



Skills Funding  
Agency

# 24+ Advanced Learning Loans Policy Overview

February 2014

Of interest to colleges and training organisations

## **24+ Advanced Learning Loans – February 2014**

### **Policy Overview and Frequently Asked Questions**

#### **Introduction**

1. This document provides colleges, training organisations, employers (as Apprenticeship providers) and National Careers Service advisers with an overview of 24+ Advanced Learning Loans (Loans) and responses to frequently asked questions (FAQs). This document replaces all previous versions.
2. This document supplements the periodic updates on Loans from the Department for Business, Innovation and Skills (BIS) and replaces the previous guides and updated FAQs that the Skills Funding Agency (the Agency) has released.
3. We have updated this briefing note to reflect the policy position following the Skills Funding Statement published on 10 February 2014 where it was announced that apprentices aged 24 and over who are following Advanced or Higher Level frameworks will no longer be funded through a 24+ Advanced Learning Loan.
4. From 7 March 2014, funding for Apprenticeships for those aged 24 and over working towards Advanced or Higher-level frameworks will be available within the Adult Skills Budget (ASB). All current apprentices who have arranged a Loan will have their Loan cancelled and they will not need to make a repayment. We have revised this document to reflect the operational policy from 7 March 2014.

#### **Policy Overview**

5. The policy to introduce Loans was set out in the reform plan document [New Challenges, New Chances](#), which BIS published in December 2011 following public consultation.
6. Government is prioritising grant funding is being prioritised for those in greatest need. Without Loans, we would see a significant fall in learner numbers; with Loans, thousands of learners will continue to benefit from life-changing opportunities.

7. Loans will be available for eligible learners aged 24 and above studying at Levels 3 and 4. This is a small subset of learners and most further education (FE) learners will continue to be grant-funded.
8. For the first time, Loans will give FE learners access to financial support for tuition costs similar to that available in higher education (HE). This means that rather than an individual having to pay for their course upfront, they have the option of accessing a Loan from the Student Loans Company (SLC), which they will only start to repay once they have left the course and are earning over £21,000 each year.
9. Individuals who are qualified at Level 3 and above experience benefits, including increased wages, compared to those who are not qualified similarly. Therefore, it is fair that we should ask those individuals to make a greater contribution to the costs of their courses – although the Loans system means they will only start making that contribution after they have finished their training and are earning more than £21,000 each year.
10. [Market research](#) commissioned by BIS shows that three-quarters of learners say they would consider learning funded by a Loan. BIS has commissioned further research to consider in more detail the attitudes of older learners, those with learning difficulties and disabilities, Muslim learners, and apprentices and employers. Loans do not appear to be a disincentive for the debt-averse. Specific groups (Black/Asian, young people, those seeking work) are more likely to say they would take out a Loan. The labour-market benefit of learning is the most important factor in deciding to learn.
11. The Government has provided a budget for Loans of £129 million in the 2013-14 financial year and £398 million in the 2014-15 financial year.
12. A Written Ministerial Statement was issued on 12 July 2012 confirming that an extensive and substantial range of support measures will be put in place alongside the introduction of Loans, comprising the following:
  - i. An offer to individuals taking Access to HE courses that, on completion of their HE programme, the SLC will write off the amount outstanding on the Loan for their Access course. Access courses are designed to help those with low

qualifications but high ambitions progress into HE; it is our duty to support those learners.

- ii. A £50 million Bursary Fund over two years, disbursed by colleges and training organisations. This will help vulnerable learners such as those with learning difficulties or disabilities, parents who need help with childcare, and ex-military personnel. We will continue to review the level of the Bursary Fund so that we continue to provide the right level of support for those who need it.
- iii. Additional careers information, advice and guidance for adults who are uncertain about Loans, provided by the National Careers Service. This includes a targeted face-to-face session with a careers adviser – a 'learning health check' – for older adults who, research BIS published in May 2012 suggests, are less likely to respond positively to the idea of taking out a Loan.

13. Finally, whilst the introduction of Loans does not require primary legislation, secondary legislation is required similar to that required for HE student support. This secondary legislation was laid before Parliament on 12 July 2012 and came into force on 1 September 2012. Following the announcement in the Skills Funding Statement on 10 February 2014 that apprentices aged 24 and over who are following Advanced or Higher level frameworks will no longer be required to take out a Loan, amendments to the legislation were laid before Parliament on 13 February 2014 and will come into force on 7 March 2014.

#### **Delivery Update – February 2014**

14. The Loans application process opened on 8 April 2013 for provision starting on or after 1 August 2013. Loan applications for Apprenticeships have not met projections, so the Government is acting quickly to ensure that there is good take-up of these rigorous and high-level training options.

#### **What do colleges and training organisations need to do to implement Loans?**

15. Colleges and training organisations should:

- continue to speak with their Agency relationship manager
- speak to their lead/prime provider about the implication of Loans if they are a subcontractor for Agency provision
- consider what impact this will have on their organisation's systems, processes and people

- use the materials provided on the [Agency's webpage](#) and the microsite <http://www.24plusmicrosite.com/> to distribute information relevant to colleagues within their organisation
- consider the market research and Equalities Impact Assessment published by BIS, which may provide a useful resource for colleges and training organisations alongside any analysis of their local market
- continue to access Update, the Agency's primary weekly communication to colleges and training organisations, and review the Agency's website
- direct learners to the [National Careers Service](#) for information and advice on learning, career and funding options
- direct learners to [The Money Advice Service](#) for impartial money advice, if this is a particular concern.

## Frequently Asked Questions

1. This section includes answers to all questions raised specifically regarding the policy and implementation of Loans. This version supersedes all previous versions and we will continue to update this regularly with any additional questions raised.
2. If you have a question that this document does not answer, please email it to [advancedlearningloans@sfa.bis.gov.uk](mailto:advancedlearningloans@sfa.bis.gov.uk).

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## **1 Policy**

### **1.1 Why is the Government introducing Loans. Is it just about removing funding for adult learners?**

- i. In a tighter spending environment, it is right to focus available funds on 19- to 23-year-olds who did not complete their education at school, those without basic skills, and those seeking employment; and it is right to maintain access to learning for people outside these groups.
- ii. The introduction of Loans gives thousands of adults the opportunity to access advanced and higher-level courses.

### **1.2 In the current economic climate, is it wrong to ask people to take on more debt?**

- i. Market research published by BIS suggests that Loans do not appear to be a disincentive to the debt-averse and that the terms and conditions are received positively. The labour-market benefits of learning are the most important factor in deciding to learn, so if the quality of training is good, people are prepared to pay for it.

### **1.3 In introducing Loans, is there a damaging impact on participation in learning?**

- i. Market research commissioned by BIS surveyed a representative sample of FE learners: three-quarters of learners say they would consider undertaking learning following the introduction of Loans, with only three per cent saying they would definitely not. The research also demonstrated that learners become more positive once the terms and conditions of the Loan are explained. Whilst these findings are positive overall, they underline the importance of clear information about Loans. BIS is developing learner-facing communications so that potential learners have the information that they need. These materials are now available on the [SLC provider site](#). We will monitor and evaluate the introduction of Loans carefully.

