

EXPLANATORY MEMORANDUM TO
THE EDUCATION (POSTGRADUATE MASTER'S DEGREE LOANS)
(AMENDMENT) REGULATIONS 2017

2017 No. 594

1. Introduction

- 1.1 This explanatory memorandum has been prepared by the Department for Education and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

- 2.1 This instrument amends the Education (Postgraduate Master's Degree Loans) Regulations 2016 (S.I. 2016/606) ("the 2016 Regulations") that provide for the payment and repayment of postgraduate master's degree loans.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

- 3.1 This instrument will come into force on 12th June 2017. We are conscious that this provides limited time for parliamentary scrutiny, given the dissolution of Parliament on 3rd May and the fact it will not sit again until a date (yet to be determined) after the general election on 8th June. The Department was not aware that the election would be called and in our view it is necessary and appropriate that the instrument comes into force on 12th June as planned. The changes facilitated by this instrument have already been planned for and announced, and any delays would compromise the ability of the Student Loans Company to implement them and open loan applications with sufficient notice prior to 1st August 2017. This would impact students' ability to make informed decisions about financing their courses for the next academic year

Other matters of interest to the House of Commons

- 3.2 As this instrument is subject to the negative procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

4. Legislative Context

- 4.1 This instrument amends the 2016 Regulations made under section 22 and 42(6) of the Teaching and Higher Education Act 1998, which enables the Secretary of State to make regulations to provide financial support for students in higher education.

- 4.2 This instrument makes a number of changes to the 2016 Regulations. These include increasing the maximum amount of a loan for which an applicant may apply, that increase being in line with forecast inflation. It also enables students on master's courses longer than two years to apply for a loan, and to vary their loan amount, during an academic year following the second year. From the academic year beginning on or after 1st August 2017 onwards it extends provision in the 2016 Regulations to serving members of the armed forces posted overseas, as well as spouses, civil partners and or dependent parents living with them, who are studying

distance learning courses. It also clarifies the policy intent of the 2016 Regulations with regards to social work bursaries at paragraph 3(3)(j)(iii).

- 4.3 This instrument also renders ineligible those applicants who have previously received a loan to fund postgraduate master's study under schemes provided by the Northern Irish, Scottish and or Welsh administrations.
- 4.4 This instrument corrects a number of typographical errors in the 2016 Regulations. In light of certain comments in the Joint Committee on Statutory Instruments' Fourth Report of Session 2016-17 in respect of the Education (Student Fees, Awards and Support) (Amendment) Regulations 2016 it also rewords paragraphs 2 and 13 of Schedule 1 in the 2016 Regulations to correct a syntactical error.
- 4.5 In accordance with Statutory Instrument Practice paragraph 3.4.13, the Department has considered whether to use the free issue procedure for this instrument. Given the balance of new amending provisions introduced by this instrument relative to its correction of previous errors, the free issue procedure has not been applied.

5. Extent and Territorial Application

- 5.1 This instrument extends to England and Wales only.
- 5.2 The territorial application of this instrument is England only.

6. European Convention on Human Rights

- 6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

What is being done and why

- 7.1 In summer 2016, the Government introduced a postgraduate master's degree loan scheme to help remove the financial barrier often faced by individuals seeking to gain a master's degree qualification. The loan scheme currently makes £10,000 available to all eligible students and repayment is on an income-contingent basis. The Government's objective is to increase the number of master's graduates to meet growing employer demand for individuals with high-level skills and knowledge.
- 7.2 The Department expects to make an annual update to the 2016 Regulations to keep the loan scheme aligned to overarching higher education student finance policy. This instrument amends the 2016 Regulations for several purposes as set out below.

Inflationary rise in loan amount
- 7.3 This instrument increases the loan amount available to students through an amendment to Regulation 12. The loan amount is increased by forecast inflation (2.8%, in line with OBR RPIX forecasts), meaning that for students starting courses on or after 1st August 2017 the maximum loan amount will be £10,280.
- 7.4 The loan is intended to play an important part in removing the financial barrier to studying a master's degree. The loan is paid directly to the student and is intended to be used to cover tuition fees and or living costs. In order to maintain the loan's intent and purpose, to reflect that it can be used for living costs and because tuition fees for master's courses are unregulated, the loan amount is increasing by forecast inflation.

Distance learning arrangements for armed forces personnel and their families

- 7.5 The Armed Forces Covenant is an agreement between the Armed Forces community, the nation and the Government. The Covenant's underlying principle is that members of the Armed Forces community, covering serving members of the Armed Forces and their families, veterans and bereaved families, should face no disadvantage compared to other citizens in the provision of public and commercial services.
- 7.6 In line with this principle the effect of the distance learning eligibility criteria for the postgraduate master's degree loan set out in Regulation 3(4) and 3(5) of the 2016 Regulations are being amended. UK Armed Forces personnel serving overseas, or spouses, civil partners and or dependent parents living with Armed Forces personnel serving overseas, will not be required to be resident in England on the first day of their course in order to be eligible for the postgraduate master's degree loan. This change applies only in relation to the provision of support to students in respect of an academic year which begins on or after 1st August 2017.

