



Department for the

**Economy**

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# Departmental Response to the Review of the Northern Ireland Postgraduate Tuition Fee Loan Consultation

**October 2022**

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## Introduction and Foreword from the Minister for the Economy

Higher education is a vital component of any modern economy as it plays a key role in supplying the skills, knowledge and experience required by the labour market. The success of higher education provision is also an important contributing factor in attracting investment and generating world-class innovation and research.

This consultation contained a range of questions about the existing funding system for postgraduate taught students, along with options for potential reform. The consultation encouraged respondents to consider these options carefully and realistically, taking into account the financial challenges which we currently face in Northern Ireland.

I am entirely convinced that doing more to support postgraduate provision can help to transform our economy and our society. I firmly believe that higher education should be financially accessible to all with the ability to learn, and that we must do all that we can to ensure those who are intent on developing themselves should not be held back by limitations of support.

However, in these challenging economic times, I am acutely aware that the wider funding picture will likely change in the coming years, and budget availability will continue to impact on the extent to which we can implement preferred policy options. As such, my Department will undertake a more fundamental review of the higher education funding system, including the support provided to students such as maintenance loans, grants and other student support products, along with the support provided to the sector, such as the level and mix of teaching grant and fees.

The mechanics of how this further review will be taken forward is currently under consideration by officials. However, the main objectives will be to ensure that students continue to have the support they need to begin and complete higher education study, and that our higher education sector is put on a more sustainable financial footing.

I would like to thank all of those who took their time to contribute to this important issue which will help shape the future of the student finance system in Northern Ireland.

**Gordon Lyons MLA**  
**Minister for the Economy**

# CONSULTATION

## BACKGROUND

In April 2021, the Department for the Economy published a consultation seeking views in relation to the Review of the Northern Ireland Postgraduate Tuition Fee Loan (PGTFL). The consultation closed in June 2021 and is available to view on the Departmental website:

[Review of Northern Ireland Postgraduate Tuition Fee Loan](#)

Through the consultation, the Department sought views on the following options:

**Option 1** – Increase the rate of the PGTFL and review every three years

**Option 2** - Increase the rate of the PGTFL and automatically apply an annual increase in line with inflation

**Option 3** – Do nothing

**Option 4** – In addition to either option 1 or option 2, extend the list of eligible/approved places of study to include approved institutions in the Republic of Ireland, as is the case for the undergraduate tuition fee loan

**Option 5** –Introduce subject-specific top-up grants

**Option 6** –Introduce a Postgraduate Maintenance Loan

**Option 7** – Introduce a Contribution to Costs Loan (in line with the English model)

This document provides an overview of responses to the consultation and is the formal Departmental response to its findings and the agreed way forward.

## SUMMARY OF RESPONSES

The Department received a total of 180 responses to the PGTFL consultation, made up of the following categories:

Type of Respondent	Number Received	% of Total Responses
Individual	16	8.9
Current HE student	82	45.6
Prospective HE student	21	11.7
Former HE student	19	10.6
Parent	18	10

HE employee	14	7.8
Employer	4	2.2
Organisation	3	1.7
Blank (not identified)	3	1.7
<b>Total</b>	<b>180</b>	<b>100%</b>

In addition to seeking views on the individual options, the consultation asked respondents to identify what they considered to be the key factors which may impede postgraduate study. The responses to this question are set out in the table below:

<b>Answer</b>	<b>Total Responses</b>	<b>%</b>
Level of PGTFLL not covering tuition costs	155	86.1
Lack of a PG maintenance loan	136	75.6
Inability to afford a course in rUK / RoI	112	62.2
Course availability in NI	74	41.1
Unsure	6	3.3
Other	31	17.2

Furthermore, the consultation sought respondents' views on whether the loan should be paid directly to the student or to the institution. Responses to this question are set out in the following table:

<b>Answer</b>	<b>Total Responses</b>	<b>%</b>
Directly to institution	131	72.8
Directly to student	29	16.1
Unsure	17	9.4
Blank (No response)	3	1.7

## OPTIONS – ANALYSIS OF RESPONSES

The following tables provide statistical information on the responses received for each of the seven options.

