



BRIEFING PAPER

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Abolition of maintenance grants in England from 2016/17

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Summary

Student support funding has evolved over the decades. Student maintenance grants were first introduced in 1962- these grants provided students with funding to cover fees and living costs. Overtime the system has changed. In 1990 student loans for maintenance were introduced and the value of grants was gradually reduced. In 1998 students became liable for the payment of upfront tuition fees. Student grants were abolished under the Labour government in 1999, but were subsequently re-introduced by that government in 2006 when a new system of higher variable tuition fees was brought in. For more detail on changes in maintenance support see the briefing paper [*The value of student maintenance support*](#)

The most significant development in student finance in recent years has been the raising of tuition fees to £9,000 per year by the Coalition government in 2010. The new system of fees and the increase in student loan funding has brought into focus the whole issue of the sustainability of higher education funding.

In the Summer Budget 2015 the government announced its intention to abolish grants and replace them with increased maintenance loans. This change could have an impact on student perceptions of the value of higher education, efforts to widen participation in higher education and on long-term public finances.

Early data for 2016/17 shows that spending on grants fell by £0.57 billion while the cash value of maintenance loans increased by £0.75 billion.

1. Student maintenance support system 2015/16

In 2015/16 students from households with an annual income of £25,000 per year or less were eligible to apply for a full maintenance grant of £3,387 per year. Students from households with an annual income of between £25,000 and £42,620 were eligible for a partial grant and students from households with an annual income of over £42,620 were ineligible for a grant.

Maintenance loans of up to £4,465 per year were available for students living at home, £5,740 per year for students living away from home and outside London and £8,009 per year for students living away from home and in London. The maintenance loan is partially income-assessed and 35% of the loans was based on household income. Students receiving a maintenance grant had their maintenance loan entitlement reduced by £0.50 for every £1 of maintenance grant they receive. The chart opposite illustrates how support varied with household income.

Student loans are repaid by graduates when their income reaches £21,000 per year.

Support is also available to help students with specific circumstances in the form of Childcare Grants, Parents' Learning Allowances, Adult Dependents Grants and Disabled Students' Allowances.

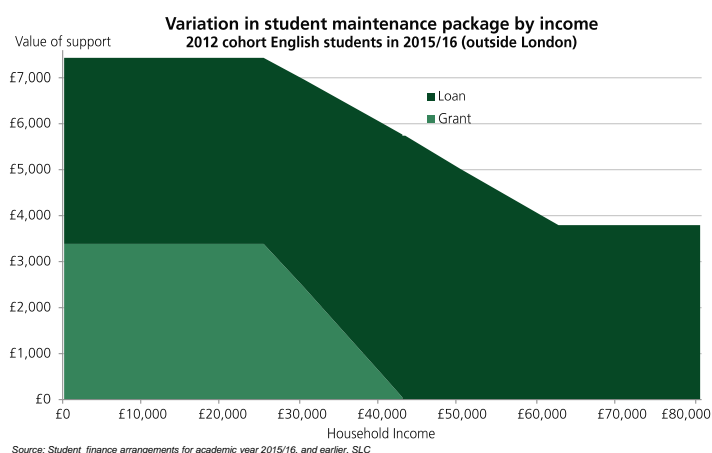
Individual higher education institutions may also provide support for students in the form of scholarships or bursaries. The criteria for these awards will be decided by the institution and they may for example be provided to low income students or based on academic achievement.

Information on support for students in 2016/17 is available in a Student publication [Financial support for full-time students of higher education in 2016 to 2017](#).

1.1 Cost of maintenance support

Provisional awards of Maintenance and Special Support Grants totalled £1.64 billion in academic year 2015/16. 413,000 students, received a full grant, and just over 135,000 a partial grant.¹

Commons Briefing Paper 1079 [Student Loan Statistics](#), December 2016 gives information on the take up of student loans. In 2015/16 maintenance loans were taken out by 984,000 students with a total value of £3.94 billion and the average value of each loan was £3,930.



