)[1].

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[1] An overview of the different reasons for government intervention in the context of higher education student finance can be found here: https://www.ifs.org.uk/uploads/Lorraine%20Deardren%20-%20The%20complicated%20issue%20of%20HE%20finance.pdf

In response, private capital markets lenders may seek to limit their exposure to the risk of non-repayment by student borrowers by either rationing the amount of credit they offer to students or charge even higher risk premia to cover the higher risk of lending (exacerbating even further the adverse selection problem).

As a result, finance would represent a barrier to participation. Only those students who would be able to fund the upfront costs of their studies through private means (e.g. personal savings or income or commercial borrowing) would be able to participate in higher education.

By providing up-front funding, a government-backed student finance system makes higher education free at the point of use, thereby ensuring that access is based on ability to learn rather than the ability to pay.

The case for annually uprating student support by inflation

Sustained increases in prices and the cost of living reduce the real value of money, in terms of the quantity of goods and services that a given amount of money will buy. The most widely used measure of inflation, the Consumer Price Index (CPI), was 1.0% in the twelve months to July 2020, although there was significant variation across the different categories of expenditure (see Table 1 below) [2] [3]. The CPI rate of inflation was lower than in recent years owing in large part to the deflationary impact of Covid19 on consumer spending in the second quarter of 2020.

The student support package – the amount of support a student can receive from the Government towards living costs – is determined annually. For 2021/22, the package will be increased by the rate of forecast inflation of 3.1%. The inflation measure used is RPI-X (Retail Price Index excluding mortgage interest payments). This is based on the OBR forecast RPI figure for 2022 which was published in March 2020.

Increasing the maximum level of student support available across these different streams of funding in line with forecast inflation ensures that students do not suffer a real reduction in their income. This means they should be able to make the same spending decisions as they did previously with regards accommodation, travel, food, entertainment and course related items such as books and equipment, the costs of which will also have been rising over time.

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[2] In the twelve months to July 2020, the Consumer Price Index (CPI) was 1.0%. This will figure will vary across different goods and services produced in the UK economy https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/july2020

[3] The CPI is different to the Retail Price Index (RPI) which is no longer recognised as a national statistic. The CPI is lower than the RPI because it is calculated in a different way and is based on a different basket of goods (e.g. it excludes owner occupiers' housing costs such as mortgage interest payments which are included in the RPI). In the twelve months to July 2020, the RPI stood at 1.6%

Table 1: CPI rate of inflation and by category of expenditure

	% change over 12 months (to July 2020)
CPI (Overall index)	**1.0**
01 Food and non-alcoholic beverages	0.8
02 Alcoholic beverages and tobacco	2.6
03 Clothes and footwear	-0.1
04 Housing, water, electricity, gas and other fuels	-0.9
05 Furniture, household equipment and maintenance	0.8
06 Health	3.2
07 Transport	-0.7
08 Communication	4.3
09 Recreation and culture	2.6
10 Education	2.7
11 Restaurants and hotels	1.8
12 Miscellaneous goods and services	1.4

Source: ONS (2020) Consumer price inflation, UK: July 2020

The personal characteristics of student support recipients personal characteristics of student support recipients

Table 2 below shows the protected characteristics profile of student support recipients for each product type. By comparing the profile of each product type against that of the undergraduate full-time loan for living costs claimant population, it is possible to determine the extent to which protected groups in each of the different product claimant populations are under, over or proportionately represented.

We use the undergraduate full-time loan for living costs student population as the basis for comparing the profile of protected characteristics of different product groups. This is because it has the largest number of claimants (tuition fees loans notwithstanding) which means it is more likely to representative of the whole student population. In academic year 2018/19 the number of undergraduate full-time students receiving a loan for living costs was 1,040,000.

The analysis focuses on age, gender and disability. Ethnicity is not included because there are significant limitations on ethnicity data as reported by the SLC as students are not required to declare their ethnicity.

Age

SLC data in Table 2 below shows the percentage of young and mature students (defined as being 21 years of age or over ***at the start of their course***) awarded different types of student support. The data shows that mature students are:

- Significantly over-represented in the part-time loan for living costs claimant population. This is likely to reflect the fact that mature students are more likely than younger students to study part-time because of their personal circumstances (e.g. family, work or financial commitments).

- Significantly over-represented in the postgraduate masters and doctoral loans populations, reflecting the fact that students are typically over the age of 21 when enrolling on these more advanced levels of study.

