

# **Further Education – 24+ Advanced Learning Loans Equality Impact Assessment**

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## Introduction

1. This Equality Impact Assessment (EQIA) considers the introduction of 24+ Advanced Learning Loans for learners in Further Education (FE) aged 24 and over who are undertaking intermediate and higher level courses, as set out in Skills for Sustainable Growth (November 2010) and the New Challenges, New Chances consultation (August 2011).
2. Any queries about this EQIA should be addressed to: Robert Canniff, Department for Business, Innovation and Skills [robert.canniff@bis.gsi.gov.uk](mailto:robert.canniff@bis.gsi.gov.uk)

## Scope

3. The Department for Business, Innovation and Skills (BIS) is subject to public sector duties as set out in the Equality Act 2010. This legislation introduced a new public sector duty which includes the existing race, gender, disability and age duties and now also extends this coverage to other 'protected characteristics' namely: gender reassignment, marriage and civil partnership, pregnancy and maternity, religion or belief and sexual orientation.
4. The law requires Government departments, and all public bodies, to demonstrate they are making decisions in a fair, transparent and accountable way, considering the needs and rights of different members of their community, by demonstrating they have paid 'due regard' to equality issues in the decision making process. This is achieved through assessing the impact that changes to policies, procedures and practices could have on differing groups in society.
5. Assessing the impact of proposed changes in this way, also offers a positive opportunity for Government to ensure they make better decisions based on robust evidence.
6. Public bodies must have due regard to the need to:
  - eliminate unlawful discrimination, harassment, and victimisation;
  - advance equality of opportunity; and
  - foster good relations.
7. This general duty is underpinned by specific duties, to help public bodies perform better by ensuring that new policies take into consideration the impact on groups with protected characteristics listed at paragraph 3.
8. Equality Impact Assessments are an important mechanism for ensuring that we gather data to enable us to identify the likely positive and negative impacts that policy may have on certain groups of consumers, and to estimate whether these impacts disproportionately affect such groups.

9. In August 2011 the Department for Business, Innovation and Skills published an [Equalities Screening Impact Assessment](#) which concluded that 24+ Advanced Learning Loans would not have a negative impact on the following groups: Gender Reassignment; Marriage and Civil Partnership; Pregnancy and Maternity; and Sexual Orientation. However the screening assessment suggested that the policy might have an adverse impact on groups defined by the following characteristics: Race; Religion or Belief; Disability; Gender; and Age. BIS therefore commissioned new market research to explore the potential impact of this policy on the above groups, the results of which are detailed in this document. The Regulatory Impact Assessment of 24+ Advanced Learning Loans, published together with this Equality Impact Assessment, also draws on this new research.

### **Description of the policy**

10. The Government has prioritised public investment in further education to support young people and those with low skills, where the case for direct Government investment is strongest. This investment needs to be seen in the context of the overall FE and skills resource budget reducing by 25% between the 2011-12 and 2014-15 financial years.

11. Alongside this prioritisation, the Government wants to provide a means for all those wishing to undertake intermediate and higher level training courses to do so. The benefit to the individual of this training is higher and it is considered right that they should make a greater contribution to the costs of that training.

12. From 2013/14 the Government will therefore introduce a system of loans alongside the removal of public grant funding, for learners aged 24 and over undertaking intermediate and higher level courses.

13. There will be no upfront payment; nothing to pay back until the individual is earning £21,000 or more; low rates of interest; and any outstanding balance written off after 30 years. If the learner's income falls below this amount then repayment will be suspended until they reach this earnings threshold again.

14. The Government has made £129 million available for 24+ Advanced Learning Loans in the 2013-14 financial year and £398 million in the 2014-15 financial year.

15. 24+ Advanced Learning Loans will mirror the Student Loans available within HE. They will be administered by the Student Loans Company, which will be responsible for the assessment of the loan application, payment of the loan and, in partnership with HM Revenue and Customs, recovery of the loan. The Government will ensure that everyone – potential learners, colleges, training organisations, employers and providers of advice and guidance – has the information they need about how 24+ Advanced Learning Loans will work.

