



## BRIEFING PAPER

Number 00916, 18 January 2016

# The value of student maintenance support

By Paul Bolton

PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES

### Inside:

1. Background
2. Illustrations of support levels and income thresholds
3. Variable fees and bursaries
4. Value of support package

# Contents

<b>Summary</b>	<b>3</b>
<b>1. Background</b>	<b>4</b>
1.1 The new student support arrangements from 1998/99	4
1.2 Changes from 2004/05	4
1.3 2012/13 and beyond	5
1.4 Summer Budget 2015 announcement: New students from 2016/17	6
Potential impacts on students	6
<b>2. Illustrations of support levels and income thresholds</b>	<b>10</b>
<b>3. Variable fees and bursaries</b>	<b>14</b>
<b>4. Value of support package</b>	<b>15</b>
4.1 London students	17



## Summary

### Recent changes in maintenance support

Maintenance grants, maintenance loan levels and income thresholds were all frozen in England at 2009/10 levels in 2010/11 and 2011/12. 2012/13 saw maximum grant levels for *new* students from England increased by 12%, maximum loan levels by 11%; changes to income thresholds and fee loans were extended to part-time students. Those starting in 2012 were the first to come under the new funding arrangements and were liable for tuition fees of up to £9,000 per year. The maximum grant increased by 3.2% in 2013/14; it will be 1% higher in 2014/15 and frozen in 2015/16. Maintenance loans were frozen in 2013 and the maximum will increase by 1% in 2014/15 and 3.3% in 2015/16. Income thresholds were frozen in 2012/13, 2014/15 and 2015/16.

New students from 2016/17 will receive all their maintenance support as loans; maintenance grants will end. At the same time the maximum value of support will increase to £8,200 (from its 2015/16 level of just over £7,400) for students living away from home outside London.

This note looks at the value of the support for student maintenance over time and its impact on public expenditure. Most of these statistics refer to England and Wales, although devolution of student finance means that figures from 2006/07 cover England only.

The following Library publications give more information about changes in this sector:

- [Changes to higher education funding and student support from 2012/13](#)
- [HE in England from 2012: Finance and Funding](#)
- [Higher education and social class](#)
- [Tuition fee statistics](#)
- [Student loans](#)
- [Entrants to higher education](#)

The aim of this note is to look at trends in the level of support for maintenance, not specific eligibility criteria or additional grants/allowances for different groups of students. Details of these for students from England, Wales, Scotland and Northern Ireland can be found at:

- [www.studentfinanceengland.co.uk](http://www.studentfinanceengland.co.uk)
- [www.studentfinancewales.co.uk](http://www.studentfinancewales.co.uk)
- [www.saas.gov.uk](http://www.saas.gov.uk)
- [www.studentfinancenir.co.uk](http://www.studentfinancenir.co.uk)

More detail on loan and grant levels, income thresholds and variations by where the student lives, studies etc. can be viewed on the Student Loans Company's [website](#).

# 1. Background

## Up to the late 1990s

Between 1962 and 1990 the provision of student support remained largely unchanged. Full-time UK based students studying for a first degree received 100% grants for maintenance, means tested according to parental income. Non income-assessed student loans first became part of the student support package in 1990/91. Over the following decade they gradually replaced maintenance grants as the main form of public support. Access funds for students in particular financial difficulties were introduced at the same time. Students' eligibility to various benefits in the short vacations was removed in 1986; most students became ineligible for Income Support, Unemployment Benefit and Housing Benefit in the long summer vacation from 1990.<sup>1</sup>

## 1.1 The new student support arrangements from 1998/99

The new system of student support was brought in by the Labour Government following the report of The National Committee of Inquiry into Higher Education, the Dearing Report.<sup>2</sup> They were partially introduced for students starting in autumn 1998 (academic year 1998/99). In the first year new entrants received support through loans and grants. The maximum maintenance grant available was £1,000 less than that for existing students. This was compensated for by a matching increase in loan entitlement. Most new entrants were also expected to make an income-assessed contribution of up to £1,000 a year to the cost of their tuition. From 1999 new entrants and those who started in 1998 received **all** maintenance support as loans which were partly income-assessed.<sup>3</sup> Loans made under the new arrangements from 1998/99 are repayable on an income contingent basis rather than the old 'mortgage-style' repayments.

## 1.2 Changes from 2004/05

The Higher Education Grant (HEG) was introduced for **new entrants** in England and Wales in 2004/05. This was fully means tested and had a maximum value of £1,000 in 2004/05. HEG recipients did not have their

---

<sup>1</sup> There is some survey evidence on the effects of the loss of benefit entitlement during this period. However, methodologies vary and the make-up of students has changed over this time, hence comparisons should be made with caution. A National Union of Students survey from 1982/83 found that 60% of all students received some social security benefit in the summer vacation and only 7% at Christmas. The average value across all students in these vacations was £113 a year (*Undergraduate income and expenditure survey 1982/83*, NUS) or £265 in 2005/06 prices.

<sup>2</sup> *Higher Education in the learning society*, National Committee of Inquiry into Higher Education 1997

<sup>3</sup> There were some exceptions including those with dependants, single parents and the disabled. Extra support was available for mature students; parents and disadvantaged young students from 2001/02.

## 5 The value of student maintenance support

maximum loan amount reduced. In 2004/05 87,000 (26%) students received the full grant and a further 20,000 (6%) a partial grant.<sup>4</sup>

The HEG was replaced for **new entrants only** in 2006/07 in England by a new maintenance grant. Again this was fully means tested, but the maximum value in 2006/07 was £2,700. Unlike the HEG the maintenance grant could affect the amount of maintenance loan a student was eligible for. The maximum loan was reduced pound for pound up to a maximum reduction of £1,200. From 2006/07 a different student support system applies in Wales. In 2006/07 98,000 new students in England (33%) received a full Maintenance Grant and a further 68,000 (23%) a partial grant.<sup>5</sup>

In summer 2007 the Government announced changes to a number of the income thresholds for **new entrants** from 2008/09. These changes were expected to mean that around one third of new students would receive a full grant (as in earlier years) and increase the proportion of students who receive a partial grant to around one third. The Government also announced student loan 'repayment holidays' of up to five years for these students.<sup>6</sup>

On 29 October 2008 the Secretary of State for Innovation, Universities and Skills announced a number of changes to income thresholds to grants which were intended to reduce expenditure by £100 million a year. These changes were to apply to new students from 2009 and meant a less generous package of grants/loans for students with a household income above £25,000. 40% of new students were then expected to receive a full grant and around 25% a partial grant. All those with a family income of £18,360 to £57,708 were said to be entitled to a more generous package of grants and loan support than in 2007-08.<sup>7 8</sup>

As mentioned at the start of this note, maintenance support was frozen at 2009/10 levels for 2010/11 and 2011/12.