- Significantly over-represented in the maintenance and special support grant claimant populations and in the dependants related grant populations (i.e. ADG, PLA, CCG).

- Significantly over-represented in the postgraduate and part-time undergraduate DSA claimant population. They are also over-represented in the travel element of full-time undergraduate DSA.

Gender

Table 2 below shows that there is less variation in the gender profile across the different product claimant population compared to other protected characteristics. The key observations to note are:

- Female students are significantly over-represented in the population of child care grant and parents' learning allowance claimant population while males are over-represented in the adult dependants' grant population.
- Female students are over-represented in the part-time loan for living costs claimant population. This is likely to reflect the fact that female students are more likely than male students to study part-time because of their personal circumstances (e.g. family commitments).
- Female students are over-represented in the full and part-time undergraduate DSA claimant population as well as the postgraduate DSA population.

Disability

SLC does not require a student to declare whether or not they have a disability, so students applying for DSA has been used as a proxy. However, we would expect this to be a sub-set of the total number of students with a disability because not all students with a disability need additional support funded by DSA on top of any reasonable adjustments provided by their institution. The data shows that:

- DSA recipients are significantly over-represented in the part-time loan for living costs population.

- DSA recipients are modestly over-represented in the full-time maintenance and special support grant population and also in in the dependants related grant populations (CCG, PLA and ADG).

Table 2: Protected characteristics profile of 2018/19 England domiciled borrowers by product

Mode of Study	Product Group	Students with payments	Disability status		Gender		Age	
			Receiving DSA	Not receiving DSA	Male	Female	Under 21	21 and over
Undergraduate	Full Time Maintenance Loans (Payments)	1,043,437	5.1	94.9	42.9	57.1	59.4	40.6
	Full Time Tuition Fee Loans (Payments)	1,059,189	5.2	94.8	43.6	56.4	61.8	38.2
	Full Time Maintenance and Special Support Grants (Awards) [r1]	57,707	7.1	92.9	49.8	50.2	0.3	99.7
	Full Time Disabled Students Allowance (DSA) (Payments)	58,721	100.0	-	34.3	65.7	49.6	50.4
	Non-Medical Helpers DSA	38,453	100.0	-	33.6	66.4	48.0	52.0
	Equipment DSA	24,474	100.0	-	33.6	66.4	56.1	43.9
	General DSA	39,491	100.0	-	33.3	66.6	54.5	45.5
	Travel DSA	3,723	100.0	-	29.4	70.6	32.7	67.3
	Other Targeted Support (Awards) [r2]	60,541	8.4	91.6	22.0	78.0	2.0	98.0
	Adult Dependants' Grant	16,555	7.2	92.8	51.6	48.4	0.7	99.3
	Parents Leave Allowance	57,460	8.4	91.6	20.1	79.9	1.8	98.2
	Childcare Grant	23,010	9.8	90.2	11.4	88.6	2.4	97.6
	Travel Grant	177	2.3	97.7	42.9	57.1	58.2	41.8
	Part-Time Tuition Fee Loans (Payments) [r3]	81,371	3.9	96.1	33.5	66.5	7.0	93.0
	Part Time Maintenance Loans (Payments)	4,070	12.6	87.4	32.8	67.1	7.1	92.9
	Part Time Grants - Course Grant (Awards)	29	13.8	86.2	41.4	58.6	-	100.0
	Part-Time Grants - Tuition Fee Grant (Payments)	24	16.7	83.3	37.5	62.5	-	100.0
	Part Time Disabled Students Allowance (DSA) (Payments)	3,588	100.0	-	30.7	69.3	5.9	94.1
	Non-Medical Helpers DSA	2,122	100.0	-	30.0	70.0	4.5	95.5
	Equipment DSA	1,676	100.0	-	30.0	70.0	6.6	93.4
	General DSA	2,530	100.0	-	30.1	69.9	6.6	93.4
	Travel DSA	172	100.0	-	24.4	75.6	4.7	95.3
Postgraduate	Postgraduate Masters Loans (Payments)	77,757	4.4	95.6	40.0	60.0	0.2	99.8
	Postgraduate Doctoral Loans (Payments)	2,905	-	100.0	49.7	50.3	0.0	100.0
	Postgraduate DSA (Awards)	6,569	100.0	-	31.6	68.4	0.1	99.9
	Non-Medical Helpers DSA							
	Equipment DSA							
	General DSA							
	Travel DSA							

Notes: Figures are for loans, grants and allowances paid by Funding Body England for AY18/19 as at 31st August 2019. Only England-domiciled borrowers are included (EU-domiciled students are excluded). Age is defined as at start of academic year 2018/19 (1st Sept 2018). Figures are for enrolled borrowers not just entrants. Figures for part-time ADG and CCG claimants not reported as disclosive. Postgraduate DSA is only one product, unlike undergraduate DSA which is split into four products, hence why only one figure is reported. Disaggregated figures do not always add up because of missing data.

