



Department
for Business
Innovation & Skills

**CONSULTATION ON FURTHER
EDUCATION – FUTURE
DEVELOPMENT OF LOANS**

Government response

MARCH 2015

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Ministerial foreword

This was an extensive consultation looking at the future delivery of Advanced Learning Loans and the scope for expanding and simplifying the current remit. We are grateful for the informative and interesting responses we received to the consultation.

As pointed out by a number of respondents, it makes sense to consider the implications of these changes alongside plans for the overall funding for skills provision in the future. For this reason, we will not be going ahead with our plans for expansion at the moment, but will look again at these proposals in the Spending Review.

We will, however, put more power in the hands of the learner by simplifying the rules on concurrent and repeat study.

Ensuring that we have the right funding system in place for adult learners is absolutely critical to ensuring a strong economic future. The responses we have received to this consultation give the Government a very strong evidence-base on which to make important decisions about the future of Advanced Learning Loans, in the context of the next Spending Review.

A handwritten signature in black ink, appearing to read "Nick Boles", enclosed in a thin black rectangular border.

NICK BOLES MP

Executive Summary

The response rate to the consultation was very good: 164 responses through the online consultation platform; 39 responses sent in by email; four England-wide workshops covering all issues raised by the consultation; a workshop covering arrangements for those in custody; a workshop for alternative providers specifically covering the proposed transfer of Higher Nationals; and qualitative interviews with potentially eligible learners.

Summarised below are the issues covered in the consultation, the views of respondents and the Government Response.

Issue 1 – Expanding the scope of the Advanced Learning Loans scheme

We asked for views on how well the current system is working; and on our proposals to expand the Advanced Learning Loans system to include:

- 19-23 year olds studying qualifications at Levels 2, 3 and 4, where they do not currently qualify for full grant funding, and
- learners aged 24 and over studying at Level 2

We also asked for views on how best to get a better understanding of how Level 2 learners will respond to the introduction of loans; and any particular implications for unemployed learners or those in custody.

The feedback to this section of the consultation has demonstrated that there is no clear consensus on these issues from stakeholders. There were 172 responses to the question about whether to expand the loans system by age group and level. Their views were evenly split.

A number of respondents mentioned the uncertainties around the future funding of the Further Education sector and the impact that this has overall.

The Government's Response

We believe that it is best to take forward any major changes to Advanced Learning Loans as part of the next Spending Review, informed by the comments from respondents.

Issue 2 – Simplification and Improvement

In this section we explored whether the administrative rules of the loans system should be simplified. It looked in particular at whether the concurrent study rule (which prevents a learner from undertaking two loans-funded courses at the same time), the repeat study rule (which prevents a learner from undertaking loans-funded courses of the same type and level), and the maximum number of Advanced Learning Loans that a learner can take over their lifetime.

There was a majority of respondents who thought that the concurrent study rule should be removed. At the same time there was strong feeling that there should be enhanced information, advice and guidance in place to ensure learners understand the implications of taking out a number of loans at once.

There were many examples where the repeat study rule is seen to be hindering progression in some sectors such as health and beauty, and joinery. As Advanced Learning Loans become further embedded, this may become a more wide-spread problem.

Opinion was equally divided on whether the rule on maximum number of loans should be amended. Some felt that there should instead be a maximum lifetime loan amount or maximum outstanding balance, because this would give people more flexibility to plan their progression over time.

The Government's Response

Based on the responses we received, it makes sense to go ahead and put arrangements in place to remove the concurrent study rule from 2016/17. At the same time, we will ensure there is effective information, advice and guidance to explain the implications of taking out multiple loans at the same time.

We will remove the repeat study rule from 2016/17. The only exception to this will be in the case of Access to HE courses and programmes of A-levels because they are focused on a particular outcome that is related to progression.

The rule limiting a learner to a maximum of four loans over their lifetime is not currently causing problems for learners. We will, therefore, retain this rule but continue to monitor this, and if necessary, consider amendments in the future.

Issue 3 – Alternative financial product

This section explored whether the Advanced Learning Loan system should follow the approach set out in the Higher Education consultation last year on introducing a Sharia compliant mechanism.

There was widespread support for an identical Sharia compliant product in Further Education that matches Higher Education. Respondents felt it would further enhance participation and break down the barriers some Muslims may face.

The Government's Response

The Government would require new primary legislation to enable the Secretary of State to offer an Alternative Finance product, and this will take time as an appropriate legislative window would need to be identified.

The Government will continue to develop the alternative product with experts in Islamic finance as well as the Student Loans Company and Her Majesty's Revenue and Customs to determine what would be required to implement this model.

Issue 4 – Moving other qualifications within scope of the Advanced Learning Loans system

This section of the consultation – especially the proposals on transferring Higher National qualifications within scope of loans - proved to be the most controversial part of the consultation, with the most risks highlighted by respondents.

Roughly two thirds of respondents thought there would be negative consequences to bringing Higher Nationals into Advanced Learning Loans. Meetings with providers and representative bodies elicited concerns that the transfer would be perceived as devaluing the status of Higher Nationals, and, if implemented, might widen the divide between vocational and academic routes rather than narrow the gap. There was also concern about the burden of changing quality assurance systems from Higher Education to Further Education. Many predicted that Higher Education Institutions would simply cease to deliver Higher Nationals and instead concentrate on Foundation Degrees.

Across the board the consultation responses were of the view that lack of maintenance in the Advanced Learning Loans system would drastically reduce take up of Higher Nationals because students are far more likely to sign-up for courses that attract student support.

The Government's Response

We will not be going ahead with the changes proposed for Higher National Diplomas and Certificates in the consultation at this time. We want to give further thought to the risks highlighted by stakeholders before considering making these changes.

Our ambition is to improve both the quality and relevance of higher vocational education. Therefore we intend to leave Higher Nationals in the Higher Education funding system at the present time, continuing to monitor emerging evidence on the impact of recently introduced policy to manage cost and quality, with a view to considering the best approach at the next Spending Review.

Issue 5 – Information, Advice and Guidance about Advanced Learning Loans

In this section we asked questions about how well communications about Advanced Learning Loans have worked so far and how we might develop them in the future, especially if these loans are expanded.

The vast majority of respondents thought that sufficient information has been provided about Advanced Learning Loans. Some concerns were raised that unemployed people and prisoners might not always be getting the information they need, and that there should be more information available to learners searching online.

The Government's Response

We will continue to monitor and review our approach to communications about Advanced Learning Loans at a national level; and support providers to make sure they have the information they need to talk to learners about loans.

