Written evidence submitted by Professor Paul Wakeling

I am Professor of Education and Dean of York Graduate Research School at the University of York. I am writing in a personal capacity as a social science researcher with 25 years' experience of conducting research on access to higher education using large datasets. My particular expertise is on access to postgraduate education. My views should not be taken as representing those of my employer.

I urge the Committee to ensure that **postgraduate loans** are included in its deliberations. While undergraduate loans, especially those taken out under 'plan 2' are the focus of the inquiry, **it is vital that master's and also doctoral loans are considered** too.

Master's loans are available in all UK nations and are a devolved matter. Doctoral loans are available in England and Wales only, but under separate schemes. The remainder of this document discusses loans in England only, on the understanding that this is the jurisdiction on which the inquiry is focusing.

Postgraduate students now represent a substantial proportion of UK higher education. In 2024/25, 27% of enrolled students were postgraduates, of which 516,000 were studying for a taught higher degree, 121,000 for a research degree and 132,000 for other postgraduate qualifications. The respective figures for English-domicile students were 19% postgraduate, 176,000 taught higher degree, 59,000 research degree, and 100,000 other postgraduate.[1]

In England, **master's loans have been very successful in filling an affordability gap at the point of access**. Prior to the introduction of master's loans, scholarship funding for master's degrees was very sparse. While some graduates were sponsored by their employer for work-related master's learning, most others would need their own independent resources or family support in order to access postgraduate study. Financial products such as Career Development Loans were difficult to access and with stiff repayment terms. These circumstances meant that postgraduate education at master's level was determined by ability to pay, not ability to succeed.[2] In the context of credential inflation, evidence points to postgraduate qualifications becoming a 'new frontier of social mobility'. Growth in undergraduate education seemed to lead to those with financial advantage seeking to distinguish themselves in the labour market from bachelor's graduates by securing a master's degree.[3]

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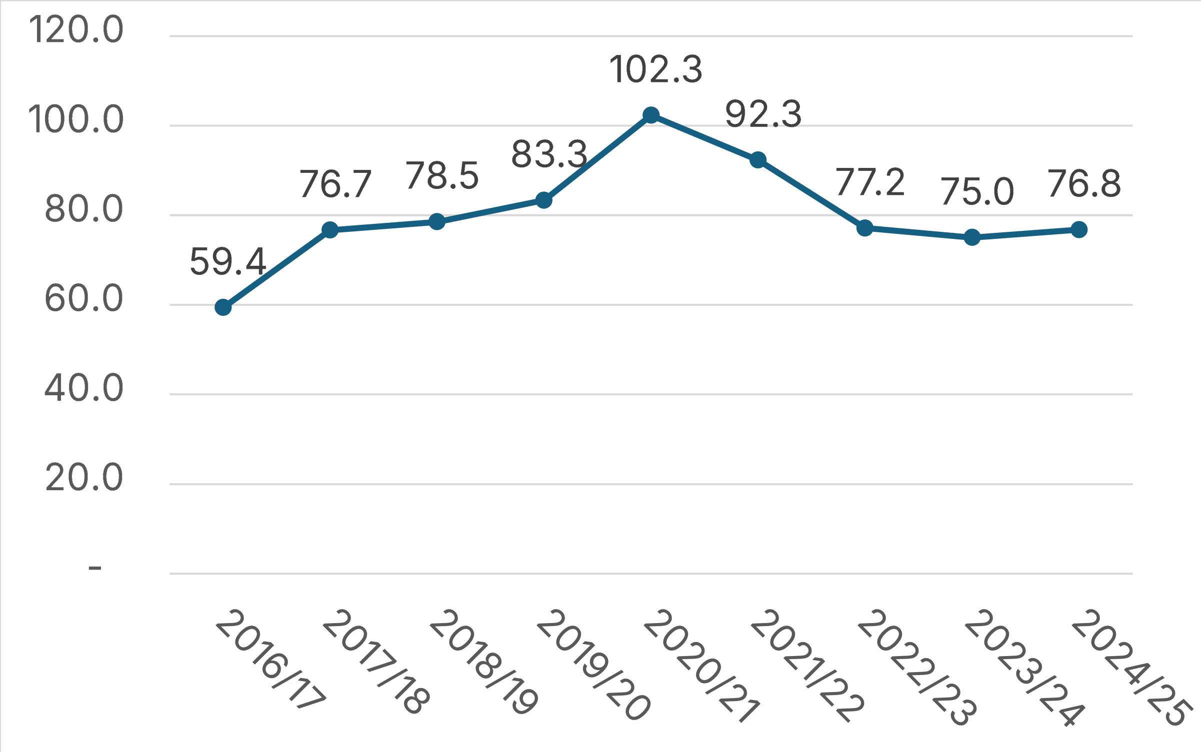
[1] Source: HESA Student Record 2024/25.
[2] Wakeling, P., Hampden-Thompson, G. and Hancock, S. (2017), Is undergraduate debt an impediment to postgraduate enrolment in England?. Br Educ Res J, 43: 1149-1167. https://doi.org/10.1002/berj.3304
[3] Wakeling, P. and Laurison, D. (2017), Are postgraduate qualifications the 'new frontier of social mobility'?. The British Journal of Sociology, 68: 533-555. https://doi.org/10.1111/1468-4446.12277

Since their introduction in 2016/17, an annual average of 80,000 English-domiciled students have accessed master's loans, with a total disbursement until 2024/25 of £5.8 billion. Numbers increased annually between 2016/17 and 2020/21, from 59,000 to 102,000, but have dropped away somewhat thereafter.[4]



Number of master's loans paid to English-domiciled students (000s) by academic year[5]

