Department for Education

Equality Analysis: Higher Education Student Finance for the 2017 to 2018 Academic Year

December 2016

Contents

Introduction

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 – the public sector equality duty, also called the general equality duty. Analysing the effects on equality of these regulations through developing an equality analysis is one method of ensuring that consideration of equality issues feeds into policy formation, and informs Ministers' decision making.

DfE as a public authority, must in the exercise of its functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
- Advance equality of opportunity between people who share a protected characteristic and those who do not; and
- Foster good relations between people who share a protected characteristic and those who do not.

Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard to the need to:

a) Remove or minimise disadvantages suffered by persons with protected characteristics;
b) Take steps to meet the needs of persons who share a relevant protected characteristic; and
c) Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons it disproportionately low.

The general equality duty covers the following protected characteristics: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

To date we are yet to find evidence to suggest that the characteristics of gender reassignment, pregnancy and maternity and sexual orientation have an impact of the likelihood of a student to receive certain student support products beyond the assumption that pregnant women or mothers would be more likely to receive or go on to receive certain targeted grants designed to support those with dependants or childcare. There is no robust data collected on religion or belief at undergraduate level and so there are limitations in assessing the effect of policy changes for 2017/18 on different religious groups.

As disadvantage in education is still apparent in connection to family income and economic status we will also look at the impact on individuals from lower income groups. We will use the terms protected and disadvantaged groups as well as protected characteristics. Protected groups are a reference to people with protected characteristics, and disadvantaged groups refer to low income groups with low participation rates more widely.

Any queries or comments about this Equality Assessment should be addressed to: Linda Brennan, Department for Education, 1 Victoria Street, London, W1H 0ET, linda.brennan@bis.gov.uk.

Summary of equality impacts across the proposed changes

Changes to the overall student finance system

A number of policy proposals considered in this analysis concern changes to student finance arrangements with fees, loans and grants uplifted by forecast inflation (2.8%):

- Increases in tuition fees by forecast inflation and commensurate increases in tuition fee loans;
- Increases in grants that act as a contribution towards the cost of living, dependants' grants and disabled students allowances, again by forecast inflation;
- Increases in loans for living costs by forecast inflation.

Our assessment is that these proposed changes will have a neutral impact for those with and without protected characteristics. Although student loan debt may rise, this will be in nominal terms only and will not affect participation decisions.

Replacing NHS bursaries with loans

Overall our assessment is in line with the conclusion reached by DH; that the proposed change from bursaries to loans "could, in theory, deter applications from those who are averse to taking out increased borrowing (e.g. those from lower socio-economic groups)." There is therefore a risk to the participation of students on nursing courses, particularly those from low income backgrounds, including those from protected groups.

This DH initiative should be seen in context; these changes will increase student opportunities by delivering more nurses, midwives, AHPs and ODPs for the NHS: provide a better, more sustainable, funding system for nursing, midwifery and AHP students and enable a more sustainable funding model for universities. Following the reform universities will be able to recruit additional students, where capacity allows, over the clinical placement numbers commissioned by Health Education England (HEE) and outlined in the annual HEE Workforce Plan.

Other changes

Other changes covered in this analysis have been assessed to have positive equality impacts for those from protected groups. These benefits may vary, with some groups potentially exhibiting different levels of debt aversion.

Background

The overall intention of support for living and tuition costs is to ensure that finance is not a barrier to entry into higher education. The intention is that no eligible student in England should be deterred from attending higher education on the grounds of affordability; that attendance in higher education is based on the ability to learn, not the ability to pay; and that spending power is placed in the hands of the students.

This continues to be a guiding principle for the Government's reforms to the Higher Education Student Funding system, reforms that have aimed to expand and widen participation in Higher Education, ensure that higher education providers in England have the funding they need to remain world class, whilst ensuring financial sustainability for the taxpayer.

The Government is committed to maintaining the UK's world class higher education system while living within its means. Graduates generally earn considerably more than people without a degree and therefore the system is designed to ensure that those who benefit most contribute most towards the cost of their higher education.

Proposed policy changes and equality analysis

Proposed changes to maximum fees, fee loans and grants and loans for living and other costs in 2017/18