### 1.3 2012/13 and beyond

In 2012/13 the Government increased maintenance support for new students, the first increase for a few years. This was introduced alongside higher tuition fees and the reforms to higher education funding. In 2012/13 the maintenance grant for new students was increased by around 12% to £3,250. Compared to the earlier support package the grant was more generous in cash terms at all household income levels up to around £39,000. The total cash value of the support package was also more generous at all income levels other than a small range around £50,000 per year. The biggest increase was for students

---

<sup>4</sup> *Higher education Grants in England and Wales academic year 2005/06 (provisional)*, SLC

<sup>5</sup> *Student support for higher education in England academic year 2007/08 (provisional)*, SLC

<sup>6</sup> DIUS press release 5 July 2007 *Increased support for students in higher education*

<sup>7</sup> HC Deb 29 October 2008 c32-33WS

<sup>8</sup> Full details are given in this DIUS memorandum:

<http://www.parliament.uk/deposits/depositedpapers/2008/DEP2008-2869.doc>

from lower income households.<sup>9</sup> The maximum maintenance grant for continuing (pre-2012) students was increased by just under 3% in 2012/13. There was no increase in the maximum maintenance loan they could apply for.<sup>10</sup>

All maximum loan levels remained the same in 2013/14. The maximum maintenance grant for students who started in 2012 or later was increased by just over £100 to £3,354.<sup>11</sup> In 2014/15 the maximum grant was increased by 1% to £3,387. The maximum Maintenance Loan was increased by 1%.<sup>12</sup> In 2015/16 the maintenance grant was frozen, maximum loan levels increased by 3.3% and income thresholds were frozen.<sup>13</sup>

## 1.4 Summer Budget 2015 announcement: New students from 2016/17

In summer Budget 2015 the Chancellor announced that maintenance grants would be replaced in full by loans for new students in England from 2016/17. He also said that the maximum loan support (living away from home outside London) would increase to £8,200 per year.<sup>14</sup> The 2015/16 maximum (grant plus loan) is just over £7,400. The Budget stated:<sup>15</sup>

There is evidence that students are more concerned about the level of support they receive while studying than the long-term repayment of their income contingent loans.

[...]

But the expansion of higher education relies on funding being put onto a sustainable footing. The government must therefore ask graduates to meet more of the cost of their degrees once they are earning. From the 2016-17 academic year, **maintenance grants will be replaced with maintenance loans for new students from England**, paid back only when their earnings exceed £21,000 a year, saving £2.5 billion by 2020-21 ...

In 2015 there were provisionally 399,000 students in receipt of a full maintenance or special support grant and just over 136,000 who received a partial one. The total value was just under £1.6 billion.<sup>16</sup>

The Chancellor also announced a consultation on freezing the loan repayment thresholds for five years.

In 2015/16 41% of post-2012 students received a full grant, 14% a partial one and 45% no grant

## Potential impacts on students

### Loan amounts and repayments

As grants are income assessed and loans partly so the biggest impact of this change will be on students from the lowest income households.

<sup>9</sup> *The Government Student and Graduate Finance Proposals*, BIS (3 November 2010)

<sup>10</sup> *Loan, grant and tuition charge rates for academic year 2012/13, memorandum*, BIS

<sup>11</sup> *Loan, grant and tuition charge rates for academic year 2013/14, memorandum*, BIS

<sup>12</sup> *Student finance arrangements for academic year 2014/15*, SLC

<sup>13</sup> *Student finance arrangements for academic year 2015/16*, SLC

<sup>14</sup> [Summer Budget 2015](#), HMT

<sup>15</sup> *ibid.* paras 1.264 to 1.265

<sup>16</sup> [Student Support for Higher Education in England: academic year 2015/16 \(Provisional\)](#), SLC

## 7 The value of student maintenance support

They will see their *total* maintenance support increase by the greatest amount, almost £800, compared to 2015/16 starters. Their maximum *loan* eligibility over a three year course could be around £12,000 higher. Their debt on graduation could be around £13,500 higher (with interest) if they take up their full loan entitlement. Those who would have been on a partial grant will see smaller changes, while students from the highest income households will only see their loan increase in line with inflation.<sup>17</sup>

The individual *financial* impact of the shift from grants to loans depends on how much the student earns as a graduate. If they are among the majority who are currently not expected to repay their loan in full then there is no financial impact. They still will not repay after grants are abolished; loan repayments remain unchanged. If they would have repaid their (smaller) loans under the current system then higher loans mean greater loan repayments, but not until much later in life (the date at which they would repay in full under the current system).

The Institute for Fiscal Studies has estimated that students from the poorest 30% of households will repay an average of around £3,000 more (2016 prices) because of the switch from grants to loans. They also point out that the cost of this will fall on graduates from these lower income families who go on to become higher earners. Overall they expect around 35% of those previously entitled to a full grants will see their loan repayments increase.<sup>18</sup>

Government analysis, published as part of its response to the consultation on freezing repayment thresholds,<sup>19</sup> estimated that graduates would repay almost £700 more (discounted) on average due to this policy. It looked at repayments by earnings decile of graduates rather than household income of students. The highest additional repayments were in the top three earnings deciles. Those in the lowest deciles would repay little or no more simply because they are not expected to earn enough to make any additional repayments. Overall the impact of the change in repayment threshold combined with the shift from grants to loans had a more even impact across the graduate earnings distribution than freezing the threshold alone.

The analysis does state that "...we can expect new students from poorer families to graduate with the highest levels of debt". But adds that only those who go on to earn above average (for graduates) will actually repay more.<sup>20</sup>

The proposed freezing of the repayment threshold, if implemented, increases graduate loan repayments and hence the likelihood that graduates will repay in full. It has a proportionately larger impact on repayments by graduates with lower lifetime earnings. As there is some

Freezing the repayment threshold increases repayments by the largest absolute amount among middle earners and by the largest proportionate amount among the lowest earning graduates

Government analysis accepts that ending grants will mean that, unlike now, students from poorer families will have the highest debts

<sup>17</sup> [Higher education: student finance changes](#), BIS new release 9 July 2015

<sup>18</sup> [Analysis of the higher education funding reforms announced in Summer Budget 2015](#), IFS

<sup>19</sup> [Freezing the student loan repayment threshold. Equality Analysis](#), BIS (November 2015)

<sup>20</sup> *ibid.* p66

link between lower household income and lower graduate earnings<sup>21</sup> this change is also likely to have a greater impact on students from poorer backgrounds.

