



Department
for Education

Higher education student finance for the 2019 to 2020 academic year

Equality Analysis

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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.

One means of meeting this requirement is to carry out an Equality Analysis which helps us understand the potential impact of new policy proposals and regulations on people from different groups in society and whether some are likely to be affected more than others.

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 also no robust data collected on religion or belief at undergraduate level and so there are limitations in assessing the effect of policy changes for 2018/19 on different religious groups.

As disadvantage in education is still apparent in connection to family income and economic status we will also consider 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.

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Summary of equality impacts across the proposed changes

Changes to the overall student finance system

A number of policy proposals considered in this equality analysis concern changes to student finance arrangements for the 2019/20 academic year with maximum loans and grants for living and other costs and postgraduate loans uplifted by forecast inflation (2.8%).

- Increases in grants that act as a contribution towards the cost of living for students starting full-time undergraduate courses before 1 September 2016 by 2.8%;
- Increases in dependants' grants and disabled students allowances for undergraduate courses by 2.8%;
- Increases in loans for living costs for undergraduate courses by 2.8%;
- Increases in loans for students starting postgraduate master's degree courses and doctoral degree courses in 2019/20 by 2.8%; and
- Increases in disabled students' allowance for postgraduate students from £10,993 in 2018/19 to £20,000 in 2019/20.

Our overall assessment is that these proposed changes will have a marginally positive impact for those with and without protected characteristics. Although student loan debt may rise, this is largely due to increases in loans for living costs for undergraduate courses and loans towards the costs of postgraduate courses, which if not implemented would make higher education less affordable, and consequently potentially less accessible, for students from lower income backgrounds.

Postgraduate students eligible for Disabled Student Allowance (DSA) with additional support costs associated with mental health, long-term illness or other disability over and above the current maximum amount of funding available would benefit from the proposal to increase the maximum DSA to £20,000, a level more in line with undergraduate DSA. The higher level of funding they would receive for 2019/20 would make higher education more affordable and accordingly more accessible for this particular group of disabled students who are incurring comparatively higher support costs than other disabled students.

Background

The overall intention of support for living cost or, for postgraduate courses, for course 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 changes to loans, grants and allowances in 2019/20

Support for Undergraduate Courses

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 undergraduate students and eligible continuing full-time undergraduate students starting their courses on or after 1 August 2016 will be increased by forecast inflation (2.8%) in 2019/20.
- For students living away from home and studying outside London, the maximum loan for living costs for 2019/20 will be £8,944. The equivalent loan rates for students living away from home and studying in London will be £11,672, for those living in the parental home during their studies, £7,529 and for those studying overseas as part of their UK course, £10,242.

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 undergraduate students and eligible continuing full-time undergraduate students starting their courses on or after 1 August 2016 and who are eligible for benefits will be increased by forecast inflation (2.8%) in 2019/20.
- For undergraduate students who are entitled to benefits who are living away from home and studying outside London, the maximum loan for living costs for 2019/20 will be £10,194. The equivalent loan rates for students who qualify for benefits and who are living away from home and studying in London will be £12,729; for those living in the parental home during their studies, £8,882; and for those studying overseas as part of their UK course, £11,401.

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 2019/20 for new full-time undergraduate students and eligible continuing full-time undergraduate 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 £3,783.

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 undergraduate 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 2019/20 to £3,694.
- The maximum maintenance grant and special support grant for eligible continuing full-time undergraduate students, who started their courses before 1 September 2012, will be increased by forecast inflation (2.8%) in 2019/20 to £3,391.

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

- Maximum loans for living costs for eligible undergraduate 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 2019/20.
- For students who are living away from home and studying outside London, the maximum loan for living costs will be £6,411. The equivalent loan rates for students living away from home and studying in London will be £8,946; for those living in the parental home during their studies, £5,099; and for those studying overseas as part of their UK course, £7,617.

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

- Maximum loans for living costs for eligible undergraduate students, who started their course on or after 1 September 2009 but before 1 September 2012, will be increased by forecast inflation (2.8%) in 2019/20.
- For students who are living away from home while studying outside London, the maximum loan for living costs will be £5,771. The equivalent loan rates for students living away from home and studying in London will be £8,075; for those living in the parental home during their studies, £4,474; and for those studying overseas as part of their UK course £6,869.

Long Courses Loans

- Maximum long courses (living costs) loans for new and continuing undergraduate 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 2019/20.

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 2019/20 for all new and continuing full-time undergraduate students.
- The maximum adult dependants' grant (ADG) payable in 2019/20 will be increased to £3,007. The maximum childcare grant (CCG) payable in 2019/20, which covers 85% of actual childcare costs up to a specified limit, will be increased to £169.31 per week for one child and £290.27 per week for two or more children. The maximum parents' learning allowance (PLA) payable in 2019/20 will be increased to £1,716.