Full Time Fee and Fee Loans for new and continuing students

- Maximum tuition fee caps for full time courses and full time distance learning courses starting on or after 1 September 2012 at publicly funded higher education providers who have achieved a Teaching Excellence Framework (TEF) Year One rating of Meets Expectations and have an access agreement with the Office for Fair Access (OFFA) will be increased by forecast inflation (2.8%) in 2017/18 to £9,250.
- For publicly funded higher education providers who have achieved a TEF Year One rating of Meets Expectations but do not have an access agreement with OFFA, the maximum tuition fee cap for full time and full time distance learning courses starting on or after 1 September 2012 will be increased by forecast inflation (2.8%) in 2017/18 to £6,165.
- For publicly funded providers that have not achieved a TEF Year One rating of Meets Expectations, maximum tuition fee caps for full time and full time distance learning courses starting on or after 1 September 2012 will remain at the 2016/17 levels of £9,000 and £6,000.
- Maximum fee loans for full time and full time distance learning courses at publicly funded providers starting on or after 1 September 2012 will be increased by forecast inflation (2.8%) to £9,250 in 2017/18.
- Maximum tuition fee and fee loan caps for students undertaking a work placement year of a Sandwich course either in the UK or abroad will remain at 20% of the maximum applicable full-time fee and fee loan caps in 2017/18. Maximum tuition fee and fee loan caps for students undertaking an Erasmus study or Erasmus work placement year or a period of study at an overseas provider that is not an Erasmus year will remain at 15% of the maximum applicable full-time fee and fee loans in 2017/18
- For full time courses starting before 1 September 2012, maximum tuition fee and fee loan caps at publicly funded providers will be £3,465 in 2017/18, the same as in 2016/17.

Tuition Fees and Fee Loans for part time higher education courses

- For part-time courses starting on or after 1 September 2012 at publicly funded higher education providers that have achieved a TEF Year One rating of Meets

Expectations and have an access agreement with OFFA, maximum tuition fee caps will be increased by forecast inflation (2.8%) to £6,935 in 2017/18.

- For publicly funded providers that have achieved a TEF Year One rating of Meets Expectations but do not have an access agreement with OFFA, the maximum part time tuition fee cap for courses starting on or after 1 September 2012 will be increased by forecast inflation (2.8%) to £4,625 in 2017/18.
- For publicly funded providers that have not achieved a TEF Year One rating of Meets Expectations, the maximum tuition fee caps for part time courses starting on or after 1 September 2012 will be £6,750 and £4,500 respectively in 2017/18, the same as in 2016/17.
- Maximum fee loans for part time courses at publicly funded providers starting on or after 1 September 2012 will be increased by forecast inflation (2.8%) to £6,935.

Tuition Fee Loans for higher education courses at private providers.

- For full time and full time distance learning courses starting on or after 1 September 2012 at private providers that have achieved a TEF Year One rating of Meets Expectations, the maximum fee loan will be increased by forecast inflation (2.8%) to £6,165 in 2017/18.
- For private providers that have not achieved a TEF Year One rating of Meets Expectations the maximum fee loan for full time and full time distance learning courses starting on or after 1 September 2012 will be £6,000 in 2017/18, the same as in 2016/17.
- For part time courses starting on or after 1 September 2012 at private providers that have achieved a TEF Year One rating of Meets Expectations, the maximum fee loan will be increased by forecast inflation (2.8%) to £4,625 in 2017/18.
- For private providers that have not achieved a TEF Year One rating of Meets Expectations, the maximum fee loan for part time courses starting on or after 1 September 2012 will be £4,500 in 2017/18, the same as in 2016/17.

Analysis of proposed changes to maximum fees and fee loans for 2017/18

The Equality Analysis for the Higher Education and Research Bill assessed the impacts of the TEF on individuals from disadvantaged backgrounds and individuals possessing protected characteristics across multiple years of the framework. The below analysis focuses on the impacts that relate to the changes set out above and hence primarily focus on the impacts of TEF Year One on student fees and loans for the 2017/18 academic year. A list of eligible publicly funded providers with a TEF Year One rating of Meets Expectations is provided in the Schedules to the Higher Education (Basic Amount)(England) Regulations 2016 and the Higher Education (Higher Amount)(England) Regulations 2016. The Basic Amount Regulations apply to maximum fee caps where a publicly funded provider does not have an access agreement in place with OFFA. The Higher Amount Regulations apply to maximum fee caps where a publicly funded provider has an access agreement in place with OFFA. A list of eligible private providers in relation to fee loans only will be provided in Schedule 2 of the Student Fees and Support (Amendment) Regulations 2016.

Impact

The proposed changes in the regulations mean that any publicly funded higher education provider that has met the eligibility criteria for TEF Year One - as set out in Annex A of the Government's White Paper 'Success as a Knowledge Economy: Teaching Excellence, Social Mobility and Student Choice[1]' - will be able to raise its fees up to a maximum fee cap which will rise in line with forecast inflation (2.8%) in 2017/18. As a result, all new and eligible continuing students attending the listed institutions may face nominal increases in tuition fees, with an increased tuition fee loan available to ensure students are able to continue to cover the full upfront cost of their studies. For students that face increased tuition fees and take out the increased loan; total student loan debt will rise, but in nominal terms only.

