



Department  
for Business  
Innovation & Skills

**HIGHER EDUCATION**

**Consultation on Support for  
Postgraduate Study**

**RESPONSE FORM  
MARCH 2015**

## Consultation on Support for Postgraduate Study

The Department may, in accordance with the Code of Practice on Access to Government Information, make available, on public request, individual responses.

The closing date for this consultation is **29/05/2015**.

Your name: Liz Shutt

Your organisation (if applicable): University Alliance

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Please return completed forms to:

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Or

Postgraduate Consultation  
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Please tick a box from the list of options below that best describes your role or organisation:

Role or Organisation			
	Business representative organisation		
	Charity or Social Enterprise		Research Council
X	HE Policy Organisation		Small Business (10 to 49 people)
	Individual		Student
	Large Business (Over 250 staff)		Student Representative Body
	Legal Representative		University
	Local Government		University Staff
	Medium Business		Other
	Micro Business (up to 9 staff)	Please Describe:	

**University Alliance** is a non-partisan, non-political organisation working to promote, safeguard and sustain the public benefit delivered by universities. We are pleased to respond to this consultation on support for Postgraduate Study.

## Government Loans for Postgraduate Taught Master's Study

### Policy Objective

**Q1. Do you believe that access to finance is a significant barrier to progression into postgraduate taught Master's study?**

Yes                       No

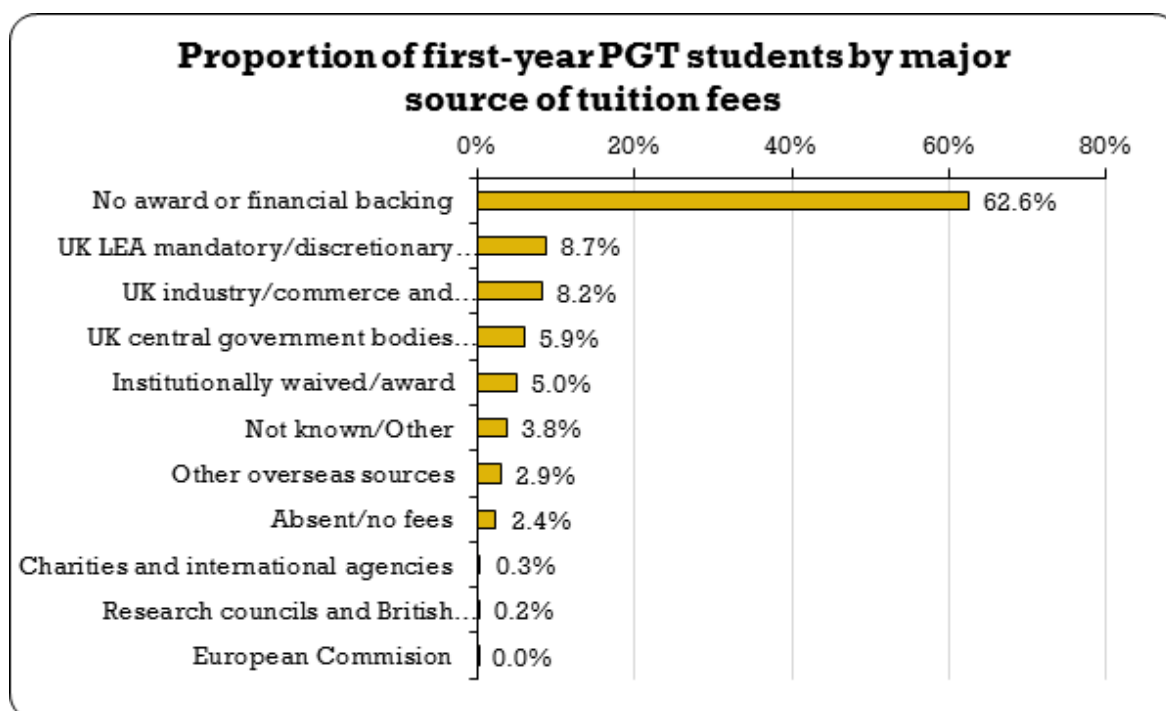
Please provide evidence to support your response:

In addition to the evidence outlined in the consultation document we would highlight the following<sup>1</sup>:

**There is currently very little support available to PGT students**

Most students studying for taught Masters have to fund themselves, through savings, family support or private loans. Figure 1 shows that over 60% of the 282,000 2013/14 first year PGT students received no award or financial backing.

**Figure 1: Majority of PGT students are self-funded<sup>2</sup>**



A number of studies<sup>3</sup> have considered this issue over recent years and there is a growing consensus that some form of publicly subsidised loan should be available.