In general freezing the repayment threshold is likely to have a greater financial impact on those from poorer households (increase lifetime repayments) than the shift in maintenance support to loans for this group. Neither change is expected to have much impact on the repayments of graduates from the richest households.

The combined impact of ending grants and freezing thresholds is complex and will vary considerably *within* the group of students from lower income households as well as *between* this group and those from more affluent backgrounds.

### Participation in higher education

Whether the abolition of grants and higher maintenance support will affect the decisions of potential students from low income households is open to question. The (much larger) increase in loans for higher fees from 2012 did not stop the existing trend for higher participation among disadvantaged groups. However, this does not automatically mean that further substantial increases in loan/debt levels will have no impact on participation.

The Government analysis of the impacts of freezing repayment thresholds acknowledges that the higher debt levels among students from poorer families "...may create an additional risk to participation." This is said to be offset where individuals understand that only the higher paid will repay more, so while there is a risk that participation will fall it is said to be low.<sup>22</sup>

In their analysis of the Summer Budget 2015 higher education reforms the IFS pointed out that the post-2012 changes in student numbers happened after reforms that increased grants for poorer students and were expected to reduce the (discounted) value of loan repayments from lower earning graduates. They said:<sup>23</sup>

#### The effect on participation?

- Whether these reforms lead to a reduction in participation, especially amongst students from the poorest backgrounds, will depend on how debt averse students are and how credit constrained they are, as well as on how responsive participation decisions are to expected increases in the long-run cost of higher education.
- Full-time participation rates amongst students from poor backgrounds did not fall following the major changes to higher education finance introduced in 2012, but the changes introduced in 2012 differ significantly from those due to be introduced in 2016–17. In 2012, grants went up for the poorest

<sup>21</sup> See for instance [Economic and Fiscal Outlook July 2015](#), OBR

<sup>22</sup> [Freezing the student loan repayment threshold. Equality Analysis](#), BIS (November 2015)

<sup>23</sup> [Analysis of the higher education funding reforms announced in Summer Budget 2015](#), IFS



## 9 The value of student maintenance support

students (by 10%) and the net present value of loan repayments went down for those in the bottom 30% of lifetime earnings (in which those from the poorest families are likely to be over-represented).

- Under the 2016–17 system, grants have been abolished and the net present value of repayments is likely to increase substantially for those from the poorest backgrounds. We would expect both of those changes to have negative effects on participation for the poorest students, all else equal. However, up-front support at university will also rise for this group (because maintenance loans have increased by more than the reduction in grants) and this may have an offsetting effect if these individuals are not very forward looking and/or they are very credit constrained and/or they expect to have low lifetime income.
- If, in addition, the income threshold is frozen and fees are increased for some students, then both debt and total repayments are likely to rise. We might therefore expect the potential negative effects on participation to be stronger if all of the proposed reforms are introduced. Of course, only time will tell what the overall impact will be for students from the poorest backgrounds, but there are reasons to believe that the effects may not be as benign as they appeared to be following the 2012 reforms.

The [Sutton Trust](#) has raised concern over the Government's use of evidence<sup>24</sup> which they describe as "...somewhat misleading" and point to their own research on the subject:

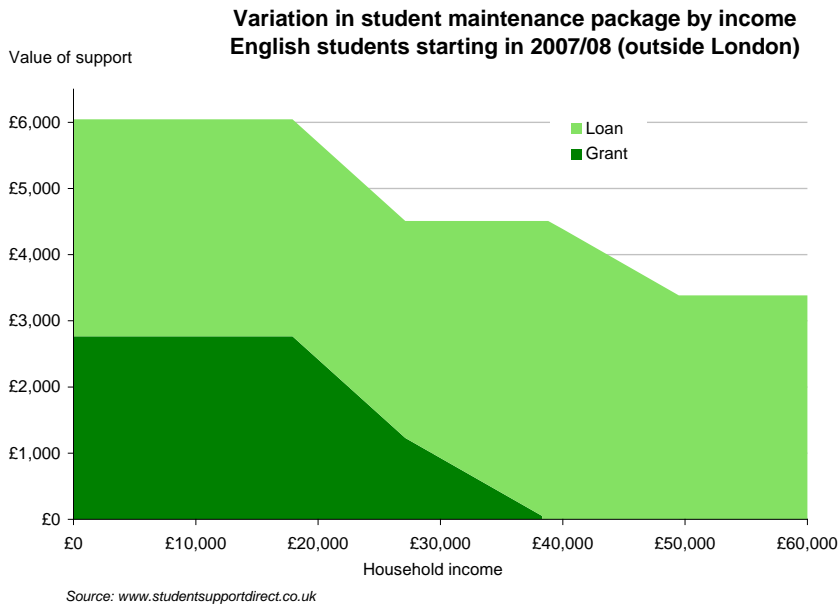
The Budget Report refers to a Universities UK (UUK) survey of current home undergraduates in support of this claim. There are two relevant questions. The first asks, "how concerned are you about meeting the costs of living during your course?", with 21% of respondents saying that they are unconcerned, and 79% that they are concerned. The second asks, "how concerned are you about your ability to repay your student loan after your course?", with 37% saying that they are unconcerned, and 63% that they are concerned. While the Budget Report is literally accurate, it is somewhat misleading. Though more students are concerned about meeting the costs of living during their course than their ability to repay their loans afterwards, nearly two thirds of students are still concerned about their repayments. This echoes a recent Sutton Trust/ComRes survey of 16-18 year-olds, which showed that the majority of young people (58%) are either fairly concerned or very concerned about repaying student loans after they finish studying.

