



Department for
**Employment
and Learning**
www.delni.gov.uk



Consultation on part-time and postgraduate student finance

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FOREWORD FROM THE MINISTER FOR EMPLOYMENT AND LEARNING



Higher education is a vital component of our knowledge economy, with an important role to play in supplying skills, attracting investment, and generating world-class research and innovation.

Looking beyond our wider economic growth, higher education also changes lives. Largely due to the student finance system, our universities and colleges are open and accessible to all with the ability to learn, regardless of their backgrounds or personal circumstances. They are vital catalysts of social mobility, social cohesion and social change.

But our focus around higher education in Northern Ireland has traditionally centred upon traditional full-time undergraduate students. Under current arrangements, these students are eligible to substantial levels of student support in comparison to other types of students and attract the vast majority of total student support spending in Northern Ireland.

It is imperative that we continue to support young people to access higher education but our 18-21 year old population is decreasing. By 2020 it is forecasted that over half of our workforce will require higher level qualifications, and in order to meet these skills

demands we must consider new ways to encourage people who have already left formal education to return and either build upon existing skills or re-skill in entirely new areas more relevant to the economy. To this end, flexible part-time provision is paramount.

Similarly, undergraduate qualifications are increasingly not sufficient in the modern workforce. As the demand for postgraduate qualifications rises, we need to find new ways to support an increase in postgraduate capacity within our higher education sector.

I am therefore pleased to launch this important consultation on the student finance arrangements for both part-time undergraduate and postgraduate students. I believe more can be done to support these types of students and I look forward to hearing your views on how we can do so.

In the near future, I am planning to launch a further consultation document on the frequency of student support payments in response to requests from key stakeholders.

A handwritten signature in black ink that reads "Stephen Farry". The signature is written in a cursive, flowing style.

Dr Stephen Farry MLA
Minister for Employment and Learning

EXECUTIVE SUMMARY

Key Challenges

The number one priority of the Executive's current Programme for Government is the economy, and it is clear that economic growth can only be achieved through a sustained and prioritised focus on skills. All of Northern Ireland's skills forecasts reveal a significant and growing requirement for higher level skills in the workforce – one which will not be met by current levels of supply and which will only intensify in a potentially lower corporation tax environment.

It is also clear that the traditional supply of skills from 18-21 year old school leavers will simply not be enough. A renewed strategic focus on up-skilling and re-skilling the existing workforce through more flexible types of provision is required. To this end part-time provision is paramount. Similarly, Northern Ireland's higher level skills requirements do not end at the undergraduate degree; indeed, the requirement for postgraduate qualifications is forecast to rise fastest of all under a lower corporation tax environment.

But supporting part-time and postgraduate provision in Northern Ireland is not only an economic imperative; it is also a matter of social justice. The student finance system helps to ensure that access to higher education is based on the ability to learn, not the ability to pay, but arguably only for full-time undergraduate students. Part-time and postgraduate students have comparatively limited access to student finance, and this can disproportionately impact upon certain demographic groups who are more likely to utilise these forms of study, particularly older students, those with caring responsibilities and those in full-time employment.

In other parts of the UK measures have been, or are being, taken to address these kinds of issues. A more comprehensive tuition fee support package is in place in England and Wales for part-time undergraduate students and a new support package for postgraduate students was recently consulted on in England. With some 30% of Northern Ireland domiciled students choosing to study in other parts of the UK, it must be acknowledged that Northern Ireland operates in a UK-wide higher education sector and emerging disparities between Northern Ireland students and those from elsewhere need to be identified and where possible addressed.

The Part-time Undergraduate Funding System

The finance package currently available to part-time undergraduates is targeted in the main at grant support for tuition fees rather than maintenance support. This is largely based on the principle that many part-time students are in employment and so have income sources to draw upon for their maintenance costs; meanwhile those who are not in employment can, unlike their full-time counterparts, normally access welfare support.

The tuition fee grant is however heavily weighted towards students from low income backgrounds. In order to be eligible for the maximum grant available according to a student's intensity of study they must have a household income of below £16,843, and no tuition fee grant at all is available if their household income exceeds £25,420. Moreover, as part-time undergraduate tuition fees in Northern Ireland are not regulated, there is no guarantee that even the maximum grant available will cover the full value of the fees charged. The majority of part-time undergraduates do not access student finance and the evidence suggests that, of those who do, the majority must supplement that finance with other forms of support. This is in stark contrast with the tuition fee package available for full-time undergraduates, which is not income assessed and designed to cover the full value of the fees charged.

Two policy options are considered within this consultation to either replace or supplement the existing means tested tuition fee grant with a non means tested tuition fee loan. Under either option consideration is also given to regulating part-time undergraduate tuition fee levels, ensuring that the support package available covers the full value of fees charged. Various other design issues are considered around repayment arrangements and eligibility requirements.

The Postgraduate Funding System

Some postgraduates are for student finance purposes treated as undergraduates and the Department also, quite apart from the student finance system, makes scholarships available for a number of postgraduate students each year, which are largely reserved by the universities for postgraduate research (PhD) students. But the majority of postgraduate students, particularly at the taught levels (largely Masters courses), self-fund their studies and have no access to a standard student finance package.

Northern Ireland already has a significantly smaller postgraduate footprint than any other country in the UK, and there is a growing body of evidence to suggest that postgraduate study is increasingly the preserve of those from more advantaged backgrounds. Furthermore, as other parts of the UK are seeking to improve the support available for postgraduate students, students from Northern Ireland may be placed at a disadvantage compared to their counterparts from England, Scotland or Wales.

The consultation considers two options to support taught postgraduate students with their tuition fee costs through the extension of the existing undergraduate tuition fee loan. The first would extend the loan to taught postgraduate students in economically relevant subjects only; the second would extend the loan to all taught postgraduate students. A third option is also considered to extend a "contribution to costs" loan to taught postgraduate students, mirroring the proposals recently consulted on by the

Department for Business, Innovation and Skills. This loan of £10,000 would be paid directly to students to support them with whatever costs required; it would be entirely separate to the existing undergraduate loan scheme, and repaid concurrently as a second student loan.

The options focus on *taught* postgraduate students largely on the basis that the Department already funds a postgraduate awards scheme which provides scholarships for research postgraduate students. However these awards are limited in number and highly competitive and so the merits of similar “contribution to costs” loans for postgraduate research students are also considered within the consultation.

1. ABOUT THE CONSULTATION

1.1. How to Respond

This is a public consultation and is open to anyone to respond. When responding, please state whether you are responding as an individual or representing the views of an organisation or group.

You can respond to this consultation online at:

<https://consultations.nidirect.gov.uk/department-for-employment-and-learning/consultation-on-part-time-and-postgraduate-student>

Alternatively you can respond using the Consultation Response Form, which can be found at www.delni.gov.uk/part-time-and-post-graduate-student-finance and submitted by e-mail or by letter to the address below:

DEL Higher Education Consultation Team
Adelaide House 6th Floor
39-49 Adelaide Street
Belfast
County Antrim
BT2 8FD
E-mail: hefpb@delni.gov.uk

If you have a question about this consultation or how to complete it, or are unable to use the online or written format, please use the above contact details for further assistance. You may make printed copies of this document without seeking permission.

The consultation opens on 09/06/2015 and the last date for response is 11/09/2015. Responses received after the closing date will not be considered.

1.2. Confidentiality and Freedom of Information

The Department will publish a summary of responses following the completion of the consultation process. If you would prefer your response to be treated as confidential, please inform us, stating your reasons clearly. Any automatic confidentiality disclaimer generated by your IT system will be taken to apply only to information in your responses for which confidentiality has been specifically requested.

If we are asked to disclose responses under freedom of information legislation, we will take any requests for confidentiality into account. However, confidentiality cannot be guaranteed. We will handle appropriately any personal data you provide in accordance with the Data Protection Act 1998. For further information about confidentiality of responses, please contact the Information Commissioner's Office or visit their website at <https://ico.org.uk/>.

1.3. Screening

Under the terms of Section 75 of the Northern Ireland Act 1998, an Equality of Opportunity screening has been undertaken and is available to view at www.delni.gov.uk/part-time-and-post-graduate-student-finance. It has determined that the policy options set out in this document will not lead to discriminatory or negative differential impact. All impacts identified are positive in nature.

A Shared Future policy proofing has also been undertaken and is available to view at www.delni.gov.uk/part-time-and-post-graduate-student-finance. It indicates that the policy options set out in this document will promote greater diversity in higher education.

1.4. What Happens Next

Your responses to this consultation will feed into the Department's analysis of the existing part-time undergraduate and postgraduate student finance systems and ultimately inform final policy decisions. As such you are invited to share any information, evidence and published research you deem relevant to the issues raised.

Should this consultation lead to changes to student finance arrangements, this will require amendments to existing student support legislation, as well as significant administrative and computer systems changes at the Student Loans Company. Due to the complexity of the issues involved, any changes resulting from this consultation could not be implemented until academic year 2016/17 *at the earliest*.

The consultation will close on 11/09/2015 and the Department will issue a summary of responses within 12 weeks of the closing date.

2. KEY CHALLENGES

2.1. Economy and Skills

By 2020 it is forecasted that over half of the Northern Ireland workforce will require higher level skills, ranging from sub-degree to postgraduate qualifications.¹ A steady supply of highly skilled individuals is a key factor for economic growth in any developed country, and a particularly important component of our investment narrative in Northern Ireland. The requirement for higher level skills will become even more demanding if the rate of corporation tax is lowered, as new investors and indeed expanding indigenous companies will first and foremost require a skilled local workforce to harness and grow their businesses.²

To support these skills needs, during the course of the current Assembly the Department and the wider Executive has supported a sustained increase in the number of full-time undergraduate student places available for local higher education students by 1,419, to a total of just over 29,000. The number of funded postgraduate award places has similarly been increased by 234 since 2012, to a total of 729 in the current academic year. Prior to the 2015-16 budget settlement, further increases had been scheduled for the incoming academic year (2015/16).

However, Northern Ireland's 18-21 year old population is decreasing, and the majority of the 2020 workforce has already left formal education. The traditional supply of new skills from education and in migration simply will not be enough on its own to meet these requirements, and so there must be a renewed strategic focus on up-skilling and re-skilling the existing workforce. To achieve this, flexible delivery and flexible funding are required to support the needs of non-traditional learners from all kinds of backgrounds and personal circumstances. An increase in part-time provision is therefore an explicit aim of the Department's Higher Education Strategy, 'Graduating to Success'.³

Skills forecasts also reveal a growing requirement for postgraduate qualifications in the Northern Ireland workforce, such as Masters qualifications and PhDs. Indeed the stock of jobs requiring postgraduate qualifications is forecast to rise faster than the requirement for any other qualification type in a lower corporation tax environment.⁴ To help meet these postgraduate skills demands, under 'Graduating to Success' the Department has committed to doubling the number of funded postgraduate awards in Northern Ireland, from a baseline of 495 in 2012 to 1,000 by 2020.⁵

1 See DEL, 'Success through Skills – Transforming Futures' (2011). That is, levels 4-8 on the Framework for Higher Education Qualifications in England, Wales and Northern Ireland (FHEQ).

2 See Oxford Economics, 'Preparing for a lower corporation tax environment: The impact of a lower corporation tax rate in Northern Ireland on the demand for skills, employability and research development capacity' (June 2012).

3 See DEL, 'Graduating to Success – A Higher Education Strategy for Northern Ireland' (2012).

4 See Oxford Economics, 'Preparing for a lower corporation tax environment: The impact of a lower corporation tax rate in Northern Ireland on the demand for skills, employability and research development capacity' (June 2012).

5 These awards cover the tuition fees and also offer significant stipends for living costs for full-time postgraduate students for up to three years.

These awards are however limited in number and allocated on a highly competitive basis. They are also largely reserved by the universities for level 8 doctoral programmes, leaving postgraduate taught students (mostly Masters students) with comparatively few avenues for financial assistance. Masters qualifications typically last just one year on a full-time basis and can also be undertaken on a 'conversion' basis, allowing people to switch to subjects more relevant to the economy than their initial undergraduate degrees and ultimately improve their chances of finding sustained employment. As such they are important for people wishing to up-skill or re-skill in a relatively short space of time.

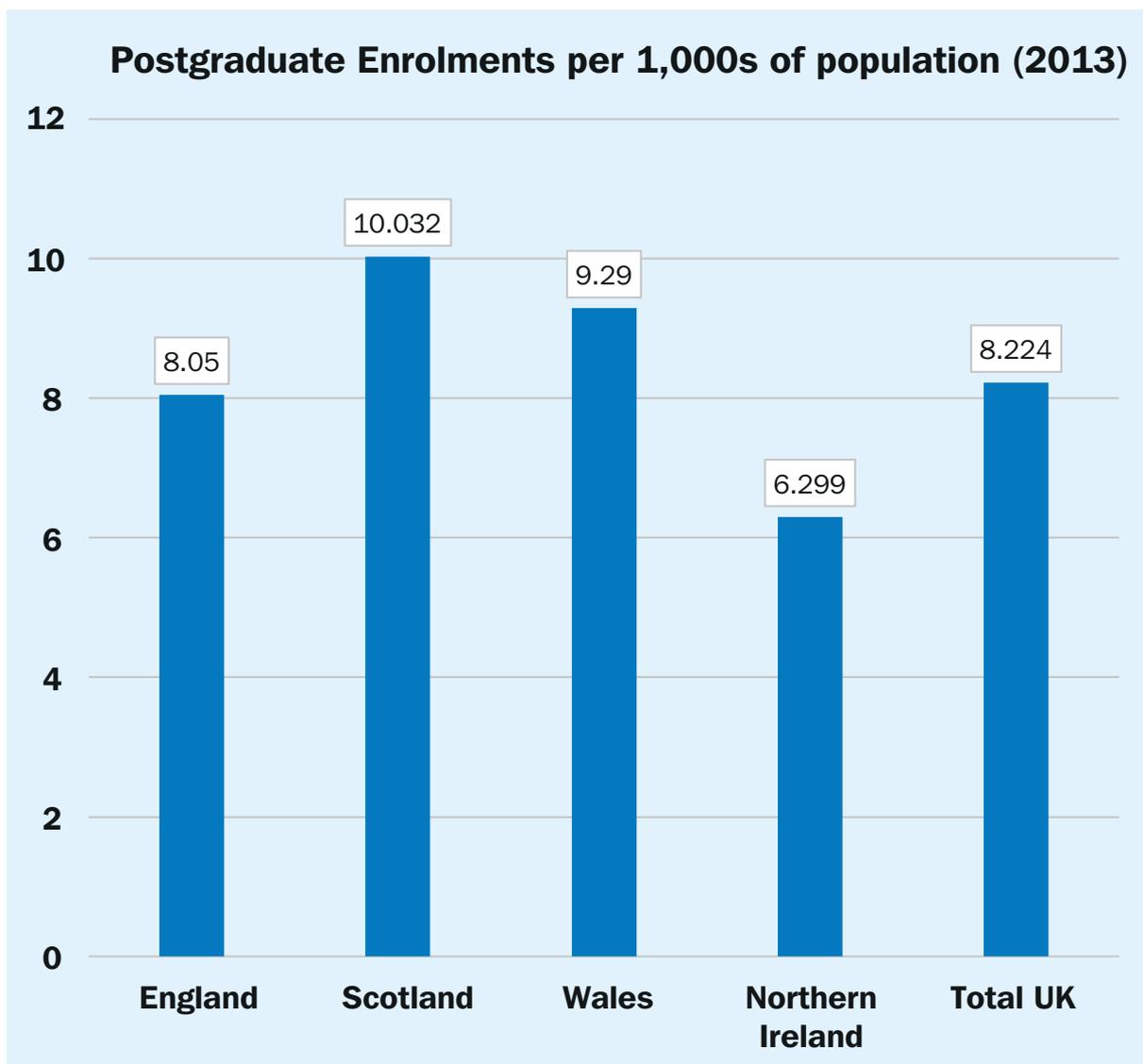
Taught Masters qualifications also serve as a vital bridge into research. A high quality and internationally excellent research base, and the translation of that research into successful innovation and knowledge exchange, is a crucial component of our economic growth in Northern Ireland. Overall income generated by our higher education institutions from business and community engagement reached £92 million in 2012-13, an increase of 6% on the previous year.⁶ Postgraduate qualifications also result in significantly improved labour market outcomes for individuals, with knock-on impacts for the wider economy. One study has shown the average graduate from a postgraduate taught course earns an additional £5,500 per year on average, or £200,000 over 40 years, compared with a graduate from a Bachelors degree; a separate study has illustrated earnings premia of 8.9% and 10.3% for men and women respectively with Masters degrees over those with Bachelors degrees, and a further 9% for those with doctoral degrees.⁷

However, realising these benefits relies first and foremost on the strength of our postgraduate capacity in Northern Ireland, both at the taught and research levels. While positive steps have been taken in recent years in expanding postgraduate provision, Northern Ireland still lags behind the rest of the UK in terms of postgraduate enrolments per 1,000s of population:⁸

6 See DEL, 'Higher Education – Business and Community Interaction Survey 2012-13: Northern Ireland Analysis' (May 2014).

7 See Lindley and Machin, 'The Postgraduate Premium: Revisiting Trends in Social Mobility and Education Inequalities in Britain and America' (February 2013), and BIS, 'The Returns of Higher Education Qualifications' (June 2011).

8 Population figures sourced from ONS Statistical Bulletin, 'Annual mid-year population estimates, 2013' (June 2014) and triangulated with HESA enrolment data.



A major focus of this consultation will therefore be not only to improve access to postgraduate study but also to encourage tangible increases in Northern Ireland’s postgraduate presence compared to other parts of the UK.

