

Motion to oppose the government's proposed changes to the student loan repayment threshold

Proposer: Jennie Watson – Deputy President (Welfare)

Seconder: Andrew Tranter – Campaigns Officer

The Union Notes

1. The recently issued Autumn Statement makes a commitment to freeze the student loan repayment threshold for all plan 2 (£9,000 fees) graduates for 5 years from April 2016. (1)
2. When £9,000 fees were introduced in 2012, the repayment threshold was set at £21,000 and was supposed to rise with inflation.
3. Over the summer Department for Business Innovation and Skills (BIS) conducted a tokenistic consultation. 84% of respondents were firmly against freezing the repayment for all undergraduates who started their degree after 2012; 64% supported allowing the repayment threshold to continue to rise with inflation (2).
4. Contrary to substantial opposition during the consultation process, the government is continuing to push this deeply unpopular change.
5. The proposal means retrospectively changing the loan terms for all students starting their degree after 2012. There is speculation that this may face legal challenge as such a practice would be considered illegal in the context of commercial loans. The current proposal has been described as loan mis-selling (3).
6. Although estimates vary, the Institute for Fiscal Studies estimates that the changes will increase total repayments by around £3,800 per graduate (4), while the Sutton Trust estimates the cost per graduate to be around £2,800 (5).
7. The proposed change will have a disproportionately negative effect on women, ethnic minority students, and students with disabilities as modelled by the Institute for Fiscal Studies (4), the government's own consultation response (2) and The Sutton Trust (6).
8. It will also impact most heavily on low-middle income graduates (5).

The Union Believes

1. That education is right and should be accessible to all, regardless of socio-economic background or protected characteristics.
2. That the suggested changes will increase the financial burden placed on young people seeking to educate themselves.

3. That it is unfair that the proposed change will have such a negative impact on so many under-represented student groups.
4. That retroactively changing loan terms for students is fundamentally duplicitous, unjust and should be condemned.

The Union Resolves

1. To actively campaign against the change to student loan terms proposed in the Autumn Statement.
2. To work alongside other students' unions to strongly oppose these changes.

References

- (1) HM Treasury. *Spending Review and Autumn Statement 2015*. ; 2015.
- (2) Department for Business Innovation & Skills. *Government response to the consultation on freezing the student loan repayment threshold*. ; November 2015.
- (3) Dathan M. Autumn Statement: Government faces legal threat over controversial plan to make students pay £6,000 extra on loans. *Independent*. 25/11/2015.
- (4) Britton B, Crawford C, Dearden L. Anonymous Anonymous Analysis of the higher education funding reforms announced in Summer Budget 2015. *Institute of Fiscal Studies* 2015.
- (5) Sutton Trust. Students face extra repayments of £2,800 if repayment threshold frozen on existing loans. 24/09/2015.
- (6) Thompson J. *Unfair Deal*. 7. The Sutton Trust; September 2015.