---

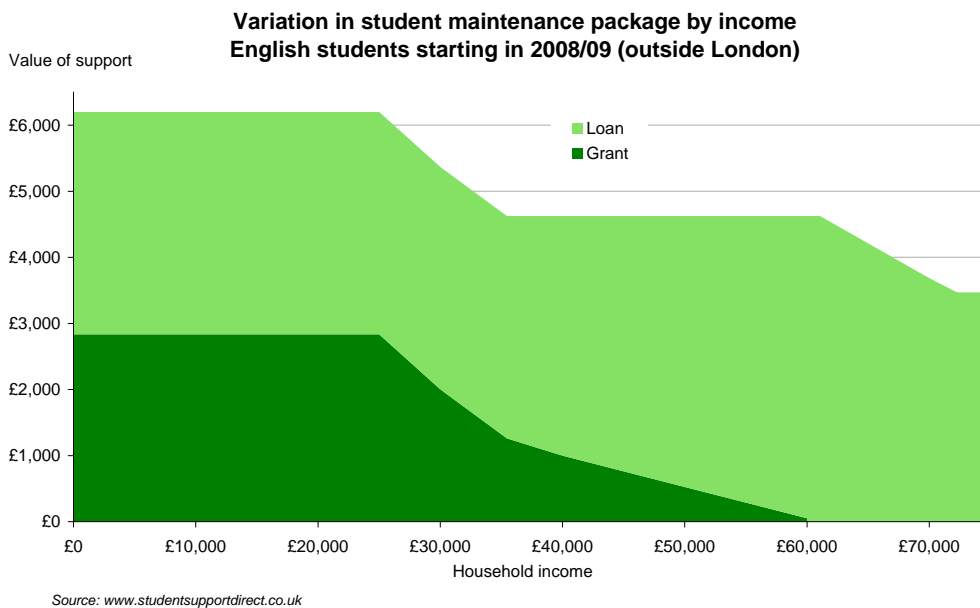
<sup>24</sup> The claim in the Budget "There is evidence that students are more concerned about the level of support they receive while studying than the long-term repayment of their income contingent loans."

## 2. Illustrations of support levels and income thresholds

The chart below gives an indication of the main grant and loan levels by income for new English students in 2007/08. Loan levels remain the same at all incomes over £49,490.

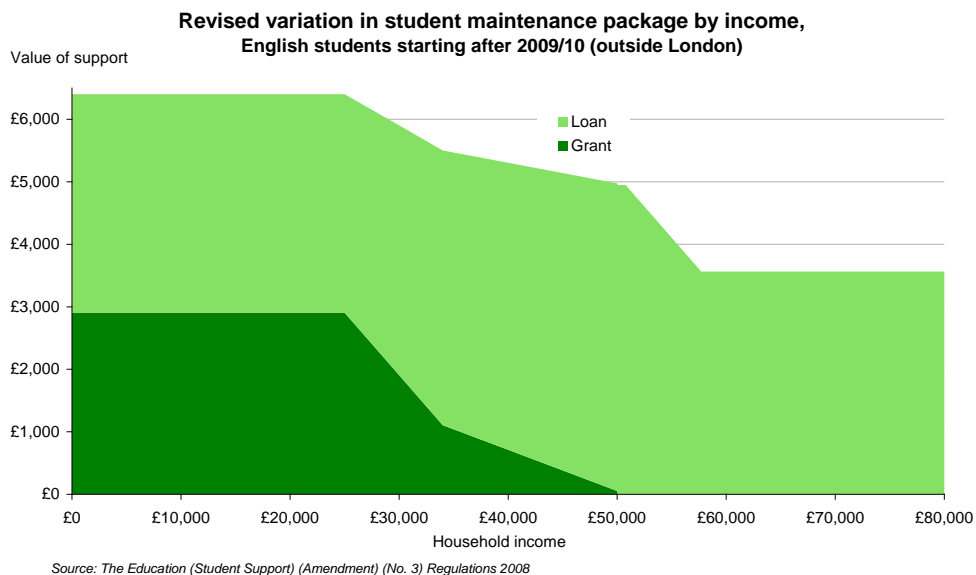
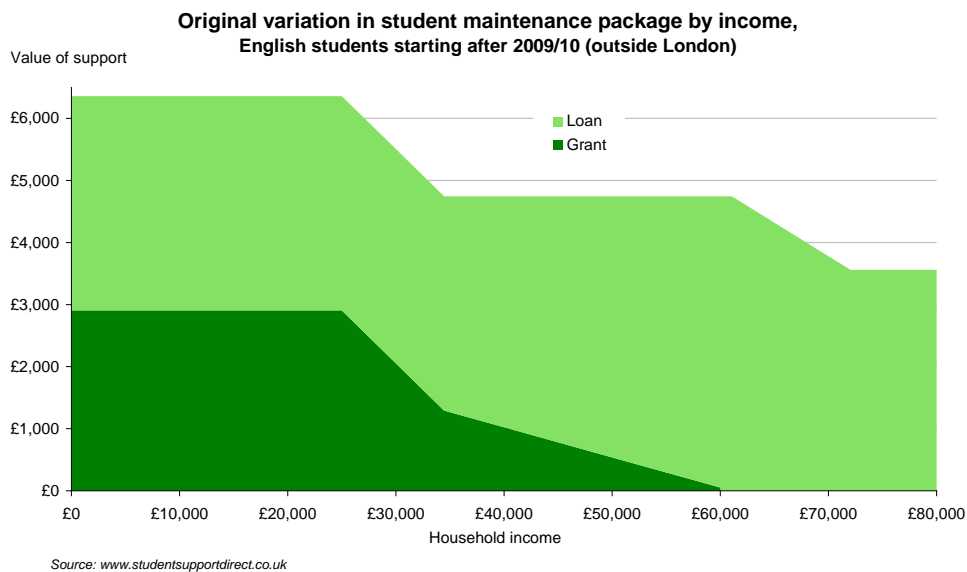


The thresholds for continuing students in 2008/09 were updated, but remained broadly equivalent. The rates for new students extended grant and maximum loan eligibility to students from higher income households. These are illustrated below.



2009/10 values were originally planned to be updated, but as explained earlier, these plans were changed to cut costs. The original and new thresholds are illustrated below.

