



Department  
for Education

# **Higher education policy statement & reform consultation**

**Government consultation**

**Launch date 24 February 2022**

**Respond by 6 May 2022**



# Higher education policy statement & reform consultation

Presented to Parliament  
by the Secretary of State for Education  
by Command of Her Majesty

February 2022



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## Foreword from the Secretary of State and Minister of State for Higher and Further Education



Our university sector is a great British success story.

This country is home to world-leading universities, with numerous powerhouses of innovation and research. How many vaccines are named after a university? Only one.

Countless bright young minds are moulded in our lecture halls, and the soft power we enjoy across the world as a result is enormous.

Our universities are also an integral part of the continued economic, technological, and cultural successes that underpin this country. Over 300,000 students graduate with first degrees every year. Our universities attract students from all over the world, and we should be proud that four of our great institutions are ranked in the global top ten list.

But the system is far from perfect.

This is a government that is willing to take on the big questions and deliver solutions to them. And there are important questions around higher education that remain unresolved.

As Ministers at the Department for Education, we have a duty to answer them.

The Review of Post-18 Education and Funding was launched in 2018, and in 2019 Sir Philip Augar's independent panel reported to the Review a number of thoughtful and important recommendations for both higher education (HE) and further education (FE) in England. In recent years, the government has made great strides in reforming our country's apprenticeships and skills models, and we are now building a HE sector fit for the future.

We are pleased today to be able to say that as the next step in this ongoing journey, we have brought this Review to its long-awaited conclusion. This paper, together with the Skills for Jobs White Paper published in early 2021 and [the Lifetime Loan Entitlement \(LLE\) consultation](#), set out the government's plan for Post-16 education across England, and how we are aiming to bring higher and further education into closer alignment.

Put simply, we need a fairer and more sustainable system for students and institutions, and of course the taxpayer.

We need a system that will maintain our world-class universities not just for today, but for the decades to come.

And we need a fairer deal for students, who rightly feel it is unfair that they are borrowing money at interest rates well above inflation, meaning that for some, their debt goes up in real terms every year even as they are paying it back. Less than a quarter of students starting their course in 2023 are expected to repay their loans in full.

Without action now, the student loan book will be at half a trillion pounds by 2043. Taxpayers – most of whom have not been to university themselves - are funding 44 pence of every pound of student loans issued to full-time undergraduates.

Our reforms will abolish interest rates above inflation for new students throughout the entire period of the loan – meaning that under those terms no student will pay back more than they borrow in real terms. We are extending the freeze to maximum tuition fees so that they remain at £9,250 until 2025. In combination, the reduction in interest rates and the ongoing fee freeze mean a borrower entering a three-year course in academic year 2023/24 could see their debt reduced by up to £6,500 at the point at which they become eligible to repay. When the total seven-year fee freeze is taken into account, this totals up to £11,500 less debt at the point at which they become eligible to repay. And we are reducing the taxpayer subsidy significantly. In future, taxpayers will fund less than 20 pence in the pound of the new loans issued each year, and more than half of students will repay their loan in full.

We are delivering on our manifesto commitment to look at the interest rates on loan repayments and proposing a way to more fairly share the burden of student loans between taxpayers and graduates.

Alongside this, we are investing almost £900 million in our fantastic higher education system over the next three years. This includes £750 million to be invested in high-quality teaching and facilities including in science and engineering, subjects that support the NHS, and degree apprenticeships. Through this funding, we will drive up provision that this country needs to build back better after the pandemic.

We are also consulting on steps to ensure that every student can have confidence that they are on a high-quality course that will lead to good outcomes. These build on the significant regulatory reform we are taking forward with the OfS to drive up quality and standards, and tackle pockets of low-quality provision, setting expectations on completion rates and progression to graduate jobs or further study, and taking action where provision does not meet these expectations. These are key priorities which we recognise the importance of taking forward.


These are combined with proposals to reduce the fees and loan limits for foundation years, to make them more affordable for those who would benefit from another chance to access high-quality higher education and a flagship new national scholarship scheme to support our highest achieving young people from disadvantaged backgrounds to achieve their dreams, whether that it is at university, in further education or on an apprenticeship. We are clear that access to higher education should be based on a student's attainment and their ability to succeed, rather than their background.