2.2. Fair Access

Higher education policy in the UK has been guided by the principle of fair access since 1963, when the Robbins Report concluded that ‘university places should be available to all who were qualified for them by ability and attainment’. The Student Loans Company, established in 1990, today administers a wide range of support types for higher education students throughout the UK to support them in accessing higher education,

ranging from tuition fee and maintenance loans to grants for travel and childcare. The full range of support available for students from Northern Ireland is tabled below, along with the number of students and amounts awarded in 2013/14.⁹

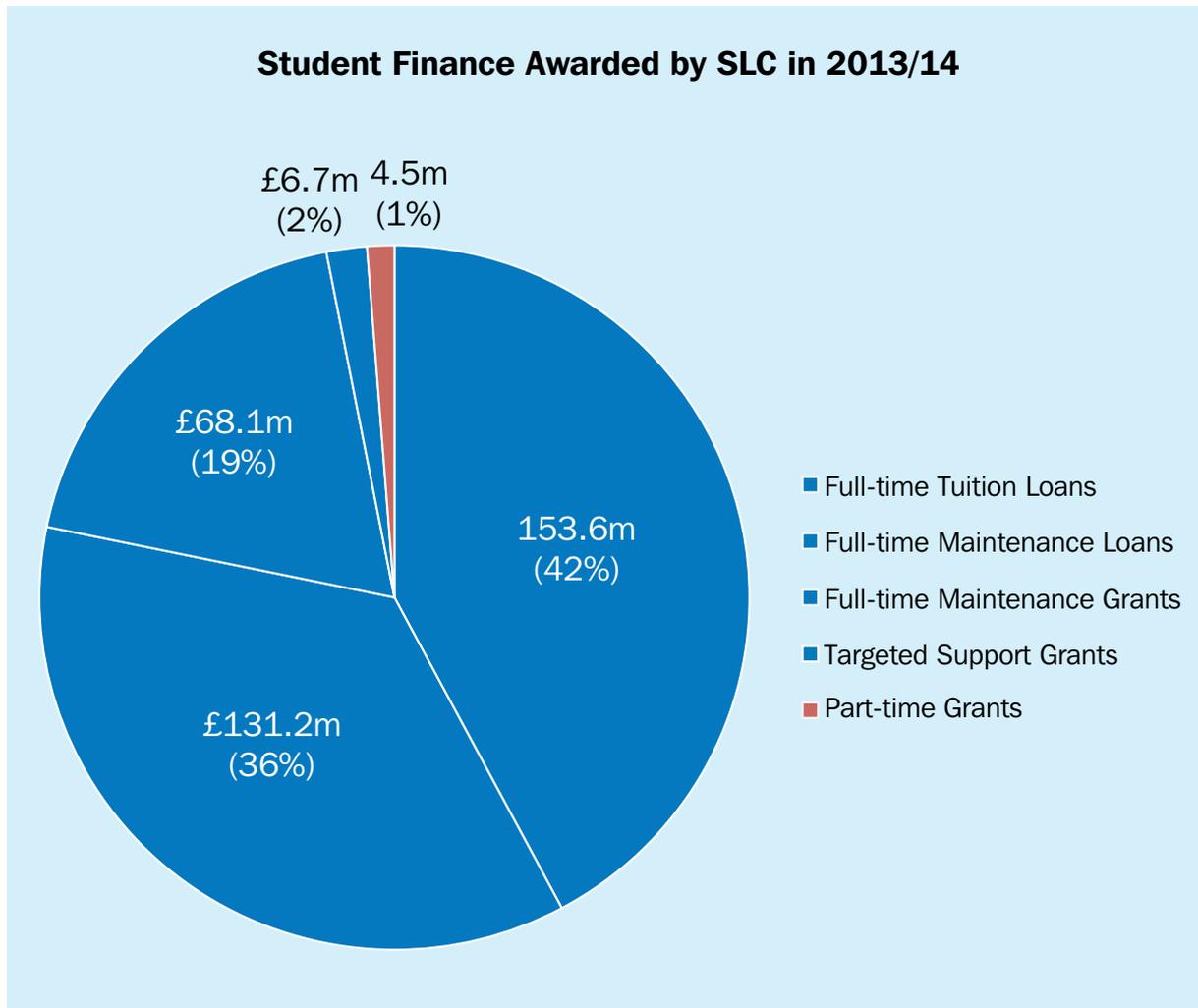
Support Type	Number of Applicants Awarded or Paid (000's)	Amount Awarded or Paid (£m)
Maintenance / Special Support Grants	24.8	68.1
Disabled Students Allowance (DSA) (Provisional)	1.6	2.8
Other Targeted Support	1.0	3.7
Maintenance Loans	42.1	131.2
Tuition Fee Loans	39.0	153.6
Full-time Total	46.7	359.3
Part-time	4.4	4.5
Postgraduate (DSA)	0.1	0.2
Grand Total	51.3	364.0

However, considerations of fair access have historically centred on traditional 18-21 year old school leavers studying on a full-time basis. Full-time undergraduates are the only students with access to student loans, which account for the vast majority of student finance payments. The standard package of support available to them also comprises significant non means tested elements, including a loan for their tuition fees and large portions of their maintenance support, meaning that they all have access to significant levels of support regardless of their financial circumstances. As shown below, the vast majority of student finance expenditure through the Student Loans Company is paid in respect of full-time undergraduates:¹⁰

9 SLC, 'Statistical First Release: Student Support for Higher Education in Northern Ireland, Academic Year 2013/14' (November 2014). Individual figures may not match totals due to rounding.

10 Targeted support grants are in the main available to full-time undergraduates only; the disabled students allowance (DSA) is however available to students of all levels and modes of study.

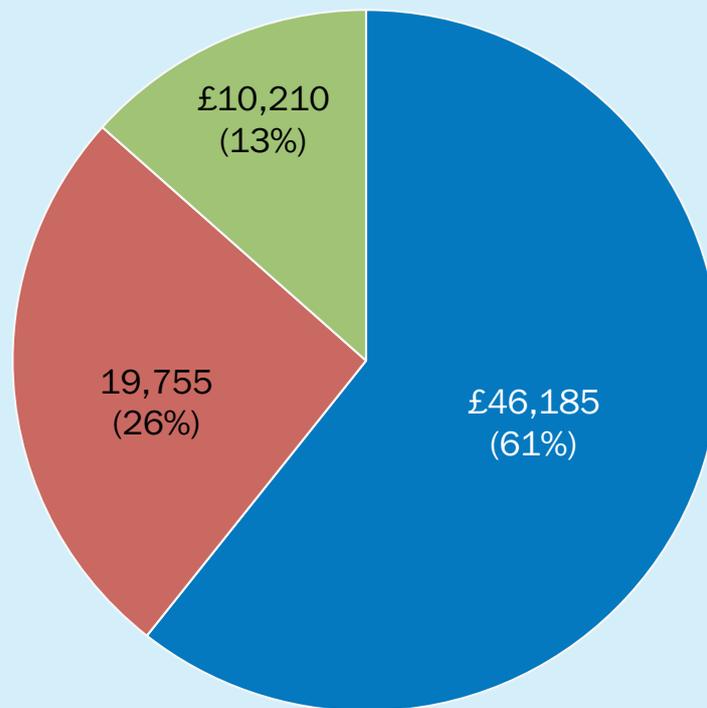
Student Finance Awarded by SLC in 2013/14



This student finance expenditure is not however reflective of Northern Ireland's actual student population:¹¹

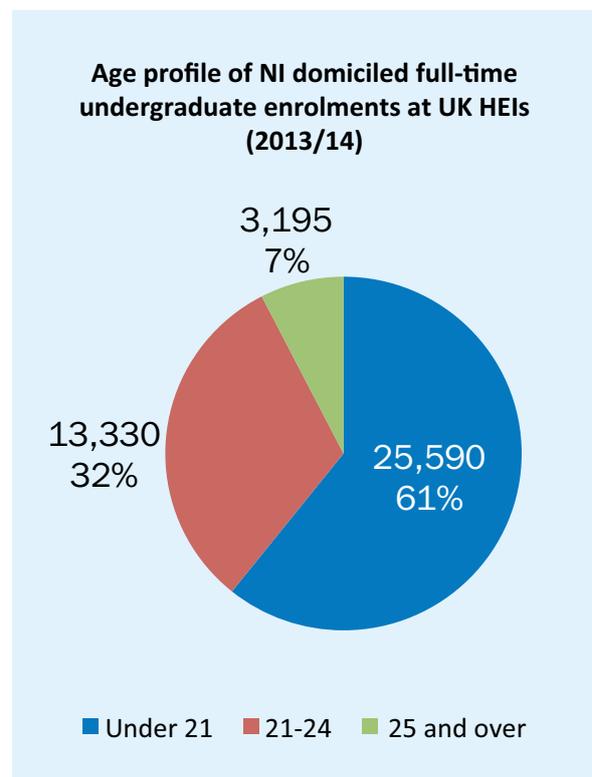
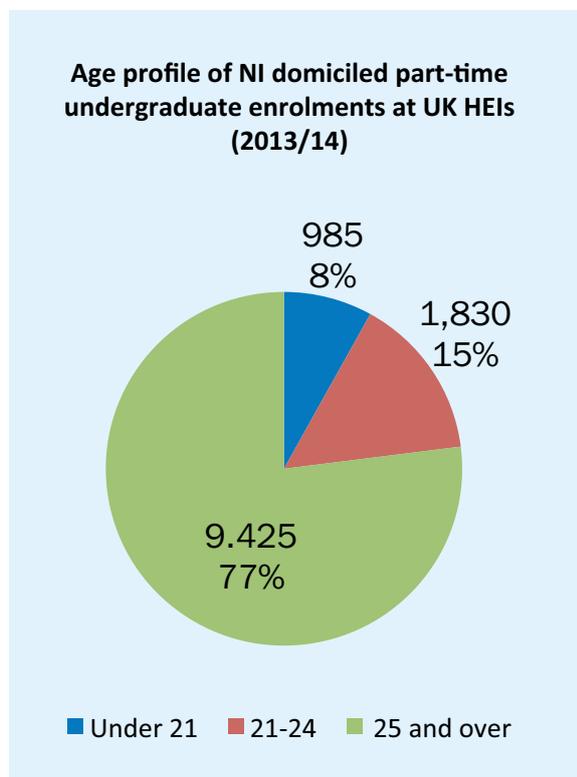
11 Unless otherwise stated, all enrolment data is derived from the Higher Education Statistics Agency (HESA). To prevent the identification of individuals, figures are rounded to the nearest 5, with 0, 1, 2 rounded to 0. Due to rounding, the sum of numbers may not match the total.

NI Domiciled Higher Education Enrolments at UK Higher Education Institutions and NI Further Education Colleges (2013/14)



■ Full-time Undergraduate ■ Part-time Undergraduate ■ Postgraduate (all models)

For many non-traditional learners – particularly older students, those in work, and those with other commitments to balance with their studies – access is dependent on more flexible types of provision. Some 77% of Northern Ireland domiciled part-time undergraduate enrolments at UK higher education institutions in 2013/14 were over the age of 25, compared to less than 8% of full-time undergraduate enrolments. This is clearly indicative of a higher dependence on part-time provision amongst older students, which are precisely the types of people we will need to concentrate on up-skilling and re-skilling as the traditional 18-21 year old population decreases.



Similarly, postgraduate study has historically been overlooked by higher education policymakers in the UK. Most postgraduate students have no access to student finance beyond the Disabled Students Allowance (DSA), and many necessarily have to finance their own studies.¹² The majority of postgraduate enrolments are also from older age groups and studying on a part-time basis.

The principle of fair access is therefore arguably not applied to part-time and postgraduate students to the same degree as for full-time undergraduates, and there is evidence to suggest that postgraduate study in particular is increasingly restricted to people from more advantaged backgrounds.¹³ The available evidence however suggests that both part-time and postgraduate provision are important enablers of higher level study, in particular for mature students and those with other commitments which they need to balance with their studies.

¹² Some postgraduate students are however for funding purposes treated as undergraduates and therefore can access the undergraduate student finance packages. See the postgraduate section for further details.

¹³ See https://www.hefce.ac.uk/media/hefce/content/What,we,do/Cross-cutting,work/Postgrad/IAGS/IAGS_summary_4.pdf. This report shows that students from the highest deprivation areas in England who intended to progress to postgraduate study were less likely to actually do so than those from low deprivation areas. See also A. Milburn, 'University Challenge: How Higher Education can Advance Social Mobility' (2012), p. 72.

2.3. Developments Elsewhere

Other administrations in the UK have sought to improve access to part-time and postgraduate study in recent years.

2.3.1. Part-time Undergraduates

When full-time undergraduate tuition fees were raised in England in 2012/13, fee caps were also introduced for part-time undergraduates for the first time, along with non-means tested tuition fee loans covering up to the value of the maximum fee cap. This brought part-time tuition fee support more in line with full-time support, and the change was described in the accompanying White Paper as the remedy to ‘a long-standing injustice in support of adult learners’.¹⁴

Part-time fee caps were set at £6,750, or 75% of the new full-time fee caps which were increased to £9,000 in the same year. In practice, the reforms resulted in a steep hike in tuition fee levels for part-time students and part-time enrolments in England have since steeply declined.¹⁵ These declines, however, have not been affected by policy changes alone but by a wide range of macroeconomic factors, including falls in employment (particularly in the public sector) and the impact of recession.¹⁶

The Welsh Assembly Government has introduced similar non means tested tuition fee loans in the current academic year, modelled on their full-time fee structures,¹⁷ and the Scottish offer tuition fee grants to part-time undergraduates, based on study intensity. These grants are income assessed but not tapered: maximum grants are available to students with individual incomes of £25,000 or below and students with incomes above that threshold are ineligible.¹⁸

2.3.2. Postgraduates

At the postgraduate level, the Higher Education Funding Council for England (HEFCE) is investing £50 million in its postgraduate support scheme for 2015-16, used to support £10,000 scholarships for 10,000 Masters students on a match-funded basis at English higher education institutions.¹⁹ Building on this, and in response to calls from a wide

14 BIS, ‘Students at the Heart of the System’ (June 2011).

15 Between 2010-11 and 2013-14 UK and other EU part-time undergraduate entrants at English HEIs approximately halved, from 259,000 to 139,000. See HEFCE, ‘Pressure from all sides: Economic and policy influences on part-time higher education’ (April 2014), p.5.

16 See HEFCE, ‘Pressure from all sides: Economic and policy influences on part-time higher education’ (April 2014).

17 For further information see <http://www.studentfinancewales.co.uk/part-time-students/201415-what-financial-support-is-available/new-students/tuition-fee-support.aspx>.

18 For further information see http://www.saas.gov.uk/part_time/ug/eligibility.htm.

19 See <http://www.hefce.ac.uk/sas/PSS/>.

range of organisations for finance for postgraduate taught students, a new postgraduate loan scheme for taught masters students was announced in the Chancellor's Autumn Statement, for introduction in 2016/17. Similar loans for doctoral students have also recently been announced in Budget 2015. The final design of these loans was recently subject to public consultation.²⁰

Scotland has already introduced tuition fee loans for a range of postgraduate taught students, largely in areas of particular economic relevance, and is currently preparing to extend maintenance loans as well. Support for postgraduate provision is also a major theme of Wales' ongoing review of higher education funding and student finance arrangements, which will report in 2016.

Different support packages and policy initiatives for both part-time undergraduate and postgraduate students have therefore emerged in different parts of the UK, based on each administration's own strategic priorities. While any changes to Northern Ireland's student finance offerings should be based in the first instance on our own priorities and the needs of our students, it should also be acknowledged that students from Northern Ireland participate in a UK-wide higher education sector, and traditionally some 30% of students from Northern Ireland choose to study in England, Scotland or Wales. Due cognisance must therefore be afforded to policy developments elsewhere in the UK, the lessons that can be learned from them, and their potential to create significant disparities between students from Northern Ireland and their counterparts from other administrations.

2.4. Public Resources

In Northern Ireland the key priority for higher education policy in recent years has been to keep full-time undergraduate tuition fees low and to protect maintenance grants for full-time undergraduate students from lower income backgrounds. However, public resources are finite and these decisions inevitably impact upon the amount of funding available for other priorities, including other areas of student finance.

As a result of the 2015-16 budget settlement, the Department is facing unprecedented levels of budget reductions. The Department's resource budget for 2015-16 is £707.9 million, which includes a ring-fenced allocation of £13.2 million from the Change Fund which must be used for very specific purposes. This is a reduction of 10.5% on the Department's opening baseline of £791 million in 2014-15, or 12.2% when excluding the Change Fund allocations.

²⁰ See BIS, 'Consultation on Support for Postgraduate Study' (March 2015).

These reductions impact upon every aspect of the Department, especially higher education which accounts for almost half of the Department's budget. In light of legislative constraints, the existing student support package has not been changed despite these budget reductions, but doing so has compounded the impact of reductions on other aspects of higher education. This includes block grant funding directly to universities themselves, which are already underfunded by between £1,000 and £2,500 per student across the subject bands compared to their English counterparts. After a thorough budget consultation process a reduction of £16.1 million in block grant funding for the higher education sector has been identified for 2015-16, which is a reduction of 8.6% on the previous year. This will inevitably lead to a reduction in the number of student places available in Northern Ireland.

Resultantly, any policy options for new or revised student finance arrangements for part-time and postgraduate students must take due account of these financial challenges. In particular, it must be borne in mind that the Department is now operating within a fixed, and significantly reduced, funding envelope for 2015-16 and indications are that finance will remain constrained during the next Assembly term. Therefore any options which involve significant levels of additional resource expenditure may not be feasible without detracting further from other areas of funding.

