



# Consultation on the Frequency of Student Support Payments

## A Summary of Responses

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December 2015

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# Background

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A public consultation on proposals relating to the frequency of student support payments was launched by the Minister for Employment and Learning, Dr. Stephen Farry MLA, on 3 August 2015. The consultation ran for 12 weeks closing on the 27 September 2015. A total of 17 responses were received to the consultation (a full list of respondents is attached in Annex A).

This report provides a summary of the responses received to the consultation.

The Department wishes to thank all respondents that contributed to this consultation process.

## Overview of the Consultation

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The consultation looked at a number of policy proposals in regard to different payment frequencies for the student maintenance package. As well as the current tri-annual payment process, it also explored the pros and cons associated with different monthly payment schedules. The implementation of each policy proposal was also considered, looking at whether any changes would be made to new and/or existing students. The policy options outlined within the document were also set within the challenging financial context the Department for Employment and Learning is now working within.

The consultation document outlined that any changes to the payment frequency would have administrative costs associated with it and that these additional costs would have to be sourced from within already pressurised Departmental budgets and therefore recommended that all options be considered within this wider context.

Indeed, it also added that any policy changes emanating from the consultation would also be dependent on the capacity of the Student Loan Company, a non-profit making Government-owned organisation established in 1990 to provide loans and grants to students in universities and colleges in the UK. The Student Loans Company administers student support payments for Northern Ireland students on the Department's behalf. The Student Loans Company is undergoing a period of significant transformation and its ability to deliver new services will be increasingly limited in the short to medium term. The consultation therefore noted that there may be significant lead-in times associated with any policy change.

# Policy Proposals

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The following policy proposals were outlined within the consultation document and respondents were asked a number of questions in regard to them.

## **Option One – Status Quo**

This option would maintain the existing tri-annual payment system for maintenance support payments. Students are currently provided with significant levels of support in large instalments. This assists with any bulk costs which students are likely to face and can be particularly important for accommodation costs. As this option would not represent any change to the current system no additional resource costs to the Department would be incurred.

## **Option Two – Equal Monthly Payments**

This option would introduce a monthly payment system, with payments profiled equally throughout the entire academic year. During the final year, student payments would be profiled on a monthly basis up to graduation. Under this option students would receive their payments more frequently. Changing from a tri-annual to a monthly payment system would present additional resource pressures for the Department. Initial cost estimates from the Student Loans Company suggest the change would cost between £250,000 and £350,000 to implement. There would also be additional ongoing running costs associated with this option, roughly proportionate to the increase in bank transactions, which would quadruple compared to the status quo.

### **Option Three – Front-loaded Monthly Payments**

This option would introduce a monthly payment system as per option two over the entire academic year, but a larger payment would be made in the first month to better assist with any front-loaded costs. As with option two, during the final year student payments would be profiled on a monthly basis up to graduation but front-loaded in the first month. Changing to this new system would carry similar costs to option two. Initial cost estimates from the Student Loans Company suggest the change would cost between £250,000 and £350,000 to implement. There would also be additional ongoing running costs associated with this option, roughly proportionate to the increase in bank transactions, which would quadruple compared to the status quo.

### **Option Four – The Scottish Model**

This option would introduce a front-loaded monthly payment system as per option three, but payments would not be made over the summer months. Payments would begin in September and end in the month that the student's course ends. In most cases this would mean payments would not be received in the months of July and August. This option is modelled on the Scottish system which has been in place since 2007/08. Changing to this new system would carry similar costs to option two. Initial cost estimates from the Student Loans Company suggest the change would cost between £250,000 and £350,000 to implement. There would also be additional ongoing running costs associated with this option, roughly proportionate to the increase in bank transactions, which would more than treble compared to the status quo.

# Summary of Responses Overview

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There were 17 responses to the consultation before the closing date, 8 of which were representing larger organisations. The remaining 9 responses were from individuals. Most organisational responses came from either higher education providers or higher education student and staff interest groups. Most of the individual responses characterised themselves as either parents or former higher education students, in addition to one current higher education student and one higher education employee. A full list of respondents to the consultation is attached at Annex A.

Each question contained within the consultation will be addressed in turn and a summary provided. Questions 1-3 within the consultation asked respondents about themselves. Therefore the summary commences from question 4 within the consultation.