Issue 6 – Impact of loans on learner choice

This section was intended to give us a snapshot of the impact of Advanced Learning Loans on learner behaviour, to be considered alongside our on-going evaluation of the programme. The responses we received were helpful to us in understanding current issues. There were no clear conclusions to be drawn from the responses, but they will supplement our on-going programme of evaluation of the impact of Advanced Learning Loans.

Consultation process and engagement with stakeholders

A consultation on Government proposals to expand the scope of Advanced Learning Loans was launched on 19 June 2014 and closed on 21 August 2014. The response rate to the consultation was very good: 164 responses through the online consultation platform; 39 responses sent in by email; four England-wide workshops covering all of the consultation; a workshop covering arrangements for those in custody; a workshop for alternative providers, specifically covering the proposed transfer of Higher Nationals; and qualitative interviews with potentially eligible learners.

This analysis excludes responses where statements did not respond directly to the consultation.

Annex 1 lists the respondents to the consultation.

Please note that a number of those attending the workshops also responded online or via email, and that a comment from the workshops may represent the views of a number of people. For this reason comments from the workshops have not been counted in the following breakdown of respondents, but the comments themselves along with other informal feedback have informed the Government's response.

In a number of cases, respondents asked for their responses to be made anonymous if used as quotes in this document. So for consistency, we have simply shown the type of organisation when quoting responses.

Analysis of responses

Issue 1 – Expanding the scope of the Advanced Learning Loans scheme

We asked questions in this section to gather views on expanding the scope of Advanced Learning Loans to include 19-23 year olds studying qualifications at Levels 2, 3 and 4 where the learners do not qualify for full grant funding, and to learners aged 24 and over studying at Level 2, and to understand whether these changes would have an impact on any specific groups.

The feedback to this section of the consultation has demonstrated that there is no clear consensus on these issues from stakeholders. Views have been mixed between those in favour of the status quo, and those in favour of change.

Q1 – How effectively is the current system of co-funding operating for the groups of learners who are not already eligible for loans?

There were 112 people who responded to this question, though 34 of these were commenting on the proposals to expand by age and level, current Advanced Learning Loans arrangements or including Higher Nationals in Advanced Learning Loans, rather than commenting on the current system of co-funding.

There were 29 respondents who thought that the current system works well and 19 who thought that it does not. Significantly, there were 30 respondents that did not give a clear view, but did comment that they thought people were unable to meet the upfront cost of co-funded courses or that providers were having trouble recovering the learners' contribution to the cost of co-funded courses.

Quote:

“There are 19-23 year olds who struggle to pay fees up front for co-funded courses, particularly where they have done a couple of A levels, attained low grades and want to try a vocational alternative but are not fully funded due to having a full level 3.” (Further Education College)

Quote:

“Reasonably well. But may be putting off learners who are waged and ineligible for full funding, yet are below the 24+ age bracket, and so have to pay co-funded rate, which may be difficult to afford. The College has to put in place stage payments models to help these students access the courses.” (Further Education College)

Quote:

“Fairly effective though sometimes it can be difficult for colleges to re-coup the 50% learner/employer contribution. Therefore efficiencies measures are constantly needed and it is unclear how this will improve quality and in some cases work to the opposite effect.” (Further Education College)

Q2 – Do you agree with the proposal to expand the loans system by age-group and by level, so that it covers the groups and qualifications outlined in tables 3 and 4 above? (Yes/No)

There were 172 responses to this question and views were split with 90 responding with “No” and 82 responding with “Yes”. However, exploration of respondents’ comments gives us a bit more detail.

Included in the 82 responses supporting expansion were two responses where the comments made it clear their response was actually about the proposals for the Higher Nationals transfer.

Of the 90 responses against expansion, the clarification in the comments from seven of the respondents made it clear they were instead commenting on the proposals to transfer Higher Nationals from Higher Education funding to Further Education funding. Four of these seven commented they supported the expansion to 19-23 year olds and Level 2. Additionally, there were six responses where although they disagreed with the expansion to Level 2, they were not concerned about expanding loans at Level 3 and above to those aged 19-23.

Most concerns about expanding to Level 2 were that they thought such learners would be more debt-averse and that the returns for both the learner and the state were unclear.

Quote supporting expansion:

“We believe that this will bring clarity and simplicity to the funding system and provide equality across the adult skills qualification range. Access to loans, providing repayment terms remain similar under the new system could lead to increased engagement of adults in further learning. This is in part due to the removal of the need for learners to pay for courses upfront. We also believe that some level 5 qualifications, traditionally delivered in FE rather than HE and which align with skills shortage areas should be eligible for loans under the new system.” (Further Education College)

Quote not supporting expansion:

“Introducing it to 19-23 year olds and lower levels will affect progression of first level 3. Many learners who have not had a good experience at school could then be deterred in re engaging with education.” (Further Education College)

There was also strength of feeling at the events that, in the case of an expansion, there should be good information, advice and guidance to help younger and lower level learners understand the implications of taking out a loan and any existing entitlement to funding.

Q3 – How will we best get an understanding of how well learners at Level 2 will respond to the introduction of loans?

There were 92 responses to this question. Of these, 58 suggested that BIS or colleges/training providers should conduct a survey of current learners in order to find out their views. There were 18 who thought that we should look at take-up once the changes are introduced to get a better understanding; indeed some thought that this is the only way that we will improve our understanding as a survey prior to implementing the changes might not give a true response.

Quotes:

“Through research based on student views and those in the population without Level 2 currently. It is easier to see the benefit once learning has occurred but understanding the views of those who would be considering learning should form part of the sample.” (Further Education College)

“Through consultation with those potentially affected by the proposed change. Pilot restricted by geography or qualification type.” (Association of Training Organisations)

“ask them, the system will be clearer for students to understand as the options will be either free or loan, simple!” (Further Education College)

Twelve respondents suggested there should be a pilot of the arrangements in certain areas with national roll-out taking place only after pilots are evaluated. We believe that such piloting would be practically impossible as it would be prohibitively expensive to put all the processes in place to pilot this in a few areas; and it would also be difficult to restrict the loan application system to only those areas involved in the pilot.

We commissioned research with a small number of learners as part of the consultation and the results of this are set out at Annex 2. This supports what previous research¹ has told us: that people are cautious of loans, but once the terms of Advanced Learning Loans are explained to them, many learners would generally be prepared to take out a loan to allow them to undertake learning.

¹ TNS-BMRB (2012) *Attitudes to Further Education Loans*, BIS research report 73.

