



Response to the Department for Business, Innovation & Skills Consultation on Support for Postgraduate Study

1. Introduction

This consultation response provides an overview of the position of London School of Economics Students' Union (LSESU) on the Department for Business, Innovation & Skills (BIS) consultation 'Postgraduate study: student loans and other support', published on the 25 March 2015.

LSESU is supportive of the proposal to introduce student loans to assist those who are excluded by financial barriers in continuing onto postgraduate study. However, LSESU is concerned that the current proposals for postgraduate loans will not sufficiently target those that need the support the most.

This response will focus on the areas of the consultation that are of most interest to LSESU.

2. Background

LSESU is the students' union for the London School of Economics and Political Science (LSE) based in Central London. LSESU represents the over 10,000 strong student body at LSE, this is a diverse and cosmopolitan student community with around two thirds of the student population hailing from outside the UK. LSE is one of the foremost social science universities in the world. LSESU represents the interests of our student members and provides them with a range of political, social, and sporting opportunities. We are committed to ensuring that LSE students have the best experience possible from their time at university.

3. Executive Summary

As sabbatical officers of the students' union, we are representatives of the students here at the LSE and we feel that it is in the interests of our students to ensure that we submit a comprehensive response to this consultation.

Here at LSE we have a large number of Postgraduate Taught (PGT) and Postgraduate Research (PGR) students making up approximately 54% (48% and 6% respectively) of our student population.¹ Whilst we broadly support the proposals contained within this consultation there are certain aspects to which we have concerns, namely the arbitrary age limit for PGT loans and the potential limitation of PGR loans to 'specific subjects where the scientific and economic case is strongest' as set out in the consultation document.

¹ Management and Information and Statistics – Students - <http://www.lse.ac.uk/intranet/LSEServices/planningAndStatistics/informationManagementAndStatistics/home.aspx> (last accessed 28/05/2015)

The majority of our postgraduate students (both taught and research) come from outside the UK. Whilst we embrace and celebrate having such a diverse campus, we are concerned that this trend indicates just how significant the financial barriers to accessing postgraduate study are for many UK home students. We believe that the ability to pay should not be a barrier for those wanting to undertake postgraduate study.

We welcome the opportunity to be able to contribute our view to a policy that will benefit many people currently excluded from postgraduate study; however we ask that this Government be mindful that the ability to pay should not be a barrier in its future decision making relating to higher education as a whole.

Nona Buckley-Irvine, LSESU General Secretary

Seb Bruhn, Community & Welfare Officer

Tom Maksimyw, Education Officer

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4. Postgraduate Taught Funding

The first part of this consultation response relates to the proposals surrounding postgraduate taught funding.

Policy Objective

LSESU is broadly supportive of the overall policy objective in introducing postgraduate taught loans. The issue of widening participation for PGT courses is of concern, figures that show 72% of PGT students receive no financial award or backing and self-finance due to the lack of a funding framework highlights this.² For those unable to self-finance there is little prospect of undertaking this course of study and this is having a negative impact on social mobility.³

Research has shown that those who have completed a PGT course earn on average £5,500 more than undergraduates.⁴ This shows that there is a clear individual benefit from ensuring as many graduates can access this course of study as possible. That in conjunction with a competitive graduate market means that the Government should be aiming to ensure that individuals have access to the highest level of qualifications possible.

There are other barriers to potential students studying PGT courses, issues such as confidence in own academic ability, child care and other personal commitments do have an impact on widening

² Department for Business Innovation and Skills, 'Consultation on Support of Postgraduate Study', 25 March 2015, pg. 12 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/416243/BIS-15-185-consultation-on-support-for-postgraduate-study.pdf (last accessed 28/05/2015)

³ 'University Challenge: How Higher Education Can Advance Social Mobility A progress report by the Independent Reviewer on Social Mobility and Child Poverty' (Milburn Report), October 2012, pg. 72 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80188/Higher-Education.pdf (last accessed 28/05/2015)

⁴ 'The social composition and future earnings of postgraduates', Centre for Economic Performance, London School of Economics, pg. 11 http://www.suttontrust.com/wp-content/uploads/2010/03/Sutton_Trust_Postgraduate_report_01032010.pdf (last accessed 28/05/2015)

participation. These are all important barriers, however they can be tackled by other means, for example in relation to lack of confidence in own academic ability, it is for the universities to ensure that they providing the correct support to undergraduate students so that they feel able to progress.

