

FAQs

Higher education funding 2013-14 – what the changes mean

1 What difference will this make to students currently at university?

The new proposals don't affect students currently at university. The terms on which they started their courses are not altered by the new proposals.

2 Are there any changes to the current arrangements for maintenance payments?

There are no changes to the provision of maintenance payments; current and future students will continue to be eligible for support. The cost of the maintenance payments made each year to students is approximately £1.7m.

3 Why are the changes being introduced?

The Island is experiencing a significant reduction in its VAT receipts as a result of changes introduced by the UK Government under the sharing agreement. This means that Departments have to reduce or contain their spending. The Department of Education and Children has made significant savings in its budgets over the last three years and must now contain that expenditure to meet budgetary targets over a three year period.

4 Why can't the savings fall on other areas of Government?

Whilst every effort is being made to protect the health and education budgets they represent almost half of the overall Government spend and not all of the savings can be borne by other areas of government.

5 Why choose higher education funding for making savings?

The savings made by the Department over the last three years have resulted in a slimmer, leaner and more efficient service but this has led to increased class groupings in schools and the removal of certain non statutory provisions such as teaching French in primary schools and the transfer of services such as the Children's library and pre-schools to the private and voluntary sector.

Higher Education funding is a non statutory provision and achieving further savings in the areas of statutory provision such as schools would have a major impact on those services.

6 Do the changes apply to students studying for degrees in the Isle of Man?

No, anyone studying in the Isle of Man, whether the course is full time, part time or distance learning is not affected by the changes.

7 What fees are supported?

The annual tuition fee supported by the Department is limited to £9,000 but for some courses, such as medicine, dentistry and veterinary courses the Department will pay a much higher fee.

8 I am a student starting a course in September 2013 and my family income is below £100,000 – what do I have to pay?

You will be liable to make a contribution to your tuition fees of £2,500 per annum, but this is supported by a Treasury provided loan and repayments start one year after graduation. The contribution is being **waived for the first year of your course** so you will only be liable for the contribution in the second and subsequent years of the course. If you take a three year degree the first repayment will be due in July 2017.

9 I am a student starting a course in September 2014 and my family income is below £100,000 – what do I have to pay?

You will be liable to make a contribution to your tuition fees of £2,500 per annum, but this is supported by a Treasury provided loan and repayments start one year after graduation. The contribution is **due from the first year** of the course. If you take a three year degree the first repayment will be due in July 2018.

10 I am a student starting a course in September 2013 and my family income is in excess of £100,000 – what do I have to pay?

You will be liable to make a contribution to your tuition fees of £2,500 per annum, but this is supported by a Treasury provided loan and repayments start one year after graduation. The contribution is due from the **second and subsequent** years of the course. If you take a three year degree the first repayment will be due in July 2017.

As your family income exceeds £100,000 your family will be required to meet the balance of the fee over £2,500 based on 35% of gross family income in excess of £100,000. (see example overleaf)

Example:

Based on a family income of £110,000 per annum

University tuition fee	£9,000
£2,500 universal contribution paid via loan	£2,500
Family income contribution £110,000-£100,000 @ 35%	£3,500

Under this example £3,500 would be payable to the university by the family and the Department would pay the balance, including the loan supported universal contribution. The loan would become repayable by the student one year after graduation.

11 I am a student starting a course in September 2014 and my family income is in excess of £100,000 – what do I have to pay?

This situation will be similar to that at 9 above except that the contributions are due from the first year of the course.

12 I am a student starting a medical/dentistry/veterinary/conservatoire music course in September 2013 or September 2014 – what do I have to pay?

The contribution is waived for the first year for those starting in September 2013.

The fees for these courses are much higher than those for other courses and for the purposes of means testing the fee will be treated as being £9,000 with the Department paying the balance. Thus where a student has a family income exceeding £120,000 the amount of the contribution will be limited to £9,000 for each year of the course.

13 What if the fee is over £9,000 per annum, will the Department pay the excess?

With the exception of the medical/dentistry/veterinary/conservatoire music courses mentioned above the Department will not meet the cost of courses in excess of £9,000, as stipulated by the existing regulations.

The exceptions to this are the college fees charged by Oxford and Cambridge which are added to the £9,000 tuition fee and means tested based on 35% of family income in excess of £100,000.

