

PARLIAMENTARY DEBATES

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OFFICIAL REPORT

Third Delegated Legislation Committee

EDUCATION (STUDENT SUPPORT)
(AMENDMENT) REGULATIONS 2015

Thursday 14 January 2016

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The Committee consisted of the following Members:

Chair: ANDREW PERCY

- | | |
|--|---|
| † Allan, Lucy (<i>Telford</i>) (Con) | † Morden, Jessica (<i>Newport East</i>) (Lab) |
| † Barclay, Stephen (<i>North East Cambridgeshire</i>) (Con) | † Morris, Anne Marie (<i>Newton Abbot</i>) (Con) |
| † Blomfield, Paul (<i>Sheffield Central</i>) (Lab) | † Pow, Rebecca (<i>Taunton Deane</i>) (Con) |
| † Butler, Dawn (<i>Brent Central</i>) (Lab) | † Stewart, Bob (<i>Beckenham</i>) (Con) |
| † Frazer, Lucy (<i>South East Cambridgeshire</i>) (Con) | † Streeting, Wes (<i>Ilford North</i>) (Lab) |
| † Heaton-Jones, Peter (<i>North Devon</i>) (Con) | † Thewliss, Alison (<i>Glasgow Central</i>) (SNP) |
| † Johnson, Joseph (<i>Minister for Universities and Science</i>) | † Whately, Helen (<i>Faversham and Mid Kent</i>) (Con) |
| † Kinnock, Stephen (<i>Aberavon</i>) (Lab) | † Wilson, Corri (<i>Ayr, Carrick and Cumnock</i>) (SNP) |
| † Marsden, Mr Gordon (<i>Blackpool South</i>) (Lab) | Glenn McKee, <i>Committee Clerk</i> |
| † Merriman, Huw (<i>Bexhill and Battle</i>) (Con) | † attended the Committee |

The following also attended, pursuant to Standing Order No. 118(2):

- | | |
|--|--|
| Fitzpatrick, Jim (<i>Poplar and Limehouse</i>) (Lab) | Maskell, Rachael (<i>York Central</i>) (Lab/Co-op) |
| Huq, Dr Rupa (<i>Ealing Central and Acton</i>) (Lab) | Smith, Jeff (<i>Manchester, Withington</i>) (Lab) |
| McInnes, Liz (<i>Heywood and Middleton</i>) (Lab) | Stevens, Jo (<i>Cardiff Central</i>) (Lab) |

Third Delegated Legislation Committee

Thursday 14 January 2016

[ANDREW PERCY *in the Chair*]

Education (Student Support) (Amendment) Regulations 2015

11.30 am

Paul Blomfield (Sheffield Central) (Lab): On a point of order, Mr Percy. It is a pleasure to serve under your chairmanship. I have never raised a point of order in five and a half years as a Member of this House, which I hope reflects the seriousness of the issue that I put to you.

This follows on from the question that I put to the Prime Minister yesterday, which was on the appropriateness of this Committee considering the regulations. You will be aware that the matter was raised by the shadow Leader of the House in an exchange with the Leader of the House on 10 December, and in reply the Leader of the House, who speaks for the Government on the business of the House, said:

“On student finance regulations, the hon. Gentleman is well aware that if he wants a debate on a regulation in this House all he has to do is pray against it. I am not aware of any recent precedent where a prayer made by the Leader of the Opposition and his shadow Cabinet colleagues has not led to a debate in this House.”—[*Official Report*, 10 December 2015; Vol. 603, c. 1154.] A prayer was subsequently laid. It was signed not simply by the Leader of the Opposition and the shadow Cabinet but by 80 colleagues from seven parties and one independent, so there is no precedent for this matter to be debated in Committee. Would it therefore not be in order for you to suspend this sitting and return to the Leader of the House with the proposal that we debate the matter in the Chamber so that all MPs have an opportunity to contribute?

The Chair: I thank the hon. Gentleman for raising his first point of order and for giving me the opportunity to respond to my first. He has put his case strongly, and it is on the record. He will be aware, however, that as Chair of this Delegated Legislation Committee, I have no authority to suspend the sitting in the way he wishes or to require the matter to be debated on the Floor of the House. All I can say is that he has made his case and has put it on the record very clearly. I encourage him to pursue that further through the appropriate channels.

Before I call the Opposition spokesperson, I point out that this statutory instrument has been the subject of a report by the Joint Committee on Statutory Instruments, which was published this morning. I have arranged for the relevant extracts of the report to be made available in the room this morning.

11.33 am

Mr Gordon Marsden (Blackpool South) (Lab): I beg to move,

That the Committee has considered the Education (Student Support) (Amendment) Regulations 2015 (S.I., 2015, No. 1951).

May I add my appreciation to that of my hon. Friend the Member for Sheffield Central at being able to serve under your chairmanship for the first time, Mr Percy?

The bundle of measures before the Committee are a miscellany, to put it politely, but at their heart is the proposal to scrap maintenance grant support for disadvantaged students and replace it with a loan system. I will address the specifics of the regulations shortly, but for now I observe that the policy change is not an isolated one; it is part of a pattern that is also happening across other areas of Government. It is mirrored by the changes that were debated in the House on Monday, which removed NHS bursaries for nurses and other staff, and it has been foreshadowed by changes that the Government have made to education support and protection over the past three to four years. That included, of course, the scrapping of 24-plus loans in further education, which is particularly relevant to the case before us today.

As the Minister will be aware, the Government released figures in October 2015 showing clear evidence of the deterrent impact on learners that I and others warned about when loans were introduced as replacements for grants in January 2013. The figures showed that in 2014-15, only £149 million of the £397 million allocated for the process had been taken up, or 62% less. Not surprisingly, people in the further education community lamented the lost opportunity of £250 million that could have helped some of our most disadvantaged learners. With that in mind, my first question to the Minister is whether he took any of those figures into account, particularly their impact on older learners, when formulating the proposals in these regulations.

The truth of the matter is that the Government have ducked and dived to avoid further debate on their direction of travel, and particularly on freezing the threshold, which is not specifically part of these regulations, although it is referred to in the assessment that comes with them. We have seen how they have dealt with the regulations before us. My hon. Friend the Member for Sheffield Central has referred eloquently to the failure to bring the debate to the Floor of the House, but I also draw to the Committee's attention the equality impact assessment that the Government have produced, which is on the table at the back of the room. It runs to some 60 pages, so I am not sure how many Members will have the opportunity to consider it in detail today if they have not read it already. The equality impact assessment was slipped out without ceremony at the end of November, and it came out only after a campaign and legal moves.

Stephen Barclay (North East Cambridgeshire) (Con): That was several weeks ago.

Mr Marsden: Well, there might have been weeks to read it if the Government had actually made it available, but they did not.

This is the document that almost dare not speak its name, not least because the detailed evidence of impact tucked away in its pages, to which I will refer later, is belied by the bland conclusions appended to it that it will be all right on the night. What is driving panic measures such as the threshold freeze is the Government's dawning recognition that their whole set of financial

assumptions about repayment in other areas that underpinned their swingeing fees increases is producing a black hole for them and for future taxpayers.

Mr Percy, I am sure that you and those of us who have been here under all sorts of Governments will have observed the rule of thumb in this place that there are two ways for Ministers and their advisers to present and package things that they feel might be unpalatable. One is to bundle in the controversial bits with more technical or anodyne measures that might lull the reader into a false sense of security. Here is an example of such wording in the impact assessment:

“The following maximum grants and loans for living and other costs will be maintained at 2015/16 levels in 2016/17”.

Another way is to entitle the document innocuously, to increase the camouflage. Both methods have been employed on this occasion.

This is not a bit of incidental tinkering with existing financial regulations. It represents a major departure and reversal of policy, only four years after the Government hailed maintenance grants for students from disadvantaged backgrounds as an essential element in their strategy for fairness and the acceptance of tripled tuition fees. I am afraid the measures are typical of the ideology-driven but evidence-light approach that this Government too often employ. They will affect probably 500,000 of England's most disadvantaged students and define their futures for good or ill. Has the Minister made, or had given to him, any breakdown, geographical or otherwise, of that total figure and its impact on higher education institutions? If not, why not?