Our overall assessment is that these changes will not significantly alter participation decisions. Tuition fees will not increase in real terms and higher education at publicly funded institutions will remain free at the point of access for those who are eligible, as tuition fee loans will increase to cover increased tuition fees. The evidence on balance, which is addressed in more detail in the Equality Analysis for the Higher Education and Research Bill[2], suggests that this will mitigate any negative impacts on participation. More generally, at an aggregate level, there is little evidence that the 2012 reforms,

[1] https://www.gov.uk/government/publications/higher-education-success-as-a-knowledge-economy-white-paper

[2] https://www.gov.uk/government/publications/higher-education-and-research-bill-equality-analysis

which saw a significant increase in HE fees and associated student debt levels, has had a significant impact in deterring the participation of young students from low income backgrounds. Instead, student numbers have continued to rise, including amongst those from the poorest backgrounds.

In addition, for any private higher education provider that has achieved a TEF Year One rating of Meets Expectations, the maximum fee loan will also be increased by forecast inflation (2.8%) for the academic year 2017/18. These providers do not have a cap on the fees that they can charge; the fee loan supporting the student potentially only covering a proportion of their tuition costs. Students at these providers will have the option of taking out an increased tuition fee loan, which would result in increased student loan debt. Our assessment of the impact on students at private higher education providers is the same. We do not expect that the proposed changes will alter participation decisions.

There is a third group of students attending institutions that have not met the outlined TEF eligibility criteria. For this group, tuition fee and tuition fee loan arrangements will remain the same in 2017/18. Students at these institutions will see a real terms decrease in the value of the tuition fees they pay and the maximum value of the loans they can take out to cover these fees. This will have the marginal benefit of slightly improving the financial situation of these students, but will not have an equality impact on protected groups.

In the short term, as a result of these changes, we would expect to see more focus on better teaching and promoting better outcomes for students, as providers increase their attention on these areas to prepare for future years of TEF assessments. In the wider context, these changes will help make the sector more financially sustainable, giving institutions greater ability to focus on providing a high quality student experience, prioritising excellent teaching and enabling positive outcomes for all students.

Differential impacts

As mentioned previously, an impact of the proposed policy changes for some will be an increase in student loan debt. Attitudes to debt are not uniform across the student population, with the evidence suggesting students from ethnic minorities, less advantaged backgrounds and mature students are more debt averse and cost sensitive than others. Additionally, research suggests that single parents and female students are more likely to be debt averse[3]. It is unclear, however, what effect if any this greater debt adversity has on their participation decisions. As noted above, there is little evidence from recent reforms that saw a much more significant increase in costs for students and there is some evidence that students are more relaxed about taking on debt when they see it as an investment in their future.

[3] Please see https://www.gov.uk/government/publications/higher-education-student-support-regulations-2015-equality-analysis for more information on the debt aversion of particular groups.

Our assessment, therefore, is that the potential increase in fees and fee loans that this policy change enables will not be significant enough to alter participation decisions. This is because the increases will be nominal; in real terms students will be neither worse or better off as a result.

A proportion of tuition fees capped at the current £9,000 level are used to fund those institutions widening participation activities. OFFA's recent analysis of access agreements for 2017/18 shows that higher education providers with access agreements for 2017/18 plan to spend more on access and success measures for underrepresented student groups than previous years. These groups, in general, tend to be those that are debt averse and are more likely to belong to protected groups. Investment is predicted to rise to £833.5 million, an increase of over ten percent in cash terms compared to 2016/17. Much of this extra investment comes from the increased income of universities charging £9,250 per year, which has been enabled by the introduction of the TEF. The expected impact of this increased investment is an improvement in the participation and outcomes of the aforementioned groups in higher education.

Graduates undertaking 4 year accelerated full-time courses in Medicine and Dentistry

Graduates undertaking accelerated 4 year full-time courses in Medicine and Dentistry in 2016/17 have the first £3,465 of their fees funded through the NHS bursary system for years 2 to 4 of their course. They can apply for a fee loan to of up to £5,535 to meet the full costs of their fees (which are capped at a maximum of £9,000 in 2016/17). For 2017/18, the NHS will increase the amount it pays for fees for years 2 to 4 of these courses by £250, from £3,465 to £3,715 and students will be able to apply for a fee loan of up to £5,535 (unchanged for 2017/18) to meet the full costs of their fees (maximum £9,250 for providers offering high quality teaching).

For the first year of their course, graduates undertaking accelerated 4 year courses in Medicine and Dentistry in 2016/17 self-fund the first £3,465 of their fees and can apply for a fee loan to of up to £5,535 to meet the full costs of their fees (maximum £9,000). For 2017/18, the amount of fees a student must self-fund will remain at £3,465 and the maximum fee loan will increase by £250 to £5,785 to accommodate the increase in maximum fees to £9,250.

Analysis

As in our preceding analysis on policy changes relating to TEF; our assessment is that the potential increases in fees and fee loans that this policy change enables will not be significant enough to alter participation decisions. This is because the increases will be nominal; students will materially be neither worse or better off as a result.