### **1.4 What is the consequence of not spending the entire budget in-year? Would it remain in the system and be distributed across the sector?**

- i. No. There are no specific arrangements to allow carrying forward underspends in the Loans budgets to future years. The assumption is that any underspends would not be available for future years.
- ii. The Loans budget is separate to the ASB and there will be no flexibility to vire between the two budgets either nationally or at the level of colleges and training organisations.

### **1.5 Will Loans be implemented in Wales and Scotland?**

- i. Education is a devolved matter and therefore any decision to introduce Loans elsewhere in the UK would be a matter for the relevant Devolved Administration.
- ii. BIS's decision to introduce Loans will only apply in England.

### **1.6 What is the policy for the unemployed, particularly for those who Jobcentre Plus mandates to participate in training?**

- i. Loans apply to all training for those aged 24 and over, training at Levels 3 or 4, including the unemployed. The regulations regarding the mandating of benefits claimants to undertake training can only apply where there is no expectation that the individual makes a contribution toward the cost of that training. Therefore, it is not possible for Jobcentre Plus to mandate those aged 24 and over to provision at Levels 3 or 4. BIS has worked with the Department for Work and Pensions (DWP) to ensure the position is fully understood and will make sure that Jobcentre Plus advisers are aware of the impact the introduction of Loans will have on the unemployed.

## **2 Roles and Responsibilities**

### **2.1 Who will apply for the Loan?**

- i. The individual will apply for the Loan and the SLC will assess eligibility; once the application has been approved the SLC will inform the individual and college/training organisation.

### **2.2 What is the approach for a learner who is unable to complete the application form online?**

- i. For those individuals who are unable to complete the application online, the SLC will make paper-based application forms available.

### **2.3 What will be the role of colleges and training organisations in promoting and advising individuals about Loans?**

- i. Colleges and training organisations will work with individuals to identify a suitable learning programme to meet their identified needs, as you do now. The individual will need to understand the cost of the programme and their options for funding it. You will not be expected to offer any financial advice to individuals but you can signpost them to [The Money Advice Service](#), which will be able to support individuals with impartial money advice.
- ii. Should the individual decide to apply for a Loan, they will need relevant information from you, including your UK Provider Reference Number (UKPRN) and the learning aim reference for their qualification before making an application to the SLC. You will need to provide this in the [Learning and Funding Information Letter](#), which will ensure consistent information is available to the individual at the point of application.
- iii. In addition, you may wish to encourage individuals to look at [FE Choices](#) in order to promote the value of studying at your college or training organisation.

### **2.4 Who will provide financial advice to prospective learners?**

- i. Similar to HE there will be no specific financial advisory service for individuals. However, [The Money Advice Service](#) is available to provide individuals with impartial money advice if affordability and managing funds is a particular concern.

### **2.5 What is the role of the National Careers Service advisers in promoting and advising individuals about Loans?**

- i. For learners aged 24 and over, National Careers Service advisers are expected to make them aware of the availability of the Loan as part of a wider discussion about learning, and provide access to relevant information on the Loans offer. We do not expect advisers to provide financial advice.

### **3 Communications for Learners, Colleges and Training Organisations**

#### **3.1 How will you make learners aware of the availability of a Loan?**

- i. Information for learners in respect of Loans is available on the National Careers Service website as part of their remit for providing individuals with information, advice and guidance. This provides learners with a broad overview, a detailed fact sheet and FAQs.
- ii. The primary route for communications with learners will be through the sector; communications and materials for the use of colleges and training organisations are available through the [SLC's Practitioner website](#), and we will tell you about new additions to these resources through 'Update', the Agency's weekly newsletter to the FE sector and BIS's FE and Skills Newsletter to colleges and training organisations.

#### **3.2 Will Loans feature in Lifelong Learning Accounts for learners?**

- i. Information about Loans is available to learners at significant points in the FE system. The primary source of information on Loans is through the [National Careers Service](#).

#### **3.3 Is there any national marketing for Loans?**

- i. There is marketing for 24+ Advanced Learning Loans. We have produced and made available a [range of information and marketing material](#) for colleges and training organisations, and we will continue to make further resources available.

### **4 Eligibility**

#### **4.1 Who is eligible for a 24+ Advanced Learning Loan?**

- i. Individuals who:
  - are aged 24 or over at the start of their course
  - are resident in the UK and undertaking eligible provision at an approved college or training organisation in England
  - have not previously had a Loan to do the same qualification type and level of qualification.

- ii. Loans will not be means tested (or subject to credit checks) and any individual who meets the criteria above will be able to apply for a Loan, regardless of their current employment status.

#### **4.2 Is there an upper age limit for an individual applying for a Loan?**

- i. No, there will be no upper age limit for an individual wishing to apply for a Loan.

#### **4.3 Will learners in the British Armed Forces be eligible for Loans?**

- i. Yes, learners will need to meet the standard eligibility criteria as set out above in 4.1. Please refer to the Agency's [Funding Rules 2013/2014](#) and the [Addendum to the Funding Rules 2013/14](#) for further information.

#### **4.4 What are the arrangements going forward for ex-military personnel and first full Level 3 qualifications?**

- i. The Government want Loans to be made available to ex-military personnel. However, the current offer of full grant funding for this cohort's first full Level 3 qualification will remain. Please refer to the Agency's [Funding Rules 2013/2014](#) and the [Addendum to the Funding Rules 2013/14](#) for further information.

#### **4.5 What happens if an individual or asylum seeker from the European Union wishes to apply for a Loan and does not have a National Insurance number?**

- i. All learners will need to submit their National Insurance number (NINO) to release payment of their Loan to the relevant college or training organisation. The NINO is required to make the payment, but it is not mandatory to establish a learner's eligibility for a Loan.
- ii. A learner will be able to arrange an appointment with their local Jobcentre Plus to have a NINO assigned to them.
- iii. The SLC uses its links with the DWP to check electronically the validity of each NINO.

#### **4.6 Are there any other factors that may result in an individual becoming ineligible for Loan, even if they meet the personal eligibility criteria?**

- i. A learner must meet the eligibility criteria. The SLC can make a learner ineligible for a Loan or deem them unfit for support in one of the following circumstances:
  - the learner is in arrears from a previous Loan or HE Loan

- the learner has not ratified the loans agreement for a previous HE Loan.
- ii. However, such circumstances are very rare and cannot arise if the individual has not previously received a Loan from the SLC.

#### **4.7 Which qualifications are eligible for Loan funding?**

- i. To be eligible for a Loan, qualifications have to be approved for FE grant funding and included on the Agency's list of qualifications eligible for funding at the point of application (see Q4.8 below). The types of courses are defined in the FE Loans Regulations as follows:
  - a number of A-levels/AS/A2 not greater than four
  - a Quality Assurance Agency (QAA) Access to HE Diploma
  - a Level 3 Certificate
  - a Level 3 Diploma
  - a Level 4 Certificate
  - a Level 4 Diploma

#### **4.8 Where is information published showing information about Loans eligible qualifications?**

- i. The Agency publishes information on all qualifications available for funding in 2013/14 currently on a spreadsheet at:  
<http://skillsfundingagency.bis.gov.uk/providers/FundingSimplification/>. This includes notation as to whether the qualification is Loans eligible and the maximum amount that the qualification attracts.
- ii. All the information regarding qualifications and loans eligible funding amounts will become available on the Learning Aim Reference Service (LARS). Details of that release can be found at: <http://www.thedataservice.org.uk/News/DCFT/>.