<sup>1</sup> This evidence is briefly outlined in our [HELP UK: Background Evidence report](#)

<sup>2</sup> Source: HESA, 2013/14

<sup>3</sup> For example: Leunig, T. (2011) [Mastering Postgraduate Funding, Centre Forum](#), British Academy (2012) [Postgraduate funding: the neglected dimension](#), Higher Education Commission (2014) [Postgraduate education, an independent inquiry](#)

## **PG qualifications are increasingly important for access to the professions**

The lack of support sits alongside a trend towards more industries and professions requiring, either formally or in practice, a Postgraduate level qualification. For example students must pass the Legal Practice Course before they can become a trainee solicitor. The fees for this course range from £8,500 to £13,000. While professions like journalism and some areas like public policy don't require a postgraduate qualification, it is increasingly expected that practitioners will have one.

A recent study has found that those with greater financial resources are more likely to gain a postgraduate qualification and that holders of these qualifications have continued to benefit from an earnings premium over time.<sup>4</sup> For those individuals unable to meet the cost of a postgraduate qualification these professions are to all intents and purposes off limits. In a recent report, Alan Milburn described postgraduate study as a potential 'social mobility time bomb'.<sup>5</sup>

## **There is some evidence to suggest that lack of access to finance was a factor for those who did not apply for, or enrol in, postgraduate study**

The University of Portsmouth (an Alliance member) is one of nine English institutions selected by HEFCE to investigate why British Citizens do or do not choose to go on to postgraduate education as part of their Postgraduate Experience Project (PEP). Where we quote results from Portsmouth these refer only to that institution although the researchers report that these appear indicative of overall findings.

Portsmouth reports that there is evidence to suggest that a lack of access to finance did deter those who didn't apply for, or enrol in, postgraduate study. 57 students registered for a STEM MSc for the year 2014/2015 withdrew – the majority for financial reasons.

We would recommend that BIS seeks access to this work through HEFCE. It is due for publication in September but a conference is being held on 14-15 July and survey results from across the participating institutions will be available soon.

In addition, course leaders and staff within Student Finance Centres at Alliance universities report that the students they are in touch with comment that sources of funding are limited and that if they are unable to secure funding, they may not be able to accept their place. Professional Career Development Loans (PCDLs) are often unavailable due to adverse credit ratings (particularly where students have struggled financially during UG study).

They have also reported that a number of applicants who are currently in some form of work have commitments which mean they cannot afford a year without income and pay the fees. This is also applicable to recent graduates who report that living without income for a year (rather than the course fees) is a major deterrent to doing a Masters.

## **Debt from undergraduate study may be a factor that prohibits progression**

The PEP project at Portsmouth also indicated that debt from undergraduate study may be a factor that prohibits progression into postgraduate taught Master's study. Among all students who participated in the Entry to Study Survey as part of the project, 45% had an outstanding student loan or other debts directly related to a previous course. This figure was much higher amongst scholarship students, 84% of whom had outstanding debts from previous courses. This distance from 45% to 84% may imply that scholarship students decided to do their masters following the award of a scholarship. Furthermore, because the scholarship students were British, the difference in percentages may imply that it is British students who need help with funding their studies, because they are more likely to have debts to pay back from their undergraduate studies.

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<sup>4</sup> Wakeling, P. Hampden-Thompson, P. HEA (2013) Transition to higher degrees across the UK: an analysis of national, institutional and individual differences

<sup>5</sup> Milburn, A. (October 2012) [University Challenge: How Higher Education Can Advance Social Mobility](#)

## **Lack of finance forces students to study part-time – even when they would prefer to study full-time.**

Even students with scholarships need to fund their living and transport expenses. The majority of students need to work several hours a week. In the Entry to Study Survey at the University of Portsmouth, 71% of all students and 87% of scholarship students expressed an intent to do some paid employment during their postgraduate studies. Postgraduate students do not have as many opportunities for getting study-related loans compared to undergraduate students. Those who needed to work (mainly British students), or those who did the University's Learning at Work MSc stated that managing their studies alongside other commitments proved so challenging that they thought that the quality of their studies, assignments and performance suffered as a result. One scholarship student said: "I should have waited to get extra money ... I don't really have so much control about what I need to do".

## **Q2. Are there other barriers, other than access to finance, which in your view prohibits progression into postgraduate taught Master's study?**

Yes                       No

Please provide reasons/ evidence to support your response:

### **Communication will be important alongside access to up-front finance**

Based on experience of the undergraduate loan system we would emphasise the importance of communication alongside access to up-front finance. This should be part of the Government's plans for roll out.

Since fees and fee loans were initially introduced there has been a fundamental misunderstanding about the nature of cost, debt and the impact on students. As fee levels have increased so have concerns more appropriate to commercial loans and debt rather than a system for graduate contribution paid through the tax system with Government owning the risk. The introduction of a new system for postgraduate students is an opportunity to rethink the language used in order to try and avoid some of these issues.

### **Employability is a key motivation for students**

In the Portsmouth HEFCE PEP project focus groups, respondents indicated the factors that may influence their progression to taught postgraduate study including:

- a. how highly employers value a master's degree
- b. the opportunities for networking with employers
- c. whether an MSc course offers a good quality placement and applied knowledge/experience.