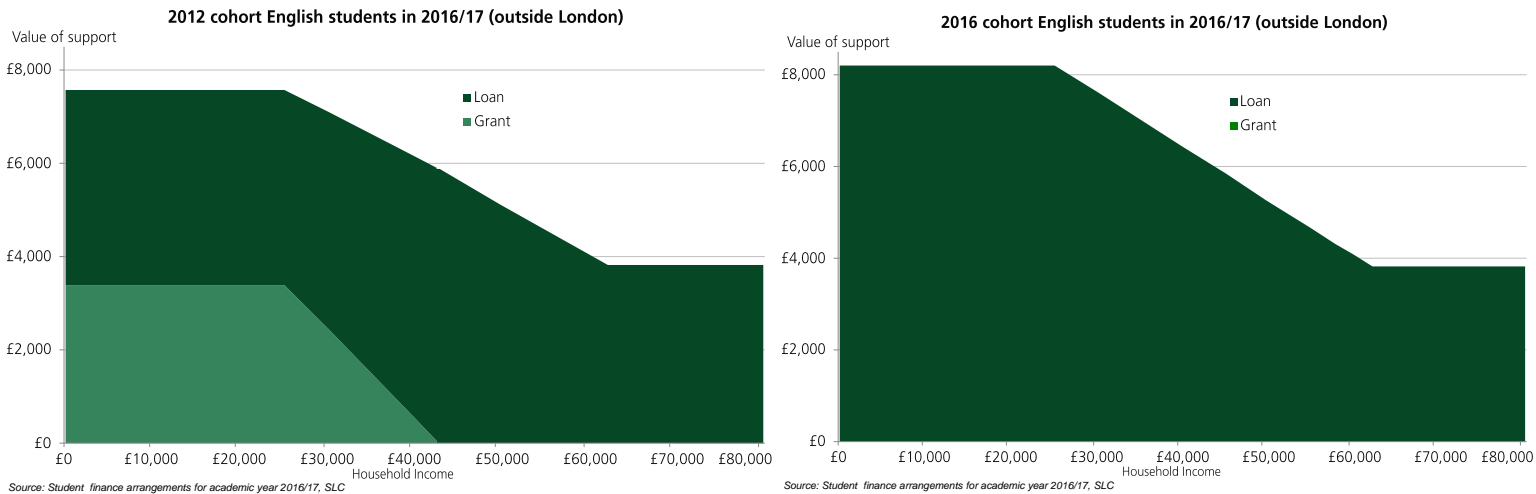
In 2014/15 42% of post-2012 students received a full grant, 14% a partial one and 44% no grant

¹ [Student Support for Higher Education in England 2016: academic year 2015/16 payments, 2016/17 awards](#), SLC

2. Take-up of maintenance support in 2016/17

The charts below illustrate how support varies with household income for new and continuing students in 2016.

Variation in student maintenance package by income



Key findings on provisional data for academic year 2016/17 are:²

- Expenditure on grants fell by almost £0.6 billion to £1.0 billion
- The number of full grants awarded fell by around 140,000 to 255,000. Partial grants fell by almost 50,000 to 86,000
- The value of maintenance loans increased from £3.80 billion to £4.55 billion.
- The average maintenance loan taken out by (new) 2016 students was £6,000 compared to £4,100 among continuing students

² [Student Support for Higher Education in England 2016: academic year 2015/16 payments, 2016/17 awards, SLC](#)

3. Budget Statement July 2015

On 8 July 2015 the Chancellor of the Exchequer, George Osborne announced in the Budget Statement that the student maintenance grant system was 'unaffordable' and that grants would be abolished for new entrants from 2016/17. He stated that these grants would be replaced by increased loans and that the maximum loan amount would rise to £8,200 per year for students studying away from home and outside London. The GOV.UK website gives some extra information:

The maximum amount of support will rise by £766 to £8,200 a year (up to £10,702 for those studying in London) and will apply to students with household income of less than £25,000 a year.³

These changes will not affect students starting courses in 2015/16 or students already at university and the changes will only apply to maintenance grants and not to other types of grants such as the Disabled Students' Allowance and Childcare Grants.

The HM Treasury [Summer Budget 2015](#) document stated that the changes would save £2.5 billion by 2020-21.⁴ This is the cumulative total savings.

The Chancellor said that ending grants would help fund the removal of the cap on student numbers in 2015. He also said that it was unfair that taxpayers should pay the grants of people who are likely to earn a lot more than them.

The Chancellor also announced that the government would consult on freezing the student loan repayment threshold at £21,000 for five years and on increasing the fee cap in line with inflation for institutions with high quality teaching from 2017/18.

³ GOV.UK [Higher education: student finance changes](#), 9 July 2015

⁴ HM Treasury [Summer Budget 2015](#) p3

4. Potential impact of the changes

The possible effect of the changes is discussed by Paul Bolton in Commons Briefing Paper, [The value of student maintenance support](#) October 2016. Some of the key points are:

- The biggest impact of this change will be on students from the lowest income households who will see their *total* maintenance support increase by the greatest amount.