Q4 – Will the expansion of loans create any particular barrier(s) to access provision based on (i) race, religion or belief; (ii) disability; (iii) gender; (iv) age or (v) disadvantage? (Yes/No)

Would the expansion create barriers for people in the categories listed?	Race	Disability	Gender	Age	Disadvantage
Yes	70	45	31	61	90
No	70	90	97	75	54

A clear majority of people thought that the extension of loans would create a barrier for those who are disadvantaged. There were strong views that people in lower socio-economic groups would be more averse to taking on debt, partly because they do not believe they will be able to repay and partly because their experience of loans and debt are generally negative.

Quote:

“There will be immediate barriers across each of these groups if the necessary student support funding is not put in place.” (Further Education College)

Half of all those who responded to this question thought there would be implications for Muslim learners, however, they recognised that we are already exploring ways to address these (see Issue 3 on page 20).

Q5 – Are you aware of any particular problems that those aged 24 or over and unemployed face with the operation of the loans system?

Twenty four respondents to this question thought that unemployed people are debt-averse and therefore unlikely to take out a loan. There was a handful of people who thought that the rules around access to loans for unemployed people and general lack of information from Jobcentre Advisers has not helped unemployed people to access loans.

Quote:

“Not necessarily the operation - but the perception of further debt is very off-putting for the unemployed, and low income families.” (Further Education College)

“The main barrier is that they don't know about it as it is not widely promoted by JCP staff as their remit is to direct unemployed to employment, not full time education.” (Further Education College)

Q6 - Are you aware of the reasons why take-up of Advanced Learning Loans by prisoners has been low?

Thirty seven respondents gave reasons why they thought the take-up of Advanced Learning Loans by prisoners has been low. Some of these respondents were basing their responses on direct experience, others provided hypotheses.

Most people felt that the main reason prisoners are not taking out loans for Level 3 and Level 4 provision is because the type of provision that leads to full qualifications, and which would make prison learners eligible for loans, are often not available in custody. Some felt this was because providers struggled to attract enough loans-funded learners to make the courses worth running.

Other popular reasons stated included:

- Prisoners may be more debt-averse than other groups, especially as a lot of advice that prisoners receive is about avoiding debt.
- Prisoners face many other practical issues while in custody that affect their willingness to take out a loan, which include
 - being moved between prisons (and therefore unable to complete learning),
 - lack of information about loans, and
 - the additional complexity of a manual application process.

Quote:

“The college contracts with another College for offender learning delivery, that contract is specifically for levels 1 and 2. In our experience, a large proportion of the prison population are not appropriately qualified to access level 3 provision.” (Further Education College)

Q7 - What impact do you think the introduction of loans for level 2 qualifications would have on prisoners?

Of the 50 responses to this question, 25 thought that there would be less education in prisons if loans were extended to Level 2 qualifications. However, 15 thought that the expansion could lead to an improved range of provision or improved prospects for prisoners beyond the current entry and intermediate level focus frequently delivered in bite-sized sessions.

Quote:

“We would expect the impact to be to make Education less attractive to prisoners. As it is, only ca. 25% of prisoners access Education whilst detained. This may be as a result of limited provision but also may be influenced by the fact that some choose to earn money in Prison workshops where the average weekly wage is under £25.00 for a 32 hour working week. If working at less than £1 an hour is seen as more attractive than Education, it is hard to see much attraction in having to pay for it.

We assume that loans to prisoners would be reclaimed after their release and once they were in employment. As you will know the rate of employment for prisoners on release is low (less than 20% in the first two years after release) and they most often only work in low paid jobs, most likely to pay below any threshold for repayments. Experience with university student loans has taught us that recouping loans is costly. Managing a loan system for Level 2 qualifications for prisoners might actually cost more than free provision.

Given these factors we can only see loans for prisoners' education as a disincentive. Rather we would like to see prisoners given as many incentives to partake of Education which we believe can be a helpful rehabilitative factor." (Centre focussing on Education in the Criminal Justice System)

Q8 - Do you think prisoners should be included in scope of an expanded loans system (down to age 19 second Level 2 and Level 3 and all Level 4 qualifications) (Yes/No)?

There were 63 respondents that answered yes to this question. Twelve of them thought that prisoners should not be at an advantage over those outside who have to take out a loan. Eleven thought it would increase take-up of opportunities and encourage employment on release due to better skills, and therefore stop re-offending.

Quote:

"Prisoners should be treated the same and bypassing the loan for this cohort gives them a greater opportunity to access free education than those who are not in prison - which is wrong." (Further Education College)

There were 64 respondents that answered no to this question. The majority thought education in prisons should focus on rehabilitation and that there would be a negative impact on take-up and progression if loans were extended.

Quote:

"There are arguments both for and against - there is a strong argument that it would be appropriate to continue full funding for offenders, in terms of reducing re-offending and therefore representing a saving to society in the wider context. However, the counter-argument is that there should be a fair and equitable system for learners both in and out of prison." (Further Education College)

The Government's Response

The feedback to this section of the consultation has demonstrated that there is no clear consensus on the question of whether to expand the scope of the Advanced Learning Loans system, and if so how. The Government notes in particular that the extension of loans instead of co-funding could help some 19-23 year olds access Level 3 and Level 4 learning, although this would not come without some risks that learner numbers could drop. Respondents generally seemed to feel that the risk associated with extending loans down to Level 2 was greater.

The consultation has also made clear that the impact of the current co-funding system (which we proposed to replace with loans) is variable. This variability is due to differing behaviour among learning providers. Some learning providers do require co-funded learners to pay half the costs of the course. For some 19-23 year olds or Level 2 learners, this will represent a financial barrier which may prevent them from undertaking learning. On the other hand, other providers have acknowledged the difficulties of recovering half the costs of a course from a learner, and often charge the learner substantially less or nothing at all. For learners in these areas, co-funded courses may appear to be free at the moment.

A number of respondents mentioned that it is difficult to take a decision on the future scope of the Advanced Learning Loans system without having a clearer idea about the wider skills funding landscape. The Government shares this view. The next Spending Review will provide the opportunity to look at all funding issues at once. We believe this will be the ideal time for Government to take decisions on the future scope of the loans system, informed by the comments from respondents. Therefore, we have decided to postpone making any changes to the scope of the loans system until the Spending Review. This will rule out any changes in scope coming into effect in time for the 2016/17 academic year.

Issue 2 – Simplification and improvement

The next section of the consultation explored whether the administrative rules of the loans system should be simplified. It looked in particular at the concurrent study rule (which prevents a learner from taking two loans-funded courses at the same time²), the repeat study rule (which prevents a learner from taking two loans-funded courses of the same type and level), and the maximum number of Advanced Learning Loans that a learner can take over their lifetime.

Q9 - Do you think the “concurrent study” rule should be abolished?

There were 80 responses that agreed with abolishing the concurrent study rule, with 39 respondents disagreeing.