Student support for new students starting courses in nursing, midwifery and the allied health professions on or after 1 August 2017

From 1 August 2017, new students starting pre-registration courses in nursing, midwifery, the allied health professions (AHPs) (excluding courses in dental hygiene and dental therapy) and operating department practice (ODP) will receive support for fee loans and, for full-time courses, living costs through the standard student support system. This Department of Health initiative will replace the current arrangements where course fees and NHS bursaries for living costs are paid by Health Education England (HEE). These new students will therefore be subject to the same general student finance arrangements that apply to other undergraduate students in 2017/18. Following feedback from the Department of Health's consultation, several grants will be made available to eligible healthcare students in addition to the standard student support package, which include support for childcare costs, travel and dual accommodation costs and exceptional hardship funds.

Students who already hold an ordinary degree or honours degree who want to start a second honours degree course in pre-registration nursing, midwifery, AHPs (excluding courses in dental hygiene and dental therapy) and ODP practice from 1 August 2017 onwards will be able to apply for fee loans and, for a full-time course, living costs support.

Students who already hold an equivalent or higher level qualification who want to start a diploma in operating department practice from 1 August 2017 onwards will also be able to apply for fee loans and, for a full-time course, living costs support.

Analysis

The equality analysis produced by the Department of Health; "Reforming healthcare education funding: creating a sustainable future workforce" (DH EA) assessed the impacts of the proposed changes to individuals from disadvantaged backgrounds and individuals possessing protected characteristics. They found that:

"Placing new nursing, midwifery and AHP students on the student support system will, in general, provide up to 25% more living cost support for students during their studies, as the student support system is substantially more than the combination of means-tested and non-means-tested bursaries. However, these new arrangements would increase the time period of student loan repayments students have upon graduation. This could, in theory, deter applications from those who are averse to taking out increased borrowing (e.g. those from lower socio-economic groups). However, the policy would place nursing, midwifery and AHP students on the same student support system as the general student population. There is a built in protection for the lowest earners whereby loan repayments cease where earnings drop below £21,000. In addition, evidence shows that increases in fees in the wider higher education system have not had a detrimental impact on the numbers of students applying to university. In fact, statistics show that potential students are now more likely to apply to university than they were in 2010."

Our analysis builds on this and is required to ensure the Secretary of State for Education has due regard to the equality duty when making a decision to implement these proposals, as they are implemented through Department for Education regulations.

We have approached the analysis in the following way:

1. Drawn on the evidence base on changes to student financial support, taken from both the DH EA and Student Finance Equality Analysis (BIS, 2015) as well as wider evidence where deemed appropriate.
2. Assessed the likely impacts of the proposed DH policy change on individuals possessing a protected characteristic or from a disadvantaged background through determining the representation of these groups amongst the NHS bursary population and making assertions based on the aforementioned evidence base.

Assessment of the evidence base

On balance, evidence shows that non-financial factors outweigh financial factors when making the decision to pursue higher education. Recent research has highlighted increasingly accepting attitudes towards debt amongst students. In particular, Harrison et al (2015) have found that many undergraduate students from disadvantaged backgrounds showed "positivity about debt as a means of enabling them to access higher-level careers ".

Debt can have a greater impact on poorer students, particularly single parents - who are more likely to be women - BME students and Muslims (this is expanded upon below, with further detail available in BIS, 2015) whilst evidence on mature students finds that they tend to have a preference for smaller financial support packages made up of non-repayable grants and bursaries . This can potentially affect decisions to participate in higher education as well as other decisions, for example, whether to take on part-time work alongside study. There is a link between non-repayable grants, the prospect of debt and participation for students with protected characteristics who are prominent amongst healthcare students. Data shows that healthcare students in particular are, on average, older, poorer and more likely to be women and to have children than undergraduates generally.

Some Muslims believe that charging interest is forbidden under Sharia principles. This belief could potentially deter some students from taking out interest bearing loans. Survey evidence also suggests that Muslim students are making less use of loans than other students.

Impact

The DH initiative to replace NHS bursaries with repayable loans will alter the cost of, and hence the returns, from studying nursing, midwifery and allied health profession courses. The prospect of taking on debt could act as a barrier to entry for potential students. Although financial factors continue to play a secondary role in the participation decisions for the general student population, Health care profession courses have an intake that is disproportionately female; older than 25; and with children – these students exhibit greater sensitivity to cost.

Research from Walker and Zu (2013) suggests that the financial returns to studying nursing, for women in particular, are low. The proposed increase in costs, brought about by the removal of the bursary, would result in a further reduction to these returns.

It may be possible that Healthcare courses have been attractive to some because of the non-repayable support available. Altering the cost of Higher Education for health courses may prompt potential students to consider alternative subjects to ensure they are getting the best possible value for money from their course of study. Potential students may find that for the same price they can study another course and achieve higher returns as female graduates, on average, earn considerably more than female nursing graduates.

The proposed DH changes will result in an increase in funds available to nursing and healthcare students, covering their tuition fees and providing a contribution to living costs during their period of study. This group of students will receive around a 25% increase in the financial resources available to them for living costs during the time they are studying. Without the provision of government finance many students would not be able to afford University.