It is the view of LSESU that it is the financial barrier, including the cost of living, to PGT study that is the greatest barrier and that it is right that efforts by the Government to increase participation should focus on this area.

Loan Amount

It is the view of LSESU that the proposed amount of £10,000 will increase participation in PGT study. This is due to the fact that unlike UG study there is no formal funding structure and as such any creation of this would have a positive effect on participation.

Although the £10,000 loan will increase participation, from the perspective of students studying in London and at LSE this figure is not high enough. There is a specific barrier in terms of a higher cost of living in London and higher fees for PGT courses at LSE that disproportionately affects the students that LSESU represents. It is our view that some form of additional loan such as a 'London Weighting' should be applied to PGT loans similar to what is provided for UG students.⁵ Although the additional funds for UG students are in relation to maintenance if it is the Government's intention that the PGT loan can be used for maintenance and/or tuition – at the discretion of the individual – then the additional financial barriers to studying in London should be taken into account. For example the tuition fees to undertake the full time MSc in Finance for a full time, home student at LSE are £30,384 for the academic year 2015/16.⁶

It is the view of LSESU that the PGT loan scheme should be extended to cover all associated costs that studying at that this level may incur. However, if this is not possible it should be a priority for the Government to ensure that the higher cost of studying in London is taken into account.

Contribution to Costs

It is the view of LSESU that the Government should provide a funding model to cover the full cost of undertaking PGT study. This is the only way to ensure that the financial barriers to pursuing this course of study are fully removed.

However, were the principle that the PGT loan will be a contribution rather than covering the full cost be upheld, then it should be at the discretion of the individual as to how they distribute this loan in terms of whether to use it for tuition fees or maintenance. Although the research shows that graduates considering PGT study are more concerned about the cost of fees,⁷ to preclude either maintenance or fees from the loan would likely have an exclusionary rather than a participatory effect by reducing individual autonomy.

Due to the current proposals not intending to cover the full cost of study, there will still be the requirement of prospective PGT students looking to seek alternative funding. This could be in the form of research council grants, family contribution, savings, PCDL or from employment income. It is the view of LSESU that the introduction of PGT loans should not preclude the prospective student from applying for other forms of funding. In particular, although LSESU does not believe that PGT students

⁵ <https://www.gov.uk/student-finance/loans-and-grants>

⁶ <http://www.lse.ac.uk/intranet/students/moneyMatters/tableOfFees/2015-16%20Fees%20Table.pdf>

⁷ Higher Education Council for England (HEFCE), Intention after Graduation Survey 2014, <http://www.hefce.ac.uk/analysis/Overview/> (last accessed 28/05/2015)

should be forced to rely on commercial funding, if the loan remains a contribution then this should be in addition to the PCDL and that this form of funding should not be withdrawn.

Individual Eligibility

It is the position of LSESU that it is right that PGT loans in relation to individual eligibility should be based on the same terms as UG loans. However, the proposed limitation of eligibility in terms of age is not justifiable. Whilst the research used by BIS in order to justify the age limit show that those under 30 do face a larger financial barrier to PGT study are correct, it is the messages drawn from these figures that LSESU disputes.

This response will now go through each of the main areas that the BIS research in Annex 5 used to justify the decision to limit PGT loans to those aged under 30.⁸ The figures used are rounded to the nearest percentage.

Struggling financially

The figures within Table 4 do set out that more students under the age of 30 are likely to agree or strongly agree within the statement that they are 'struggling financially' with a general difference of 13% for the two groups (41% under 30 compared to 28% over 30). As well as this, the difference between the 25-30 group and the 31-35 group (40% and 31% respectively) who state they either strongly agree or agree with 'struggling financially', is a drop of 9%.

Whereas these figures *prima facie* tend to support to the view that those under the age of 30 are more likely to face financial hardship than those over 30, these figures need to be contextualised as most students over the age of 30 tend to be part time and support themselves through their current employment. This could suggest that PGT students over the age of 30 may face different financial issues than younger, full time students. For example, it could be argued that taking the decision to support themselves part time, through wages from employment rather than study full time due to an aversion to putting themselves at risk of struggling financially. This issue will be explored in more detail under 'Part time study'.