3. THE PART-TIME UNDERGRADUATE FUNDING SYSTEM

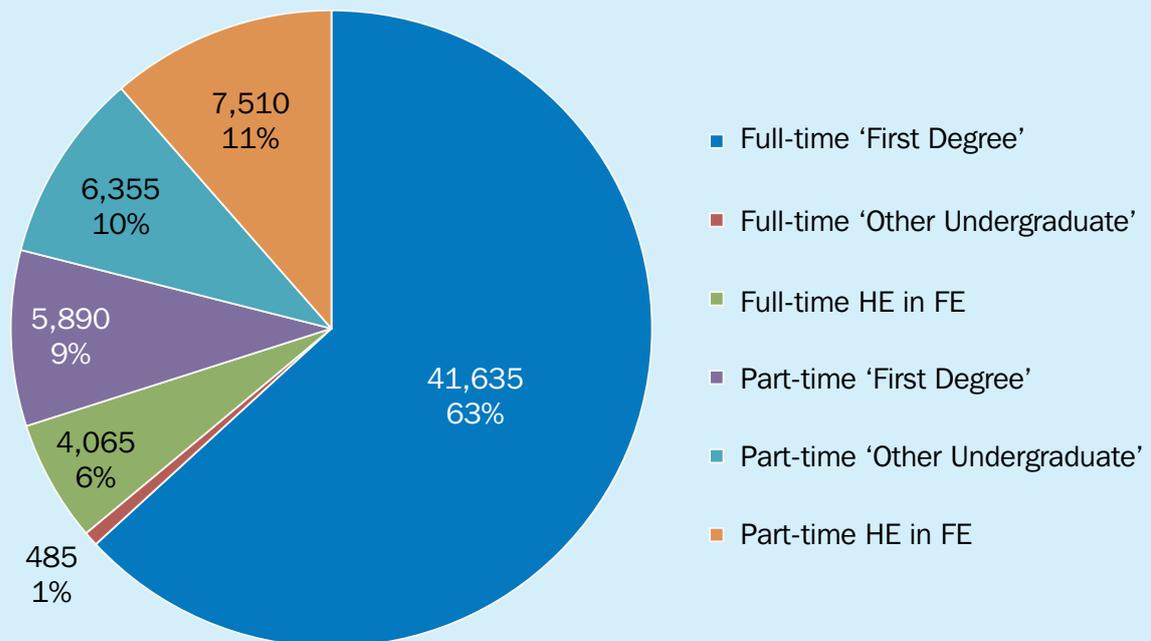
3.1. Mapping Part-time Undergraduates

'Part-time' is simply a mode of study, utilised by those wishing to undertake a course at a less intensive pace and on a more flexible basis than they would have done if studying on a full-time basis. Part-time undergraduates therefore undertake the same kinds of courses as full-time undergraduates.

Undergraduate courses themselves can be split into two broad categories: 'first degree' and 'other undergraduate'. 'First degree' comprises those students undertaking traditional undergraduate courses (BA, BSc, etc), which are typically classified at level 6 on the Quality Assurance Agency's Framework for Higher Education Qualifications in England, Wales and Northern Ireland and would normally last at least three years on a full-time basis. 'Other undergraduate' comprises those students with qualification aims equivalent to and below first degree level, such as professional graduate certificates in education, foundation degrees, diplomas of higher education, higher nationals, etc. The majority of 'other undergraduate' courses are classified at levels 4-5 on the Framework for Higher Education Qualifications in England, Wales and Northern Ireland and can be undertaken in a much shorter time than 'first degree' courses. They are also much more akin to the type of higher education provision on offer at Northern Ireland's further education colleges.

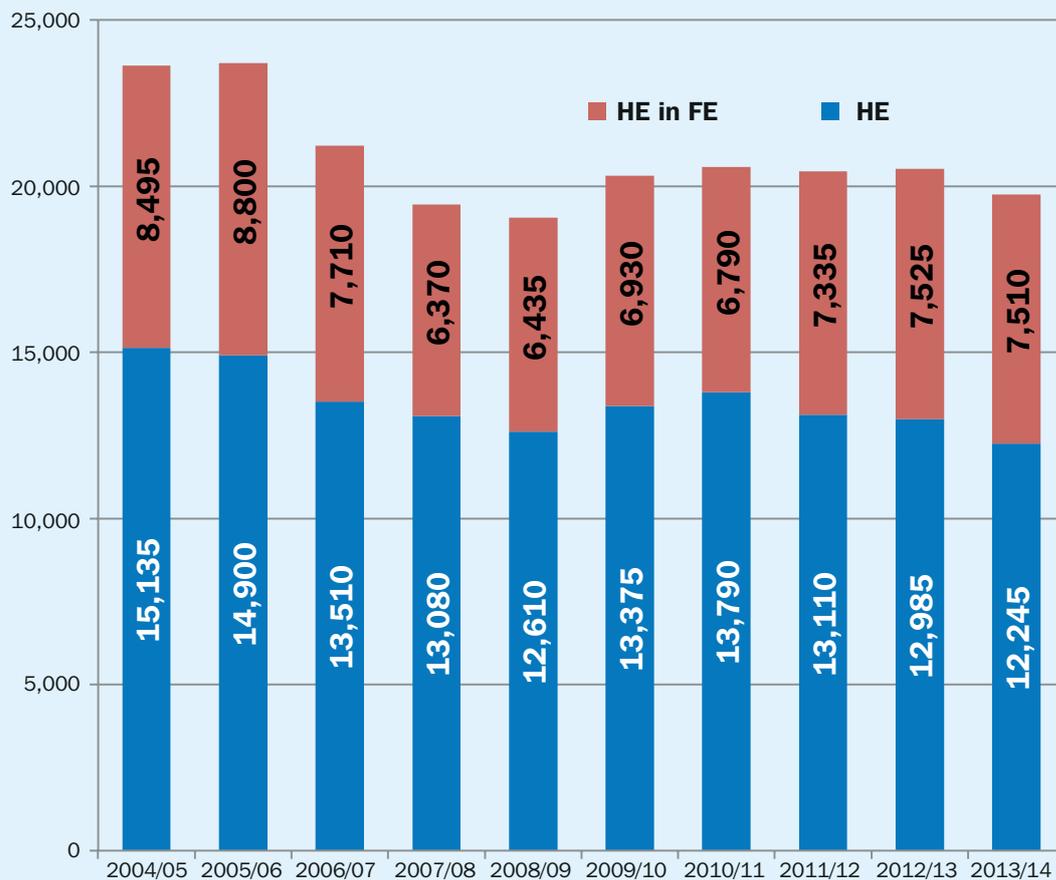
As shown below, some 30% of Northern Ireland domiciled undergraduate enrolments in 2013/14 were studying on a part-time basis. The vast majority of all 'other undergraduate' enrolments were studying on a part-time basis, indicative of a greater degree of heterogeneity amongst part-time students with regards to course type and level.

NI domiciled undergraduate enrolments at UK Higher Education Institutions and NI Further Education Colleges by mode of study and course type (2013/14)



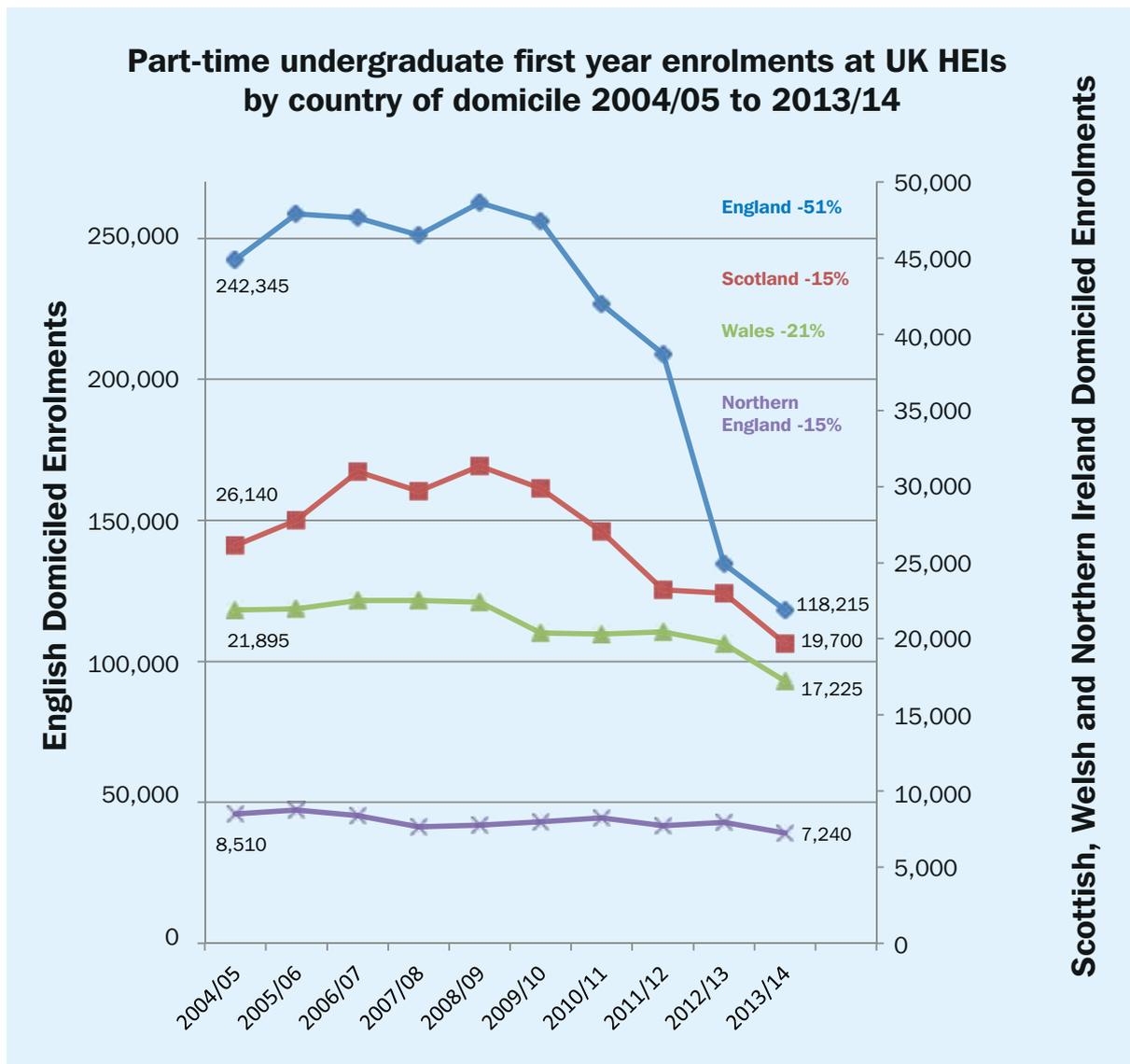
Over the past ten years, Northern Ireland domiciled part-time undergraduate enrolments at UK higher education institutions have declined by some 19% and at Northern Ireland's further education colleges by 12%.

NI domiciled part-time undergraduate enrolments at UK Higher Education Institutions and NI Further Education Colleges



Similar declines are discernible amongst students domiciled in other parts of the UK also. As can be seen below, the fall in first year²¹ enrolments has been particularly acute amongst English domiciles over the past couple of years, accompanying the increase in undergraduate tuition fees. Like Northern Ireland, however, the majority of the decline is attributable to ‘other undergraduate’ enrolments.

21 First year enrolments provide a better indication of declining demand on a year-by-year basis, and better reflect the immediate impact of socio-economic changes and new policies.



There has therefore been a demonstrable decline in part-time undergraduate enrolments throughout the UK in recent years, and across the different jurisdictions, the administrations have increased their efforts to understand and address this decline.

3.2. The Existing Funding System

Part-time undergraduate students from Northern Ireland have no access to the student loan system. Instead, they are supported by a package of income-assessed, non-repayable grants, called ‘fee grants’ and ‘course grants’.

3.2.1. The Fee Grant

The fee grant is designed to contribute towards part-time students' tuition fee costs. Like the full-time tuition fee loan, it is paid directly to a student's institution of study on their behalf, via the Student Loans Company.

The maximum fee grant available is based in the first instance on a student's intensity of study, which is how long it takes to complete the part-time course compared to the equivalent full-time course. So if a student's course takes six years to complete and the full-time equivalent takes three, their course intensity will be 50%.²²

Study Intensity	Maximum Fee Grant
Equivalent to less than 60% of the full-time course	£820
Equivalent to 60% to 74% of the full-time course	£985
Equivalent to 75% or more of the full-time course	£1,230

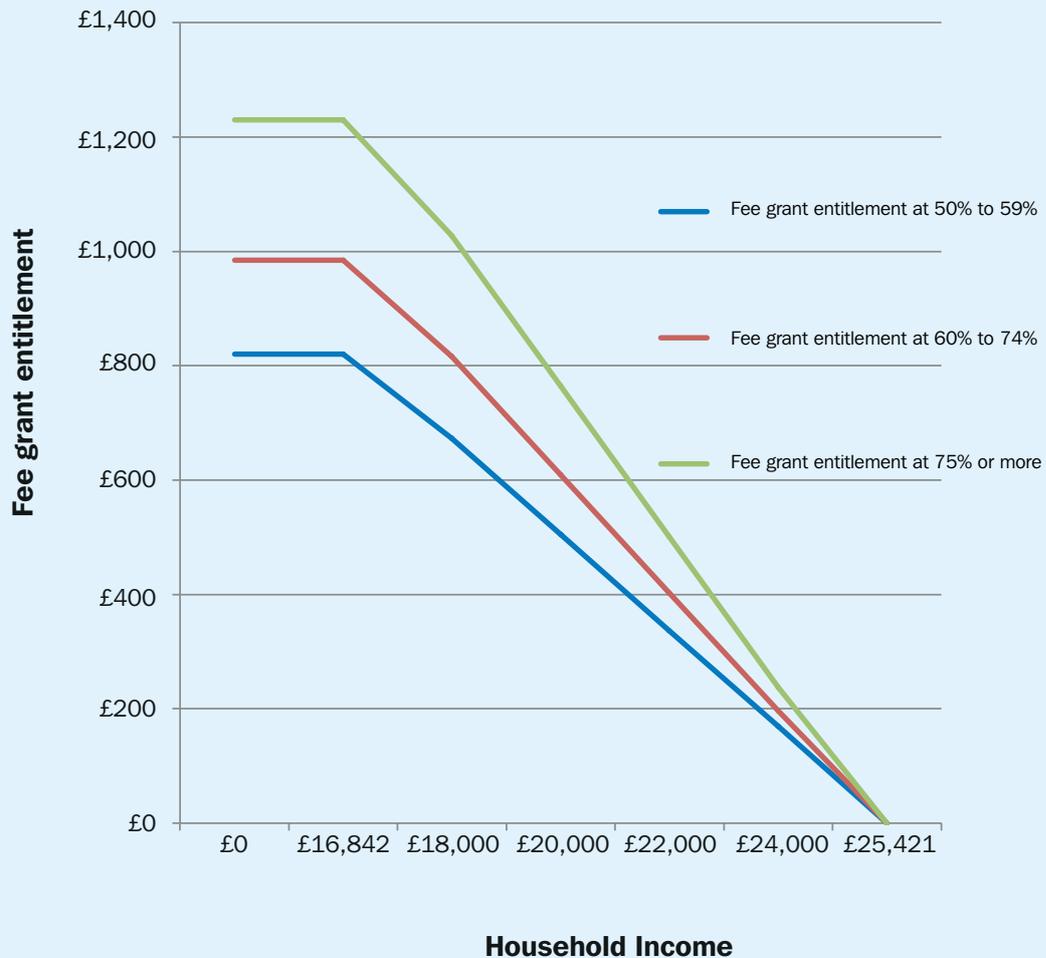
After a student's maximum grant entitlement is determined based on their study intensity, an income assessment is applied. The maximum fee grant is available to students with a household income of below £16,843 and no fee grant is available to students with a household income of above £25,420. A partial grant is available on a sliding scale between these two household incomes, down to a minimum grant of £50.²³

The three bands of fee grant are shown below across a range of household income levels.

²² Study intensity is worked out by taking the number of part-time units (such as credits, credit points, or modules) that a student is taking in the academic year and dividing it by the number of units that they would otherwise have taken if studying full-time, then multiplying the result by 100. It can therefore vary from one academic year to another.

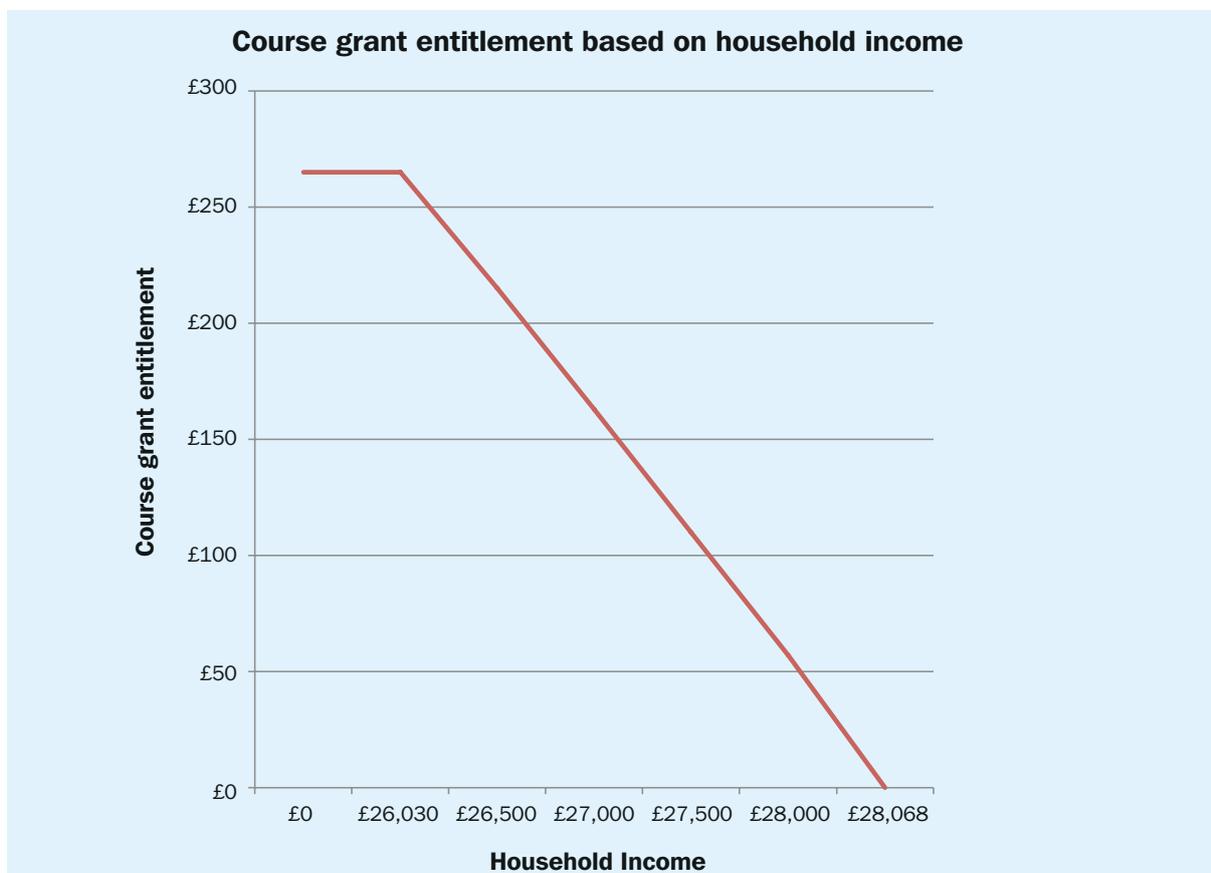
²³ Where a partner exists, their income is also considered for the purposes of the income assessment.