Analysis of proposed policy changes

It is anticipated that inflation-indexed uplift in undergraduate loans for living costs as well as the postgraduate masters and doctoral loans will benefit all students, including low income groups who tend to be more reliant on financial support and are more likely to be from minority ethnic backgrounds[4].

Students who are female, older or disabled will particularly benefit from the inflationary increase in the part-time loan for living costs based on the SLC protected characteristics profile data reported in Table 2 above.

Older and disabled students will be most positively impacted by the inflationary rise in dependants' grants (ADG, PLA, CCG) where they are over-represented with female students benefiting from just the uplift in CCG and PLA.

The impact of policy changes on higher education participation

As noted above, student finance exists to ensure that cost of study and affordability do not represent a barrier to participation in higher education while the inflationary uplift applied each year serves to ensure that students are not made worse off because of a reduction in the real value of the funding they receive.

Some students groups, especially those with protected characteristics, may however be more debt averse than others which may lead them to making poorer decisions about higher education, including choosing not to participate, even when it is in likely to benefit them in the long-run (see Box 1 below) [5].

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[4] HMG (2019) Income distribution: ethnicity facts and figures https://www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/pay-and-income/income-distribution/latest#:~:text=Percentage%20of%20households%20

[5] For an overview of the literature and evidence base see for example Fagence and Hansom (2018) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/693188/Influence_of_finance_on_higher_education_decision-making.pdf and Pollard et al. (2019) https://www.gov.uk/government/publications/the-student-finance-system-impact-on-disadvantaged-young-people

Box 1: Debt aversion

Debt (or loan) aversion relates to the unwillingness of a person to borrow because of the financial costs associated with taking out a loan as well as the psychological effects such as anxiety and distress[6] [7]. This can lead to people choosing not to borrow even though it would very likely improve their personal circumstances in the long run.

In the context of higher education, debt aversion relates to the reluctance of students to take out loans to cover the cost of their studies even when investment in their human capital will deliver positive long-term returns in terms of better employment and earnings prospects[8].

This may be driven by a mix of sociological and cultural factors. For example, students may come from families with negative attitudes towards debt that have been influenced by past experience of over-indebtedness and its consequences. Similarly, students and their families may have religious values or beliefs which discourages or does not allow borrowing, especially if the loans attract interest.

The literature on debt aversion in higher education has evolved over time, reflecting changes in the student finance system and the increasing shift in the cost of study away from the taxpayer to the student. Evidence on student attitudes to risk reveal that students have become more comfortable taking on debt to fund their studies[9].

Attitudes to debt are not uniform across the student population. Students who are female, older or from ethnic backgrounds and lower socio-economic groups are more likely to be debt averse. This will reflect in large part their personal circumstances (e.g. family or financial commitments) which will influence their perceptions of the costs, risks and benefits of investing in higher education[10].

While an increase in loan funding will increase student debt (in nominal terms only), an equivalent increase in grant funding will not (since it does not need to be repaid). However, the income contingent nature of loan repayments means that the longer-term impact will only be felt by high/middle earning borrowers who go on to repay all or

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[6] Baum, S. and Schwartz, S. (2013) *Student aid, student behaviour and educational attainment* *https://gsehd.gwu.edu/sites/default/files/documents/PUBLISHED_Baum_Schwartz.pdf*

[7] Callander, C. and Mason, G. (2017) *Does student loan debt deter higher education participation: new evidence from England* https://www.llakes.ac.uk/sites/default/files/58.%20Callender%20and%20Mason.pdf

[8] Callendar and Mason (2017) found that in 2015, 74% of respondents stated that student loans to fund a university education represented a good investment. This compared with 52% when the same question was asked students in 2002. Much of the increase was attributed to more positive responses from female students.