This desire to develop skills that are valued by employers and will help students secure a job were reflected in the following figures from the PEP Entry to Study survey: 64% wanted to improve their employment prospects; 56% wanted to develop a more specialist set of skills and knowledge; 48% wanted to use their postgraduate qualification as a means to progress in their current career. Furthermore, 46% wanted to develop a broader range of skills and knowledge and 43% wanted to develop their professional networks.<sup>6</sup>

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<sup>6</sup> Percentages based on results from Portsmouth

## Opportunities to learn flexibly

It may well be that the lack of 'flexible learning' (provision and awareness) is a significant barrier to graduates who are employed and want to heighten their qualifications. Alliance members report that the issue of inflexibility of timetable/contact hours is currently being raised by students (particularly by part-time students fitting study around work).

## Loan amount

**Q3. Do you believe the availability of up to a £10,000 income contingent loan will increase an individual's likelihood to pursue postgraduate taught Master's study?**

Yes  No

If No to Q3, please provide reasons/ evidence to support your response:

We support the policy intention that postgraduate loans should be a:

- contribution towards fees and living costs (unlike UG fee loans)
- contribution rather than covering all costs

Our priority is to ensure that support for postgraduate study is made available in the first instance. Once we have evidence about its impact, use and affordability, we would like Government to consider expanding the scheme.

The proposed repayment terms of the PGT loan scheme - income contingent with no repayments until earnings are in excess of £21,000 pa - are more generous than those available commercially. Alliance Student Finance teams report that many students looking at PG study already approach them to ask if such a loan exists indicating there is a clear appetite for such a loan. This is backed up by evidence collated by University Alliance through an Ipsos Mori survey that we commissioned last year. 60% of undergraduate students felt that having an upfront fee with no loan available made them less likely to undertake a postgraduate degree. 66% felt that access to a student loan would make them more likely to study for a postgraduate qualification.<sup>7</sup>

**Q4. Do you think £10,000 is the right amount to support individuals in undertaking study, while ensuring they have a stake in deciding whether studying a Master's degree is the right path for them?**

Yes  No

If no, what do you think the maximum loan amount should be and why?

Our priority is to ensure that postgraduate loans are implemented in the first instance – although Government should consider raising the amount available once the policy has proved successful.

We note that £10,000 is the current maximum for PCDLs and Alliance universities are not reporting that students have found this to be insufficient for the time being. However, our members have raised concerns about the level of support £10,000 can provide in the longer term, especially as it is intended to cover both fees and maintenance. It has been

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<sup>7</sup> University Alliance (2014) [HELP UK: A new Higher Education Loan Programme](#). 1000 undergraduate students were interviewed.

suggested that in the future the loan maximum could potentially be increased to £20,000 – allowing individuals to take out loans in £5,000 chunks.

**Q5. If yes to Q4, what proportion of £10,000 do you think an individual would seek to borrow, and why?**

- Less than 50%                       More than 50%

Please provide reasons/ evidence to support your response:

The average postgraduate taught fee is already higher than £5,000 and additional support is likely to be needed for living costs.

**Q.6 Do you believe the availability of a £10,000 income contingent loan will have an impact or influence on the following:**

Propensity to study a postgraduate taught Master's course over Other Postgraduate courses.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Propensity to study full-time over part-time?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Propensity to study part-time over full-time?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Rise in the level of postgraduate taught Master's course fees?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Please provide reasons/ evidence to support your response:

**Propensity to study a postgraduate taught Master's over other postgraduate courses:**

There is already evidence that taught Master's are an increasingly popular choice linked to the increasing importance that students attach to their studies improving their career opportunities (see answer to question 2). For example, students responding to the Portsmouth HEFCE PEP research saw a PGT Masters as offering a specialised yet broad curriculum in comparison to a PhD:

- *"They are more advanced than the undergrad stuff and more in depth, but it has a broad spectrum compared to PhD"*
- *I am undertaking a PGT MSc course "partly to enhance my knowledge and because I didn't want to do a PhD; and partly because it's sort of a professional development and it's being sponsored by my employer".*

**Propensity to study full-time over part-time**

78% of all students surveyed for the PEP Entry to Study Survey and 89% of scholarship students were studying full-time. The PEP research indicated that *propensity to study full-time over part-time* would be influenced by a £10,000 income contingent loan.

Among scholarship and non-scholarship students surveyed, the most commonly given reasons for taking the full-time option were that students wanted to complete the course as quickly as possible (40% of all students, 51% of scholarship students); it was the most appropriate way of studying for the course (25% of all students, 35% of scholarship students); and that the full-time option would allow the student to concentrate on the subject (33% of all students, 32% of scholarship students).

Part-time study has been correlated with work and financial hardship, with 82% of those who gave an answer to why they chose the part-time mode saying that it was their need to work and/or not being able to afford full-time study. Therefore, the availability of a £10,000 income contingent loan seems likely to have an impact or influence on the propensity to study full-time over part-time. Students are likely to prefer the full-time study if they know they can afford it and they do not have to work to cover current expenses.<sup>8</sup>

### **Rise in the level of postgraduate taught Master's course fees**

See question 16.