Overall our assessment is in line with the conclusion reached by DH; that the proposed change from bursaries to loans does present a risk to the participation of students on nursing courses, particularly those from low income backgrounds, including those from protected groups. The available evidence suggests that mature students, Women, BME and Muslim students are more at risk due to their increased sensitivity to debt. However, the progressive repayment system with built in protection for the lowest earners, should provide some mitigation to this.

This DH policy proposal should be seen in context; these changes will increase student opportunities by delivering more nurses, midwives, AHPs and ODPs for the NHS: provide a better, more sustainable, funding system for nursing, midwifery and AHP students and enable a more sustainable funding model for universities. Following the reform universities will be able to recruit additional students, where capacity allows, over the clinical placement numbers commissioned by Health Education England (HEE) and outlined in the annual HEE Workforce Plan.

Differential Impacts

Disadvantage

The proposed changes will result in more upfront support than the combination of means-tested and non-means-tested bursaries under the NHS Bursary Scheme. This increased support should have the impact of easing financial concerns during study for students with low incomes. However, there is an increased risk to participation of this group due to their increased sensitivity to debt. These students may decide to pursue subjects that offer higher returns than nursing in order to obtain the best possible value for money from their investment.

In order to mitigate this impact, additional non-repayable support will be available to students in the form of travel grants, childcare allowances and other provisions including for cases of exceptional hardship. This additional financial support is expected to ease the financial concerns of disadvantaged students who are more likely to face financial hardship.

Age

Evidence shows that mature students tend to be more debt averse, whilst their decision-making around HE participation is expected to be more complex because of other commitments they are more likely to have. Although there will be a benefit from the greater level of living cost support available, mature students may choose not to take up the additional loan available and decide to take up additional part-time work or study at an institution closer to home. This is important because 40.8% of current nursing, midwifery and allied health profession students are over 25 years of age, compared with only 18% of students generally.

Based on their over representation and the potentially higher levels of debt aversion amongst mature students, there is a greater risk to the participation and outcomes of mature students on healthcare courses as a result of switching from bursaries to loans.

Disability

The DH EA identifies that there are proportionally less disabled students in the population of nursing, midwifery and allied health profession students that receive the bursary than for the population of all students and compared to the UK population as a whole.

	Nursing, midwifery and allied health profession students[4]	General UK Population[5]	Students[6]
Disability prevalence	3.5%	10.0%	10.1%

This data suggests that the impact of this policy is proportionately more likely to fall on students without rather than with disabilities. We are not aware of any evidence on how views to debt vary between disabled and non-disabled groups.

Gender

Evidence[7] suggests that women are more debt averse then men. As outlined in the DH EA, females make up the majority of students on health and nursing courses and are therefore more likely to be impacted by the proposed changes.

Based on their over representation and evidence of increased levels of debt aversion, there is a greater risk to the participation and outcomes of female students on healthcare courses as a result of switching from bursaries to loans. The potential risk to female participation may be mitigated by the increased levels of support available, whilst in addition several grants will be made available to eligible healthcare students. These include support for childcare costs, travel and dual accommodation costs and exceptional hardship funds which are expected to serve the same purpose.

Ethnicity

Evidence shows that students from ethnic minorities are more likely to be debt averse. The policy change therefore presents a greater risk to the participation of this group of students. As the DH EA identifies, there is a higher representation of ethnic minority students amongst the nursing, midwifery, AHP and ODP student population compared to the general population in England and Wales. The proposed policy change is therefore likely to impact upon a proportionally higher number of ethnic minority students, who will lose their access to non-repayable financial support. In order to mitigate this impact,

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[4] NHS BSA (Business Services Authority) data - http://www.nhsbsa.nhs.uk/

[5] DWP - https://www.gov.uk/government/statistics/disability-prevalence-estimates-200203-to-201112-apr-to-mar

[6] HESA student record – Table 6a: for full-time students, 170,735 with a known disability, out of 1,696,030 in total (10.1%).

[7] See assessment of evidence base

additional non-repayable support will be available to students in the form of travel grants, childcare allowances and other provisions including for cases of exceptional hardship. Previous analysis[8] suggests that disadvantaged students, who we would expect to benefit more from the provision of these grants, are more likely to come from ethnic minority backgrounds.

Religion

As the DH EA states, "*NHS Bursary recipients are more likely to have a religion, and less likely to have no religion, than the general student population, but less likely to have a religion and more likely to have no religion than the England and Wales population as a whole.*" The proposed policy change is therefore more likely to impact those that have a religion when comparing the affected group with the overall student population. Students will lose their access to non-repayable financial support but will now have access to more financial support to meet their costs. There is evidence to suggest that there are groups of Muslim students whose feel unable to take out an interest bearing loan. This means that this group of students will no longer have access to funding for living costs as non-repayable finance is no longer available. Some groups of Muslims, who are opposed to interest bearing loans, may decide not to pursue healthcare courses because of this change.