Fee grant entitlement based on household income



3.2.2. The Course Grant

The course grant, paid directly to students, is designed to contribute towards course related costs such as books and equipment. It is not based on intensity of study like the fee grant but it is income assessed. The maximum course grant available is £265 at a household income of £26,030 or below. A minimum grant of £50 is available at a household income of £28,067 and a partial grant is available on a sliding scale in between.



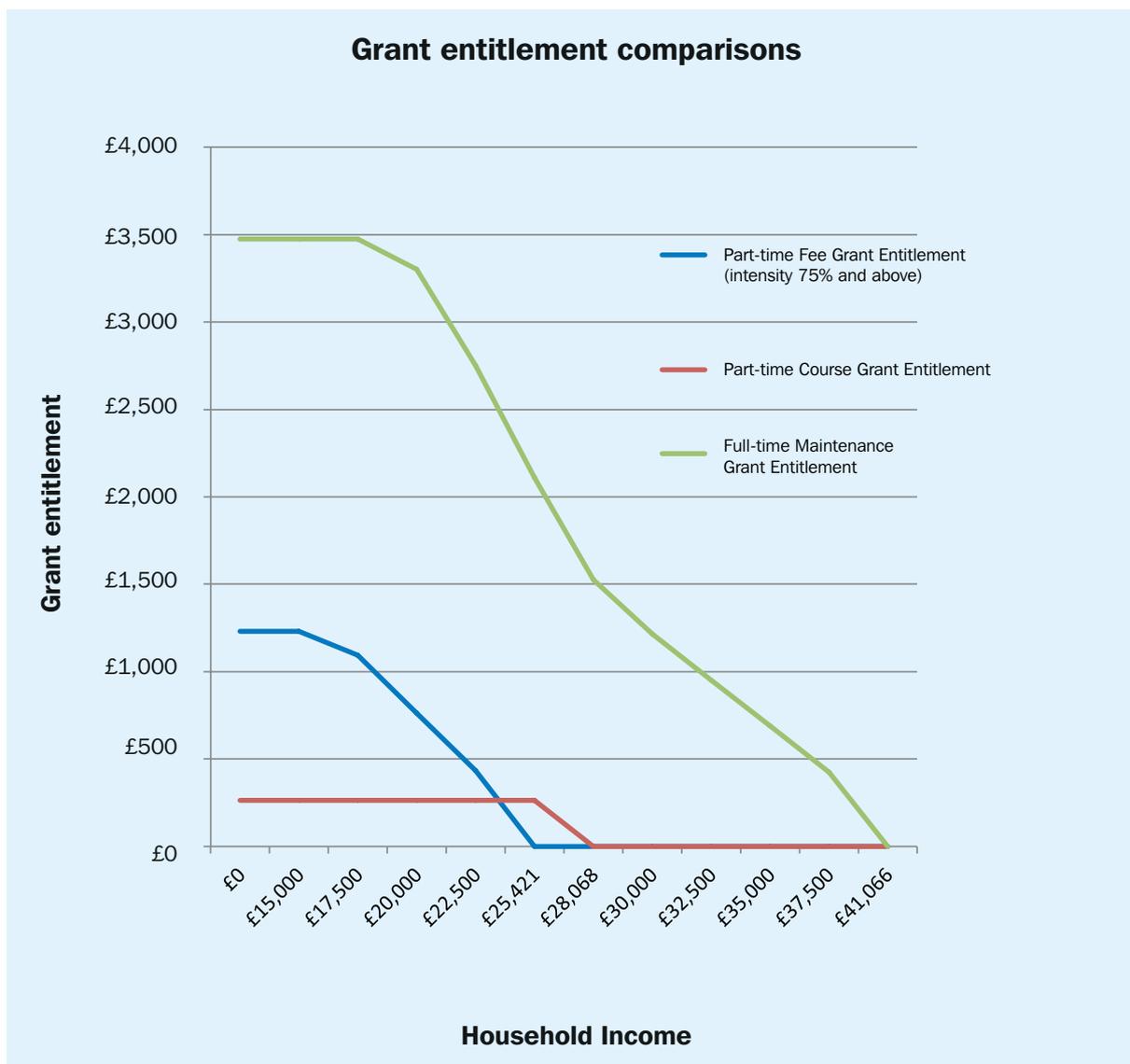
3.3. Weaknesses of the Existing Funding System

3.3.1. Eligibility and Take-up

While both part-time grants are non-repayable, and thus more attractive to students than repayable loans, many students are not eligible for them. This is due to a range of reasons,²⁴ most notably the means testing elements. Take-up rates amongst the eligible may also be expected to be lower for part-time students than other student groups for a variety of reasons, including higher levels of financial independence and also greater levels of financial assistance from employers.

The income brackets used for part-time support entitlement are set at much lower household incomes than those set for full-time undergraduate maintenance support. The income assessment for maintenance grants for full-time undergraduates lies between £19,203, where the maximum grant of £3,475 is available, and £41,065, where the minimum grant of £50 is available. Meanwhile part-time undergraduates cease to be eligible to any form of support once they exceed an income threshold of £28,067.

²⁴ Apart from the means testing, a number of policies are also in place to limit student finance eligibility in the main to people undertaking higher education for the first time. As a greater proportion of part-time undergraduates are undertaking a second degree than other student groups, these policies have a greater impact on eligibility. For further information on the Department's Equivalent or Lower Qualifications (ELQ) policy and previous study rules see http://www.studentfinancenai.co.uk/portal/page?_pageid=54,1267450&_dad=portal&_schema=PORTAL.

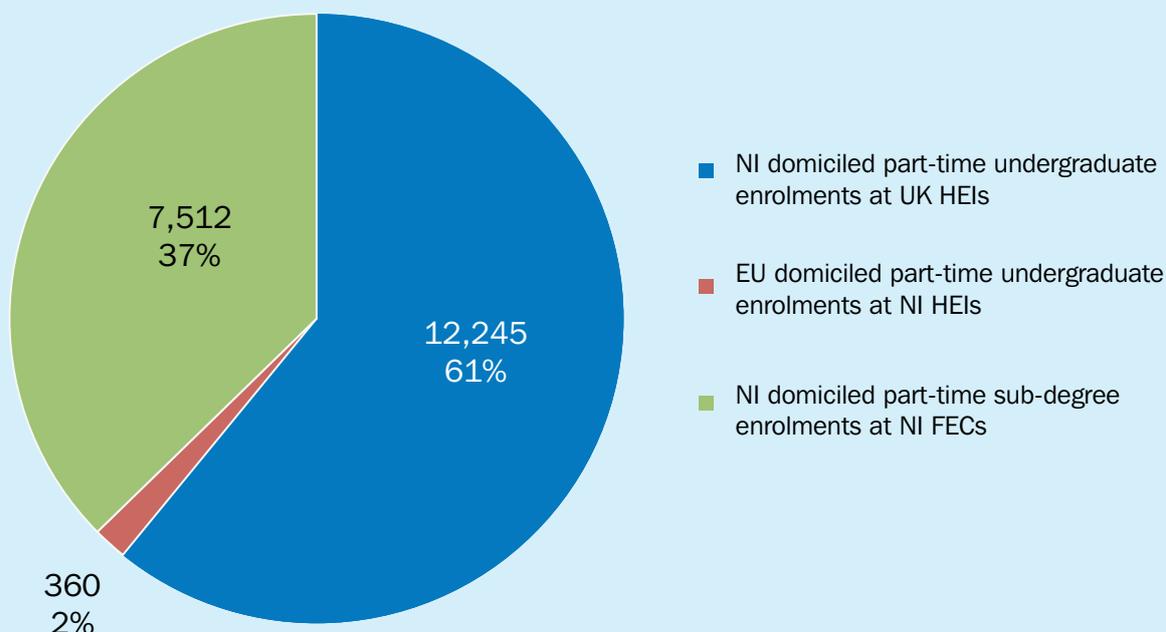


The existing part-time support package is therefore very heavily weighted towards people from lower income backgrounds. It is also limited to students studying at an intensity of at least 50%, leaving those studying at lower intensities ineligible.

There were over 20,000 enrolled students in 2013/14 who potentially could have applied for part-time student finance, comprising students from Northern Ireland attending UK higher education institutions, students from other parts of the EU (excluding Great Britain)²⁵ attending Northern Ireland higher education institutions and students from Northern Ireland undertaking higher education courses at Northern Ireland's further education colleges.

²⁵ Students from other EU member states are entitled to the same tuition fee support as students from Northern Ireland should they study here. Students from other parts of the UK are however financed through their own student finance system. The vast majority of EU enrolments in Northern Ireland HEIs are from the Republic of Ireland.

Enrolled Students Eligible to Apply for Part-time Support (2013/14)



Of these students, only 4,400 (22%) actually received a part-time grant (of either kind) in 2013/14.²⁶ The vast majority were therefore either ineligible or they did not apply at all. By comparison, some 91% of full-time undergraduate students avail of the standard full-time support package.

Of course, part-time undergraduates are also on average significantly older than their full-time counterparts and are therefore typically more financially independent as a group. Take-up rates for student finance may, then, be expected to be lower on the basis that they are less likely to require additional sources of financial support. It should however be remembered that the existing funding package consists of *non-repayable* grants only, and so there are few disincentives for take-up amongst the eligible whether they have access to other sources of finance or not.

²⁵ Students from other EU member states are entitled to the same tuition fee support as students from Northern Ireland should they study here. Students from other parts of the UK are however financed through their own student finance system. The vast majority of EU enrolments in Northern Ireland HEIs are from the Republic of Ireland.

²⁶ SLC, 'Statistical First Release: Student Support for Higher Education in Northern Ireland, Academic Year 2013/14' (November 2014).

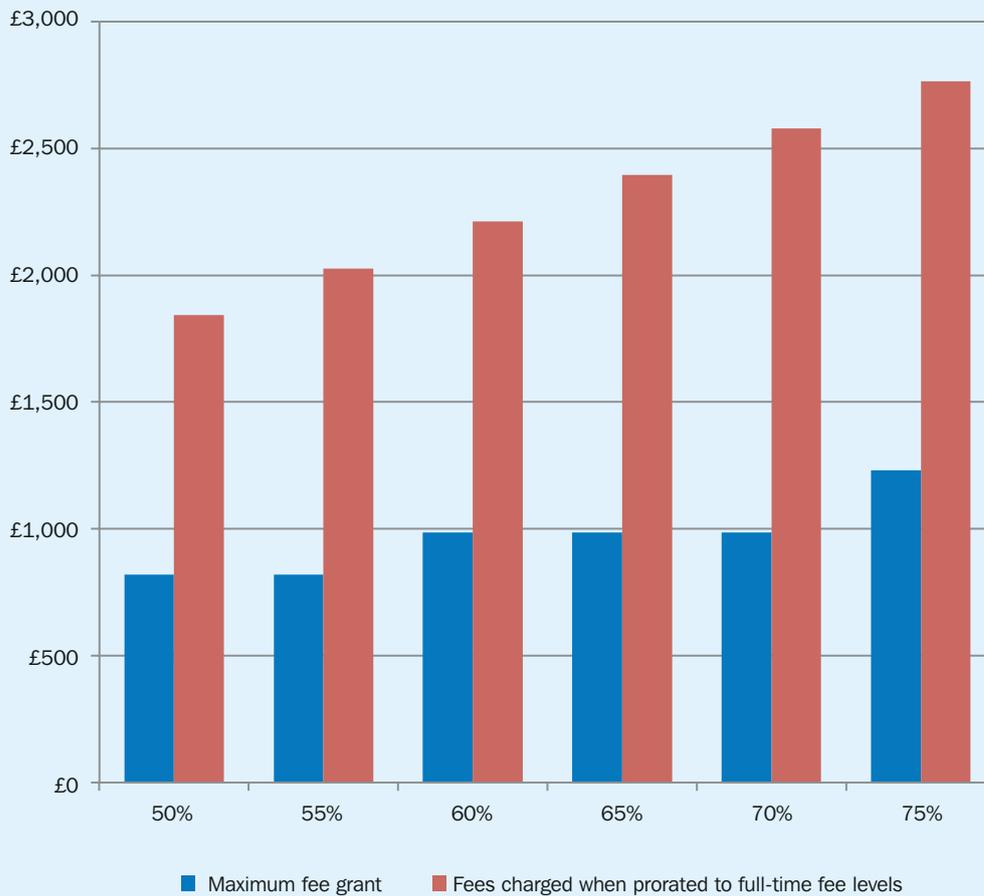
3.3.2. Levels of Support

Unlike full-time tuition fees, part-time tuition fee levels are not currently regulated by the Department. This means that higher education providers can theoretically charge whatever they like to part-time students, and different providers have their own tuition fee policies.

Some providers in Northern Ireland link part-time fee levels to full-time fees, based on intensity of study using credit points. This approach ensures that part-time students are charged roughly the same amount over the lifetime of their course as full-time students. On most undergraduate courses a full-time student will undertake 120 credit points per year, and so a student studying at, for example, an intensity of 50% will be undertaking 60 credit points per year, and their tuition fees are derived by attaching a monetary value to each credit point. In the current academic year full-time maximum fees have been set at £3,685 and so part-time fees can be prorated directly to full-time fees by charging £30.71 per credit point studied, i.e. the full-time maximum fee divided by 120.

As shown below, under prorated fee structures even the maximum part-time fee grant available for those from very low household incomes is not sufficient to cover the full tuition fees charged, leaving many students with a significant balance to make up from other sources. This balance also expands every year as the grants available remain frozen while the tuition fees charged are raised with inflation. Not all providers however structure their fees in this way, and some do set their part-time fee levels at proportionately lower rates than full-time fees.

Maximum fee grant versus fees charged under prorated fee structures at various study intensities (2014/15)



The existing support package is also insufficient for students wishing to study in other parts of the UK on a part-time basis, where maximum part-time undergraduate fee levels have been capped at £6,750 since 2012/13. While most undergraduate students leaving Northern Ireland to study have historically done so on a full-time basis, first year part-time undergraduate enrolments at higher education institutions in Great Britain have still reduced by some 45% since the introduction of higher fees in 2012, from 735 in 2011/12 to 405 in 2013/14.²⁷ This is in keeping with an overall fall in part-time enrolments in Great Britain, particularly in England, since the introduction of higher tuition fees there in 2012.

²⁷ DEL, 'Enrolments at UK Higher Education Institutions: Northern Ireland analysis 2013/14', table 2.

By contrast, the tuition fee support package for full-time undergraduates is designed to be sufficient to meet the full costs of students' fees wherever they choose to study in the UK or Ireland, so long as their institution of study is subject to tuition fee regulation. This leaves no full-time student at an institution subject to tuition fee regulation with the prospect of having to pay any of their fees themselves up-front, promoting fair access and social mobility.

3.3.3. Financial Barriers to Part-time Study

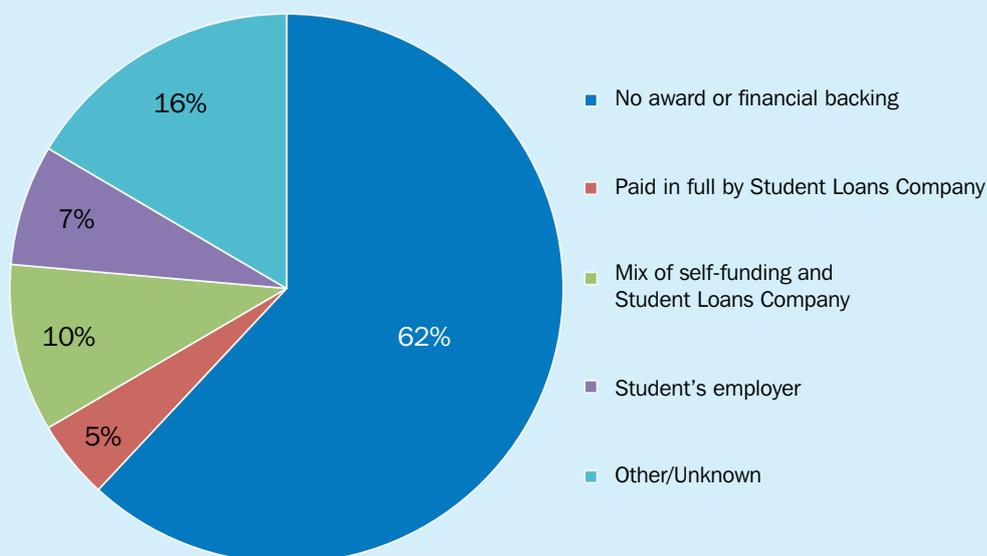
The existing funding package is designed to help students primarily with their tuition fees rather than their maintenance costs. (The course grant is expressly for course related costs rather than maintenance support, and it is at any rate small.) The rationale behind this is that many part-time students work whilst studying – indeed, that is often the very reason they choose to study on a part-time basis in the first place.

Of course, many people may choose to study on a part-time basis due to other commitments unrelated to work. For example, some 23% of Northern Ireland domiciled part-time undergraduate enrolments at UK higher education institutions reported caring responsibilities of some kind in 2013/14, compared to just 6% of full-time undergraduates.²⁸ However, part-time students, unlike their full-time counterparts, can still access welfare support and so the majority have access to some kind of support to assist with their living costs, either through their own earnings or through state support.

Tuition fees, on the other hand, do represent significant, up-front and annual costs for the vast majority of part-time students. Over 60% of first year part-time undergraduate students from Northern Ireland reported no award of financial backing whatsoever – from employers, government or anyone else – for their tuition fees in 2013/14. Less than 5% reported that their fees were paid in full by the Department via the Student Loans Company, while a further 10% reported a combination of self-funding and Departmental support as their major source of their tuition fees. That is, a minority of students received student support and, of those who did, most needed to supplement that support with other sources of finance.