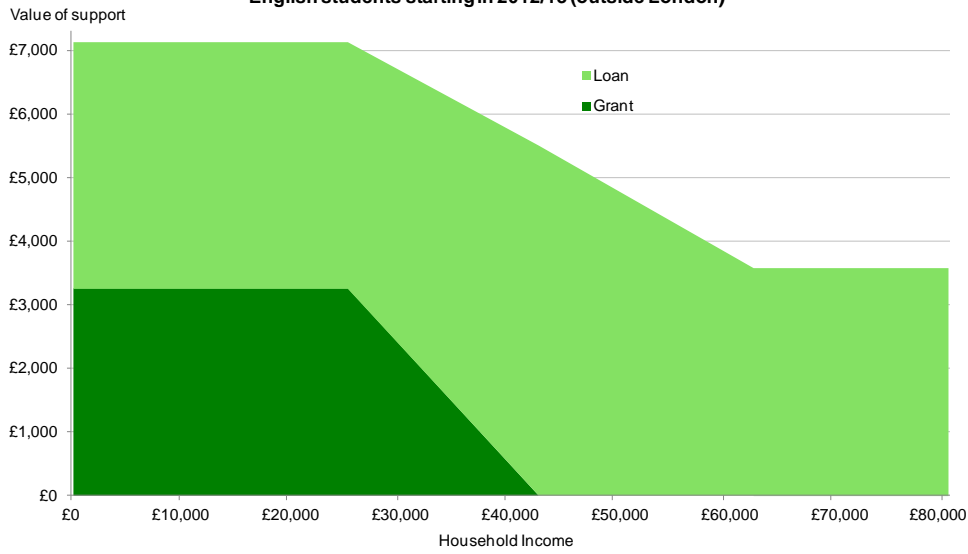
## 11 The value of student maintenance support



The main differences were i) a slightly faster initial taper point in grant entitlement, ii) a faster second taper rate, iii) loan rates increased to compensate for half the loss in grant entitlement for higher incomes between £25,000 and £50,000, and iv) a much faster taper rate for loan entitlement after the grant 'runs out' – a £1 cut for every extra £5 of income compared to £1 for every £9.50 of income before – up to the minimum entitlement (now reduced to 72% of the maximum rate).

These rates remained the same in 2010/11 and 2011/12. This reduced their real value. The chart on the next page shows the thresholds and support values for new students from 2012/13. The values increased above their 2011/12 levels and this took maximum support back to 2009/10 levels in real terms. The profile of the support package with income was slightly simpler than the current system, with a single taper rate for grants.

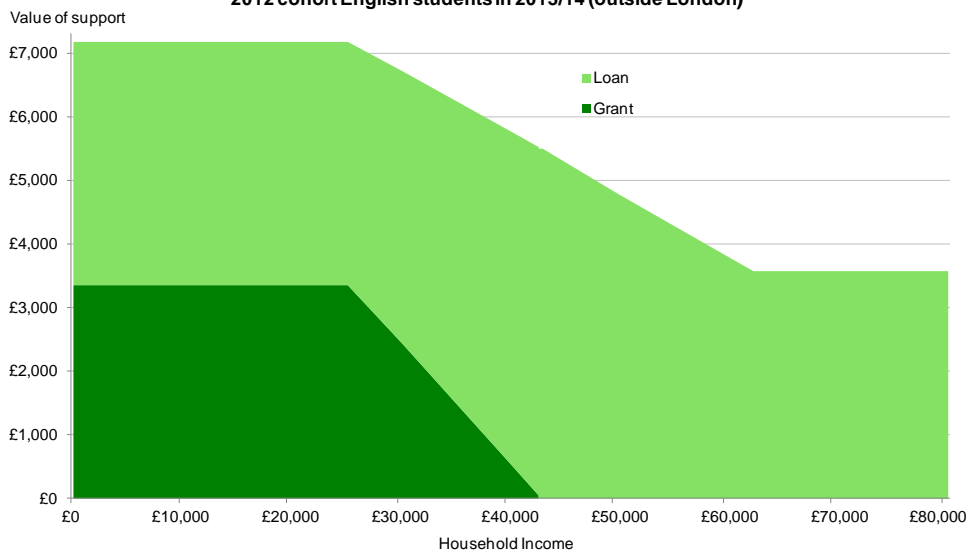
**Variation in student maintenance package by income, English students starting in 2012/13 (outside London)**



Source: *The Government Student and Graduate Finance Proposals*, BIS (3 November 2010)

The only change for post-2012 students in 2013/14 is the increase in grant levels.

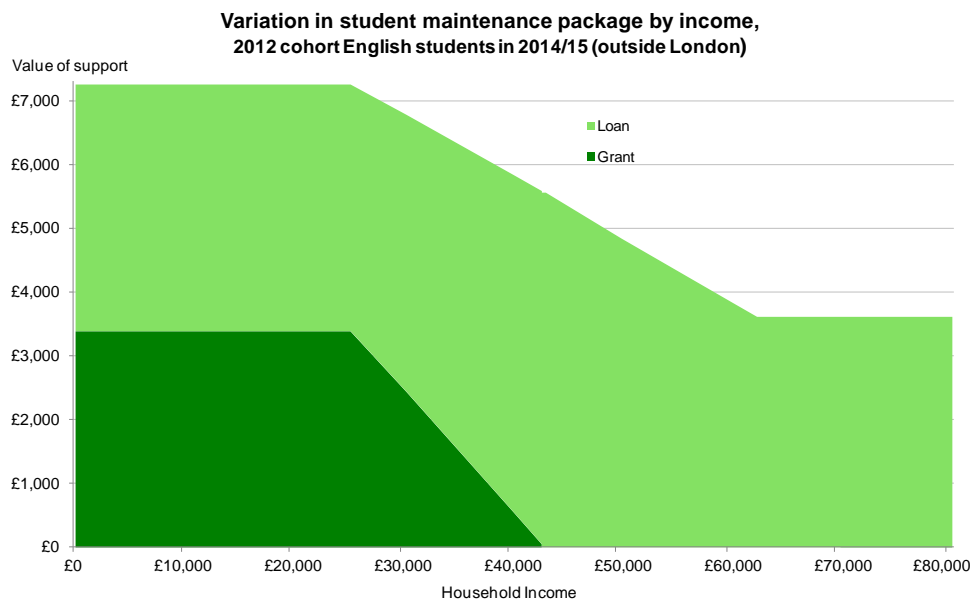
**Variation in student maintenance package by income, 2012 cohort English students in 2013/14 (outside London)**



