



BIS consultation on support for postgraduate study UNISON response – May 2015

Introduction

UNISON is the UK's largest public service union with more than 1.3 million members. Our members are people working in the public services, for private contractors providing public services and in the essential utilities. They include frontline staff and managers, working full or part time in local authorities, the NHS, the police service, colleges and schools, the electricity, gas and water industries, transport and the voluntary sector.

UNISON is uniquely placed to respond to this survey. We represent student members who are undertaking a course of training or study whether full-time or part-time designed to lead to becoming employed by any body, authority, company or corporation which has a public, charitable, educational, or statutory function, including those employed in the local government service, the health services, the electricity supply industry, the gas, transport and water industries, the education services, the police and justice sectors and in the voluntary and community sectors.

Government Loans for Postgraduate Taught Master's Study

Policy objective

Q1. Do you believe that access to finance is a significant barrier to progression into postgraduate taught Master's study?

Yes

Please provide evidence to support your response:

The National Union of Students (NUS), in their report 'Broke and broken: taught postgraduate students on funding and finance', 52.3% of respondents said that postgraduate study would not have been an option for them if they had not received any financial support.¹

Q2. Are there other barriers, other than access to finance, which in your view prohibits progression into postgraduate taught Master's study?

Yes

Please provide reasons/evidence to support your response:

¹ <http://www.nus.org.uk/PageFiles/12238/Broke.pdf>

According to a study by Higher Education Funding Council for England (HEFCE), 65% of undergraduates who wanted to start a postgraduate course said that course fees were a factor that would affect their decision.² Therefore, not only is access to finance a significant barrier to progression into postgraduate taught Master’s study, but the cost of studying is a significant barrier as well.

Loan amount

Q3. Do you believe the availability of up to a £10,000 income contingent loan will increase an individual’s likelihood to pursue postgraduate taught Master’s study?

Yes

If No to Q3, please provide reasons/evidence to support your response:

N/A

Q4. 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?

No

If no, what do you think the maximum loan amount should be and why?

The consultation document states that the average annual fee for postgraduate taught study is £8,010. However, some courses are significantly more expensive than others. For example, the table shows that the average annual fees for postgraduate taught study in the 95th percentile is £16,750. Therefore, the loan amount should be increased to take account of the significant differences in cost according to the subject studied.

Q5. If yes to Q4, what proportion of £10,000 do you think an individual would seek to borrow, and why?

N/A

Q6. Do you believe the availability of a £10,000 income contingent loan will have an impact or influence on the following:

Will the availability of a £10,000 income contingent loan have an impact or influence on the following:	Yes	No
Propensity to study a postgraduate taught Master’s course over Other Postgraduate courses.	Yes	
Propensity to study full-time over part-time?		No

² <http://www.timeshighereducation.co.uk/news/finance-is-barrier-to-postgraduate-study-hefce-study-confirms/2017593.article>

Propensity to study part-time over full-time?		No
Rise in the level of postgraduate taught Master's course fees?	Yes	

Please provide reasons/evidence to support your response:

There is a possibility that providing a loan for postgraduate taught Master's study and not for Other Postgraduate courses might encourage more people to pursue postgraduate taught Master's study over Other Postgraduate courses because they'll be able to access finance easier. However, because Post Graduate Certificates in Education (PGCE) are funded by the Department of Health, it is unlikely to impact on the number of students that pursue these courses.

Because the loan amount is the same regardless of whether a student studies full-time or part-time, it is unlikely to affect the propensity to study part-time over full-time and vice-versa.

The average fee increase for home postgraduate students in 2014 was 1.2 per cent, a rise that was below the rate of inflation (2.6 per cent). Furthermore, at more than one in five universities, the typical fee for a postgraduate taught course has actually been cut for 2014-15. This might suggest that fees are unlikely to balloon even though it is an uncapped market.

However, the small increase in fees may be due to the declining number of students applying for postgraduate taught study. By increasing fees only slightly, some Higher Education Institutions might think that students are more likely to apply. If the loan increases the number of students applying for postgraduate taught study, then the course fee is likely to increase with the increased demand for course places.

Contribution to costs

Q7. 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

Please provide reasons/evidence to support your response:

This would give students the freedom to decide how best to allocate the money in order to cover the different costs associated with their study.

Q8. If No to Q7, do you think a proportion of the loan should be limited to a fee loan which is paid directly to the course provider?