Sources of funding for fees and maintenance

Initially looking at Table 8 the difference of the average percentage of under 30 year old students self-financing for fees and those over 30 is 4% (72% and 68% respectively). Although this is a drop, the largest drop occurs between 25 years and younger and the 26-30 year age groups with a difference of 18%. On average there is no substantial difference between under 30s and over 30s. As well as this, the percentage of students both over 30 and under 30, on average receiving support from an employer is still minimal with an 8% increase (19% for under 30s and 27% of over 30s). When this is unpacked a little further, the largest increase is between 25 and under and 26-30 year olds with a 21% increase, however the increase between the 26-30 age group and the 31-35 age groups is only 2%. This shows that there is no tangible difference in terms of support from employment from those aged 26-30 and 30-31, which shows that the cut off age of 30 is arbitrary.

It is accepted by LSESU that students over the age of 26 are more likely to receive support from their employer, however these percentages average for 30 and over at just 27% of students. It is the view of LSESU that this is a low percentage and does not justify excluding those aged 30 and over from

⁸ Department for Business, Innovation and Skills, 'Consultation on Support for Postgraduate Study', Annex 5: evidence related to age eligibility criteria, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/415294/BIS-15-185-an-evidence-postgraduate-loan-eligibility-age-cut-off.pdf (last accessed 28/05/2015)

being able to access student loans for PGT study as support from employers is not a major source of funding, with 68% on average of those over 30 still self-funding for fees.

The figures in Tables 9, 10 and 11 do show that younger students are more likely to use help from their family, take on a PCDL and are less likely to use their own savings or wages from employment. However, this is consistent with the current model of means testing maintenance student loans, what this means is that the older the student is the less likely they are to rely on parental income and therefore their funding needs to be targeted differently, taking into account personal income rather than parental income.

Students who are more likely to rely on their own savings and wages from employment face different financial barriers than those who rely on their parents. In terms of where these barriers lie, this does not mean that they face less financial barriers. For example, a barrier to an older student taking on PGT study could be that their wages from employment would not in itself cover the tuition fees for their preferred course.

It is the view of LSESU that using the differential types of self-funding (parental vs personal income) between those aged under 30 and those aged over 30 is not a justification for the age of 30 cut off.

Financial barriers

As set out in Table 15, funding is consistently more of a barrier for those under 30, on average 38% of those under 30 stated that lack of sufficient funding was a barrier with 23% of over 30s. However if those figures are unpacked slightly, this only constitutes a general difference of 15%. To look even closer at these figures the difference in drop between the 25 and under to 26-30 year old groups – who see lack of funding as a barrier to PGT study – (41% and 34% respectively) is just a 7% difference. This same difference can be seen for 26-30 and 31-35 year olds (34% and 27% respectively). However, this increases to a 30% difference for 36-40 year olds making the difference between those aged 25 and under and those aged 36-40 only 11%.

It is the view of LSESU that the differences between the different age groups does not constitute a large enough gap to justify the age limit proposed. In particular given that the figures for 26-30 year olds and 31-35 year olds, who see lack of sufficient funding as a barrier to PGT study is only 7%, this shows that having an age limit of 30 years old is arbitrary, as the biggest difference is between those aged 25 and under and 26-30. If the aim of this policy is to target the age groups who mostly cite that finance is a barrier to PGT study, then this is the 25 and under group. There is little difference between 26-30 and 31-35, which again shows that the 30 age limit is arbitrary. Although LSESU recognises that as the respondents got older this gap does widen (41% for 25 years or younger compared to 15% of 56 years or older), this does not still justify the lack of difference between someone aged 30 and 31 in terms of barriers to PGT study.

It is not the intention of this consultation response to argue that the evidence suggests that it is those aged 25 and under face the largest barrier in terms of finance to PGT study. Rather it is the view of LSESU that the figures cited by BIS to justify this approach show only half of the picture in relation to PGT study and therefore the justification for the age limit is not robust.