28 This excludes enrolments whose dependency status was not known.

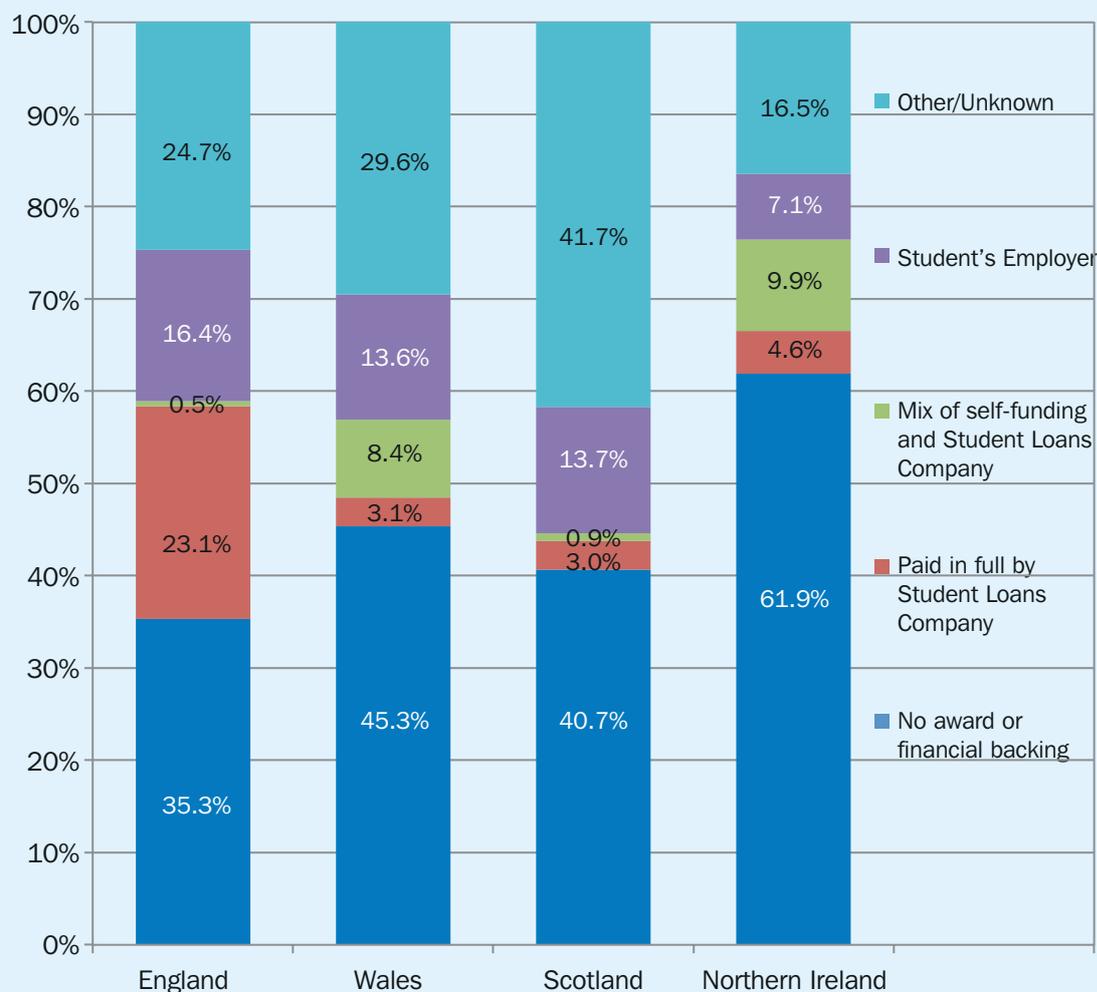
Main source of tuition fees for first year Northern Ireland domiciled part-time undergraduate enrolments at UK HEIs (2013/14)



As shown below, the proportion of first year Northern Ireland domiciled part-time undergraduate enrolments self-funding their studies is the highest in the UK. Only 35%, 41% and 45% of English, Scottish and Welsh domiciled first year part-time undergraduates respectively reported no award or financial backing as the main source of their tuition fees in 2013/14. The low proportion amongst English domiciles is largely due to the introduction of non means tested tuition fee loans in 2012/13, and the Welsh Assembly Government has since introduced similar loans in the current academic year (2014/15).²⁹

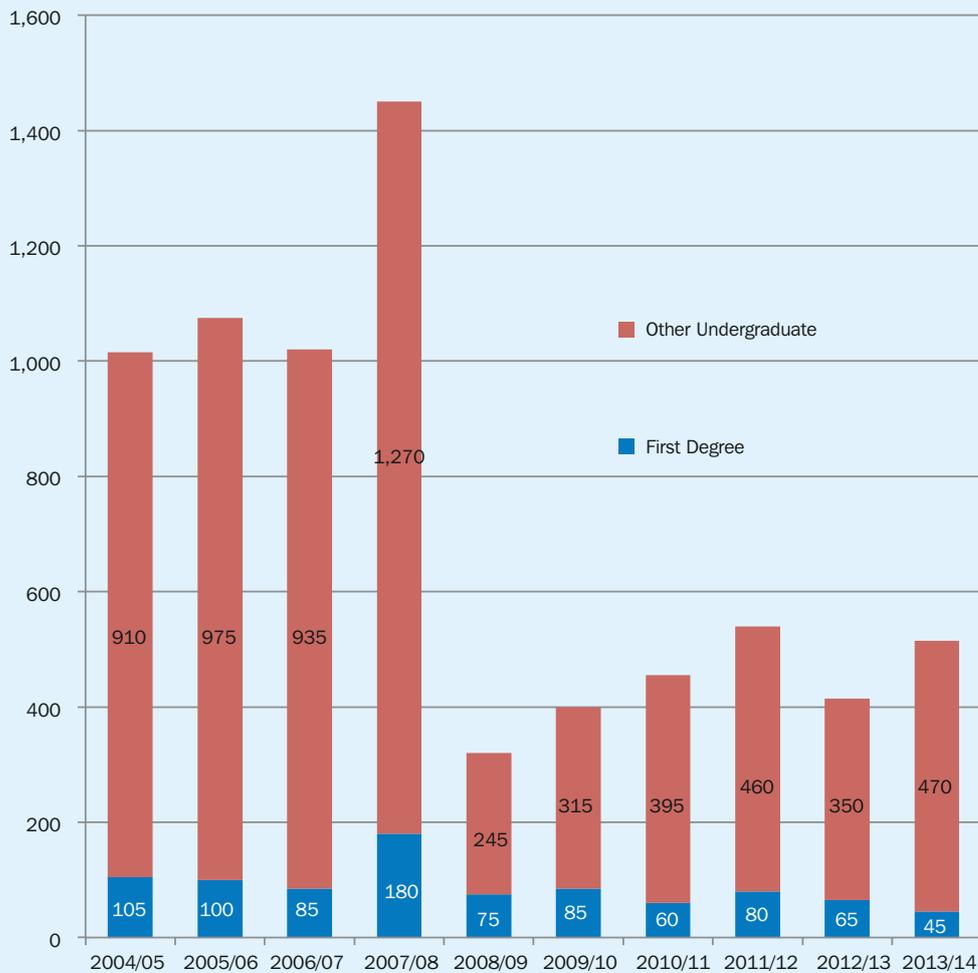
²⁹ These tuition fee loans are supplemented by tuition fee grants, mirroring the full-time undergraduate tuition fee model in Wales.

Major source of tuition fees for first year part-time undergraduate enrolments according to country of domicile (2013/14)



Historically, employers have been important sources of support for part-time undergraduates from Northern Ireland and other parts of the UK, particularly when they are supporting their own employees to up-skill or re-skill in work related areas. However, as can be seen above the proportion of Northern Ireland domiciled part-time undergraduate students reporting this kind of support as the major source of their tuition fees is relatively small compared to other parts of the UK. Employer support has, moreover, reduced significantly in recent years in line with the economic downturn. In 2013/14 only 515 (7%) first year Northern Ireland domiciled part-time undergraduate enrolments at UK higher education institutions reported employers as their major source of tuition fees, compared to 1,450 (20%) in 2007/08. Those who do avail of support from their employers are invariably undertaking 'other undergraduate' courses; employer support for those on traditional 'first degree' courses has always been sparse.

First year Northern Ireland domiciled part-time undergraduate enrolments reporting their employers as their major source of tuition fees 2004/05 to 2013/14



Given the restrictions of the existing student support package and the decline in other sources of financial support for part-time undergraduate students, the main barrier to part-time study at present is deemed to be finance, and specifically finance for tuition fees. An enhanced student support package should help to address that decline.

3.4. Policy Options

3.4.1. Context and Constraints

A range of policy options for the reform of the existing part-time undergraduate funding package have been devised for consideration and are set out below. Before considering the options in detail, it is important to set out the common parameters and constraints under which they have been devised, as well as any potential implementation risks.

As mentioned in previous sections, the Department is now operating within a fixed funding envelope for 2015-16 – one which has reduced significantly from 2014-15. Looking further ahead, the indications are that finance will remain constrained during the next Assembly term. It must therefore be assumed that there will be no ‘new money’ available, and any new student finance initiatives with *resource* budget implications will only be made possible by drawing on budgets from other areas of the Department’s services.

Student support serves as an instructive example of this dynamic. In absorbing the budget reductions for 2015-16 the Department has not changed the existing student support package. But, as a result of this, other areas of higher education have felt the force of those budget reductions even more acutely. Block grant funding to Northern Ireland’s higher education institutions is now reducing by over £16 million in the 2015/16 academic year, and this will have an impact on the number of student places available in Northern Ireland.

Given the scale of the financial challenges facing the Department, and in recognition of the fact that student support has not been changed at the expense of other services, policy options involving significant levels of additional *resource* expenditure have not been deemed feasible. Improving student support services through additional *resource* expenditure could only realistically be achieved under present circumstances by shifting the burden of those additional costs onto higher education institutions themselves, at a time when they are already being expected to absorb significant funding cuts.

Student loans are, however, accounted for differently. As they are demand led, exceptionally volatile in nature and ultimately expected to be paid back, they are considered Annually Managed Expenditure (AME) rather than resource expenditure. As such their costs are borne by Her Majesty’s Treasury on an annual basis.³⁰ It is therefore

30 See HMT, ‘Consolidated budgeting guidance 2015 to 2016’ (2015).

possible to extend student loans without detracting from resource funding for other Departmental priorities, and so the options considered below have all been designed within the parameters of the student loan system.

That being said, the up-front costs of student loans still represent a significant use of public resources funded through UK tax revenues. The loans are also heavily subsidised by government, due to their generous repayment terms, and this represents a significant impairment on a public asset – the student loan book.³¹ Cover for this impairment is also provided by Her Majesty's Treasury and allocations are ring-fenced in the Department's resource budget. This cover is not cash set aside for future use. It is "non-cash": a present recognition that the future value of repayments over the lifetime of the loans will be lower than the cost of creating them in the first place. The subsidy for loans issued in the current academic year to Northern Ireland domiciled students has been forecasted at about 38%. That is, 38 pence of every pound lent this academic year is not currently expected to be repaid. The Department is set a target level of loan subsidy by Her Majesty's Treasury each year and exceeding that target could have implications for the Department's resource budgets.

Due to these budgeting arrangements, the approval of Her Majesty's Treasury is required for any new policy initiatives which could result in an increase in student loan expenditure; failure to gain that approval could result in the Department being required to cover the additional costs through its own resource budgets, at the expense of other services. It is therefore crucial that policies involving an increase in loan expenditure can be properly justified as an appropriate and valuable use of public resources.

Finally, the options presented below are predicated on the basis that they will be delivered by the Student Loans Company. The Student Loans Company is undergoing a period of significant transformation and its capacity to deliver new services will be increasingly limited in the short- to medium-term. There may therefore be significant lead-in times for the implementation of any of the policy options outlined below should they be adopted as a result of this consultation. The Department is however working closely with the Student Loans Company to ensure that they are fully aware of this policy development process and that potential changes resulting from the consultation are factored into their work plans.

³¹ This subsidy on student loans is known as the Resource Accounting and Budgeting (RAB) charge and is calculated each year for each new tranche of loans, based on earnings forecasts over the lifetime of the loans. The subsidy on previously issued loans is also re-valued each year to create a "stock charge". These charges are also borne by Her Majesty's Treasury but covered through ring-fenced DEL resource budgets. For further information on the RAB see BIS Committee, 'Student Loans: Third Report of Session 2014-15' (July 2014), p.9 onwards.

3.4.2.Options

The following options have been devised by the Department to improve access to undergraduate study on a part-time basis. They are both geared towards improving support for tuition fees.

Option One: Tuition Fee Loan.

This option would introduce a non income assessed tuition fee loan covering the full value of part-time students' tuition fees. It would replace the existing fee grant. This loan would be available to all Northern Ireland domiciled part-time undergraduate students undertaking designated courses of study at higher education providers in the UK and Ireland. It would also be available to non-UK EU domiciled students at Northern Ireland higher education providers.

Replacing the existing fee grant with a repayable income contingent fee loan would bring several benefits for both students and the Department. It would put part-time undergraduates on a more equal footing with their full-time counterparts with regards to tuition fee support, by funding them in essentially the same way. It would also place them on a more equal footing with their counterparts from other parts of the UK (England and Wales) who already have access to non means tested loan support for their tuition fees. The repayable loan would be more widely accessible than the existing grants as it would not be means tested; it would also likely cover the full cost of students' fees (see fee regulation section below). This should help improve access to part-time study, supporting more people to enter higher education and contributing towards the up-skilling and re-skilling of the existing workforce.

The additional loan outlay required under this option is estimated, based on current enrolments, to reach up to £28 million per annum upon full roll-out. These costs would be considered as Annually Managed Expenditure (AME) and therefore, subject to approval, would be provided for by Her Majesty's Treasury rather than paid through Departmental resource budgets (see previous section). The subsidy on the new loans would also, subject to approval, be covered by Her Majesty's Treasury. Meanwhile, current expenditure on the fee grants (about £3 million per annum) could potentially, upon full roll-out of the new policy, be re-directed to other areas of higher education funding. This is an important consideration in the context of increasingly restricted public resources. It is also an important aspect of the future proofing of this policy: the ultimate aim is to increase part-time provision, and doing so at additional resource costs could prove unsustainable in the future.

With these potential benefits there are also risks. In particular, funding part-time students in this way places a greater reliance on Her Majesty’s Treasury to accommodate the Department’s additional AME requirements for the loan outlay. Moreover, each year the Department is set, by Her Majesty’s Treasury, a target level of subsidy on student loans issued; the additional loan outlay would heighten the risk of the Department exceeding that target and, subsequently, having to seek additional provision from Her Majesty’s Treasury. In such an event, under current accounting and budgeting guidance, the costs of any subsidy in excess of the target would be gradually shifted back to the Department over a 30 year period.³² These same risks are however already tempered in relation to existing loans for full-time undergraduates.

Finally, there will inevitably be implementation costs associated with a new policy of this nature for both the Student Loans Company and the Education Authority. However, as similar support packages are already in existence in other parts of the UK, the Student Loans Company in particular would be well placed to implement this policy and potentially at a lesser cost and quicker pace than other options. Moreover, resources recovered from the phasing out of the existing fee grants could potentially help to offset these implementation costs.

Pros	Cons
<ul style="list-style-type: none"> • Much improved access to support than status quo, due to absence of means testing • More likely to cover full cost of fees charged than status quo • Greater parity with full-time undergraduates than status quo and option two • Greater parity with part-time undergraduates from England and Wales than status quo and option two • Less resource costs for the Department than status quo and option two • More straightforward and less costly to implement than option two • More sustainable in the long-term than status quo and option two 	<ul style="list-style-type: none"> • Greater reliance on Her Majesty’s Treasury than status quo • Greater risk of exceeding target level of loan subsidy than status quo • Less attractive package to some students (those eligible to existing grants) than option two

³² This is a relatively new stipulation in HMT guidance designed to make Departments more accountable for the level at which they subsidise student loans. See HMT, ‘Consolidated budgeting guidance 2014 to 2015 (2014)’.

Option Two: 'Top Up' Tuition Fee Loan.

This option would introduce a non income assessed tuition fee loan to 'top up' the existing fee grant. It would be available in addition to the existing fee grant, covering any remaining tuition fee balance not covered by the fee grant (up to the full value of the fees for those ineligible to any fee grant). The loan would be available on the same basis as under option one.

This option would bring some of the same kinds of benefits as option one by making tuition support more widely accessible to part-time undergraduates. Means testing would still exist in respect of the fee grant but the remainder of students' tuition fees – or all of them in the case of those ineligible to any grants – would be paid through a non means tested loan.

It is estimated, based on current enrolments, that the introduction of the 'top up' tuition fee loan would require up to an additional £25 million per annum in loan outlay upon full roll-out of the policy. These costs would be considered AME and, subject to approval, would be borne by Her Majesty's Treasury rather than Departmental resource budgets.

The same risks would apply for this option in relation to placing a greater reliance on Her Majesty's Treasury and making the Department more susceptible to changes in accounting and budgeting arrangements for student loans. But given that this option is more complex (comprising both grants and loans) than option one and not directly comparable to support systems in place in any other part of the UK, it could be significantly more difficult and more costly for the Student Loans Company and the Education Authority to implement for Northern Ireland. This could result in longer timescales for implementation and also detract from resources for other priorities at a time when budgets are constrained.

Indeed, with the existing fee grants maintained there would be no scope at all under this option for the Department to recover any annual resource spending to divert to other areas of higher education funding, for example to protect student places. In fact, as student support is entirely demand-led this option could potentially result in significant *additional* annual resource costs for the Department if it significantly stimulates demand for part-time study.³³ This is of course exactly what all of the policy options have been designed to do, yet if this option were to do so too successfully then the funding package could become unsustainable.

³³ This potential has not however been factored into any cost forecasting as it is impossible to predict with any accuracy. In England the introduction of enhanced support for part-time students in 2012 actually resulted in a reduction in enrolments; similarly, student flows from Northern Ireland to England have confounded expectations in recent years by holding relatively steady despite the introduction of higher tuition fees there.

Furthermore, this option would actually place part-time undergraduates in a *better* position in relation to their tuition fee support than their full-time counterparts, who cannot access grants for their tuition fees. Other student groups could potentially therefore feel disadvantaged by this policy.