16. Alongside the introduction of 24+ Advanced Learning Loans, Discretionary Learner Support funding will be available in 2013/14 for colleges and training organisations to use as required to support learner participation.

Who will be eligible for 24+ Advanced Learning Loans?

17. Learners aged 24 and over undertaking a publicly funded qualification at Level 3 and above on the Qualification and Credit Framework will be able to access FE 24+ Advanced Learning Loans. A comparison of vocational and academic qualifications is shown below.

**Table 1 Vocational qualification levels and academic equivalents**

	<b>Academic Equivalent</b>
<b>Level 1 (L1)</b>	GCSE at grades D-G
<b>Level 2 (L2)</b>	GCSE at grades A*-C
<b>Level 3 (L3)</b>	AS and A- levels
<b>Level 4 (L4)</b>	NVQs Certificates of Higher Education and Higher National Certificates
<b>Level 5 (L5)</b>	Higher National Diplomas and Foundation Degrees
<b>Level 6 (L6)</b>	Bachelor Degrees, graduate certificates, diplomas
<b>Level 7 (L7)</b>	Masters Degrees, postgraduate certificates and diplomas
<b>Level 8 (L8)</b>	Doctorates

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**The evidence base**

18. To help inform the 24+ Advanced Learning Loans policy BIS commissioned research by TNS-BMRB and by OpinionPanel. Data analysis of the Individualised Learner Records (ILRs) and Labour Force Survey has also been used in this EQIA.

19. The research by TNS-BMRB was carried out in two phases. Phase 1 focussed on the likely impact of 24+ Advanced Learning Loans. Phase 2 focussed on how to convey key messages regarding 24+ Advanced Learning Loans. The qualitative element of Phase 1 involved 18 mini-groups of 4 people. The quantitative element of Phase 1 consisted of 405 people aged 23 and over and likely to study at Level 3 taking part in an online survey.

20. Phase 2 of the TNS-BMRB research involved further qualitative research comprising 18 discussion groups of 8 people. Relevant questions were included in the recruitment questionnaire so as to ensure that people with

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<sup>1</sup> HNC, HND qualifications as well as Bachelor Degrees and Postgraduate Qualifications are part of the Framework for Higher Education qualifications in England, Wales and Northern Ireland

disabilities were recruited into the groups. TNS were instructed to probe sensitively within topics about particular barriers and messaging issues for both disability and those with language barriers.

21. The Research by OpinionPanel consisted of five open-ended questions, administered online to learners aged 22 and over and interested in studying for Level 3 or 4 qualifications in the future. The results were based on the response from 117 learners. No quotas for the response were set. This resulted in a sample heavily skewed towards women (74% vs. 26%).

### **Involvement and consultation**

22. BIS has had an ongoing dialogue with the sector and stakeholders since the plans to introduce loans were announced in 2010, including in August 2011 a public consultation on the Government's proposals in its New Challenges, New Chances document.

23. This EQIA has been through a process of peer review with an internal BIS network of representatives of the protected groups set out in paragraph 3.

### Comments received

24. In response to the New Challenges, New Chances public consultation BIS received comments regarding the potential impact of the policy on particular groups of learners with protected characteristics or protected groups from a number of organisations including the National Institute for Adult Continuing Education (NIACE); the National Union of Students (NUS); the Association of Colleges (AOC) and the Trade Union Congress (TUC) as well as from members of the public. These comments can be viewed at: <http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/n/11-1384-new-challenges-new-chances-summary-responses-to-consultation>.

25. In summary the main points raised were:

- 24+ Advanced Learning Loans are likely to have a disproportionate impact on black and minority ethnic students and groups for whom English is not their first language;
- there is an issue for some people about borrowing funds which attract above inflation interest, particularly in Muslim and Christian communities;
- some Learners with Learning Difficulties and/or Disabilities (LLDDs) may take longer to complete Level 2 courses and so may already be 24 when they commence courses at Level 3;
- women will be disproportionately affected because they make up the majority of adult learners studying at Level 3 or above, including women returning to learning to re-skill or change career;

- there is an inherent unfairness that some people are able to access free education at a young age, whilst adult learners who chose to undertake a course at a later point would have to pay; and
- Government should establish benchmarking studies so that the effect of change on demand from particular groups of learners could be measured.