The reasons put forward for abolishing the rule were:

- There are a number of subjects where it is appropriate to study more than one course at a time. For example health and beauty, where someone could study a level 3 certificate and a level 4 certificate at the same time; land based subjects where a micro-business needs skills that bridge level 2 to level 4; teaching where someone could take the teaching qualification alongside a qualification in the subject that they plan to teach. The benefits of allowing people to study these in parallel are that it accelerates their progression into a job or higher education.
- There was also strong feeling that if Advanced Learning Loans were expanded to include level 2 qualifications and those aged 19-23, then it is more likely that people will want to study concurrently.

Quote:

“It allows learners returning to study to undertake an accelerated programme that enables them to take up job opportunities quicker.” (Further Education College)

Although there was support to remove the concurrent study rule, respondents also recommended safeguards for the learner. There was a strong feeling that there should be more information, advice and guidance available to prospective learners about the implications of multiple loans. A small number of respondents felt that courses taken concurrently should be agreed by the training provider as being appropriate to help the learner achieve employment or progress into higher education.

Quote:

“The removal of the concurrent study rule would allow learners to participate in a programme of learning rather than just the study towards a qualification. If loans are extended to Level 2

² With the exception of A-levels where up to four can be studied concurrently.

qualifications, there is more scope to study for more than one qualification at Level 2 and so greater flexibility in the eligibility would be helpful.

Guidance on the linkage of qualifications might help to overcome any issues about suitability of routes/duplication of levels.

However, our view is that loans should be taken out for relevant, substantial, courses which offer progression; removing the 'concurrent study' rule could result in fragmented learning journeys if learners are not given impartial information, advice and guidance about appropriate and valuable learning options. Likewise, some learners may be tempted to take on more study than they are capable of successfully completing or financing. A safeguard would need to be put in place to limit the total loan value to say £5,000-6,000 per annum. Unbiased money advice could be made mandatory." (Further Education College)

Those that did not support abolishing the rule thought learners might be overstretched and this may prove too challenging and affect success; and that it might increase the potential for fraud.

Q10 - Has current policy on number of loans/repeat study had any adverse impact that you are aware of, on learners or providers?

Of the 132 responses to this question, 78 thought there had been no adverse impact. Though quite a few thought it was too early to tell yet.

However others were aware of adverse impacts. There is evidence that not allowing a learner to undertake two loans-funded courses at the same level and type of qualification is hindering some people from getting the qualifications they need. Particular sectors where this was noted to be an issue, was in sectors like health and beauty, and joinery.

Quote:

"This has had an impact on hair and beauty learners who want to do a variety of qualifications e.g. hairdressing, barbering, beauty technician. Currently there is no allowance for sideways movements within the same qualification level, which impacts on their employment opportunities." (Further Education College)

Q11 - Do you think the rule on maximum number of loans should be amended?

Opinion was equally divided amongst the 138 respondents to this question. Of those that supported amending the rule, the main reason was that if Advanced Learning Loans are expanded to cover more levels, then more loans will be needed to progress through all these stages. However, there was strong feeling that should be revisited if required in the future, when it could be more sensible to have a cap on the value of loans taken, rather than the number.

Quote:

“Four loans puts an artificial constraint on people's ability to upskill or retrain over a number of years. The younger they are the more this will apply and if the system is amended to bring in level 2 this will be even more the case.

It might be more sensible to look at setting a ceiling for the total value of loans that could be held by anyone person.” (Local Authority, Skills and Learning Department)

Q12 - In light of your views on concurrent study and number of loans/repeat study, do you feel there is a case for simplifying through a more radical change such as setting a single maximum lifetime loan amount?

91 responded yes to this question, and 59 responded no.

Q13 - What would be the benefits/challenges of such an approach?

Of the 143 responses to this question, 86 agreed that there should be a maximum lifetime loan amount, because this would give people more flexibility to plan their course of study over time. Those that did not agree were concerned that it would be difficult to administer, some qualifications are more expensive than others so there would have to be some differentiation. And conversely, these respondents thought a maximum lifetime loan amount could limit opportunities, especially if course fees rise.

Some respondents said that in developing a maximum lifetime loan amount, the impact of also taking an HE loan would have to be considered.

Q14 - Do you think there are any other aspects of the current system that could be changed to the benefit of learners and providers?

There were 96 respondents who thought the current system should be changed and 43 that did not think the current system should be changed. The majority of responses to this question called for a simplified system, both in the rules around loans, the application system, and the portal. There were also suggestions to speed up the loan approval process and relax the rules on identification arrangements.

Some respondents used this question to reiterate earlier calls for relaxation of the concurrent and repeat study rules.

The Government's Response

There was a high level of support for the removal of the concurrent study rule. This removal will enable learners to do multiple qualifications in order to progress faster, where it suits their circumstances. Based on the responses we received, we have decided to put arrangements in place to remove this rule from 2016/17.

At the same time, we are mindful of the concerns of some respondents about accumulating loan liability without the returns for learners. For this reason, we will ensure there is effective information, advice and guidance made available to providers to support those who want to learn more quickly and need to do multiple qualifications, to ensure they understand the implications of taking out a number of loans at once. We also want to be sure that where people are taking on multiple loans, this genuinely benefits learners. So we will monitor the types of concurrent study being undertaken to see that the combinations being studied lead to progression.

There were many examples given in response to the consultation of where the repeat study rule is hindering some sectors such as health and beauty and joinery. A third of respondents had seen problems as a result of this rule. We will, therefore, remove the repeat study rule from 2016/17, and allow learners to apply for a loan to study a qualification of the same type and level as a previous loan-funded qualification. The only exception to this will be in the case of Access to HE courses and programmes of A-levels because they are focused on a particular outcome that is related to progression.

Opinions were mixed about whether limiting a learner to four loans over their lifetime is the best way to control costs. But respondents did not feel that this rule is currently leading to unintended consequences. We will, therefore, retain the rule limiting a learner to four loans over their lifetime. However, we are aware that loans are still reasonably new and no one will have reached their limit yet. We will, therefore, continue to monitor this, and if necessary, consider amendments in the future.

Issue 3 – Alternative financial product

This section explored whether the Advanced Learning Loans system should follow the approach set out in a Higher Education consultation last year on introducing a Sharia-compliant finance mechanism in the future.

Q15 - Do you agree that the Sharia-compliant alternative finance options should be identical within both Higher Education and Further Education systems?

Of the 136 people that responded to this question, 123 agreed that the approach to a Sharia-compliant product should be the same in Further Education and Higher Education. This would help with ease of understanding for people that journey through both Further Education and Higher Education.

There was also a strong view that this product should not give anyone an advantage or disadvantage over anyone else taking a loan, and that the product should be available to everyone, regardless of religion, race or belief.