Part time study

Although this is not mentioned specifically within the data tables, part time study is an area of the wider picture of PGT study. It is part of the process of contextualising the different experiences of those under and over 30 within the terms of financial barriers, that LSESU feels was not considered by BIS.

The statistics in Table 13 highlight that more PGT students who are over the age of 30 tend to study part time, on average only 14% of students over 30 study full time compared to 86% part time. In contrast, the table also shows that there is a 50% split for full and part time for those under 30, with those aged 25-30 are more likely to be part time than full time. As discussed earlier in terms of financial support, these part time students tend to use their wages from employment to pay for fees and maintenance as shown in Tables 8-11.

This shows that the decision to return to PGT study for those aged over 30 relates to them personally being able to pay for it. This is reliant on them being able to secure employment that pays them enough. Interestingly Table 16 shows that one of the largest barriers to PGT study for those over the age of 30 is fitting their studies around employment, on average 47% said this compared to 21% of under 30. This confirms that the way that those aged over 30 decide to participate in PGT study differs from those under 30.

Again looking at the difference between the different age groups, the largest drop in those studying full time and increase in part time study occurs between the 25 and under and the 26-30 age groups with a 38% difference. This trend continues as the ages increase. Interestingly Table 20 shows that there is generally a consistent increase in the numbers of individuals who state that they were influenced to study part time by the funding and support available as they get older.

This suggests that those aged over 25 generally access PGT study if they earn enough through their employment to be able to afford it. In the current low-wage economy, if the intention of this policy is to encourage higher levels of skills and therefore better employment then it should be imperative that those on low-wages are able to access PGT study.

It is the view of LSESU that the evidence shows that the lack of a funding framework affects all age groups and that to create a funding structure based on aged would not achieve the desired objective of this policy. In particular, the discrepancy between those aged under and over 30 in accessing full time study could be influenced on the basis that those over 30 are more likely to rely on their personal income than from parents and therefore study part time as this is a more affordable way. This means that were the PGT loans to be extended to all age groups this could encourage those over 30 to access PGT study on a full time basis, as well as this it would allow those who are on low wages to access PGT study at all.

Other methods than age

It is the view of LSESU that the current method of limiting those to have access to PGT loans as those who need it most based on age is an arbitrary means of doing this. Although students over 30 may access PGT study in a different manner to those aged under 30 this should not preclude them from financial support.

The only way to ensure that this financial support is being targeted at those who need it most is to ensure that the criteria for individuals accessing funding is on income and not age. This should follow the same principles as UG student support in terms of whether parental or personal income is taken into account.⁹

It is the view of LSESU that income should be the sole measure of targeting PGT loans. However, if BIS is insistent that there must be additional targeting then the use of age is not something that should be supported. There are viable alternatives, for example University of Essex when administering Higher Education Funding Council of England (HEFCE) funds through its 'Coaching for Academic

⁹ http://www.practitioners.sl.c.o.uk/media/516916/independent_students_fact_sheet_1314_d_b.pdf

Success' target particular groups that are underrepresented at UG level.¹⁰ This criteria would be fairer in ensuring that underrepresented groups that are further underrepresented at PGT level are able to be targeted, rather than excluding mature students.

Fee Inflation

As previously stated the fees for PGT courses at LSE are already mostly in excess of the £10,000 limit, there are a few exceptions such as MScs in Social Policy and Criminal Justice Policy which for 2015/16 academic year cost £9,552 but these are the vast minority of courses.¹¹ With already inflated tuition fees this means in practice it is unlikely that the introduction of the £10,000 PGT loan would influence LSE to increase its tuition fees.

However, there is generally a problem within PGT study of ever increasing fees, as stated fees do vary quite considerably with institutions in London and those deemed to be 'prestigious' costing the most. It is the view of LSESU that the Government should look to regulate PGT fees as the cost is a considerable barrier to PGT study. This is compounded as with fee increases every year it is unlikely that these will decrease any time in the future.

Furthermore, excluding certain institutions from PGT loans would not be an effective means of avoiding rapid and excessive course inflation. It is the view of LSESU that the only way to prevent this, as this is already taking place without PGT loans, would be through Government regulation.

5. Postgraduate Research Funding

The second part of this consultation response relates to the proposals surrounding postgraduate research funding.