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.
- 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.
- The individual financial impact of the shift from grants to loans depends on how much the student earns as graduates. 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.
- If borrowers would have fully repaid their (smaller) loans under the current system then higher loans mean greater loan repayments, but not until much later in life.
- Freezing the threshold has a proportionately larger impact on repayments by graduates with lower lifetime earnings. As there is some link between lower household income and lower graduate earnings this change is also likely to have a greater impact on students from poorer backgrounds. In general freezing the repayment threshold will increase lifetime repayments by more 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* as well as *between* different income groups.

5. Commentary

5.1 Switching HE support from grants to loans

The plan to switch grant funding to loans was originally proposed in 2013 but was opposed by the Liberal Democrats.⁵

Switching student support from grants to loans has clear implications for public spending. Under resource accounting only the subsidised interest rate and loan default/cancellation counts as public expenditure. Changing from grants to loans therefore has the effect of reducing public spending and passing on more of the cost of higher education to individual graduates – arguably the people who benefit most from the expenditure.

David Willetts the ex - Universities Minister suggested changing grants to loans in an article in the *Times Higher Education (THE)* in June 2015:

It would also be possible to look at the living costs facing students. In my experience, undergraduates are far more worried about the cash they need to live on now than about repaying through PAYE at a rate of 9 per cent of their earnings above a high threshold. There is a case for an increase in their total maintenance support so that they have more cash to live on. But there could also be a substantial shift from maintenance grant to loans so that there is also a saving in public spending.⁶

However some higher education commentators are sceptical about whether the changes will save public money in the long term.

Reducing the amount of money paid out in grants will help public finances in the short term by reducing public expenditure, but transferring more money to students in the form of loans would potentially increase debt and so could end up costing the taxpayer more in the long term.⁷ Issues around the impact of increasing loans on public debt and cuts in BIS spending is discussed in a blog by Andrew McGettigan:

Loan issuance for the whole of the UK looks set to clear £20bn per annum by 2020, while repayments languish somewhere around £2.5bn. Despite the 'deficit saving', these large shortfalls will make add significant upwards pressure to the public debt until repayments improve. Freezing the repayment threshold for all those with loans who started after 2011 would improve repayments more quickly. It's these cashflows and the impact they have on public debt which concern the Treasury rather than the specific 'RAB' attached to each year's issue of new loans. BIS was already under pressure to improve loan 'performance' and it's not yet clear how to assess the impact on its future budgets. We'll only have enough information when the Autumn spending review comes around. The Treasury is very happy to switch grant

⁵ [Labour And Lib Dems Round On Tory Plans To Cut Support Grants For Poor University Students](#), Huffingdon Post, 12 June 2015

⁶ "[Sustainable university funding: David Willetts on the next steps](#)", *THE* 15 June 2015

⁷ HM Treasury [Summer Budget 2015](#) p59 para 1.264

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expenditure to loans, but it is still very concerned about the impact of loans on the future 'UK debt pathway'⁸

To address this issue the government will consult on freezing the loan repayment threshold for five years – this would potentially increase the amount of loan which is repaid. A report by Universities UK concluded that freezing the repayment threshold would be a good option all round;

However, it was the panel's view that freezing the thresholds in the current system for a specified period of time was most likely to achieve the optimal balance of outcomes for students, graduates, government and universities.⁹

Switching maintenance grants to loans will impact most on students from low-income households. The Office for Budget Responsibility report *Economic and Fiscal Outlook July 2015* published alongside the budget documents states that graduates from low income households are less likely to repay their loans than other graduates:

The Government has announced that it will convert student maintenance grants to loans from 2016-17. That involves lending to students from lower-income households that would previously have received grants. It increases outlays by amounts that rise to around £3 billion in 2020-21, but it has no effect on repayments within the forecast period.¹⁷ On the assumption that lifetime earnings are positively correlated with parental household income, write-off rates on these loans would be higher than in the student loan population as a whole...¹⁰

The overall benefit of the changes is therefore very hard to gauge.

Library briefing paper SN/SG 916 *Value of student maintenance support*, 24 March 2014 looks at the value of the support for student maintenance since the late 1970s and shows the changing balance between grants and loans; it also describes the impact of the switch to loans on public spending.

5.1 Increasing living cost support

Reports by the NUS and UUK have said that there is a need for increased living cost support for students. Students in the focus groups for the UUK report said that the student funding system did not provide them with the necessary levels of support to meet their living costs and that students were particularly concerned about the costs related to accommodation.

The government's plan to increase the loan amount to £8,200 per year would increase student support by £766 per year.

