



NEWS RELEASE

VC warns of danger of rise in debt costs

Malcolm McVicar, Vice-Chancellor of the University of Central Lancashire has added his voice to the concerns expressed about recent news reports of an increase in the interest rate on student loans. Latest figures for the 2001/02 academic year, produced by the Student Loans Company show that around 81% of eligible students took out an official loan.

From September, the rate is due to rise from 1.3% to 3.1%, which represents an increase of 138%, bringing the rate closer to the current bank rate. Under the present system graduates start to repay their loans once they are earning at least £10,000 a year. Under the government's proposed reforms of the English education system, that threshold would rise to £15,000 from 2006.

The University of Central Lancashire has an excellent track record in recruiting students from lower socio-economic groups and believes strongly that high standards in academic studies can exist alongside very broad participation. Dr McVicar is concerned that further rises in the cost of student debt may prove off-putting to many of these students who have the ability and the potential, but need extra encouragement to go to university.

"University education provides an excellent investment for individuals and society. It is important that all who can benefit from participation in higher education are given the opportunity and are helped to do so. I am very surprised at any increase in the interest payable on student loans – this is a backwards step and will add to the financial pressures on students, particularly on those who are most hard-pressed."

-ends-

4 August 2003

nr074pc

Photo attached: Dr Malcolm McVicar