## Question Four

Based on the four options presented, respondents were asked:

**Which option do you believe best addresses the support needs of full-time undergraduate students, whilst also taking into account existing and future public spending constraints in Northern Ireland?**

The responses were as follows:

Option	Total	Percent of All	Percent of answered
Option One –Status Quo: Tri-annual Payments	3	17.65	17.65
Option Two – Equal Monthly Payments	1	5.88	5.882
Option 3 – Front-loaded Monthly Payments	2	11.76	11.76
Option Four – The Scottish Model	7	41.18	41.18
Unsure	4	23.53	23.53
Not Answered	0	0	N/A

The largest group (41.18%) of respondents answering this question favoured option four. The main reasons cited focused around easier financial management for students as they would have a larger first month payment in September, which is when respondents believed students incur most financial hardship.

The next largest group of respondents – representing four respondents (23.53%) were unsure which option they favoured. These responses were all from representatives of larger student organisations. Three of these organisations did however narrow down their preference between two options. Two organisations stated a preference for either option one or four, and one stated a preference for either option three or four.

One student organisation did not have a clear consensus but stated that ideally there should be more student choice. Another organisation's preference was payments tailored to meet individual circumstances.

Three respondents (17.65%) favoured option one, namely two former higher education students and an organisation. These respondents believed that due to the additional expenditure associated with the other options, the status quo should be maintained.

Only one respondent (5.88%) – a higher education employee favoured option two. Two respondents (11.76%) favoured option three (a former and a current higher education student). 29.41% of all respondents indicated they would have serious cost concerns with implementing a new system.

Two respondents who identified themselves as parents preferred option four citing easier financial management for this preference.

## Question Five

Respondents were asked:

**Place in rank order, with (1) being the option which best addresses the support needs of full-time undergraduate students.**

The options below were placed in the following rank order by respondents:

Option	Total	Percent of All	Percent of answered
Option One –Status Quo: Tri-annual Payments	3	17.65	23.08
Option Two – Equal Monthly Payments	2	11.76	15.38
Option 3 – Front-loaded Monthly Payments	1	5.88	7.69
Option Four – The Scottish Model	7	41.18	53.85

The majority (41.18%) of respondents who answered this question placed option four in rank order 1. These respondents comprised a mix of representatives of student organisations and individuals (3 parents and 1 former higher education student).

Three respondents (17.65%) placed option one in rank order 1. These respondents comprised two former higher education students and one respondent represented a

large organisation. Two respondents, a student organisation and a higher education employee (11.76%) placed option two in rank order 1.

One respondent (5.88%) – a current higher education student- placed option three in rank order 1.

Four respondents (23.53%) did not rank the options proposed in the consultation document. Three of these respondents represented student organisations and one was a higher education employee.

## Question Six

The consultation asked:

**Are there any other options which you think would better address the support needs of full-time undergraduates?**

A summary of the responses to this question is outlined in the table below:

Option	Total	Percent of All	Percent of Answered
Yes	2	11.76%	15.38%
No	7	41.18%	53.85%
Unsure	4	23.53%	30.77%
Not Answered	4	23.53%	n/a

Only two respondents believed that there were other options not captured in the consultation that would better meet the needs of full-time undergraduate students. These included:

- One respondent (parent) believed that higher education providers should be encouraged to facilitate monthly accommodation payments.
- One student organisation suggested that during student inductions it would be beneficial to provide additional support and information about budgeting and the initial financial costs which will be incurred at the start of each academic year in order to allow students to budget effectively as they will have a reasonable indication of their regular monthly outgoings.

Of those respondents who were unsure of whether there were other options that would better address the support needs of full-time undergraduates, they provided the following comments:

- A student organisation believed that both new and current students should be able to choose at the start of each academic year between option one and monthly payments.
- One former higher education student commented that the maintenance loan/grant payments should be distributed in the current tri annual format but have the total student finance spread 38/31/31 (or similar ratio) instead of the current 33/33/34. The respondent stated that this would help students to manage the initial capital expenditure of starting university whilst avoiding any additional costs for the Department as the frequency of payments would remain the same and so avoid any increase in bank transaction fees.
- Another student organisation recognised that increasing finance in the current economic climate is unlikely but believed the maintenance loan available to undergraduate students in Northern Ireland needs to be increased in order to fully address the problem.
- An organisation representative commented that some sections of the student community may require different payment systems and that it should be possible to tailor the frequency of payments to specific groups, such as disabled students, lone parents or students from low socio-economic backgrounds.
- Another student organisation stated they were content with the current system but suggested payments should be made earlier each term so the students are not in arrears.
- A student organisation also believed that both new and current students should be able to choose at the start of each academic year between option one and monthly payments.