Nick Hillman the Director of the Higher Education Policy Institute (HEPI) has suggested that the policy will create more of a social problem than a financial one as the poorest students will accrue the biggest debts:

⁸ Critical Education [BIS still has to find £450million of savings for 2015-16](#)", 9 July 2015

⁹ [Student Funding Panel: an analysis of the design, impact and options for reform of the student fees and loans system in England](#), Universities UK, June 2015 p74

¹⁰ Office for Budget Responsibility, *Economic and fiscal outlook July 2015* p142 para 4.143

The biggest problem with the policy may not be a behavioural one so much as a social or even moral one: the poorest students will emerge from higher education with the biggest debts. Ministers aim to neutralise that attack point by ensuring the higher loans deliver more cash-in-hand for the poorest students than the old grant-plus-loan system.

They may well get away with it: those who vehemently oppose the change have tended not to propose alternatives which recognise the government was democratically elected on a platform of abolishing the deficit by hitting unprotected departments, like the business department in which higher education lies.¹¹

5.2 Student's view of debt

A report by the Institute of Fiscal Studies *Payback Time?*¹² - found that a typical student entering higher education under the 2012 system would leave university with debts averaging more than £44,000 – this is considerably higher than under the old student fee system.

Despite these levels of debt evidence from the NUS states that students are most concerned about meeting their living costs while at university and that this is a bigger issue for many students than future loan debt.¹³ This point is also made in the HM Treasury [Summer Budget 2015](#) document:

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.¹⁴

However the Universities UK report from which the above reference is taken has a more nuanced assessment of student's views on debt:

The same evidence suggests that current students are more worried about the level of maintenance costs than about long-term debt from student loans, and would like options for increasing funding to meet living costs to be explored. However, this finding needs to be treated with some caution, given the tendency for individuals to give greater weight to losses (and gains) in the present than the future. It is unclear whether current students would be more concerned with loan repayments if they were asked the same question in 10 years' time, and what impact increased levels of overall debt may have on graduate behaviour in the future.¹⁵

5.3 Impact of student support availability on widening participation

In 2006 when university tuition fees nearly trebled to £3,000 per year there were serious concerns about the impact of higher fees on access to higher education. However along with the increase in fees the

¹¹ "[The poorest students will leave university with the biggest debts](#)", *The Guardian* 8 July 2015

¹² Institute for Fiscal Studies Report R93 [Payback time? Student debt and loan repayments: what will the 2012 reforms mean for graduates?](#)

¹³ NUS, [NUS figures show new students face cost of living crisis](#), 4 October 2013

¹⁴ [Student Funding Panel: an analysis of the design, impact and options for reform of the student fees and loans system in England](#), Universities UK, June 2015

¹⁵ *Ibid* p18

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government re-introduced grants and improved the student support package. The enhanced student support system was credited with keeping student numbers up despite the increase in fees:

The 2006 reforms increased the cash in hand support available to full time students from lower income households, through a combination of grants, loans and bursaries. Students from higher income households gained from being able to defer their fees, so that any contribution made by their families went to meeting their living costs.

The evidence suggests that improvements to the support for living costs helped to ensure that the changes in fees in 2006 did not have a negative impact on participation.¹⁶

In 2010 fees rose further and it was again predicted that this would have a seriously detrimental effect on student numbers. In the event there was an initial drop in student numbers but this quickly bounced back and number of students from disadvantaged families has actually increased since the changes. It would therefore appear that increasing the fee loan burden on students has not had the deterred effect that was expected, this was pointed out in the UUK report in 2015:

There is no evidence that the funding reforms of 2012 have deterred young, full-time students from applying to university. Numbers of applications from all socioeconomic groups have been increasing steadily.¹⁷

However reports have suggested that students from disadvantaged backgrounds tend to be more debt averse than other students and Professor Les Ebdon the Director of the Office for Fair Access has stated that these changes will have to be monitored closely for any detrimental effect on widening participation:

I understand that many people might be concerned that this change may deter people from lower-income families from going to higher education. Universities and colleges are working harder than ever to improve access to higher education for students from disadvantaged backgrounds and entry rates are now at record levels. If this change were to adversely affect further progress, I would be very concerned. I will work closely with universities and colleges to monitor whether there are any negative impacts and to ensure they mitigate those through their access agreements.

"I welcome the fact that the loans available to individual students will be higher than the amount they can currently receive in grants. As the National Union of Students said in its *The Pound In Your Pocket* report, the ultimate aim of a student funding system is that students can access the overall resources they need to stay on their course and succeed.

