

Explanatory Memorandum to the Education (Postgraduate Master's Degree Loans) (Wales) (Amendment) Regulations 2018

This Explanatory Memorandum has been prepared by the Higher Education Division and is laid before the National Assembly for Wales in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

Cabinet Secretary's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the Education (Postgraduate Master's Degree Loans) (Wales) (Amendment) Regulations 2018. I am satisfied that the benefits justify the likely costs.

Kirsty Williams AM
Cabinet Secretary for Education
7 March 2018

1. Description

This instrument amends the Education (Postgraduate Master's Degree Loans) (Wales) Regulations 2017, that provide for the payment of postgraduate Master's degree loans.

2. Matters of special interest to the Constitutional and Legislative Affairs Committee

None.

3. Legislative background

This instrument amends the Education (Postgraduate Master's Degree Loans) (Amendment) Regulations 2017 ("the 2017 Regulations") and are made under section 22 and 42(6) of the Teaching and Higher Education Act 1998.

This instrument amends the 2017 Regulations by increasing the loan amount to £13,000 and the designation of part time courses with duration of up to four years. These changes apply in relation to designated courses beginning on or after 1 August 2018.

This instrument will follow the Negative Resolution procedure.

4. Purpose and intended effect of the legislation

Increase in the loan value

The legislation provides for an increase to the amount of loan available to eligible students undertaking designated courses that start on or after 1 August 2018 to £13,000, in line with the commitment made in the response to the Review of Higher Education and Student Finance ("the Diamond review"). The recommended package of support for postgraduate students included increasing the value of support and providing parity across the different packages of support.

This means that the value of the loan is higher than the amount that English students will receive. This will be an interim, one-year measure ahead of the full implementation of the Diamond proposals being implemented in the 2019/20 academic year ("AY").

Designation of part-time courses with duration of up to four years

The 2017 Regulations are distinct in the period of time a student is allowed to complete a part-time postgraduate course to be eligible for support. Support is available for postgraduate part-time courses which can be completed in no more than twice the period ordinarily required to complete the one or two

academic year full-time equivalent. Where there is no full-time equivalent then support is available for a part-time time course which can be completed in up to three academic years. The Education (Postgraduate Master's Degree Loans) (Wales) (Amendment) Regulations 2018 will enable those on part-time courses with a duration up to and including four years to be eligible for support, irrespective of whether the course has a full-time equivalent or not. This enables greater flexibility for those studying part-time.

5. Consultation

The existing policy was consulted on extensively as a result of the Diamond Review of higher education and student finance arrangements in Wales.

6. Regulatory Impact Assessment

Participation in postgraduate higher education

For 2016/17, data from the Higher Education Statistics Authority shows that there were 15,350 Welsh domiciled postgraduate enrolments at UK Higher Education Institutions, a decrease of less than 1% on 2015/16. This is 7% below the peak of 16,460 in 2010/11, reflecting a gradual decline in recent years. These figures include enrolments on programmes that will be eligible for the support these regulations will provide (i.e. Master's level programmes), as well as those that will not (i.e. postgraduate qualifications below or above Master's level).

Options

Option 1: Do nothing

In the event of the Education (Postgraduate Master's Degree Loans) (Wales) (Amendment) Regulations 2018 not being made the principal implication is that the existing policy for student support would continue and the changes being proposed would not be implemented.

In the event of do nothing, postgraduate Master's students would not receive the increase in the maximum loan value of £2,720, and the extension of eligibility for part-time postgraduate course up to four years would not be implemented.

Option 2: Do minimum – make the Regulations

Making the Education (Postgraduate Master's Degree Loans) (Wales) (Amendment) Regulations 2018 ensures that the proposed changes are implemented. This ensures that the levels of postgraduate funding which the Cabinet Secretary for Education agreed to following the Diamond Review are

implemented in 2018/19 academic year. It is anticipated that this will contribute to maintaining or improving participation levels in postgraduate Master's courses in higher education, and ensure that all postgraduate Master's students benefit from the increase in the maximum loan.

Costs and benefits

Option 1: Do nothing

Leaving the previous regulations in place would mean no additional costs are incurred via the student support system. However, this would leave the loans at the same value as 2017/18, at £10,280. The recommendation to increase the value of the maximum loan on postgraduate Master's student support made as a result of the Diamond Review would not be implemented.

Option 2: Do minimum – make the Regulations

By making the Education (Postgraduate Master's Degree Loans) (Wales) (Amendment) Regulations 2018 the Welsh Ministers ensure that the Welsh student support system has a proper underpinning legal framework and that policy commitments to higher education and students can be met. The Regulations will reflect policy developed as a result of the Diamond Review by raising the loan value. Students who are ordinarily resident in Wales will benefit from the changes to support outlined above. The benefits of a higher education to the individual, to the economy and to society are well established.

Distributional impact and student debt

As a result of the Education (Postgraduate Master's Degree Loans) (Wales) (Amendment) Regulations 2018, all postgraduate Master's degree students will have additional student loan (as a contribution to costs) available to them, compared with a student continuing under the existing regulations. All eligible part-time courses will be designated for support for up to four years and there will be increased flexibility for those that choose this route to qualification.

Eligible postgraduate students starting a designated course on or after 1 August 2018 will have more loan available to them when compared to a student continuing under the existing regulations. This increase will be £2,720 for all new postgraduate students, potentially raising the amount of debt a student incurs. Eligible students will continue to have the option to request a loan amount less than the maximum entitlement.

Participation

Postgraduate loans for Welsh domiciled students were first introduced in 2017/18. Whilst data are not yet available to quantify the effect of providing this

support on participation, it is expected that more Welsh domiciles will have enrolled on eligible programmes. It is anticipated that the new package of student support will at least maintain, and more likely further increase, participation in postgraduate study. Enabling those choosing to study on four year part-time postgraduate Master's courses, which are currently ineligible, to access support may also increase participation.

Cost

The proposed changes to the postgraduate loan for academic year 2018/19 will require the provision of around £10m in additional cover for loans from Her Majesty's Treasury, compared with the 'do nothing' option. In addition, the Government subsidy on the provision of loans (Resource Accounting and Budgeting (RAB) charge, or non-cash) will increase by around £1m. These estimates are based on latest financial modelling inputs and assumptions, which are subject to routine review and update as more information becomes available. The costs are very small in the context of overall student loan cover and write-off requirements of Welsh Government.

CONSULTATION

There is no statutory requirement to consult on the Regulations. As the changes involved only minor amendments to the Regulations, and the increase in funding represented the value which would have been provided to postgraduate Master's students had the Diamond recommendations been implemented in full in 2018/19, then no further consultation was carried out. (The Diamond Review included full consultation with stakeholders both during the review and following its publication.)

COMPETITION ASSESSMENT

The making of these Regulations has no impact on the competitiveness of businesses, charities or the voluntary sector.

POST-IMPLEMENTATION ASSESSMENT

The postgraduate Master's regulations will be revised in order to implement the Diamond recommendations in 2019/20 and will be subject to detailed review, both by policy officials and delivery partners in their practical implementation of the Regulations. Postgraduate participation rates, levels of student debt and loan repayments are continually monitored and any further impact will form part of the post-implementation review.

SUMMARY

The making of these regulations is necessary to update aspects of the higher education postgraduate Master's loan degree system for students ordinarily resident in Wales and EU students. The changes will apply in relation to courses beginning in the 2018/19 academic year.