

# Written Ministerial Statement

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## Employment and Learning

### LAUNCH OF CONSULTATION ON PART-TIME AND POSTGRADUATE STUDENT FINANCE ARRANGEMENTS

*Published at 12.30 pm on Tuesday 9 June 2015*

**Dr Farry (The Minister for Employment and Learning):** I wish to inform the Assembly that I am today publishing a consultation on the student finance arrangements for part-time and postgraduate higher education students.

#### Background

Prior to the budget settlement for 2015-16, my Department had been undertaking a wider review of higher education funding policy. A review of student finance arrangements, with a particular focus on part-time and postgraduate students, was a key theme of this review.

However, as a result of the budget settlement my Department is now dealing with unprecedented levels of budget reductions. Given that almost half of my Department's budget is used to fund higher education, these reductions have had a significant knock-on impact for the sector. Grant funding for our higher education institutions is reducing by over 8% in the incoming academic year, which amounts to over £16 million, and the indications are that finance will remain constrained in the next Assembly term.

In this context, I decided the higher education funding review in its much more comprehensive form was simply no longer sufficient or appropriate. Instead of a focussed review of specific areas of funding policy I intend to facilitate a much wider conversation about the basic financial sustainability of our higher education sector. I will be launching this "big conversation" in September and I look forward to updating members in the near future.

However, I am still progressing with several aspects of the previous higher education funding review on a separate basis, including the review of certain elements of the student finance system. This consultation is part of that revised approach, and in the near future I will also, in response to calls from key stakeholders, be launching a separate consultation on the frequency at which higher education students receive their maintenance support payments.

#### The Student Finance System

The Student Loans Company administers a wide range of student support services to Northern Ireland domiciled higher education students on behalf of my Department. These services are a crucial enabler of higher level study for many students, and they help to ensure that access to higher education is based on the ability to learn, not the ability to pay.

But our focus around higher education in Northern Ireland has traditionally centred upon traditional full-time undergraduate students, and this is reflected in the student finance system. These students have access to significant levels of standard support for both their tuition fees and their general maintenance costs, not to mention a range of targeted support measures to help with things such as childcare and travel costs.

Indeed, almost 99% of student finance paid to Northern Ireland students in the last academic year was in respect of full-time undergraduate students, which is really striking when we consider that they

account for only about 60% of the higher education student population. Importantly, full-time undergraduates are the only student group from Northern Ireland with access to the student loan system.

By comparison, the majority of part-time undergraduate students are not eligible to access the student finance package on offer. This package consists mainly of a means tested and intensity-based tuition fee grant, available only to students from very low household incomes. Furthermore, as part-time undergraduate tuition fee levels are not capped, even the maximum grant available is often not sufficient to cover the full cost of tuition fees charged.

Meanwhile, the majority of postgraduate students have no access to any kind of standard student finance package, with the exception of the Disabled Students Allowance. However, at present, distinct from the student finance system, my Department funds a highly competitive postgraduate awards scheme. This scheme is now funding over 700 awards for postgraduate students, covering tuition fees of almost £4,000 and providing almost £14,000 in stipends to support students with their living costs. But these awards are allocated by our universities in the main to PhD students. Very few funding opportunities exist for taught postgraduate students, and the Masters degree has, regrettably, been described as a “broken bridge” between undergraduate study and research.

Indeed, even for PhD students the postgraduate awards are limited in number and allocated on a highly competitive basis; in the main postgraduates at both the taught and research levels must finance their own studies.

### **Drivers for Change**

Evidently the principle of fair access is not adequately extended beyond the full-time undergraduate. For most part-time and postgraduate students, access to higher education is, under present arrangements, absolutely dependent on the ability to pay. This is borne out through data collected by the Higher Education Statistics Agency on students’ main sources of tuition fee support.

But supporting these students is not only a matter of social justice; it is an economic imperative.