"I'm also mindful that, as the Chancellor pointed out in his speech, previous major changes to state support for students have not had the negative impact that was predicted. For example, it was feared that the introduction of fee loans would deter disadvantaged students from going to university. In fact, this has not happened and we are now seeing record numbers of

¹⁶ [Securing a sustainable future for higher education](#) – the Browne Review p38

¹⁷ [Student Funding Panel: an analysis of the design, impact and options for reform of the student fees and loans system in England](#), Universities UK, June 2015 p47

disadvantaged students entering university and experiencing the life-changing benefits of higher education.”¹⁸

¹⁸ OFFA Press Release [OFFA comment on switch from maintenance grants to loans](#), 8 July 2015

6. Reaction to the announcement

National Union of Students

Megan Dunn, the president of the National Union of Students, said students from poorer backgrounds were more likely to be deterred by debt and that converting grants to loans could affect where students chose to live or which courses they took.

“It will mean staying at home instead of moving into halls or shared accommodation and applying for shorter courses to reduce costs,” she said. “If grants are cut, it could mean the cost of student loans will go up for everyone or repayment conditions will get tougher than they already are. This is yet another unreasonable barrier to accessing higher education.”¹⁹

Sutton Trust

Shifting grants to loans may move them off the balance sheet, but it could also put off many low and middle income students and tip the balance against their going to university. Since grants were reintroduced, there have been significant improvements in participation from full time less advantaged students, and this will be put at risk by today’s Budget plans.

The reality is that the Government has miscalculated the levels of repayments it will get from its student loans under the new fees system. Rather than penalising poorer students, it should have a fundamental review of the repayments system. We need long term solutions not a short term fix.”²⁰

University Alliance

“We welcome the measures to ensure that all students with the ability and aspiration to attend university can do so. We have long supported the removal of the student numbers cap. While we would have preferred increased maintenance grants, we recognise that the government’s commitment to reducing the deficit means that hard choices have to be made. Although the devil will be in the detail, a bigger maintenance loan that provides financial support to the most disadvantaged students is better than a grant that does not.

“In the same spirit, we recognise that freezing the repayment threshold will significantly reduce the RAB charge. This, in turn, is likely to mean that the new funding system, which we think is broadly working, will be sustained.”²¹

¹⁹ “[Maintenance grants for poorer students to be converted into loans](#)”, *The Guardian*, 8 July 2015

²⁰ Sutton Trust [Sutton Trust response to maintenance grants cuts set out in today’s Budget](#), 8 July 2015

²¹ University Alliance News Release, University Alliance responds to the Emergency Budget

University and Colleges Union

University and College Union general secretary, Sally Hunt, said: "Maintenance grants are crucial for engaging students from disadvantaged backgrounds who are already daunted by crippling high tuition fee debt.

"Increasing the debt burden on students will act as a disincentive to participation, and it does not make sense for the taxpayer either as the extra loan amount is unlikely to be repaid in full.

"Putting the onus on individual institutions to take the lead on widening participation will lead to greater disparities in terms of access and a more confusing system for students to navigate.

"The level of financial support available should not be the deciding factor for a student choosing where to study.

"Any further increase in the cost of tuition fees, as proposed by the chancellor, risks putting off many of those who would benefit most from university."²²

Million +

"Maintenance grants have been extremely important to students and their families. The Government must commit to reviewing the impact of these changes on students from different backgrounds and ensure that the introduction of maintenance loans has no detrimental effect on university access. This would be a timely opportunity for Ministers to review the financial support available for part-time students, who currently do not get any support for their living costs."²³

Universities UK

Nicola Dandridge, Chief Executive of Universities UK, said: "The increase of up to £8,200 per year in the cash available for students' living costs will be welcome. Evidence has shown that students are more concerned about the level of maintenance support they receive while studying, than they are about the long-term repayment of their student loans. The Universities UK board called last week on government to increase the amount of financial support for students' living costs.

"The proposed shift from maintenance grants to loans does not in itself affect the money students receive for their living costs. It does affect the amount of money they pay back after they have graduated and are earning more than £21,000.

"The priority for Universities UK will be to ensure that any changes to the current student funding system in England do not deter students from poorer backgrounds from applying to university. It is vital also that such a funding change is properly communicated so that potential students and their families are fully aware of the financial support available and how the student loans system works.

²² ["Goodbye to grants: maintenance handouts to be scrapped"](#), *The Tab* 18 July 2015

²³ ["million+ responds to higher education announcements in the summer budget"](#), 8 July 2015

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“With skills, jobs, productivity, education and research high on the government's agenda, it is clear that universities have an important role to play in this aim. But they can only do this if they are properly funded.”²⁴

7. Equality Assessment November 2015

In November 2015 the Department for Business, Innovation and Skills published an equality analysis of the proposals in a document - [Higher Education: Student Finance Equality Analysis – The Education \(Student Support\) \(Amendment\) Regulations 2015](#). This document gave an outline of these changes on pages 17-23.