Four (47.06%) respondents did not answer this question.

## Question Seven

Respondents to the consultation were asked:

**Bearing in mind the cost involved, do you think that any new payment system should be applied to all students?**

The Department received the following responses:

Option	Total	Percent of All	Percent of Answered
Yes	11	64.71	68.75
No	4	23.53	25.00
Unsure	1	5.88	6.25
Not Answered	1	5.88	N/A

The vast majority (64.71%) of respondents answering the question thought that any new payment system should be applied to all students. The most common reasons given by respondents were that it would be the most cost effective way for the Department to introduce a new payment system without disadvantaging any students and that it would replicate what happens in the “real world”.

There were four “no” responses which were mainly due to concerns with costs involved in implementing a new system. One respondent described it as “ridiculous - as such funds could be better spent on funding higher education facilities in wake of recent and planned HE cuts, or spent on improving facilities in secondary or primary education”. The remaining “no” responses indicated a preference for choice or tailored to individual circumstances. One organisation stated that by only applying any change in the payment system to new students would allow a pilot of the scheme which would identify any difficulties, errors or oversights which can be ironed out before larger numbers of individuals receiving support through the scheme are impacted.

A student organisation believed that there should ideally be choice each year for both new and current students and that any costs of changes to the system must be funded through additional funding from the Northern Ireland Executive.

One respondent answered “unsure” to this question.

## Question Eight

Following on from the previous question, the consultation then asked:

**Bearing in mind the cost involved, do you think that any new payment system should be applied to new students only?**

Respondents answered as follows:

Option	Total	Percent of All	Percent of Answered
Yes	3	17.65	18.75
No	13	76.47	81.25
Unsure	0	0.00	0.00
Not Answered	1	5.88	N/A

Eleven respondents (76.47%) answered “no” to this question. The main reasons cited were: that all students should be treated the same otherwise it could give rise to claims of discrimination (organisation representatives); and that it would replicate what happens in the real world with budgeting a monthly salary which would also discourage students from making big purchases when the loan comes in leaving them in hardship towards the end of the semester (parent).

Three respondents answered “yes” to this question (organisation representatives). Some indicated this choice only if bringing in the new system is cheaper to implement over a four year cycle involving only new students in the first instance. A choice was also preferred until any new system was fully phased in to allow for those students who are in their third or fourth year study to finish their studies how they began.

One student organisation reiterated that they favoured a choice which should be applied to both new and current students and that the amount of money such a change would cost is worth the investment for the positive impact that it could have upon students' financial wellbeing. They also emphasised that no money should be removed from student hardship or student support funds to resource any change and the Executive must provide additional funding to the Department to fund any change.

## Question Nine

Finally, respondents were asked:

**Do you have any additional comments on any of the policy options presented within this consultation?**

The answers were as follows:

Option	Total	Percent of All	Percent of Answered
Yes	7	41.18%	53.85%
No	0	n/a	n/a
Unsure	0	n/a	n/a
Not Answered	10		

Seven respondents (41.18%) commented on this question and the most notable themes were: concerns regarding the high costs of implementing any new model; and the need for more research into this issue.

**ANNEX A**

# List of Respondents to the Consultation

<b>Organisations</b>	<b>Individuals</b>
Fermanagh and Omagh District Council	Current higher education student
Colleges NI	Former higher education student
Women's Forum NI	Parent
North West Regional College (NWRC)	Former higher education Student
National Union of Students – Union of Students in Ireland (NUS-USI)	Parent
Queen's University Belfast Students' Union (QUBSU)	Parent
British Medical Association	Former higher education student
National Association of Student Money Advisers	Higher Education Employee
	Former higher education student

## Further Information

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