#### **4.9 What guidance is there to show how to record Loans-funded learners data on the Individualised Learner Record for the academic year 2013/14?**

- i. *The information authority* published the [2013/14 Individualised Learner Record \(ILR\) Specification](#) on its website on 30 November 2012. The specification includes the changes approved by *the information authority* board at its meeting

on 26 September 2012, including changes associated with the introduction of 24+ Advanced Learning Loans.

- ii. Learning aims financed by a Loan are recorded using Funding Model 99 ('No Skills Funding Agency or EFA funding for this learning aim') with a Learning Delivery Funding and Monitoring Indicator of code ADL 1. The data requirements are the same as for other non-funded learners, unless indicated otherwise in the ILR specification and are requirements stated in the Funding Rules 2013/2014 Version 3, paragraph 344.
- iii. Further guidance is available in the ILR provider support manual, which is published on [the information authority](#) website.

#### **4.10 Will subsidiary diplomas and extended diplomas be eligible qualifications for Loans?**

- i. Yes they will be eligible. If the learner is intending to progress from one diploma type to another that is subsidiary to an extended diploma, they will not be able to take a second Loan to fund this second qualification; this would be assessed as a second diploma at the same level, which is not allowed.
- ii. It is possible for a learner to raise a change of circumstance with the SLC before completion of the original learning aim, to change the learning aim to the extended diploma and, if required, apply to increase the value of their Loan to cover the fee for the extended diploma. However, please note that the payment profile cannot be changed after three months of the initial Loan; any additional payments required may be made in a lump sum to the provider if the change is after this three-month period. Colleges and training organisations should consider the consequences to the learner and explain this clearly ahead of submitting any change:
  - a. Learners will begin to accrue interest on the full sum paid earlier than if paid by or through the normal profile.
  - b. Should a learner withdraw early, how the college or training organisation will reduce the learner's liability to reflect learning received.

#### **4.11 Will provision at Levels 3 or 4 delivered as part of the Innovation Code be eligible for a Loan for learners aged 24 and above?**

- i. Whilst provision is in development as part of the Innovation Code, it will be ineligible for funding through a Loan. Once provision has been confirmed as eligible for public funding, and the qualifications are included on the Agency's published list of qualifications eligible for funding (see Q4.8), they will become eligible for a Loan providing they are either a Certificate or Diploma and are at Levels 3 or 4.

#### **4.12 Why are you restricting the courses that are eligible for Loans?**

- i. This investment focuses on those courses that will improve employability and deliver the greatest personal benefits.
- ii. All eligible qualifications must be approved for public funding and included on the Agency's list of qualifications available for funding at the point of application (see Q4.8).

#### **4.13 Can an individual access a Loan for a unit or an award on the Qualifications Credit Framework (QCF)?**

- i. No, providing Loans for individual units or smaller award qualifications on the QCF would not represent good value for money. Loans for qualifications on the QCF are only available for learners undertaking Certificates or Diplomas.

#### **4.14 Can learners accessing a Loan for a qualification on the QCF use credit accumulation and transfer?**

- i. Yes, our expectation is that colleges and training organisations will use the flexibilities of credit accumulation and transfer (CAT) so that, where Rules of Combination permit, a learner may use credit from other units towards achievement of their new qualification. This provides opportunities to maximise any previous investment and reduce learner fees while still ensuring the learner achieves a target qualification.

#### **4.15 Will prior study restrict access to Loans?**

- i. Previous educational study will not affect a learner's entitlement to their first Loan.

- ii. If an individual has already received a Loan then they would not be eligible to receive a further Loan for the same type of qualification at the same level. Additional Loans would be available for different types of qualifications or at different levels to support progression.

#### **4.16 Will Loans allow for a level of flexibility or will they be tied into the start of the traditional academic year?**

- i. Learners can access Loans at any point throughout the academic year, subject to budget availability; they are not bound to September starts.

#### **4.17 How many Loans can an individual have?**

- i. An individual can have a maximum of four Loans over their lifetime.
  
- ii. The four Loans can be used for any combination of the following qualification types in any order:
  - a number of A-levels/AS/A2 not greater than four
  - a QAA Access to HE Diploma
  - a Level 3 Certificate
  - a Level 3 Diploma
  - a Level 4 Certificate
  - a Level 4 Diploma
  
- iii. An individual may only take out one Loan for each qualification type and an individual can only access one Loan at any time.
  
- iv. The only exception to this rule is where an individual undertakes a programme of A-levels where an individual is entitled to apply for up to a maximum of four Loans for an A-level programme comprising individual AS/A2- or full A-levels in any combination. Learners can make these applications at the same time or one after the other. A learner can still apply for three more Loans for learning aims that are not AS/A2/A-levels as long as the provision is taken at different times.
  
- v. If a learner is unable to complete their course due to compelling personal reasons then the SLC will take this into account when assessing their eligibility for subsequent Loans, and they would be able to take out a further Loan for the

same qualification type. The learner remains liable for the payments made for learning undertaken before their withdrawal.

#### **4.18 How will a college or training organisation be aware of all the specific Funding Rules for Loans activity? \*UPDATED\***

- i. The Agency has published its Funding Rules 2013/2014, and has also issued an [addendum](#) to reflect the changes announced in the Skills Funding Statement on 10 February 2014 in relation to Apprenticeships.

### **5 Fees and Learner Support**

#### **5.1 Will fee remission continue for all first Level 3 courses?**

- i. No, from the academic year 2013/14, ASB grant funding will cease for new provision at Levels 3 or 4 and Loans will be available. The exception to this is ex-military personnel, where a covenant with the Ministry of Defence (MoD) offers grant funding to ex-military personnel for their first full Level 3 qualification. Please refer to the [Funding Rules 2013/2014](#) and the [Addendum to the Funding Rules 2013/14](#) for further information.

#### **5.2 What is the maximum value of Loan that an individual can access?**

- i. We will cap an individual's Loan at the Agency's published funding rate. However, the amount of the Loan required could vary, depending on:
  - a. the fee a colleges and training organisation charges the individual
  - b. whether the individual chooses to fund the course in full with a Loan or has access to alternative funding (that is, from an employer or personal investment).
- ii. The Agency publishes information on all qualifications available for funding in 2013/14 currently on a spreadsheet on the [Funding Simplification page](#) on the Agency's website.

This includes notation as to whether the qualification is Loans-eligible and the maximum amount that the qualification attracts.

- iii. All the information regarding qualifications and Loans-eligible funding amounts will become available on the LARS. Details of that release are available on the [data service website](#).

**5.3 If a qualification programme contains a mix of learning aims at Levels 1, 2 and 3, will learners only be able to take out a Loan for the Level 3 aim?**

- i. Yes, a Loan would only be available for the Level 3 qualification within the programme.

