

# Government proposals for Lifelong Loan Entitlement and Higher Education Reform

## Issue

1. The board will be aware that the Department for Education published two substantial reform proposals on 24 February 2022: Lifelong Loan Entitlement and Higher Education Reform. This paper summarises their main provisions.
2. The paper is for information only.

## Further information

3. Available from [nicola.dandridge@officeforstudents.org.uk](mailto:nicola.dandridge@officeforstudents.org.uk)

## Lifelong Loan Entitlement

4. The Lifelong Loan Entitlement (LLE) consultation proposes a loan entitlement of the equivalent of four years of post-18 education to be used over a person's lifetime. The consultation seeks views on LLE design principles, with a view to its introduction from 2025.
5. The proposals put forward a model of loan entitlement that would be common to both higher education and further education, covering all Level 4-6 provision, and extending to maintenance loans as well as tuition fees. The aim is that LLE will replace the current Higher Education Student Finance system, as well as further education Advanced Learner Loans. As well as funding standard 3 or 4 year degree courses, it would enable funding for modular provision, allowing for credit transfer in relation to those modules across providers throughout a student's lifetime ('our long-term vision sees modularised courses being the majority offer'). Modules will be subject to statutory fee limits, with credits aligned with a nationally recognised credit framework. The consultation document notes that credit transfer is not currently widely used in England, and one of the consultation questions is how credit transfer between providers could be stimulated.
6. In terms of implementation, the consultation proposes scaling up the Higher Education Short Course Trial that the OfS and SLC are currently piloting, where we are modelling access to student finance to 22 providers for 115 short courses, as from 2022/23. It also proposes that the loan system will extend to the new Higher Technical Qualifications at level 4/5, which will be rolled out as from 2022/23.
7. The consultation notes the need for effective regulation of quality of the proposed modules, asking broadly framed questions as to how that could be best delivered.

## Higher Education Reform

8. The separate but linked reform proposals represent the government's response to the recommendations of the Post-18 Education Review (the Augar review), framed by reference to current government priorities.
9. The first section sets out reforms to student finance and is not subject to consultation. In brief, the maximum tuition fee cap is to be frozen at £9,250 up to and including 2024/25. For new students starting in 2023/24, the rate of interest on their student loans will be reduced, during and after study, to RPI+0%, but the repayment threshold will be reduced to £25,000 and the repayment period extended to 40 years. Existing students will continue to pay current levels of interest and will keep their current repayment period of 30 years and repayment threshold of £27,295.
10. Acknowledging the impact of the tuition fee cap being frozen at £9,250, the OfS's strategic priorities grant will be increased by £300m over 3 years (2022/23, 2023/24 and 2024/25), with £450m capital funding being provided over the same period, to be allocated according to government priorities such as science, medicine and engineering and Level 4/5 provision. In addition, £75m will be made available as a scholarship fund for disadvantaged students.

11. Fees for courses with an integrated foundation year will be capped for the foundation year to align with Access to HE fees (£5,197), though with some exceptions such as for access courses for medicine or highly selective degrees.
12. These student finance proposals represent a statement of policy, and are not subject to consultation. By contrast responses are sought to the proposals for Student Number Controls (SNCs) and Minimum Eligibility Requirements (MERs).
13. The SNC proposals are expressed in terms of considering 'the possible case ... to tilt growth towards the best outcomes for students, society and the economy' and avoid providers being 'incentivised to offer low cost, low value provision'. Potential options for the construction of the number controls include capping the total number at aggregate sector level and then distributing to providers with a set number of students they can recruit; capping individual providers, with specified subjects on agreed criteria allowed to grow; providers being given numbers for specified subjects, based on the national outcomes for each subject; or providers being given numbers based on the outcomes for that provider. Views are sought on the merits or otherwise of these options.
14. If quality is to be a metric in determining the allocations, then the consultation asks whether provider performance should be calculated by reference to earnings, progression or completion, or societal priorities (education, health), or strategically important subjects such as net zero, STEM, or shortage occupations. The proposals also invite responses as to whether benchmarked or absolute data should be used to determine the underpinning data, and reference is made to ensuring coherence with the OfS's quality and standards proposals.
15. The MER proposals are expressed in terms of eligibility to loan finance at level 6. The proposals note the correlation between entry requirements and non-continuation, and are expressed in terms of being designed to ensure that only students who are equipped to succeed are recruited.
16. The options proposed for the threshold for MERs include a pass (grade 4) in English and maths at GCSE, or equivalent; or two grade Es at A' level, or equivalent. Proposed exemptions include students aged over 25, part time students, students with existing L4/5 qualifications, if the GCSE option is adopted then students who do well at A levels (eg CCC), and any student accessing higher education via an integrated Foundation Year or Access to HE qualification.
17. The proposals also confirm that the Department for Education will not be pursuing post qualification admissions, though will be working with UCAS and other sector partners to tackle 'at their root' the problems to which post qualification admissions was proposed as a potential solution.
18. Both consultations close on 6 May 2022.