The statistics about those institutions helpfully provided to me by the House of Commons Library amount to a Domesday Book listing the numbers of students who will lose their grant under the new rules. Institutions in all parts of the country will be affected, both old universities and new ones. Further education colleges will be affected, of course, because they make an increasingly valuable contribution, 10% and more, to higher education for the group of people affected. Of course—this is not irrelevant in today's circumstances—Scottish students who are taking courses at English universities will be affected.

A number of disadvantaged students are studying at higher education colleges, and the Association of Colleges tells me that many of the colleges that deliver higher education are in northern towns—Blackpool and Blackburn are cited. Cornwall and the south-west also help to provide the large number of places at HE colleges. The association has said in specific response to these regulations, “We have real concerns about the proposed change as many of the students may never earn enough to pay back the money and the policy does appear to penalise poorer students. The new system therefore needs careful monitoring to ensure it is as fair as possible.”

These changes will affect significant numbers of students, from the north to the south. On the basis of the figures for 2014-15, for example, 14,728 students at Manchester Met University will be affected; 8,167 at the University of Manchester; 1,527 at my own excellent further education college, Blackpool and The Fylde College; 10,924 at Nottingham Trent University; 4,897 at Bournemouth; and 3,738 at King's College. The other institutions that I have not had the opportunity to mention are far from incidental. The list will be a roll-call of lost opportunities if this issue is not handled carefully.

However, despite this being such a major issue, as my hon. Friend the Member for Sheffield Central has observed the Government have refused to bring the changes to the Floor of the House and prefer to try to sneak them through the delegated legislation route, whereby it can be debated and voted on by only a handful of MPs. As he said, there is cross-party support on the issue.

Importantly, the shadow Business Secretary, my hon. Friend the Member for Wallasey (Ms Eagle), in her letter to the Secretary of State explaining why there needed to be a full debate on these measures, wrote that scrapping maintenance grants for lower income students and replacing them with loans would have a regressive impact and should therefore receive further scrutiny from Members of Parliament. That was why she went on to call for a debate on these measures in Government time. She also made the practical point, which I will come on to, that the change would not improve Government finances in the long term, and she also made the link with the adverse impact of freezing student loan repayment, which I have touched on briefly.

Can the Minister explain why the Secretary of State did not deal adequately with any of those points in his reply? As my hon. Friend the Member for Sheffield Central has asked, will the Minister also explain why his Department has ignored the words of the Leader of the House in December and is prepared to break the precedent of debates in the House under these circumstances?

Turning to the impact of the regulations, of course we can only speculate on the future cohorts of people who come in, but we have some reason to make those speculations on the basis of existing experience. The National Education Opportunities Network, which is the professional organisation for widening access to education in England, and the University and College Union are currently undertaking research with more than 2,000 final-year A-level and level 3 students to look at how costs influence the HE choices they make. The interim findings from that research show that more than half the students who are deciding not to go into HE are taking that decision because of the lack of direct financial maintenance grant support that they had envisaged for the year ahead. If research suggests that a large number of students are deciding not to go to university due to that lack of support, why are the Government risking even more students dropping out by introducing the regulations?

A study by economists at the Institute of Education in 2014 showed that a £1,000 increase in grants would create a 3.95% increase in participation, and that the removal of grants would see participation levels fall. In fact, the institute said that it should also be of grave concern that more than a third of students had told a recent survey that they would not have chosen to go to university if they had not had access to maintenance grants. Does the Minister not fear a severe drop in participation levels, given that statistics indicate that the accessibility of a maintenance grant is a deciding factor for many when choosing whether to go into higher education? His equality assessment, which has been circulated, as I have said, states:

“At an aggregate level there is currently no evidence that the 2012 reforms, which saw a significant increase in HE fees and associated student debt levels has had a significant impact in deterring the participation of young students from low income backgrounds.”

[Mr Marsden]

That is debatable, because the safety net of maintenance grants introduced in 2012 with that tripling of fees is now being removed.

My hon. Friend the shadow Secretary of State wrote in her letter praying against the regulations:

“Labour are concerned that this change won’t improve Government finances in the long-term.”

Hon. Members might say, “You would say that, wouldn’t you?” but perhaps more cogent is the view of the Institute for Fiscal Studies:

“The replacement of maintenance grants by loans from 2016–17 will raise debt for the poorest students, but do little to improve government finances in the long run.”

The IFS states that in the short term, Government borrowing will drop

“by around £2 billion per year. This is because current spending on grants counts towards current borrowing, while current spending on loans does not.

In the long run, savings will be much less than this. The amount of money lent to students will rise by about £2.3 billion for each cohort, but only around a quarter of these additional loans will be repaid. The net effect is to reduce government borrowing by around £270 million per cohort in the long run in 2016 money—a 3% decline in the government’s estimated contribution to higher education.

About two-thirds of those eligible for the full maintenance grant will repay no more as a result of this reform because they will end up with the additional debt being written off.”

There is the rub. Will the Minister tell us what conversations he has had with his colleagues in the Treasury about the accuracy of those predictions, and why his Department is embarking on a leap in the dark that will, as the IFS makes clear, diminish the contribution to higher education and do little to address the black hole?

The IFS states:

“Students from households with pre-tax incomes of up to £25,000 (those currently eligible for a full maintenance grant) will have a little more “cash in pocket” whilst at university. But they will also graduate with around £12,500 more debt, on average, from a three-year course. This means that students from the poorest backgrounds are now likely to leave university owing substantially more to the government than their better-off peers.”

It also states:

“The poorest 40% of students going to university in England will now graduate with debts of up to £53,000 from a three-year course, rather than up to £40,500. This will result from the replacement of maintenance grants”.

The removal of those grants threatens access to higher education and, importantly, follows on from the removal of the national scholarship programme, which was designed to help students from low-income households. The programme has been scrapped, just as the Government are doing to maintenance grants.

In 2012, when the Government tripled tuition fees, they tried to sweeten the pill by talking up the centrality of the maintenance grant to ensuring that the most disadvantaged could still access higher education.

“The increase in maintenance grant for students from households with the lowest incomes, the National Scholarship Programme, and additional fair access requirements on institutions wanting to charge over £6,000 in graduate contributions should ensure that the reforms do not affect individuals from lower socio-economic backgrounds disproportionately.”

That is what the Conservative-led Government said in 2011–12 through the Minister’s predecessor, but the regulations will disadvantage the same groups of students the Government promised to protect two years ago. In June 2011, the Minister’s predecessor, David Willetts, pledged in Parliament:

“We want students from a wide range of backgrounds to benefit from the reforms. We are increasing maintenance grants and loans for nearly all students”.—[*Official Report*, 28 June 2011; Vol. 530, c. 770.]

He had previously defended the measure as a quid pro quo for the trebling of tuition fees, saying:

“Our proposals are progressive, because they help to encourage people from poorer backgrounds to go to university, because of the higher education maintenance grant, and because of the higher repayment threshold. That crucial commitment to taking progressive measures is one of the reasons we commend these proposals to the House.”—[*Official Report*, 3 November 2010; Vol. 517, c. 940.]

Does the Minister accept that the Government have now broken both those promises? His colleague, who is now Lord Willetts, must be revolving in his ermine at the way his promises have been so lightly regarded by the Government.

Lucy Frazer (South East Cambridgeshire) (Con): Does the hon. Gentleman accept that there is a bit of a non sequitur in what he says? On one hand he says that the debt will be increased, but on the other he says that it will be written off. If both propositions are true, there should be no detrimental effect on the students involved.

Mr Marsden: The hon. Lady needs to look more carefully at the differential impacts. The point that I, and I am sure my hon. Friends, would make about this is that debt aversion depends on where someone is coming from. It is perfectly possible to have a situation with those common factors. It is not, however, at all clear from any of the evidence that has been put forward that that would not be a significant disincentive.