Higher technical skills are vital to meeting the needs of the economy now and in the future. As a result, and as a pathway to the LLE, we are rolling out Higher Technical Qualifications (HTQs). These are level 4 and 5 qualifications approved as providing the knowledge, skills and behaviours that employers need. HTQs are approved by the Institute for Apprenticeships and Technical Education, drawing on the advice of their employer panels, and use the same framework of employer-led standards which underpin higher apprenticeships. They will be offered by further education colleges, universities, independent providers, and Institutes of Technology.

We are also addressing financial barriers for learners and moving towards the flexibility envisaged by the LLE by putting the student finance package for HTQs on a par with degrees, from academic year 2023/24. This means extending student finance access for HTQs and allowing learners studying HTQs part-time to access maintenance loans, as they can with degrees. This will help to bring together FE and HE in line with the Independent Panel's recommendations.

These reforms are designed to set the sector up for success in the years to come.

Looking forward, we are confident that these reforms are fit for a dynamic economy and will ensure that the student finance system is made fairer both for students and for the taxpayer, invest in our world-class universities and help to enable both high-quality outcomes for graduates while making sure that higher education remains accessible to all those with the desire and ability to benefit from it.



**The Rt Hon Michelle Donelan MP**

**Minister of State for Higher and  
Further Education**

**The Rt Hon Nadhim Zahawi MP**

**Secretary of State for Education**





# Responding to the Independent Panel that reported to the Review of Post-18 Education and Funding on higher education

Higher education (HE) is fundamentally important to individuals, society, and the economy. Studying in HE can equip graduates with the skills, knowledge, and a grounding in the experience they will need to succeed. We are clear that HE should be available to all students with the desire to pursue it and the ability to benefit from it, regardless of their background.

A review of Post-18 Education and Funding was announced in February 2018 and an Independent Panel, chaired by Sir Philip Augar, prepared a report for the Review, published in May 2019. This document builds upon the HE elements of that report.

Our mission remains aligned to that of the Independent Panel. We should improve our already excellent system to ensure that HE in England is delivering even better outcomes for students, the economy and society more broadly, and is funded in such a way to support that. It must offer value for money for the significant investment in the system made by both students and the general taxpayer and provide opportunities for everyone who has the potential to benefit from it, including the most disadvantaged.

The proposals being put forward in this document are informed by the findings of the Independent Panel and respond to many of the HE related recommendations raised in the report. We recognise that the social and economic context has shifted since the review started and since the Independent Panel published their report. The fiscal environment is more challenging than it has been for many years, and we have sought to consider the implications of recovery from COVID-19 when putting forward our policies and, where applicable, proposals.

We remain committed to ensuring that HE is underpinned by a just and sustainable finance and funding system, that provides value for money for all of society at a time of rising costs. The government has a responsibility to ensure that taxpayers' money is spent well on high-quality courses aligned with opportunities for graduates and the needs of the nation. It is also vital that the finance and funding system supports the diversity and flexibility needed to see students succeed, providing skills for jobs, real social mobility and contributing to Levelling Up and Building Back Better.

In recent years, the cost of the HE system has risen sharply. Total government outlay on HE student loans – incorporating loans for both tuition fees and living costs - is forecast to be around £18.8bn in financial year (FY) 2021-22 and increase to around £21.7bn in FY2024-25.<sup>1</sup> This is up from £13.1bn in FY2016-17.<sup>2</sup>

Without intervention, the overall cost of the system will continue to increase, as the number of 18-year-olds increases by an estimated 140,000 from 2022 to 2030. Furthermore, 75% of students who started full-time undergraduate degrees in academic year (AY) 2020/21 are forecast not to repay their loan fully during their 30-year term.<sup>3</sup> We must put this right.

We support the premise that the government, backed by taxpayer investment, should contribute significantly to the wider costs of higher education due to the societal and economic benefits it realises. However, the costs of the current system to taxpayers are not sustainable.