### **Contribution to costs**

**Q7. Do you think the proposed loan should be paid directly to the borrower, and the borrower should decide the balance they allocate between fees and maintenance?**

Yes                       No

Please provide reasons/ evidence to support your response:

It will provide administrative efficiencies for universities if the proportion of the loan relating to course fees is paid directly to them. This is both because it will align with processes for undergraduate loan payments and because it will also limit the risk of the student using the loan to meet other costs and failing to meet their fee liability – requiring the university to recover the fee.

**Q8. If No to Q7, do you think a proportion of the loan should be limited to a fee loan which is paid directly to the course provider?**

Yes                       No

Please provide reasons/ evidence to support your response:

It is suggested that the approach could be broadly based on the PCDL application process. Students could be asked to state their tuition fee level on the application and then indicate below how much they require for fees and how much for living costs. They would then be allocated an amount for fees (paid to the University) and an amount for living costs (paid to the student).

**Q9. If Yes to Q8, how much of the £10,000 loan should be limited for the purpose of a fee loan?**

Less than 50%                       More than 50%

Please provide reasons/ evidence to support your response:

n/a

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<sup>8</sup> Percentages based on results from Portsmouth



**Q10. What other sources of finance might an individual need or rely upon, as well as the proposed loan, to meet all the costs of pursuing postgraduate taught Master's study?**

Please provide reasons/ evidence to support your response:

As the loan will only likely cover part of the costs involved it is anticipated that students will still need to rely on some of following current other methods of funding postgraduate study:

- parents / family
- part-time work
- savings
- sponsorship
- trust / charity funding
- university hardship funds
- employers
- means tested benefits
- other loan schemes

**Individual eligibility**

**Q11. Which groups of individuals, in your view, experience finance as the main barrier to pursuing postgraduate taught Master's study? How best might they be defined and/or identified?**

Please provide reasons/ evidence to support your response:

The consultation document is clear that the intervention is not intended to be a universal offer and that it is targeted at those who face the greatest barriers to accessing finance – those under the age of 30. We agree that this group often face barriers to accessing finance and that it would be valuable to provide support to them.

While the evidence outlined demonstrates that a particularly acute credit constraint exists for those up to the age of 25,<sup>9</sup> our members have raised concerns that real hardship is also faced by more mature applicants. A widespread view is that ultimately the scheme should be open to all who wish to take it with some reporting that the older the student, the more difficult it can be for them to find funding.

Once the loans for the under-30 group have been implemented successfully – and repayments structured so that they are close to zero cost for government – the aim should be to offer them to more students.

Alliance universities have highlighted the following student groups (not age limited) that also currently experience finance as a significant barrier:

- a. 5 years after graduation and employed - this appears to be a particularly challenging time for identifying resources to support lifelong learning
- b. women returning to education after having a family / lone parents
- c. students with no parental support - low income households, single mature students

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<sup>9</sup> [Annex 5: Evidence related to Age Eligibility Criteria](#)

- d. students progressing directly from an UG course to a PG course - particularly if they have been supporting themselves on a student income for the preceding three years (exhausted savings/family support, debt and no employer sponsorship)
- e. low paid graduates – who are often from lower income families, most frequently first generation graduates
- f. graduates with caring responsibilities
- g. possibly graduates working in the SME environment where staff development funding is usually restricted

All these factors can be readily identified from applications and are easily verified.

Findings from the HEFCE PEP project also suggest that living costs actually go up over a lifetime and that therefore mature students may well need additional support. It is also worth considering that in terms of the future provision of postgraduate taught courses it is the over 30's group is where untapped demand is likely to be found.

**Q12. Are there other ways of identifying individuals with financial need for the purposes of pursuing study at this level?**

Please provide reasons/ evidence to support your response:

The lack of data to assess social mobility into postgraduate study, and therefore to be able to target any financial support, has been a long standing issue. As the consultation document states “this is because measures of deprivation that are largely accepted at undergraduate level may be just one determinant of under-representation in later life.”

Following on from the question above, it has been suggested that students with difficulty accessing finance could be identified via the application process with supporting evidence if necessary. Those progressing directly from HE with existing applications to Student Finance England could have their application/situation rolled over without the need to provide additional evidence.

**Institutional eligibility**

**Q13. Do you think that institutional eligibility should be restricted to HEFCE fundable institutions and Alternative Providers who have obtained Degree Awarding Powers?**

Yes                       No

The proposals in this section seem broadly sensible – given the recent experience of expanding the number of eligible institutions for undergraduate loans we think it is helpful to restrict these loans as suggested.

**Q14. If No to Q13, which other institutions and providers should be additionally included for eligibility?**

Please provide reasons/ evidence to support your response:

n/a

**Q15. What quality and assurance arrangements should be put in place for institutions and providers who are not HEFCE fundable institutions, or Alternative Providers without Degree Awarding Powers, to ensure standards and quality?**

Please provide reasons/ evidence to support your response:

All institutions should be subject to QAA HER (or equivalent should the quality assurance system change in the future).

