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Llywodraeth Cymru
Welsh Government

Welsh Government
Consultation Document

Student support funding for students ordinarily resident in Wales

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Action required: Responses by 14 February 2016

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.
This document is also available in Welsh.

Overview This consultation seeks views on the proposed implementation of changes to student support funding in Wales.

How to respond Responses to this consultation should be emailed/posted to the address below by 14 February 2017 at the latest.

Further information and related documents **Large print, Braille and alternative language versions of this document are available on request.**

Contact details For further information:

Higher Education Division
Skills, Higher Education and Lifelong Learning
Directorate
Welsh Government
Cathays Park
Cardiff
CF10 3NQ

email: hepolicy@wales.gsi.gov.uk

Data protection How the views and information you give us will be used

Any response you send us will be seen in full by Welsh Government staff dealing with the issues which this consultation is about. It may also be seen by other Welsh Government staff to help them plan future consultations.

The Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. This helps to show that the consultation was carried out properly. If you do not want your name or address published, please tell us this in writing when you send your response. We will then blank them out.

Names or addresses we blank out might still get published later, though we do not think this would happen very often. The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 allow the public to ask to see information held by many public bodies, including the Welsh Government. This includes information which has not been published. However, the law also allows us to withhold information in some circumstances. If anyone asks to see information we have withheld, we will have to decide whether to release it or not. If someone has asked for their name and address not to be published, that is an important fact we would take into account. However, there might sometimes be important reasons why we would have to reveal someone's name and address, even though they have asked for them not to be published. We would get in touch with the person and ask their views before we finally decided to reveal the information.

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What are the main issues?

1. This consultation is about the implementation of proposed changes to student support and higher education ('HE') funding by the Welsh Ministers. The Welsh Ministers make support available to eligible students, ordinarily resident in Wales, and studying a designated course of higher education in the United Kingdom. The Welsh Ministers wish to ensure that the student finance system meets the needs of students and the higher education sector in Wales, makes a contribution to the well-being of the people of Wales and is affordable.

2. The proposals are informed by the findings of the Review of Higher Education Funding and Student Finance Arrangements in Wales, chaired by Professor Sir Ian Diamond, which ran from April 2014 to September 2016. The Review was commissioned by the Welsh Government to provide independent advice to ensure that the student finance system is effective and meets the needs of students and the whole of the HE sector in Wales. The Review Panel's interim report summarised much of the evidence base that informed the Review and was published in December 2015. On 27 September 2016, the Cabinet Secretary for Education published the Review Panel's final report, which contained recommendations for student finance and higher education funding.

3. The reports from the Diamond Review are available on the Welsh Government website via the following link: <http://gov.wales/topics/educationandskills/highereducation/review-of-he-funding-and-student-finance-arrangements/?lang=en>.

4. The Welsh Government has published its detailed response to the recommendations, which is available in a separate annex to this document. The Review Panel's recommendations have informed our proposals set out in this consultation document.

Where are we now?

5. The Diamond Review consulted extensively on the issues relating to students support and higher education funding over the course of two years. The Cabinet has endorsed the principles that underpin the Review Panel's recommendations, as announced by the Cabinet Secretary for Education on 27 September¹. The Welsh Government is now considering the most appropriate way of implementing the changes proposed as a result of the Diamond Review and is, therefore, seeking views on the practical implementation of the Welsh Government response.

6. This consultation deliberately avoids repeating the exercise undertaken by the Diamond Review Panel. The Welsh Government believes the review process itself represented an extensive programme of engagement and consultation, and the recommendations are the product of wide ranging and detailed consideration of the main issues for higher education and student finance. All key stakeholders and the main political parties were represented on the Review Panel and evidence was received from a wide variety of sources. The consultation exercise included an open request for written evidence, which generated a wide response from the public.

7. There has been significant desire from all stakeholders to see the new student support and funding system introduced in time for the start of the 2018/19 academic year. In order to

¹ Welsh Assembly Government record of proceedings for 27 September 2016: <http://www.assembly.wales/en/bus-home/pages/rop.aspx?meetingid=3992&language=en&assembly=5&c=Record%20of%20Proceedings#426246>

make this possible and to allow the Student Loans Company time to develop the IT systems to implement the changes, it is not possible to make any significant amendments to the Welsh Government proposals for the start of the 2018/19 academic year.

8. The Welsh Government has endorsed the principles contained in the report and accepted the overwhelming majority of the Diamond Review's recommendations. This consultation concentrates, therefore, on obtaining views on the development and implementation of policy that is being introduced after 2018/19. There are matters of implementation of the policies upon which those in the sector and other stakeholders are well-placed to provide evidence and opinion. However, we also welcome views on our proposals from all those with an interest in higher education.