The Government introduced primary legislation in May 2016 which will, subject to Parliament, allow the Secretary of State to offer alternative student finance, consistent with the principles of Islamic Finance, alongside his current powers to offer loans and grants. This is intended to support the participation of some students, particularly Muslim students, who might feel unable for religious reasons to take on interest bearing loans to support their education. Work on the alternative student finance model is on-going. This work includes careful consideration of where and how alternative student finance can deliver the most benefit for students across the system.

Sexual orientation

Data provided in DH EA indicates that the representation of individuals of particular sexual orientations is broadly similar across the NHS bursary and general UK populations. This suggests that the impacts described throughout this analysis are not more likely to fall on individuals of particular sexual orientations.

Our assessment is that the impact of this policy proposal is not likely to differ on the basis of a student having a particular sexual orientation as there is no evidence to suggest that there are differences in levels of debt aversion between these groups. Students will lose

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[8] The *Student Finance Equality Analysis (BIS, 2015)* using evidence from DWP (https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/437246/households-below-average-income-1994-95-to-2013-14.pdf) – finds that BME students are more likely to come from low income backgrounds.

their access to non-repayable financial support. In order to mitigate this impact, additional non-repayable support will be available to students in the form of travel grants, childcare allowances and other provisions including for cases of exceptional hardship.

Pregnancy and maternity

Analysis from DH EA asserts that the pregnancy and maternity characteristic is relevant for this policy change because there are a large proportion of female students over the age of 25 on courses funded by the NHS Bursaries. NHS BSA data shows that 1.3 per cent of students on these courses claimed maternity allowance in 2014/15 but there is a lack of robust data for other populations. For this reason it is difficult to know how many students have children.

Our assessment is that this impact of the policy proposal is not likely to differ on the basis of a student being pregnant as there is no evidence to suggest that there are differences in levels of debt aversion between those who possess this characteristic and those who do not. Students will lose their access to non-repayable financial support. In order to mitigate this impact, additional non-repayable support will be available to students in the form of travel grants, childcare allowances and other provisions including for cases of exceptional hardship.

Proposed changes to loans for living costs, grants and allowances

Loans for living costs for new full-time students and continuing full-time students starting their courses on or after 1 August 2016

- Maximum loans for living costs for new full-time students and eligible continuing full-time students starting their courses on or after 1 August 2016 will be increased by forecast inflation (2.8%) in 2017/18.
- For students living away from home and studying outside London, the maximum loan for living costs for 2017/18 will be £8,430. The equivalent loan rates for students living away from home and studying in London will be £11,002, for those living in the parental home during their studies, £7,097 and for those studying overseas as part of their UK course, £9,654.

Loans for living costs for new full-time students and continuing full-time students starting their courses on or after 1 August 2016 who are entitled to certain benefits

- Maximum loans for living costs for new full-time students and eligible continuing full-time students starting their courses on or after 1 August 2016 and who are entitled to benefits will be increased by forecast inflation (2.8%) in 2017/18.

- For students who are entitled to benefits who are living away from home and studying outside London, the maximum loan for living costs for 2017/18 will be £9,609. The equivalent loan rates for students who qualify for benefits and who are living away from home and studying in London will be £11,998; for those living in the parental home during their studies, £8,372; and for those studying overseas as part of their UK course, £10,746.

Loans for living costs for new full-time students and continuing full-time students starting their courses on or after 1 August 2016 who are aged 60 or over at the start of their course

- The maximum loan for living costs in 2017/18 for new full-time students and eligible continuing full-time students starting their courses on or after 1 August 2016 who are aged 60 or over on the first day of the first academic year of their course, will be increased by forecast inflation (2.8%) to £3,566.

Maintenance Grants and Special Support Grants for full-time students who started their courses before 1 August 2016

- The maximum maintenance grant and special support grant for eligible continuing full time students who started their courses on or after 1 September 2012 but before 1 August 2016, will be increased by forecast inflation (2.8%) in 2017/18 to £3,482.
- The maximum maintenance grant and special support grant for eligible continuing full-time students, who started their courses before 1 September 2012, will be increased by forecast inflation (2.8%) in 2017/18 to £3,197.

Loans for living costs for full-time students who started their courses before 1 August 2016

- Maximum loans for living costs for eligible students, who started their course on or after 1 September 2012 but before 1 August 2016, will be increased by forecast inflation (2.8%) in 2017/18.
- For students who are living away from home and studying outside London, the maximum loan for living costs will be £6,043. The equivalent loan rates for students living away from home and studying in London will be £8,432; for those living in the parental home during their studies , £4,806; and for those studying overseas as part of their UK course, £7,180.

Loans for living costs for eligible students who started their courses before 1 September 2012

- For students who started their courses before 1 September 2012 and are living away from home while studying outside London, the maximum loan for living costs will be £5,440. The equivalent loan rates for students living away from home and studying in London will be £7,611; for those living in the parental home during their studies, £4,217; and for those studying overseas as part of their UK course £6,475.