I was talking about the things that were said previously: those words will do little to enhance the Government’s alleged commitment to increasing social mobility. The Government and their predecessors set great store by the principle of “nudge”—actions that persuade people to change their behaviour for the better. I remind the Minister that it is possible to nudge people away from desirable outcomes such as getting higher education, rather than towards them. The question that the Minister and his colleagues must answer is what attention they have devoted in the regulations, which are highly specific, to preventing that.

A new BIS study included in the impact statement by the Government says that more than half the applicants said they felt put off by the cost of university. Also, for poorer applicants, tuition fee loans and the income-contingent repayment threshold were more important in persuading them to apply, despite the costs. However, the Government seriously underestimate the effect that the grant and the cost of universities have on student decisions. That is backed up by what the Sutton Trust has said:

“Shifting grants to loans may move them off the balance sheet, but it could also put off many low and middle income students and tip the balance against their going to university. Since grants were reintroduced, there have been significant improvements”—

and we welcome that—

“in participation from full time less advantaged students, and this will be put at risk by today’s Budget plans.

The reality is that the Government has miscalculated the levels of repayments it will get from its student loans under the new fees system. Rather than penalising poorer students, it should have a fundamental review of the repayments system. We need long term solutions not a short term fix.”

Research from the NUS that was published yesterday by Populus shows that parents are concerned that the Government’s plans to scrap the maintenance grant will discourage their children from applying to university. Two fifths of those with a combined income of £25,000 or less believe that their children would be discouraged from applying to university if grants were replaced by loans. More than half the parents believed that the plan to scrap grants undermined the Government’s objective of increasing access to university for poorer students.

I want to deal with some other surveys that have been conducted. The changes may well pile even more pressure on to students to alter their work-study balance while pursuing a degree. According to the 2015 Endsleigh survey, produced by a company that has specialised in the area for many years, already 77% of students must work to help fund their studies, using time that could be spent on academic work. That already high number looks set to increase further with the removal of maintenance grants.

The Government claim that they want to strengthen our skills base and that they have given more support for postgraduates. The initial steps that were announced on that are welcome; but there is a risk that they will be undercut because of the debt aversion of the group of students who will lose their grants. The NUS found that after a student finished their undergraduate degree, access to a maintenance grant could also influence their post-study choices.

I want to turn my attention to the specifics of the equality impact assessment that BIS produced for the regulations. It concedes, for example, that black and minority ethnic students in particular will be disproportionately worse off than others following the removal of maintenance grants:

“We believe that the proposed changes will disproportionately affect people from ethnic minority backgrounds. This is based on evidence of debt aversion in this group and the increased likelihood for these students to receive the full maintenance grant. We have assessed that there is a small risk to the participation of students”—
given participation rates—

“both from high and low socio-economic backgrounds”.

Additionally, there is risk to the outcomes of these students if they choose not to take out the additional loan available.”

However, a recent BIS study also stated that non-white applicants were likely to cite the importance of maintenance grants in overcoming their concerns about costs. Thus the removal of the maintenance grant will seriously discourage BME students from attending HE institutions.

There is potentially bad news for older learners as well. The equality analysis states:

“Mature students will be disproportionately impacted by the policy proposals to remove the full maintenance grant and replace with additional loan as well as the freezing of targeted grants. The proportion of students aged 21 and over that claim maintenance grant support is significantly higher than their representation in the population of all student support claimants. The available

evidence points to the cost sensitivity and debt averseness of this group. The policy change presents a risk for the participation of older students in higher education.”

The assessment has worrying words for disabled students as well:

“As for all students from low income backgrounds we expect the risk to participation of low income disabled students...to continue to be mitigated by the high average returns to HE investment and the repayment protection for low earning graduates.”

That, of course, assumes that current ratios quoted in that respect will remain the same with the massive expansion of the cohort entering full-time work in the next 10 to 15 years. There is no evidence whatever on that.

However, the Government have conceded in the assessment that disabled people will also be disproportionately affected by the decision not to protect the real value of disabled students’ allowances. The assessment says:

“Students from low income backgrounds will be able to access DSA at same level in cash terms but may be disproportionately affected by the freezing (real terms reduction)”—

a term the Government were reluctant to use at the beginning of the equality impact assessment—

“of DSAs and dependants grants.”

For all of the groups that I have cited so far, I and the rest of the Committee want to know what the Government propose to do to mitigate those disproportionate impacts, which their own equality impact assessment so candidly concedes will be the case.

In addition, there is the separate worrying implication that a significant number of would-be students may be discriminated against under these regulations because of their religious beliefs. The impact assessment states:

“There is evidence to suggest that there are groups of Muslim students whose religion prohibits them from taking out an interest bearing loan. This means that this group of students will no longer have access to funding for living costs as non-repayable finance is no longer available. This could lead to a decline in the participation of some Muslim students.”

The complacency about the failure to have available a sharia-compliant alternative to grants that will be withdrawn borders on discrimination. Does the Minister agree that the regulations as they stand will restrict Muslim students from accessing valuable finance, while the removal of grants threatens to weaken further their ability and capacity to carry through their higher education studies?

The Government claim that they are making an alternative to traditional loans available that is sharia-compliant, but it is not there yet, is it, Minister? Yet the Government have known about the issue since April 2014. Will the Minister guarantee that the change will not be implemented until there are firm regulations in law for an alternative finance proposal that will be acceptable to people of the Muslim faith?

Dr Rupa Huq (Ealing Central and Acton) (Lab): I want to share my own example, because these matters are often seen as hypothetical. I started my undergraduate degree in 1990, the first year that voluntary loans were introduced. I did not take one of those because Muslim students are very risk-averse and debt-averse and do not want to carry interest-bearing loans. Does my hon. Friend agree that these are real people, not just hypothetical examples?

Mr Marsden: My hon. Friend makes an absolutely real point. We are not just dealing with statistics—although the statistics of potential discrimination and deprivation are frightening—we are dealing with lots of individual case histories. In the area my hon. Friend mentioned, she precisely underlined why the Government need to get a grip on that particular issue, which they have not so far.

Huw Merriman (Bexhill and Battle) (Con): I, too, want to talk about a real situation. I listened to the hon. Gentleman's speech, but, as somebody who failed my 12-plus, came from a very low-income family, went through university, just missed out on a grant, went to bar school, took out loans, worked all the way through it and was able to do so, I find it somewhat patronising to be told that it is not possible to do that. These loans will not be paid back before the person is earning. If they are earning money, it seems only fair that they give something back so that more people from backgrounds such as mine can go to university.

Mr Marsden: It is always dangerous to draw general a conclusion from ad hominem examples. I and other Members of this House can quote lots of examples. I can quote examples from my casework of people who have come to me at a later age who have been deterred. The onus is on the Government when making these changes to demonstrate that they will work, not by making ad hominem arguments—however much I applaud the hon. Gentleman for doing what he did to get to where he is today—but by looking at the broad statistics and the analysis that has been put forward today.

Lucy Frazer: Will the hon. Gentleman give way?

Mr Marsden: I will not take another intervention from the hon. Lady. She has had one. [*Interruption.*] I did answer the first. The hon. Lady will have an opportunity to speak later if she wishes to.

The equality analysis makes reference to the damaging effect that the proposed regulations will have on female students. As my colleague, the shadow Equalities Minister, said to me, the changes will have an unfair impact on women—especially mothers. When the Government increased fees, the number of mature students fell, so I think we can expect exactly the same effect with these loans. The impact assessment also states that female students will be particularly affected by the freeze to childcare grants, parents' learning allowances and ESAs, given their significant over-representation in these populations. What action does the Minister plan to take to protect female students from the cumulative negative impact that the change could have on their ability to pursue higher education?

Those details from the Government's own impact assessment should surely give them pause for thought, given that they threaten to affect the most debt-averse groups. Worryingly, it appears that the Government are yet to produce an up-to-date estimate of the impact that the shift from grants to loans will have on the resource accounting and budgeting charge, which calculates the cost to the Government of the higher education funding system, based on—this is relevant to the issues that other Members raised—how much students are expected ultimately to repay of their loans.