9. NB All years referred to in this consultation document are academic years, unless stated otherwise.

Support for students

10. The Welsh Ministers are able to make support available to students ordinarily resident in Wales studying a course of higher education by virtue of section 22 of the Teaching and Higher Education Act 1998. Regulations are made annually (currently the Education (Student Support) Wales Regulations 2015, as amended) prescribing the support available. The details of this support are complex and only the key features are summarised below.

11. By way of background, the Welsh Government announced on 30 November 2010 that, from the start of the 2012/13 academic year, higher education providers in Wales would be able to charge tuition fees of up to £9,000 per annum for new undergraduate full-time students. This fee limit remains in place for most providers of higher education.

12. Support is split into two elements: support to enable the student to meet the tuition fee and support to meet the costs of living – 'maintenance' support. Other specific support is made available in certain circumstances, for example, to assist disabled people with their particular needs.

13. The Welsh Ministers, through Student Finance Wales, provide this financial support. The support available for new students beginning their study in 2016/17 is set out below.

Full-time undergraduate support

14. The student support package for a new full time undergraduate student ordinarily resident in Wales includes the following elements.

Tuition fee support

- A non means-tested tuition fee loan up to £3,900 for study at publicly funded institutions;
- a non means-tested tuition fee grant to cover the difference between the maximum tuition fee loan available and the tuition fee actually charged by the publicly funded institutions, to a maximum grant of £5,100 if a tuition fee of £9,000 is charged; or
- a maximum non-means-tested fee loan of up to £6,000 for study at private institutions.

Maintenance support

- A means-tested maintenance grant of up to £5,161 depending on household income;

- a means tested maintenance loan:
 - up to £4,786 if living at parents' home;
 - up to £6,183 if living away from parents' home;
 - up to £8,662 if studying in London; or
 - up to £7,372 if studying overseas (as part of a UK based course).

15. Further support may be available in the form of other grants, including the Childcare Grant, Adult Dependents Grant, Parents' Learning Allowance and Disabled Students' Allowance. The annual household income threshold for receiving a full maintenance grant is £18,370 or less. A partial grant is available where income exceeds £18,370 but is less than £50,020.

Repayment

16. A partial cancellation of the maintenance loan of up to £1,500 may be available once repayment has begun. The earnings threshold above which student loan repayments, for tuition fee loans and maintenance loans, become payable currently stands at £21,000 for students who began their studies on or after 1 September 2012 (frozen until 2021). Anyone with an annual salary over this amount will be required to repay their loan, and will pay 9% of their earnings over this threshold. For full-time students, repayment terms are applied from the tax year following graduation.

Part-time undergraduate support

17. The student support package for a new part time undergraduate student ordinarily resident in Wales (based on a minimum course intensity of 25% compared to an equivalent full-time course) includes the following elements.

Tuition fee support

- A non-means-tested tuition fee loan up to £2,625 if studying at a publicly funded university or college in Wales, or a private institution in Wales;
- a non-means-tested tuition fee loan of £6,750 if studying at a publicly-funded university or college outside Wales but in the United Kingdom; or
- a non-means-tested tuition fee loan of £4,500 if studying at a privately-funded university or college outside Wales but in the United Kingdom.

Support for course expenses

- A means-tested course grant for books, travel and other expenditure relating to their course of up to £1,155 is available if household income is less than £26,095. A partial course grant is available where household income is between £26,095 and £28,180.

18. Further support may be available in the form of other grants including the Childcare Grant, Adult Dependents Grant, Parents' Learning Allowance and Disabled Students' Allowance.

Repayment

19. The earnings threshold above which student loan repayments become payable currently stands at £21,000. For part-time students, repayment terms apply from the start of the following tax year commencing on 6 April after the student ceases to be eligible for financial

support or the start of the following tax year commencing on 6 April after the fourth anniversary of the course start date – whichever is earlier. Anyone with an annual salary over the threshold amount will be required to repay their loan, and they will pay 9% of their earnings over this threshold.

Postgraduate support

Support

20. In March 2016, the Welsh Government consulted on proposals for support funding for postgraduate students beginning full- or part-time study in 2017/18. In view of the Diamond Review, this is intended to be an interim support policy, to be reviewed in due course. This policy is not yet in place. The intention is to enable students who would usually be eligible for undergraduate support to be eligible for postgraduate support, to ensure consistency in policy and continuity for the student. Support would be provided in the form of a £10,000 loan, which will be a 'contribution to costs' and paid to the student.