**5.4 Can a college or training organisation charge a fee that is above the published funding rate?**

- i. The maximum funding amount for any qualification for Loans activity will be as published by the Agency. It is the college or training organisation's decision as to what they charge the learner for a particular course. It is not expected that the college or training organisation would need to charge more than the maximum funding rate, as the rate can cover all costs and charges for items that a learner cannot complete their course without.
- ii. However, if the college or training organisation does charge more than the maximum funding rate, then they will need to agree with the individual how to fund the additional fee.

**5.5 Can a college or training organisation charge less than the fully funded rate published?**

- i. Yes.

**5.6 Are there any processes to prevent learners who can afford to pay for their programme from applying for a Loan, therefore not reducing the budget for those that need a Loan?**

- i. There is no means testing for Loans; if learners are in the cohort and meet the eligibility criteria then they can apply for a Loan.

**5.7 Does the learner need to reapply for each year of their programme of study?**

- i. No, there is a single Loan application for each programme of study, even where this extends beyond an academic year.

**5.8 How early into the academic year can an individual apply for a Loan for the following academic year's study?**

- i. Learners can submit applications for the academic year 2013/14 from April 2013. We will announce the timings for subsequent academic years shortly.

**5.9 Are learners liable for the whole Loan amount if they leave six months into a course?**

- i. No. Loan payments will be paid on a flat monthly profile to the college or training organisation following confirmation of attendance. Learners are liable for the payments made for the period of study undertaken.

**5.10 If learners leave six months into a course, can the college or training organisation charge them for the remainder of the course costs?**

- i. The college or training organisation will need to determine this within their contract with the learners. They will not be able to add the remaining amount to the Loan amount, as Loan payments will stop as soon as the learners leave the course.

**5.11 What happens to individuals who have assessed learning needs, such as dyslexia, or require a reader for the theory aspect? Is this incorporated into the Loan amount?**

- i. No, A Written Ministerial Statement was issued on 12 July 2012 confirming that an extensive and substantial range of support measures will be available. The package includes:
  - A £50 million Bursary Fund over two years, disbursed by colleges and training organisations. This will help vulnerable learners such as those with learning difficulties or disabilities, parents who need help with childcare, and ex-military personnel. We will continue to review the level of the Bursary Fund to provide the right level of support for those who need it.
  - Further information relating to the distribution and rules for using the Bursary Fund are available in the [Funding Rules 2013/2014](#), which includes Loans activity.

### **5.12 What does the introduction of Loans mean for Professional and Career Development Loans?**

- i. Learners who take out Loans may be eligible for Professional Career Development Loans (PCDLs) for the associated costs and living expenses of undertaking the learning aim that the Loan is funding.
- ii. It is not expected that a learner will apply for a Loan to support a learning aim while undertaking a separate learning aim that is PCDL- funded, or the reverse.

### **5.13 Is the Employer Ownership Pilot a concession on the Loans policy?**

- i. No. We have an established and coherent reform strategy for FE and skills, which is clearly articulated in the document 'New Challenges, New Chances'; the introduction of Loans is an integral part of this strategy.
- ii. In tougher economic times, we are focusing our mainstream funding for skills on those with the fewest advantages and offering Loans so that adults outside those groups can continue to participate and access life-changing opportunities.
- iii. In parallel, we are also testing new, exciting and different ways to improve skills, working directly through employers, and we are doing this deliberately outside the mainstream.

### **5.14 What happens if the Employer Ownership Pilot goes mainstream? Will that undercut Loans?**

- i. The Employer Ownership Pilot is testing new approaches. We will make decisions about the future approach to working with employers on the basis of evaluation of the pilot. We remain fully committed to introducing Loans – it is an integral part of our reform programme for FE and skills.

### **5.15 What are the tax consequences if an employer chooses to make Loan repayments on behalf of their employee?**

- i. BIS and HMRC will work together to explore the implications of employers making Loan repayments on behalf of employees. In the meantime, we would encourage employers to take their own independent advice on how the tax rules

apply to them and any consequences of potential payments that they may make on behalf of their employees.

#### **5.16 What is the Agency's definition of attendance for the purposes of Loans?**

- i. Colleges and training organisations are responsible for monitoring the attendance and progress of all learners (including learners whose provision is funded through a Loan), in accordance with their own policies and procedures. Please note that for each month a college or training organisation confirms a learner as being in attendance, that learner accrues financial liability for the Loan. In cases where a learner's progress and/or attendance falls behind, the college or training organisation should discuss the position and options with the learner and agree a way forward – this could include the learner transferring to another course more appropriate to their needs or withdrawing. Depending on the actions to be taken, if there is an implication for the learner's Loan the college or training organisation should notify the SLC through the Change of Circumstance process.

### **6 Selection of Colleges and Training Organisations**

#### **6.1 Is inclusion on the Agency's Register of Training Organisations essential for eligibility to deliver Loans-funded learning?**

- i. Yes. As well as having an ASB contract, all colleges and training organisations need to be approved on the Agency's Register to be considered for a Loans Facility. For more information about the Register, please refer to [the Skills Funding Agency website](#).

#### **6.2 How will Loans affect colleges and training organisations that subcontract rather than contract directly?**

- i. Subcontracted delivery is subject to normal Agency rules: all Agency and SLC engagement will be through the prime/lead college or training organisation.

#### **6.3 Can a subcontractor apply directly for a Loans Facility?**

- i. No, we will only consider colleges and training organisations in direct receipt of Agency ASB for a Loans Facility.

#### **6.4 How will subcontracting arrangements work in a Loans context and will management fees still apply?**

- i. Subcontracted delivery is subject to normal Agency rules: all Agency and SLC engagement will be through the prime/lead college or training organisation. Subcontractors should discuss Loans with their relevant lead college or training organisation.

#### **6.5 Will a subcontractor be allowed access to the prime contractor's provider portal?**

- i. The SLC will provide prime contractors with super-user access rights, enabling them to grant access to other users. However, please note that we cannot restrict records to individual subcontractors and therefore the decision to provide access rests with the prime contractor.

#### **6.6 Are learners studying at Specialist Designated Institutions out of scope for Loans?**

- i. No, all learners aged 24 and above studying at Levels 3 or 4, with an Agency-approved college or training organisation are in scope for Loans. Each Specialist Designated Institution (SDI) that has a history of delivering provision to 24+ learners delivering Level 3 provision and above have been allocated a Loans Facility and Bursary.

#### **6.7 At what funding rate can a learner studying at a Specialist Designated Institution take out a loan?**

- As with all other colleges and training organisations, we will cap Loans at the rate published by the Agency. Disadvantaged and vulnerable learners who take out a Loan will be eligible for Loans Bursary Funding to assist with hardship, travel, childcare and other in-learning support.

### **7 Budget and Performance Management**

#### **7.1 What is a 'Loan Facility' and how can I use it?**

- i. A Loan Facility gives a college or training organisation the ability to offer Loans-funded learning from April 2013 for learning that starts from August 2013. It

also acts as the baseline for monitoring the take-up of Loans-funded learning at the level of college or training organisation for performance management.

- ii. It shows the maximum value of Loans-funded learning in 2013/14 the college or training organisation is able to deliver and will be included within an Annex to the Terms and Conditions of the contract. The Agency will manage the performance of Loans to ensure these values accurately reflect delivery patterns.