**Option 1 – Increase the base rate of the PGTFLL and review every three years; or**

**Option 2 - Increase the base rate of the PGTFLL and automatically apply an annual increase in line with inflation**

Question:

Which do you feel offers the best solution for funding NI postgraduate tuition fee loans (PGTFL)? - Option 1 or Option 2

<b>Answer</b>	<b>Total Responses</b>	<b>%</b>
Option 1	41	22.8
Option 2	126	70
Unsure	11	6.1
Blank (No response)	2	1.1

### **Option 3 – Do nothing**

Question:

Do you feel that the current NI postgraduate tuition fee loan is sufficient?

<b>Answer</b>	<b>Total Responses</b>	<b>%</b>
Sufficient	11	6.1
Not Sufficient	161	89.4
Unsure	7	3.9
Blank (No response)	1	0.6

### **Option 4 – In addition to either option 1 or option 2, extend the list of eligible/approved places of study to include approved institutions in the Republic of Ireland, as is the case for the undergraduate tuition fee loan**

Question:

Do you think that the list of eligible/approved places of study for the postgraduate tuition fee loan (PGTFL) should be extended to include approved institutions in the Republic of Ireland (RoI), as is the case for the undergraduate tuition fee loan – in accordance with Option 4?

<b>Answer</b>	<b>Total Responses</b>	<b>%</b>
Yes to RoI	146	81.1
No to RoI	20	11.1
Unsure	12	6.7
Blank (No response)	2	1.1

### **Option 5 – Introduce subject-specific top-up grants**

Question:

In line with Option 5 do you think that, where economically relevant courses cost more than the level of tuition fee loan available, the Department should

seek to support study in those courses via a grant to cover the difference in the cost?

Answer	Total Responses	%
Yes	144	80
No	8	4.4
Unsure	27	15
Blank (No response)	1	0.6

### **Option 6 – Introduce a Postgraduate Maintenance Loan; or**

### **Option 7 – Introduce a Contribution to Costs Loan (in line with English model)**

Question:

Comparing Options 6 and 7, in respect of providing some form of maintenance loan to postgraduate students, would you be in favour of a stand-alone maintenance loan (Option 6) or a combined contribution to costs loan (Option 7)?

Answer	Total Responses	%
Option 6	120	66.7
Option 7	20	11.1
Unsure	39	21.7
Blank (No response)	1	0.6

### **Additional Issues Highlighted**

Respondents to the consultation also raised the following issues which are directly linked to postgraduate student support:

#### **(i) Fee Regulation / Fee Caps**

Some respondents highlighted a concern that higher education providers are free to charge whatever they want in relation to postgraduate fees, and therefore suggested that a fee cap should be introduced, similar to that which is in place for full-time undergraduate tuition fees.

While the consultation did not seek direct views on the need to regulate or cap postgraduate tuition fees, it did refer to this point and explained the rationale behind not introducing fee caps at that time:

“To ensure the PGTFM covers the full cost of the tuition fee, and to mitigate any risk of significant increases to fee levels, the Department has considered if there would be a need to regulate (i.e. cap) the maximum fee level that could

be charged by HEIs. The various options discussed ensure that the maximum loan value is set at a level reflective of standard postgraduate fees, and it is envisaged that local providers will not charge above the level of finance available for standard courses. Any introduction of fee caps would seek to reflect the existing average fee and allow for annual inflationary fee increases in the same manner as full-time undergraduate fee caps. Universities would still be free to charge below the maximum fee cap. Of course, the Department cannot regulate fee levels at institutions outside of Northern Ireland, and so students attending institutions in other parts of the UK might still be faced with fee charges in excess of the loan available.

There are some 'premium' cost postgraduate courses which will likely continue to command higher fees, and the Department would not wish to dis-incentivise providers from developing those by putting in place a blanket fee cap. Furthermore, the introduction of increases in line with inflation should provide a natural control whereby these increases to the loan amount will accommodate the annual inflationary increases made to the cost of the course.

The Department has concluded, therefore, that it is not necessary to regulate postgraduate fee levels at this time. The Department will, however, continue to monitor local postgraduate fee levels and take the necessary legislative steps to cap fees in the future if deemed required."

This remains the position of the Department, and we will continue to monitor the situation and seek to take necessary action should it be required.