Repayment

21. Students would be required to begin repayment of the loan once their income reaches £21,000 per annum (this threshold to be frozen until 2021). Loans would be repaid concurrently with any outstanding undergraduate debt at a rate of 6% percent of salary. The interest rate would be the retail price index plus 3%.

The case for change

22. The Welsh Government commissioned the Diamond Review in recognition of the need to assess whether the existing student support and HE funding system was sustainable in the long term. The Diamond Review considered in great detail the case for changing the support offered to students. It is beyond the scope of this document to repeat that analysis and the reader may wish to consult the Diamond Review's final report². That report summarised the rationale for, and purpose of, change as follows:

'At the heart of our proposals is a re-working of the student support package to move towards a simple system that recognises the holistic costs of higher education study to the students; and listens to the consistent representations from students that it is maintenance assistance that gives them the flexibility to manage their finances and, for some students, to overcome the financial challenges associated with a period of higher education study.

We recommend, therefore: maintenance support is sufficient to cover the living costs for all full-time undergraduate students; part-time undergraduate students receive support that secures a broader level of equivalence of support across the two modes of study and a package of support is made available to fund postgraduate taught Masters.

The overarching recommendation, then, is that the focus of undergraduate support moves towards improved maintenance support arrangements for all full-time and part-time undergraduate students, with the highest level of grant support

² *The Review of Higher Education Funding and Student Finance Arrangements in Wales*. Available at <http://gov.wales/docs/dcells/publications/160927-he-review-final-report-en.pdf>.

covering the full cost of maintenance for those who are most in need, and loans to cover tuition fees.¹³

23. On the basis of the evidence gathered and presented by the Diamond Review, the Welsh Government agrees that a case for change has been demonstrated. The system described by the Diamond Review is wholly compelling, and the Welsh Government intends to move quickly to implement the recommendations.

Our proposals

24. We have considered the recommendations made by the Diamond Review Panel in terms of their sustainability and achievability, and in the light of ongoing budgetary considerations. The Panel's recommendations have informed our proposals for student support funding, which are set out below. Our proposals will support five key principles:

- maintaining the principle of universalism within a progressive system;
- a 'whole system' approach, across mode and level of study;
- that investment is shared between government and those who directly benefit;
- enhancing accessibility, reducing barriers to study such as living costs; and
- student support should be portable for Welsh students anywhere in the UK.

25. We believe that our proposals will also contribute to the aims of the Well-being of Future Generations (Wales) Act 2015. The proposals link most closely with, and have the potential to support, the following goals of securing a prosperous Wales (ie developing 'a skilled and well-educated population in an economy which generates wealth and provides employment opportunities'), and securing a more equal Wales ('enables people to fulfil their potential no matter what their background or circumstances').

26. The Welsh Government response suggests that we implement the changes to student support from 2018 (where possible). The changes to the student support system will be phased in over four years as the current cohort of students finish their courses – this allows the Welsh Government more time to develop and implement the other changes to the higher education funding and regulatory system as outlined in the Welsh Government response.

Full-time and part-time undergraduate provision

27. We will introduce the following system of student support from 2018/19, subject to the necessary regulations being made and clarification being received that the Student Loans Company can implement them to the proposed timescale.

Maintenance support

- A £1,000 non-means-tested universal maintenance grant will be available to all eligible students ordinarily resident in Wales – this will be pro rata for part time students, ie students studying at 50% intensity will receive £500.
- An additional means-tested grant will be available to cover living costs. We propose to introduce a means-testing taper for maintenance grant support that is more generous than the current taper for household incomes (up to £59,200).

³ The Review of Higher Education Funding and Student Finance Arrangements in Wales, final report p.38.

- The maximum maintenance grant will be set at the level recommended in the Diamond Review, in the first instance, with additional loan provided to ensure the total level of maintenance support reflects growth in the National Living Wage.
- Maintenance Loans will be available for those not eligible for grant. The Maintenance Loan will be non-means-tested for students from higher income households receiving a grant at less than the maximum level.
- The amount of loan available will be equal to the maximum level of total maintenance support, less any means-tested grant.
- Part-time students will receive, on a pro-rata basis, a modified version of the maintenance support available for full-time undergraduate students (ie a proportion of the £1,000 non-means-tested maintenance grant, with an additional means-tested grant up to a maximum based on £6,000 full-time equivalent, but with the maximum grant available up to a household income of £25,000).
- The targeted grants and allowances that exist for undergraduate students, namely the Childcare Grant, Adults Dependents Grant, Parents' Learning Allowance and Disabled Students' Allowance, will remain in place.