Seventeen respondents suggested there should be a national marketing campaign if this new product was introduced. Twenty four thought it would be helpful to have additional tailored resources that could be used locally with National Careers Service and other sources of advice to learners. Some were, however, concerned that these tailored resources should not put pressure on National Careers Service advisers or college/training provider staff to give financial advice, but that this should be available independently.

Quote:

“If the principle of loans for education has been established then there must be a coherent system with consistent application across both the FE and HE sector. To ensure equitability any Sharia-compliant finance option must be available to all learners, not just Muslims.” (A Skills and Employment Partnership)

Q16 - Is there any support that providers (or National Careers Service advisers) would want in order to raise awareness of the alternative finance product?

The general response (27 respondents) to this question is that there will need to be clear, easily accessible guidance; some suggested that this should be cleared with the Muslim Council of Britain. There were 13 respondents calling for a national marketing campaign, but it was not clear if this was in respect of an alternative finance product or generally for loans.

Responses from the provider events called for training for National Careers Service advisers to help them to understand the terms of the alternative finance product, and enable them to explain the differences to people.

The Government's Response

There was widespread support for an identical Sharia compliant product in Further Education that matches Higher Education. However, the Government would require new primary legislation to enable the Secretary of State to offer an alternative finance product, and this will take time as an appropriate legislative window would need to be identified.

The Government will continue to develop the alternative product with experts in Islamic finance as well as the Student Loans Company and Her Majesty's Revenue and Customs to determine what would be required to implement this model.

The student finance system must treat borrowers equally; it is not Government's aim to create a system which favoured a certain group or explicitly disadvantaged another. Any Sharia compliant product would result in identical levels of funding for the student, have identical terms such as the earnings repayment threshold, and would produce identical repayments. If a system were to be introduced, it would be open to everyone.

Issue 4 – Moving other qualifications within scope of the Advanced Learning Loan system

This section of the consultation – especially the proposals on transferring Higher National qualifications within scope of loans - proved to be the most controversial part of the consultation, with the most risks and potential for unintended consequences.

One hundred and seventy four respondents to the consultation answered the questions about Higher Nationals and 71 of the respondents were colleges; 25 were from alternative providers; and ten from universities. A significant number of responses came from representative bodies and special interest groups. Some of these respondents concentrated on this section of the consultation only, and did not reply to the questions in other sections of the consultation.

Recognising the sensitivities and concerns that were generated, over the summer BIS officials met with representative bodies in both the Higher Education (HE) and Further Education (FE) sectors, and with key stakeholders including HEFCE, QAA, Pearson, OCR and Study UK (amongst others), and with public and private HE and FE providers to capture their views. The feedback gathered from these meetings has helped to inform this section of the response to the consultation.

Q17 - Given that higher level vocational qualifications should be employment focussed, how should government seek to engage employers in the allocation of loan facilities for Level 4 and 5 funding?

Of the 90 responses to this question, over 40 of them did not agree with employer involvement in the allocation of loans facilities: some respondents to this section of the consultation were, for example, very much against the notion that employers should have any type of control over loans facilities; but at the same time they were fully in favour of bringing greater employer influence to bear on the quality and relevance of vocational qualifications. Many thought that because loans are taken out by individuals, then it should be their choice alone about how they use them, and that their choice of provision should not be limited by employer influence.

Some respondents made recommendations on how best to increase employer involvement in higher level qualifications for example:

- Engagement through professional bodies;
- Through the introduction of matched-funding arrangements;
- Focussing on qualification design and delivery; and
- Making it a priority to ensure that the voice of smaller businesses is heard.

Respondents suggested that Government should help employers to realise the benefits of up-skilling their staff and contributing to the cost of doing so, because it benefits their business. They also thought that it was equally important to ensure that people are given good information about the subjects they are choosing, to help them to select courses that will lead them into employment.

Q18 - Do you agree that including Higher Nationals within scope of loans in Further Education would deliver strong safeguards over the quality of provision, in particular with respect to employer influence over the quality and relevance of these qualifications?

There were over 150 responses to this question and more than 90 of them did not think that the transfer of Higher Nationals to Advanced Learning Loans would deliver safeguards over the quality of provision, nor result in increased employer influence in isolation of other measures.

The responses cited significant risks, the main one being the likelihood of a dramatic drop in Higher National student numbers if the transfer as originally envisaged were to proceed. Other concerns cited were that:

- Universities would be likely to stop offering Higher Nationals altogether and switch to Foundation Degrees instead to maintain income levels;
- Universities, colleges and others with good links with employers in key skills areas such as construction and engineering (and their relevant technological facilities) might withdraw if they felt that future funding might be inadequate to cover their costs;
- The proposed transfer might result in downgrading the perceived status and value of Higher Nationals rather than bring parity of esteem, and that the divide might grow (contrary to the policy intention of better alignment) if these qualifications were seen as inferior to those on the “prescribed list” of Higher Education qualifications;
- Current credit accumulation arrangements might not continue if Higher Nationals were no longer universally recognised as Higher Education qualifications that can be topped-up with further study at University to achieve a full degree; and
- The proposal does not do enough to open-up the market to genuine competition.

Although stakeholders recognised that the proposal would allow greater control over costs, some asked whether there is a better means of achieving this, for example through a more robust designation process and stronger student number controls.

The minority that agreed with the proposals generally gave conditional support. One commonly stated condition was that if Higher Nationals were to come within scope of the Advanced Learning Loans system, the student support package should be the same as that for HE.

Quote:

“Any change would reduce the opportunities for students to study at higher levels especially on vocational qualifications. Higher National Diplomas/Certificates are well respected and understood by employers and the flexibility of the design of programmes enables local needs to be met. Additionally the availability of the range of Higher National Diploma programmes available from Pearson means that Further Education Colleges can be proactive in meeting the ever changing needs of employers as programmes can be approved more quickly than having to validate for example a Foundation Degree with a Higher Education Institution.” (Community College)

Q19 - If Higher National Diplomas and Higher National Certificates transfer into Advanced Learning Loans, are there other equivalent qualifications it would be sensible to include and why?

Perhaps because of the degree of opposition to the transfer, the responses that we received were not informative in this regard. There were very few specific suggestions³ on other equivalent qualifications that ought to be considered. Most respondents did not answer the question at all, although a few suggested that Foundation Degrees should be in scope, whilst a similar number of respondents strongly disagreed with that proposition.

Q20 - Do you think there will be any unintended consequences (from an equality perspective or otherwise) that we need to be mindful of if the proposal to bring Higher Nationals within scope of Advanced Learning Loans were to be adopted in practice?