#### [\(ii\) Part-time Postgraduate Students](#)

Some respondents highlighted that the current system is disadvantageous to those wishing to pursue postgraduate study on a part-time basis. The Department is at the early stages of reviewing part-time student support which may result in a separate consultation or policy proposals in due course.

#### [\(iii\) Postgraduate Research Studentships and Postgraduate Awards](#)

A number of respondents highlighted that the review should not be limited to postgraduate taught provision, and that postgraduate research should also be considered and improved. While the Department funds a number of postgraduate research places through its Postgraduate Studentship Awards Scheme (PGA), there is no comparable system of student support available for research postgraduate students as there is for taught postgraduate students.

The Department is taking forward a separate review of the PGA Scheme in light of the 10X Economic Vision. This review will determine the strategic need for the scheme, and is likely to make recommendations on how it could be better



targeted to meet the needs of the economy. This exercise will also inform departmental thinking on whether there is unmet need in terms of supporting PhD students in general, with the potential to consult on this subject in due course.

#### [\(iv\) Postgraduate Qualifications at Alternative/Private Providers in NI](#)

A number of respondents highlighted that there is an anomaly whereby NI-domiciled students undertaking a postgraduate qualification at an alternative/private provider in Northern Ireland through a validation agreement with a degree-awarding body, are currently not eligible for student support, whereas an undergraduate degree under such an arrangement may be designated as eligible following the successful submission of a course designation application.

The Department has committed to undertake a full review of the higher education funding system, including the support provided to students such as maintenance loans, grants and other student support products, and the support provided to the sector, such as the level and mix of teaching grant and fees. These additional issues, as highlighted by the consultation, will be considered as part of the wider review.

## DEPARTMENTAL RESPONSE

In February 2022, the Department of Education in England published consultation documents on higher education reform and the proposed Lifelong Learning Entitlement (LLE). These publications indicate that the majority of proposed changes will fall on undergraduate courses and loans there, stating that “self-contained Masters courses (level 7) have separate funding arrangements and entitlements and the intention is that they, along with Postgraduate Masters and Doctoral Loans, will not be included when the LLE is introduced, but continue to be funded through existing separate arrangements.”

Additionally, the Department of Education stated that “the government [does not] currently plan to change the repayment threshold for postgraduate loans, which stands at £21,000.”

While the proposed reforms in England do not seek to address how postgraduate student support is funded there, they will necessarily have a longer-term impact on the levels of funding available to the NI Department for the Economy to proceed with any changes which we wish to bring about. This budgetary environment, coupled with the broader economic landscape, has created uncertainty regarding future spending commitments by all Government Departments.

In turn, that uncertainty has restricted the extent to which this Department has been able to take forward policy changes which it might otherwise have done, had the local and national budgetary landscapes been more certain and less volatile.

### Option 1 – Increase the base rate of the PGTFLL and review every three years; or

This option would set an increased level of loan to £6,500 from 2023/24, with a review every three years. This option would provide a more predictable and steady cost to the Department in providing that support which is a critical difference to Option 2.

### Option 2 - Increase the base rate of the PGTFLL and automatically apply an annual increase in line with inflation

Option 2 would set an increased level of loan at £6,500 from 2023/24 and automatically apply an annual increase in line with inflation. This Option would fluctuate with levels of inflation and potentially expose the Department to costs beyond its control, given the current forecasts regarding significantly increased inflation levels and uncertainty when inflation may fall back to the UK Government’s 2% target.

### Option 3 – Do nothing

There is a clear recognition that the current level of the PGTFLL is insufficient to meet the rising costs of postgraduate courses, so this Option is rejected.

**For reasons of greater financial control, and especially with inflation rates anticipated to see greater levels of unpredictability, it has been decided to proceed with Option 1. As such, the Department will raise the maximum postgraduate tuition fee loan to £6,500 (from £5,500). It is intended that the higher level of postgraduate tuition fee loan will be available for academic year 2023/24.**

Option 4 – In addition, extend the list of eligible/approved places of study to include approved institutions in the Republic of Ireland, as is the case for the undergraduate tuition fee loan

The PGTFLL has been designed for students studying in the UK. The student loan scheme is funded by HMT, with the express purpose of supporting UK students to gain UK awarded degrees at UK institutions. The availability of undergraduate loans for NI students in the Republic of Ireland is an exceptional arrangement which is borne out of our particular cross-border relationship.