## Key facts and findings

### Race

#### Screening Assessment

26. Table 2 below shows ethnicity data from the Individualised Learner Record (ILR) 2010/11 and Labour Force Survey (LFS) January 2011 to March 2011 regarding FE learners aged 24 and over undertaking a qualification.

27. This shows that 14% of those aged 24 and over studying at Level 3 and above were from a Black, Asian and Minority Ethnic (BAME) group compared to 20% for FE learners aged 24 and over at all levels. This shows that those studying at Level 3 and above in FE aged 24 and over were less likely to be from a BAME group than those studying at all levels in FE aged 24 and over.

**Table 2: Further Education Learner Participation by those aged 24+ by Ethnicity**

Ethnicity	24+ Level 3+ Participation (ILR)		24+ All Level Participation (ILR)		24+ in Further Education or Training (LFS)	
	Learners	%	Learners	%	Learners	%
White	319,500	85%	1,948,900	77%	3,330,000	84%
Mixed	6,000	2%	43,000	2%	48,000	1%
Asian or Asian British	17,200	5%	214,600	9%	249,000	6%
Black or Black British	22,200	6%	171,700	7%	194,000	5%
Chinese or Other Ethnic Group	5,900	2%	73,100	3%	122,000	3%
Black, Asian and Minority Ethnic (BAME)	51,300	14%	502,500	20%	613,000	16%
Not Known/Not Provided	6,100	2%	63,700	3%	8,000	-
<b>Total</b>	<b>376,900</b>	<b>100%</b>	<b>2,515,100</b>	<b>100%</b>	<b>3,951,000</b>	<b>100%</b>

Source: Individualised Learner Record/Labour Force Survey

Notes: See Annex A.

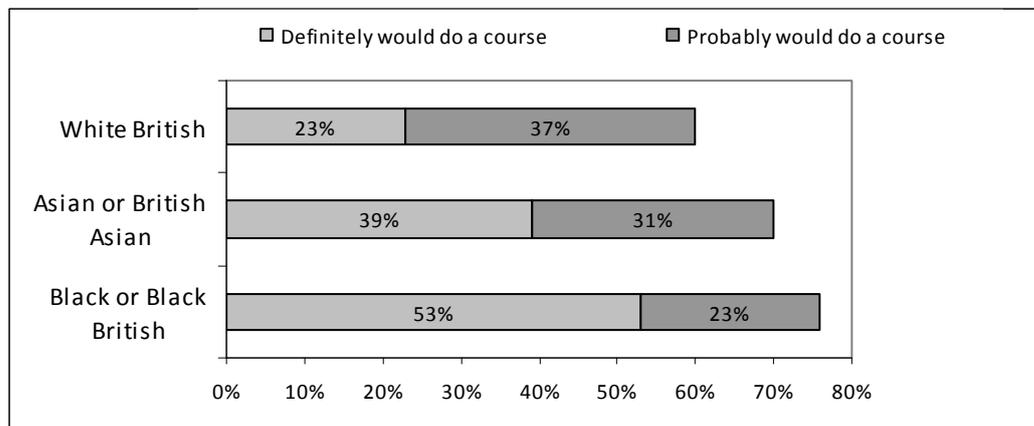
## Research findings

28. The research suggests that those from BAME groups were unlikely to face specific barriers to learning participation as a result of the introduction of 24+ Advanced Learning Loans.

29. The Opinion Panel survey found that only 2.5% thought they might face barriers, problems or issues relating to ethnicity as a result of the introduction of 24+ Advanced Learning Loans.