Pros	Cons
<ul style="list-style-type: none"> • Much improved access to support than status quo, due to the absence of means testing • More likely to cover full cost of fees charged than status quo 	<ul style="list-style-type: none"> • Greater reliance on Her Majesty’s Treasury than status quo • Greater risk of exceeding target level of loan subsidy than status quo • Less parity with full-time undergraduates than option one • Less parity with part-time undergraduates from England and Wales than option one • More resource costs for the Department than option one (and status quo if policy has desired effect and stimulates part-time demand) • Less straightforward and potentially more costly to implement than option one • Could take longer to implement than option one • Potentially less sustainable than option one in the long-term

Which policy option do you believe best addresses the unique needs of part-time undergraduate students, whilst also taking into account existing and future public spending constraints in Northern Ireland?
Please explain your answer.

3.4.3. Fee Regulation

Unlike full-time tuition fees, part-time fees are not currently regulated by the Department. This means that higher education providers are completely free to set their own fee levels for part-time undergraduate students. However, to ensure the tuition fee loan under any of the options considered covers the full cost of the tuition fees charged by institutions in Northern Ireland, and to mitigate any risk of significant increases to fee levels, the Department may need to regulate part-time undergraduate fee levels at a level aligned with the maximum fee support available. This could be undertaken in several ways, including:

Flexible Fee Structures

Flexible fee structures would prorate part-time fee caps directly to full-time caps based on a student's study intensity. Therefore a student studying at 50% intensity would have their fees capped at 50% of the full-time cap, while a student studying at 60% intensity would have their fees capped at 60% of the full-time cap. This would closely mirror the fee structures already in place at some higher education providers in Northern Ireland.

Fixed Fee Structures

Fixed fee structures would simply introduce fixed fee caps for part-time undergraduate students, likely set at 75% of the full-time fee caps (75% is typically the maximum intensity at which a part-time student can study). This would mirror the approach taken to part-time fee regulation in England and would give more freedom to individual institutions to shape their own fee policies. It could however also lead to situations where students at lesser intensities are subject to similar fees as those at higher intensities.

Do you think that the possible introduction of enhanced tuition fee support arrangements for part-time undergraduates should be accompanied by the regulation of part-time tuition fees in Northern Ireland?
Please explain your answer.

3.4.4. Student Loan Repayments

All of the options require the extension of the existing student loans system to part-time undergraduates. This not only puts them on a more equal footing with their full-time counterparts but it also helps to ensure that the reform of the support package available to them does not detract from funding from other key services, due to the budgeting arrangements in place for student loans.

Part-time students would repay their student loans under the same general income contingent repayment terms as full-time students, meaning repayments would not begin until they are earning above a certain earnings threshold (£17,335 in 2015/16, rising annually in line with inflation), at which point they will repay at a rate of 9% of their gross income above that threshold. For example, a student earning £30,000 per annum would repay 9% of £12,665 – that is, £1,140 per year, or £95 per month. The loans would not carry commercial interest rates³⁴ and after 25 years any outstanding debt would be written off entirely.

Some differences with full-time repayments may however be required. Full-time undergraduate students do not become eligible to begin repayments until the April after graduation, and there is no limit on the number of years to which they are eligible to loans. If the same principles were applied to part-time students it could result in situations where students do not begin repaying for decades. For example, a student undertaking a course normally four years in duration on a full-time basis would not complete that course for 16 years if studying part-time at an intensity of 25%. Taken to its extreme, certain courses can also last up to eight years on a full-time basis, which at the same intensity would take 32 years to complete.

It is therefore anticipated that under any of the proposed options the length of time for which a student would be eligible to support would be capped and repayments would begin four years after the start of the course or the April after graduation, whichever is sooner.

Do you think that the number of years for which a part-time undergraduate student will be eligible for support should be capped and that repayments should begin prior to graduation?
Please explain your answer.

³⁴ Interest rates are set as the lesser of the retail prices index (RPI) or 1% above the highest base rate of a nominated group of banks, i.e. they will not exceed the rate of inflation. Interest rates are currently set at 1.5%.

3.4.5. Flexibility

The existing part-time support package is available for students studying at intensities of 50% of the full-time course or above. However, a large number of part-time students study at lower intensities. For example, the average intensity of study for part-time students on higher education in further education courses is 40%.

One of the guiding principles of the Department's Higher Education Strategy is flexibility in both delivery and funding, with an aim to better support lifelong learning and increase both part-time and postgraduate capacity within the sector. Flexible provision will also be crucial in developing the skills of the existing workforce in Northern Ireland, supporting people in balancing study with work commitments.

Therefore, to better support students to study at a pace which suits them, allowing them to balance their higher education with work or other commitments, it is envisaged that under any of the options support will be made available to students on a more flexible basis and at a wider range of study intensities.

Do you think that students studying at intensities of 25% or above should be eligible to support?
Please explain your answer.

3.4.6. New and Existing Students

As a general principle, changes to student finance arrangements in Northern Ireland, and in other parts of the UK, have historically been phased in for new students only, with existing students already in the system continuing to have access to the older support package. The purpose behind this is to protect existing students from significant changes to their finance arrangements which could potentially disrupt the continuation of their studies.

However, if this principle were applied to either of the policy options considered above, there may be a significant portion of existing part-time students who feel disadvantaged compared to their newly entering counterparts, particularly those ruled out of the existing support package due to the income assessments. Moreover, it is not uncommon for part-time students to take significant breaks in their studies before returning to complete

their courses at a later date. For many students opting to take a break in their studies, the introduction of enhanced student support arrangements could serve as an important incentive for them to return and finish their course. There may, then, be sound policy reasons to make the new student finance package available for both new and existing students. For the latter this would be on an optional basis; they would still be able to apply for the older finance package available to them when they began their course should they wish to do so.

Do you think that the new student finance package should be available to both new and existing students?
Please explain your answer.

4. THE POSTGRADUATE FUNDING SYSTEM

4.1. Mapping Postgraduate Students

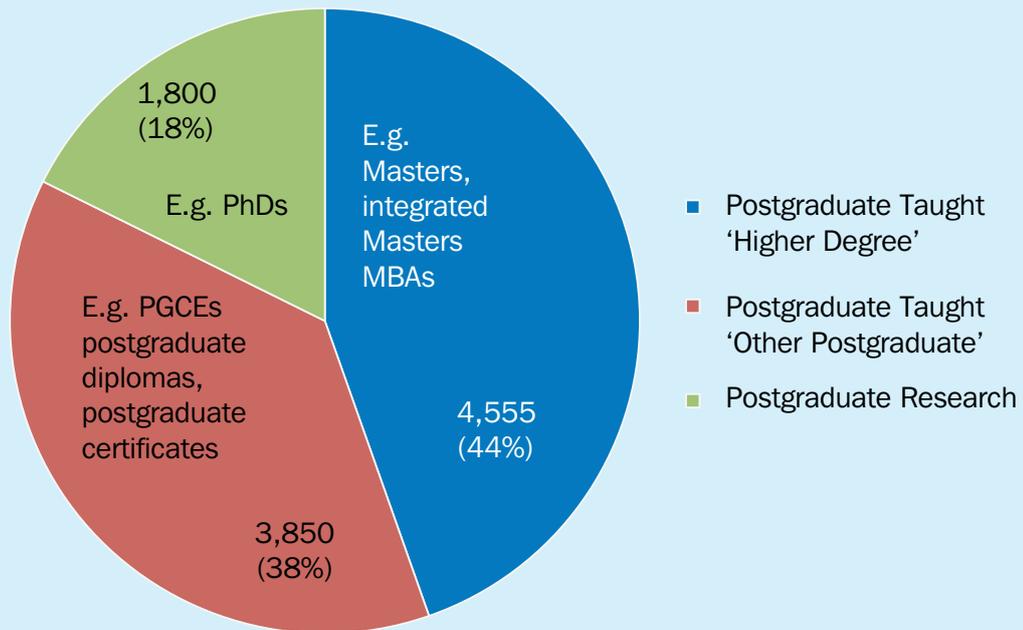
Postgraduate provision is study which involves learning at a higher, more challenging level than an undergraduate degree, classified at level 7 or 8 in the Quality Assurance Agency's Framework for Higher Education Qualifications in England, Wales and Northern Ireland, or as second or third cycle in the Framework for Qualifications of the European Higher Education Area.

Level 7 qualifications comprise Masters degrees (such as MSc and MA), postgraduate diplomas and postgraduate certificates. They are typically taught programmes undertaken in one year on a full-time basis, but they do normally involve research elements. Level 8 qualifications are doctoral degrees (such as PhDs or DPhils), which typically involve greater amounts of independent study and research and analysis skills.

Broadly speaking, the term 'postgraduate taught' will be used to refer to level 7 qualifications and 'postgraduate research' to level 8 qualifications. It is however common to split 'postgraduate taught' courses into two further sub-categories: 'higher degree' and 'other postgraduate'. The former is comprised almost exclusively of Masters courses while the latter generally involves teaching aimed at employment in a particular profession, including regulated provision such as Postgraduate Certificates of Education (PGCE), professional courses in health, social care and architecture, and the majority of postgraduate certificates and diplomas.

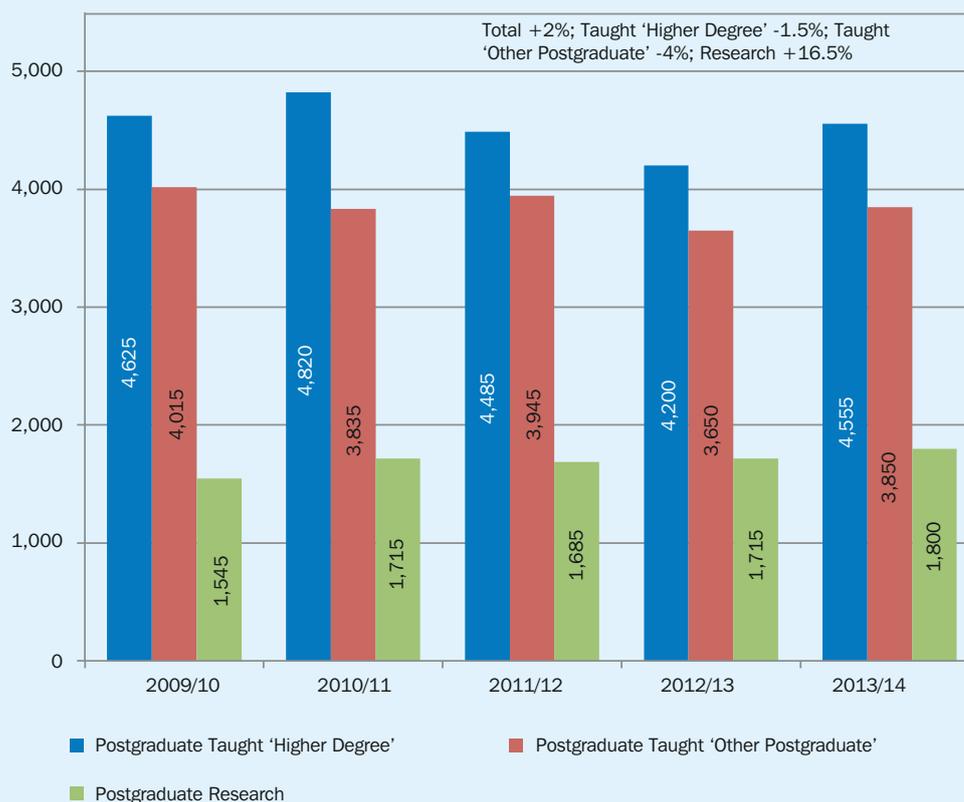
In 2013/14 there were 10,210 Northern Ireland domiciled students enrolled on postgraduate courses at UK higher education institutions, accounting for some 16% of total enrolments. The majority (82%) were enrolled on postgraduate taught courses, and of them some 54% were enrolled on 'higher degree' courses and the remaining 46% on 'other undergraduate'. Some 60% of all postgraduate enrolments were also studying on a part-time basis, which is a much higher proportion than at the undergraduate level.

Northern Ireland domiciled postgraduate enrolments at UK HEIs (2013/14)



Over the past five years total postgraduate enrolments have not declined, though a slight fall in postgraduate taught enrolments (2.5%) has been offset by a significant rise in postgraduate research enrolments (16.5%).

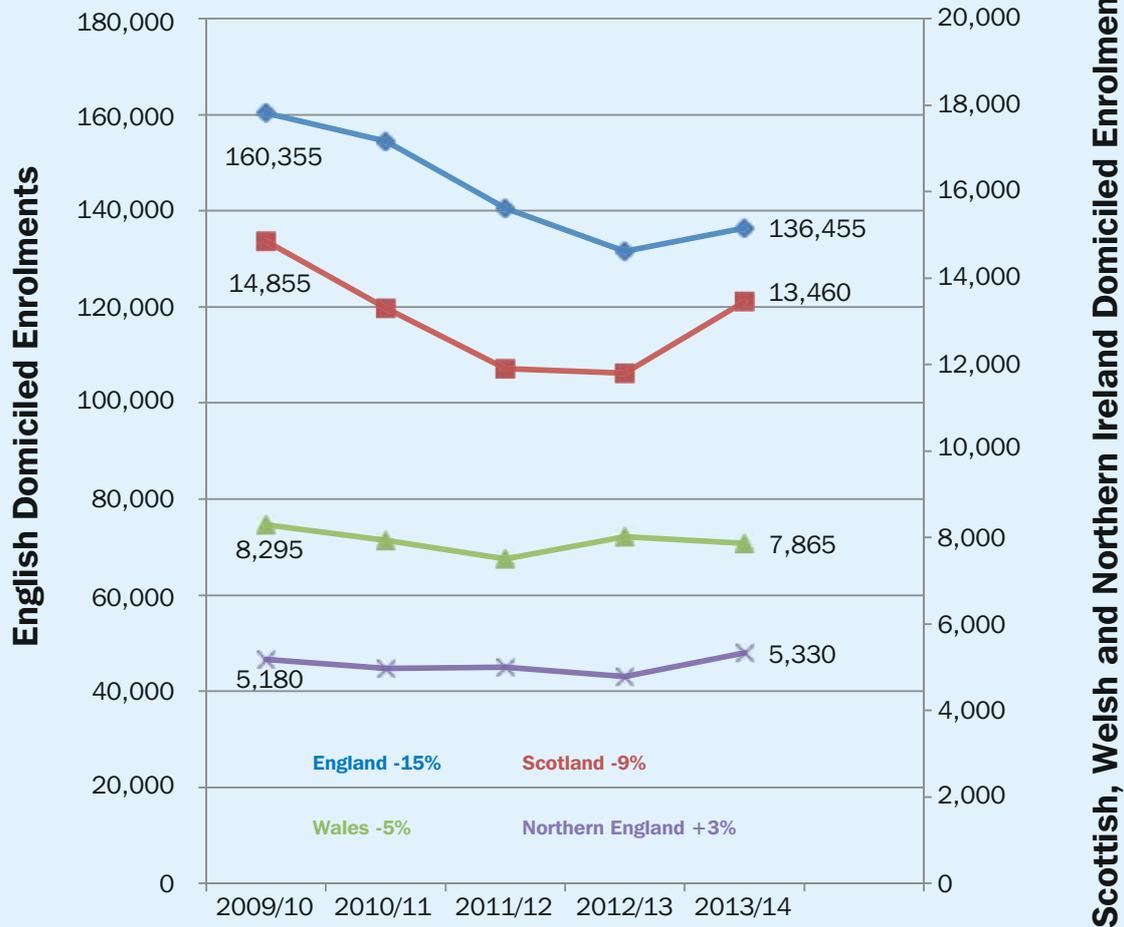
NI domiciled postgraduate enrolments at UK HEIs 2009/10 to 2013/14



Across the UK, postgraduate research enrolments have grown in the same period, which is largely a result of sustained increases in investment in research across the piece. Postgraduate taught enrolments have however declined significantly, particularly amongst English domiciles since the introduction of higher tuition fees at the undergraduate level in 2012/13. First year³⁵ postgraduate taught enrolments in the UK over the past five years are illustrated below according to country of domicile.

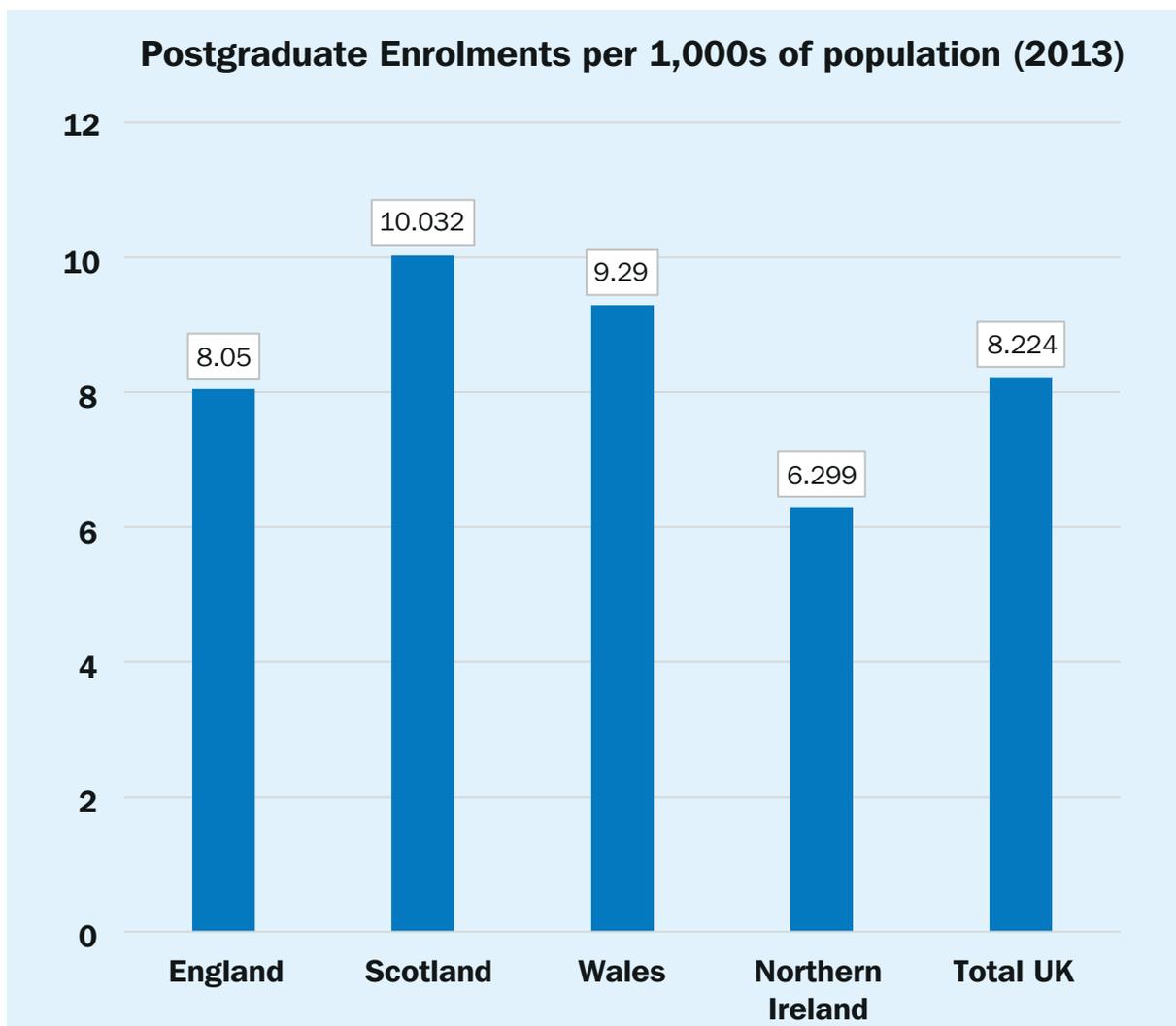
35 First year enrolments provide a better indication of declining demand on a year-by-year basis, and better reflect the immediate impact of socio-economic changes and new policies.