Since the introduction of the PGTFLL, the Republic of Ireland has extended the eligibility of its loan product to include the four main higher education institutions in NI. As such, Republic of Ireland-domiciled students who are undertaking an eligible postgraduate qualification at one of these institutions can avail of student support from the Irish government.

Currently, the PGTFLL product does not include NI domiciled students who are studying at higher education institutions in the Republic of Ireland. If action is not taken to address this issue, NI postgraduate students will remain at a disadvantage to both their NI undergraduate counterparts, who can avail of student support if studying in the Republic of Ireland, and also to their Republic of Ireland counterparts who can avail of postgraduate student support if studying at one of the four main higher education institutions in NI.

**It has therefore been decided to expand the eligibility criteria to enable Northern Irish domiciled, taught postgraduate students to access this loan product if they are studying with approved Higher Education Institutions in the Republic of Ireland. It is anticipated that this eligibility will be put in place from the 2024/25 academic year, which is the earliest possible date of implementation due to the constraints of our delivery partners.**

Option 5 –Introduce subject-specific top-up grants

It is well documented that there are a number of subject areas which are known to have a skills shortage in NI. It is important to note, however, that these shortages have been identified as being at Level 6+, and specific shortages at postgraduate level have not been separately identified.

The NI Skills Barometer reports an undersupply at Level 6+ in the following subject areas:

- Engineering & Technology;
- Mathematical & Computer Science; and
- Physical/Environmental Sciences.

The Department has recently instigated other measures to encourage economically relevant provision. Short-term interventions for economically relevant provision were introduced as part of the response to the pandemic. The Department has funded an additional 100 one-year Masters degree studentships at two of our universities. These studentships offered the opportunity to exceptional students and those affected adversely by Covid 19, to reskill and upskill in order to enhance their employment prospects. In doing so, these studentships made an important contribution to ensuring a vibrant talent pipeline of postgraduates with the necessary skills to contribute to Northern-Ireland's post-Covid economic recovery.

Additionally, as part of the Executive's Economic Recovery Action Plan (following the impact of the pandemic), a Flexible Skills Fund was established to help upskill and reskill individuals to meet the needs of the economy as we emerge from the pandemic and continue to grow the economy beyond it. This three-year programme, with £23m of funding provided from the Department of Finance and the Northern Ireland Office, builds on the work of the Skills Interventions Programme introduced during the pandemic to support those individuals whose employment was most impacted by Covid-19.

Although these interventions are short-term in nature, the Department considers that the alignment of HE provision with labour market demand in the longer term should be examined and is therefore separately considering what mechanisms could be used to better align HE provision with economic need.

The cost of undertaking a postgraduate qualification in NI in one of these subject areas is often higher than that of many other postgraduate courses, and the introduction of a top-up grant product to encourage greater levels of participation in such courses would therefore require significant levels of additional Departmental budget.

In addition to the budget implications, there is a concern that the introduction of a top-up grant may provide a perverse incentive for HEIs to increase the fees charged for the relevant courses. This appears to have been the case in England following the introduction of the contribution to costs loan (£10,000 paid to the student for them to split between the cost of PG tuition fees and maintenance), whereby postgraduate fees then increased significantly. It appears to be the case that, once institutions knew there was more money available, costs there began to rise to swallow up the funding.

**It has therefore been decided that, due to the current budgetary limitations, the Department cannot proceed with this option at this time. The Department will, however, undertake a more fundamental review of the higher education funding system, including the support provided to students such as maintenance loans,**

**grants and other student support products, along with the support provided to the sector, such as the level and mix of teaching grant and fees.**

Option 6 – Introduce a Postgraduate Maintenance Loan; or

Option 7 – Introduce a Contribution to Costs Loan

**Neither of these options is currently feasible at this point as they would be a new product which the Student Loans Company could not currently deliver. It has nevertheless been decided that consideration of these options would fit better within the proposed fundamental review of the higher education funding system. This review will include the support provided to students such as maintenance loans, grants and other student support products, along with the support provided to the sector, such as the level and mix of teaching grant and fees.**