



Department
for Education

Changes to the postgraduate master's degree loans scheme for the 2017/18 academic year

Supplementary Equality Analysis

May 2017

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Introduction

1. Under the Equality Act 2010, the Department for Education (DfE), as a public authority, is legally obliged to give due regard to equality issues when making policy decisions. An Equality Analysis for the postgraduate master's degree loan scheme was published in May 2016 prior to its launch, and is available at the following link:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/526274/bis-16-289-postgraduate-masters-loans-equality-analysis.pdf.
2. A small number of policy changes to the master's loan scheme are being made for academic year 2017/18. We have considered these changes with reference to our Public Sector Equality Duty, and the following analysis assesses their expected impacts on disadvantaged groups and those with protected characteristics. Some of the changes require amendments to secondary legislation while others are already provided for (prisoner eligibility and designation of courses provided by Alternative Providers without Degree Awarding Powers). Full details on the policy changes requiring legislative amendments can be found in The Education (Postgraduate Master's Degree Loans) (Amendment) Regulations 2017 and the accompanying Explanatory Memorandum¹.
3. The primary information sources used to inform this analysis are Higher Education Statistics Agency (HESA) student record data, and wider research and statistical publications made by, and for, DfE and other government departments. A proportionate approach to the analysis has been adopted, reflecting the scale and coverage of the proposed changes.

Students on three or four year part-time courses

4. Students who commenced eligible part-time master's courses of three or four academic years (AYs) in length in AY 2016/17 have been able to access the postgraduate master's loan, but payment of the full loan amount requested is divided between the first two years of their course only, regardless of its full duration.
5. From 1 August 2017, this will change such that new applicants receive loan payments split equally across each year of their course. The primary purpose of this change is to reduce the risk of payments being made to students who then subsequently drop out of their course. However, the equal scheduling of payments across the full duration of study could also help students with their financial management and reduce the risk of students having to drop out due to financial

¹ <http://www.legislation.gov.uk/uksi/2017/594/contents/made>.

pressures. This will potentially benefit all students on three or four year part-time courses.

6. Evidence shows that students studying on three or four year part-time courses are more likely to be mature or have a disability². Therefore, it is expected that these groups in particular may benefit from the extension. Mature students are also more likely than others to have other financial commitments, such as a mortgage or child-related costs³. As a result of this, they may benefit from equal division of loan payments across the full duration of their study.

Students receiving support under the Care Standards Act 2000

7. To avoid awarding duplicative government funding, the Education (Postgraduate Master's Degree Loans) Regulations 2016 ("the Regulations") set out other sources of government funding that are not available in conjunction with the postgraduate master's degree loan. This exclusion is being reduced in scope so that students who receive travel allowance support under section 67(4)(a) of the Care Standards Act 2000(b) will now become eligible for the loan. The change will apply to new and continuing students.
8. This change is relevant only to a very small subset of the master's student population, and will have no impact on the vast majority of students. However, with a new, albeit small, group of students eligible for the loan, this change may improve participation by further helping these students to overcome financial barriers to master's study. Retention and attainment for continuing students may also improve, due to reduced financial pressures during their study.

Inflationary rise in loan amount

9. The loan is intended to play an important part in removing the financial barrier to studying a master's degree. By increasing the maximum level of the postgraduate master's loan available in line with inflation, it will ensure that students do not suffer a reduction in available funding via the loan in real terms. As the increase is experienced by all who apply for the loan, the change will mean that everyone who applies for the loan, irrespective of background characteristics, will benefit.

² Internal DfE analysis based on HESA 2014/15 student record data.

³ 'Understanding mature entrants' transitions to postgraduate taught study', Institute for Employment Studies, 2016.

Distance learning arrangements for Armed Forces personnel and their families

10. From the academic year beginning on or after 1 August 2017, UK Armed Forces personnel serving overseas, as well as spouses, civil partners and/or dependent parents living with them, will not be required to be resident in England on the first day of their course in order to be eligible for the loan. This brings the master's loan policy in line with the Armed Forces Covenant by ensuring that this group faces no disadvantage by virtue of their service in the Armed Forces.
11. Extending eligibility to Armed Forces personnel serving overseas, and spouses, civil partners and/or dependent parents living with them, is likely to result in increased participation in postgraduate master's study amongst this group. Data is not readily available on the characteristics of Armed Forces personnel and their families, and as such it is not possible to identify in detail those most likely to benefit. In the absence of specific data, we anticipate that those individuals who would experience the greatest benefit from the loan would be those who face the largest financial barriers, as they are the most likely to not currently be able to pursue master's study. The May 2016 Equality Analysis for postgraduate master's loans identified these groups as those from disadvantaged or black and minority ethnic (BME) backgrounds, women and those who are disabled.

Prisoner eligibility

12. Eligible prisoners who are within four years of release will be able to apply for the master's loan for courses starting on or after 1 August 2017. The amount of loan available will be equivalent to course tuition fees only, and be paid directly to the course provider or to an appropriate third party to administer payment on the prisoner's behalf. The mechanism for delivery of the master's loan to the prison population required longer for implementation than for the general population and so this aspect of the loan scheme is being introduced from academic year 2017/18.
13. The proposed policy change is expected to lead to an increase in postgraduate master's participation by those in prison. It is hoped that improving the education of prisoners will increase their chance of successful rehabilitation into society, and reduce the likelihood of reoffending⁴. Evidence on the characteristics of those prisoners who are likely to be eligible to obtain the loan is not readily available,

⁴ A 2014 report published by the Ministry of Justice found that offenders who participated in an intervention provided by the Prisoners Education Trust, to complete a distance learning course or to purchase learning materials, led to a reduction in re-offending of between 5 and 8 percentage points: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/270084/prisoners-education-trust-report.pdf.

and as such we cannot precisely identify who is most likely to benefit. In the absence of this information, we will refer to data on the general demographics of the prison population⁵, compared to the general population, to try and identify who may be most likely to benefit.