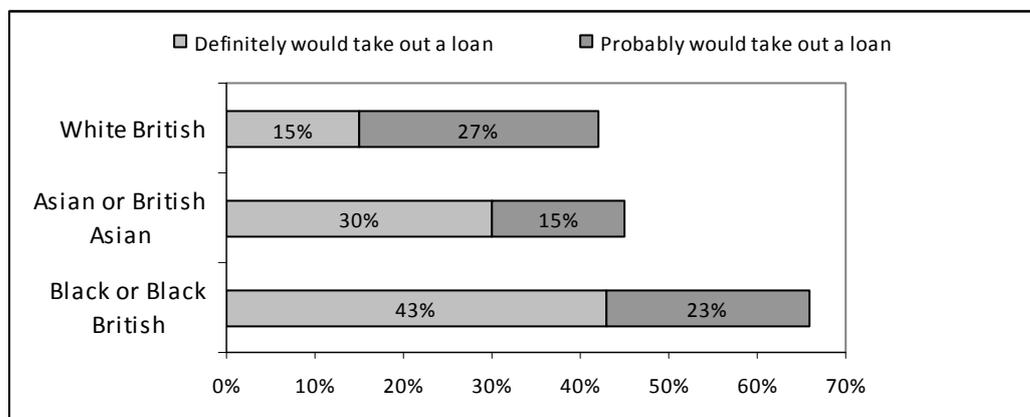
30. In Phase 1 (Quantitative element) of the TNS-BMRB research Asian and Black respondents were more likely than White British respondents to say they would take a course under the 24+ Advanced Learning Loan system (see table 3 below).

**Table 3 Likelihood of doing a course (under at least one scenario) by ethnic status**



31. Similarly Asian and Black respondents were more likely than White British respondents to say they would take out a loan under the 24+ Advanced Learning Loan system (see table 4 below).

**Table 4: Likelihood of taking out a loan (under at least one scenario) by ethnic status**



32. We have therefore found no evidence to suggest that this group will be disadvantaged by the introduction of 24+ Advanced Learning Loans.

### Religion or belief

#### Screening Assessment

33. Learners are not required to provide information about their religion or belief on the Individualised Learner Record. There is therefore no data available to support this section.

#### Research findings

34. In Phase 1 (Qualitative element) of the TNS-BMRB research Muslim respondents said they were comfortable with the rate of interest themselves, but felt that it would deter some people. For them, the bigger issue was their inexperience with loans – very few had taken out a loan before.

35. The OpinionPanel survey found that only 2.5% thought they might face barriers, problems or issues relating to race, religion or belief, as a result of the introduction of 24+ Advanced Learning Loans.

36. We have therefore found little evidence that this group will be disadvantaged by the introduction of 24+ Advanced Learning Loans.

### Disability

#### Screening Assessment

37. Table 5 below shows data from Individualised Learner Record (ILR) 2010/11 and Labour Force Survey (LFS) January 2011 to March 2011 regarding FE learners aged 24 and over undertaking a qualification by learning difficulty and/or disability status.

38. This shows that those aged 24 and over studying at Level 3 and above were less likely to have a disability than those that were studying in FE at all levels.

**Table 5: Further Education Learner Participation by those aged 24+ by Learning Difficulty and/or Disability status**

Learning Difficulty/Disability	24+ Level 3+ Participation (ILR)		24+ All Level Participation (ILR)		24+ in Further Education or Training (LFS)	
	Learners	%	Learners	%	Learners	%
Learning Difficulty and/or Disability (ILR) DDA Disabled and Work-Limiting Disabled (LFS)	26,700	7%	269,900	11%	313,000	8%
DDA Disabled Only (LFS)	-	-	-	-	259,000	7%
Work-Limiting Disabled Only (LFS)	-	-	-	-	118,000	3%
No Learning Difficulty/Disability (ILR) Not Disabled (LFS)	336,500	90%	2,068,800	83%	3,261,000	83%
Not Provided (ILR)	11,600	3%	166,300	7%	-	-
<b>Total</b>	<b>374,800</b>	<b>100%</b>	<b>2,504,900</b>	<b>100%</b>	<b>3,951,000</b>	<b>100%</b>

Source: Individualised Learner Record/Labour Force Survey

Notes: See page 15.

39. Table 6 shows data from the ILR for 2010/11 for those studying at Level 3 and above, by disability and age. This shows that a greater proportion of those without a disability (35%) study at Level 3 and above when 24 and over, as compared to those with a disability (23%).