There is compelling evidence that, in the initial period after their introduction, master's loans both expanded and widened participation in master's degrees for students from socio-economically disadvantaged backgrounds. Taking into account prior attainment, following introduction of the master's loan in England the master's participation gap between students from professional/managerial backgrounds and those from routine occupational backgrounds closed entirely. This is highly unusual in studies of educational participation.[6]

[4] Anecdotal evidence for 2025/26 from the Student Loans Company suggests a new uptick in master's loans for the current year, but confirmed data is not yet published.
[5] Student Loans Company (2026) STUDENT SUPPORT FOR HIGHER EDUCATION IN ENGLAND 2025: FULL YEAR 2024/25 AND EARLY IN YEAR 2025/26. Table 6A(i). Available at: https://www.gov.uk/government/statistics/student-support-for-higher-education-in-england-2025
[6] Mateos-González, J. L., & Wakeling, P. (2020). Student loans and participation in postgraduate education: the case of English master's loans. *Oxford Review of Education*, *46*(6), 698–716. https://doi.org/10.1080/03054985.2020.1781607

However, this progress is at risk. Our research for The Sutton Trust[7] highlighted how the costs of master's-level study increased rapidly following the introduction of the master's loan, leading to a crisis of affordability. There is evidence that tuition fees at master's levels more than doubled, whereas an increase at the rate of inflation would have led to a 35% uplift instead.[8] Taking into account the total cost of one year's full-time master's study (tuition plus location-adjusted cost of living), by 2019/20 the English master's loan would not cover total costs in any UK university, leaving a funding gap of between about £2,000 and £15,000 depending on the university. **This risks entirely wiping out the progress made in widening and expanding postgraduate participation which followed the introduction of the master's loans**. Indications from my preliminary analysis of Graduate Outcomes Survey are that, among first-degree graduates in 2018/19 there was almost no variation in progression to a taught higher degree across those from neighbourhoods with different levels of initial HE participation.[9] By 2021/22, a three-percentage-point gap had (re)emerged between the bottom (6%) and top (9%) decile.

The repayment terms for master's loans are exceptionally disadvantageous and highly likely to be a disincentive to borrowers, particularly those who do not have recourse to independent funds. This will be felt more sharply still for those graduates with Plan 2 undergraduate loans. The repayment threshold for master's loans is just £21,000 – a level which has *never* been raised since the system was introduced. This is **manifestly unfair since it is well below the annual salary of a full-time worker on minimum wage** (£24,785 p.a.). What is more, there is a flat repayment rate of 6% above threshold *and* interest on the debt accrues at RPI + 3%. The Resource Accounting and Budgeting charge (RAB) for master's loans is estimated at 0%[10], meaning there is forecast to be **no government subsidy at all**.[11] Given the surge in support for reform to undergraduate loans based on the increasingly tough repayment terms, **there is an overwhelming case for looking again at master's support**. This should include reforming the repayment terms. As *WonkHE* have pointed out, the freezing the master's loan repayment threshold, which would have now reached about £29,000 if had been inflation-uplifted from the start, means master's loan borrowers are repaying back significantly more per year than they otherwise would have done. A

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[7] Wakeling, P. and Mateos-González, J. L. (2021) *Inequality in the Highest Degree: Postgraduates, prices and participation.* London: The Sutton Trust. Available at: https://www.suttontrust.com/wp-content/uploads/2021/06/Inequality-in-the-Highest-Degree-Final-Report.pdf

[8] The amount which can be borrowed in a master's loan is raised each year, although this has not quite kept pace with CPI inflation. The original loans (2016/17) were worth a maximum of £10,000; for 2026/27 the amount available will be £13,206.

[9] This uses Jisc's 'SEISA' measure as a proxy for socio-economic background, with the population divided into deciles. In 2018/19, all 10 deciles had a progression rate of 9%, expect for decile 2 (8%).

[10] Department for Education (2025) Student Loan Forecasts for England. https://explore-education-statistics.service.gov.uk/find-statistics/student-loan-forecasts-for-england/2024-25

[11] Dickinson, J. (2024) Student financial support for PGT is a forgotten, inadequate mess. *WonkHE*, 19 May. Available at: https://wonkhe.com/wonk-corner/student-financial-support-for-pgt-is-a-forgotten-inadequate-mess/

graduate on a £29,000 salary will be paying £40 per month, for example, when they would otherwise have paid nothing. This is additional to any undergraduate debt.[12]

Reform should also include increasing the loan amount, provided this comes with some checks to avoid further master's tuition fee inflation. Including postgraduate qualifications in the Office for Students' Access and Participation Plans remit would be one means of achieving this, which would be in line with plans already declared in the *Post-16 Education and Skills White Paper* (October 2025).

Finally, while they are only a minor part of the student loan system (around 9,000 loans made in 2024/25), **doctoral loans have yet to be evaluated**. Very little is understood about the characteristics of doctoral students who take up the loans, for what programmes and to what end. The loans are worth up to £31,122 for the duration of the programme,[13] an amount insufficient to cover tuition fees and living costs for a full-time three year programme. Since the loans represent a public subsidy (23% estimated RAB for 2024/25,[14] or £11.7M annually based on the £51M outlay), it would be sensible to ensure that they are meeting objectives efficiently, compared to alternative uses of such funding (such as direct funding of non-repayable studentships through UKRI).

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[12] Dickinson, J. (2026) Postgrads and parents have reason to be furious about what was buried in the budget too. *WonkHE*, 16 February. Available at: https://wonkhe.com/wonk-corner/postgrads-and-parents-have-reason-to-be-furious-about-what-was-buried-in-the-budget-too/

[13] https://www.gov.uk/doctoral-loan/what-you-get

[14] Department for Education (ibid.)