Postgraduate taught first year enrolments at UK HEIs by country of domicile 2009/10 to 2013/14



As can be seen, Northern Ireland is in fact the only country of the UK to have seen a rise (3%) in postgraduate taught enrolments during the past five years. However, as at the undergraduate level, large proportions of Northern Ireland domiciled postgraduates study in other parts of the UK; very few students are imported from other regions to replace them. Northern Ireland’s own postgraduate presence – in terms of postgraduate enrolments at *Northern Ireland higher education institutions* per 1,000s of population – still lags significantly behind the rest of the UK across all types of postgraduate provision:³⁶

36 Population figures sourced from ONS Statistical Bulletin, ‘Annual mid-year population estimates, 2013’ (June 2014) and triangulated with HESA enrolment data at Northern Ireland’s Higher Education Institutions. Note that enrolments include non Northern Ireland domiciled students.



Therefore, Northern Ireland itself has a smaller postgraduate presence than any other part of the UK. It is estimated that over 3,500 additional postgraduate enrolments in Northern Ireland would be required to put Northern Ireland on an equal footing with the current UK average in this regard.

4.2. The Funding System

4.2.1. Sources of Funding

Postgraduate students are heterogeneous, and their needs and sources of funding can differ significantly. They do all however contend with the same kinds of costs as undergraduate students, including tuition fees and living costs. Postgraduate tuition fees are not currently regulated in Northern Ireland, or anywhere else in the UK. Fee levels can therefore vary between institutions and indeed between courses. In Northern Ireland, full-time postgraduate fees currently range between £3,900 and £4,900 on most courses, and part-time fees are typically prorated to full-time levels.

The majority of postgraduate students from Northern Ireland have no access to the student loan system, or indeed to any student finance beyond the Disabled Students Allowance (DSA), to help with these costs. This is based on the principle that student finance should be targeted in the main at students entering higher education for the first time. A number of postgraduate taught students are however regarded as undergraduates for funding purposes, and as such have access to the full-time undergraduate student support package. These include students undertaking postgraduate certificates of education (PGCEs) and 'integrated Masters' courses.

The Department does provide a number of awards each year for postgraduate students at Northern Ireland's universities, which cover their approved tuition fees as well as significant stipends to help with their living costs. The universities allocate these awards according to their own strategic priorities and the vast majority (95%) are used for level 8 PhD provision. Very few postgraduate taught students benefit from the postgraduate awards, and even at the PhD level the awards are allocated on a highly competitive basis.

In the current academic year the Department has piloted a Masters Scholarship programme to accompany the postgraduate awards. These scholarships have contributed towards the tuition fees of students in a number of specific economically relevant subject areas and have clearly stimulated demand for those subjects in the form of course applications. They were however limited in number and due to budget restrictions they are not due to continue next year.

Postgraduate students can also apply for support from the UK Research Councils, but funds are usually allocated on a competitive basis and relatively few students are successful in securing this kind of support, particularly in Northern Ireland. Moreover, the Research Councils have largely ceased to provide funding for one year Masters degrees, focussing their resources instead on research provision only.

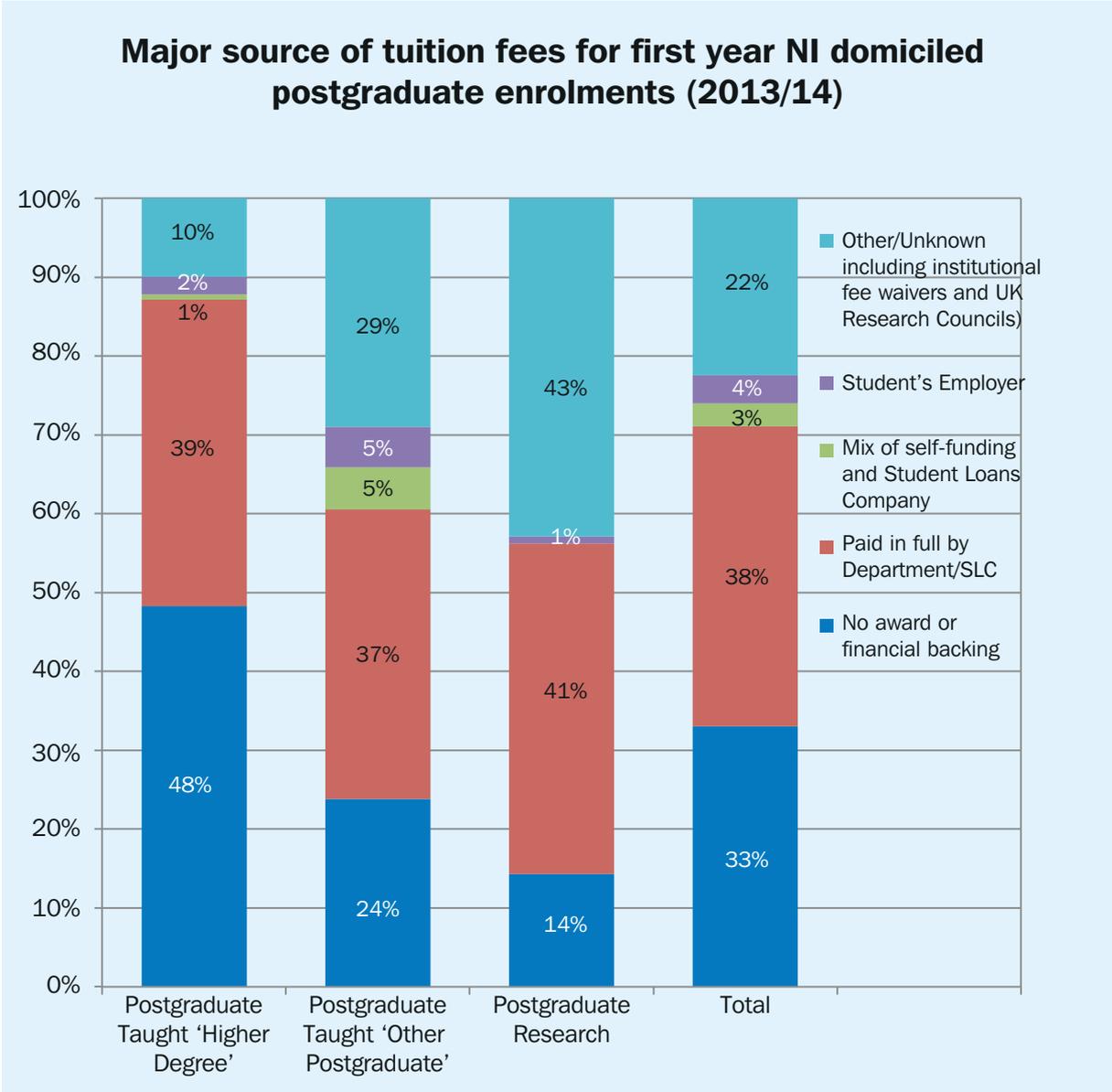
Beyond these limited sources of government support, individual institutions typically offer their own scholarships on a competitive basis and postgraduate taught students can also apply to banks for Professional and Career Development Loans (PCDLs). PCDLs are however much more akin to commercial loans and students report a general reluctance to utilise them.³⁷ Limited funding is also available from educational trusts and charities.

³⁷ The PCDL is offered by the Co-operative and Barclays Banks. Applicants can borrow up to a maximum of £10,000, repayments begin one month after the student completes their studies and an interest rate of 9.9% is applied once repayments start. The Government bears the risk of defaulted repayments.

Therefore the funding made available from government for postgraduate students is limited and targeted in the main at postgraduate research students. Alternative sources of funding are also limited and often unattractive to students.

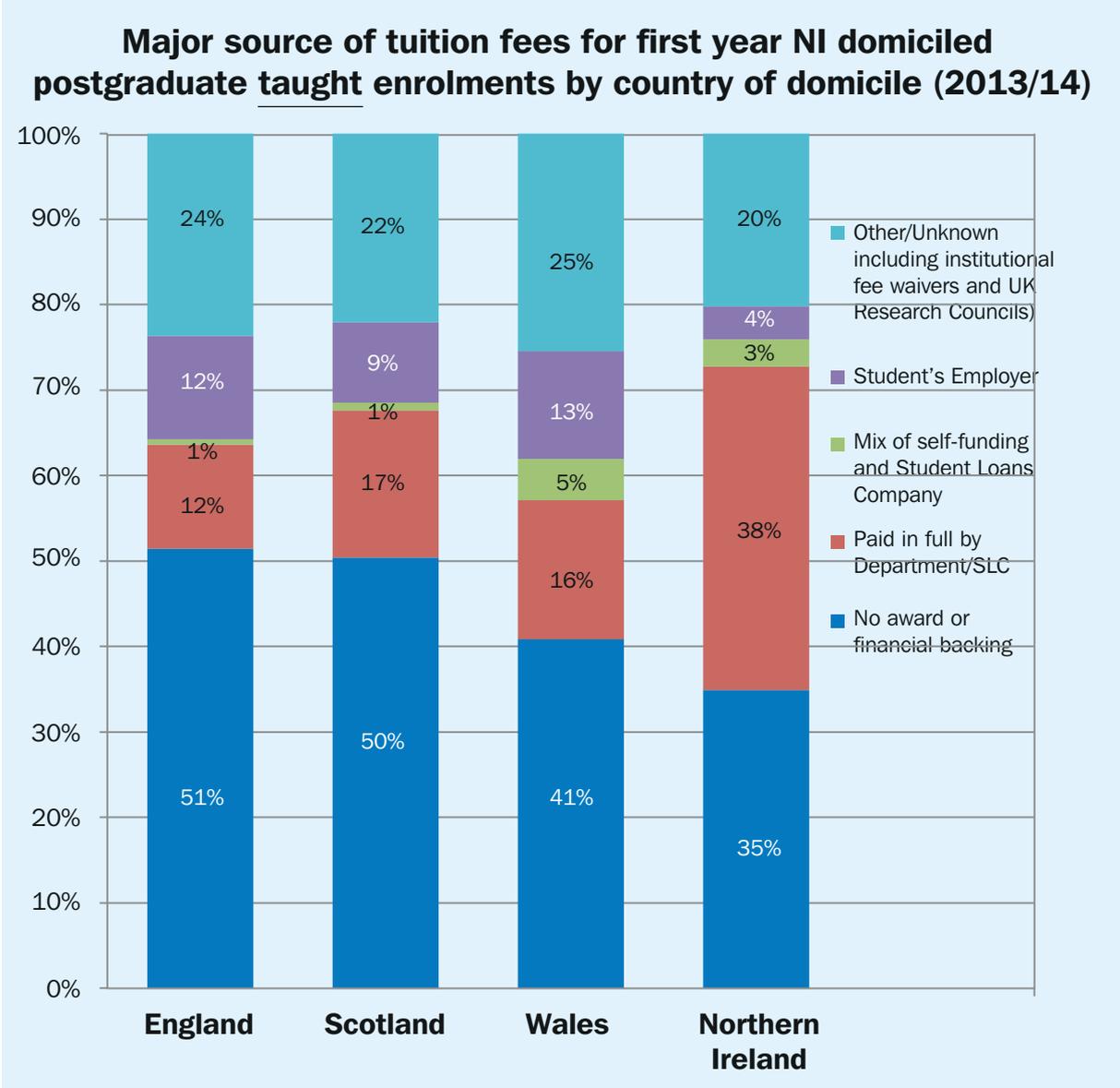
4.2.2. Self-funding

Due to the limitations of existing sources of funding, many postgraduate students are self-funded. This is particularly true at the postgraduate taught level, where some 48% of Northern Ireland domiciled first year ‘higher degree’ (Masters) enrolments and 24% of first year ‘other postgraduate’ enrolments reported no award or financial backing as the major source of their tuition fees in 2013/14. This compares to just 14% of postgraduate research enrolments, the majority of whom were funded through either the Department’s postgraduate awards or by the UK Research Councils.



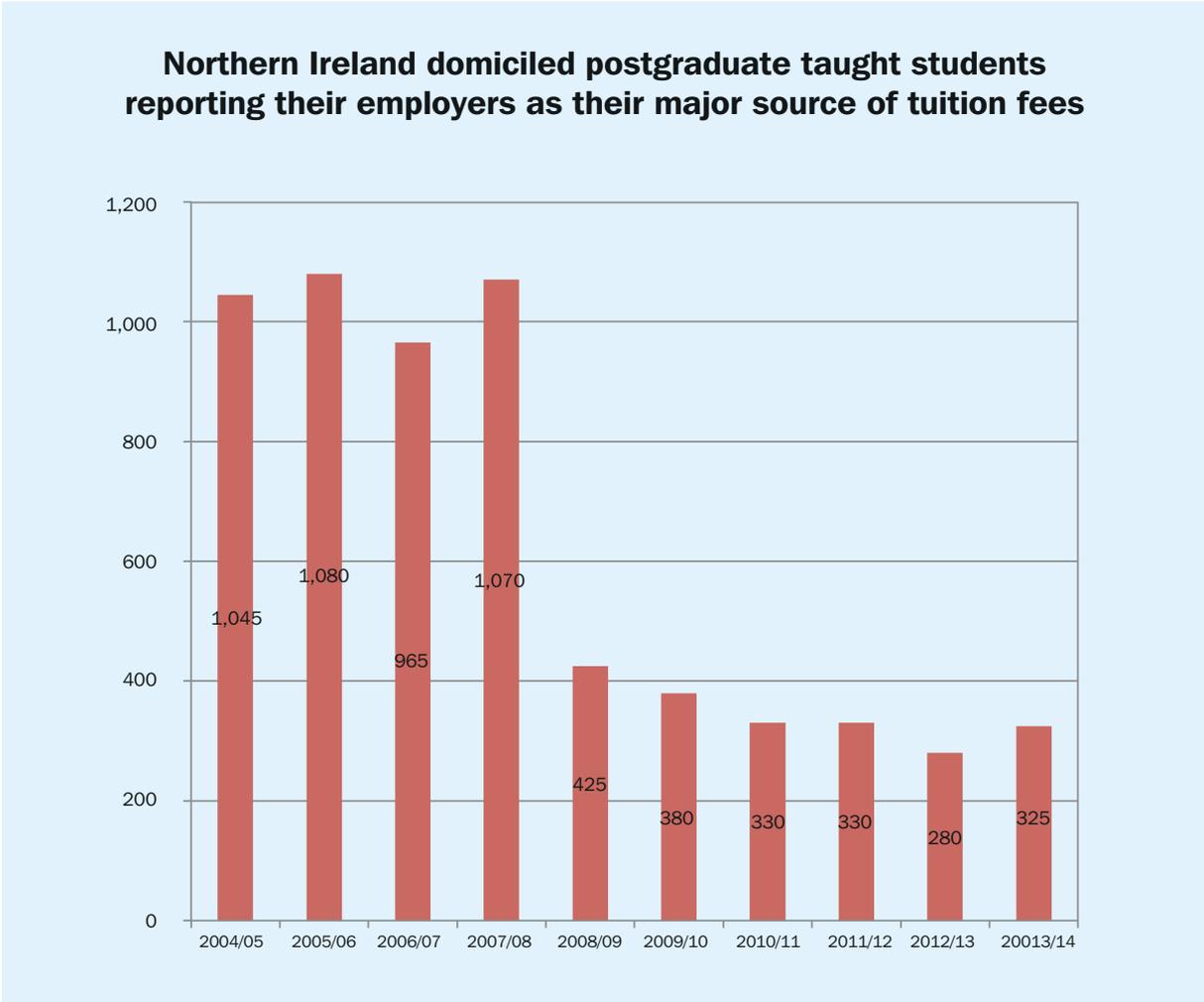
While well over a third of postgraduate students of all categories report the Department or Student Loans Company as the major source of their tuition fees, it is important to remember that at the postgraduate taught level only certain kinds of postgraduate students who are for funding purposes treated as undergraduates have access to this kind of support, such as those on integrated Masters courses or those undertaking Postgraduate Certificates of Education (PGCEs). At the postgraduate research level those students reporting the Department as their major source of fee support are almost exclusively those in receipt of the Department’s postgraduate awards, which are limited in number and highly competitive.

As illustrated below, the proportion of first year Northern Ireland domiciled postgraduate taught enrolments in 2013/14 with no award or financial backing for their tuition fees was the lowest in the UK.



This is largely due to the significantly higher proportion of those receiving support from the Department or the Student Loans Company, which only students on certain types of courses – integrated Masters and PGCEs – can normally access. This is indicative of a greater proportion of students from Northern Ireland undertaking these kinds of courses than their counterparts from other parts of the UK.