In November, my hon. Friend the Member for Ashfield (Gloria De Piero), asked about that issue in a written question. She received the following bland reply:

“This estimate will be updated in Summer 2016, alongside publication of the Department for Business, Innovation and Skills accounts.”

Given, as I have already emphasised, the IFS's scepticism about the savings that the changes will make, will the Minister tell us why his Department did not obtain an up-to-date estimate before proposing the changes? Is that not a dereliction of duty on a key question, both for sound government finance and for cost-benefit analysis? Summer 2016 will be way too late, as by that time the new regulations could have deprived 500,000 or so young people of their grants and set a potentially perilous alternative in motion. This Government proposal was not in the Conservative party manifesto. For all those reasons, I and my colleagues will vote that the proposal has not been adequately considered.

The Chair: There is only an hour left. I will call the Minister towards the end of the debate, and, as Mr Marsden indicated that he would like to respond, he will have five minutes at the end. Many Members wish to speak, so I ask that they limit their speeches as much as possible so that we can get everybody in.

12.4 pm

Wes Streeting (Ilford North) (Lab): It is a pleasure to serve under your chairmanship, Mr Percy, not least because of your track record of keeping your promises on tuition fees. It makes a nice change to be on the inside, debating the issues, rather than outside protesting as president of the National Union of Students. Because of my experience as both president of NUS and chief executive of the Helena Kennedy Foundation, which is a national charity that helps disadvantaged further education college students to access higher education, primarily through the award of non-repayable grants, the regulations are of particular interest to me.

Members on both sides of the Committee should be in no doubt about the substance of what we are debating. This is not a usual statutory instrument that involves some tinkering with thresholds or levels, or amends an existing policy framework in the way that statutory instruments normally do. This is a major change in Government policy, and this Committee has no business discussing it. This should be debated on the Floor of the House of Commons, because the result of the regulations that the Government are railroading through Parliament today is that students from the poorest backgrounds will graduate with the highest levels of debt. How can that possibly be fair?

We must consider this change in the context of broader changes to Government higher education policy and student support, which see students graduating with levels of debt unprecedented in the history of higher education in Britain—indeed, the highest levels of student debt in the world. It is now clear that it will not be the highest earners who end up contributing most to the cost of their higher education. It will be people on middle incomes and on lower incomes who, over the course of their career, will contribute most, which makes this policy even more unfair.

We should not forget—I certainly have not forgotten—that the very existence of student grants is a direct result of concessions hard fought for and hard won by both student campaigners and Members of this House who, under successive Governments over a number of years, have made a powerful case that if we are asking students to contribute more towards the cost of their higher education, it is only fair that those from the poorest backgrounds receive a higher level of non-repayable financial support through grants, to enable them to access higher education. What we see this morning is the unravelling of that settlement and the breaking of promises made a mere five years ago by the coalition Government.

As my hon. Friend the Member for Blackpool South stated, when the coalition Government trebled tuition fees in 2012, they said:

“The increase in maintenance grant for students from households with the lowest incomes, the National Scholarship Programme, and additional fair access requirements on institutions wanting to charge over £6,000 in graduate contributions should ensure that the reforms do not affect individuals from lower socio-economic backgrounds disproportionately.”

Since then, we have lost the national scholarship programme. Student grants are about to go. How long is it before this Government hit the reverse gear in its entirety on all of the progress that has been made to ensure that higher education is accessible to the many and not the privileged few, as has been the case in the past?

Jo Stevens (Cardiff Central) (Lab): This change, as my hon. Friend says, comes just five years after the coalition Government trebled tuition fees to £9,000. Will he join me in recognising the different choices made by the Welsh Labour Government, including providing tuition fee grants, so that Welsh students pay around one third of what their English peers pay?

Wes Streeting: I am grateful to my hon. Friend for her intervention. It just goes to show the difference that a Labour Government can make and what happens when we lose elections. In the short time she has been in this House as the hon. Member for Cardiff Central, she has already shown herself to be a doughty campaigner for the many students she represents in her constituency.

We should all be concerned about the way in which the Government have conducted themselves in relation to this process. My hon. Friend the Member for Blackpool South highlighted from the Government’s own equality impact assessment the disproportionate impact that the change may have on mature students, women, people from working-class backgrounds, people from ethnic minority backgrounds and, in particular, Muslim students.

What a disgrace it is that the National Union of Students had to threaten the Government with legal action in order to ensure that they conducted a full and comprehensive equality impact assessment. It should be a concern for all Members that, although the NUS has seen the interim assessment that the Government used in order to embark on this policy process, the Government refused to publish the assessment that they looked at when going ahead with the policy.

Only 18 Members can vote in the Committee this morning, yet this issue will affect students in every constituency across the country. There will inevitably be

a knock-on impact on Scotland, Wales and Northern Ireland through Barnett consequentials, and of course there are students from Scotland, Wales and Northern Ireland who still choose to study at English universities. It is therefore even more surprising that we find ourselves here on a Committee that most of our constituents have never heard of, away from the eyes of the public. This debate should be taking place on the Floor of the House. This Government should remember that they have a majority of just 12, elected on a minority share of the vote. Even when we had Labour Governments with landslide majorities after 1997 and 2001, those Labour Governments were always prepared to put their policies before the whole House so that Members could properly debate their consequences and fight for amendments, changes and adjustments, many of which were secured and won.

I appeal to Conservative members of the Committee to think very carefully about how seriously they take their role as scrutineers of the Government and as effective legislators, because it is not the job of Members of Parliament to come to this place and simply allow the Government of the day, whatever our respective political colours, to railroad such dramatic changes in policy. It is our job to scrutinise, to hold the Government to account and to ensure that we remember that, whatever our political affiliations, we are sent to this place by our constituents to champion their interests.

How can any Member look themselves in the mirror this evening and say that this issue has been properly considered? We have already heard from the shadow Minister about the potential detrimental impact that this measure could have on people from under-represented backgrounds in higher education. How can it possibly be justified that in a mere 90-minute debate we allow something such as this to go through without sending a message to all our constituents that such a significant decision was not taken without the fullest of parliamentary scrutiny? That is what the Leader of the House promised when he gave an assurance to the shadow Leader of the House that if a prayer was tabled in the usual way by the Leader of the Opposition in an early-day motion, it would be very unusual not to debate it on the Floor of the House.

So why are we not on the Floor of the House? It is because this Government, in the short time they have been in office since May, have already established a clear track record of ducking scrutiny, avoiding debate and seeming to believe that, on a slender majority and a minority share of the vote, they have the will and the ability to do anything they please. Well, I think that students, their parents and their grandparents across the country will be appalled at what is taking place today. Despite the activities of the clever Chancellor, the clever Whips and their clever colleagues, people are very much aware of what is taking place today. I am sure that people will be aware of who made these decisions today, and it is appalling that the Prime Minister, the Chancellor and their Conservative friends on this Committee could allow something so significant to slip through without the scrutiny it deserves.

On that basis, I urge all Members to say that this issue has not been properly considered and debated, because quite simply it has not. The impact of these changes could be detrimental to the people we were sent here to represent.

12.13 pm

Alison Thewliss (Glasgow Central) (SNP): It is a pleasure to serve under your chairmanship, Mr Percy. Members may wonder why an SNP Member would speak in a debate about English education funding. This issue was brought to my attention by the wonderful Vonnie Sandlan of NUS Scotland only on Tuesday evening—that is why we came along today—which is entirely unacceptable and inappropriate. I pay tribute to Philip Whyte from NUS Scotland for providing me with excellent figures on exactly why this is pertinent to students in Scotland. I thank him very much for the detailed figures that he managed to put together in that very short length of time.

