

## Pocket Watch: Building up to the FE loan system

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“Our mission that learning should drive social purpose and serve the common good, remains undiluted”

### Introduction

Regulations have now been laid before Parliament, the Dept has begun its system of monthly briefings, LSIS has released its draft support prospectus, the Skills Funding Agency (SFA) and others have been holding information seminars. Bit by bit, the momentum towards the introduction of fee loans for the first time in the FE sector is gathering pace. 24+ Advanced Learning Loans, to give them their full title, have been the subject of debate for some time and are being introduced as budgets tighten and as the SFA, at its Summer Conference, reflects on a new working relationship with providers. The Government sees fee loans as a way of securing future investment for the sector while providers remain concerned about how far they might dampen demand and alter the relationship they have with learners

### What line is the Government taking?

The Government has published Impact Analysis and Attitudinal Research to suggest that fee loans can both secure future investment and maintain learner demand, albeit more from younger rather than older age groups. Its banner figure is that 74% of 23+ yr olds likely to study at Level 3 “*might*” take out a loan. However, a lot depends on clear information, levels of understanding and repayment assumptions

### What are others saying?

Concerns vary. In its Briefing Paper, NIACE posed four questions about the impact on courses, on learners, on some regions and more specifically on Access to HE courses, the latter of which has been tackled in the regulations. The LSIS Prospectus identifies 13 questions ranging from strategy to subcontractors that providers may need to consider as they prepare for the introduction of loans. As with HE loans, the impact on the market is hard to discern in advance and a lot depends on how the concept is ‘sold’

### What did the regulations include?

The regulations included three support measures: a £50m 2yr bursary fund; stronger advice and guidance; an agreement to write off outstanding amounts on Access to HE courses

### What’s happening next?

In September, LSIS will begin its support programme, the National Apprenticeship Service and Student Loans Company will publish briefing packs for employers and for learners respectively, communication with learners will begin and from April 2013, the loan system will kick off

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### Loan details (courtesy of the SFA and SLC)

- They will be available for learners aged 24 and over studying at L3 or above. Grant funding remains for those under 24, without basic skills or seeking work
- A programme of information will be made available for learners from this September who in turn apply to the Student Loan Company if they need a loan
- Learners must be studying at an SFA approved provider and the loan must be used to cover tuition costs not other things like books or travel
- Loans can range from a £300 minimum to a maximum of either the Provider’s fee or the SFA funded rate, whichever is the lowest
- A learner can access up to four loans but at different levels or courses and the loan will cover the duration of the course up to 3 years
- For apprenticeships, there will continue to be an assumed 50% contribution, either in cash or kind, from an employer
- Repayment will start from the April after a learner completes and is earning £21,000 or more