## **7.2 How did you calculate the value of my Loan Facility?**

The national budget for Loans in the 2013/14 academic year is £232 million. To calculate the indicative Loan Facility for a college or training organisation we:

- Calculated how much each college or training organisation spent on the Loans-type learning in 2011/12 (based on R14 ILR).
- Calculated the individual college or training organisation's proportion (percentage) of the total value of Loans-type activity delivered in 2011/12
- Applied the individual college or training organisation proportion to the budget available for Loans in 2013/14 (£232 million) to calculate each college or training organisation's initial Loans Facility.
- During October 2012 relationship teams worked with colleges and training organisations to agree any changes requested to the initial Loan Facility. All changes were approved and were reflected in the final Loan Facility issued. Where these changes have been agreed they are reflected in the final Loan Facility.
- Loans-type learning is calculated based on the R14 ILR return, and includes Agency-funded starts (ASB) on Level 3 or Level 4 provision for learners aged 24+.
- A £5,000 'de minimis' has been applied and, where a college or training organisation is due to receive a Loan Facility less than the de minimis, it has been increased to this value to allow them to deliver Loans if they wish.

## **7.3 How was the value of my Bursary allocation calculated?**

- i. The budget for the Loans Bursary was confirmed in July to be £50 million over two financial years (2013-14 and 2014-15).

- ii. The national budget for the Loans Bursary in the 2013/14 academic year is £17.33 million.
- iii. Most of the Bursary allocation (£9.7 million) has been allocated using the same approach as for the Loan Facility.
- iv. The balance of funding (£7.6 million) has been allocated based on the non-Apprenticeship delivery for the college or training organisation. This is to maintain a similar value of Additional Learning Support for Loans learners as that delivered in previous years.
- v. A £500 de minimis has been applied and, where a college or training organisation is due to receive a Bursary allocation less than the de minimis, it has been increased to this value. Again, this is in line with the approach used for the Facility and ensures colleges and training organisations have both a Facility and a Bursary Fund.
- vi. For colleges and training organisations delivering learning in London and parts of the South East, an additional sum has been provided in the Bursary to support the additional cost of delivering here (known as area costs). This is based on the funding earned for area cost for Loans-type learners in 2011/12.

#### **7.4 Which learning aims were included in the calculation of Loans-type learning for the Loan Facility?**

- i. For the purposes of the calculation of Loans Facilities in 2013/14, Loans-type learning was identified as Apprenticeships, Higher Apprenticeships, A-levels (including AS and A2), Access to HE, Level 3 or Level 4 Certificates and Diplomas (identified in Shadow LARA).
- ii. 'Age' is defined as the learner's age at the start of the aim based on the policy for Loans.
- iii. Aim is defined as that which has generated a Standard Learner Number (SLN) or received a payment in the 2011/12 academic year.

### **7.5 My Loan Facility and Bursary allocation show funding split between two financial year envelopes. What does this mean?**

- i. The value of Loan payments due in an academic/financial year will reduce the value of the Loan Facility remaining for the same periods.
  
- ii. Colleges and or training organisations are expected to manage their Loan Facility and Bursary allocation between the two financial years.
  
- iii. Through the Agency's budget management we will monitor the value of approved Loans across the financial years and use this information to manage Loans Facilities at the college or training organisation level, reducing their need to manage the Loan Facilities over the two accounting periods.

### **7.6 I need to increase my Loan Facility; what should I do?**

- i. Please refer to the latest performance management guidance published on the Agency's [website](#).

### **7.7 What happens if a college or training organisation uses all of their Loan Facility? Do they have to stop recruiting learners?**

- i. Colleges and training organisations should not turn any eligible learner away for a Loan based on their own facility in the first instance.
  
- ii. Colleges and training organisations have to confirm that they have the available facility before advising learners to apply for a Loan.
  
- iii. The Agency will continually monitor the demand for Loans at the national level and identify any colleges or training organisations likely to exceed or under-use their Loans Facilities.
  
- iv. We will contact colleges and training organisations likely to need an increase to discuss this.
  
- v. If you need an increase to your Loan Facility you should contact your relationship team as early as possible to discuss your requirements and minimise disruption to potential learners.

- vi. Please refer to the latest performance management guidance published on the Agency's [website](#).

**7.8 Is the value of funding in my Loan Facility guaranteed?**

- i. The value of the Loan Facility is not guaranteed.
- ii. Actual funding will be paid based on learners with approved Loans attending at an approved college or training organisation.

**7.9 I have not received a Loan Facility; can I deliver Loans-funded learning in the academic year 2013/14?**

- i. Only colleges and training organisations on the Agency's register of training organisations with a Loans Facility can offer Loans to learners. If a college or training organisation does not have a Loans Facility then they must contact their relationship team in the first instance.

**7.10 What support did the Agency offer colleges and training organisations planning to offer Loans-funded learning in the academic year 2013/14?**

- i. Colleges and training organisations with a Loan Facility were awarded a proportionate share of a Loans Development Fund.
- ii. This amount was shown on the letter attached to the 2013/14 indicative ASB allocation. This funding was intended to support 'provider readiness' in advance of the implementation of Loans from April 2013.

**7.11 How was the Loans Development Fund paid?**

- i. The Agency paid the Loans Development Fund in one single payment during February 2013, upon agreement of a template showing how colleges or training organisations would use the funding.

**7.12 I do not require my Loan Facility, as I do not plan to offer Loans-funded learning what should I do?**

- i. If you do not plan to offer Loans but you have a Loans Facility, then you need to contact your relationship team in the first instance to agree how to return the facility.

**7.13 How can I provide additional learning or financial support for disadvantaged and vulnerable Loans-funded learners?**

i. All colleges and training organisations with a Loan Facility have been allocated funding from the Loans Bursary Fund to support disadvantaged and vulnerable learners with learner and learning support..

**7.14 How should I administer the Bursary Funding?**

i. Colleges and training organisations need to develop their own criteria and policies to manage payments from the Bursary to Loans learners and to pay for learner and learning support costs that may be necessary. The rules relating to the administration of the Loans Bursary Fund are contained in the Agency Funding Rules.

**7.15 Does the area cost increase apply to the delivery of Loans?**

i. Additional funding for area costs has been made available through the Loans Bursary Fund in the respective geographical areas. Where a learner funded through a Loan attracts area cost uplift funding this will be earned automatically based on data in the ILR about the location where the learning takes place (delivery/location/postcode).

**7.16 How will you pay funding for the Loans Bursary?**

i. For contract-funded colleges and training organisations, you will earn Loans Bursary Funding based on the actual information in the ILR using one of three fixed rates. Details of these rates are contained in the Agency Funding Rules.

ii. Grant-funded colleges and training organisations will be paid on profile in the same way as Discretionary Learner Support: 50 per cent in August, 25 per cent in January and 25 per cent in April. You will submit information about use of this funding on the Discretionary Learning Support claim forms.

**7.17 Can I use my Additional Learning Support / Additional Learning Needs or Discretionary Learner Support budgets to support Loans-funded learners?**

i. In normal circumstances Loans learners should only be supported for their learner and learning support needs through the Loans Bursary Fund.

ii. However, if necessary, grant-funded colleges and training organisations can provide learner support to Loans learners from their Discretionary Learner Support Fund. But they must not use the Loans Bursary Fund for ASB-funded learners.