**Fee inflation**

**Q16. Do you believe the availability of up to a £10,000 loan would result in excessive course fee inflation?**

Yes                       No

Please provide reasons/ evidence to support your response:

Alliance members do not anticipate that the £10,000 loan would result in excessive course fee inflation. Some fee inflation is anticipated although this is not seen as a direct response to the introduction of loans.

It is important to recognise existing pressures that are already causing some uplift in postgraduate course fees – including inflationary pressures / UG fee levels.

That said Alliance institutions are balancing this against a wish to keep tuition fees low to ensure that students and employers receive value for money and report that they would continue to do so following the introduction of a postgraduate loan.

**Q17. If Yes to Q16, do you agree that the Government should look at mechanisms to safeguard against rapid and excessive course fee inflation, and how should it be assessed?**

Please provide reasons/ evidence to support your response:

n/a

**Q18. If Yes to Q17, what safeguards should be applied against rapid and excessive fee inflation, and how should this be monitored?**

Please provide reasons/ evidence to support your response:

n/a

## Course eligibility

**Q19. Do you agree with the description of postgraduate taught Master's courses provided?**

Yes                       No

If No to Q19, please give reasons/evidence for your response:

n/a

**Q20. Are there any other postgraduate courses, particularly professional qualifications, that you feel would be excluded from the description of eligible courses which you think are particularly important to the economy?**

Yes                       No

If Yes to Q20, please provide reasons/evidence to support your response:

Alliance universities have a strong focus on professional training for example our market share in law is 35%, architecture 32% and social studies 28%. According to HESA returns 18% of our students studying for other postgraduate qualifications are funded by employers or industry. 18% are LEA mandatory while 38% have no financial backing. So this question is particularly pertinent for University Alliance. The two main suggestions that have been made are:

- a. **Other postgraduate courses such as certificates and diplomas:** these could be proportionally loan funded. At Plymouth University many of these courses are delivered in part-time mode through a stepping stone approach that has proven to be very successful. It has been suggested that the loan scheme could help to develop this approach further.
  
- b. **Students who have secured an equivalent level postgraduate taught Masters qualification:** as is the case for undergraduate students this would block those that want to retrain or specialise further. Our long term ambition should be to look again at the restrictions for ELQ undergraduate students – which would clearly need to go hand in hand with a more affordable loan model. It is not generally thought to be a good model to replicate although we understand the need to restrict access in the first instance. Again this is something that we should keep an open mind about in terms of further development of the postgraduate loan post-implementation.

### Course intensity

**Q21. Are there instances where a further reduced study period - of less than 50% intensity - should be considered for pro-rata loan eligibility?**

Yes  No

Please provide reasons/ evidence to support your response:

Based on the experience of Alliance student finance advisors it is suggested that part-time disabled students, if they are studying at 25% intensity, should be considered.

### Loan distribution

**Q22. Do you agree that the loan should be paid to the borrower in instalments across the academic year?**

Yes  No

Please provide reasons/ evidence to support your response:

It matches the way that undergraduate student fee loans are distributed allowing for administrative efficiency and provides the ability to match funding against the retention of students. It is also a helpful way to manage maintenance support.

**Q23. Do you think confirmation of attendance is an appropriate trigger to release the loan to the borrower?**

Yes  No

Please provide reasons/ evidence to support your response:

It is generally thought that it is helpful to align with the undergraduate scheme for this.

### Repayment terms

**Q24: Do you think this is the right balance of repayment terms to achieve an affordable scheme for borrowers whilst also meeting the principle of borrowers to repay in full?**

Yes  No

Please provide reasons/ evidence to support your response:

Our overriding interest is in the sustainability of the scheme and its extension to other students at some point in the future – we therefore support the principle that individuals should, on average, repay in full.

Feedback from students in the HEFCE PEP project suggest that the proposal is nearing the right balance because it takes into account the undergraduate repayments and provides extra time for students to find a job that can reduce the chances of the student having financial difficulties whilst repaying their loan.

**Q25. If No to Q24, which repayment terms would you recommend be made more generous, and which less generous in order to offset this?**

Please provide reasons/evidence to support your recommendations:

n/a

### **Other wider implications**

**Q26. Are there other issues Government should be aware of, which would impact on the take-up of this proposed loan by those with any of the protected characteristics, and what steps might Government take to mitigate any negative impact?**

Yes                       No

Please provide reasons/ evidence to support your response:

As outlined above under question 2, a strong communications campaign will be important to ensure that students are not put off taking up the loans by perceptions of debt. We need to be able to demonstrate that repayments have been designed to be affordable alongside the repayment of undergraduate loans, and that it is Government that carries the risk.

**Q27: What other sources of support could be offered to learners who would not be eligible for the new postgraduate loan?**

Please provide reasons/ evidence to support your response:

It has been suggested that extending the HEFCE PSS grant scheme for those from lower socio-economic backgrounds / with the greatest need might be helpful.

