

Consultation Summary Paper

BIS Consultation on the Future Development of Loans

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Opened 19/06/2014, closed 21/08/2014, Pearson leads: Siân Owen, Yasmin Pitter

A brief introduction to Pearson

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A summary of the consultation

The consultation is introduced as intending to achieve the following outcomes:

Providing access to learning for the widest possible group of people, simplifying the current funding system, so that learners have greater control over their learning choices, strengthening incentives for learners engaging in training and skills, and widening access and strengthening alignment with HE funding. BIS are looking to gather feedback from the sector on:

- How the current system is working and ideas for improving loans in FE more generally.
- Expanding the scope of loans in the FE sector to cover 19-23 year olds and to make loans available for level 2 qualifications where learners are not entitled to full grant funding.
- Whether this is a change that would be welcomed, and whether there would be any unintended consequences associated with this expansion.
- Whether the administrative rules of the Advanced Learning Loans system could be simplified (e.g. removing concurrent study rules).
- Moving certain qualifications, for example Higher National Diplomas (HNDs) and Higher National Certificates (HNCs) from Higher Education funding to Advanced Learning Loans.
- The effectiveness of the Advanced Learning Loans system, and on the appropriateness of the information, advice and guidance about these loans.

A summary of the Pearson response

- Further research is required into the specifics of the expansion of level 2 loans. Different funding and loan options should be modelled, and focus groups should be run with affected learners, exploring attitudes to loans at this level.
- The concurrent rule should be abolished. The introduction of a maximum lifetime loan amount is attractive in its simplicity but it is doubtful that this would be helpful in reality.
- The incentives for younger learners taking second level 2 qualifications, or older learners taking first level 2 qualifications, are not understood and further analysis is required to establish the impact of these specific loans on these particular learners.
- Moving HNs from HE to FE funding would achieve the aims set out by BIS.
- Match funding could be considered for HNs. This is one mechanism for employers to influence funding allocations.
- Funding could be used to encourage more employer engagement. The funding proposals in the consultation would not have this effect, but we outline alternative ways this could be achieved.
- There is scope for harnessing the funding system to encourage the take up of level 4 and 5 qualifications in areas of skills shortages and we outline measures that merit further exploration.
- We support the aims of addressing skills shortages, while maintaining student choice and fostering social mobility. The proposal under consideration would fail to achieve these goals but we suggest other mechanisms through which they could be effectively pursued.