This process is unacceptable—the lack of consultation, the lack of due process and the lack of understanding of the measure's consequences for students in Scotland, particularly the poorest students who, as Opposition Members said earlier, will be adversely affected. In Scotland we have made the positive decision not to introduce loans so that education in Scotland is free, people in the poorest areas of society can reach university and the poorest students do not get into astronomical debt. The NUS briefing quotes debts of up to £53,000 for a three-year course. Because the poorest students will now be receiving maintenance loans, rather than grants, they will come out with more debt than their richer colleagues, which is absolutely appalling.

Corri Wilson (Ayr, Carrick and Cumnock) (SNP): Does my hon. Friend agree that that is another example of a stark contrast? Scotland is progressive in achieving education that is accessible to all, based on the ability to learn, not the ability to pay, while England is taking a regressive approach, making it harder for the most disadvantaged to access further education.

Alison Thewliss: I absolutely agree. Debt and disadvantage are being compounded by the actions of this Government.

Lucy Frazer: I should have declared an interest in that my husband works in the sector. Opposition Members are saying that the measures will disadvantage people and put them off studying as a result. Of course we must encourage all people, particularly the disadvantaged, to go into higher education, but the figures show that disadvantaged people have not been put off going to university by the fees. State school applications have increased from 88% to 89%, and applications from lower socioeconomic groups have increased from 30.6% to 32.6% in recent years, showing that people have not been put off.

Alison Thewliss: We cannot tell exactly what will happen as a result of these further changes and what impact they will have. I speak from my own experience: I graduated from university in 2004, and only since taking this job have I been able to make any impact on paying back the loan that I took out then. That loan was relatively small compared with the loans that we are discussing. How long will people be saddled with debt, and what impact will it have on their life chances and their ability to make progress in their lives? It is an absolutely appalling circumstance, and it is creating an even more indebted generation than the one before it.

It is ridiculous. The impact in Scotland will be greater, because we have four-year degrees rather than three-year degrees as in England.

I will quote from the figures sent to me by the NUS in Scotland, which notes that in the academic year 2013-14, a total of £1.59 billion was awarded to applicants in all cohorts. In 2014-15, for post-2012 students, a provisional total of £1.5 billion was awarded. Assuming that that averages out over the three years, it implies an annual reduction of £500 million, contributing to a £50 million reduction in the cash DEL—departmental expenditure limit—available to Scotland per year. For comparison, Student Awards Agency for Scotland figures for 2014 show that the social grant and bursary awards made to Scotland for Scottish-domiciled students totalled £63.6 million. That is a significant impact.

On the impact on Scotland since the introduction of tuition fees in England, when direct cash DEL teaching grants provided by the Higher Education Funding Council in England to English universities were cut by more than £3 billion, assuming a straight consequential, the result is a £300 million reduction in cash DEL available to Scotland. The spending review proposes a further £120 million reduction in the teaching grant by 2019-20, which will result in a consequential to Scotland on top of the impact of these measures, including for nursing students.

The impact on us in Scotland is unfair. Decisions here by a Government we did not vote for and who have one MP in Scotland are resulting in decisions that John Swinney will have to make in our budget, which is decreasing. We have no impact on those decisions, and our Government cannot change them. The decisions taken by this Conservative Government and the previous coalition Government have had the effect of skewing the Scottish budget in further education. The departmental expenditure limit, which includes the teaching and research budget and the grant and bursary budget, has been reduced, and the annually managed expenditure budget, which goes on loans, has increased. We do not want an increase in loans; we want the DEL, but we cannot have that, because decisions here have reduced it. Those decisions affect the Scottish budget, and we must find the money that we want to spend on grants and bursaries from somewhere else within it. That is unfair. We want to support our students. Our students in Scotland deserve support, particularly where, due to demographic differences, they have not yet had the chance to go to university because they are put off by loans.

The point made by a Labour Member about minorities is true as well. It will particularly affect constituencies such as mine in Glasgow, Central, which is probably one of the most ethnically diverse constituencies in Scotland and contains Strathclyde University and Glasgow Caledonian University, as well as bounding on Glasgow University. All those universities could be affected by that decision.

Dr Huq: Does the hon. Lady agree that the difference between what is happening now and what happened for my generation is that I had a full grant and my fees paid completely? I pity this generation. It was doable not to have a voluntary top-up loan in 1990, but what is happening now is disastrous.

Alison Thewliss: I will finish by absolutely agreeing with that. When the hon. Lady and I went to university,

we came out with some debt, but not a crippling debt of up to £53,000, which is an astronomical amount of money for anybody from any background to consider if they want to go to university. I urge the Government to reconsider and to speak directly to the Scottish Finance Secretary John Swinney and to the Scottish Government to assess the impact of these decisions on the Scottish budget. I doubt very much that the Minister has consulted the Scottish Government.

12.20 pm

Dawn Butler (Brent Central) (Lab): Thank you, Mr Percy. It is a pleasure to serve under your chairmanship. Following the speech of my hon. Friend the Member for Ilford North, I want to say that many people are pleased that he is on the inside, fighting on important issues such as this. I am confident that people on the outside will be scratching their heads and wondering why such an important decision is not being debated on the Floor of the House. It relates to our future doctors, nurses and teachers, and the Government are stifling their opportunity to go to university. This Conservative Government need to think carefully about those people's aspirations and what they are doing to them. The Institute of Fiscal Studies states:

“The replacement of maintenance grants by loans from 2016–17 will raise debt for the poorest students, but do little to improve government finances in the long run.”

For a Government who pride themselves on their economic competence, can you please explain that one? It just does not make sense. Explain why you are making a decision that you know will not help to balance the books.

The Chair: Order. May I remind the hon. Lady that when she says “you” she is referring to me and I am certainly not doing anything?

Dawn Butler: Isn't that the truth? I would hate to put this pressure on you. You have my sincere apologies, Mr Percy.

This Government know that the change will not help to balance the books. Instead, it will cause more poor people to plummet into debt. Genuinely, what have poor people ever done to the Minister? Why are the Government intent on victimising poor people? Governments are supposed to help people succeed. Instead, this Government are sending a clear message: if you are young, disabled, a woman, black, Asian, minority ethnic, Muslim or if you are not wealthy, they are going to make sure that if you aspire to go to university, you will leave with debts of up to £53,000, compared with well-off counterparts whose debts will be £40,500, which is eye-watering enough in itself.

Rachael Maskell (York Central) (Lab/Co-op): Does my hon. Friend agree that there will be an impact on universities? The University of York, for example, has incredible diversity and has really reached out to people from diverse backgrounds. All of that work will go to waste if the regulations are introduced.

Dawn Butler: I agree. I am sure that universities are thinking, “Help us, but not in this way.” This Government's decision does not help them at all.

The Minister will no doubt say that students will have a little more money in their pockets as a result of the change. As with all good cons, that is partly true, but it is a little like loan sharks or payday loans. They will get a bit up front, but they will be paying an awful lot more in the end. We again see a situation in which those who can least afford to pay are being asked to pay more than their wealthier counterparts.

Cynics might say that this is a PR stunt because, as grants count towards current borrowing, the Government can remove the figure from their books by turning grants into loans so that it looks like they are borrowing less. One might call it creative accounting. The Institute for Fiscal Studies states that

“the national accounts...will fall by...£2 billion per year”, as the shadow Minister stated, but it adds that, in “the long run, savings will be much less”.

This is another betrayal of parents and young people in Britain.

In 2012, the coalition Government raised tuition fees, resulting in fewer people in my constituency going on to further education. One thing that helped to soften the blow, however, was the acknowledgment of the centrality of maintenance grants, which ensured that the most disadvantaged could still access higher education. Today's proposals were not in the Conservatives' manifesto. Why are they doing this? Why are they doing it in such a secretive, underhand, clandestine way? I just do not understand.

The National Union of Students did a great thing in fighting to force the Government to do a full equality impact assessment. That revealed a concerning risk to the participation of students from poorer backgrounds—women students, black and minority ethnic students, mature students, disabled students and Muslim students. It seems that the only group that is not really affected are white, wealthy men.

Wes Streeting: Of course, the other group that is not affected by these changes is right hon. and hon. Members who enjoyed their university education for free and who received a grant. Is it not time, when debating student finance issues, to recognise that what is good for the goose is good for the gander?