Historically employers have been important sources of support for postgraduate taught students, particularly when they are supporting their own employees to up-skill or re-skill in work related areas and particularly in support of courses preparing individuals for entry into professional careers such as law, accountancy and journalism. However, as can be seen above the proportion of first year Northern Ireland domiciled postgraduate taught students reporting employer support as the major source of their tuition fees is the lowest in the UK. The overall number of postgraduate taught students reporting this kind of support as the major source of their tuition fees has also reduced significantly in recent years in line with the economic downturn.



As the taught masters degree is often and increasingly made an entry requirement for doctoral study, it has been labelled as a 'broken bridge' between undergraduate and doctoral study by the Higher Education Funding Council for England (HEFCE).³⁸ Moreover, the lack of funding opportunities available has raised concerns by many in the sector about the future diversity of researchers, fair access and social mobility at the postgraduate level. These concerns have led to a wide range of proposals in recent years for the establishment of a finance system for UK postgraduate taught students, including from the British Academy, the Higher Education Commission, and the National Union of Students.³⁹

4.2.3. Financial Barriers and Additionality

Given the relatively limited sources of funding available, it might be assumed that finance is the main barrier to postgraduate study. While enrolment data provides a helpful picture of those who have overcome these barriers, and how they have done so, it is more difficult to get a picture of those who have *not* been able to overcome them. Additions to the National Student Survey (NSS) in England have however in recent years begun to address this gap in the evidence.

A new Intentions After Graduation Survey (IAGS) has been added to the NSS to ask final-year undergraduates about their future plans, including whether they wish to progress to further study. The first year of data (2013) has now been triangulated with the Destinations of Leavers in Higher Education (DLHE) study to show how many of those students actually realised their ambitions of further study.

The IAGS 2013 found that 17% of respondents intended to study for a postgraduate qualification after graduation, but the DLHE 2012-13 found that only 56% of them were actually doing so six months after graduation. The survey also asked those students who said they were likely to enter postgraduate study what would affect their decision, and 65% said course fees were a factor. Among the students who said they were unlikely to enter postgraduate study, 61% cited course fees as a factor putting them off. The survey also found that those from the highest deprivation quintiles wishing to progress to further study were less likely to do so than those from the lowest deprivation quintiles, compounding concerns around fair access at the postgraduate level.⁴⁰ It should be remembered however that financial reasons are not the only factors in preventing people from fulfilling their ambitions of further study. A range of factors can affect decisions,

38 See HEFCE, 'Postgraduate education in England and Northern Ireland' (July 2013).

39 For a full summary of the literature see UUK, 'Postgraduate taught education: the funding challenge' (2014), pp 26-7.

40 See https://www.hefce.ac.uk/media/hefce/content/What,we,do/Cross-cutting,work/Postgrad/IAGS/IAGS_summary_4.pdf.

including attainment at undergraduate level, entry requirements, or alternative opportunities emerging beyond further study.

Course fees are not the only financial concerns for postgraduate students. They also have day-to-day living costs to worry about, and for many this involves working whilst studying. However, living costs must be borne whether studying or not, whereas the tuition fee is an additional, significant and up-front cost which is more likely to represent a major barrier to study. The tuition fee is also greater than at the undergraduate level, where full-time fees are currently capped at £3,685. Currently postgraduate fees in Northern Ireland range between £3,900 and £4,900 on most courses. In other parts of the UK postgraduate tuition fees can range much more significantly, from about £3,000 to £29,000 per year for home students undertaking postgraduate taught courses, with an average of £5,680. Indeed, tuition fees for Master of Business Administration (MBA) courses can reach up to about £42,000 per year for home students.⁴¹

It might of course be argued that postgraduate taught students in particular are more capable of self-funding their studies given the relatively short duration of their courses, which typically last for just one year on a full-time basis. However, in the current academic year the Department has piloted a small number of tuition fee scholarships in certain Masters courses and a significant increase in applications was discernible after the point at which the scholarships were made available. These pilots provide a clear indication that the availability of additional finance for tuition fees for postgraduate taught courses would stimulate demand and ultimately increase postgraduate capacity within the sector. Similarly, the availability of additional postgraduate awards for postgraduate research students in recent years has resulted in a clear increase in enrolments.

It must therefore be concluded that the availability of financial support for postgraduate students will stimulate demand and help increase postgraduate capacity within Northern Ireland.

41 See Times Higher Education, 'International and postgraduate student fees survey, 2014' (August 2014).

4.3. Policy Options

4.3.1. Context and Constraints

A range of policy options for the introduction of student finance for postgraduate students have been devised for consideration. Before considering the options in detail, it is important to set out the common parameters and constraints under which they have been devised, and explore some of the risks associated with their implementation.

As mentioned in previous sections, the Department is now operating within a fixed funding envelope for 2015-16 – one which has reduced significantly from 2014-15. Looking further ahead, the indications are that finance will remain constrained during the next Assembly term. It must therefore be assumed that there will be no ‘new money’ available, and any new student finance initiatives with resource budget implications will only be made possible by drawing on budgets from other areas of the Department’s services.

Given the scale of the financial challenges facing the Department, and in recognition of the fact that student support has not been changed at the expense of other services, policy options involving significant levels of additional *resource* expenditure have not been deemed feasible. Improving student support services through additional *resource* expenditure could only realistically be achieved under present circumstances by shifting the burden of those additional costs onto higher education institutions themselves, at a time when they are already being expected to absorb significant funding cuts.

Student loans are, however, accounted for differently. As they are demand led, exceptionally volatile in nature and ultimately expected to be paid back, they are considered Annually Managed Expenditure (AME) rather than resource expenditure. As such their costs are borne by Her Majesty’s Treasury on an annual basis.⁴² It is therefore possible to extend student loans without detracting from resource funding for other Departmental priorities, and so the options considered below have all been designed within the parameters of the student loan system.

That being said, the up-front costs of student loans still represent a significant use of public resources funded through UK tax revenues. Student loans are also heavily subsidised by government due to their generous repayment terms and this represents a significant impairment on a public asset – the student loan book.⁴³ Cover for this

⁴² See HMT, ‘Consolidated budgeting guidance 2015 to 2016’ (2015).

⁴³ This subsidy on student loans is known as the Resource Accounting and Budgeting (RAB) charge and is calculated each year for each new tranche of loans, based on earnings forecasts over the lifetime of the loans. The subsidy on previously issued loans is also re-valued each year to create a “stock charge”. These charges are also borne by Her Majesty’s Treasury but covered through ring-fenced DEL resource budgets. For further information on the RAB see BIS Committee, ‘Student Loans: Third Report of Session 2014-15’ (July 2014), p.9 onwards.

impairment is provided by Her Majesty's Treasury and allocations are *ring-fenced* in the Department's resource budgets. This cover is not cash set aside for future use. It is "non-cash": a present recognition that the future value of repayments over the lifetime of the loans will be lower than the cost of creating them in the first place. The subsidy for loans issued in the current academic year to Northern Ireland domiciled students has been forecasted at about 38%. That is, 38 pence of every pound lent this academic year is not currently expected to be repaid.

Due to these budgeting arrangements, the approval of Her Majesty's Treasury is required for any new policy initiatives which will result in an increase in student loan expenditure; failure to gain that approval could result in the Department being required to cover the additional costs through its own resource budgets, at the expense of other services. It is therefore crucial that policies involving an increase in loan expenditure can be properly justified as an appropriate and valuable use of public resources.

Finally, the options presented below are predicated on the basis that they will be delivered by the Student Loans Company. The Student Loans Company is undergoing a period of significant transformation and its capacity to deliver new services will be increasingly limited in the short- to medium-term. There may therefore be significant lead-in times for the implementation of any of the policy options outlined below should they be adopted as a result of this consultation. The Department is however working closely with the Student Loans Company to ensure that they are fully aware of this policy development process and that potential changes resulting from the consultation are factored into their work plans.

4.3.2. Policy Options

In light of the financial barriers preventing people from Northern Ireland from entering further study beyond their undergraduate degree, a number of options for the introduction of student finance for postgraduate taught students have been developed for consideration, with a focus on easing access and increasing postgraduate capacity within the higher education sector. These options would come into effect for new students only and they would all be applicable to both full-time and part-time students, the latter on a pro rata basis. Those postgraduate students who are already for funding purposes treated as undergraduates, and are therefore eligible to the undergraduate support package, would continue to be treated as such.

Option One: Strategic Tuition Fee Loan

This option would extend the existing non income assessed tuition fee loan for full-time undergraduate students to postgraduate taught students undertaking courses deemed relevant to the economy, covering the full value of their tuition fees. This loan would be available to all Northern Ireland domiciled postgraduate taught students undertaking designated courses of study at higher education providers in the UK and Ireland. It would also be available to non-UK EU domiciled students at Northern Ireland higher education providers.

A non means tested tuition fee loan for postgraduate taught students in strategic subject areas only⁴⁴ would help stimulate demand for subjects important for economic growth. Postgraduate taught students in other subject areas would however continue to be ineligible to support for their studies and so many students might feel disadvantaged based on their chosen subject area and issues of fair access to postgraduate study would persist.

The tuition fee loan would be added onto the student's existing undergraduate loan and repaid as part of it under the same income-contingent repayment terms. Therefore, students would not be taking out a second student loan; they would simply be adding to their credit on their existing undergraduate loans. Repayments would not begin until students are earning above a certain earnings threshold, at which point they will repay 9% of income above that threshold.

Based on current enrolment figures, it is estimated that this option would cost approximately £6.5 million per annum in additional loan outlay upon full roll-out. This is however based on current enrolments, which could increase as a result of the policy. These costs would not be borne by Departmental resource budgets as they are considered Annually Managed Expenditure (AME) and therefore borne by Her Majesty's Treasury, subject to their approval (see previous sections). The introduction of tuition fee loans for postgraduate taught students therefore would not detract from funding for other Departmental priorities, including funding for higher education, or aggravate the already significant financial challenges facing the Department.

That being said, the approval of Her Majesty's Treasury will be required to introduce the new loans. Failure to gain that approval could result in the Department having to meet the added costs of the loans through its own resource budgets. The Department would

⁴⁴ These have initially been taken to mean 'narrow STEM' subject areas but the Department would review these subjects regularly to reflect the changing needs of the economy.

also be more at risk of exceeding its target level of loan subsidy set by Her Majesty’s Treasury, and in such an event the additional costs in excess of that target would be slowly shifted back to the Department’s resource budgets over a 30 year period.⁴⁵ The same risks are however already tempered in relation to existing loans for full-time undergraduates.

Pros	Cons
<ul style="list-style-type: none"> • Improved access to a range of postgraduate taught courses • Would likely cover the full cost of fees charged • Strategic focus on most pressing skills needs • Minimal resource costs for the Department • Same repayment arrangements as undergraduate loans 	<ul style="list-style-type: none"> • Greater reliance on Her Majesty’s Treasury • Greater risk of exceeding target level of loan subsidy • Students in subject areas not deemed economically relevant could feel disadvantaged

Option Two: Tuition Fee Loan
 This option would extend the existing non income assessed tuition fee loan for full-time undergraduate students to postgraduate taught students regardless of their subject area, covering the full value of their tuition fees. The loan would be available on the same basis as under option one.

A non means tested tuition fee loan available to all postgraduate taught students regardless of their chosen subject areas would improve access to further study across the board and stimulate postgraduate capacity within the higher education sector.

The tuition fee loan would be available on the same basis as under option one, added to the existing undergraduate loan and repaid as part of it. Based on current enrolment figures, it is estimated that this option would cost approximately £29 million per annum upon full roll-out, but as per option one these costs would be borne as Annually Managed Expenditure (AME) by Her Majesty’s Treasury.

⁴⁵ See HMT, ‘Consolidated budgeting guidance 2014 to 2015 (2014)’.

The same risks in relation to securing approval from Her Majesty’s Treasury for the additional loan outlay and also for the potential additional loan subsidies would apply for this option; indeed they would be intensified given the significantly higher amount of loan outlay required. This option is also not directly comparable to arrangements already in place in other parts of the UK for postgraduate students and so it could be more challenging and costly for the Student Loans Company to implement.

Pros	Cons
<ul style="list-style-type: none"> • Improved access to all postgraduate taught courses • Would likely cover the full cost of fees charged • Minimal resource costs for the Department • Same repayment arrangements as undergraduate loans 	<ul style="list-style-type: none"> • Greater reliance on Her Majesty’s Treasury • Greater risk of exceeding target level of loan subsidy

Option Three: Contribution to Costs Loan
 This option would offer a new and separate loan of £10,000 to postgraduate taught students to contribute towards the costs of their studies, available on either a full-time basis in one year or a part-time basis over two years. It would be available on the same basis as option one but with differing repayment arrangements.

A £10,000 ‘contribution to costs’ loan, paid directly to postgraduate taught students in all subject areas, would provide students with significant levels of financial support to contribute towards whatever costs they wish. This would provide added flexibility for students, allowing them to use the loan to contribute towards their tuition fees, their living costs or in most cases a combination of the two.

This option is modelled on the loan scheme recently being consulted on by the Department for Business, Innovation and Skills in England, and so it would place Northern Ireland domiciled students on a more level footing with their English counterparts. It would however differ significantly from the other options as it would not simply extend the existing undergraduate loans; rather, it would be an entirely new and

separate student loan, paid alongside undergraduate loans and with different repayment arrangements designed to ensure minimal levels of public subsidy. Students would repay the loan at a rate of 9% of their income above an earnings threshold of £21,000 for a period of 30 years and with fixed interest rates of RPI + 3%.

While this option would provide students with the most up-front finance to help with their studies, it would also essentially double the burden of student debt as the loan would be repaid simultaneously with undergraduate loans, meaning students taking out both would repay a combined 18% of their income above the earnings thresholds.

It is estimated that this option would cost around £34 million per annum upon full roll-out. However, as with the other options these costs would not be borne by Departmental resource budgets. Rather, they would be considered Annually Managed Expenditure (AME) and borne by Her Majesty’s Treasury, subject to their approval.

The same risks in relation to securing approval from Her Majesty’s Treasury for the additional loan outlay and also for the potential additional loan subsidies would apply for this option. It is however comparable to the new loan system proposed by the Department for Business, Innovation and Skills for English domiciled postgraduate taught students, and so it could be more straightforward and less costly for the Student Loans Company to implement for Northern Ireland.

Pros	Cons
<ul style="list-style-type: none"> • Improved access to a range of postgraduate taught courses • Flexibility in use of loan – sufficient to cover tuition fees and help with maintenance • Minimal resource costs for the Department • Implementation could be more straightforward and less costly as similar system is already being introduced elsewhere 	<ul style="list-style-type: none"> • Greater reliance on Her Majesty’s Treasury • Greater risk of exceeding target level of loan subsidy and having costs transferred back to Department • Stricter repayment terms • Entirely separate to existing undergraduate loans, meaning students will repay concurrently with existing loans • Risk of additional conditions being stipulated by Her Majesty’s Treasury in line with those stipulated in England

Which policy option do you believe best addresses the unique needs of postgraduate taught students, whilst also taking into account existing and future public spending constraints in Northern Ireland?
Please explain your answer.

4.3.3.Fee Regulation

Unlike full-time undergraduate tuition fees, postgraduate fees are not currently regulated by the Department. This means that higher education providers are free to charge whatever they wish to part-time undergraduate students. The average postgraduate taught fee in the UK is £5,680, but fee levels vary greatly between different providers.

To ensure the tuition fee loan under the options considered covers the full cost of the tuition fee, and to mitigate any risk of significant increases to fee levels, the Department may need to regulate postgraduate fee levels at a level aligned with the maximum fee support available.

Full-time postgraduate taught fee levels in Northern Ireland currently range between £3,900 and £4,900 for the majority of courses, and so any introduction of fee caps would seek to reflect this existing fee range and allow for annual inflationary fee increases in the same manner as full-time undergraduate fee caps. Universities would still be free to charge below the maximum fee cap. Of course, the Department cannot regulate fee levels at institutions outside of Northern Ireland, and so students attending institutions in other parts of the UK might still be faced with fee charges in excess of the loan available.

As the options are intended to make fee support available to part-time students also, these fees may also need to be regulated, likely under either flexible or fixed fee structures (see part-time chapter).

Do you think that the possible introduction of student finance for postgraduate students should be accompanied by the regulation of postgraduate fees in Northern Ireland?
Please explain your answer.

4.3.4. Postgraduate Research Support

The options considered above focus on postgraduate taught students for a variety of reasons. Most notably, postgraduate taught students from Northern Ireland cannot currently access the same levels of support through the Department's postgraduate awards, which cover students' tuition fees and also provide significant stipends of about £14,000 per annum to support them with their living costs. The proportion of existing postgraduate research enrolments reporting that they self-fund their studies is significantly lower than at the postgraduate taught level.

However, despite the availability of the postgraduate awards, Northern Ireland still has less postgraduate research students per 1,000s of population than any other part of the UK. This gap is only likely to grow as other administrations continue to seek ways to further support postgraduate research study. Notably, the Department for Business, Innovation and Skills in England has recently consulted on a proposal to extend an income contingent 'contribution to costs' loan to postgraduate research students, to the value of £25,000 over the lifetime of the postgraduate research degree.⁴⁶ This loan will be in addition to rather than in place of existing grant funding in England.

Research engagement is a vital component of any modern knowledge economy, and postgraduate research qualifications bring significant benefits to both individuals and the wider economy. It is estimated that the earnings premium for doctoral graduates compared to those with a Master's degree is around 9%; this translates directly into increased returns to the Exchequer, estimated at £90,000 for men and £41,000 for women.⁴⁷

In order to continue to support an increase in Northern Ireland's research capacity and to improve access to doctoral study, consideration is also being given to the introduction of a similar £25,000 loan for postgraduate research students as part of this consultation. This would be in addition to rather than in place of the existing postgraduate awards. It is envisaged that the loan would be repaid under the terms applicable to the 'contribution to costs' option for postgraduate taught students. This would ensure that any student not in receipt of a postgraduate award, or any other form of support grant, would have recourse to finance through a loan scheme.

Do you think that the Department should consider the introduction of a 'contribution to costs' loan for postgraduate research students, in addition to the existing postgraduate awards?
Please explain your answer.

46 See BIS, 'Consultation on Support for Postgraduate Study' (March 2015).

47 See BIS Research Paper 45, 'The Returns to Higher Education Qualifications' (2011).



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