Long Courses Loans

- Maximum long courses (living costs) loans for new and continuing students who are attending full-time courses that are longer than 30 weeks and 3 days during the academic year will be increased by forecast inflation (2.8%) in 2017/18.

Dependants Grants

- Maximum amounts for dependants' grants (adult dependants' grant, childcare grant and parents' learning allowance) will be increased by forecast inflation (2.8%) in 2017/18 for all new and continuing full-time students.
- The maximum adult dependants' grant (ADG) payable in 2017/18 will be increased to £2,834. The maximum childcare grant (CCG) payable in 2017/18, which covers 85% of actual childcare costs up to a specified limit, will be increased to £159.59 per week for one child and £273.60 per week for two or more children. The maximum parents' learning allowance (PLA) payable in 2017/18 will be increased to £1,617.

Part-time grants and loans

- For students who started part-time and full-time distance learning courses before 1 September 2012 and who are continuing their courses in 2017/18, maximum fee and course grants will be increased by forecast inflation (2.8%) in 2017/18. Maximum fee grants will be increased to £879, £1,054 or £1,321, depending on the intensity of study of the course. Maximum course grants will be increased to £288.

Disabled Students Allowances

- Maximum grants for full-time and part-time undergraduate and postgraduate students with disabilities will be increased by forecast inflation (2.8%) in 2017/18.

Analysis

We know that some disadvantaged and protected groups are overrepresented amongst recipients of different student support products, so are more likely to be impacted by the proposed changes. For example[9];

- **Maintenance grants -** disadvantaged students, those from ethnic-minority backgrounds and older students are overrepresented amongst this population.
- **Dependants grants-** older students are overrepresented across all grants, female students are overrepresented amongst CCG recipients, whilst male students are overrepresented amongst ADG recipients.
- **Disabled Students Allowances** – By definition, recipients are more likely to have a disability.
- **Part-time grants and loans –** students studying part-time courses[10] are more likely to be female and older when compared with the full-time student population. This also means these students are more likely to be married or in a civil partnership than full-time students[11].
- By increasing the maximum levels of support available across these different streams of funding in line with forecast inflation, it will ensure that students do not suffer a real terms reduction in their income.
- Any impact will differ on the basis of whether these streams of funding are provided as grants or loans. An increase in loan funding will increase student debt (in nominal terms only) whilst an equivalent increase in grant funding will not. It is our assessment that any impact of these changes is neutral. Although some groups are overrepresented amongst the groups that receive some student support products, the impact of increasing support by forecast inflation will mean a nominal but not a real terms increase in student debt. The other factor is the extent to which the inflation linked increase in funding streams reflects the cost of living increases experienced by different groups. We do not, however, information at this level and so therefore assume it to have a neutral impact.

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[9] The equality analysis for the 2016/17 regulations provides evidence on the characteristics of those students who were awarded student support in 2013/14
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/482110/bis-15-639-student-finance-equality-analysis.pdf

[10] A proxy we will use for recipients of a part-time fee loan or grant

[11] As part-time students are more likely to be over 30, the mean age of marriage is above 30 and the mean age of civil partnership is over 40, they are more likely to be married or in a civil partnership than their full-time counterparts. (Please see ONS Statistical bulletin: Civil Partnerships in England and Wales: 2014 for the underlying data)

Other proposed changes to higher education student finance for 2017/18

Student support for part-time students starting a second degree course in STEM subjects

Most students who hold a higher education qualification are currently not entitled to apply for additional fee loan for a second course if that course leads to a qualification that is equivalent or lower in level (ELQ) than their previous higher education qualification.

The Government has previously relaxed ELQ rules in order to help people who already hold an honours degree qualification but who wish to retrain in some science, technology, engineering and maths (STEM) subjects. Students studying second degree courses on a part-time basis can already apply for fee loans for part-time second degree courses in engineering, technology or computer science.

ELQ rules are being relaxed further to allow students wishing to start a second honours degree course on a part-time basis from 1 August 2017 onwards to apply for fee loans towards honours degree courses in the following additional STEM subjects; biological sciences; veterinary sciences; agriculture and related subjects; physical sciences and mathematical sciences.

Analysis

Data is not readily available on the background characteristics of students studying a second part-time degree courses in a STEM subject. However, data from HESA[12] shows that apart from an overrepresentation of male students, the student demographic for STEM subjects in 2014/2015 generally mirrored the total student population. In addition there is evidence[13] to suggest that part-time learners tend to be older, female and are more likely to belong to the white ethnic group.

This can enable us to make an assessment on which groups are likely to be impacted by this policy change.

The proposed change will enable prospective students to pursue a second degree in a STEM subject on a part-time basis. This will have a positive impact on students, potentially enabling them to make career changes in order to benefit from the high financial returns available to STEM graduates. On balance our assessment is that these students are more likely to be older and of white ethnicity.