Dawn Butler: Of course. I thank my hon. Friend for that excellent intervention.

I want to end with a question to the Minister. What does he think about the equality impact assessment? *[Interruption.]* He is busy chatting at the moment, so I will repeat my question: what does the Minister think about the equality impact assessment?

The Chair: Before I call Paul Blomfield, I should tell him that I plan to call the Minister at about 12.40 pm. There is another Member who wishes to speak—they are not members of the Committee, but that is perfectly in order—and I would also like to call them. I call Paul Blomfield.

12.27 pm

Paul Blomfield: Thank you, Mr Percy. I will respond to your injunction to be brief. I will not repeat the points that others have made, although I do support them.

[Paul Blomfield]

Let me start on a consensual point. I have some sympathy with the Minister. In a moment, he will be defending a policy he cannot really agree with. He has the university sector at heart. He is doing some good work on opening up the debate on undergraduate teaching quality. I am sure he cannot be happy with the proposals he is having to defend. I guess they were forced on the Department for Business, Innovation and Skills by the Treasury—probably as a punishment for miscalculating the resource accounting and budgeting charge, or at least in an attempt to recoup the money. Unfortunately, it is not simply the Department that is being penalised—it is the half a million students who will lose maintenance grants.

On another consensual point, I would like to talk about one of the Minister's predecessors, whom I also have high regard for: David Willetts. When David was shadow Education Minister back in 2009, he was keen to challenge the then Labour Government on the importance of maintenance grants. On 3 November, he said:

"The Minister tells the House about broadening access to university, but does he not recognise that it is students from the poorest backgrounds who are most desperate when they cannot get their maintenance grant or loan?"—[*Official Report*, 3 November 2009; Vol. 498, c. 737.]

That is absolutely right—that was a Conservative Opposition spokesman.

Subsequently, I remember my hon. Friend the Member for Ilford North was protesting outside the House while we debated the coalition Government's proposals inside the House. Again, David Willetts was keen to argue for maintenance grants—as the justification for the changes that were being made. Maintenance grants were the progressive flagship of the policy that the Government were putting forward. He said:

"Our proposals are progressive, because they help to encourage people from poorer backgrounds to go to university, because of the higher education maintenance grant"—[*Official Report*, 3 November 2010; Vol. 517, c. 940.]

Again, he was right.

When David Willetts reflected, in June 2011, on the impact of the changes that had been made and tried to defend them against those of us who were critical of them, he said:

"We are increasing maintenance grants and loans for nearly all students...to make sure that institutions fulfil their outreach and retention obligations to people from disadvantaged groups."—[*Official Report*, 28 June 2011; Vol. 530, c. 770.]

Yet again, in September 2012, he announced:

"we are also increasing maintenance support for students at university this year".

He went on to say:

"The maintenance grant and support for bursaries are going up. That is why"—

I repeat, "That is why"—

"we still have record rates of application to university, and we should celebrate and remember that fact."—[*Official Report*, 11 September 2012; Vol. 550, c. 216.]

Time and again, this is the consistent policy trajectory from the Conservative party. They said that maintenance grants were essential and important, but suddenly, in the July Budget, the Chancellor threw them out of the window.

I come back to the impact assessment because it is important. It took legal action—judicial review—by the National Union of Students—to force the Government to carry out the equality impact assessment that we have seen. I understand—I am happy to give way if the Minister wants to intervene—that although the original impact assessment before the decision was made has been shared with the NUS, it has not been published. The Department has refused to publish it. There was an impact assessment before the version that is itself a devastating critique of the Government's proposals. I presume, because it has not been released, that the first assessment was even more devastating. We as parliamentarians have not had the opportunity to consider it, although we are debating the issue today. That adds to the scandal layer upon layer. The matter is not in the manifesto, was not debated at the general election and was not allowed to be debated on the Floor of the House. We being asked to consent to a very dodgy process.

In view of the pressure of time—I want to hear from the Minister and to have the opportunity to challenge him—I will say no more about that and will support my colleagues in saying that we should, as I hope will Conservative Members, recognising the trajectory of the Government's policy over the last seven years, vote against these proposals.

12.32 pm

Jim Fitzpatrick (Poplar and Limehouse) (Lab): Mr Percy, it is a pleasure to see you presiding in the Committee today. I will be brief.

I start by echoing the comments of my hon. Friend the Member for Sheffield Central that the Minister is held in high regard, so it is disappointing that he has brought these regulations to the Committee. However, we have been here before. Maintenance grants were abolished by the Labour Government between 1997 and 2001. Looking round the room, I think only my hon. Friend the Member for Blackpool South and I were here at the time.

For me, the issue was huge and still is. The vast majority of my young people in Poplar and Limehouse—the constituency was Poplar and Canning Town then—were not impacted by the introduction of tuition fees at £1,000, and I supported it. I still support tuition fees, not at £9,000 but at a more moderate level. The income threshold for my young people meant that they would not have to pay tuition fees. My worry was about those who were just above the threshold for whom grants were critical in allowing them to go on to higher education.

The issue is personal because my two brothers in Glasgow went to university and college, presumably only because they received a grant. I do not think my parents could have afforded to pay for my brother to go to Glasgow University and my other, younger brother to go to Glasgow Art School and then Dundee Art College. It was my only rebellion during the 1997-2010 Labour Administration. Conservative Members should know that standing on principle is not an impediment to promotion. In fact, it get may get them noticed. They should think long and hard, because this is a major issue. To the credit of the Labour Government, they changed their mind a few years later because they recognised the impact of the measure and restored maintenance grants.

The Prime Minister, to his credit, speaks a lot about social mobility but, as we have heard, many people think this measure will impact on social mobility. My hon. Friends have outlined the case very strongly and much better than I could. I appeal to the Government on behalf of my young constituents not to proceed with these regulations today. I congratulate the shadow Minister, my hon. Friend the Member for Blackpool South, on the very powerful case he has mounted, supported by other Opposition Members. This measure reflects badly on the Government and it reflects even more badly on them that we are dealing with it in Committee, rather than in the full glare of the public in the Chamber, where many more colleagues, who would have wanted to contribute, could speak. This issue is fundamentally important for those people in our society who need a helping hand up. We need to ensure that they can share the great life that we all live in Britain.

12.35 pm

The Minister for Universities and Science (Joseph Johnson): It is a pleasure to serve under your chairmanship, Mr Percy. I welcome the chance to set out the case for this statutory instrument, which details the higher education student support arrangements for the 2016-17 academic year. It is, as hon. Members said, an important instrument, and its provisions touch on some of the principles that guide the Government's higher education policies.

The instrument includes an increase in loans for living costs for current full-time students, as well as a number of policy and technical changes to ensure that the student finance system remains fair. The most significant provision is the change to the student support package for new students, and I will devote the majority of my remarks to this.

Before discussing the content of the instrument, I would like to clarify the parliamentary process—an issue raised by a number of Opposition Members. Changes to student support are made annually through secondary legislation, through amendments to the Education (Student Support) Regulations 2011. There are a number of hon. Members here who are not able to vote in the Committee, but who have none the less made valuable contributions to this important debate, illustrating the fact that Parliament is having an opportunity to examine this measure.

These regulations are made under the Teaching and Higher Education Act 1998, which was passed under the previous Labour Government. Today's Delegated Legislation Committee therefore follows the procedure agreed by Parliament. This debate follows an early-day motion in the Commons, and I understand that the other place will also get the chance to consider this instrument following the tabling of a motion yesterday by Lord Stevenson of Balmacara.

Mr Marsden: I share other Opposition Members' respect for the Minister and I sense that he is in a dilemma because he is not entirely comfortable with this process. He is trying to justify it by saying that it is due custom and practice. He is absolutely right about that, but any Government have the ability to break due custom and practice. I know that only too well, because I sat in this House in 2006, when we had the great casino debate. That measure was obviously going to affect Blackpool and could have been brought to a Delegated Legislation Committee, but because of the

strength of feeling on the matter in the House, the Government of the day allowed a 90-minute debate on the Floor of the House. If we can debate casinos on the Floor of the House for 90 minutes, why can we not debate this issue?