The assessment concluded that the changes did not discriminate against students with protected characteristics:

This policy change will not discriminate against students with protected characteristics. Rather, students eligible for maintenance and special support grants have been treated more favourably than those who were ineligible by receiving an element of non-repayable support. That provision is being changed, but these students will still be eligible to receive higher levels of financial support.

We have considered the public sector equality duty to 'foster good relations between people who share a protected characteristic and those who do not' in relation to the proposed changes. Fostering good relations involves having due regard to the need to tackle prejudice, and promote understanding. Whilst the policy change may not have the effect of actively fostering good relations between those who have a protected characteristic and those who do not, we do not consider that it does anything to harm relations between these sections of society. We do not consider that any frustration felt by students with protected characteristics who will now receive a grant rather than a loan would affect relationships with peers without protected characteristics. (p81)

The assessment also looked at the potential effect that changing from grants to loans might have on participation in higher education and concluded that the change might have some deterrent effect, albeit a small change:

Hence it is possible it may lead to some small reduction in participation.

It is possible that the prospect of increased debt will deter some lower income households from undertaking Higher Education, which the evidence suggests are on average more likely to be debt averse.

Against this, the availability of greater funding might help to make it more affordable to those students with limited access to other means of funding living costs e.g. higher income parents. We do not know which of these effects will predominate. However, the improvement in participation rates amongst disadvantaged groups to past changes in student financing suggests that if there is any downward effect it is likely to be small. (p82)

The document outlined the potential effect on specific groups of students:

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- We expect **women** to be disproportionately impacted by the changes. There is evidence that single parents are more likely to be debt averse and single parents are more likely to be female. This means that their participation decisions are more likely to be affected by financial considerations. Thus, there is a chance that the policy could result in a small decrease in female participation though it is difficult to predict exactly what behavioural responses will be.
- We expect there to be a disproportionate impact on **mature students**; the proportion of students aged 21 and over that claim maintenance grant support is significantly higher than their representation in the population of all student support claimants, whilst there is evidence of increased debt aversion in this group. The policy change presents a risk for the participation of older students in higher education.
- We have identified a potentially disproportionate effect on students from **ethnic minority backgrounds**. Again, this is based on evidence of debt aversion in this group and the tendency for these students to be from low income backgrounds. This is against a background of Ethnic Minorities being more likely to participate in Higher Education than White British peers. We have assessed that there is a small risk to the participation of students from ethnic minority backgrounds. Participation rates for these students, both from high and low socio-economic backgrounds are high (and continuing to grow), as are aspirations⁵⁷. Additionally, there is risk to the outcomes of these students if they choose not to take out the additional loan available.
- We expect the impact of converting maintenance grants to loans to fall equally upon those with a **disability** and those without a disability. The proportion of Disabled Student Allowance claimants impacted by the change to student support measures is broadly in line with their representation in population of all student support claimants. There is likely to be a risk to participation of disabled students who are particularly debt averse, but this impact could be felt by any student regardless of their protected characteristic. However, we also expect any downward effect of the proposal to be also mitigated by the high average returns to HE investment and the repayment protection for low earning graduates.

8. Procedure for abolishing maintenance grants

The [Teaching and Higher Education Act 1998](#) s22 (7) gives the Secretary of State authority to make regulations to provide financial support for students in higher education. Changes to student support arrangements are therefore generally made in annual regulations ie in secondary legislation.

8.1 The *Education (Student Support) (Amendment) Regulations 2015*

The proposed changes to maintenance grants and loans are contained in the [Education \(Student Support\) \(Amendment\) Regulations 2015](#) SI No 1951. The accompanying [explanatory memorandum](#) states that these regulations will create a new group of students, known as 2016 cohort students, who will no longer qualify for maintenance grants or special support grants, but will instead qualify for an increased loan for living costs in 2016/17. The memorandum explains that students from households with incomes of £25,000 or less, the loan for living costs in 2016-17 will be 10.3% higher than the combined maximum maintenance grant and loan in 2015-16:

New full-time students starting to attend their courses in the 2016/17 academic year '2016 cohort students', will not qualify for a means-tested maintenance grant. They will instead qualify for an increased loan for living costs, which for most 2016 cohort students on household incomes of £25,000 or less will be 10.3% higher than the maximum maintenance grant and loan for living costs package available for low income students in the 2015/16 academic year.

[...]