**Table 6: Further Education Learner Participation at Level 3+ by Age and Learning Difficulty and/or Disability status, 2010/11**

Age Band	Level 3+							
	Learning Difficulty/Disability		No Learning Difficulty Disability		Not Provided		Total Learners	
	Learners	%	Learners	%	Learners	%	Learners	%
Under 24	87,900	76.7%	619,300	64.8%	17,100	59.6%	724,300	65.9%
24 and over	26,700	23.3%	336,500	35.2%	11,600	40.4%	374,800	34.1%
Unknown	-	-	-	-	-	-	100	-
<b>Grand Total</b>	<b>114,600</b>	<b>100.0%</b>	<b>955,900</b>	<b>100.0%</b>	<b>28,700</b>	<b>100.0%</b>	<b>1,099,100</b>	<b>100.0%</b>

### Research findings and further ILR evidence

40. The OpinionPanel survey found that only 5% thought that people with disabilities might face barriers, problems or issues as a result of the introduction of 24+ Advanced Learning Loans

41. The TNS-BMRB research did not have separate results for Learners with Learning Difficulties and/or Disabilities because the achieved sample size was insufficient for statistically robust analysis.

42. We have therefore found little evidence to suggest that this group will be disadvantaged by the introduction of 24+ Advanced Learning Loans.

## Gender

### Screening Assessment

43. Table 7 below shows gender data from the Individualised Learner Record (ILR) 2010/11 and Labour Force Survey (LFS) January 2011 to March 2011 regarding FE learners aged 24 and over undertaking a qualification.

**Table 7: Further Education Learner Participation by those aged 24+ by Gender**

Gender	24+ Level 3+ Participation (ILR)		24+ All Level Participation (ILR)		24+ in Further Education or Training (LFS)	
	Learners	%	Learners	%	Learners	%
Female	239,800	64%	1,500,900	60%	2,183,000	55%
Male	137,100	36%	1,014,200	40%	1,767,000	45%
<b>Total</b>	<b>376,900</b>	<b>100%</b>	<b>2,515,100</b>	<b>100%</b>	<b>3,951,000</b>	<b>100%</b>

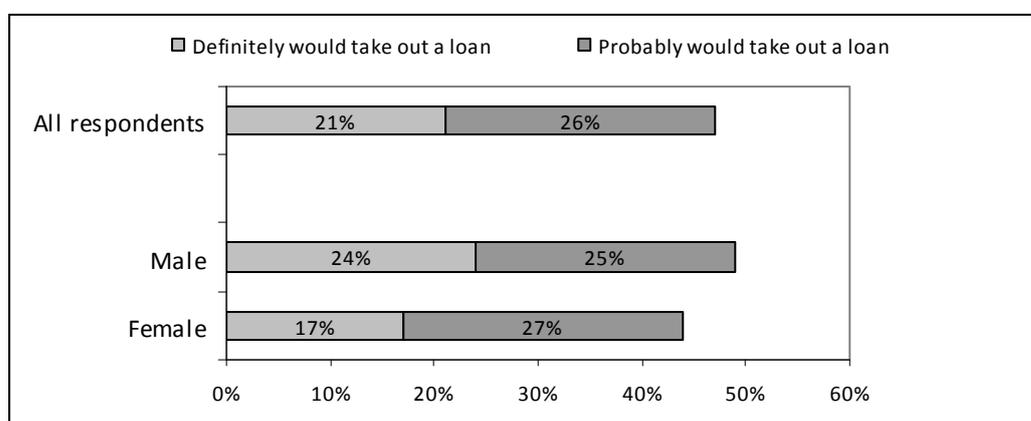
Source: Individualised Learner Record/Labour Force Survey

Notes: See page 15.

## Research findings

44. The TNS-BMRB research shows that women were marginally less likely to want to take up a loan under a 24+ Advanced Learning Loans system, and the difference was not large enough to be statistically significant (see table 8 below).

**Table 8: Likelihood of taking out a loan (under at least one scenario) by gender**



45. The OpinionPanel survey found that only 2.5% thought that gender might raise barriers, problems or issues as a result of the introduction of 24+ Advanced Learning Loans.

46. We have therefore found little evidence to suggest that this group will be disadvantaged by the introduction of 24+ Advanced Learning Loans.