14 Why do the Department apply the cap of £9,000 to tuition fees? (with the exception of those mentioned at 12 above)

Following the changes to UK higher education funding introduced in 2012-13, the Department together with the Channel Island authorities agreed with the vast majority of universities that Island students would pay the same for a course as an English student is charged for the same course. The current cap is £9,000 and may change each year if a change is introduced by the English authorities. Over 200 institutions have agreed to the new fees arrangement; however the following four universities have indicated that they will charge higher fees:

- Imperial College London has always sought to charge Island students international fees and for a number of years the Student Guides produced by the Department have advised that students would be responsible for any excess costs over the normal level of fees.
- Cambridge University has indicated that they will charge Island students international fees for new students starting in 2013.
- Warwick University has indicated that it will charge Island students international fees for courses starting in 2013.
- Cardiff University has advised that for certain courses the fees will be £12,000 rather than £9,000.

It is possible that other universities may seek to charge above that charged to English students for the same course however the Department made it clear in the 2012-13 regulations that, subject to the exceptions noted, the cap on tuition fees would be £9,000.

15 If I am a student with family income above £120,000, paying all or almost all of my tuition fees, is there a risk that the university may seek to charge me international fee rates?

In this situation the Department will issue a letter to the student, to be produced to the university, confirming that the student has Island fee status. The letter will also confirm that the Department will meet the first £2,500 of the annual fee and the student will be responsible for the balance of the annual fee payable directly to the university.

If the student has not elected to take up the loan facility the letter will confirm Island fee status and state that the student will be responsible for the full fee.

16 How many students will the changes affect?

Out of a cohort of approximately 1,000 pupils in each school year group roughly 400 go on to undertake higher education at first degree level in the UK or elsewhere each year.

The costs of higher education tuition fees and maintenance grants are approximately £11.5m per annum.

17 What are the arrangements for the loans?

Availability:

The loan facility is available to all students.

Amount of loan:

The loan is limited to the amount of the universal contribution in each year of the course.

Interest:

Interest is chargeable at the same rate as that charged by the Assessor of Income Tax on overdue tax liabilities. Interest will not begin to accrue until the student has completed their studies, even if they go on to study at postgraduate level. The current rate of interest is 5% per annum. This compares favourably with the Student Loan Company's rate for new loans of 3% over RPI.

Loan repayment:

Repayments will commence from 1 July in the year following graduation, or such time before that date at the election of the student.

There is no penalty for early repayment of the balance of the loan.

The student is required to pay 9% of earnings over a threshold of annual earnings before tax of £21,000 per year.

Example repayment amounts:

Annual income before tax	Monthly salary	Monthly repayment
Up to £21,000	£1,750	£0
£22,000	£1,833	£7
£25,000	£2,083	£30
£30,000	£2,500	£67
£35,000	£2,916	£105

The student will be personally liable for the repayment of the loan and a parental guarantee will not be required.

18 Won't this put many students off the idea of Higher Education, particularly those from less well off backgrounds?

For those families with family income under £100,000 the only change will be that students will be required to contribute £2,500 per annum towards the cost of their tuition fees. They will not be required to contribute this money immediately as a loan facility is being provided by Treasury. For students starting their course in September 2013 the first year's contribution is waived and for all students the repayments will not commence until a year after they complete their courses.

19 Won't the introduction of contributions come as a surprise to many students and their families?

The introduction of contributions for the fourth and subsequent years of support was the subject of much discussion prior to its introduction in 2010. Since then the VAT situation

has become more challenging and the subject of tuition fees has been the subject of much debate and comment.

20 What are the different fees charged by the universities?

For undergraduate and combined undergraduate/postgraduate courses the agreement with the vast majority of universities is that Island students pay the same as an English student would pay for the same course. The fee cap set by the UK Government for the 2012-13 academic year is £9,000. This may change with inflation for 2013-14 and subsequent years.

The following are exceptions to this:

- a) Fees for certain **medical, dentistry, veterinary or music courses** which can cost up to £23,500 per annum but the £9,000 cap does not apply to these courses.
- b) Additional fees are charged by a small number of universities for **laboratory or workshop based courses** for which the UK authorities pay an additional £1,500 to the universities due to the higher costs of facilities or equipment in providing them. Support for these courses is capped at £9,000 for Island students in accordance with the agreement with the universities but a small number of universities have decided to charge the extra amount – see items 20 and 22 below for further information.
- c) Oxford and Cambridge **college fees** which are charged in addition to the tuition fee and typically cost between £3,000 and £6,000 per year for undergraduate degree courses depending on the College. The Department will pay these fees, but under the proposed Regulations they are subject to a means tested contribution on the same basis as tuition fees for families with incomes over £100,000 from 2014-15. The first year's contributions are waived for those students starting courses from September 2013.
- d) Universities charging **international fee rates** to Island students which can be as high as £39,150 per year for a five year medical course (Imperial College London). The Department does not provide support for the excess of fees over those prescribed in the Regulations.