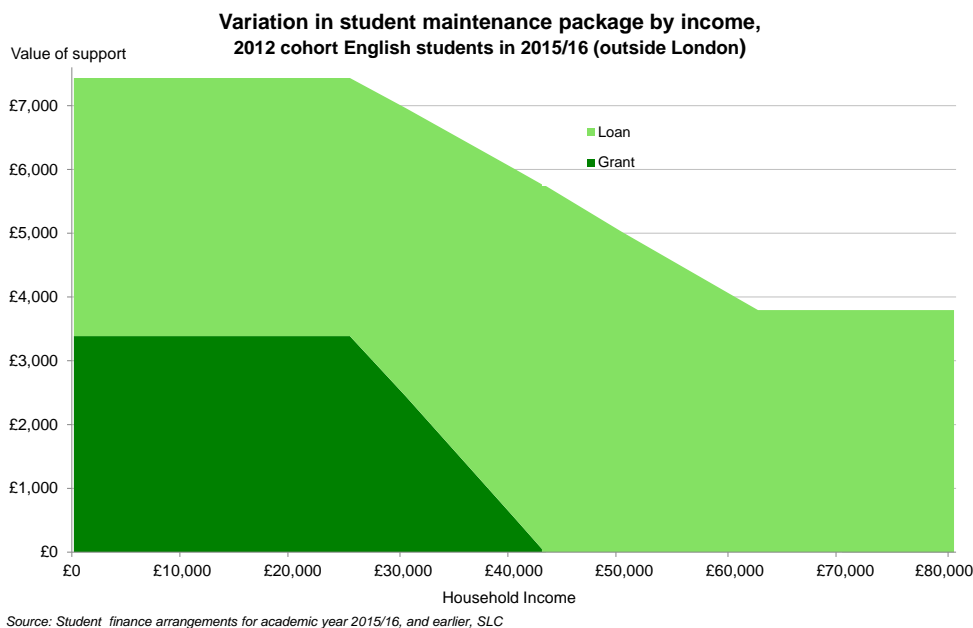
Source: *Loan, grant and tuition charge rates for academic year 2013/14, memorandum*, BIS

The 2014/15 values by income are very similar again (below).

### 13 The value of student maintenance support

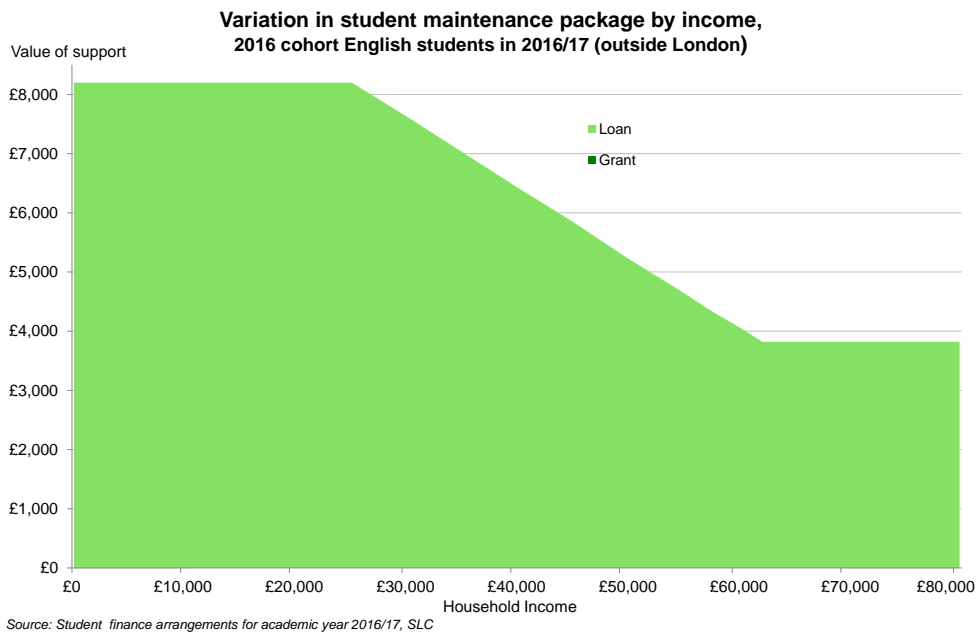


The Spending Round 2013 announcement that grants will be frozen in 2015/16<sup>25</sup> suggests little change in that element across the entire period 2012-16. This was confirmed in the March 2014 announcement on support levels and is illustrated below.



The impact of the Summer Budget 2015 decision to end Maintenance Grants and increase the cash value of the overall package to students from lower income households is shown in the next chart.

<sup>25</sup> [Spending Round 2013](#), HM Treasury



The final charts compare the support packages for 2016/17 for existing and new students. New students from lower income households will receive more maintenance support than existing ones if they take out the maximum loans available. The gap is just over £600 at incomes up to £25,000, £500 at £30,000, just under £300 at £40,000, falling to zero at incomes above £62,180.

### 3. Variable fees and bursaries

Variable fees of up to £3,000 were introduced in 2006/07 for new students attending institutions in England and Northern Ireland. Students could take out a Tuition Fee Loan to cover the cost of these fees. Take-up does not affect maintenance loan eligibility. This option was also available to cover the (fixed) fees of students who started before 2006/07.

Institutions that charge variable fees above the level of the full maintenance grant are required to provide additional non-repayable financial support, such as bursaries, to students who receive the full maintenance grant. According to Universities UK most institutions offered bursaries above the statutory minimum to students in receipt of the maximum maintenance grant. The median level was £1,000 in 2006/07 and a similar figure was estimated for 2007/08.<sup>26</sup> By 2011/12 the mean bursary for those in receipt of full state support was £915. 348,000 students received a bursary for this reason (36% of all students). Average bursaries of £635 were paid to 95,000 students who were on partial state (grant) support and 13,500 from other under-

<sup>26</sup> Access agreement and widening participation strategic assessment 2011-12 and National Scholarship Programme 2012-13 (in-year) monitoring outcomes, OFFA/HEFCE

represented groups. Most institutions also offered a reduced bursary to students who received a partial grant.<sup>27</sup> Total expenditure on such support in higher education institutions in England was £387 million in 2010/11. This support is not included in the data in the rest of the note which is restricted to public support.

Institutions which planned to charge fees of more than £6,000 for new students from 2012/13 had to have an access agreement approved by the Office for Fair Access (OFFA). Analysis of the first set of access agreements for students starting in England from 2012 suggested that the total value of scholarships and bursaries would be reduced substantially for new students from 2012 as most of the access support would go on fee waivers.<sup>28</sup> This spending was supported in part by central government funding through the National Scholarship Programme (NSP) and institutions matched contributions to this. It was mainly focused on post-2012 students. Subsequent changes to access agreements have shifted funding away from fee waivers and spending on scholarships and bursaries has been just under £370 million in 2012-13 and 2013-14, just below 2011-12 levels.<sup>29 30</sup>

The Spending Round 2013 announced that the value of the government contribution to the NSP would be cut from £150 million in 2014-15 to £50 million in 2015-16 and it would be refocused on postgraduate students.<sup>31</sup>

## 4. Value of support package

A system of standard rates of maintenance grants replaced the earlier discretionary system in 1960. In 1960 the standard rate for students living away from home outside London was £255 or around £4,900 in current prices. The Anderson Report recommended increases in the maintenance grant and it was raised to £320 in 1962 (£5,800 in current prices).<sup>32</sup> The appended table shows the maximum amount of grant and loan that students outside London have been able to claim since 1962.