**7.18 What happens if my Bursary Fund allocation is insufficient to meet learner demand?**

i. The Agency will review Bursary allocations as part of the normal performance management process.

ii. For contract-funded colleges and training organisations the Agency will also review the Loans Bursary allocation as part of the process for amending the Loans Facility for a college or training organisation.

**7.19 My annual enrolment profile is throughout the year; can the Agency give assurance Loans funding will be available to support this?**

i. The budget for Loans in 2013/14 is based on the anticipated demand throughout the academic year, allowing for colleges and training organisations whose recruitment pattern is ongoing across the academic year.

ii. We will monitor the take-up of Loans funding by learners and provide regular updates to the FE sector about the national demand for Loans to assist colleges and training organisations with planning.

i. Colleges and training organisations will have access to a summary of their approved Loans using the online portal provided by the SLC.

**7.20 What if the budget for Loans is fully spent? Can I continue to offer Loans-funded learning?**

i. Once a Loan application is agreed, the funding for this is available to the college or training organisation subject to learner attendance and the return of data on attendance to the SLC.

ii. If the demand for Loans funding nationally begins to exceed the planned budget profile, the Agency will work with BIS to discuss management options for handling this.

- iii. If availability of Loans funding nationally is fully committed, and the Agency has confirmation from BIS that no further funds are available then we expect all approved Loans to continue to be delivered and restrictions will apply to new applications.

### **7.21 How will the Agency manage Loans Facilities?**

- i. The Agency will monitor use of the national budget for Loans based on applications approved by the SLC. Based on this we will approve increases to Loan Facilities for colleges and training organisations subject to the availability of funds.

## **8 Application and Payment Process**

### **8.1 What happens when a learner is provided with a Learning and Funding Information Letter from two different colleges or training organisations and submits a Loan application to attend both of them?**

- i. If, before starting the course a learner changes where they wish to study, they could submit a change of circumstance to cover the change in college or training organisation and also any change in learning aim details.
- ii. Where a learner subsequently changes where they wish to study they can submit a change of circumstance to cover the change in college or training organisation and also any change in learning aim details.

### **8.2 Do I need to issue a new or revised Learning and Funding Information Letter if the learning aim or fee changes?**

- i. Yes

### **8.3 Does a learner need to apply separately for each A-Level (including AS and A2)?**

- i. A learner is entitled to apply for up to a maximum of four loans for an A-level programme comprising individual AS, A2 or full A-levels in any combination. Learners can make these applications at the same time or one after the other. A learner can still apply for three more Loans for learning aims that are not AS/A2/A-levels, as long as the provision is taken at different times.

#### **8.4 How long will it take for you to assess and approve a Loan application?**

- i. The SLC aims to turn around all applications as soon as possible, but we expect that we will process most applications that are submitted online, with valid UK passport details, within four to five days. We will aim to process all other applications within two to four weeks. This is dependent upon learners providing correct application data and the relevant original identity evidence at the time of application.

#### **8.5 Requiring a Unique Learner Number before confirmation of attendance is an additional burden for colleges and training organisations. Is this necessary?**

- i. The Unique Learner Number (ULN) is a key identifier in the FE sector. The Agency and BIS will use this key to match with data collected through the ILR. It had been the intention to collect this from the learner as part of the application process, with the provider supplying ULNs only where a learner had not.
- ii. From May 2013, colleges and training organisations will be able to submit this through the Learning Provider Portal for single or multiple learners at a time.

#### **8.6 How will the SLC make payments?**

- i. The SLC will make payments on a set date each month. The SLC will profile payments based on a learner's start and end date on a flat monthly profile. For example, if the learning aim duration is six months, the cost is £600 and the learner takes a Loan to cover the entire amount, the SLC will make six monthly payments of £100.
- ii. If a learner completes their aim earlier than they anticipated, then colleges and training organisations will be able to notify the SLC of this and it will make a balancing payment to colleges and training organisations for the outstanding amount.

#### **8.7 Will the Learning Provider Portal support data extracts and imports?**

- i. If they choose, we will give colleges and training organisations the functionality to export learner data from the portal and the ability to import attendance confirmations and Change of Circumstances by means of an 'xml' upload.

### **8.8 What should colleges and training organisations do if a learner enrolls but then changes their mind?**

- i. Colleges and training organisations can submit Change of Circumstances to notify the SLC of the following:
  - Change of Learning Aim details (this would not cover a change of colleges or training organisation as this should be treated as a withdrawal).
  - Cancellation (before the two-week liability point).
  - Withdrawal.
  - Suspension.
  - Resumption.

Change of Circumstances may result in reassessment against the eligibility criteria and a change to the Loan entitlement.

## **9 Repayment**

### **9.1 How will learners repay the Loan?**

- i. Employers will deduct repayments from the individual's earnings through the tax system. There will be no role for colleges and training organisations in the repayment process of the Loan.
- ii. Learners will make repayments at 9 per cent of annual earnings above £21,000. Therefore, if an individual earns £25,000 a year their Loan repayments would equate to around £360 a year or £30 a month. These repayments will be linked to earnings rather than Loan amount, so regardless of how much a learner owes, the payments will be the same.
- iii. **Example monthly repayment amounts, income each year before tax:**

Up to £21,000	Repay £0
£22,000	Repay £7
£25,000	Repay £30
£30,000	Repay £67
£35,000	Repay £105

£40,000	Repay £142
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- iv. If annual earnings fall below £21,000, repayments will stop and only restart when earnings increase to more than £21,000.
- v. Individuals will also have the opportunity to make voluntary payments to the SLC if they choose to do so.

## **9.2 When will learners repay the Loans?**

- i. No repayments will be made through the tax system until April 2016, which is when HMRC will introduce the £21,000 threshold. Repayments will therefore start from the April after the individual has completed or left their course (but not before April 2016) and when they are earning more than £21,000 a year. If the individual is earning less than £21,000 each year they will not have to repay the Loan. If the individual starts to repay but their earnings go below £21,000 then repayments will stop. Any outstanding balance remaining after 30 years will be written off.

## **9.3 How much interest will be charged on the Loans?**

- i. Interest will be charged at the Retail Price Index (RPI) + 3 per cent during the period of study, and up until the April after they leave the course. From this point interest is linked to earnings and will be:
  - RPI for those earning less than £21,000 a year.
  - On a sliding scale between RPI and RPI + 3 per cent for earnings between £21,000 and £41,000 a year.
  - RPI + 3 per cent for individuals earning more than £41,000.

## **9.4 Will evidence have to be sent to the SLC to confirm completion of their HE programme?**

- i. A learner will be regarded as completing their HE course when they have not withdrawn and all payments have been made.
- ii. A learner will not be required to provide evidence of completion of their HE qualification and the SLC will assume completion based upon the final attendance confirmation and application status.

- iii. Therefore the HE institution must advise the SLC when the learner has withdrawn from their HE course.

**9.5 Will a learner only ever pay 9 per cent of annual earnings above £21,000 irrespective of the number of Loans they are repaying?**

- i. There will be a single payment and deduction at 9 per cent above the threshold, regardless of how large the Loan balance or how many Loans an individual has. This can be inclusive of both HE student loans and 24+ Advanced Learning Loans.