[9] Callander, C. and Mason, G. (2017) *Does student loan debt deter higher education participation: new evidence from England* https://www.llakes.ac.uk/sites/default/files/58.%20Callender%20and%20Mason.pdf

[10] See for example Gayardon, A. *et al.* (2019) *The determinants of student loan take-up* https://link.springer.com/content/pdf/10.1007%2Fs10734-019-00381-9.pdf and Callendar and Mason (2017) *Does student loan debt deter higher education participation: new evidence from England* https://www.llakes.ac.uk/sites/default/files/58.%20Callender%20and%20Mason.pdf

nearly all of their student loan. Any outstanding loan balance is cancelled at the end of the students' loan term.

Based on the available evidence, the inflationary increase in undergraduate loans for living costs, maintenance grants for full-time pre August 2016 starters and full-time dependants grants for 2021/22 will not significantly alter participation decisions or have a differential impact across protected groups. The increase will be nominal; in real terms students will be neither worse nor better off. Further, there is little evidence that the 2012 reforms which saw a significant increase in HE fees and associated debt levels, have had a significant impact in deterring participation in higher education amongst disadvantaged groups of students. In addition, the experience of introducing loans for undergraduate students suggests students are increasingly accepting of debt when it represents an investment in their education.

As with undergraduate support, the amendments to increase the maximum amount of loan available for postgraduate master's degree courses and postgraduate doctoral degree courses in line with inflation for 2021/22, are likely to have a relatively small impact on debt averse groups, as the maximum loan amount will be increased only enough to maintain its value in real terms.

Changes to Disabled Students' Allowance for 2021/22

For the 2021/22 academic year, the disabled students' allowances for undergraduate students, currently structured as four separate sub-allowances, are being simplified into one allowance in line with the postgraduate disabled students' allowance (DSA). The same allowance will apply to both full-time and part-time undergraduate and postgraduate DSA recipients in 2021/22. This will apply for both new and continuing students. The maximum cap will be £25,000. An exception for travel costs will be made to this maximum cap, which means that travel costs will in effect be uncapped.

Characteristics of DSA recipients

Tables 3A, 3B and 3C below show the characteristics of DSA recipients for which we have data, compared to the overall student population. The following notes apply to these tables:

- Data has been sourced from a DfE analysis of the Higher Education Statistics Agency (HESA) student record.
- Data comprises English domiciled students at UK higher education institutions in the 2018/19 academic year.
- Data includes both full time and part time students.
- Data excludes a small proportion of cases where it is unknown if a disabled student is in receipt of disabled students' allowance.

Table 3A – Gender distribution of 2018/19 English domiciled student enrolments at UK Higher Education Institutions

Gender	Undergraduate students	Undergraduate students who are DSA recipients	Postgraduate students	Postgraduate students who are DSA recipients
Male	43%	37%	40%	34%
Female	57%	63%	60%	66%
Other	0%	0%	0%	0%
Total	**100%**	**100%**	**100%**	**100%**
Total number of students	**1,249,155**	**79,135**	**307,095**	**13,180**

Female students are more likely than male students to be DSA recipients at both undergraduate and postgraduate level when compared to the overall student population.

Table 3B – Age distribution of 2018/19 English domiciled student enrolments at UK Higher Education Institutions

Age	Undergraduate students	Undergraduate students who are DSA recipients	Postgraduate students	Postgraduate students who are DSA recipients
20 years and under	55%	47%	0%	0%
21 - 24 years	24%	31%	28%	34%
25 - 29 years	7%	8%	21%	25%
30 years and over	14%	14%	50%	41%
Age unknown	0%	0%	0%	0%
Total	**100%**	**100%**	**100%**	**100%**
Total number of students	**1,249,155**	**79,135**	**307,095**	**13,180**

At undergraduate level, DSA recipients are less likely to be aged 20 and under, and more likely to be aged 21-24, when compared with the overall student population. At postgraduate level DSA recipients are more likely to be aged 21-24 or 25-29, and less likely to be aged over 30, when compared with the overall student population.

