



## HOUSE OF COMMONS

LONDON SW1A 0AA

### **Response for Student Finance (Maintenance Loans)**

Thank you for contacting me about student finance.

Everyone with the potential to benefit from a degree should be able to do so. I understand that there are questions about recent changes and would be happy to clarify a few things.

Participation in higher education has increased since 2010 and from this year the Government will remove the cap on student numbers, enabling thousands more students to benefit from a higher education. I also welcome the fact that students from disadvantaged backgrounds are going to university in record numbers.

Higher education must remain financially sustainable. Graduates generally earn more than people without a degree so it is right they contribute to the costs of studying when they are earning as graduates. From the 2016-17 academic year, maintenance grants will be replaced by maintenance loans for new students from England.

At the same time the Government is increasing the overall maintenance support available to low income students by £766 to £8,200 a year for those living away from home and studying outside London. This means all new students, irrespective of income, will have access to more cash-in-hand than before to help meet living costs.

There is a progressive repayments system for student loans and graduates only start repaying them when they earn over £21,000. Repayments cease if earnings fall below this amount. To ensure the cost of providing student loans remains affordable in the long-run, the Government is freezing the loan repayment threshold at its current level of £21,000 for five years. Grants for students who are carers, disabled or have dependants will continue to be available.

The net working life benefits for an individual from gaining a first degree compared to two A levels are estimated to be around £170,000 for men, and £250,000 for women. This is net of tax and other costs and based on 2012 prices.

Driving up the quality of higher education is also important, and students rightly expect value for money. The Government will allow institutions

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offering high quality teaching to increase their tuition fees with inflation from 2017/18. This will give our world-class universities access to sufficient funding to continue to compete internationally. However, there will be no simple uplift in fees. Only those who can demonstrate high quality teaching, and success in areas such as widening participation and progress retaining students, will benefit.

Taken together, these changes will help ensure our world class universities are sustainably funded, enable more people to benefit from a higher education, and uphold the principle that students do not need to pay up front for their tuition.

Thank you again for contacting me.

Kind regards,



**Edward Timpson MP**