N/A

Please provide reasons/evidence to support your response:

N/A

Q9. If Yes to Q8, how much of the £10,000 loan should be limited for the purpose of a fee loan?

N/A

Please provide reasons/evidence to support your response:

N/A

Q10. What other sources of finance might an individual need or rely upon, as well as the proposed loan, to meet all the costs of pursuing postgraduate taught Master's study?

Please provide reasons/evidence to support your response:

If the loan helps to cover both the cost of studying and living, then there should be no need for other sources of finance. However, because the average annual fee for postgraduate taught study is £8,010, it is unlikely that the loan (£10,000) will cover both the cost of studying and living. Average student living expenses are estimated between £8,000 - £11,000 a year. In some cases the loan amount will not even be enough to cover the total course fee. For example, the average annual fee for postgraduate taught study in the 95th percentile is £16,750. Therefore, students may need to rely on other sources of finance in addition to the loan. Other sources of finance may include family, personal or commercial loans, paid employment, credit cards or overdrafts, professional career development loans, or personal savings.

Individual eligibility

Q11. Which groups of individuals, in your view, experience finance as the main barrier to pursuing postgraduate taught Master's study? How best might they be defined and/or identified? Are the proposed eligibility criteria appropriate or should they be refined?

Please provide reasons/evidence to support your response:

The consultation paper states that the number of postgraduate taught Master's entrants have fallen by 17% over the last three years. 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. This decline may be due to a couple of factors; the decrease in employer funding and the increase in the cost of living coupled with stagnant wages.³

The NUS, in their report 'Broke and broken: taught postgraduate students on funding and finance', found that part-time students were more likely to receive employer sponsorship.⁴ However, Universities UK, in their report 'Postgraduate taught education: the funding challenge', found that in recent years the number of new part-time postgraduate taught Master's students receiving funding support from employers other than government has

³ <http://www.hefce.ac.uk/media/hefce/content/pubs/2013/201314/Postgraduate%20education%20in%20England%20and%20Northern%20Ireland%20Overview%20report%202013.pdf>

⁴ <http://www.nus.org.uk/PageFiles/12238/Broke.pdf>

decreased. The number of such students has fallen by nearly 4,000, a drop of 41%.⁵ Although it is not clear why employer funding has decreased, it could be assumed that private employers have found it more difficult to financially support their employees during the economic downturn.

Furthermore, although students aged 31 or over are more likely to be in employment, it is likely that fewer of them will have the disposable income necessary to self-finance postgraduate taught study because of wage stagnation and the significant increase in the cost of living since 2008. This will also make it unlikely that students aged 31 or over will consider commercial finance because of its excessive repayment costs which they are unlikely to be able to afford.

Q12. Are there other ways of identifying individuals with financial need for the purposes of pursuing study at this level?

Please provide reasons/evidence to support your response:

Because it is not only students under the age of 30 that may have trouble accessing finance, means testing rather than age (which is potentially discriminatory) would be a better way of assessing whether someone does or does not have the necessary means required to pursue postgraduate taught Master's study.

Institutional eligibility

Q13. Do you think that institutional eligibility should be restricted to HEFCE fundable institutions and Alternative Providers who have obtained Degree Awarding Powers?

Yes

Q14. If No to Q13, which other institutions and providers should be additionally included for eligibility?

Please provide reasons/evidence to support your response:

N/A

Q15. 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?

Please provide reasons/evidence to support your response:

N/A

Fee inflation

Q16. Do you believe the availability of up to a £10,000 loan would result in excessive course fee inflation?

Yes

⁵<http://www.universitiesuk.ac.uk/highereducation/Documents/2014/PostgraduateTaughtEducationTheFundingChallenge.pdf>

Please provide reasons/evidence to support your response:

The average fee increase for home postgraduate students in 2014 was 1.2 per cent, a rise that was below the rate of inflation (2.6 per cent). Furthermore, at more than one in five universities, the typical fee for a postgraduate taught course has actually been cut for 2014-15. This might suggest that fees are unlikely to balloon even though it is an uncapped market.

However, the small increase in fees may be due to the declining number of students applying for postgraduate taught study. By increasing fees only slightly, some Higher Education Institutions might think that students are more likely to apply. If the loan increases the number of students applying for postgraduate taught study, then the course fee is likely to increase with the increased demand for course places.

Q17. If Yes to Q16, 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?

