

Q&A: Tuition fees: The Year 13 Parent Guide

From September 2012, universities in England are raising tuition fees to up to £9,000 per year, amid major budget cuts to institutions' teaching budgets.

The controversial policy, backed by parliament in December 2010, sparked angry street protests. It was developed as the government's response to a review of higher education funding by former BP chief Lord Browne.

Universities in Scotland, Wales and Northern Ireland will also be able to raise their fees from 2012, but their home students will not be affected.

How much?

The government is allowing universities in England to charge up to £9,000 per year for undergraduate courses, raising the cap from its 2011/12 level of £3,375.

Universities wanting to charge more than £6,000 have to undertake measures, such as offering bursaries, summer schools and outreach programmes, to encourage students from poorer backgrounds to apply.

This access agreement has to be approved by the **Office for Fair Access**. You can see lists of tuition fees by university on the **BBC News website** (England and Wales) and **collated by OFFA** (England only).

How will students pay the fees?

The government will lend students the money for fees, which will be paid back when they graduate and begin working. The fees will not have to be paid up-front.

The threshold at which graduates have to start paying their loans back will rise from £15,000 to £21,000. This will rise annually with inflation.

Each month graduates will pay back 9% of their income above that threshold.

The subsidised interest rate at which the repayments are made - currently 1.5% - will be raised. Under a "progressive tapering" system, the interest rate will rise from just inflation (RPI) for incomes of £21,000, to 3% plus inflation for incomes above £41,000. Interest of inflation plus 3% will be charged while the student is studying.

If the debt is not cleared 30 years after graduation, it will be cancelled.

What will happen to grants and loans?

In England, maintenance grants are set to rise from £2,906 to £3,250 for students from households earning less than £25,000.

But partial grants will only be available to students from households with incomes of £42,000, instead of the current cut-off point of £50,000.

Means-tested loans will continue. While loan amounts have been increased, the threshold for those receiving the most generous ones (£5,500 for students living away from home but outside London) has been lowered from £50,000 to about £42,000.

What is the long-term cost?

Students taking three-year courses charged at £9,000, plus full maintenance loans, will leave university with about £43,000 of debt.

But the government says the lowest-earning 25% of graduates will pay less in total than they currently do. But, **according analysis by the to the Institute for Fiscal Studies**, most others will pay more - the highest earners almost double what they currently pay.

The IFS says that, assuming fees of £7,500, for about half of graduates, the plan is essentially a 9% graduate tax for 30 years, because they will not finish paying off the debt by the 30-year cut-off point.

Modelling of the system depends to an extent on the assumptions made. A **range of resources from BIS**, including a "ready reckoner" spreadsheet, are available explaining the system. Moneysavingexpert.com also has **a guide** and **calculator**.

Is there any extra support for students from low-income families?

Universities wanting to charge more than £6,000 have to set out measures to recruit more students from poorer backgrounds - and also to support them when they are studying.

All students who get a full maintenance grant in 2011/12 receive an extra £338 a year bursary. This will end. But a National Scholarship Programme has been set up, with the government committing £50m in 2012-13, rising to £100m and £150m in subsequent years. The Higher Education Funding Council for England has **published allocations for each university**. The institutions will then, in general, be expected to match the funding and therefore double the total amount available.

Universities have to use the money as bursaries of at least £3,000 for students with family incomes of less than £25,000. No more than £1,000 can be given as cash - the rest will be fees discounts or reductions on services such as accommodation. Information is available from individual universities, which will also handle applications.

When will the proposals take effect?

September 2012. Students applying in 2011 who defer entry to 2012 will have to pay the increased fees. But students who have begun their courses before 2012 will not be affected in their later years of study.

Can I repay early?

You may be able to - for a fee. The government has launched a **consultation on whether to charge penalties for early repayments**. It suggests charging a fee (eg 5%) on repayments over a certain yearly amount (eg £1,000 or £3,000) - possibly making this apply only to graduates earning over a specified amount (eg £60,000).

What about part-time students?

In England, from 2012, universities can charge up to £6,750 per year fees for part-time courses. The student loans system has been expanded to cover fees for students studying between 25% and 75% of the equivalent of a full-time course. Maintenance loans are not available, but students may be able to apply for bursaries from universities.

Will universities get more money?

Universities argue that much of the money raised from raising tuition fees will simply replace major cuts to teaching budgets, especially in arts and humanities subjects.

Teaching grant cuts of 6% for 2011-12 have already been announced, with a further 16% reduction expected the following year - although by then universities will be getting income from raised fees. Teaching-related capital funding for universities has also taken a hit - 54% in 2011-12.

Cuts of 40% to the higher education budget over four years were announced in the spending review on 20 October 2010.

How are universities funded?

In the UK as a whole, income from fees - including fees paid directly by students such as postgraduates and overseas students - makes up about 29% of universities' total funding, which was £25.4bn in 2008/09.

Another 35% comes from government funding bodies, while the rest comes from other sources such as research grants, endowments and investments.

In England, the balance of funding is going to change - with much of the cost of university courses switching from the taxpayer to the student.

What does the proposal mean for the rest of the UK?

Scotland does not charge Scottish students fees. In 2011-12, students from elsewhere in the UK have to pay £1,820 per year to study at Scottish universities. But from 2012, universities will be able to charge up to £9,000 for students from elsewhere in the UK.

The Welsh Assembly has announced that fees will rise to up to £9,000, as in England, but the government will pay fee costs above £3,465 a year for Welsh students studying at any UK university. Funding for universities in Wales has been cut by 12%.

Ministers in Northern Ireland have said that tuition fee levels will rise only in line with inflation for home students for the next four years, and will be capped at £3,465 in 2012. Fees for other UK students will not be capped "but are not expected to exceed £9,000", the Northern Ireland Executive says.