## Impact on employers and business

n/a – for employers to complete

### a. Course eligibility

**Q28. Are there any other postgraduate courses, particularly professional qualifications, that you feel would be excluded from the definition of eligible courses which you think are particularly important to the economy?**

Yes                       No

If Yes, please list them and provide reasons/evidence to support your response:

### b. Contribution to costs

**Q29. Based on the contribution to costs principle, are there features of the proposed loan scheme that you feel could be changed or enhanced that would encourage you as an employer or business to meet and/or contribute to your employees undertaking a postgraduate taught Master's course?**

Yes                       No

**Q30. If Yes to Q29, which of the following features would you change/enhance:**

	Loan amount		Repayment terms
	Contribution to costs		Income contingent repayment
	Age eligibility		Other
	Course eligibility	Please describe	
	Institutional eligibility		

Please provide reasons to support your response:

### c. Balance of benefits

**Q31. Do employers agree, that given the access to skills that employers tell Government they need, this new loan proposal offers advantages to not only individuals but also to employers?**

Yes                       No

Please provide reasons/ evidence to support your response:

**Q32. Do employers think that making changes to payroll systems to deduct postgraduate loan repayments will cost their business?**

Yes                       No

**Q33. If yes to Q32, is the impact to the changes required likely to be in the following areas:**

	Payroll and HR Staff time on the operating system
	Dealing with employee queries and preparing guidance
	Correcting errors and resulting from increased volumes and extra complexity
	Upgraded software
	Other things (please describe below)

Please provide further details/ information to support your response:

d. Repayments

**Q34. What new challenges, if any, do employers think administering this new loan scheme would present for them, and how might Government mitigate these?**

Please provide further details/ information to support your response:



## Review of Support for Postgraduate Research Students

### 1. How can we broaden and strengthen support for postgraduate research students and excellent postgraduate research?

Please give specific examples and evidence where possible:

Despite wide acceptance of the value of postgraduate students and the need to nurture and retain talented researchers and innovators, recent funding trends for postgraduate study are affecting the UK's ability to achieve this.

- a. **Funding decreases:** A decrease in resource has resulted in an overall reduction of 18% in PhD studentships available through research councils<sup>10</sup>
- b. **Increasing concentration:** The 20 institutions at the top of the funding distribution trained 75% of all research council-funded studentships in 2012-13 compared to 51% in 2010-11, and over a fifth of institutions who had previously trained research council students no longer had any.<sup>11</sup> A recent report for the ESRC on their Doctoral Training Centres (DTC) network has highlighted 'significant issues' with the DTC model, particularly with regard to the concentration of resources, exclusion of excellent research units, diversity and widening access, sustainability of funding, and industry engagement.<sup>12</sup>
- c. **Funding models should support cohort-learning but this can be across institutions:** Cohort training provides an advanced learning environment for the student. However, as many existing DTC models have demonstrated, the cohort mass for training environments does not exist solely within a single institution. Many are based on multi-institutional consortia with the added advantages of bringing together a diverse and far reaching group.

Further evidence relating to these points is outlined in our recent publication '[Evolve. Connect. Succeed. Funding a healthy research and innovation ecosystem](#)'

### Recommendations to broaden and strengthen support for postgraduate research students and excellent postgraduate research

In addition to the introduction of PGR loans, government should maintain other PGR funding. At the same time:

- a. Funders should recognise and support doctoral training in peaks of research excellence.
- b. Research Councils should support consortia of universities to deliver doctoral training to ensure excellence is funded wherever it is found.
- c. Funders should encourage and incentivise Industry and other organisations to part-fund more iCASE studentships, not only through the RC schemes but with Universities directly (for more on iCASE studentships see question 4).

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<sup>10</sup> Universities UK (2014) [The funding environment for universities. Research and postgraduate training](#)

<sup>11</sup> *ibid.*

<sup>12</sup> Bartholomew and others (2015) [Review of the ESRC Doctoral Training Centres Network](#)

- d. The ESRC should further develop its National Centre for Research Methods model to other discipline areas, which should be developed in partnership with industry, government and public/third sector.

## **Q2. Is there unmet demand for postgraduate research skills and qualifications amongst employers and potential students?**

Yes

If so, please provide evidence:

### **Demand is being affected by the availability of access to finance**

Despite increases driven by international students, growth in the uptake of PhD courses has slowed in the UK due to recent funding squeezes.<sup>13</sup> Universities UK analysis has shown that although demand for PGR study at UK institutions has remained strong over the last decade, it showed signs of stagnating in 2012–13. This ‘may be a sign that demand for PGR study may taper down over the next few years, particularly if funding opportunities from the research councils (RCs) continue to shrink and demand for postgraduate taught (PGT) qualifications (which are increasingly often a stepping stone to a doctoral degree) continues to weaken.’ There has been a continued upward trajectory in the number of entrants to doctoral training courses with a previous Master’s degree (from less than one third in 2002-03 to 59% in 2012/13).<sup>14</sup> The effects of declines in take-up of PGT courses in the last two years may be felt, although are yet to be realised.