**9.6 How does the repayment of a Loan work for individuals who are self-employed? Is the £21,000 income threshold applied to turnover or profit?**

- i. Income tax is charged on the profit of a trade, profession or vocation. The profit has to be adjusted in accordance with the tax rules. The figure of taxable trade profit is then aggregated with other income from employment, property, savings and investments to give total income. The total income figure is then adjusted for the purposes of student loan repayments by exclusions and deductions including the relevant threshold.

**9.7 Will those individuals on low income pay back more overall than those on higher incomes?**

- i. Lower earners will pay back less than higher earners in real terms. Repayments in future years are worth less than repayments now, so although lower earners will take longer to repay, their repayments are less in real terms.

**9.8 What happens if an individual moves permanently to another country, and are still earning more than £21,000 do they still have to repay the Loan?**

- i. Yes. There are currently arrangements in place to collect repayments from those who are outside of the UK tax system, which will also apply to those taking out a 24+ Advanced Learning Loan.

**9.9 Will an individual's pension be taken into account, should it be over £21,000?**

- i. Deductions will not be made from an individual's pension income.

## **10 Loan Write-Off for Access to HE Learners**

### **10.1 What is the additional support that has been agreed for learners who progress to HE?**

- i. The outstanding balance of an Access to HE Diploma loan (or loans) will be written off when the learner subsequently completes a designated HE course.

### **10.2 Which courses count as 'Access to HE Diplomas'?**

I. Access to HE Diplomas are courses recognised by the QAA for HE, through their Recognition Scheme for Access to Higher Education. A list of courses approved for funding is available on the [Funding Simplification section](#) of the Agency's website. (See 2013/14 Simplified Funding Rates Catalogue spreadsheet and click on QAA Regulated Qualifications tab.)

### **10.3 What do you mean by 'designated HE course'?**

- i. HE courses that are prescribed and qualifying for HE funding. For instance, HNDs, HNCs, foundation degrees, NHS-funded courses and HE elements of a Higher Apprenticeship.

### **10.4 What do you mean by 'complete a HE course'?**

- i. We mean that a learner does not withdraw from the HE course at any stage and all scheduled payments are made to their HEI. The learner does not have to achieve a particular outcome such as passing exams / gaining, for example, a 2:2 degree.

### **10.5 What do you mean by 'complete an Access to HE Diploma'?**

- i. We mean that a learner does not withdraw from their Access to HE Diploma course at any stage and all scheduled payments are made to their college or training organisation. The learner does not have to achieve a particular outcome such as passing exams, although to progress to HE a learner would normally be awarded an Access to HE Diploma by the awarding body, having met the requirements for the award of the particular Diploma for which they are registered.

### **10.6 What happens if a learner does not complete their Access to HE Diploma?**

- i. The learner will have to complete an Access to HE Diploma and go on to complete an HE course in order to be eligible for the write-off. If the learner withdrew from an Access to HE Diploma course for 'compelling personal reasons' then they will be able to undertake another Access to HE Diploma, funded through another Loan. On completion of an HE course the learner will be eligible to have the balance of the Loan for Access to HE Diploma written off, including any Loans for Access to HE Diplomas courses where they withdrew.

**10.7 What if a learner takes out a 24+ Advanced Learning Loan for other FE courses (for example, A-levels) and these help the learner progress to HE? Will these loans also be written off?**

- i. No. Only Loans taken out to fund Access to HE Diploma courses will be written off.

**10.8 Why does write-off only apply to Access to HE Diplomas and not all those progressing to HE?**

- i. Access to HE Diploma courses are targeted in particular at groups that are under-represented in HE. They are designed to provide a route into HE for learners who have few, if any, other qualifications, and to equip them to study successfully at that level. For some learners who may have missed out on earlier opportunities, left school early and been out of education for a number of years, Access to HE Diploma courses provide a 'second chance' route into higher education for those with high ambitions.
- ii. Therefore, the main purpose of an Access to HE Diploma is to support progression to HE. This is not the case for other courses funded by 24+ Advanced Learning Loans, which have a value in themselves and are not simply to facilitate progression to further learning. It is for this reason that we chose to write off loans for Access to HE Diplomas on completion of an HE course.

**10.9 Does the Access to HE Diploma course need to be in the same subject area as the HE course for the loan to be written off?**

- i. No. There does not need to be a relationship between the subject areas of the Access to HE Diploma course and the HE course.

**10.10 Does a learner have to progress immediately from the Access course to the HE course?**

i. No. We do not specify any timescale for progression. The offer to write off the Access to HE Diploma Loan will remain open until the learner completes an HE course. It is possible that, in the interim period, a learner will enter employment and, if earning over £21,000, will start to make repayments. The write-off will not be back-dated and therefore only the outstanding balance at the point of completion of the HE course will be written off.

**10.11 What do you mean by writing off “the outstanding balance” of the loan(s)?**

i. The balance of your loan will increase as interest is accrued, but the balance could also reduce if a learner is working and earning over £21,000 and/or makes voluntary repayments. The write-off will apply to the outstanding balance of the Access to HE Diploma Loan(s) at the point they complete the HE course. This means the write-off will cover any interest accrued on the Loans amount, but we will not refund any repayments made in the interim period.

**10.12 Will a learner have to apply to get their Loan written off?**

i. If a learner takes out Loans for both the Access to HE Diploma course and a subsequent HE course, the SLC’s systems will automatically recognise you are eligible for write-off. The SLC will contact learners that are eligible for a write-off and advise them that the outstanding loan balance will be written off.

ii. If a learner self-funds their HE course they may be eligible if they had undertaken a designated HE course and they meet the HE eligibility criteria. This includes learners that were not eligible for HE support due to previous HE study. Where a learner also uses alternative funds to support their HE course (NHS bursaries, employer funding, and so on) then they will still be eligible for the write-off, provided it is a designated HE course (and they meet the HE eligibility criteria). The SLC will put a process in place for HEIs to notify the SLC of completion in the case where the learner is not on the SLC’s systems for HE due to self-funding. A learner will need to provide evidence to prove that they have completed their HE course and provide personal information and evidence.

**10.13 Will a learner still be eligible if they suspend, repeat or transfer their HE studies?**

- i. Yes. A learner will still be eligible as long as they complete an HE course.

**11 Complaints**

**11.1 If a learner is not satisfied with the quality of training received, who should the learner contact in the first instance?**

- i. Existing arrangements through the college and training organisation complaints procedure would apply for a learner funding their learning with a Loan.

**12 VAT Technical Questions**

**12.1 Can I use Loans funding to pay the VAT where a college or training organisation charges VAT on their fees?**

- i. You can use the Loan to pay for the VAT on the fee charged by a college or training organisation. The maximum amount of Loan will continue to be set at the maximum funding rate, as determined by the Agency.

**12.3 in cases where learners are attending 'for profit' organisations that charge VAT, can you raise the maximum Loan value by 20 per cent?**

- i. No, the maximum Loan value is set in line with the funding rate, which sets the maximum amount of public funding that the Agency makes available for a given qualification.