Maintenance loans and support grants vary between the nations:

| | Max maintenance loan (London figures in brackets) | Max grant for students in low-income homes | Income threshold for max grant | Further details from |
|-------------------------|---|--|--------------------------------|---|
| England (2012) | £5,500 (£7,675) | £3,250 | £25,000 | DirectGov |
| Northern Ireland (2012) | £4,840 (£6,780) | £3,475 | £19,203 | Student Finance NI |
| Scotland (2011)* | £5,417** | £2,640 | £19,310 | Student Awards Agency for Scotland |
| Wales (2012) | £4,745 (£6,648) | £5,000 | £18,370 | Student Finance Wales |

* 2012 figures not yet available

** A large proportion of the Scottish student loan is means-tested. This means, for example, that students from families earning more than £61,000 a year can borrow only £915 a year.

What about loans in the rest of the UK?

Wales is essentially adopting the same system as England. Although students will be borrowing less, they will pay back their loans once their graduate incomes hit the £21,000 repayments threshold, with the same sliding scale of interest.

But Northern Ireland and Scotland will be keeping the old systems, although students will be able to borrow up to £9,000 a year for fees, and the repayments threshold will rise to £15,795.

Students borrow and repay their loans under the system for the nation in which they are resident when they apply - so a Scottish student studying in England would borrow up to £9,000 fees under the Scottish system, and have to begin repayments at the £15,795 threshold.

2012/13 tuition fees and student finance

If you're starting a higher education course at university or college after 1 September 2012, you will pay more for tuition. Find out what types of financial help you can get to cover your tuition fees and living costs while you study.

Student finance: what money you can get

You need to wait until later this year to apply for student finance for 2012/13 courses

To cover the costs of studying you can apply for:

- a Tuition Fee Loan to cover your tuition fees – this is paid directly to your university or college each year
- a Maintenance Loan that you can use for rent etc if you are a full-time student
- a Maintenance Grant if your household income (including your parents' or partner's income) is less than £42,600 and you are a full-time student
- scholarships and bursaries offered by the college or university where you plan to study
- extra financial help if you have a disability or children or adult dependants you need to support while you study

You will have to pay back any loans plus interest once you complete your course and start earning more than £21,000. Part-time students who earn over £21,000 have to start paying back their loans after three years if their course hasn't finished.

You don't have to pay back grants, scholarships or bursaries.

For 2012/13 courses, you can apply online for student finance from late 2011.

Tuition fees and loans

If you are already at university or your course starts in 2011/2012, lower fees apply

2012/13 tuition fees

Tuition fees are the amount universities or colleges charge you each year to study. From September 2012 UK universities and colleges can charge:

- new full-time students up to £9,000 a year
- new part-time students up to £6,750 a year

There are no restrictions on the amount private colleges or universities can charge.

If you are already on a course at university or college, you won't have to pay these higher fees.

Tuition Fee Loan

From 2012/13 you can get a Tuition Fee Loan of up to:

- £9,000 for new full-time students, including full-time distance learning students
- £6,750 for part-time students whose courses are at least 25 per cent of a full-time course each year (eg. four years instead of one year full time)
- £6,000 if you study on an approved full-time course at a private university or college

- £4,500 for students on an approved part-time course at a private university or college whose courses are at least 25 per cent of a full-time course each year (eg. four years instead of one year full time)

The Tuition Fee Loan is paid directly to your university or college.

The Tuition Fee Loan may not cover the full cost of your tuition if you're studying on an approved course at a private university or college.

If you're an EU student from outside the UK studying in England, you can apply for a Tuition Fee Loan if you meet certain conditions.

Loans and grants for living costs

Only full-time students can get Maintenance Loans and Maintenance Grants for their living costs.

The maximum Maintenance Loan for new students starting in September 2012 is:

- £5,500 if you live away from home and study at a university or college outside London
- £7,675 if you live away from home and study at a university or college in London
- £4,375 if you live at home

You can also apply for:

- a full Maintenance Grant of £3,250 if your household income is £25,000 or under
- a partial Maintenance Grant if your household income is between £25,000 and £42,600

These loans and grants are paid into your bank account at the start of each term, once you've registered on your course.

Scholarships, bursaries and awards

You may be able to get a bursary, scholarship or award directly from your university or college.

National Scholarship Programme

The National Scholarship Programme (NSP) starts in September 2012. It gives financial help to students studying in higher education in England. The NSP is designed to help students whose families' income is £25,000 a year or less. Universities and colleges will decide who to give financial help to from this group. NSP awards are in addition to any other student finance you might apply for, apart from help with your tuition fees. If you receive this kind of support under NSP, your tuition fee loans will be adjusted accordingly.

The help available may vary for each college or university. It might include help with tuition fees, subsidised accommodation, a cash bursary capped at £1,000 or other help. Awards are paid by universities and colleges and you have to apply directly to them. You can apply once you have got an offer for a place at your university or college. Contact them to find out if you qualify, how to apply and what kind of NSP funding is available.

Repayment of student loans

The amount you owe will increase each year with interest. Interest is charged at the rate of inflation plus three per cent while you study.

You are liable to repay your loan in the April which falls three years after the start your course, even if you are still studying. But you will only make repayments if you are earning over £21,000.

Once you earn over £21,000, you pay nine per cent of your income above £21,000. So if your salary is £25,000, you pay nine per cent of £4,000 which is £360 a month.

If your repayments don't start because you're earning under £21,000 the interest on your loan will increase at the rate of inflation.

Repayments are normally taken automatically from your salary.

If you haven't paid off the loan after 30 years, your loan will be written off.