The top priority of this Executive is to grow our economy, and it is clear that this can only be achieved through a sustained and prioritised focus on skills. Our skills forecasts could not be any clearer: they consistently reveal a significant and growing requirement for higher level skills in our workforce, ranging from sub-degree to postgraduate qualifications. And these requirements will only intensify under a lower rate of corporation tax; new investors will gravitate to Northern Ireland first and foremost for the quality of our people and their skills.

What is also clear is that these demands will not be met by current levels of supply. Importantly, with the vast majority of the 2020 workforce having already left formal education, they will not be met through the traditional supply of 18-21 year old school leavers either. A renewed strategic focus on up-skilling and re-skilling our existing workforce is required.

To this end, flexible part-time provision is paramount. It is, in the main, through part-time provision that people who have already left formal education and entered the working world will be able to return and build upon existing skills. It is through part-time provision that they can balance work and other responsibilities with their studies. And it is through part-time provision that my Department’s new model for apprenticeships will flourish at the higher levels.

Similarly, our skills forecasts reveal a rapidly growing requirement for postgraduate qualifications, such as Masters and PhDs. The stock of jobs requiring postgraduate qualifications is in fact forecast to rise faster than the requirement for any other qualification type in a lower corporation tax environment. Yet we continue to enrol significantly fewer postgraduate students, relative to our population, than any other country in the UK.

Our economic growth aside, we must also acknowledge that we operate within a UK wide higher education sector. Traditionally about 30% of our students choose to study in other parts of the UK each year.

A more comprehensive and non means tested tuition fee support package is now available to part-time undergraduates from both England and Wales, and the Department for Business, Innovation and Skills has recently consulted on its intentions to offer loans to English domiciled postgraduate students from the 2016/17 academic year onwards.

In many ways these emerging differences are part and parcel of devolution, and there are many obvious areas in which our students benefit from different student finance arrangements. But, in other areas, we have a responsibility to seek to ensure that our students are not placed at a significant disadvantage compared to their counterparts from other regions.

## **The Consultation**

The consultation sets out several policy options designed to improve access to both part-time and postgraduate study. Given the current financial challenges, I believe it would be irresponsible and unrealistic to consider any options with significant resource budget implications. All of the options have therefore been designed within the parameters of the student loan system.

As student loans are ultimately expected to be paid back, they are not paid out of the Northern Ireland Block. Cover can be provided to us by Her Majesty's Treasury on an annual basis, and this is also provided to acknowledge any impairment on the loans issued.

For part-time students the options revolve around support for tuition fees. The consultation considers options to: (i) extend a non means tested tuition fee loan to part-time students, on the same basis as the loans available to full-time undergraduates; and (ii) to "top up" the existing part-time grants with loans.

To ensure the support provided can cover the full cost of fees charged in Northern Ireland, options are also considered within the consultation to cap part-time fee levels, again on the same basis as full-time fees. Several other design issues around eligibility and repayment arrangements are also considered.

For postgraduate students the options again largely revolve around non means tested tuition fee support, either for: (i) taught postgraduate students in economically relevant subject areas; or (ii) all taught postgraduate students. A third option is also considered to replicate the proposals recently set out by the Department for Business, Innovation and Skills for a "contribution to costs" loan of £10,000, paid directly to the student to assist with whatever costs required. This option would require a student to take out an entirely separate student loan, repaid concurrently with their existing undergraduate loan.

As with the part-time options several other design issues, including options to cap fee levels for postgraduate students, are also considered. The merits of a similar "contribution to costs" loan for postgraduate research students are considered within the consultation.

Of course all of these options rest heavily on the existing student loans system, on the approval of Her Majesty's Treasury and on the capacity of the Student Loans Company. Some will carry greater costs and more risks than others, and all of these issues are laid out in the document. Any new policies potentially emerging from the consultation will carry significant lead-in times for a range of legislative and administrative reasons and will not be in place until the 2016/17 academic year, at the earliest.

The consultation period will run for approximately 14 weeks until 11 September 2015 and I encourage all members to engage with myself and my Department during that period.

The consultation can be viewed at: [www.delni.gov.uk/part-time-and-post-graduate-student-finance](http://www.delni.gov.uk/part-time-and-post-graduate-student-finance).