



Pearson

Pearson Consultation response

Department for Business, Innovation and Skills consultation

Further education maintenance loans

16 June 2016

Questions

Question 1: Do you support the idea of introducing maintenance loans into the FE system for technical and professional learning?

Yes

If yes, please explain why – what advantages would it bring?

If no, please explain which aspect you don't agree with, and why.

We support the introduction of FE maintenance loans as a way of supporting learners in overcoming some of the financial barriers they may face in achieving technical and professional learning at higher levels.

We strongly agree with the principle underpinning this consultation, i.e. that 'the personal eligibility rules for FE maintenance loans should mirror the personal eligibility rules for HE maintenance loans', and with the 'guiding principle' set out in the consultation that: 'learners should be neither worse nor better off whether they choose to study in HE or FE'.

Fair access to maintenance loans would support learners to achieve higher level technical and professional qualifications. Research¹ tells us that achievement of these qualifications has a largely positive impact on an individual's employment and earnings, on employer productivity, and on the UK economy as a whole:

'All types and levels of vocational qualifications are associated with increased likelihood of being in employment, and there is also a significant wage return for all levels and most types of vocational qualification. Returns are highest and more long-term for those who achieve a Level 3 or higher – this suggests that young people should be encouraged and supported to progress from lower level qualifications on to further, higher levels of learning.'

¹ National Foundation for Educational Research (NFER): Final Report, A literature review of the value of vocational qualifications, June 2015



Pearson

...Learners who complete all levels of vocational qualifications are less likely than non-completers to be in receipt of benefits. The increase in employment and decrease in benefits then has a positive knock-on impact on the Exchequer in terms of available public money, although caveats surround this evidence which is often based on estimates, given the difficulties in measurement. There is also some anecdotal evidence that employers value a more skilled workforce which they feel results from vocational qualifications, and that more skills lead to increased productivity.'

Question 2: Overall do you think that the introduction of maintenance loans will help boost the number of technical and professional learners?

Yes

Please give reasons for your answer

We support the assumption that the introduction of maintenance loans will help boost the number of technical and professional learners.

There is no research available that shows whether the introduction of FE maintenance loans will help boost the number of technical and professional learners. We know from policy costings for the Spending Review and Autumn Statement 2015² that it is difficult to estimate the cost of the expansion of FE loans (to levels 5 and 6, and to 19+ year-olds, from 2016/17) given the lack of data on the demand for public funding for these courses; the estimated costs in the Spending Review were highly dependent on judgement-based assumptions. It is likely that judgement-based assumptions will need to be used here also.

The loans budget is not being fully spent (the total amount of funding awarded for FE learner loans in 2014/15 was £149m; 62% less than the £397m allocated³, and £202m was spent on loans in the 2015-16 financial year). There are a number of reasons learners are not taking up FE loans. According to BIS research⁴ the main reason is lack of awareness but living costs are also an important consideration. 58% of loans learners stated that they considered the cost of course materials important, and over 50% considered living costs important.

In addition, 34% of providers participating in the quantitative survey undertaken as part of the research had accessed their bursary funds and, of these, 32% had used their entire bursary fund (which can be used to help pay for support such as accommodation and travel, course materials and equipment, and childcare) by the time of interview. In addition, during the qualitative site visits, researchers found that several providers indicated that they expected to experience some issues during the academic year due to their bursary allocation not being large enough.

² HM Treasury: Spending Review and Autumn Statement 2015, policy costings, November 2015

³ Skills Funding Agency: 24+ advanced learning loans final application information: August 2014 to July 2015, October 2015

⁴ BIS: Research paper number 263, Evaluation of 24+ Advanced Learning Loans, An assessment of the First Year, May 2016



Pearson

One provider interviewed as part of the research reported difficulties given the limits of the budget for the bursary fund:

‘We only had £96,000...we could have allocated that amount three times over. The bursary fund has been “topped up” by the learner support fund. The majority of learners accessing the 24+ loans have needed support for transport and/or childcare’. (FE/Sixth Form College, £250,000 allocation)

This evidence suggests that the introduction of FE maintenance loans would go some way to help boost the number of technical and professional learner given the financial support they could offer. Given the lack of harder evidence at the current time, we would support the assumption that introducing maintenance loans into the FE system for technical and professional learning would ensure that, as far as possible, the wider expense of studying does not create an additional barrier to learners wanting to undertake higher level technical and professional study.

Government should not limit access to FE maintenance loans to learners in National Colleges or future Institutes of Technology.