Table 3C – Ethnicity distribution of 2018/19 English domiciled student enrolments at UK Higher Education Institutions

Ethnicity	Undergraduate students	Undergraduate students who are DSA recipients	Postgraduate students	Postgraduate students who are DSA recipients
White	70%	76%	73%	74%
Asian	13%	7%	11%	7%

Black	9%	8%	8%	10%
Other (including Mixed)	7%	7%	6%	7%
Not known	1%	1%	3%	2%
Total	**100%**	**100%**	**100%**	**100%**
Total number of students	**1,249,155**	**79,135**	**307,095**	**13,180**

At undergraduate level DSA recipients are more likely to be White, and less likely to be Asian, when compared with the overall student population. At postgraduate level DSA recipients are more likely to be Black, and less likely to be Asian, when compared with the overall student population.

Impact of the changes on postgraduate DSA recipients

For postgraduate students, the new £25,000 maximum cap represents an increase in their current maximum cap, as the cap for postgraduate students in the 2020/21 academic year is £20,580. In addition to this, the maximum cap of £20,580 includes DSA-funded travel costs, but under the new arrangements travel costs will be uncapped. We expect therefore that for postgraduate students the impact will be entirely positive.

Impact of the changes on undergraduate DSA recipients

As a general point, it is rare for students to take up the maximum, or close to the maximum, of each of the current allowances. This is because DSA funding is awarded on the basis of need (i.e. it is awarded for specific disability-related support needs recommended by a needs assessor and approved by SLC). The vast majority of undergraduate students currently use only a small proportion of the maximum DSA allowances and so we forecast that they will see no change as a result of this policy.

We expect that the introduction of a single allowance in place of the current system of four sub-allowances will, however, have a positive impact on groups whose needs are being less well met as a result of the way in which the current system operates. These will in general be students who use up all, or very close to all, of one of the capped allowances currently but very little of the other allowances. Students in this group will under the new arrangements have more flexibility in the awarding of support.

For example, the current maximum equipment allowance is £5,849 for the duration of the course. Implementing a single annual allowance of £25,000 will provide the flexibility for students to be awarded a higher cost piece of equipment than is possible currently. We expect that this will have a particularly positive impact on visually impaired students, who tend to have high-cost equipment needs such as Braille computers for which the current equipment allowance can be insufficient.

In addition to this, the current maximum non-medical help allowance is £23,258. Implementing a single allowance of £25,000 will provide the flexibility for students to be awarded higher amounts of non-medical help annually than currently should they need it. We expect that this will have a particularly positive impact on hearing impaired students with high cost non-medical help needs such as sign language interpreting who tend to use up all, or almost all, of their non-medical help allowance annually but very little of the other allowances.

Tables 4A, 4B and 4C below set out the characteristics of undergraduate DSA recipients with visual impairments and hearing impairments compared to undergraduate DSA recipients generally. The following notes apply to these tables:

- Data has been sourced from a DfE analysis of the Higher Education Statistics Agency (HESA) student record.
- Data comprises English domiciled students at UK higher education institutions in the 2018/19 academic year.
- Data includes both full time and part time students.
- Data excludes a small proportion of cases where it is unknown if a disabled student is in receipt of disabled students' allowance.
- Data excludes a small proportion of cases reported as having multiple disabilities, where it was not possible to identify whether any of these were visual impairments or hearing impairments.

Table 4A – Gender distribution of 2018/19 undergraduate English domiciled student DSA recipients at UK Higher Education Institutions

Gender	Undergraduate students who are DSA recipients	Undergraduate students who are DSA recipients with known serious visual impairment	Undergraduate students who are DSA recipients with known serious hearing impairment
Male	37%	52%	35%
Female	63%	48%	64%
Other	0%	0%	0%
Total	**100%**	**100%**	**100%**
Total number of students	**79,135**	**895**	**1,335**

Male students are over-represented among DSA recipients with visual impairments and so should benefit particularly from this policy change. Hearing impaired students who are DSA recipients are no more likely to be male or female than DSA recipients generally.

Table 4B – Age distribution of 2018/19 undergraduate English domiciled student DSA recipients at UK Higher Education Institutions

Age	Undergraduate students who are DSA recipients	Undergraduate students who are DSA recipients with known serious visual impairment	Undergraduate students who are DSA recipients with known serious hearing impairment
20 years and under	47%	52%	52%
21 - 24 years	31%	27%	29%
25 - 29 years	8%	7%	5%
30 years and over	14%	13%	13%
Age unknown	0%	0%	0%
Total	**100%**	**100%**	**100%**
Total number of students	**79,135**	**895**	**1,335**

This table shows that 47% of undergraduate DSA recipients were aged 20 and under, compared to 52% for those with serious visual or hearing impairments.