Roughly two thirds of respondents thought there would be negative consequences to bringing Higher Nationals into Advanced Learning Loans. Meetings with providers and representative bodies elicited concerns that the transfer would be perceived as devaluing the status of Higher Nationals, and, if implemented, might widen the divide between vocational and academic routes rather than narrow the gap. There was also concern about the burden of changing quality assurance systems from Higher Education to Further Education. Many predicted that Higher Education Institutions would simply cease to deliver Higher Nationals and instead concentrate on Foundation Degrees.

Quote:

“...if Diplomas and Certificates of Higher Education were to move it would create the anomalous situation that those who enrolled on these would be under the Skills Funding Agency funding regime, whereas those who enrol on a full degree but do not succeed and instead exit with a Diploma or Certificate of Higher Education would be under the old funding regime and entitled to maintenance loans and a higher fee cap. This would be unfair to students.” (Awarding Body)

Q21 - If Higher Nationals (and equivalent qualifications) were moved into the Further Education funding system, what impact would a lack of maintenance loans have on undertaking higher level learning?

³ The most commonly cited were the Further Education teacher education qualifications below level 6, Certificate of HE, Diploma of HE, Continuing Professional Development and some technical qualifications including the Diploma in Acoustics; and certain accounting qualifications.

Across the board the consultation responses were of the view that lack of maintenance in the Advanced Learning Loans system would drastically reduce take up of Higher Nationals because students are far more likely to sign-up for courses that attract student support

Quotes:

“Higher Nationals are highly valued by students and employers, and have a particularly good track record in widening participation amongst those from non-traditional or less advantaged backgrounds, including older students, single parents and those with care responsibilities. Maintenance support to help with living costs is a prerequisite for such groups when deciding to improve their prospects through study.” (Representative Body in Higher and Further Education)

“Students would be forced to choose courses that attract support, even if not the most appropriate.” (Further Education College)

The Government’s Response

We will not be going ahead at this time with the changes proposed for Higher National Diplomas and Certificates in the consultation. We want to give further thought to the risks highlighted by stakeholders before considering making these changes. This will be better done in the context of the upcoming Spending Review.

Our ambition is to improve both the quality and relevance of higher vocational education. Therefore we intend to leave Higher Nationals in the Higher Education funding system at the present time, continuing to monitor emerging evidence on the impact of recently introduced policy to manage cost and quality, with a view to considering the best approach at the next Spending Review.

Issue 5 – Information, Advice and Guidance about Advanced Learning Loans

This section of the consultation asked questions to help us understand how successful our communications about Advanced Learning Loans have been so far and to develop our future communication plan, especially if these loans are expanded.

Q22 - Are there gaps in the information that is provided in the links on page 26?

There were 118 respondents to this question. The vast majority thought that sufficient information has been provided about Advanced Learning Loans. Twenty nine of them thought there were some gaps in the information that is currently provided. There were calls for simpler information. Equally, some people wanted more detailed information.

At the provider events, there were concerns about the quality of information provided to Jobcentre Advisers and that there is almost too much information. Many felt it would be better if learners could search more easily online for the information they need.

Q23 - Is it easy to find what you are looking for in the links on page 26?

In the main respondents said they welcomed the information and it was easily accessible. Thirty five respondents said it was not easy to find what they were looking for; of these almost a third commented that GOV.UK is difficult to navigate.

The feedback from the workshops was that it is quite easy to find information if you are a provider and are familiar with the product. It can be more difficult for learners, some of whom are unaware that loans are available.

Q24 - Are there other ways we can reach this specific group of learners other than through providers, National Careers Service advisers and Jobcentre advisers?

There were 84 responses to this question, with 35 respondents calling for a national media campaign. Many recognised that colleges and training providers are best placed to give advice to learners. There were also suggestions of using the voluntary sector and employers to promote loans, especially employer bodies.

At the provider events there were calls for a national campaign. There was also concern that prisoners do not have access to information.

The Government's Response

We will continue to monitor and review approach to communications about Advanced Learning Loans at a national level; and support providers to make sure they have the information they need to talk to learners about loans. We will be mindful of comments received in this consultation as part of this work.

Issue 6 – Impact of loans on learner choice

The following questions were intended to give us a snapshot of the impact of Advanced Learning Loans, to be considered alongside our on-going evaluation of the programme.

Q25 - Are there any courses, either qualification or subject area, where you have seen an increased demand from learners as a result of loans?

Thirty seven respondents had seen an increased demand due to the introduction of loans. Of these more than half said the increase was in Access to HE courses which in part was in response to the offer that these will be written-off if learners subsequently successfully complete an eligible HE course.

Q26 - Conversely, are there any courses where you have seen a drop in demand as a result of loans?

There were 57 respondents that had seen a drop in demand since the introduction of loans. There did not seem to be a specific subject or type of course affected, though hair and beauty was mentioned in six responses because the rules around progression within loans funded courses limits the breadth of qualifications these learners can acquire and therefore work they can apply for. Interestingly, six of the 57 respondents reported a drop in Access to HE courses.

Q27 - What impact do you think the introduction of loans has had on the price of courses?

Around half of respondents commented on this question. Of these, there was an even split of those who thought the price had increased and those that thought there had been no impact. A handful of respondents thought the price had dropped in order to be competitive in the context of reduced demand for loans-funded learning. Many recognised that the increased cost is due to the learner paying 100% of the course fee rather than 50% - so the course price itself had not increased. A small number of respondents (ten) thought that providers had taken the opportunity to increase their course costs to SFA maximum loan amount.

Q28 - What impact do you think the introduction of loans has had on the quality of courses?

A majority (51 out of 87 who responded to this question) thought there had been no impact on quality. Many noted that loans-funded learners are generally in mixed classes with grant-funded learners, so loans themselves do not impact on quality. Eleven respondents noted learners now behave like 'real' consumers.

Q29 - Have there been any changes in learner motivation or reasons for taking a course as a result of loans?

Almost half of those that responded to this question (31 out of 72) thought that motivation had increased; this was seen in learners being more persistent with their courses and focused on achievement and jobs. There were nine respondents who noted better retention. There were 16 who thought there was no difference in motivation with 12 saying there had been a degree of early disengagement when learners realised they need a loan.

Views expressed at the provider workshops are that it is too early to tell, but they expect learners to be more focussed on value for money and aware of career progression.

Q30 - Are there types of courses where learners have been reluctant to take on a loan – such as qualification type, subject, course length or cost? Please give examples.

As with those who responded that they'd seen a drop in demand, there is no particular course type or subject where there has been reluctance. Thirty eight respondents out of 72 thought there had been a reluctance to take out loans.