## Age

### Screening Assessment

47. Table 9 below shows age data from the Individualised Learner Record (ILR) 2010/11 and Labour Force Survey (LFS) January to March 2011 regarding FE learners aged 24 and over undertaking a qualification.

48. This shows that the majority of those studying at L3 and above aged 24 and over in FE were aged 24-40 (58%).

**Table 9: Further Education Learner Participation by those aged 24+ by Age**

Age	24+ Level 3+ Participation (ILR)		24+ All Level Participation (ILR)		24+ in Further Education or Training (LFS)	
	Learners	%	Learners	%	Learners	%
24-29	101,300	27%	514,300	20%	805,000	21%
30-39	117,500	31%	716,700	29%	1,124,000	29%
40-49	106,300	28%	637,600	25%	1,144,000	30%
50-59	42,700	11%	358,600	14%	695,000	17%
60+	9,100	2%	277,700	11%	183,000	4%
Unknown	100	-	10,200	-	-	-
<b>Total</b>	<b>376,900</b>	<b>100%</b>	<b>2,515,100</b>	<b>100%</b>	<b>3,951,000</b>	<b>100%</b>

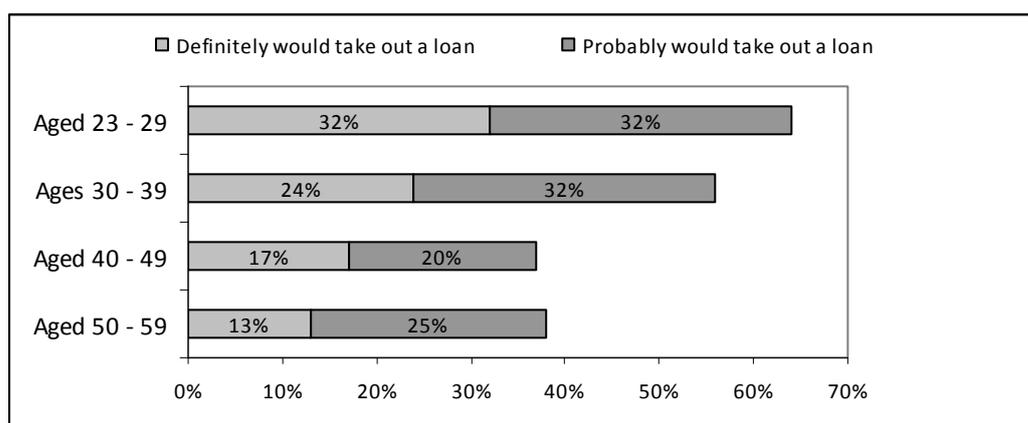
Source: Individualised Learner Record/Labour Force Survey

Notes: See annex A

### Research findings

49. The TNS-BMRB research suggests that the younger age groups (23-39) were more likely to say they would participate in future learning than the average, but those aged 40 and over were less likely to say they would participate or take a loan.

**Table 10: Likelihood of taking out a loan (under at least one scenario) by age**



50. The OpinionPanel survey found that 18% thought age might create barriers, problems or issues as a result of the introduction of 24+ Advanced Learning Loans. However some of these were concerned about the maximum age for 24+ Advanced Learning Loans (even though there isn't one). Others perceived themselves to be too old for prospective employers and by extension, further education.

51. Most people felt that they would not be put off taking out a 24+ Advanced Learning Loan once they understood the full details. However those aged 40 and over seeking a route back into the labour market were still negative. BIS will closely monitor the take up of 24+ Advanced Learning Loans by this group and consider further action as necessary.

### **Informing implementation**

52. 24+ Advanced Learning Loans will be available to those aged 24 and over starting new courses at Level 3 and above in the 2013/14 academic year. By year 2, available funding for loans will represent between 10-15% of the total budget for FE. The vast majority of learners on FE will continue to be directly subsidised.