### **Increasing demand for doctoral graduates in the labour market**

At the same time that the supply of PGR and doctoral students is threatened in the UK, there is sustained and increasing demand for doctoral graduates in the labour market, as evidenced by secure employment levels and wage premiums relative to other highly qualified individuals, including other postgraduates.<sup>15</sup> Doctoral graduates have proven to be more ‘recession-proof’ in recent years than other graduates in the UK; doctoral graduates were less likely to be unemployed and retained the same level of full time paid work between 2008 and 2010, during which period Masters and good first degree holders saw a 5% decline in the same.<sup>16</sup> Demand for doctoral skills from a range of disciplines is reflected across sectors, with nearly 60% of doctoral researchers working in sectors outside Higher Education following graduation.<sup>17</sup> Employers highly value staff with PhDs, often describing them as ‘business critical’.<sup>18</sup>

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<sup>13</sup> David Cyranoski and others (2011) “[Education: The PhD Factory](#),” *Nature*, 472, 276–79

<sup>14</sup> Universities UK, Op cit.

<sup>15</sup> OECD (2013) “Making the Most of Knowledge. Key Findings of the OECD-KNOWINNO Project on the Careers of Doctorate Holders.”; Laudeline Auriol, Max Misu and Rebecca A Freeman (2013) “[Careers of Doctorate Holders: Analysis of Labour Market and Mobility Indicators](#),” *OECD Science, Technology and Industry Working Papers*, 2013/04

<sup>16</sup> Vitae (2013) *What Do Researchers Do? Early Career Progression of Doctoral Graduates 2013*, 2013.

<sup>17</sup> Ibid.

<sup>18</sup> Abigail Diamond and others (2014) *The Impact of Doctoral Careers*

## **Funding systems must evolve to support training that meets the needs of the changing landscape of PhD employability**

Given the strong demand for doctoral graduates both within the research base and from industry, it is essential that financial opportunities are provided to all those with the talent and drive to undertake advanced research programmes. Similarly, funding systems must evolve to support training that meets the needs of the changing landscape of PhD employability, a landscape in which PhD graduates are increasingly less likely to work in a university-based research role post-study. Less than one third (29%) of 2010 leavers were in pure research roles 3 years after graduating, fewer than the 2008 cohort (32%).<sup>19</sup>

### **Q3. How can we attract and retain top research talent in the UK? What is the impact of the availability and level of individual stipends, and other factors such as postdoctoral opportunities? Does this vary across subjects?**

Please provide evidence:

Alliance universities have raised a number of issues in response to this question:

- a. **Impact of undergraduate debt:** The burden of UG debt is undoubtedly a factor in top grade UK students deciding not to continue into PGR and choosing to go directly into employment in order to start to pay off the debt.
- b. **Bridging the gap for early career researchers:** There should be an expansion of schemes to bridge the gap between PGR and ECR and programmes to support a mobile ECR workforce which moves easily from academia to industry and back again.
- c. **Stipends:** Individual universities are using stipends to attract the best research talent to PGR programmes. They can be targeted in strategic priority areas and are easily administered directly through the university. An associated issue is that stipends do not always reflect the varying cost of living across the UK.
- d. **Employability:** Ensuring programmes of study are attractive to high grade UG students by providing demonstrable opportunities to gain transferable skills and employment-related experiences to enhance job prospects – in both research and non-research related careers. This applies across all disciplines.
- e. **EU and international students:** RCUK studentships should be the same package for EU as Home students so that institutions can recruit the very best students regardless of their fee status. This is particularly important in areas where it is hard to recruit excellent candidates like Industrial Biotechnology and some of the Engineering disciplines. There is also a need to remove unnecessary barriers to the flow of talented people from outside the EU; including easing of visa restrictions and reinstatement of post-study work opportunities to retain the best talent in the country.

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<sup>19</sup> DHLE data 2008 and 2010.

## **Partnering to Support Postgraduate Research Students**

### **Q4. How could the Government further develop partnerships with industrial and charitable partners to leverage public sector funding to support postgraduate research?**

Please give specific examples and evidence where possible:

Industry partners choose to work with a variety of universities that suit their needs. Restricting the public funding which can support these partnerships to only part of the university sector not only fails to make use of existing university-business relationships, but asks companies to act in a non-competitive funding environment counter to market forces.

#### **iCASE awards**

One example is a new allocation method of public funding for iCASE awards by the EPSRC. Only the 44 HE institutions in receipt of a Doctoral Training Grant (DTG) are eligible for this as the eligibility list is based on previous funding awards. These awards are described as 'funding for PhD studentships where businesses take the lead in arranging projects with an academic partner of their choice'. They provide PhD students with a challenging research training experience, including a mandatory industrial placement.<sup>20</sup>

The result of uncompetitive funding allocation in this case means that private funds for investment in PhD training have been left unleveraged. Due to the limitations on the eligibility of academic institutions, businesses do not have a full choice of partners and businesses who were prepared to invest in an iCASE studentship did not, as they could not work with their partner of choice. Alliance universities have reported multiple instances of significant industrial partners including Siemens, EDF Energy, BAE Systems, Hydro International and Green Frog Group, plus numerous SMEs, deciding not to invest once they found they could not work with their preferred partner.

