

POLICY PROPOSAL

Policy Title:	Changing the Structure of Loan Payments	Date Policy Proposed:	11/02/15
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Union Notes:

- The current system of loan payments in England and Northern Ireland means that Maintenance Grants and Loans are paid at termly intervals throughout the academic year. These are roughly equal payments made at the start of each term, with dates advised by the University. (www.gov.uk)
- Despite each termly payment being roughly equal, term length and costs throughout the academic year such as accommodation and materials are not. Due to the timing of payments students can have shortfalls during one term and excesses in another.
- In Scotland the SLC pay loans in monthly instalments. Scottish students also get a double payment in their first month to help pay for start-up costs (www.saas.gov.uk)
- NUS research shows that many students find it difficult to budget and hardship funds see a spike in applications at the end of each term.
- “One in four adults will have a mental health problem at some point in their life. One in two adults with debts has a mental health problem. One in four people with a mental health problem is also in debt. Debt can cause, and be caused by mental health problems.” (Royal College of Psychiatrists).

Union Believes:

- That students come from a wide variety of backgrounds and study under a wide variety of circumstances. The English student loan arrangements are ‘one size fits all’ and do not currently allow for students in different circumstances.
- That more consistent payments could avoid periodic shortfalls in money and therefore debt. This could impact on students’ nutrition, physical and mental health.
- That the option of student loan payments on a monthly basis would allow students to experience budgeting and spending in line with other forms of payment such as wages.
- That greater flexibility in the payment options would allow students to select payment schedules appropriate to their personal circumstances.
- That larger, termly lump sum payments can cause increased debt for students who do not continue studying and drop out or intermit.

Union Resolves:

- For the Union to campaign for the provision of more flexible loan payments. This may include monthly (over 12 months), monthly (term-time only) and termly options for payment. This should include the opportunity for students to alter their payment schedule with each annual re-application.
- To also provide guidance in the form of (e.g.) workshops / talks / leaflets on money management and budgeting for students - in particular during freshers.
- To submit a policy to NUS National Conference to consult with students regarding increased flexibility in the loan payment schedule; to Lobby Student Finance England as above, and if implementation of a new system is successful, to work with Student Finance England to provide students with guidance in selecting payment options.