Given the number of recent changes in the support package, data from 1998/99 onwards are for new students only to simplify the table. These figures are also given in constant September 2012 prices<sup>33</sup> and are illustrated in the chart below. The key points are:

- Gradual real reductions in the value of the maintenance grant during the 1960s totalling around 15%.

---

<sup>27</sup> *Variable tuition fees in England: assessing their impact on students and higher education institutions A fourth report*, and earlier editions, Universities UK; HC Deb 4 March 2008 c2442W

<sup>28</sup> *Access agreements 2012-13 final data including ITT* (July 2012), Office for Fair Access

<sup>29</sup> *Access agreement and widening participation strategic assessment 2011-12 and National Scholarship Programme 2012-13 (in-year) monitoring outcomes*, OFFA/HEFCE

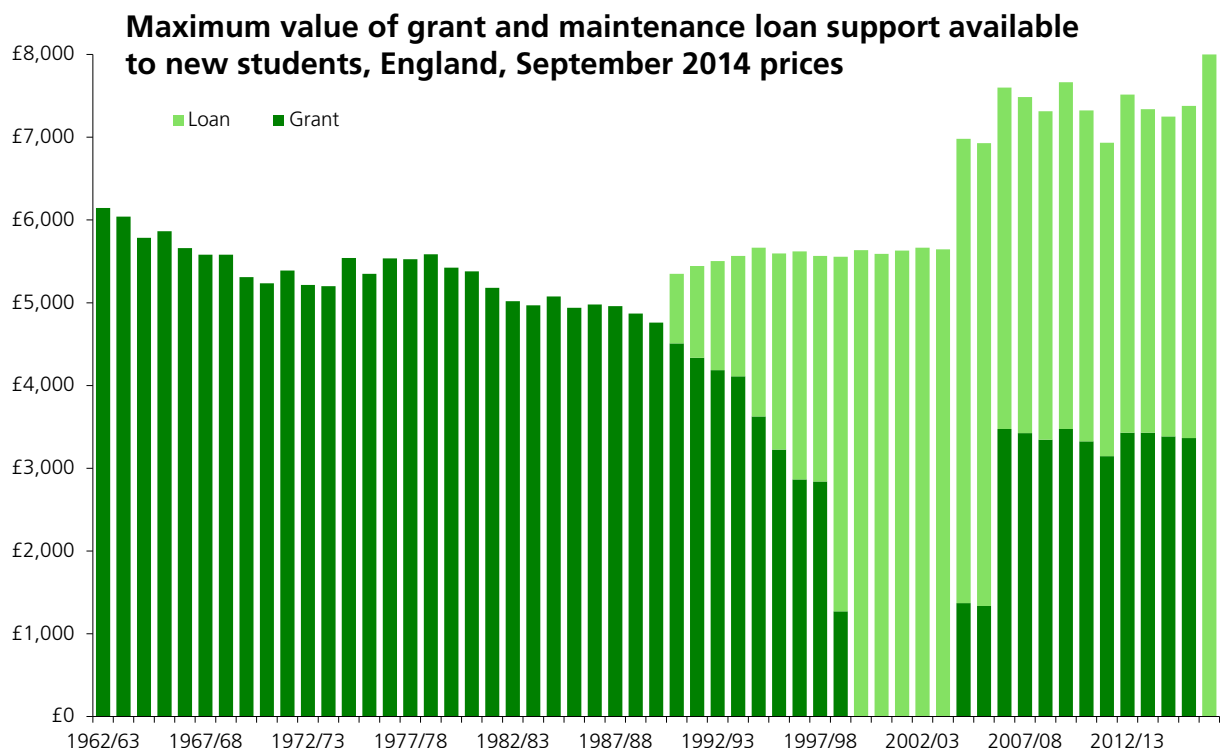
<sup>30</sup> [Outcomes of access agreement monitoring for 2013-14](#), (and earlier) Offa

<sup>31</sup> [Spending Round 2013](#), HM Treasury

<sup>32</sup> HC Deb 1 February 1982 c33-4W

<sup>33</sup> This revalues the entire maintenance package at the inflation level from the start of the academic year.

- Some of this reduction was reversed in the late 1970s before there were a series of further real cuts in the 1980s which totalled around 15% over the decade.
- The introduction of maintenance loans in 1990/91 increased the maximum value of support from around £4,500 to just over £5,000 in September 2012 prices.
- The maintenance grant was gradually replaced by loans in the following years.
- The total value of support remained at around £5,300 a year (September 2012 prices) during most of the 1990s and up to 2003/04.
- The reintroduction of mainstream grants with the HEG in 2004/05 saw a jump in the maximum value of support to £6,600 a year; just under 30% of new students received this.
- Since 2006/07 the introduction of the new maintenance grant for new students has meant that those from the poorest backgrounds studying outside London have been eligible to receive support of around £7,000 a year.
- The negative RPI inflation in the year to September 2009 meant that the 2009/10 maximum was the highest for the whole period. As levels were frozen in cash terms in 2010/11 and 2011/12 the real value fell in these years.
- The 2012 increases for new students took these headline maximum values back to near their 2009/10 levels in real terms. Subsequent freezes or below inflation increases in grant and/or loan rates mean real values have fallen somewhat since then.
- The increase in the support package in 2016/17 takes it to its highest level in real terms, substantially higher than from 1999 when grants were last ended.





The number of students who were assessed for a full, partial or nil maintenance grant in 2006/07 by local authority in England were published in a [written Parliamentary answer](#).<sup>34</sup> 2007/08 and provisional 2008/09 figures have also been produced [here](#). The number of grant recipients in total in 2013/14 by local authority was published in summer 2015 alongside [this written answer](#).<sup>35</sup>

### 4.1 London students

Students attending institutions in London receive more support to reflect the higher costs of living in the capital. When loans were introduced there were different rates of maximum grants and loans for London students. From 1998/99 onwards grants for new students have been the same inside or outside London and the difference in support has been in the maximum value of loans that London students can take out. In the early 1990s the maximum value of support available to London was around 18% higher than elsewhere. This differential gradually increased to 20% in 1993/94 and jumped to 23% in 1994/95. It then stayed at around this level for the next decade. The introduction of the HEG which did not have a higher level in London meant the differential was cut for new students to 19% in 2004/05. 2006/07 saw the new maintenance grant which, again, did not vary across the country, but the maximum value of loans in London were increased by £1,000 for new students, taking the differential to 30%.<sup>36</sup> This has been broadly maintained in the levels announced for 2007/08 to 2015/16. In 2016/17 it will be increased to £10,702.<sup>37</sup>