For students with incomes above £25,000 the loan for living costs in 2016 will be means-tested down to a minimum non-means tested loan. The minimum loan for new students in 2016-17 will be increased by forecast inflation (2.41%) when compared with the minimum loan for living costs in the 2015-16 academic year.

Other changes made to the student support package by the amendment regulations include:

- **Replacing special support grant with loans.** In 2015-16, students on household incomes of £42,620 or less and eligible for certain benefits were entitled to a special support grant and an increased living costs loan. The amendment regulations replace the special support grant with loans. The explanatory memorandum states that the loan for new students in 2016-17 who have household incomes of £25,000 or less will be 2.41% higher (forecast inflation) than the combined maximum special support grant and loan package for eligible students in 2015-16. For incomes above £25,000, the loan for living costs for new students in 2016-17 will be means-tested down to a minimum

non-means tested loan, which will be increased by forecast inflation (2.41%) when compared to 2015-16.

- **Replacing special support grant for students over 60 with loans.** In 2015-16 students aged over 60 on household incomes of £42,620 or less qualified for special support grant. They did not qualify for loans towards living costs. The amendment regulations replaces the special support grant for new students in 2016-17 with loans.
- **Increasing the maximum loan for living costs for continuing students by forecast inflation (2.41%).** The maximum loans for long-courses and for students undertaking a sandwich year will also be increased by forecast inflation. The maximum maintenance grant and special support grant will be maintained at the same level as 2015-16 for continuing students in 2016-17.

Certification under Standing Order No 83P: English votes for English laws procedure

The Speaker [certified](#) that the *Education (Student Support) (Amendment) Regulations 2015* related exclusively to England and was within devolved legislative competence under Standing Order No. 83P which relates to the English votes for English laws process. Under this procedure any division would be subject to double majority voting.²⁵

8.2 Prayer tabled to annul the regulations

Regulations made under the *Teaching and Higher Education Act 1998* are subject to the [negative resolution procedure](#). Statutory instruments which are subject to the negative procedure do not require the approval of the House before they can come into force. However, there is a period of time (40 days, known as “praying time”) in which Parliament can resolve that the instrument be annulled. This procedure is very rarely used.

On the 8th December 2015 an Early Day Motion was tabled by Jeremy Corbyn to annul the regulations:

“That an humble Address be presented to Her Majesty, praying that the Education (Student Support) (Amendment) Regulations 2015 (S.I., 2015, No. 1951), dated 29 November 2015, a copy of which was laid before this House on 2 December 2015, be annulled.” ([EDM 829, 2015-16](#))

The regulations were subsequently [considered](#) on Thursday 14 January 2016 by the Third Delegated Legislation Committee. The Committee voted on the question of whether the regulations had been considered; the vote was agreed by ten votes to eight.

²⁵ This process is explained in a Cabinet Office document, [English Votes for English Laws: An Explanatory Guide to Proposals](#) July 2015 p4

Opposition Day debate, Student Maintenance Grants

An [Opposition Day debate](#) was held on 19 January 2016 on the proposal to abolish student maintenance grants and on the regulations.

Gordon Marsden the Shadow Minister for Further Education and Skills opened the debate and called on the Government to abandon its policy of replacing maintenance grants with loans. He also commented on the lack of scrutiny of the proposal to abolish grants:

The Conservatives have shied away from the light of debate, challenge and scrutiny on this issue, preferring instead to use a legislative sleight of hand to ensure that the sweeping changes were made in Committee in the hope that no one would notice. All the way through this process, they have been defensive. They have been less than candid and they have systematically resisted the path of openness. There was little detail to be had when the Chancellor first mooted this change in the summer, and not much more in the autumn statement. It was only when the National Union of Students raised the alarm about the impact of the process and threatened a judicial review over the lack of consultation and the failure to publish the interim equality assessment—which the Government have still not done—that a separate equality impact assessment was slipped out.²⁶

[...]

The equality impact assessment was slipped out with a relative lack of ceremony at the end of November. As I said last week, this is the document that almost dare not speak its name, not least because the detailed evidence of the negative impact was tucked away in its central pages, to which I will refer later, and was rather belied by the bland conclusions appended to the front of the document. What is driving these panic measures from the Government—the £1.5 billion raid on grants and the threshold fees—is their belated recognition that the whole set of financial assumptions about repayment that underpinned their trebling of fees in 2012 is producing a black hole for them and for future taxpayers.²⁷

Mr Marsden's speech discussed student debt and the potential negative impact of the removal of grants on access to higher education – these issues were the main areas of concern raised during the debate.

