

EXPLANATORY MEMORANDUM TO

THE EDUCATION (POSTGRADUATE DOCTORAL DEGREE LOANS AND THE EDUCATION (STUDENT LOANS) (REPAYMENT) (AMENDMENT) (NO. 2) ETC.) REGULATIONS 2018

2018 No. 599

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 provides for the payment and repayment of postgraduate doctoral degree loans. The loan will be available to eligible students undertaking eligible postgraduate doctoral degree courses on or after 1 August 2018.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

- 3.1 None.

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 makes provision for the payment and repayment of postgraduate doctoral degree loans to eligible students starting postgraduate doctoral degree courses on or after 1 August 2018. Part 1 makes provision for student and course eligibility, and the payments which the Secretary of State can make. Part 2 amends the Education (Student Loans) Repayment Regulations 2009 (S.I.2009/470) (“the Repayment Regulations”) to provide for the repayment of the loans.
- 4.2 Part 3 amends the Education (Student Support) Regulations 2011 (S.I. 2011/1986) (“the Student Support Regulations”) so that students can’t be eligible for support for an undergraduate course and a doctoral degree course at the same time. References to the Research Councils are replaced with references to United Kingdom Research and Innovation (UKRI) following the establishment of UKRI in April 2018 (of which the Research Councils will form part) by the Higher Education and Research Act 2017 (c.29).
- 4.3 Part 4 amends the Education (Postgraduate Master’s Degree Loans) Regulations 2016 (S.I. 2016/606) (“the Master’s Degree Loans Regulations”) so that a student cannot receive a postgraduate master degree loan under those regulations and a postgraduate doctoral degree loan under these regulations at the same time. Part 4 also corrects errors within the Masters Degree Loans Regulations. In accordance with paragraph 3.4.13 of ‘Statutory Instruments Practice’ the Department has discussed whether to

use the free issue procedure with the SI Registrar. The SI Registrar is content that the free issue procedure should not be applied in this instance given the nature of the correcting provisions and their proportion within this instrument.

5. Extent and Territorial Application

- 5.1 The extent of this instrument is primarily England and Wales only. The instrument extends to the UK in so far as it imposes or amends any obligation or confers or amends any power conferred on Her Majesty's Revenue and Customs, an employer or a borrower in relation to repayments under Part 3 or 4 of the Repayment Regulations, or any other person in relation to the retention or production of information or records. It extends to Northern Ireland to the extent that it makes provision for the effect on a loan on a borrower's bankruptcy in that jurisdiction
- 5.2 The territorial application of this instrument is primarily England. Part 1 (which makes provision for the payment of postgraduate doctoral degree loans) applies to England only. Parts 2 to 4 have the same application as the provisions which they amend. They amend, respectively, the Repayment Regulations whereby some provisions apply across the UK, the Student Support Regulations which applies to England only and the Master's Degree Loans Regulations which primarily applies to England.

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 This instrument enhances government backed student finance by introducing, for the first time, postgraduate doctoral degree loans.
- 7.2 Doctoral loans were a 2015 manifesto commitment that was formally announced at Budget 2016. This was driven by the need to expand doctoral study in the UK and provide an opportunity for capable students to earn a doctorate. Currently funding for doctoral study stems mostly from, Research Council studentships, University studentship, scholarships and employer support. Further to this, research students are able to obtain commercial loans.
- 7.3 Doctoral students are crucial in supporting innovation in Higher Education institutions through their commitment, fresh perspective and detailed work that they contribute to original research within institutions. They are an important asset for collaboration, internationally, with industry, and with other research institutions and Universities.
- 7.4 The loan will help in sustaining the excellence of research and innovation within the UK to deliver future ambitions. The Government announced at Autumn Statement 2016, that they would support excellent research and focus on areas that support the UK's Industrial Strategy and research priorities. The postgraduate doctoral degree loan will complement this investment, making a further contribution to expanded doctoral study.
- 7.5 The new doctoral loan has the potential to reach a wide range of students with doctoral potential, and support new research areas and activities. The loan will also

help Higher Education Institutions who currently benefit less from Research Council funding to expand their research programmes. In aiding these students and Higher Education Institutions, the loan will enable students who may otherwise have been unable to obtain funding, to maximise their potential. Thus reaching out to a diverse range of students with doctoral potential, and supporting new research areas and activities which will improve the UK research base.

- 7.6 The loan will be the first direct Government funding for doctoral study available to students on an open to all basis, i.e. available to all eligible students who have gained a place on an eligible programme of study. The loan has received some public interest with a public consultation yielding 318 responses.
- 7.7 Further to this, there has been media and political interest in the doctoral loan being featured in discussions on the education select committee and Westminster forum seminars.

Consolidation

- 7.8 The Department is currently considering the feasibility of consolidating the relevant legislation.