Table 4C – Ethnicity distribution of 2018/19 undergraduate English domiciled student DSA recipients at UK Higher Education Institutions

Ethnicity	Undergraduate students who are DSA recipients	Undergraduate students who are DSA recipients with known serious visual impairment	Undergraduate students who are DSA recipients with known serious hearing impairment
White	76%	59%	69%
Asian	7%	21%	16%
Black	8%	12%	8%
Other (including Mixed)	7%	6%	6%
Not known	1%	2%	1%
Total	**100%**	**100%**	**100%**
Total number of students	**79,135**	**895**	**1,335**

Black and Asian students are over-represented among DSA recipients with visual impairments and so should benefit particularly from this policy change. Asian students are over-represented among DSA recipients with hearing impairments and so should benefit particularly from this policy change.

We have also considered the question of whether there are any undergraduate students who would be negatively impacted by this policy change, as the new single cap of £25,000 is slightly lower than the current maximum of the three capped sub-allowances added together. Table 5 below shows the number of DSA recipients who received a DSA amount of more than £25,000 annually in the last three academic years for which we have data. The following notes apply to this table:

- Data has been sourced from the Student Loans Company (SLC).
- Data comprises students who received funding as English domiciled studying in the UK.
- Data includes both full time and part time students.

Table 5

Academic year	Number of students receiving DSA of more than £25,000	Number of students receiving DSA (excluding travel grant) of more than £25,000
2016/17	20	0
2017/18	15	1
2018/19	28	3

For the vast majority of students receiving DSA funding greater than £25,000, this was driven by funding for the DSA travel grant, which will continue to remain uncapped. This data therefore indicates that the number of students likely to be negatively affected by this policy change is extremely low.

The very small numbers involved in this subgroup mean that it is not possible to consider whether students with particular protected characteristics are more likely to be negatively affected than others. We would also note that the cost of support is not necessarily correlated with the severity of a student's condition. We have, however, carried out a review of the circumstances of the four students who received more than £25,000 in DSA annually (excluding travel grant) in the last three academic years to inform this analysis. While the extremely small numbers mean that it is not possible to draw firm conclusions, this review has suggested that students in this position tend to receive more than £25,000 in their first year of study only, and that in future years of study their allowance is largely spent on non-medical help. This suggests that for continuing students in the 2021/22 academic year, there is unlikely to be a negative impact because they are unlikely to have otherwise received more than £25,000 in DSA support for that year of their course. For new students in 2021/22, the impact for anyone who would have received more than £25,000 had this policy change not taken effect is likely to be that they will be able to access slightly fewer hours of non-medical help in the first year of their course, but slightly more hours of non-medical help in future years of their course should they need it.

Other proposed changes to higher education student finance for 2021/22

Removing the three year ordinary residence requirement for protection based categories of eligible students in Regulations

- The Home Office has introduced a number of forms of leave to remain in the UK, where the recipient is deemed to be in need of some form of protection which grants them almost exactly the same social rights as enjoyed by refugees: Humanitarian Protection, Stateless Persons leave, Calais leave and Section 67 ('Dubs') leave. In contrast to refugees, however, these forms of leave are currently subject to a three-year ordinary residence requirement before the start of a course when accessing student support.

- Recent legal cases challenged the requirement that persons granted Humanitarian Protection need to be lawfully resident in the UK for three years prior to the start of a course before being eligible for student support. They argued that the differential treatment was discriminatory under the European Convention on Human Rights (ECHR), given that those granted Refugee Status can immediately access support upon being granted leave to remain. Following these cases, Ministers have now agreed that the three-year ordinary residence requirement should be removed for students who are in protection-based categories and their family members when applying for student support.

- HE Student Finance Regulations for undergraduate and postgraduates are being amended for the 2021/22 academic year, so that students in protection based categories and their family members who are starting or continuing their courses in 2021/22 will not be required to have been ordinarily resident for three years prior to the start of their course. Students in protection based categories will need to have been ordinarily resident in the UK and Islands since the grant of their leave to remain in order to qualify for home fee status and student support. A corresponding change is being made to Further Education Regulations for 2021/22.

- Eligible persons and their family members who are granted leave under protection based categories and who are starting or continuing undergraduate courses in the 2021/22 academic year will qualify for loans for fees and living costs and grants for living and other costs where applicable. Those granted leave under these categories who are starting or continuing postgraduate master’s degree courses in the 2021/22 academic year and postgraduate doctoral degree courses in the 2021/22 academic year will qualify for postgraduate master’s degree and postgraduate doctoral degree loans.