Part 1 of this document is a policy document setting out a clear direction for HE funding and finance. It outlines the significant additional investment the government is making in the system and the measures we are implementing to rebalance the system to help ensure sustainability and value for money for taxpayers, as well as graduates. We are not consulting on these policies.

Part 2 is a consultation on further measures that may be taken forward to supplement the policies already decided and announced in part 1. We put forward a series of proposals to supplement the changes to the funding and finance system with the aim of improving outcomes for students, doing more to ensure students are equipped with the necessary attainment to enter HE, and to level the playing field for disadvantaged students.

As part of the Spending Review 2021, we are investing significant funding to support the delivery of high-quality HE. This includes investing an additional £300 million in Strategic Priorities Grant (SPG) recurrent funding across FY2022-23 to FY2024-25, and a total of £450 million capital funding, in particular to support high-cost, high-return subjects, such as sciences, medicine and engineering; level 4 and 5 courses; and to enhance graduate employability and meet the skills needs of employers and industry. We are also considering proposals to invest up to £75 million in a new national scholarship scheme to support talented, disadvantaged students in accessing and succeeding in HE. The appointment of the new Director for Fair Access and Participation will play a pivotal role in driving forward the refreshed access and participation agenda, raising aspiration, attainment, and standards in education.

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<sup>1</sup> See Equality Analysis accompanying this consultation.

<sup>2</sup> [Student Loans in England: 2020 to 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/student-loans-in-england-2020-to-2021)

<sup>3</sup> [Student loan forecasts for England, Financial Year 2020-21 – Explore education statistics – GOV.UK](https://www.gov.uk/government/statistics/student-loan-forecasts-for-england-financial-year-2020-21)

To support our reforms to level 4 and 5 education and specifically to higher technical education (HTE), this document also seeks views on barriers providers face in offering and marketing level 4 and 5 courses, how the fees and funding system affects learner and provider behaviour and how to enable modular study of HTQs<sup>4</sup>. Ahead of the introduction of the LLE, we are seeking to grow the availability and uptake of high-quality degree alternatives at level 4 and 5 that offer value for money for the learner and taxpayer. We want HTQs to be an established, high-quality, job-facing alternative. As part of our reforms to HTE, we are addressing financial barriers for learners by putting the student finance package for HTQs on a par with degrees from AY2023/24. This means extending student finance access for HTQs and allowing learners studying HTQs part-time to access maintenance loans, as they can with degrees. This also moves the student finance system towards the flexibility envisaged by the LLE.

We, and the Office for Students (OfS), are already acting to improve the quality of English HE in line with our manifesto commitment to tackle low-quality provision and to drive up quality and standards across HE.

The OfS is partway through a series of consultations on its regulatory approach to quality and standards. The refreshed approach aims to enable the OfS to intervene more regularly in those cases where there is evidence that quality and standards will fall below expectations and require improvement. OfS interventions will continue to be proportionate and to focus on providers where there is a risk that students will not receive a high-quality education that meets rigorous academic standards. Students, whatever their background and whatever they are studying, should be confident that their course will improve their outcomes and represents a good investment.

This includes ensuring there are high-quality alternatives to the traditional three-year, undergraduate, academic degree, in line with the proposals put forward in the Lifelong Loan Entitlement consultation that accompanies this document. Our consultation section on level 4 and 5 and HTE aims to inform our next steps as we look to address the fact that there are relatively few learners studying at level 4 and 5 despite the strong earnings returns it can offer to individuals.

We are clear that HE is not the only pathway to success and that FE can be a viable and often better choice for some students. We want to make sure that students, regardless of their level of education, are equipped with the skills they need to progress, on whichever pathway suits them best.

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<sup>4</sup> HTQs are qualifications approved by the Institute for Apprenticeships and Technical Education as delivering the skills employers need.

Alongside this policy statement and reform consultation, we are also consulting on the LLE. [The LLE consultation](#) sets out the overall ambitions for the policy, as well as its scope and delivery in practice. Under this new and flexible skills system, people will be provided with a loan entitlement to the equivalent of four years of post-18 education to use over their lifetime. Taken together with the LLE consultation, these documents formally conclude the Review of Post-18 Education and Funding. Reviewing the recommendations made by the Independent Panel and considering potential options to respond has been an ongoing and iterative process, with the panel's FE recommendations addressed by the government's Skills for Jobs White Paper, and Interim Conclusion to the Review. Through these documents we are addressing the majority of the recommendations made by the Independent Panel related to the HE system and are setting out a clear direction of travel for the future of the HE sector. Final details on the policies being consulted on here will be confirmed with the government's response to these linked consultations.