Tuition fee support

For full-time students:

- We will replace the current Tuition Fee Grant for full-time undergraduate students with an additional subsidised student loan, up to the current maximum fee level applicable in 2018/19, (currently £9,000 in Wales, and £9,250 in the rest of the UK). This will be available wherever students study in the UK.
- For those wishing to repay their loan there will continue to be an option for direct payment or early repayment.
- Loan repayments will continue at a rate of 9% of the graduate salary above £21,000 (frozen until 2021) and the discount rate applied to repayments set by HM Treasury (currently 0.7%). This is the UK-wide repayment policy.

For part time students:

- Tuition fee loans will continue to be available for those eligible students ordinarily resident in Wales, studying at an intensity of greater than 25%.
- The Welsh Government will continue to provide HEFCW with grant funding to subsidise part time courses. This means that part-time students will continue to be charged moderated fees.
- A subsidised tuition fee loan will be available to part-time students to cover the full moderated fee.
- The tuition fee loan, maintenance support, and the institutional grant to the HEI will be made available in respect of part-time students who study at an intensity greater than 25%.

28. The Welsh Government is keen to move to a system of monthly (rather than termly) payments of maintenance support. However, it is not possible for us to introduce monthly maintenance payments in time for the start of the 2018/19 academic year and there are a number of consequences that need to be worked through before the introduction of monthly maintenance payments, for example, the impact on rental arrangements for accommodation. However, we will continue to work with the Student Loans Company to implement a system of monthly maintenance support payments as soon as is practicable.

29. The Welsh Government believes that the introduction of this generous system of support will encourage students from all backgrounds to attend higher education. As with all demand-led student support, there is a need to ensure that the policy remains sustainable in the longer term. The Welsh Government will, therefore, need to ensure that there is a fair distribution of risks (for full-time, part-time and postgraduate courses) between the Government, HE institutions and students. We propose, therefore, to form a working group to consider how this can best be achieved. This group will consider the sustainability of links to the National Living Wage, specifically the balance of loans and grants and the introduction of controls on student numbers/costs.

30. The Welsh Government is also concerned about the stability, sustainability and complexity of a system that allows access to student support for part-time study below an intensity of 25%. Whilst we are therefore not able to offer support to these courses, we are keen to encourage students who wish to study at lower intensities.

Our questions

1. Are there any major implementation issues arising from the changes to the tuition fee and maintenance support packages which will impact on the timescale of the Welsh Government response?
2. Are there likely to be any unintended consequences from implementing the changes to the tuition fee and maintenance support packages?
3. Do you have any suggestions for sharing risks and controlling the costs/numbers of students eligible for student support?
4. Will implementing these proposals disadvantage any particular group?
5. The Welsh Government would like to increase the number of courses provided at lower intensities. How can we encourage study on courses with an intensity of less than 25% without providing student support?
6. What impacts and unintended consequences will result from the move to monthly maintenance payments?

The introduction of a fully regulated part-time system

31. The Welsh Government response proposes that we develop a fully regulated part-time system by 2021. Moving to a fully regulated system would mean that providers of part-time HE courses who wish their courses to be automatically designated for the purpose of Welsh Government student support would need to apply to HEFCW for approval of a fee and access plan. Subject to approval of their plans, providers would be required to comply with: the fair access provisions of those plans, tuition fee limits, HEFCW's quality assessment requirements and HEFCW's financial management code.

Our questions

7. What impact will a move to a fully regulated system have on part-time providers in Wales?
8. Do you think any particular groups would be disadvantaged by this policy?
9. Do you think that the aim of achieving a fully regulated part time system by 2021 is a realistic timescale?

Postgraduate taught Masters provision

32. We will introduce the following changes from 2018/19, subject to the necessary regulations being made, and clarification being received that the Student Loans Company can implement them to the proposed timescale:

- We will prepare legislation to allow a contribution to the costs of undertaking a postgraduate course. This will be made up of a grant at the same level as for full-time undergraduate students living at home, with an additional loan available up to a total support level of £17,000. The general contribution can be used to cover students' tuition fees or maintenance costs. This support will be available for full-time courses (one or two year). Part-time study will also be supported where courses can be completed in no more than twice the period ordinarily required to complete the full-time equivalent, or where a part-time course has no full-time equivalent but can ordinarily be completed in up to three academic years. This level of support will be portable and will be available to students wherever they choose to study in the UK.
- Postgraduate students will be eligible to receive support comparable to that available to undergraduate students, but as a contribution to costs rather than specific maintenance and tuition fee support. We believe that this will ensure the implementation of a system that minimises bureaucracy and provides the students with flexibility.
- We will introduce a re-application process for students who are seeking to undertake a postgraduate course (whether as an additional year of study added onto their undergraduate degree course or as a stand-alone Masters degree course).