For postgraduate courses taken separately there is no overall agreement with the universities. The reason for this is that the nature and scope of these courses vary considerably; they can take the form of 'taught' or 'research' degrees which has a direct bearing on the level of fees chargeable. Fees charged to Island students can vary in

practice from UK home student status to international student status. Often the fee for UK, Island and international students can be the same.

21 Why is the undergraduate degree fee capped at £9,000?

Prior to the introduction of the new Higher Education funding regime in 2012-13 the Island paid tuition fees based on four bands which related to the cost of providing the course. The fees based on the four bands apply to students who started courses prior to 2012-13. The rates for these continuing students for the current year are as follows:

Band A - Clinical medical courses £22,750

Band B - Laboratory/workshop based courses £10,232

Band C - Studio/Fieldwork courses £8,055

Band D - Classroom based courses £6,423

It was not possible to carry on the old funding method into 2012-13 as it would mean that new Island students starting courses in September 2013 would be paying less than their English counterparts for the band C and D courses. Consequently a compromise was negotiated on the basis that an Island student would pay the same as an English student for the same course, with the exception of clinical medical courses (band A above).

22 Which universities are charging Island students international fees?

- Imperial College London has always sought to charge Island students international fees and for a number of years the Student Guides produced by the Department have advised that students would be responsible for any excess costs over the normal level of fee support.
- Cambridge University has indicated that it will charge Island students international fees for new students starting in 2013.
- The University of Warwick has indicated that it will charge Island students international fees for courses starting in 2013. *This is currently under review by the University.*
- Cardiff University has advised that for certain courses the fees will be £12,000 rather than £9,000. *This is currently under review by the university.*

- The Department has not been advised of any other universities wishing to charge Island students international fee rates in 2013-14 at this time and is arranging to meet with all the universities concerned.

The Department currently supports 30 students at various stages studying a variety of undergraduate degrees at these universities. The basis on which current students at these universities are charged is unaffected by any proposed changes for 2013-14.

23 It has been suggested that over a third of Russell Group of leading universities are currently charging more than the £9,000 for Island students.

The following universities have indicated that they will charge approximately £1,500 above the agreed maximum £9,000 for Laboratory/Workshop courses to compensate for the additional amount receivable from the UK Government:

Those in the Russell Group include the London School of Economics, Durham University, the University of Bristol, and the University of Nottingham. The position with the University of York has yet to be confirmed. Lancaster University and the University of East Anglia have also indicated that they will charge the additional amount for these courses.

The Department currently supports 32 students studying three to four year Laboratory/Workshop courses at these universities representing an average of ten new students starting each year. Continuing students will be unaffected by the increase.

Of the remaining 15 members of the Russell Group there are 254 Island students currently being supported at various courses at these institutions.

23 What will happen if a university decides to increase its fees above £9,000 after a student has irrevocably committed to a course at that university via UCAS?

When the current Student Awards Regulations were introduced in March 2012 with a cap of £9,000 it was too late for some students who had already irrevocably committed via UCAS to a university charging higher than the cap. The Regulations therefore allowed the cap to be waived for students who had made such a commitment for the duration of their courses.

However, for students starting courses in September 2013 schools were requested to ensure that students should confirm the level of tuition fee charges with the institution they proposed to apply to, before making their choice.

If it is evidenced to the Department that for genuine reasons the student has been given incorrect information by a university regarding its proposed fee levels the Regulations provide the Department with sufficient discretion to review such cases on an individual basis.

24 It has been suggested that the UK Student Loans Company charge less than the proposed interest charge of 5%.

The Student Loan Company (SLC) announcement dated 28 August 2012 confirmed that the interest rate for new loans in 2012 would be 6.6% (RPI plus 3%). However there are other rates applicable to pre 2012 loans which are historically related to bank base rate or Retail Price Index. Interest is charged on loans by the SLC from the start of a student's course.

http://www.studentloanrepayment.co.uk/portal/page?_pageid=93,3866911&_dad=portal&_schema=PORTAL

Loans are not available to Island students for maintenance however non repayable means tested grants are available to students from less well off families which range from £4,680 for a 25 week course at Oxford or Cambridge or a 30 week course elsewhere in the UK. Grants for courses in London for a 30 week course are £5,190.

In the case post graduate research annual means tested grants for courses of longer duration are available up to a maximum of £10,100 in London and £7,850 elsewhere in the UK.