Disabled Students' Allowances

- Maximum grants for full-time and part-time undergraduate students with disabilities will be increased by forecast inflation (2.8%) in 2019/20.
- For a full-time course: to £22,603 for a non-medical personal helper, £5,684 for major items of specialist equipment (for the whole course) and £1,899 for other disability related expenditure.
- For a part-time course: to £16,951 for a non-medical personal helper, £5,684 for major items of specialist equipment (for the whole course) and £1,424 for other disability related expenditure.

Part-time grants and loans

- For undergraduate students who started part-time and full-time distance learning courses before 1 September 2012 and who are continuing their courses in 2019/20, maximum fee and course grants will be increased by forecast inflation (2.8%) in 2019/20. Maximum fee grants will be increased to £932, £1,118 or £1,401, depending on the intensity of study of the course. Maximum course grants will be increased to £305.
- The maximum loan for living costs for new part time undergraduate students starting degree level courses on or after 1 August 2018 will be £8,944 for students living away from home and studying outside London. The equivalent loan rate for students living away from home and studying in London will be £11,672; for those living in the parental home during their studies £7,529; and for those studying overseas as part of their UK course £10,242. The amount of loan a part-time student qualifies for will, in addition to household income, depend on the intensity of study on the course when compared to a full-time course.

Support for Postgraduate Courses

Maximum loans for new students starting Postgraduate Master's Degree courses in 2019/20 will increase by forecast inflation (2.8%) to £10,906.

- Maximum loans for new students starting postgraduate doctoral degree courses in 2019/20 will be increased by forecast inflation (2.8%) to £25,700.

Disabled Students' Allowance for Postgraduate Students

The current postgraduate DSA is substantially lower than the undergraduate DSAs and there is evidence that this is causing hardship amongst a very small number of postgraduate students with high support needs. We have decided therefore to bring postgraduate DSAs into line with undergraduate DSAs and, for operational reasons, this will take place over two years. In 2019/20 the single postgraduate DSA will be increased to £20,000, which will almost double the amount currently available.

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 example¹:

- **Maintenance grants (available for full-time students starting courses before 1st August 2016):** 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 (available for part-time students starting courses before 1st September 2012):** students studying part-time courses²

¹ The equality analysis for the 2016/17 student support regulations provides more detailed information on the characteristics of those students who receive loan and grant support and the proportion of student support claimants by protected group and type of student support awarded
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/482110/bis-15-639-student-finance-equality-analysis.pdf

² A proxy we will use for recipients of a part-time fee loan or grant

are more likely to be female and older when compared with the full-time student population.

Table 1 below provides detail on the characteristics of full-time undergraduates awarded maintenance loans and grants (including special support grants) in 2017/18.

Table 1: Profile of full-time undergraduates awarded (1) student support by product. Academic year 2017/18 (as at 31/10/18)

Student Support product	Awarded applicants	Disability status		Gender		Age (3)	
		Receiving DSA	Not receiving DSA (2)	Male	Female	Under 21	21 and over
Maintenance loans	1,100,000	5%	95%	44%	56%	78%	22%
Maintenance grant	195,300	7%	93%	45%	55%	67%	23%
Parental Learners Allowance (PLA)	52,400	9%	91%	21%	79%	5%	95%
Child Care Grant (CCG)	19,400	10%	90%	12%	88%	5%	95%
Adult Dependant Grant (ADG)	15,300	8%	92%	54%	46%	2%	98%

Source: DfE analysis of Student Loans Company data

Notes: (1) Awards do not necessarily translate into payments. An awarded applicant will only receive payments once SLC have received confirmation from the student's provider at the start of the academic year that the student has been registered on the course. (2) This group will include students who declare a disability but are not eligible for DSA. Not all students with a disability will have one that impacts on their ability to study in HE; (3) Age at start of course; (4) Ethnicity figures not reported because of poor data returns

Undergraduates

By increasing the maximum level of support available across these different streams of funding in line with forecast inflation, it will ensure that students do not suffer a real term reduction in their income. This means they should be able to make the same spending decisions as they did previously with regards accommodation, travel, food,

entertainment and course related items such as books and equipment, the costs of which will also have been rising over time³.

The inflation-indexed uplift in loans for living costs will have a positive impact on students from low income backgrounds who tend to be more reliant on financial support and are more likely to have protected characteristics⁴. We do not currently find any evidence that some protected groups will benefit more from the increase in loans than others. This is based on the latest Student Income and Expenditure Survey (SIES) published in 2018 which does not find any significant differences in the expenditure of full- and part-time students in England by gender, ethnicity or class suggesting that experiencing broadly similar rates of increase in living costs⁵.