Postgraduate Support

The issue of widening participation to PGR study does not have the same body of research as for postgraduate taught students, and is certainly not comparable to that of undergraduate students. This does not mean that there is no research at all but it is by no means sufficient and the existing body of work has tended to focus on the gender gap.¹²

It is the view of LSESU that the Government, either as BIS or through HEFCE, should with priority commission a wide ranging look at PGR students focussing on barriers to study and with the intention of finding out how they can be better supported. Until there is a wide ranging and robust evidence base any attempt to ascertain how to better support PGR students cannot wholly meet their needs.

More generally, funding in recent years has moved away from PGT courses to focus on PGR, it is encouraging that 43% of PGR students are funded either by their institution or by a Research Council.¹³ It is important that this provision is increased and expanded. However, 37% of PGR students do self-fund, as noted this figure is less for Science, Technology, Engineering and Maths (STEM) subjects.¹⁴

¹⁰ https://www.essex.ac.uk/studentfinance/pg/university_support/pss/coaching/

¹¹ <http://www.lse.ac.uk/intranet/students/moneyMatters/tableOfFees/2015-16%20Fees%20Table.pdf>

¹² Wakeling, P and Kyriacou, C (2010) *Widening Participation From Undergraduate to Postgraduate research Degrees: A Research Synthesis*, pg. 5 http://www.esrc.ac.uk/images/widening-participation-final-report_tcm8-6381.pdf (last accessed 28/05/2015)

¹³ Milburn Report, pg. 72

¹⁴ 'Consultation on Support of Postgraduate Study', pg. 28

This could suggest that in an already small pool of students, the ability to pay could play an important role on decisions as to whether to undertake PGR study.

This is particularly an issue as there is an increasing demand for PGR qualifications, especially within the ever expanding research field in the UK, this is not the same demand as PGT qualifications but it is nonetheless increasing.¹⁵ There is also evidence to suggest that individuals who obtain a PGR qualification are more likely to earn more than those with a PGT – and by default more than those with an UG qualification – over the course of their lifetime.¹⁶

It is the view of LSESU that if the Government is committed to supporting and expanding the UK's research base, then ensuring widening participation in PGR study is essential to this. However, there is much more work to be done on understanding how this can be achieved, and it should be the Government that leads the sector in creating a wide ranging and robust evidence base.

Income contingent loans to Support Postgraduate Research Students

Loan amount and terms

The research conducted by HEFCE into transitions into PG study, highlighted that those from low participatory areas at UG level were less likely to transition to PGR study than those from high participation areas.¹⁷ However, current research does not show a link between participation in PGR study and access to financial resources. HEFCE itself recognises that more work needs to be done on this.¹⁸ It is the view of LSESU that the current research in this area is not robust enough and that more should be done.

Nevertheless, existing research for PGT study shows that finance is a barrier, therefore it would be logical that this would also apply to PGR study as well,¹⁹ as the current research on socio-economic background shows that trends in transitions tend to continue right through to PGR level.²⁰ It is therefore view of LSESU that the introduction of a £25,000 loan would have a positive effect on participation in PGR study and that the introduction of these student loans should be supported.

It is difficult to ascertain as to how much of an effect the £25,000 loan would have in terms of participation in PGR study without also knowing more details as to the terms and conditions. For example, would the student be expected to complete their studies within a certain time with the loan being paid to facilitate each year, or would the loan be paid in a lump sum when the student begins PGR study. Another issue would be as if the intention of the loan was to cover the full cost of study or to be a contribution, if this was the former then the £25,000 figure would not be sufficient. It should also be noted that when determining the structure of the loans the additional cost of studying and living in London should also be taken into account, this would ideally be facilitated by a “London Weighting” as suggested above for PGT loans.