53. BIS will ensure that eligible potential learners have the information they need about 24+ Advanced Learning Loans and how they can apply. Work to develop messaging and communications materials for learners will draw carefully on the findings of the market research we have commissioned, reflecting the views and feedback from different groups. There will be a programme of activity to ensure providers are informed and preparing. The Learning and Skills Improvement Service will provide a programme of support to help learning providers manage this business change. And providers will be notified of the support available from Discretionary Learner Support funds for those who face barriers to taking up an FE course.

54. Our research shows that explaining the terms and conditions of 24+ Advanced Learning Loans will be extremely important. BIS will therefore ensure that the terms and conditions, together with learner and course

54. BIS and its partners will monitor take up and evaluate impact carefully as 24+ Advanced Learning Loans are introduced. This will cover the groups set out in the original Equalities Screening Impact Assessment, this Equality Impact Assessment, and the submissions received from organisations in response to the New Challenges, New Chances Consultation. Further research will be commissioned to track levels of awareness amongst potential learners up to the point of implementation. In particular we will seek to ensure sufficient numbers of Learners with Learning Difficulties and/or Disabilities are included in the research design so as to enable further analysis of this interested group.

#### Alternative Finance systems

55. To meet the concerns of members of religious groups and those more generally opposed in principle to paying interest on a loan, BIS has investigated Alternative Finance systems for both HE loans and 24+ Advanced Learning Loans which do not formally involve interest, but ensure that the overall repayments are identical. During our investigations Commodity Murabarah has been identified as a realistic alternative financing model and BIS is exploring this possibility further.

56. This alternative model would have the same overall financial outcomes as HE loans or 24+ Advanced Learning Loans in that all student borrowers could apply to either system, and the total amount paid back will not vary.

57. BIS intends to set up a working group to work with lawyers and financial modellers to test whether the Murabarah is robust both legally and financially. We will also seek advice from HMT, and financial institutions who deal in Islamic finance on design and presentation of the system, and how to establish a respected and appropriately qualified Shariah Scholar panel which will provide assurance to potential borrowers that the system is Shariah-compliant. We will also attempt to assess the potential demand for the Alternative Finance variant of the student support system.

58. BIS is currently exploring legislative options to enable the Secretary of State to implement an alternative finance system. At this time BIS has no legal power to implement an Alternative Finance system, because the Teaching and Higher Education Act (1998) only makes provision for the Secretary of State to issue loans and grants for the purposes of Higher and Further Education. The earliest an Alternative Finance system would be available to students is September 2015.

#### **Monitoring and review**

59. Through the publication and monitoring of learner participation statistics and research the Government will assess the impact of the introduction of 24+ Advanced Learning Loans for learners aged 24 and over studying at Level 3

and above, and will ensure that the impact on protected groups is considered. Participation data showing courses funded by 24+ Advance Learning Loans will be routinely published through the BIS Statistical First Release at [http://www.thedataservice.org.uk/statistics/statisticalfirstrelease/sfr\\_current/](http://www.thedataservice.org.uk/statistics/statisticalfirstrelease/sfr_current/)

## **Responsibility**

60. This Equality Impact Assessment is available electronically at <http://www.bis.gsi.gov.uk/equality-impact-assessments>. Where possible we will make available on request other versions of this document in other media.

Notes to Tables 2, 5, 6 and 7

1. Individualised Learner Record (ILR) data is based on the 2010/11 academic year (August 2010 to July 2011) and covers all government funded Further Education excluding provision delivered in Schools and Higher Education.
2. Labour Force Survey (LFS) data is based on January 2011 to March 2011. This data covers both government-funded and privately funded Further Education or Training as reported by survey respondents.
3. ILR data uses age at the start of the academic year.
4. ILR and LFS data excludes those learners in Higher Education.
5. All ILR figures are rounded to the nearest hundred LFS figures are rounded to the nearest thousand. Percentages are based on pre-rounded figures.
6. '-' indicates a figure of less than fifty or a percentage of less than 0.5%.
7. Gender, ethnicity and disability are self-declared by the learner
8. 'Black, Asian and Minority Ethnic (BAME)' is the sum of 'Mixed', 'Asian', 'Black' and 'Chinese or Other Ethnic Groups'.
9. Data for religion or belief, gender re-assignment, sexual orientation and pregnancy and maternity are not available.