While an increase in loan funding will increase student debt (in nominal terms only), an equivalent increase in grant funding will not (since it does not need to be repaid). However, the income contingent nature of loan repayments means that the longer-term impact will only be felt by high/middle earning students who go on to repay all or nearly all of their student loan. Any outstanding loan balance is cancelled at the end of the students' loan term.

Postgraduates

Raising the maximum level of the postgraduate master's degree loan and postgraduate doctoral degree loan available in line with inflation will ensure that students starting their courses in 2019/20 do not suffer a reduction in available funding via the loan in real terms. As the increase is available to all students who are starting their courses in 2019/20 and are applying for a loan, the increase will mean that everyone who applies for the loan, including students from protected and disadvantaged backgrounds will benefit.

Postgraduate students eligible for Disabled Students' Allowance (DSA) with additional support costs associated with mental health, long-term illness or other disability over and above the current maximum amount of funding available would benefit from the

³ In the twelve months to Sept 2018, the Consumer Price Index (CPI) was 2.2%. This will figure will vary across different goods and services produced in the UK economy
<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/september2018>

⁴ DWP analysis
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/437246/households-below-average-income-1994-95-to-2013-14.pdf

⁵ DfE (2018) Student Income and Expenditure Survey (SIES) for 2014/15
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/693184/Student_income_and_expenditure_survey_2014_to_2015.pdf

proposal to raise it to a level more in line with undergraduate DSAs (£20,000 in 2019/20). The higher level of funding they would receive would make higher education more affordable and accordingly more accessible for this particular group of disabled students who are incurring comparatively higher support costs than other disabled students.

Debt Aversion

The concept of debt aversion

Debt aversion, in the context of higher education, is a reluctance of prospective students to borrow money to finance the cost of study, even when it may be in their longer-term interest to do so.

Debt aversion among prospective HE students can be attributed to a range of factors. These can include family experiences of borrowing money in the past, cultural attitudes towards debt, and risk and uncertainty around the future returns from investment in HE⁶.

As well as any explicit costs and risks associated with borrowing money, debt aversion also involved potential psychological effects such as distress and anxiety⁷. Debt aversion can influence the decisions which prospective students make about HE to the point that they make poorer choices about HE, including choosing not to participate in HE. This can lead to such students achieving lower earnings over the course of their working life than they may otherwise have done.

Impact of student finance changes on debt aversion

Attitudes to debt are not uniform across the student population. Available evidence suggests that students from ethnic minorities, disadvantaged backgrounds and mature

⁶ See for example *Student aversion to borrowing: who borrows and who doesn't* published by the United States' Institute for Higher Education Policy (IHEP) in 2009
<https://files.eric.ed.gov/fulltext/ED503684.pdf>

⁷ Callander, C. and Mason, G. (2017) *Does student loan debt deter higher education participation: new evidence from England*
<https://www.llakes.ac.uk/sites/default/files/58.%20Callender%20and%20Mason.pdf>

students are more debt averse and more cost sensitive⁸. Additionally, research suggests that single parents and female students are more likely to be debt averse⁹.

The inflationary increase in undergraduate loans for living costs and grants for living and other costs for 2019/20 will not significantly alter participation decisions or have a differential impact across protected groups. The increase will be nominal; in real terms students will be neither worse nor better off. Further, there is little evidence that the 2012 reforms which saw a significant increase in HE fees and associated debt levels, have had a significant impact in deterring participation in higher education amongst disadvantaged groups of students. In addition, the experience of introducing loans for undergraduate students suggests students are increasingly accepting of debt when it represents an investment in their education.

As with undergraduate support, the amendment to increase the amount of loan available for postgraduate master's degree courses in line with inflation for 2019/20 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.

⁸ See NUS (2012) *Never too late to learn*
https://www.nus.org.uk/pagefiles/12238/2012_nus_millionplus_never_too_late_to_learn.pdf and Million+ (2017) *Forgotten learners: building a system that works for mature students*
http://www.millionplus.ac.uk/documents/Forgotten_learners_building_a_system_that_works_for_mature_students.pdf

⁹ Callander, C. and Mason, G. (2017) *Does student loan debt deter higher education participation: new evidence from England*
<https://www.llakes.ac.uk/sites/default/files/58.%20Callender%20and%20Mason.pdf>

Other proposed changes to higher education student finance for 2019/20

Introducing a new Eligibility category for 'Dubs' children granted 'Section 67 leave'