Our questions

10. Are there implementation issues which we should consider when taking forward our proposals for post graduate support?
11. Are there likely to be any unintended consequences from implementing these proposals?
12. Will implementing these proposals disadvantage any particular group?
13. We believe that it would complex and costly to fully regulate the post graduate system – do you agree and if not how would you implement a fully regulated system in Wales?

14. Is there any other way of implementing our proposals for postgraduate students that would better promote equality of access?

Students with experience of being in a care setting

33. The Diamond Review made specific proposals relating to students who have been in a care setting and suggested that the Welsh Government should make every effort to identify those with experience of care and that such students should receive the maximum maintenance grant.

34. The Welsh Government will prepare legislation that will enable those who have been in a care setting to receive the maximum level of maintenance grant. We are keen to ensure that we are able to extend this level of support to other students who may have been in a similar position, for example people with caring responsibilities. However, there are a number of administrative and practical complexities with identifying and assessing these individuals. The Welsh Government response confirms that we will work with the NUS, local Authorities and HEFCW to consider how we can provide further assistance to these groups, but we would welcome your views on how this can be achieved.

Our questions

15. Are there implementation issues which will arise from providing support to students with an experience of being in a care setting?

16. How could we provide further support to students who are carers?

17. Are there likely to be any unintended consequences from implementing these proposals?

18. Will implementing these proposals disadvantage any particular group?

Cross-border study

35. The Welsh Government believes that it has a responsibility to eligible students ordinarily resident in Wales, wherever they choose to study and we accept that student support should be portable and available to students who choose to study anywhere in the UK. However, careful consideration needs to be given to the level of complexity involved in extending support to students who choose to study in the EU (particularly in the light of the result of the EU referendum) and the potential future funding and administrative implications of operating such a scheme. This includes gauging the potential level of demand from learners for such support.

36. We will run a pilot scheme, potentially in 2018/19, to explore the practicalities of extending the student support package beyond the UK and EU. In order to take this forward, we may form a short-term working group to devise a small scheme and will expand this if the feedback from the pilot is positive.

Our questions

19. How best can we implement and administer the proposed pilot scheme on extending the student support package beyond the UK?
20. Are there any particular issues that the pilot scheme should take into account?
21. How would you control costs and demand for any future scheme that extends support beyond any pilot scheme?

Equivalent or lower qualifications

37. Generally, students who hold a UK Honours degree, or equivalent, are not eligible for student support. There are some courses which have been made exceptions to this rule. These include certain postgraduate courses such as a Postgraduate Certificate of Education (PGCE) and some more specific undergraduate courses for which an Honours degree is a requirement of entry, for example graduate entry medical and dental courses. Limited support has been available for these courses in certain circumstances for some time.

38. We consulted on the possibility of extending support for students on a range of courses earlier in 2016 (<https://consultations.gov.wales/consultations/support-postgraduate-study-and-part-time-engineering-technology-or-computer-science>). Following the responses received, from 2017/18 a package of part-time support will be offered by the Welsh Government to eligible students pursuing part-time Honours degree level courses in:

- Engineering, technology and computer science;
- Subjects allied to medicine;
- Biological sciences;
- Veterinary sciences, Agriculture and related subjects;
- Physical sciences;
- Mathematical sciences; and
- Welsh.

39. We are willing to expand this list where evidence suggests that there is a reason for doing so – for example, to meet particular skills needs.

Our questions

22. Are the subject areas listed above the ones that are of key importance in the context of equivalent or lower qualifications (ELQ)?
23. Are there any other courses or subject areas that the Welsh Government should consider including? If so, why?

Other issues

40. A series of questions has been asked against each of our proposals. The Welsh Government also welcomes constructive comments on any aspect of these proposals.

Our question

24. Do you have any comments on any other aspect of the proposals included in this document?

Impact

41. We believe that the introduction of these proposals will encourage students from all backgrounds to attend higher education and that they have the potential to secure greater equality of access.

Implementation

42. Following consultation and any changes we make to the detail of these proposals, we intend to implement the new arrangements from 2018/19 onwards. Subordinate legislation is likely to be required and we anticipate laying draft regulations before the National Assembly for Wales in spring 2017.

Responses

43. Specific questions are listed in the separate response form and you are invited to provide answers to these questions, or to comment in more general terms. This may be submitted electronically or in hard copy, using the contact details on page 2 of this document.