We agree with the principle that FE maintenance loans should be available to give individuals the choice to attend a college outside their local area, for example a National College or future Institute of Technology in another region. However, we would not want deny learners looking to attend a local college or provider, or a college or provider that is not a National College or future Institute of Technology, the opportunity to access FE maintenance loans. If FE maintenance loans are only made available to those attending a college outside their local area, or only to those attending a National College or future Institute of Technology, many learners will be denied the opportunity to undertake high quality technical and professional learning delivered in many colleges and providers.

Government should not limit the availability of FE maintenance loans to level 4 and above to avoid risk cutting off valuable support for learners to access level 3 to help them progress to level 4 and above.

We question the proposal to limit the availability of maintenance loans to levels 4 to 6. Whilst we appreciate the rationale for this (i.e. given less than 1% of learners participating in FE in England in 2013/14 were enrolled on a level 4+ course, it is in this area where the introduction of maintenance loans would make the most positive impact) FE loan learners often need to start at level 3 given their prior learning is often at a low level.



Pearson

Question 3: How might Government target maintenance loans to help key industry sectors to meet their skills needs?

Government should not target maintenance loans to industry sectors.

One of the key aims of the proposal is to ensure that support is available for technical skills learners on a par with what is available for those taking traditional academic HE courses. Learners applying for FE loans should, like HE learners, be free to make choices about the qualifications they undertake, supported by clear information, advice and guidance on the career opportunities in their local area, and in the UK more widely.

Are you a training provider or sector professional? If not, then please go to question 17.

Question 4: Should any future maintenance loans be means-tested or flat-rate? Please give your reasons.

Means-tested, and flat-rate

Please give reasons for your answer

FE maintenance loans should work in the same way as HE maintenance loans and be both means-tested and flat rate.

Again, one of the key aims of the proposal is to ensure that support is available for technical skills learners on a par with what is available for those taking traditional academic HE courses. Under the HE maintenance loans system the amount students receive depends on their family's household income. From 2016/17 45-50% of the loan is guaranteed (depending where you study) with the remaining proportion income-assessed. The same approach should be used for FE maintenance loans.

Question 5: What effect do you estimate that means-testing would have on the take-up of higher level courses? It would be helpful if you could provide evidence to explain this.

No comment.

Question 6: Do you think that residential learners and those travelling to take up training will have greater demand for maintenance loan support compared to employed learners?

No comment.



Pearson

Question 7: Should part-time learners also be eligible for maintenance loans? Please give your reasons.

Yes

Please give reasons for your answer

FE maintenance loans should work in the same way as HE maintenance loans and be available for both full- and part-time learners.

Again, one of the key aims of the proposal is to ensure that support is available for technical skills learners on a par with what is available for those taking traditional academic HE courses. Government has recently recognised that the decline in part-time HE might be bolstered by the introduction, by April 2018⁵, of HE maintenance loans and support for HE students wishing to study part time.

55% of FE loans learners interviewed for the recently published BIS research⁶ were studying part-time. It would not be in the interests of anyone who benefits from the availability of FE loans (the learners themselves, employer, and the UK economy as a whole) to discourage part-time learners undertaking higher level technical and professional learning. Part-time learners are more likely to be already in employment. Denying these learners access to FE maintenance loans would disenfranchise those who want to study for higher level qualifications whilst remaining in employment.

Question 8: How should Government best develop the policy and delivery arrangements for any future maintenance loans offer? Who would be best placed to deliver the system?

Please give reasons for your answer

No comment.

Are you a training provider? If not, then please go to question 17.

Question 9: What courses do you currently offer at Level 4-6, that do not currently attract Higher Education (HE) funding? Please list these.

No comment.

⁵ HM Treasury: Spending Review and Autumn Statement 2015, November 2015

⁶ BIS: Research paper number 263, Evaluation of 24+ Advanced Learning Loans, An assessment of the First Year, May 2016



Pearson

Question 10: How many learners did you get on these courses last year, and how were they funded?

No comment.

Question 11: What percentage of these learners are full-time⁷ and part-time?

No comment.

Question 12: What percentage of your existing learners do you think would have been interested in taking up maintenance loans (had they been available)?

No comment.

Question 13: How many additional full-time and part-time learners do you think you would be able to attract if Government offered maintenance loans?

No comment.

Question 14: If maintenance loans were made available, in what subject areas and level of qualification would you mostly expect to see provision growth or development? Please indicate timeframe (i.e. when such courses would become available);

and what do you think would be the additional level of interest in such qualifications both in your own institution and more widely? (please split out).

No comment.

Question 15: What do you base your assessment of the answers to question 13 and 14 on? We are particularly interested in evidence on the extent to which living costs are a barrier to taking up training.

No comment.

⁷ In FE, if the Learners Actual Current Year Guided Learning Hours is greater or equal to 450, then they are regarded as being Full-time. In HE Full-time includes students who are normally required to attend an institution for periods amounting to at least 24 weeks within the year of study.