14. This prison population is primarily male – men make up around 95% of the prison population, compared to just 49% of the general population⁶. The population is also predominantly mature. Over 50% of the prison population are aged over 30 or over, and this percentage has been increasing steadily over the past decade⁷. However this is lower than the general population, of which around 62% are aged 30 or over⁸.
15. BME groups are also all more highly represented in the prison population than the general population. In particular, individuals from black backgrounds make up 12% of the prison population, compared to 3% of the general population.
16. The impact of providing master's loans to the prison population on specific groups will be subject to complex interactions with other factors, such as the length of time remaining on a prisoner's sentence and pre-existing levels of education. However, there is scope for a greater relative take-up of the loan amongst male and/or BME prisoners, compared to the wider population.

Alternative Providers without Degree Awarding Powers

17. Students undertaking designated master's courses on or after 1 August 2017 that are provided by Alternative Providers without Degree Awarding Powers (APs without DAPs) will be eligible to apply for the loan. Establishing the necessary checks and assurances for the process of designating courses provided by APs without DAPs required longer for implementation and so the loan is launching in academic year 2017/18 – a year later than for APs with DAPs and publicly-funded providers.
18. By increasing the range of courses and providers that are eligible for funding, it is expected that overall participation will increase. As identified in the original Equality Analysis for the master's loan scheme, the student body at APs tends to be older, more commonly male, and/or from a BME background, compared to that at publicly-funded providers. Data which describes the specific characteristics of

⁵ Prison Population Statistics, House of Commons Library, 2016.

⁶ 2011 Census data, Office for National Statistics.

⁷ Prison Population Statistics, House of Commons Library, 2016.

⁸ 2011 Census data, Office for National Statistics.

the postgraduate student body at APs is limited⁹, but from the available evidence it appears the same groups will benefit from the policy extension. All those applying for master's loans will also benefit due to the increased range of providers at which they will be able to choose to study, while still being eligible to receive student support.

Eligibility of students who have previously received postgraduate master's degree loans

19. Ensuring value for money by avoiding duplicative government funding is a key design principle of the master's loan policy. Consequently, the Regulations prohibit students from receiving more than one master's loan from Student Finance England (SFE). The Devolved Administrations (DAs) of Northern Ireland, Scotland and Wales each intend to introduce loan schemes to support postgraduate master's study from academic year 2017/18 onwards. The Regulations are thus being amended to prohibit students who have previously received a loan to fund postgraduate master's study under schemes provided by the Northern Irish, Scottish and/or Welsh administrations, so as to create parity with students who are unable to access more than one master's loan from SFE.
20. Given the specific eligibility criteria that an individual would need to satisfy in order to obtain duplicate master's funding from a DA loan scheme and, later, SFE, the group of students who could potentially be impacted by making this change is small. It is not possible to predict the specific characteristics or backgrounds of this potential group, and it is therefore assumed that there will be no impact in terms of equality.

Debt aversion

21. One aspect that may lead to the above changes having an unequal impact on certain groups is their level of debt aversion. Those who are more averse to taking on debt may be dissuaded from taking the loan, and thus may benefit comparatively less, than those more accepting of debt. Evidence generally indicates that people from disadvantaged and BME backgrounds, as well as women and mature students, tend to be more debt averse¹⁰¹¹. However, the

⁹ Internal analysis of the dataset from the 'Alternative Providers of Higher Education 2014' publication suggests students were more likely to be UK domiciled, part time and older than those studying at APs with DAPs. However, the dataset has many limitations, including being unable to identify students specifically on master's degree courses, and only covering roughly one third of APs.

¹⁰ 'Does the fear of debt deter students from higher education?', Callender and Jackson, 2013.

¹¹ 'Attitudes to debt', Callender, Universities UK, 2003.

experience of introducing loans for undergraduate students¹² suggests this disparity in take-up is likely to be small, with students being more accepting of debt where it represents an investment in their education, and as the income contingent repayment terms of student loans aids their affordability.

22. The amendment to increase the amount of loan available in line with inflation is likely to have a relatively small impact on debt averse groups, as the maximum loan amount will be increased only enough to maintain its value in real terms. The degree of debt aversion may be more significant in relation to the regulation extending loan eligibility to those currently receiving support under the Care Standards Act 2000, which represents a potential additional financial commitment of £10,280 to the individual. However, as individuals in scope of this amendment would not otherwise have had access to taxpayer-backed funding for master's study, and are able to access as much or as little of the master's loan as they choose, they will not be any worse off.

Summary

23. To summarise, the impact of the proposed changes is expected to be positive in terms of increasing participation, and helping bolster retention for individuals studying postgraduate master's degrees. Students are expected to benefit regardless of their characteristics.

24. The extent to which the proposed changes will impact individuals in specific groups or from particular backgrounds may vary, and will often depend on their level of debt aversion. In particular, it is women, mature students, and those from disadvantaged and BME backgrounds who are typically more debt averse. However, on balance it is expected that these groups should still benefit from the changes, due to shifting attitudes towards debt, the relatively generous repayment terms of the loan product, and the significant financial returns associated with attaining a master's degree.

¹² 'Attitudes to debt among indebted undergraduates: A cross-national exploratory factor analysis', Harrison et al (2015).



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