Subjects and amount

¹⁵ ‘Consultation on Support of Postgraduate Study’, pgs. 27-28

¹⁶ Lindley, J and Machin, S (2011), *Rising Wage Inequality and Postgraduate Education*, pg. 38
<http://cep.lse.ac.uk/pubs/download/dp1075.pdf> (last accessed 28/05/2015)

¹⁷ Higher Education Council of England (HEFCE), ‘Postgraduate education in England and Northern Ireland: Overview report 2013’, July 2014, pgs. 37-38
<http://www.hefce.ac.uk/media/hefce/content/pubs/2013/201314/Postgraduate%20education%20in%20England%20and%20Northern%20Ireland%20Overview%20report%202013.pdf> (last accessed 28/05/2015)

¹⁸ ‘Postgraduate education in England and Northern Ireland: Overview report 2013’, pg. 40

¹⁹ ‘Consultation on Support of Postgraduate Study’, pg. 13

²⁰ ‘Postgraduate education in England and Northern Ireland: Overview report 2013’, pgs. 37-38

The proposal to focus on specific subjects ‘where the scientific and economic case is strongest’ is one which LSESU opposes. It is the view of LSESU that the focus of PGR loans should not be on subjects but rather should focus on individual need. It should target those who excel at academia but are prevented from pursuing their preferred PGR study of choice due to financial reasons. It is likely that were the focus to be on those subjects that were shown to have a stronger scientific and economic case then these would be STEM subjects. These subjects already receive disproportionately more funding than others, as shown by research that states that less students studying STEM subjects are self-funded.²¹

It is the view of LSESU that although it is important to the UK research base and to the economy more widely to ensure that individuals are able to access subjects that provide a strong scientific and economic benefit, it should be recognised that all forms of PGR study provide a benefit to the UK and therefore should be supported. LSE it is a world leader in terms of social science research, which benefits the UK both domestically and internationally, and it is the view of LSESU that LSE PGR students should be supported by the Government.

If it is the intention of BIS to limit these loans in some way the preference of LSESU would be to not limit the amount or the subjects, but to ensure that these loans are as targeted as possible to those who are unable to access PGR study. Whether this is solely on income alone, or whether additional measures are also used. For example the proposal above for PGT loans of targeting those who are excluded at UG level. This is something that the Government should explore in more depth.

Existing funding mechanisms

As stated above, whilst it is encouraging that 43% of PGR students are funded either by their institution or by a Research Council the method in awarding funding does not necessarily focus on widening participation. This may not apply to all institutional funds however generally, funding for PGR focuses solely on the quality (as determined by the Research Council or institution) of the research proposal. This means that the funding is not necessarily awarded to those who need it most.

It is the view of LSESU that in order to encourage greater participation in PGR study – whilst maintaining academic excellence – that the best way to complement the existing funding frameworks without duplicating them, is to ensure that the focus of these PGR loans is on allowing those with the least financial means the opportunity to study at PGR level through means testing. Some form of academic criteria would be necessary in order to maintain academic excellence, but those that are able to afford to fund their PGR study should not have priority to access PGR loans. This should be looked at in more detail by the Government prior to the final loan proposal.

6. Conclusion

LSESU believes that the introduction of student loans for PGT and PGR students will be vital in widening participation to these levels of study, as finance is a major barrier to this. Whilst we broadly support this policy, there are concerns as to ensuring that the implementation of these loans is as effective as possible in achieving the policy objectives.

For PGT loans, the age limit of 30 is an arbitrary means of limiting these loans and there are other means that would target those who are least likely to participate in PGT study that could be used. As well as this the current loan amount of £10,000 for those studying particularly at LSE, given the higher cost of living in London and due to high tuition fees, would not be substantial enough and the Government should consider some form of ‘London Weighting’. Overall, LSESU believes that the

²¹ ‘Consultation on Support of Postgraduate Study’, pg. 28

Government should be striving to meet the full costs of studying – both tuition and maintenance – through regulating fees and increasing the level of support available to PGT students.

For PGR loans, at present there is not enough evidence on the experiences of PGR students and their needs, this is something that the Government should look into with priority. In order to ensure that the PGR loans widen participation and properly meet the needs of students more evidence is needed. As well as this, it is a concern to LSESU as to the suggestion to limit PGR loans to specific subjects. It is the view of LSESU that all research benefits the UK economy and as such the focus should be on widening participation to PGR study in general.

Overall LSESU is encouraged that the Government is looking seriously at how to better support postgraduate study, and would encourage them to ensure that students and in particular widening participation is at the heart of all their decision making in relation to the higher education sector.

For more information on anything contained within this response, contact:

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