- In June 2018 the Home Office introduced a new category of limited leave to enter and remain in the UK for unaccompanied asylum seeking children relocated to the UK under the terms of Section 67 of the Immigration Act 2016 ('Dubs Children') who do not qualify for leave under the current Immigration Rules as refugees or other protection-based leave. This new category of leave also extends to dependent children of Dubs Children.
- Individuals who qualify for leave under Section 67 of the Immigration Act 2016 and their dependent children will have the right to study, work, access public funds (claim benefits and housing support) and healthcare, and apply for indefinite leave to remain without paying a fee after five years. A new eligibility category is being added to HE Student Finance Regulations for undergraduates and postgraduates and also to Further Education Regulations for the 2019/20 academic year so that Dubs Children and their dependent children who are starting courses in the 2019/20 academic year can be assessed for student support and home fee status.
- Those recognised and given Section 67 leave by the Home Office and their dependent children will, after three years' lawful residence in the UK, qualify for support and become subject to home fee status and, in respect of undergraduate HE courses, maximum tuition fee limits.
- Eligible persons who are granted leave under this category who start new undergraduate courses in the 2019/20 academic year will qualify for loans for fees and living costs and grants for living and other costs where applicable. Those granted leave under this category who are starting postgraduate master's degree courses in the 2019/20 academic year and postgraduate doctoral degree courses in the 2019/20 academic year will qualify for postgraduate master's loans.
- Eligible persons who are granted leave under this category will qualify for grants for living and other costs to undertake postgraduate courses at the European University Institute. Those granted leave under this category will also qualify for Advanced Learner Loans after three years lawful residence in the UK.

Analysis

The limited data and evidence available means that a detailed analysis of the potential equality impacts has not been possible. However, we conclude that the creation of the new eligibility category for student support will have a positive impact on individuals from protected groups as it will enable them to access higher education without having to wait until they qualify for support under the Long Residence category, or until they achieve settled status. This will provide them with the opportunity to benefit from the well documented high average financial returns associated with obtaining a degree and from the wider, more social benefits associated with higher education study.

Students in this category will have to satisfy the requirement for three years' ordinary lawful residence, in line with most other applicants, before they become eligible for home fee status, tuition fee caps and student support. In some cases this may mean a gap in students' educational progression whilst this three years' residence is acquired; this will not be the case for all students, some of whom may need to undertake study in the UK before being admitted to higher education.

The data available on those that have been transferred under Section 67 of the Immigration Act 2016 shows that so far 220 (107 male and 113 female) persons have been transferred to the UK under Section 67. The majority of these have qualified for refugee status or Humanitarian Protection. Only those who have not qualified for refugee status or Humanitarian Protection can be awarded Section 67 leave and therefore could secure access to student support.

Data published by the Home Office in November 2017 shows that of the 220 persons assessed, the most common countries of nationality are Eritrea (79), Ethiopia (55), Sudan (55) and Afghanistan (26). The proposal could therefore particularly affect those with the protected characteristic of race (which is defined as including colour, nationality and ethnic or national origins). It will particularly benefit people from the African Sub-Saharan and, to a more limited degree, the Middle East. On the data available we have been unable to assess the other protected characteristics covered by the Equality Duty.

Family Test

A number of policy proposals considered in this family test analysis concern changes to student finance arrangements with maximum loans and grants for living and other costs for undergraduate courses and loans for postgraduate courses uplifted by forecast inflation (2.8%):

- Increases in grants that act as a contribution towards the cost of living for students starting full-time undergraduate courses before 1 September 2016 by 2.8%;
- Increases in dependants' grants and disabled students allowances for undergraduate courses by 2.8%;
- Increases in loans for living costs for undergraduate courses by 2.8% forecast inflation;
- Increases in loans for students starting postgraduate master's degree courses and doctoral degree courses in 2019/20 by 2.8%; and
- Increases in disabled students' allowance for postgraduate students from £10,993 in 2018/19 to £20,000 in 2019/20.

Our assessment is that in general these proposed changes will not have a particular impact on families. The increase in debt will be in nominal terms only meaning that students with family commitments will be no worse or better off as a result. Moreover, the income contingent nature of loan repayments means that the longer-term impact will only be felt by those students with family commitments who go on to earn more than the minimum repayment threshold after they graduate, which is currently set at £25,000 for further education and undergraduate HE courses and £21,000 for postgraduate master's degree and doctoral degree courses.

Numbers of people granted Section 67 leave are so small that we do not have sufficient data to determine whether the new proposals will have an impact on families. However, the new eligibility criteria increases the number of people who are likely to be eligible for student support to undertake higher education courses where specific grants are available for those students who are parents and those with childcare and adult dependent responsibilities.



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