Joseph Johnson: I am glad that the hon. Gentleman acknowledges that we are following due custom and practice. I will carry on explaining the Government's intentions in bringing this instrument before the Committee.

The instrument provides that those students beginning courses in 2016-17 will qualify for increased loans for their living costs while studying, instead of maintenance grants. An eligible student whose family income is £25,000 or less and who is living away from home and studying outside London will qualify for up to 10.3% more living costs support in 2016-17 than they would receive under current arrangements. That is an additional £766 of support, and that increase in support for living costs has been called for by individual students. Indeed, the 2012 report by the National Union of Students entitled "The Pound In Your Pocket" indicated that there are two main considerations for students when deciding whether to go to university. The first is whether they have the means to meet their costs when needed, and the second is whether the eventual benefits of higher education will outweigh the costs. With these regulations, we are ensuring that students from the most disadvantaged backgrounds have access to more support than ever before. Students understand the value of obtaining a degree.

Stephen Kinnock (Aberavon) (Lab): I think that all the speeches so far, certainly from Opposition Members, have demonstrated clearly, as has the impact assessment, that this legislation will have a massively detrimental impact on social mobility. We understood that social mobility and aspiration were at the heart of the message that the Minister's party wishes to put across; a party that claims to be a one nation Government. Does social mobility still feature in the Minister's party's claim to be a one nation Government?

Joseph Johnson: Yes, indeed it does, and is motivating our decision to increase the amount of support that will be available to students going into higher education in this country. We want everybody who can benefit from higher education to be able to go to university.

We are delighted to see more people applying to university, more people getting in and more people getting on to their first-choice courses than ever before. Critically, we are delighted that more people from disadvantaged backgrounds are applying and going to university than ever before, and we want those trends to carry on.

Dr Huq: Has the Minister seen the research on these new arrangements for the Institute for Fiscal Studies? The poorest 40% will graduate with debts of up to £53,000 a year, as opposed to £40,000 at the moment. How does that square with his party's claim to be the party encouraging fiscal responsibility and social mobility?

Joseph Johnson: Accessing university is a transformational experience for many students, especially for people from disadvantaged backgrounds. We want more people from

[Joseph Johnson]

disadvantaged backgrounds to go to university and receive the benefits that can bring. I will now explain exactly why—

Rebecca Pow (Taunton Deane) (Con): I have come hot-foot from a delegation of students who came up from Somerset College in my constituency this morning, some getting on the train at 5 o'clock to meet me, because they knew I was on this Committee. I want to express their heartfelt concerns about the dropping of the maintenance grant and the switch to loans. They believe it will have a serious impact on people from low-earning backgrounds, particularly women, single-parent families and mature students—which they all are.

I fully understand that the Government want to get more people into further education and the concern about the debt that we were left by Labour. We would not even be discussing this if it were not for that and the deficit. Will the Minister assure me and those students that he has their concerns at heart and that we will still enable people from disadvantaged backgrounds to access further education?

Joseph Johnson: My hon. Friend makes some points that I will now address head-on. Students understand the value of obtaining a degree. On average, graduates will earn £100,000 more than non-graduates over a lifetime. Because of the progressive nature—this is the vital point—of the student loan system, loans will start to be repaid only when students are earning more than £21,000. That means that the lowest earners will repay nothing.

As our equality analysis indicates, the grant-to-loan switch will significantly affect only students from low-income backgrounds whose annual average lifetime earnings are £30,000 or more. Critically and crucially, that is to say that only those who benefit from increased earnings as a result of undertaking higher education will be affected.

Peter Heaton-Jones (North Devon) (Con): On that point, I have been approached by members of the student union of Petroc College in Barnstaple in my constituency. I also had a very constructive meeting with them over the summer. The point that the Minister is making goes to the heart of their concern, which is that the changes the Government are making might have the effect of lessening the opportunity for students from less well-off backgrounds to attend higher education. Could the Minister take this opportunity to provide some reassurance to that student union about the Government's intentions?

The Chair: The Minister has been very generous in giving way to interventions. Can we ensure that interventions are kept short and include a question from now on?

Joseph Johnson: I shall briefly touch on that. Critically, just to repeat, what my hon. Friend's students must remember is that the grant-to-loan switch will significantly affect only those whose annual average lifetime earnings are £30,000 or more. That should be a considerable comfort to his constituents.

The change to replace grants for living costs with loans was announced in principle at the July 2015 summer Budget. The change helps balance the need to ensure that affordability is not a barrier to higher education, while ensuring that higher education is funded in a fair and sustainable way. This was a manifesto commitment. It is there in black and white.

Hon. Members: Where is it?

Joseph Johnson: In the manifesto. Read it. It is available in all good bookshops.

Let me put the regulations in context to explain why the Government believe that they strike the right balance in ensuring these two things. In the previous Parliament, the Government took significant steps to ensure that university was open to those from all backgrounds. The policy of removing the artificial cap on student numbers, announced in the autumn statement 2013, reflected Lord Robbins' principle from half a century ago that university places

“should be available for all those who are qualified by ability and attainment”.

Striking progress on social mobility through higher education has already been made. The proportion of students from disadvantaged backgrounds entering higher education is up from 13.6% in 2009 to 18.5% in 2015. That represents the highest proportion of students from those backgrounds entering higher education ever, and it is an achievement that we can all be proud of.

We are taking further steps on social mobility, as announced in our Green Paper. The Prime Minister has set out clear ambitions to double the proportion of the most disadvantaged students starting higher education by 2020 from 2009 levels, and to increase the number of black and minority ethnic students by 20% in the same period. We will be setting out further steps as part of our response to the Green Paper and through new guidance to the director of fair access.

Dawn Butler: Will the Minister give way?

Joseph Johnson: I am going to press on, if the hon. Lady does not mind. As we enable more people to benefit from higher education, we must also ensure that the system remains financially sustainable. The higher education landscape has changed drastically since Robbins set out his principle. The overall higher education participation rate 50 years ago was around 5%, while it is now close to 50%. Despite the expansion in numbers, the evidence shows that graduates have continued to benefit as the demand for higher education and skills has grown in a more developed economy.

While respecting Robbins' principle, the Government cannot fund higher education as if the changes of the past 50 years had not happened. Given the advantages accrued by those who go to university, it is not right to ask those who do not benefit directly to meet all the costs of those who do benefit from higher education.

Wes Streeting: I am on page 35 of the Conservative party's 2015 manifesto. Amid all the information about repayment thresholds and the cap on numbers, there is no reference whatever to student grants.

Joseph Johnson: The hon. Gentleman will see references to ensuring a sustainably funded higher education system balanced in the interests of the beneficiaries of the system and the taxpayers underwriting it. It is clear and transparent. It is in black and white.

It is right that graduates contribute towards the cost of their education while being protected from the costs upfront. That is what is delivered by the progressive system of taxpayer-backed student loans with generous repayment terms that we introduced during the previous Parliament.

Helen Whately (Faversham and Mid Kent) (Con): Will the Minister give way?

Joseph Johnson: I need to make some progress, I am afraid, I will allow my hon. Friend to intervene shortly.

The changes set out in this statutory instrument come at a time of increased resources going to universities. Total income has risen from £24 billion in 2012-13 to £26 billion in 2013-14, and is forecast to rise to £31 billion by 2017-18. Our system supports the financial sustainability of the sector while ensuring that higher education is open to all. As the OECD's director of education put it, England is

“one of the very few countries that has figured out a sustainable approach to higher education financing”.

He recently added that England has

“made a wise choice—it works for individuals, it works for government.”

Paul Blomfield: The Minister makes constant reference to what has happened in the past. We are concerned about the impact of these proposals, given that his own impact assessment—as my hon. Friend the Member for Blackpool South mentioned—identified that there would be a negative impact on a number of critical demographic segments. Is the Minister concerned about that? As he has not answered the question I raised previously, I will also ask him about the original equality impact assessment, which is not the one that has been published. It has been shared with the NUS. Will he make that available to Members of Parliament?