**12.4 Are 'for profit' organisations required to show VAT separately on the course offer, and do learners need to show this separately on their Loan application to the SLC?**

- i. We expect that 'for profit' providers will detail VAT on the course offer. Individuals will need to complete the Loan amount they wish to apply for on their application form. This Loan application can include VAT on the fee they are charged but would not need to be identified separately.

**12.5 For other 'VAT-able' services 'for profit' organisations normally have to issue VAT invoices. Will private training organisations have to issue VAT invoices in respect of Loans-funded learning and, if so, should the invoices be addressed to the learner or to the SLC?**

- i. VAT invoices must be issued to the learner / employer. Do not address them to the SLC.

## **12.6 When will the VAT on Loans be payable?**

- i. The 'invoicing point' will be the point at which the learner has started their course, but the college or training organisation will account for VAT payments in line with when the SLC pays the Loan to them (which will be in equal monthly instalments).
- ii. Normal tax points will apply and more details are available in Chapter 14 of Notice 700 ['The VAT Guide'](#) on HMRC's website.

## **12.7 Will the Agency/BIS/SLC be revising their communications and key messages about Loans in the light of the VAT position? (References to no upfront costs for learners are no longer appropriate, as it will not be possible for all organisations to honour this)**

- a. The learner-facing information and materials that have been made available on [gov.uk](http://gov.uk) and the SLC's practitioner site do not specify that there will be no upfront costs.
- b. They specify that the Loans will help with the upfront costs of training and that an individual will need to discuss with their college or training organisation the costs associated with the course and how far they can meet these costs through the Loan available.

## **12.8 Has there been any impact assessment or equality impact assessment undertaken on the disproportionate effect the introduction of VAT on Loans-funded provision in private training organisations will have on learners (or on the training organisations themselves, and their subcontractors)?**

- i. We have considered the volume of training provision currently being delivered by those colleges and training organisations affected by VAT as well as looking at the level of subcontracted provision delivered by these colleges and training organisations.
- ii. We will continue to work with colleges and training organisations to understand their response to Loans in light of the VAT position - both in terms of directly

contracted and subcontracted colleges and training organisations. This ongoing dialogue and information on applications will allow us to gauge the impact on the range of colleges and training organisations delivering Loans provision in the academic year 2013/14.

### **12.9 Which organisations are exempt from VAT?**

- i. A list of eligible bodies is available at chapter 4.1 in Notice 701/30 '[Education and Vocational Training](#)' on HMRC's website.

### **12.10 If a training organisation subcontracts from a VAT exempt organisation (for example, a college), will they still be liable for VAT? If so, when does the VAT become payable?**

- i. It will likely depend on the contractual position. Any difficult cases can be referred to [HMRC's VAT Written Enquiry Team](#).

## **13 Advanced and Higher Level Apprenticeships \*NEW SECTION\***

**13.1** On 10 February 2014 it was announced in the Skills Funding Statement 2013-16 that apprentices aged 24 and over who are following Advanced or Higher Level frameworks will no longer be funded through a 24+ Advanced Learning Loan.

**13.2** Having monitored the take-up across qualification types since April 2013, there is now clear evidence that there has been little appetite for Apprenticeships funded by 24+ Advanced Learning Loans. As a result, the overall number of people aged over 24 doing Advanced and Higher Apprenticeships has declined compared to the previous year.

**13.3** Government is keen to ensure that Apprenticeships continue to grow and so has moved quickly to reinstate public funding for Apprenticeships from 7 March 2014. This means:

- those apprentices who have already taken out a Loan will have their Loan cancelled, and their college or training organisation can claim public funding

- individuals aged 24 and above wishing to undertake an Apprenticeship from 7 March 2014 onwards will no longer be eligible for a Loan can will apply for a publicly funded Apprenticeship.

**13.4 We have apprentices who have been successful in securing a Loan; what action do they need to take and what do I need to do?**

- i. Apprentices with a 24+ Advanced Learning Loan will receive a letter from the SLC explaining the changes; the Loan will be cancelled and no repayments will be due.
  
- ii. Colleges or training organisations will have a critical role supporting the transition for existing and prospective apprentices. You will need to:
  - contact existing apprentices to confirm these changes and that their Apprenticeship will continue
  - contact the apprentice's employer to confirm this change and notify them the apprentice will receive a letter from the SLC
  - stop recording any attendance on the SLC provider portal for apprentices
  - claim ASB Funding using the ILR in accordance with the updated ILR specification published at ;  
<http://www.theia.org.uk/ilr/ilrdocuments/201314-guidance.htm>. A [Provider Operational Guide on the funding of Advanced and Higher Level Apprenticeships](#) setting out operational information in relation to ILRs and payment processes has been published to help you understand these changes further.

**13.5 What about the cost to colleges and training organisations of this change?**

Colleges and training organisations should be positive that any short-term additional costs will be more than offset by additional Apprenticeship places that they will now be able to fill.

**13.6 Will this mean a big change for colleges and training organisations in adjusting their systems?**

Colleges and training organisations will need to update learner data, such as the ILR and Loans records, to reflect any changes. A [Provider Operational Guide on the funding of Advanced and Higher Level Apprenticeship](#) setting out operational information with regards ILRs and payment processes has been published to help you understand these changes. Providers will also need to consider their own marketing and communications materials and make changes to these where appropriate.

**13.7 Why did you go ahead with including Apprenticeships in Loans when it was clear they would not work?**

We know from the research that learners were positive about Loans and appreciated having access to a low-cost, government-backed source of finance. The demand for Loans among non-Apprenticeship courses has been strong.

Research on Apprenticeships was mixed, with some learners enthusiastic but others less certain and keen for help from their employers. Employers were less supportive of Loans and felt that it would have an effect on the recruitment of Advanced and Higher apprentices. However, many were unaware of the measures and many lacked understanding, so we took steps to communicate with employers about the changes before taking this decision.

**13.8 Will the amount I claim from the ASB be equal to the amount of Loan the apprentice had?**

Apprentices will be funded in line with existing adult Apprenticeship funding rates and rules; the Agency will not match the flexibilities that colleges and training organisations had setting fees for Loans and therefore it is likely that there may be a difference.

**13.9 The funding approach we took was to secure an upfront payment from the apprentice and asked them to fund the remaining balance with a Loan, what should we do?**

The apprentice's funding contribution will now be made in full, by the Government, and therefore the apprentice is not expected to have made any financial investment for the provision.

**13.10 I have Apprentices who decided not to fund their Apprenticeship with a 24+ Advanced Learning Loan but paid for it either by themselves or their employer paid the full costs. Can these Apprentices benefit from this policy change?**

No, the policy change only applies to:

- learners who were already funding their apprenticeship through a Loan (and who will have their Loans cancelled and no repayments will be due);
- learners commencing new apprenticeships on or after 7 March 2014, which is the date the legislative change comes into effect.

**13.11 I have learners who decided to enrol on a NVQ course rather than an Apprenticeship will there be any changes in this policy?**

No, the policy change only applies to:

- learners who were already funding their apprenticeship through a Loan (and who will have their Loans cancelled and no repayments will be due);  
and
- learners commencing new apprenticeships on or after 7 March 2014, which is the date the legislative change comes into effect.



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