## Executive summary

Our universities, colleges and other HE providers are world-leading powerhouses of innovation and research. We must ensure they maintain, and, wherever possible, improve their standing in the global HE system, to equip students with the skills and knowledge needed to succeed in life.

The Independent Panel's report developed and interrogated an extensive evidence base, which we have considered carefully in developing this programme of reform. Through considering the Independent Panel's recommendations and the markedly different context of HE after the COVID-19 pandemic, we have developed a suite of reform proposals which aim to encourage and enable students in England to access learning that leads to good outcomes and is aligned to the needs of the economy and society more broadly. In January 2021, we published the Interim Conclusion to the Review of Post-18 Education and Funding where we set out our plans to consult on further reforms to the HE system.

We are clear that the UK government remains committed to offering every individual with the ability to benefit from it a chance to progress onto HE. Our proposed reforms seek to make the system most effective, both for individuals and for the country, by encouraging a flexible and fair system with parity between technical and academic routes, providing genuine opportunity, and encouraging levelling up across the country to improve skills, growth, and economic prosperity.

This government recognises that education at all levels plays a role in learners' personal fulfilment and pursuit of knowledge. In the context of our world-leading HE system, we want learners to realise positive outcomes for themselves, and be equipped with the skills and knowledge to move into high-quality employment that benefits both them and the economy. We are clear that the government should seek to ensure taxpayers' money supports courses with high-quality outcomes that are aligned with opportunities for graduates. The ambitious proposals we are consulting on seek to improve the quality of student outcomes by refocusing funding of provision in the HE system.

The talents of a highly skilled and specialised workforce in the UK, across a vast array of future-facing industries, rely on access to, and engagement with, education, in all its forms, including creative arts, the humanities, and STEM. We recognise the importance of the skills pipelines that support these industries, and we do not underestimate the important role that universities and the wider HE sector play in providing opportunities for people to pursue their talents, and the UK's continued economic, technological, and cultural success.

Through this policy statement and reform consultation, we are setting out firm plans for student finance. We will tackle the increasing costs of the system to the taxpayer, helping to ensure its long-term sustainability, while reducing the level of debt for students and graduates. The areas of potential reform sit alongside our wider set of reforms across the post-16 landscape, as previously set out in the Skills for Jobs white paper.<sup>5</sup>

We are seeking views on proposals to improve HE student choices, through a mixture of information and possible interventions in the pattern of provision. These proposals aim to ensure that more students embark on courses that result in good outcomes, and that outcomes are improved across all courses.

We want to ensure that HE delivers better outcomes and value for students, employers and the taxpayers who underwrite the HE system. We want to realise positive employment outcomes for students, enabling them to move into the high-skilled employment that our economy needs – ultimately equipping them with the skills and knowledge they will need later in life. We are clear that the government should seek to ensure taxpayer money is well-spent, on high-quality courses aligned with opportunities for graduates.

## Part 1 – Policy statement on HE funding and finance

The first part of this document is a policy statement that sets out how we are investing in HE to prioritise provision that results in better outcomes for students, the economy and society, and how we plan to tackle the rising cost of the system to taxpayers, while reducing debt levels for students and graduates. We will:

**Invest in HE to deliver provision that results in the best outcomes for students, the economy and society** by:

- Increasing the SPG by an additional £300 million, on top of existing recurrent grant funding, as well as providing £450 million of capital funding, including to support high-cost subjects such as sciences, medicine, and engineering; and level 4 and 5 provision.
- Investing up to £75 million in scholarships to support talented, disadvantaged students.
- Providing further funding to support providers with the upfront investments required to roll out HTQs, as a high-quality offer at level 4 and 5, through a further iteration of the Growth Fund. We are also addressing financial barriers for learners and moving towards the flexibility envisaged by the LLE by putting the student finance package for Higher Technical Qualifications (HTQs) on a par with degrees, from academic year 2023/24. This will include extending student finance access

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<sup>5</sup> [Skills for Jobs: Lifelong Learning for Opportunity and Growth \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

for HTQs and allowing learners studying HTQs part-time to access maintenance loans, as they can with degrees.