---

<sup>34</sup> HC Deb 7 January 2008 c77-84w

<sup>35</sup> PQ 6607 [on Students: Grants] 16 July 2015

<sup>36</sup> *Student support for higher education in England, academic year 2006/07 (provisional)*, SLC/DfES, and earlier editions

<sup>37</sup> [Higher education: student finance changes](#), BIS new release 9 July 2015

**Maximum value of standard maintenance grant and loan**

England &amp; Wales: £ per annum

	Maximum maintenance grant for a full year student outside London living away from home <sup>(a)</sup>	Maximum loan for a full year student outside London living away from home	Maximum support available (grant and loan)	Grant at Sep 2014 prices <sup>(b)</sup>	Maximum support Sep 2014 prices <sup>(b)</sup>
1960/61	255	-	255		
1961/62	280	-	280		
1962/63	320	..	320	6,145	6,145
1963/64	320	..	320	6,040	6,040
1964/65	320	..	320	5,785	5,785
1965/66	340	..	340	5,865	5,865
1966/67	340	..	340	5,660	5,660
1967/68	340	..	340	5,580	5,580
1968/69	360	..	360	5,580	5,580
1969/70	360	..	360	5,310	5,310
1970/71	380	..	380	5,235	5,235
1971/72	430	..	430	5,390	5,390
1972/73	445	..	445	5,215	5,215
1973/74	485	..	485	5,200	5,200
1974/75	605	..	605	5,540	5,540
1975/76	740	..	740	5,350	5,350
1976/77	875	..	875	5,535	5,535
1977/78	1,010	..	1,010	5,525	5,525
1978/79	1,100	..	1,100	5,585	5,585
1979/80	1,245	(1,287)	1,245	5,425	5,425
1980/81	1,430	(1,478)	1,430	5,380	5,380
1981/82	1,535	(1,587)	1,535	5,180	5,180
1982/83	1,595	(1,649)	1,595	5,020	5,020
1983/84	1,660	(1,716)	1,660	4,970	4,970
1984/85	1,775	-	1,775	5,075	5,075
1985/86	1,830	-	1,830	4,940	4,940
1986/87	1,901	-	1,901	4,980	4,980
1987/88	1,972	-	1,972	4,960	4,960
1988/89	2,050	-	2,050	4,870	4,870
1989/90	2,155	-	2,155	4,760	4,760
1990/91	2,265	420	2,685	4,510	5,350
1991/92	2,265	580	2,845	4,335	5,445
1992/93	2,265	715	2,980	4,185	5,505
1993/94	2,265	800	3,065	4,110	5,565
1994/95	2,040	1,150	3,190	3,625	5,665
1995/96	1,885	1,385	3,270	3,225	5,595
1996/97	1,710	1,645	3,355	2,865	5,620
1997/98	1,755	1,685	3,440	2,840	5,565
<b>New students only</b>					
1998/99	810	2,735	3,545	1,270	5,555
1999/00	-	3,635	3,635	-	5,635
2000/01	-	3,725	3,725	-	5,590
2001/02	-	3,815	3,815	-	5,630
2002/03	-	3,905	3,905	-	5,665
2003/04	-	4,000	4,000	-	5,645
2004/05	1,000	4,095	5,095	1,370	6,980
2005/06	1,000	4,195	5,195	1,335	6,930
<b>New students in England Only</b>					
2006/07	2,700	4,405	5,905	3,475	7,600
2007/08	2,765	4,510	6,045	3,425	7,485
2008/09	2,835	4,625	6,200	3,345	7,315
2009/10	2,906	4,950	6,405	3,475	7,665
2010/11	2,906	4,950	6,405	3,325	7,325
2011/12	2,906	4,950	6,405	3,145	6,935
2012/13	3,250	5,500	7,125	3,430	7,515
2013/14	3,354	5,500	7,177	3,430	7,340
2014/15	3,387	5,555	7,249	3,385	7,250
2015/16	3,387	5,740	7,434	3,365	7,380
2016/17	-	8,200	8,200	-	7,970

.. Not available

- Nil

Notes: Some figures rounded to the nearest £5

Entitlement to income support and Housing Benefit was withdrawn from most students in 1990/91

(a) figure in parentheses shows adjustment for travel costs. Up to, and including 1983/84, students claimed and were individually reimbursed full travelling expenses; from 1984/85 a flat rate amount was incorporated within the main grant.

(b) Adjusted using start of academic year (September) RPI data to 2014/15, OBR projections thereafter

Sources: HC Deb 1 February 1982 c33-4W.

DFE Statistical Bulletin 22/93., DFEE

DFEE statistical first release 37/1999, DFEE

Student support for higher education in England, academic year 2006/07 (provisional), SLC/DFES, and earlier editions

The Education (Student Support) (Amendment) (No. 3) Regulations 2008. SI 2939/2008

HC Deb 1 July 2009 cc17-18WS

The Education (Student Support) Regulations 2009 (Amendment) Regulations 2010:

The Government Student and Graduate Finance Proposals, BIS (3 November 2010)

Loan, grant and tuition charge rates for academic year 2013/14, memorandum, BIS

Student finance arrangements for academic year 2015/16, and earlier, SLC

Higher education: student finance changes, BIS new release 9 July 2015

The House of Commons Library research service provides MPs and their staff with the impartial briefing and evidence base they need to do their work in scrutinising Government, proposing legislation, and supporting constituents.

As well as providing MPs with a confidential service we publish open briefing papers, which are available on the Parliament website.

Every effort is made to ensure that the information contained in these publicly available research briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

If you have any comments on our briefings please email [papers@parliament.uk](mailto:papers@parliament.uk). Authors are available to discuss the content of this briefing only with Members and their staff.

If you have any general questions about the work of the House of Commons you can email [hcinfo@parliament.uk](mailto:hcinfo@parliament.uk).

Disclaimer - This information is provided to Members of Parliament in support of their parliamentary duties. It is a general briefing only and should not be relied on as a substitute for specific advice. The House of Commons or the author(s) shall not be liable for any errors or omissions, or for any loss or damage of any kind arising from its use, and may remove, vary or amend any information at any time without prior notice.

The House of Commons accepts no responsibility for any references or links to, or the content of, information maintained by third parties. This information is provided subject to the [conditions of the Open Parliament Licence](#).