Pearson

Question 16: Thinking about the national picture outside your individual institution, how many additional full-time and part-time learners could be attracted if the Government offered maintenance loans? As context there were around 20,000 learners doing classroom based L4+ courses in 2013/14.

No comment.

Question 17: Based on your experience what additional factors or considerations should Government explore over and above those covered in this consultation?

We recommend government explores extending the current loan ‘write-off’ policy for individuals in the following two ways.

Where a learner takes out a loan for any level 3 qualification, completes it and progresses to one of the following, the balance relating to the loan for the level 3 qualification can be written off:

- 1) A loan funded HE course.
- 2) A loan funded technical or professional qualification at level 4 or above, or apprenticeship at level 4 or above.

1) Expansion of the write off policy to include any level 3 qualification taken: If a learner takes out a loan for an Access to HE Diploma and goes onto HE, the FE loan is written off once the HE course has been completed. It is unclear as to why learners taking level 3 qualifications, other than Access to HE Diplomas, can't have their FE loan written off once they complete an HE course. QAA figures show that the numbers taking up Access to HE Diplomas has not declined substantially since the introduction of FE loans in 2013/14. The latest full data available shows that there were 42,725 student registrations on Access to HE diplomas in 2012-13, 44,685 in 2013-14, and 42,755 in 2014-15. This is in stark contrast to the substantial decline in the take-up of other qualifications since the introduction of FE loans in 2013/14. Analysis indicates that, compared to 2012/13 there has been a drop by 31% per cent in the volume of learners aged 24+ on courses eligible for FE loans. This drop is broadly in line with the Impact Assessment expectations⁸. It is clear that the guarantee of the write-off of the FE loan, once an HE course has been completed, is an attractive financial proposition for potential FE loans learners.

⁸ BIS: Research paper number 263, Evaluation of 24+ Advanced Learning Loans, An assessment of the First Year, May 2016



Pearson

2) Expansion of the write off policy to include any loan funded technical or professional qualification at level 4 or above, or apprenticeship at level 4 or above progressed to: This incentive to take up qualifications at level 3 and then progress on to further, higher levels of learning, works for the UK economy, employers, and the individual, all of whom benefit from a more highly skilled workforce.⁹ HE qualifications are a valuable contribute to this, but we should also recognise the value of, and encourage progression to, higher level technical and professional skills, including apprenticeships.

The expansion of this policy would not only potentially attract more learners looking to progress from level 3 to higher level qualifications, but would also give level FE loans learners more choice over the level 3, and the higher level, qualification, they wanted to study; the write-off for the FE loan for Access to HE Diplomas may artificially and inappropriately steer learners towards certain types of qualifications.

The introduction of the new levy funding for apprenticeships will open up opportunities for individuals to take higher level apprenticeships; giving individuals, where possible, financial incentives to ensure they are qualified to take up these opportunities would be welcome.

Question 18: Would you be willing to participate in a planning workshop to help develop Government's thinking?

Yes

⁹ National Foundation for Educational Research (NFER): Final Report, A literature review of the value of vocational qualifications, June 2015

Please add any other comments that might aid the consultation process as a whole.

We reiterate here our key responses which fully support the government intention to ensure 'the personal eligibility rules for FE maintenance loans should mirror the personal eligibility rules for HE maintenance loans', and the 'guiding principle' set out in the consultation that: 'learners should be neither worse nor better off whether they choose to study in HE or FE'.

1) We support the introduction of FE maintenance loans as a way of supporting learners in overcoming some of the financial barriers they may face in achieving technical and professional learning at higher levels.

2) We support the assumption that the introduction of maintenance loans will help boost the number of technical and professional learners.

3) Government should not limit access to FE maintenance loans to learners in National Colleges or future Institutes of Technology.

4) Government should not limit the availability of FE maintenance loans to level 4 and above to avoid risk cutting off valuable support for learners to access level 3 to help them progress to level 4 and above.

5) Government should not target maintenance loans to industry sectors. Learners applying for FE loans should, like HE learners, be free to make choices about the qualifications they undertake, supported by clear information, advice and guidance on the career opportunities in their local area, and in the UK more widely.

6) FE maintenance loans should work in the same way as HE maintenance loans and be both means-tested and flat rate.

7) FE maintenance loans should work in the same way as HE maintenance loans and be available for both full- and part-time learners.

8) We recommend government explores extending the current loan 'write-off' policy for individuals in the following two ways. Where a learner takes out a loan for any level 3 qualification, completes it and progresses to one of the following, the balance relating to the loan for the level 3 qualification can be written off for, a loan funded HE course, or a loan funded technical or professional qualification at level 4 or above, or apprenticeship at level 4 or above.