One aspect that may lead to the regulations having a relatively smaller impact on certain groups is their level of debt aversion. Those who are more averse to taking on debt, may

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[12] HESA Student record 2014/15 – all science subjects has been used as a proxy for STEM

[13] See footnote 15

be dissuaded from taking the loan, and thus may benefit comparatively less, than those more accepting of debt. For this reason female students, older students and those from ethnic minority backgrounds are not as likely to experience the aforementioned benefits.

Student support for armed forces personnel serving overseas and their families

Currently students who are undertaking a full-time or part-time distance learning course with a UK provider qualify for loans, and where applicable, disabled students allowances, if they were undertaking their courses in England on the first day of the first academic year of their course and are living in the UK. Students do not qualify for support for a distance learning course if they are undertaking their course outside the UK. This rule currently places armed forces personnel serving overseas and their families who wish to undertake a higher education course by distance learning at a disadvantage as a result of their service.

From 1 August 2017, UK armed forces personnel serving overseas and family members living with them will, for the first time, qualify for fee loans for full-time and part-time undergraduate distance learning courses with UK providers. They will also qualify for postgraduate master’s loans for full-time and part-time master’s degree distance learning courses with UK providers. Those students with disabilities will qualify for disabled students’ allowance. This change applies to students starting or continuing distance learning courses in 2017/18.

Analysis

Armed forces personnel serving overseas and their families will now have access to student financial support for distance learning courses. A group of prospective students will be able to participate for the first time in higher education whilst for continuing students, financial concerns will be eased. Data is not readily available on the characteristics of armed forces personal and their families, and as such it is not possible to identify those most likely to benefit.

One aspect that may lead to the proposed changes s having a relatively smaller impact on certain groups is their level of debt aversion. Those whom 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. For this reason female students, older students and those from ethnic minority backgrounds are not as likely to experience the aforementioned benefits.

Students studying on a full time course at a Scottish institution who are undertaking an Erasmus study or work placement year

Currently, English domiciled full-time students undertaking a study or work placement (or combination of both) Erasmus year (European Region Action Scheme for the Mobility of University Students) as part of a full-time higher education course at a Scottish higher education provider are entitled to a fee waiver.

For the 2017/18 academic year, English domiciled students who either (i) are starting their full-time course at a Scottish institution on or after 1 August 2017 or (ii) started their full time course at a Scottish institution on or after 1 September 2012 and who are continuing their course on or after August 2017, who are undertaking an Erasmus study and/or work placement year abroad will, for the first time be charged a tuition fee by the Scottish Government of up to 15% of the maximum tuition fee.

For 2017/18, we are introducing a fee loan of up to £1,385 under the Student Support Regulations to meet the full costs of an Erasmus study or work placement year undertaken as part of a course at a Scottish institution (15% of the full £9,250 fee loan).

This change for 2017/18 brings student support arrangements for English domiciled students studying at Scottish institutions and undertaking an Erasmus year in line with those for English domiciled students undertaking an Erasmus year at English and Welsh HEIs introduced in 2014/15.

Analysis

This policy will enable students studying abroad as part of the Erasmus programme to receive support in form of a loan to cover tuition fees, for which there previously was a fee waiver offered by the Scottish Government.

Primarily, this will enable students to continue Erasmus study in Scotland, as it is provides them with the finance to do so. Without a loan, it is possible that participation on these courses would be negatively affected.

One aspect that may lead to this proposal having a differential 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 therefore be less likely to pursue Erasmus study, than those more accepting of debt. For this reason there may be a risk to the participation female students, older students and those from ethnic minority backgrounds on Erasmus programmes at Scottish institutions.

Family Test

A number of policy proposals considered in this analysis concern changes to student finance arrangements with fees, loans and grants uplifted by forecast inflation (2.8%):

- Increases in tuition fees by forecast inflation and commensurate increases in tuition fee loans;
- Increases in grants that act as a contribution towards the cost of living, dependants' grants and disabled students allowances, again by forecast inflation;
- Increases in loans for living costs by forecast inflation.

Our assessment is that in general these proposed changes will not have a particular impact on families.

Proposed changes to the NHS Bursary are more likely to have an impact on families. We do not believe that the changes proposed are likely to have a significant effect on family formation, but we have considered evidence regarding the relationship between student loan debt, repayments and the maintenance or future formation of strong, stable and nurturing relationships:

- Where a household has a member commencing a higher education course in nursing, midwifery or one of the allied health professions, these changes will provide them with increased financial resources to meet the cost of living, which would be expected to reduce the likelihood of financial pressures affecting the stability of the family relationship.
- A consequence of this proposal is an increased debt burden for graduates from nursing, midwifery or one of the allied health professions. Evidence shows that increased student debt can delay or decrease the chance of marriage, potentially reduce chances of having children and can delay other decisions, such as the decision to buy a home. However, this must be balanced against the earnings and job prospects attained by graduates.

The remaining policies considered have been considered not relevant for the family test.

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