#### **Knowledge Transfer Partnerships**

We would also highlight the importance of Knowledge Transfer Partnerships (KTPs). KTPs remain an important part of the landscape and should continue to be supported. As they are open to all UK HEIs they have been instrumental in much good quality, impactful and industrially relevant research across the sector. KTPs were often cited within the impact case studies submitted to the Research Excellence Framework exercise.

### **Q5. How could the Government link with existing funding mechanisms and finance platforms and/or support new or innovative approaches?**

Please give specific examples:

University Alliance has recently launched a Doctoral Training Alliance in Applied Biosciences for Health. Industry will be involved in design and delivery to ensure that researchers emerge with skills relevant to industry. We are seeking to try new ways of embedding these skills for the cohort of Doctoral students. We would like to offer the Alliance DTA as a potential testing ground for consortia of businesses to inform and possibly co-fund consortia PhD training.

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<sup>20</sup> EPSRC webpage, [Introduction to industrial Case](#)

## **Income contingent loans to Support Postgraduate Research Students**

**Q6. Would the availability of a £25,000 loan influence a student's decision to pursue postgraduate research study or the location of study? Please give your views on the loan amount and any other factors that may influence a student's decision.**

As outlined under question 3 on postgraduate taught loans, there is evidence to suggest that loans will have a positive influence on a student's decision to pursue postgraduate study. The Ipsos Mori survey commissioned by University Alliance last year found that 66% felt that access to a student loan would make them more likely to study for a postgraduate qualification.<sup>21</sup> However, this has not been tested specifically for postgraduate research degrees or for a £25,000 loan.

### **Total loan burden**

The decision about whether postgraduate research loans are an appropriate intervention and the structure of repayment will need to take into consideration the total loan burden for students who have already completed an undergraduate degree with fees of £9,000; and potentially a postgraduate taught degree with one of the new loans attached. Conducting affordability assessments for repayment will be critical especially considering the concerns cited in relation to the HEFCE PEP project that living costs actually go up over a lifetime (question 11, postgraduate taught consultation).

### **A contribution to costs rather than a total solution**

That said, compared to the present situation of no loan support for self-funding students, the introduction of a £25,000 PGR loan scheme should be widely welcomed. The issue is whether or not this amount is adequate. An RCUK bursary award for a single year of a full-time PhD (not including bench fees) is currently set at around £18,000.<sup>22</sup> A consensus amongst Alliance universities is that £25,000 is more likely to be a contribution towards costs for those who are already self-funding. One suggestion is that it might help universities to match such partially funded students with other partial funding streams from industry or charitable donations.

Given this view that £25,000 loans will be part of the overall funding picture rather than a total solution we are supportive of the approach this consultation takes to look across the postgraduate research funding landscape. As noted under question 1 above and 8, below, there are adjustments to be made beyond the introduction of loans.

**Q7. Should we prioritise specific subjects where the scientific and economic case is strongest, or instead provide broad support to all subjects, even if this means capping the total number of loans or offering them on less generous terms? If we prioritise certain subjects, how should we go about it?**

Please give specific examples and evidence where possible:

The view amongst Alliance members was that loans should not be restricted to particular subjects although it was noted that additional support, say for bench fees, might be especially attractive to students in important Science and Technology areas.

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<sup>21</sup> University Alliance (2014) Op cit.

<sup>22</sup> [RCUK Fees 2015/16](#)

**Q8. How can we ensure loans complement existing funding mechanisms, maintaining a focus on the most excellent research and on linking with external funding?**

Please provide further details/ information to support your response:

In addition to the evidence outlined under question 1, where we strongly support the distribution of funding based on excellence, we would emphasise the point that the assessment of excellence should be genuinely open.

Historic funding volume or scale should not be used as a proxy, they demonstrate something entirely different. Funding based on these measures increases concentration for concentration's sake away from proven centres of excellence that are having great impact within the research ecosystem and beyond.

**Q9. How can we minimise complexity for Higher Education Institutions and for employers?**

Please provide further details/ information to support your response:

In line with our responses on the development of a income-contingent loan for postgraduate taught students above:

- a. Be clear on criteria for students, universities and employers, once they have been established.
- b. The most administratively simple arrangement would likely be to if annual fees were paid directly to the university and the balance to the student (will avoid penalties and admin burden arising from non-payment of fees).
- c. A pro-active communication campaign should be planned alongside the roll-out of any new loan scheme.

**Q10. Is there anything else we should take into consideration?**

Please provide evidence:

**Do you have any other comments that might aid the consultation process as a whole?**

Please use this space for any general comments that you may have, comments on the layout of this consultation would also be welcomed.

Thank you for taking the time to let us have your views. We do not intend to acknowledge receipt of individual responses unless you tick the box below.

Please acknowledge this reply

At BIS we carry out our research on many different topics and consultations. As your views are valuable to us, would it be okay if we were to contact you again from time to time either for research or to send through consultation documents?

Yes



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