Joseph Johnson: We published the full equality impact assessment on 5 December, which, in reference to the earlier comments made by the hon. Member for Blackpool South, gave the Committee plenty of time to analyse it and go through it closely before today's meeting. The Government have been fully transparent with respect to the equality impact assessment.

Mr Marsden: On a point of order, Mr Percy. The Minister is playing with words in terms of 5 December. Actually, the date on the impact assessment is November, so obviously they got it out even later. The fact of the matter is that the membership of this Committee, with the exception of himself and myself, was drawn up only a few days ago, so how Members could be expected to know that they would need to look at it in December is another matter.

The Chair: I thank the hon. Gentleman for his point of order. I think it is more a point of debate, and he has made his point on the record.

Joseph Johnson: None the less, I repeat what I said, which is that we were accused of not publishing the equality impact assessment until a few days ago. We published it on 5 December online, and it has been available for all interested Members of Parliament to scrutinise.

Paul Blomfield: The original assessment?

Joseph Johnson: These equality impact assessments were released to the NUS. The equality duty is an ongoing duty on Government, impact assessments are refined as new evidence emerges, and we published the most up-to-date version of it on 5 December. The Committee has had well over a month to assess that impact assessment. The changes to student support contained in the regulations work in the same spirit as the last Parliament's reforms. The Government were elected on their fiscal record, with a commitment to eliminate the deficit. This change makes a significant contribution to achieving that goal. Converting maintenance grants to loans will generate grant savings of around £2.5 billion a year, which will have an immediate impact on the record-breaking deficit that this Government inherited. We do not recognise the estimates of the economic saving cited.

Helen Whately: Will the Minister give way?

Joseph Johnson: I am going to press on and conclude my remarks, because the shadow Minister needs to make his closing remarks, too.

Those who disagree with the provisions contained in the regulations should submit their proposals to generate equivalent grant savings from elsewhere. I note that the Labour party has in the past year proposed competing higher education funding policies, although they share one common feature—their significant cost to the taxpayer. Labour's leader said in July that fees should be removed completely, with grants retained. That was costed by the Labour party itself at £10 billion. Ahead of the election, it was briefly proposed that fees be reduced to £6,000, which would have cost £3 billion. Those policies move us backwards. They are unsustainable.

I was therefore particularly interested to read Ed Balls' comments in this week's *Times Higher Education*, where he spoke about the “blot on Labour's copybook”:

“We clearly didn't find a sustainable way forward for the financing of higher education.”

He said that if the electorate

“think you've got the answers for the future, they'll support you.”

We have set out a clear plan for the future to ensure that higher education finances are sustainable and that more people can benefit from higher education. Has the Labour party decided on its approach?

When the tuition fee reforms were made in the last Parliament, there were those who predicted a sharp fall in participation in higher education, particularly by those from disadvantaged backgrounds. However, that did not come to pass, and the latest application figures from UCAS, although provisional, show that, in spite of our proposed changes to maintenance, application figures are similar to last year's figures.

[Joseph Johnson]

The hon. Member for Blackpool South referred to the grant-to-loan switch in FE. Loans were introduced in the further education sector in 2013-14 to remove the barrier of meeting the upfront cost of tuition fees; we are debating loans for living costs in HE, and I do not believe that is a valid comparison.

Dr Huq: Will the Minister give way?

Joseph Johnson: I have only one or two minutes, so I will not give way. We should remember that switching support for living costs from grants to loans allows us to increase the upfront support provided to students from the lowest income backgrounds. In taking the decision to proceed with this policy, the Secretary of State and I considered an equality impact assessment, which we have published. That impact assessment sets out the risk to protected groups. It also explains that those risks will be mitigated by a number of factors, including the 10.3% increase to the maximum loan for living costs for the lowest income students, the repayment protection for low-income, low-earning graduates and the high average returns to higher education.

We will, of course, monitor the outcome of the policy through the data available from the Higher Education Statistics Agency and the Student Loans Company and the work of the Office for Fair Access. We will also continue to listen to stakeholders and colleagues in the House and the other place. In the meantime, I am grateful for the points that have been made by hon. Members today. However, the evidence from the coalition's fee reforms has been that participation is fairly insensitive to greater debt. The equality analysis made the point that such changes have a

"limited impact on students' decision making".

Students understand that graduate debt is not the same as commercial debt. Graduate debt is paid back through a repayment system that takes account of ability to pay and, crucially, it allows individuals to make one of the best investments—in undertaking higher education.

The instrument allows us, in a time of fiscal restraint, to ensure that universities remain well funded so that they can continue to act as engines of our economy and of social mobility in a time of increased student numbers. For those reasons, I commend the regulations to the House.

12.55 pm

Mr Marsden: I thank all my hon. Friends, and Government Back-Bench Members, for their contributions. I am sorry that time does not permit me to draw more on them. I want to make two or three points before we close. First, the Minister moved into very broad territory at the end that was not related to these Committee proceedings at all. I put a list of specific questions to him, not least on the sharia issue. I hope that replies to those questions will be forthcoming promptly for the sake of all Committee members, particularly the Government Members who have expressed concerns.

Let us be straightforward: nobody is accusing the Minister—I certainly am not—of having bad faith in this matter, or of not wanting to proceed in a proper and progressive manner, but there is an old saying that the road to hell is paved with good intentions. If we will

the ends of social mobility, we must also will the means. The whole point that we have made in this debate is that this process was not in the manifesto. Frankly, I thought that what he said about the generalised point was fairly risible; I thought it was only the Chancellor of the Exchequer who worked on the principle "Always read the small print, even if it's not there." I hope that the Minister will not follow that particular principle.

The truth of the matter is that if the Government stretch the process and nudge people away for too long, the envelope being stretched will eventually be broken. That is what we are saying. If the Minister and his colleagues are so confident about their policies, why did they not bring them to the Floor of the House? More to the point, why did they not consult independent experts and various representative organisations? Why did they not commission some research from any of the reputable independent policy bodies?

Last month, with a number of other MPs, I sat in this corridor listening to the hundreds of students who came to lobby us. Their message was a constant one: scrapping maintenance grants will leave people struggling to go to university. Incidentally, when the Minister answers, I hope that he will answer the points made by Opposition Members about the Barnett consequentials.

If the Minister and his colleagues believe in their case, why have they not brought it to the Floor of the House? There is an old saying that a speaker who knows he has been given a poor brief marks the paper at a certain part of his response, "Argument weak here—shout like mad." The Minister is a courteous man, so shouting like mad is probably not on his agenda, but the brief that he has been given has simply folded up the Government's tents. The proposals should have been made to the whole House, and no amount of the bravura and bluster that the Prime Minister gave my hon. Friend the Member for Sheffield Central in the House yesterday while dodging his question about the grants will alter that fact.

We have talked about consequences. We have talked about our own experiences. I was a tutor for the Open University for 20 years, and I know that the experience of many of the students whom I taught was that they had been put off higher education at an earlier age by the costs. Such things do not alter just because we are in the digital world of the 21st century. I appeal to the Minister to think again, to consider specifically the issues brought today and, for goodness' sake, if he really thinks that he has a good argument, to put it on the Floor of the House.

The Committee divided: Ayes 10, Noes 8.

Division No. 1]

AYES

Allan, Lucy	Merriman, Huw
Barclay, Stephen	Morris, Anne Marie
Frazer, Lucy	Pow, Rebecca
Heaton-Jones, Peter	Stewart, Bob
Johnson, Joseph	Whately, Helen

NOES

Blomfield, Paul	Morden, Jessica
Butler, Dawn	Streeting, Wes
Kinnock, Stephen	Thewliss, Alison
Marsden, Mr Gordon	Wilson, Corri

Question accordingly agreed to.

1.1 pm

Resolved,

That the Committee has considered the Education (Student Support) (Amendment) Regulations 2015 (S.I., 2015, No. 1951).

Committee rose.