- Eligible persons and their family members who are granted leave under these categories and are starting or continuing courses at the European University Institute (EUI) in Florence in the 2021/22 academic year will qualify for grants for living and other costs to undertake postgraduate courses at the EUI.
- Eligible persons and their family members who are starting or continuing Further Education courses in the 2021/22 academic year who are granted leave under these categories will qualify for Advanced Learner Loans.

Analysis

- This change will have a positive impact on the protected characteristic of race. A high proportion of those granted Humanitarian Protection, Stateless Persons leave, Calais leave and Section 67 (‘Dubs’) leave come from the African Sub-Saharan, North Africa, Central/Southern Asia, Central America or Middle East regions.

Introducing a new Eligibility Category in Regulations for students granted Indefinite Leave to Remain as a Bereaved Partner

- A new eligibility provision is being introduced in HE Student Regulations so that students granted Indefinite Leave to Remain (ILR) as a bereaved partner who do not satisfy the three year ordinary residence requirement will qualify for student support in England and home fee status. Bereaved partners granted ILR are predominantly women and are less likely to meet the three-year ordinary residence requirement than others granted ILR (as was previously the case with victims of domestic violence granted ILR). This category of students will need to have been resident in the UK and Islands since the grant of such leave.

- From the 2021/22 academic year, eligible persons who are granted leave under this category who are starting courses in 2021/22 will qualify for loans for fees and living costs and grants for living and other costs where applicable for undergraduate courses. Those granted leave under this category who are starting postgraduate master’s degree courses and postgraduate doctoral degree courses in the 2021/22 academic year will qualify for postgraduate master’s degree loans and doctoral degree loans.

- Eligible persons who are starting courses at the European University Institute in 2021/22 granted leave under this category will qualify for grants for living and other costs to undertake these postgraduate courses.
- Eligible persons granted leave under this category who are starting Further Education courses in 2021/22 will also qualify for Advanced Learner Loans.

Analysis

The limited data and evidence available means that a detailed analysis of the potential equality impacts has not been possible. However, we conclude that the creation of a new eligibility category for those granted ILR as a bereaved partner will have a positive impact on individuals from protected groups. It will enable them to access higher education and provide them with the opportunity to benefit from the well documented high average financial returns associated with obtaining a degree and from the wider, more social benefits associated with higher education study.

The majority of those granted ILR as a bereaved partner are female. The proposal could therefore particularly benefit those with the protected characteristic of sex. On the data available we have been unable to assess the other protected characteristics covered by the Equality Duty.

Family Test

A number of policy proposals considered in this family test analysis concern changes to student finance arrangements with maximum loans and grants for living and other costs for undergraduate courses and grants and loans for postgraduate courses uplifted by forecast inflation (3.1%) in 2021/22:

- Increases in maintenance grants for full-time students starting full-time undergraduate courses before 1 September 2016 by 3.1%;
- Increases in dependants' grants for full-time undergraduate courses by 3.1%;
- Increases in loans for living costs for full-time and part-time undergraduate courses by 3.1%;
- Increases in loans for students starting postgraduate master's degree courses and postgraduate doctoral degree courses in 2021/22 by 3.1%; and

Our assessment is that in general these proposed changes will not have a particular impact on families. The increase in debt will be in nominal terms only meaning that students with family commitments will be no worse or better off as a result. Moreover, the income contingent nature of loan repayments means that the longer-term impact will only be felt by those students with family commitments who go on to earn more than the minimum repayment threshold after they graduate, which is currently set at £26,575 for further education and undergraduate HE courses and £21,000 for postgraduate master's degree and doctoral degree courses.

We do not expect there to be any particular impact on families as a result of the changes to disabled students' allowance in 2021/22. The vast majority of students will see either no change to the support they receive, or a positive change. It is possible that a very small number of students will receive slightly less support in 2021/22 than they would have done had this policy change not taken effect, but this relates to the specific disability-related support provided for them to access their studies and should not have a particular impact on students with family commitments.

Changes to eligibility criteria for 2021/22 will increase the number of people who are likely to be eligible for student support to undertake higher education courses and may assist access where specific grants are available for those students who are parents and for those with childcare and adult dependent responsibilities.

Department for Education

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