25 Appendices

Table 1 – Means testing schedule for incomes over £100,000

Table 2 – Summary - Student contribution to tuition fees - undergraduate and postgraduate starting from 2009 to 2014

Table 1 - Means testing schedule for gross annual incomes over £100,000

	One student at university	Two students at university
Contributions start from incomes over	£100,000	£118,571
Rate of contribution	35%	35%
Universal contribution p.a. via income contingent loan(s)	£2,500	£5,000 (2 x £2,500)
Family income		
£100,000	-	-
£101,000	£350	-
£102,000	£700	-
£103,000	£1,050	-
£104,000	£1,400	-
£105,000	£1,750	-
£110,000	£3,500	-
£115,000	£5,250	-
£120,000	£6,500	£500
£125,000	£6,500	£2,250
£130,000	£6,500	£4,000
£135,000	£6,500	£5,750
£140,000	£6,500	£7,500
£145,000	£6,500	£9,250
£150,000	£6,500	£11,000
£155,000	£6,500	£12,750
£160,000	£6,500	£13,000
£165,000	£6,500	£13,000

Table 2

Summary - Student contribution to tuition fees - undergraduate and postgraduate courses starting from 2009 to 2014

The following table describes the contribution required from each student at undergraduate and postgraduate level for courses starting in 2009 through to those starting in 2013 for undergraduate and 2014 for postgraduate courses. An explanation of each situation is as follows:

Undergraduate students (including courses which combine postgraduate study)

- 1 Students who started 3 to 5 year undergraduate courses in 2009 were not required to make any contribution.
- 2 Students starting courses in 2010 were required to make a means tested contribution of £1,000 for the fourth and subsequent years of support.
- 3 Students starting courses in 2011 were also required to make a means tested contribution of £1,000 for the fourth and subsequent years of support.
- 4 Students starting courses in 2012 are required to make a loan supported contribution of £5,000 for the fourth and subsequent years of support. Fee support is capped at £9,000 including the £5,000 with the exception of medical, dentistry and veterinary courses.
- 5 Students starting three to five year courses in 2013 will be required to make a £2,500 universal contribution and a means tested contribution of up to £6,500 for each year of the course. The contribution will be waived for the first year. Fee support is capped at £9,000 (or the prevailing English tuition fee maximum) with the exception of medical, dentistry and veterinary courses.

Postgraduate students (students who have received three or more years of support previously at degree level)

- 6 Students who started postgraduate courses in 2009 were not required to make any contribution to tuition fees irrespective of the length of the course.
- 7 Students starting courses in 2010 were required to make a means tested contribution of £1,000 for each year of the course.
- 8 The situation was the same for students starting courses in 2011.
- 9 Students starting courses in 2012 are required to make a loan supported contribution of £5,000 for each year of the course. Fee support is capped at £9,000 including the £5,000 contribution.
- 10 Students starting courses in 2013 are also required to make a loan supported contribution of £5,000 for each year of the course. Fee support is capped at £9,000 including the £5,000 contribution.
- 11 Students starting one to three year courses in 2014 will be required to make a £2,500 universal contribution and a means tested contribution of up to £6,500 for each year of the course. Fee support is capped at £9,000.

Table 2**Student contribution to tuition fees - undergraduate and postgraduate**

	Course duration years	Year started	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18
1	Undergraduate student No contribution	3 - 5	2009	£0	£0	£0	£0				
2	Undergraduate student £1,000 means tested in year 4+	3 - 5	2010		£0	£0	£0	£1,000	£1,000		
3	Undergraduate student £1,000 means tested in year 4+	3 - 5	2011			£0	£0	£0	£1,000	£1,000	
4	Undergraduate student £5,000 loan supported in year 4+	3 - 5	2012				£0	£0	£0	£5,000	£5,000
5	Undergraduate student Universal contribution from 2014 Means tested min cont from 2014 Means tested max cont from 2014	3 - 5	2013					£0	£2,500	£2,500	£2,500
								£0	£0	£0	£0
								£0	£6,500	£6,500	£6,500
6	Postgraduate student No contribution	1 - 3	2009	£0	£0	£0					
7	Postgraduate student Means tested contribution	1 - 3	2010		£1,000	£1,000	£1,000				
8	Postgraduate student Means tested contribution	1 - 3	2011			£1,000	£1,000	£1,000			
9	Postgraduate student Loan supported contribution	1 - 3	2012				£5,000	£5,000	£5,000		
10	Postgraduate student Loan supported contribution	1 - 3	2013					£5,000	£5,000	£5,000	
11	Postgraduate student Universal contribution from 2014 Means tested min cont from 2014 Means tested max cont from 2014	1 - 3	2014						£2,500	£2,500	£2,500
									£0	£0	£0
									£6,500	£6,500	£6,500