8. Consultation outcome

- 8.1 A public consultation was carried out to gather views on the final policy specification of the new loan product. The public consultation on the features of the loan took place in Autumn 2016 and ran from 4 November to 16 December 2016.
- 8.2 The consultation generated 318 total responses. The majority (222) were individuals and the remaining 96 represented different types of organisations. These comprised of 73 universities (including representative bodies), 12 student bodies, four research-focused organisations (including learned societies) and a small number of other organisations.
- 8.3 Consultation respondents generally welcomed the postgraduate doctoral degree loan proposals. Detailed feedback from respondents provided the opportunity to give further consideration to key technical details.
- 8.4 The government response to the consultation, published in March 2017, sets out the full policy objectives and rationale for the scope of the loan, and the basis on which the loans are to be provided. The Government's full consideration of consultation responses is set out in its response published on the Gov.uk website.

Key features of the Doctoral Loan:

Loan amount and payment

- 8.5 Eligible individuals will be able to borrow up to £25,000 for the purpose of completing an eligible postgraduate doctoral qualification. The loan is a contribution to costs therefore the student may use this loan according to their individual circumstances, for example to cover tuition fees, course costs, and/or living costs. The amount a student is able to apply for will not be means tested. The loan is to be paid in instalments spread across academic years of study.

Individual Eligibility

- 8.6 The loan is available to individuals who meet the residential eligibility criteria and who are 59 and under on the first day of the first academic year of their course. This age restriction is seen as a measure to mitigate the risks to the value for money of the product. Setting the restriction at this age is appropriate and broadly supported by the evidence from the consultation. It strikes the best balance between access and affordability, excluding only the oldest cohort of students, who are the least likely to make significant or any repayments prior to retirement. The majority of consultation respondents, including universities, student representative groups, and both current and prospective students, supported this reasoning.

Course Length

- 8.7 The loan will be available in respect of eligible doctoral programmes that are between 3 and 8 years in duration – not 6 years as was proposed in the consultation. This change takes on board consultation responses and will widen participation in doctoral study and include students studying on a part-time basis, either by choice or due to necessity. This change will allow 4 year programmes to be completed at 50% intensity, and covers courses in which a part time doctorate includes a 6 year period of research with an additional writing up year. By extending to 8 years, the new loan will now cover all but a small minority of full and part time doctoral courses available in the sector.

Course Eligibility

- 8.8 There was strong support, amongst consultation respondents, for making the loan available in respect of Level 8 doctoral courses. The loan will be available for Level 8 doctoral programmes of research, as recognised by the Quality Assurance Agency of Higher Education, where institutional eligibility criteria which are designed to assure quality are met.
- 8.9 To avoid inappropriate use of public money, PhD's by publication – in which individuals typically do not enrol within an active programme of research - will be ineligible for the loan.
- 8.10 Higher Doctorates will also not be eligible for the loan. These qualifications are awarded sparingly and represent significant contributions to the subject area. They are therefore mostly awarded as honorary degrees, after the work in question has been published or completed, rather than when the individual is enrolled at a Higher Education Institute and undertaking an active doctoral course.

Duplicative Funding

- 8.11 Government proposed that students, in receipt of Research Council funding, should not be eligible for the loan. There was general support for the proposition that government money should not be spent twice, and mixed feedback about the ineligibility of students in receipt of Research Council funding. The Government has considered the position of research council funded students – including those who are only eligible for a fees only award. However the Government does not consider that there is any inequity in fees-only award students also being ineligible for the doctoral loan. Students in receipt of either Research Council studentships, whether full or fees only, will be ineligible for the doctoral loan. These funds are provided directly from

Government funding and it is both feasible and appropriate to limit a student to just one source of such public finance. Students that are eligible for other government support, such as NHS bursaries, will similarly be ineligible for the loan.

Repayment Terms

- 8.12 The doctoral loan will be repaid at 6% of eligible income above the £21,000 repayment threshold - the same rules apply to postgraduate master's degree loans. For students with an existing master's loan, the doctoral and master's loans will be subject to one combined repayment. Any outstanding balance on the doctoral loan will be written off 30 years after the loan becomes subject to repayment. The Government recognises the long-term financial commitment involved in taking on the new doctoral product. These repayment terms were generally described by respondents to the consultation as simple, fair and appropriate, particularly the approach of combining master's and doctoral loans into a single payment for calculating repayments. A small minority of respondents raised concerns about the combined effect of multiple loans (undergraduate, postgraduate and doctoral) and increased levels of indebtedness of graduates. Government considers that the package is affordable, particularly as the loan repayment is income contingent.

Equality Analysis

- 8.13 An initial Equality Analysis (EA) covering the doctoral loan was published on the GOV.UK website on March 2017, following consultation in January 2017 and issued in March 2017 along with the government response.

9. Guidance

- 9.1 The Minister announced proposed changes to student support for the 2018/19 academic year in a Written Ministerial Statement to Parliament on 06 December 2017.
- 9.2 Students, universities, colleges and others will be given information on changes to student support for 2018/19 on GOV.UK and Student Finance England's student and practitioners' websites. Guidance materials are also being produced by Student Finance England for students intending to apply for the postgraduate doctoral loan for 2018/19 and these 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 no 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 These regulations will be kept under review and we will be monitoring the number of students who receive and loans. This information is published in the Student Loans Company's Statistical First Releases.

12.2 In the government response to the consultation, the government stated it's intention to review this product within 3 years.

13. Contact

13.1 Miles Simpson at the Department for Education Telephone: 07388 372579 or email: miles.simpson@education.gov.uk can answer any queries regarding the instrument.