The impact of the changes on social mobility was another significant area of debate, however one member pointed out that the number of disadvantaged students entering higher education had increased:

Michael Tomlinson (Mid Dorset and North Poole) (Con): On social mobility, will the hon. Gentleman welcome the fact that more and more people from disadvantaged backgrounds are accessing higher education? That has increased from 13.6% when the Labour Government were in power to more than 18% this year.²⁸

Jo Johnson, Minister for Universities and Science, responded to Mr Marsden's points by stating the Government's rationale for the changes:

²⁶ [HC Deb 19 January 2016 c1294](#)

²⁷ *Ibid* c1295

²⁸ *Ibid* c1299

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The instrument delivers the Government's policy of offering increased financial support for living costs for new students in the 2016-17 academic year in the form of loans rather than grants. The policy is part of the Government's plan to ensure that our world-class higher education sector remains sustainably financed and open to more students from all backgrounds.²⁹

The Minister also rebutted the allegation that the abolition of grants had been 'sneaked in':

Let me start by beginning to address the questions about the scrutiny of the regulations that were raised by the hon. Member for Blackpool South (Mr Marsden). The regulations were not sneaked in, as he suggested. In fact, the policy was first announced in principle in the 2015 summer Budget, nearly six months ago. It was in fact included in the Chancellor's summer Budget speech, one of the most closely scrutinised events in the parliamentary calendar. The decision finally to proceed was made as part of the spending review in November 2015 and the instrument was laid before the House on 2 December. A comprehensive 80-page equality analysis was published the next day, in line with an earlier commitment I made voluntarily to the House. I shall say more about that later.

[The regulations were made under powers granted to the Secretary of State by the previous Labour Government, under the Teaching and Higher Education Act 1998. Rather than using some obscure and arcane procedure, as hon. Members have suggested, we are following the very parliamentary processes that the previous Labour Government created for this purpose. Labour asked for a debate on the regulations on 9 December and the Government tabled a motion that appeared on the Order Paper on 5 January, referring the regulations to a Delegated Legislation Committee. Labour did not object, and the regulations went to such a Committee on 14 January. To put it simply, the processes were put in place by Labour when they were last in government and they did not object on 5 January, when they had the chance. I now welcome the opportunity to debate the issue further in this Opposition day debate and I note that the other place will also have a chance to consider the instrument following the tabling of a motion by the noble Lord Stevenson of Balmacara on 13 January³⁰

Another area of debate raised by members was the impact that increasing student loan borrowing would have on public finances:

Mr Geoffrey Robinson: The Minister said earlier that this is a deficit-reducing policy and we take that, and of course I entirely agree with all the points that have been made on the grounds of social mobility and denial of educational opportunity that this policy implies, but is not the point the Minister really has to answer that 45% of his loan books at the moment have been declared delinquent for one reason or another? How much of this so-called saving does he think he is going to get back? Is he not really just pretending he is making this saving, while in fact building up un-funded liabilities?³¹

The Minister replied that abolishing grants would result in an initial saving:

²⁹ HC Deb 19 January 2016 c1304

³⁰ Ibid c1305

³¹ Ibid c1309

There is an immediate grant saving of £2.5 billion, which comes directly off the budget deficit. As I just mentioned, there is of course the prospect down the line of some loans not being repaid, as a result of a conscious decision by the Government to invest in the skills base of the country and to allow people to pursue incomes that do not enable them to pay off the full value of the loan. The economic value of the savings, as I just said, is £800 million a year in a steady state.

I challenge the Opposition to explain how they would fund their alternatives.³²

The debate lasted around two and a half hours. The vote to abandon the policy to abolish grants was lost by 292 votes to 306. The vote to annul the regulations was also lost by 292 votes to 306.

³² HC Deb 19 January 2016 c1309

9. Articles

["Student grants may become loans as BIS prepares to wield the axe"](#), *Times Higher Education* 11 June 2015

["Budget 2015: Student maintenance grants scrapped"](#), *BBC News* 8 July 2015

["Poorer students beware: university maintenance grants face being cut"](#), *New Statesman*, 12 June 2015

["Budget 2015: Student grants scrapped by George Osborne"](#), *The Telegraph*, 8 July 2015

["Summer Budget: Student loans replace maintenance grants"](#), *Financial Times* 8 July 2015

["Student grants set to be abolished today despite strong opposition"](#), *The Telegraph*, 14 January 2016

["Megan Dunn: The student finance debate the Tories didn't want us to have"](#), *The Telegraph*, 19 January 2016

["Abolition of student maintenance grant 'will hurt those most in need'"](#), *The Guardian*, 1 August 2016

["Maintenance grants scrapped for poorest students"](#), *The Guardian*, 1 August 2016

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