The Government's Response

The questions included in this part of the consultation supplement our on-going programme of evaluation of the impact of Advanced Learning Loans.

List of Respondents

There were some organisations where more than one individual within the organisation responded, these are marked*. There were also responses which were either from private individuals (who we have not named) or from individuals/organisations who did not identify themselves.

We also held four England-wide workshops covering all of the consultation; a workshop covering arrangements for those in custody; a workshop for alternative providers specifically covering the proposed transfer of Higher Nationals; and qualitative interviews with potentially eligible learners (see Annex 2).

157 Group	Basingstoke College of Technology
Ability Professional Training	Bedford College
Acacia Training & Development Ltd	Birmingham City University
Accrington & Rossendale College	Birmingham Met College
ACL*	Bishop Auckland College
AELP	Blackburn College
AIM Awards	Blackpool and Fylde College
Ansbury	Boston College
APT awards	Bournemouth & Poole College
Arts Alliance	Bradford College*
Askham Bryan College	Bridgwater College
Association of Colleges	Burton & South Derbyshire College
Aurelia Training	Buxton & Leek College – Derby University*
Avant Partnership	Centre for Education in the Criminal Justice System, Institute of Education
Babington Group	Chesterfield College
Barking and Dagenham College	Chichester College
Barnet & Southgate College	CITB

City College Coventry	FSB (Fed of Small Businesses)
City College Plymouth	Furness College
City of Bristol College	Greater Lincolnshire Learning and Enterprise Partnership
City of Westminster College	Greater Manchester Learning Provider Network
City of Wolverhampton College	Greater Manchester Skills and Employment Partnership
Clinks Art Alliance	GSM London
Colchester Institute*	Guild HE
College of North West London	HESA
Collyer's	Highbury College
Community Education Lewisham	Higher Education Statistical Agency
Cornwall College	HIT Training Ltd
Council for Dance Education and Training	Hull College Group
Devon & Cornwall Training Provider Network Ltd	Institute of Civil Engineers
Dominic Headley – individual	Kaplan Financial
Dudley College of Technology	KATO
E4E – Education for Engineering	Kendal College
East Riding College	Kent Association of Further Education Colleges
Education Training and Skills Group	Kent County Council – Community Learning and Skills
EEF	Kind Edward VI College
Engineering Council	Knowsley Community College*
ESG	Lancashire Colleges
Exeter College	Landex 'Colleges Aspiring to Excellence'
Ezramalachi Tutoring	Learndirect
Federation of Awarding Bodies	
First Avenue Training Limited	

Learning Curve Group	NCG
Learning Revolution Trust	Nelson College London
Leeds College of Building	NESCOT – further education college
Leicester College	New College Durham
Lifetime Awarding	New College Nottingham
Lincoln College*	NIACE
Lincolnshire and Rutland Employment and Skills Board*	North West Prison Service (three Heads of Learning and Skills)
Lincolnshire County Council Vulnerable Learners Group	Northbrooke College
London Borough of Hounslow – Adult and Community Learning	OCN London
London Churchill College	OCR
London College of Beauty Therapy	Open Awards
London Youth	Oxfordshire Skills and Learning
Loughborough College	Pearson
Manchester City Council	Performers College
Manufacturing Technology Centre	PGL Travel
MGM Training Academy Ltd	Plymouth College
Million+	Plymouth University
Milton Keynes College	QAA
Myerscough College	Qube Learning*
National Association of Student Money Advisers (NASMA)	Ravensbourne
National Careers Service adviser	Richard Taunton Sixth Form College
National Union of Students	Richmond Adult Community College
NCFE	Robust IT Ltd
	Sheffield Regions LEP
	Solihull College

South Devon College	TICA (Thermal Insulation Contractors Association)
South Tyneside College	
Southampton Solent University	TUC
Stanmore College	UNISON
Stoke on Trent College	Universities UK
Study UK	University Hospital Southampton NHS Foundation Trust
Sunderland College	University of Warwick
Sussex Coast College *	Wakefield College
Swindon College	Wakefield Council
Tees.ac.uk	Walsall College
The Beauty Academy	Waltham Forest College
The BIMM Group	West Nottinghamshire College
The Bournemouth & Poole College	Weston College
The City College*	Weston College OLASS
The City of Liverpool College	Weymouth College
The Northern College	Yeovil College
The Sheffield College	York College*

Extension of Advanced Learning Loans – Learner Views: summary

We were keen to get views from potential learners who would be affected by an expansion of Advanced Learning Loans. We therefore commissioned IFF Research to carry out qualitative interviews with learners to ensure their views would inform our consultation.

IFF Research, October 2014

Background

Following the Comprehensive Spending Review (2010)⁴ which required Departments to make savings, BIS decided to prioritise available grant funding on young people, those without basic skills and those seeking work. The returns to Level 3 and above qualifications for learners are good, so it was determined that they should fund the costs of their learning to a greater extent. Given this, grant funding was removed for learners aged 24 and over, at Level 3 and above, in the 2013/14 academic year. However, income-contingent 24+ Advanced Learning Loans, based on the Higher Education model, were made available in order to provide learners with access to the necessary finance so that they could afford to make contributions upfront. By the end of March 2014, there had been 64,700 applications which accounted for 81% of the 80,000 loans applications that BIS had hoped for that academic year⁵. As a means to enhance opportunity for those being squeezed out by a fall in co-funding opportunity, BIS is now proposing to expand the scope of loans in the Further Education sector to encompass learners aged 19-23 doing second qualifications but also to make loans available for learners aged 24 or over who currently have no access to public financial support. This means that those who are currently in the co-funded category would now have access to a loan and therefore would not have the barrier of meeting the upfront cost of a course.

Method

To inform the wider consultation process on this potential extension of Advanced Learning Loans, IFF Research was commissioned by BIS to undertake qualitative interviews with young adults (aged 19-23) who would be eligible for this loan if it was introduced, to assess reactions from the learner perspective. 12 interviews were undertaken with adults aged 20-23 who had achieved a Level 2 qualification (but no higher) and were considering

⁴ The Comprehensive Spending Review can be found here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/203826/Spending_review_2010.pdf, accessed 28/9/2014.

⁵ The consultation document can be found here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/321921/bis-14-861-future-development-of-loans-in-further-education-consultation-v2.pdf, accessed 29/9/14, p.5.

undertaking another qualification at Level 2-4 in the near future. The interviews were conducted between July and August 2014.

Due to the low base size of 12 respondents, the findings reported should be treated as indicative only and not considered representative of all young adults aged 19-23.

Findings

Generally, while negative about the reduction in funding for grant-funded courses and initially wary about the idea of young people taking on debt, learners thought that loans were a good alternative for courses where no public funding is available and that loans would not put them off from learning. Further detail is provided in the sections below.