Yes

Please provide reasons/evidence to support your response:

According to the NUS, in their report 'Steps toward a fairer system of postgraduate taught funding in England', because postgraduate fees are uncapped, any large-scale injection of money into the system without some kind of controls on fee levels presents a significant risk of fee inflation, increasing long-term costs to the student and putting further strain on the public finances.

In its report 'A Review of the Cost of Postgraduate Taught Provision', the HEFCE developed a methodology for Higher Education Institutions to calculate and understand their costs of delivering postgraduate taught provision.⁶ This could be used to determine what future funding is required and what fee increases would be appropriate and necessary.

Q18. If Yes to Q17, what safeguards should be applied against rapid and excessive fee inflation, and how should this be monitored?

Please provide reasons/evidence to support your response:

Some level of regulation is needed to begin to mitigate the damaging effects of the market. However, according to the NUS, a generalised fee cap is undesirable from the point of view of postgraduate education providers and would greatly restrict postgraduate student numbers. The NUS propose managing fee costs and the risk of fee inflation by limiting the number of loans or amount of finance available thus avoiding creating an incentive for unrestricted growth in either fees or postgraduate places.⁷

Course eligibility

⁶ http://www.hefce.ac.uk/media/hefce/content/pubs/indirreports/2014/A_review_of_the_cost_of_PGT_provision/pgtcostreview.pdf

⁷ http://www.nus.org.uk/Global/Campaigns/1595-PGTFundingReport_v2-PAGES.pdf

Q19. Do you agree with the description of postgraduate taught Master's courses provided?

Yes

If No to Q19, please give reasons/evidence for your response:

N/A

Q20. Are there any other postgraduate courses, particularly professional qualifications, that you feel would be excluded from the description of eligible courses which you think are particularly important to the economy?

No

If Yes to Q20, please provide reasons/evidence to support your response:

N/A

Course intensity

Q21. Are there instances where a further reduced study period – of less than 50% intensity – should be considered for pro-rata loan eligibility?

No

Please provide reasons/evidence to support your response:

There are no instances that we can think of where a further reduced study period – of less than 50% intensity – should be considered for pro-rata loan eligibility.

Loan distribution

Q22. Do you agree that the loan should be paid to the borrower in instalments across the academic year?

No

Please provide reasons/evidence to support your response:

If the loan is going to be given directly to the borrower, then they should be entitled to the full amount. This may be necessary where the course provider does not make available an option to pay the course fee in instalments and the student is required to pay 100% of the course fee in advance.

Q23. Do you think confirmation of attendance is an appropriate trigger to release the loan to the borrower?

Yes

Please provide reasons/evidence to support your response:

This will prevent payments being made to students who had not notified the organisation issuing the finance of their withdrawal.

Repayment terms

Q24. Do you think this is the right balance or repayment terms to achieve an affordable scheme for borrowers whilst also meeting the principle of individuals repaying in full?

Yes

Please provide reasons/evidence to support your response:

The repayment terms proposed for postgraduate taught study are similar to the repayment terms for undergraduate study.

Q25. If No to Q24, which repayment terms would you recommend be made more generous, and which less generous in order to offset this?

Please provide reasons/evidence to support your response:

N/A

Other wider implications

Q26. 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

Please provide reasons/evidence to support your response:

The consultation document argues that the requirement to be aged 30 or under is not discriminatory because it is a proportionate means of achieving a legitimate aim. However, UNISON does not believe that just because you are aged 31 or over you are more likely to be able to access finance. The majority of decline in pursuing postgraduate taught study is among part-time students. The majority of part-time students are aged 31 or over. This is because fewer employers are providing funding to their employees, and wage stagnation and the rapid increase in the cost of living means they do not have the disposable income available to fund their studies or make repayments on a commercial loan.

In addition, women are more likely to study part-time than men.⁸ Because those aged 31 or over are more likely to study part-time, 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.

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.

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

⁸<http://www.hefce.ac.uk/media/hefce/content/pubs/2013/201314/Postgraduate%20education%20in%20England%20and%20Northern%20Ireland%20Overview%20report%202013.pdf>

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. Therefore, some Muslims and members of other faiths may be deterred from taking out the postgraduate taught study loans, due to the interest payment system.

Q27. What other sources of support could be offered to learners who would not be eligible for the new postgraduate loan?

Please provide reasons/evidence to support your response:

Learners who would not be eligible for the new postgraduate loan should be informed of what other sources of finance are available to them, including a list of charities or trusts that provide grants.

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