Students on three or four year courses

- 7.7 From 1st August 2017, students starting eligible courses of three or four academic years in length will be able to apply for the postgraduate master's degree loan, amend their loan amount, and have their loan instalments scheduled during the third and, if applicable, fourth year of their course. Regulation 10 of the 2016 Regulations will be amended to lengthen the application window for students on courses of more than two academic years. No regulatory amendment is required for the Student Loans Company to schedule payments over a longer three or four academic year period.
- 7.8 It was the original intention of the loan scheme that payment of loan instalments should be scheduled equally across the full duration of a student's course, but due to the accelerated delivery of the scheme and the associated need to develop new payment systems, it has only become possible to implement this from August 2017. Students who commenced courses of more than two academic years in length in academic year 2016/17 are scheduled to receive their loan in instalments spanning the first two years of the course (in three instalments per academic year).

Students receiving support under the Care Standards Act 2000

- 7.9 One intention of the postgraduate master's degree loan policy is to avoid duplicative government funding of master's students. The 2016 Regulations set out other sources of government funding that are mutually exclusive with eligibility for the postgraduate master's degree loan. The sources of funding listed in Regulation 3(3)(j) are being amended so that the exclusion does not extend to travel allowance support under section 67(4)(a) of the Care Standards Act 2000(b). Students who meet all other eligibility criteria and only receive this travel allowance support will become eligible for the loan. This change will apply to new and continuing students.

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

- 7.10 In paragraph 3(3)(i), the 2016 Regulations define as ineligible a student who has previously received a postgraduate master's degree loan under the 2016 Regulations. This instrument also renders ineligible those applicants who have previously received a loan to fund postgraduate master's study under schemes provided by the Northern Irish, Scottish and or Welsh administrations, so as to create parity with students who are unable to access more than one master's loan under the 2016 Regulations.

- 7.11 Paragraph 3(7) of the 2016 Regulations provides the Secretary of State with discretion to award a second loan if a person has not been able to complete the designated course to which their previous loan was assigned due to compelling personal reasons. The effect of the amendment to that provision is to provide a similar discretion based on compelling personal reasons for students who have previously received a postgraduate master's loan provided by the Northern Irish, Scottish and or Welsh administrations.

Typographical corrections

- 7.12 A typographical error is being corrected in Regulation 15(2) changing 'lace' to 'lack' so that Regulation 15(2) reads 'Further payments may be made despite the student's lack of attendance if, in the opinion of the Secretary of State, those payments would be appropriate in all the circumstances during the student's absence'.
- 7.13 References to paragraph 1(4) (Part 1 of Schedule 1) in paragraphs 9(2) and 13(2) (Part 2 of Schedule 1) are being corrected so as to be references to paragraph 1(5) (Part 1 of Schedule 1). The correct reference to paragraph 1(5) relates to the status of EU nationals and those with Long Residency status who are in temporary employment outside the EEA, Switzerland or Turkey.
- 7.14 The reference in regulation 15(4) to 15(2) is being corrected so as to be a reference to 15(3) that sets out the requirement for a student to notify the Secretary of State when recommencing their course.
- 7.15 In light of certain comments in the Joint Committee on Statutory Instruments' Fourth Report of Session 2016-17 in respect of the Education (Student Fees, Awards and Support) (Amendment) Regulations 2016, this instrument rewords paragraphs 2 and 13 of Schedule 1 in the 2016 Regulations to correct a syntactical error.

Equality Analysis

- 7.16 An Equality Analysis of these changes to the postgraduate master's loan scheme is published alongside the Explanatory Memorandum on the legislation.gov.uk website.

Consolidation

- 7.17 None.

8. Consultation outcome

- 8.1 Not applicable. The postgraduate master's degree loan policy was extensively consulted on in 2015 during its design phase. The consultation, analysis of responses and the Government's response are published on gov.uk. Stakeholder responses to the loan scheme since its launch are being gathered and will inform a review of the policy, which the Government is committed to undertaking within three years.

9. Guidance

- 9.1 The key terms and conditions for accessing the postgraduate master's degree loan are on gov.uk. Further information about how to apply for the loan is available on gov.uk and Student Finance England's website.
- 9.2 Information and guidance has been produced by Student Finance England for course providers and students intending to apply for the loan. The information and guidance will be available in both hard copy and electronic formats.

10. Impact

- 10.1 There is no impact on business, charities or voluntary bodies.
- 10.2 There is a minimal impact on the public sector.
- 10.3 An Impact Assessment has not been prepared for this instrument.

11. Regulating small business

- 11.1 The legislation does not apply to activities that are undertaken by small businesses.

12. Monitoring & review

- 12.1 The 2016 Regulations will be kept under review. The Government is committed to reviewing the postgraduate master's degree loan policy within three years. Institutional practice and behaviour change by students, the overall demand and nature of take-up will be monitored.
- 12.2 The Department will continue to engage on a regular basis with stakeholders.
- 12.3 Statistical information in relation to postgraduate participation will continue to be published through Higher Education Statistical Agency data. Take-up of the loan specifically will be published in the Student Loans Company's Statistical First Releases.

13. Contact

- 13.1 Adam Dunajko at the Department for Education Telephone 0771 242 3974 or email: adam.dunajko@education.gov.uk can answer any queries regarding the instrument.