Current funding considerations

There is generally a lack of awareness and understanding among young adults about funding: they find it easier to find information about course fees and course content than information about funding, leaving some unsure as to whether they are eligible for any government funding.

Although many find the messages about government funding to be unclear, around half of those interviewed were considering funding their own course through their current employment / their parents or with the help of a loan, as they thought that they would not be eligible for any funding.

Overall views on expansion of Advanced Learning Loans

Overall, initial reactions to the extension of the Advanced Learning Loan are slightly more negative than positive, although this perception was largely driven by the negative views of the proposed reduction in funding as opposed to the introduction of the loans *per se*.

The general consensus was that younger learners (aged 19-23) should be eligible for government funding (ideally full funding) to allow them to stay in learning. Initial thoughts revealed some to believe that a reduction in funding would reduce the number of younger learners who do not typically have the funds to support themselves. Some were confused about the expected benefits of this proposed change, which seemed incongruent with the government ideal of getting people into learning and improving the UK economy.

“My initial feeling is that it’s a shame. I think learning should be for everyone. I know that you only have to pay it back when you are earning £21,000, but I just think the Government should be encouraging people aged 19 upwards to better themselves, get qualifications and become more employable, and I think the fact that it’s a loan, in today’s economic climate, is going to put people off. Aren’t the Government telling us not to get loans, and not to borrow money?”

Female, 23 years old, looking to do a Level 3 in Health and Social care

As well as being initially negative towards the idea of the reduction in funding (even those who did not think that they would be eligible for funding), they were initially fairly negative towards the idea of the extension of the 24+ Advanced Learning Loan. Accruing debt at such a young age was the main cause for concern. They felt that young people are not ready to take out loans, they are not well informed about them and how they are paid back, and that they would be afraid of being in debt. They were also concerned with rising interest rates and the overall pressure that they would be under to get a good job at the end of studying in order to pay back the debt. The consensus was that young adults should be able to focus on studies without the pressure of taking out a loan.

“That's kind of risky though because then you're in debt at a young age... To be honest, so many people are not wise, you know; they'll jump into the loan because it's money without thinking about the consequences of how they are going to pay it back.”

Male, 23 years old, looking to do a Level 3 NVQ in Aviation Operations

Many felt that the concern of incurring debt was magnified by the fact that it would be from studying at such low levels (including Level 2). There were a couple of factors driving this concern: First was the perceived difficulty of being able to pay back the loan as job prospects are not as good with Level 2 qualifications as they are with Level 3 or higher; second was fear of the accumulation of loan repayments as learners progress through the learning levels (as the quote below illustrates).

“Especially if you're pulling out a loan for that Level 2 and 3, and then you go on to University...that's just too much headache. That's really bad. A lot of people would start thinking about their future and it would just put them off. That's a lot of loan that you would have to pay back. One day you're going to earn enough to have to pay it all back.”

Female, 21 years old, looking to do a Level 3 NVQ in Business Administration

However, although individuals were initially negative towards the extension of the Advanced Learning Loan, they thought that the availability of a loan was a good alternative to no funding and many were at least open to the idea of finding out more about it. They recognised that the availability of a loan could mitigate the negative impact on numbers that the reduction in funding could result in, by allowing people who did not otherwise have the funds to carry on in learning. Many also commented positively on how the extension of the loans would open up the number of courses available to younger learners which could benefit those who had restricted their choice based on availability of funding.

“From my point of view it would be a good change because it would help people like myself and others who do want to go back into education, whether it's now or in a year and a half's time. They'd still be able to”.

Male, 21 years old, unsure of qualification to pursue (possibly Plumbing)

Potential impact of the expansion of Advanced Learning Loans

Positively, almost all individuals said that moving from co-funding to loan funding would not dissuade them from taking up a course. Encouragingly, a couple said that it would allow them to study sooner as they would not need to rely as much on their own savings, and that it would widen their options and allow them to re-think what training what best suited to them.

“It sounds like a better option than having to fork out the money yourself. And not having to pay it back until you are earning over £21,000 is good as well. It gives you time. I only got told that I would need to pay £3,000 for the course last year. The College told me that there was probably no Government funding for a lot of us to do that course. They didn’t say who the funding was and wasn’t available to, but they said the government is really cutting back on funding and that’s kind of all the information we got. We have to go to see someone in student finance to get the proper information about it but I haven’t yet done that”.

Female, 23 years old, looking to do a Level 3 in Health and Social Care

In fact, around half of those interviewed said that they would consider getting out a loan to help fund their studies. This was more commonly the case among those who were considering self-funding; for them, taking out a loan seemed a better option than having to work alongside their studies, which could potentially distract them. Some of these people were already considering loan possibilities. There were a small number of individuals who said that they would **not** consider getting out a loan but they would not be deterred from learning. These individuals felt that their original plan of self-funding was better suited to them and so would continue down this route.

There were only a couple of individuals who would re-think their decision to take up learning if the changes go ahead. They both thought that they were eligible for funding and would not consider going ahead with the learning if this funding was not available. They were both against the idea of taking out a loan for fear of the stress of being in debt.

Views on aspects specific aspects on the Advanced Learning Loans

Currently, learners studying A-Levels can take out a loan for each A-Level, but they can only take up to 4 loans out. With the exception of A-levels, a learner cannot take out multiple loans to study two or more courses at the same time. Instead, learners can self-fund a second qualification.⁶ Although a few thought that it should be up to the learner as to how many loans they want to take out, most agreed that the maximum number of loans should be limited. Taking out a number of loans sounded problematic for some people who questioned what the learner would do if they decided to withdraw from the courses (how much they would need to pay back and who would be liable for this repayment). Having a maximum number of loans would act as a safeguard of sorts.

⁶ <https://www.gov.uk/advanced-learning-loans/overview>, accessed 8/9/14.

At present, 24+ Advanced Learning Loans can be taken out for Further Education courses at Level 3 or 4 (including A Levels and Access to HE), but not higher level courses. When asked for their views about this, most individuals could not understand why loans should not be available for learners at Levels 5 and above, particularly as the higher levels are often more expensive and so would perhaps benefit more from learners being able to take out a loan.

The Advanced Learning Loan covers tuition fees only. The majority were agreeable to the fact that the loan did not cover any other costs or expenses, such as living costs, as many lived at home and already had their expenses covered. Although no-one argued for a loan to cover living costs, they appreciated that it may impact upon some people's decision as to where they could live, whether they had to work to support themselves and, ultimately, whether they could even afford to undertake the learning. One individual, for instance, who was working part-time and would consider the loan, said that she would not be able to do her course if she did not have her job.



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