#### **Reduce debt levels for students and graduates by:**

- For all students, freezing maximum tuition fees at £9,250, up to and including AY2024/25, effectively reducing the cost of HE for students in real terms. The tuition fee freeze will mean students starting 3-year degrees in AY2022/23 will borrow up to £780 less during their studies than if they had risen in line with forecast inflation from September 2023.
- For new HE students commencing study from AY2023/24 onwards, reducing the rate of interest in and after study to RPI+0% to ensure that, under these terms, students do not repay more than they borrow in real terms.

#### **Ensure the long-term sustainability of the system by:**

- For post-2012 student loan borrowers, maintaining the repayment threshold (the income above which loan repayments are required) at its current level of £27,295 per year up to and including FY2024-25, and then increasing it annually in-line with RPI.
- For new HE students commencing study from AY2023/24 onwards, introducing: (i) a repayment threshold of £25,000 that will increase annually in-line with RPI from FY2027-28; and (ii) a repayment term of 40 years. The changes to repayment thresholds - and for new borrowers the loan term - will ensure that those who benefit from HE after graduation make a reasonable contribution to its costs, helping to support the next generation of students to benefit in the same way as they do.
- Continuing to keep the student finance system, including repayment terms, under review to ensure that it is delivering value for money for both students and the taxpayer.

## **Part 2 – Consultation on further potential reform areas**

The second part seeks views on a suite of proposals to supplement the changes to HE funding and finance, to improve the value for money of the investment in HE made by students and taxpayers further, while improving outcomes and access. It encompasses:

#### **Section A: Improving the quality of student outcomes in England, by:**

- Incentivising high-quality provision, by considering the possible case for proportionate **student number controls (SNCs)** as a lever to tilt growth towards provision with the best outcomes for students, society, and the economy.
- Seeking to ensure that students are equipped with the minimum skills required to undertake HE - by exploring the case for low level **minimum eligibility requirements (MERs)** to access HE student finance. We strongly believe that students should pursue post-18 education options that will encourage them onto



pathways in which they can excel and achieve the best possible outcomes. Students need to be confident that, when they apply for a course, they will have the ability and prior attainment to be able to complete it. It is also fairer for the taxpayer that the significant public subsidy which goes into HE is aimed at securing the best outcomes for students and the economy. We are consulting on whether there is a case for MERs in principle, the specific low level at which they could be set, and the correct exemptions.

#### Section B: Access to HE in England

- Seeking views on how **eligibility for the national state scholarship** should be set. As part of this, we outline how we will create the right conditions for genuine social mobility through our reforms to the access and participation regime. Improving access to HE by considering the case for **reducing the fees charged for foundation years** to ensure they cost no more than an equivalent course in an FE college. We want to ensure value for money from courses facilitating access to HE for disadvantaged students. Foundation years will continue to play an important role in enabling subject switching for those students who would benefit from this, as well as building skills and improving grades, and aligning foundation years to Access to HE course fees could help to improve access to them. We are also considering the case for exemptions to this proposal.

#### Section C: Level 4 and 5 courses in England

- **Supporting provision and uptake of high-quality level 4 and 5 courses** to meet the skills needs of employers and allow more learners to benefit from the excellent outcomes high-quality level 4 and 5 can offer, while also ensuring these courses represent value for money for the learner and the taxpayer. We seek views in this section on barriers faced by providers in offering and promoting level 4 and 5 courses and the role of the fee and funding system in affecting provider and learner behaviour.
- We provide information on changes we are making to the student finance offer to ensure that approved HTQs, the centrepiece of reforms to higher technical education, are accessible to learners. We are consulting on how we can ensure they are fit for the flexible, modular system of the future.

We have set out an equality analysis of key benefits and costs associated with some of the main policy proposals being consulted here and impacts under the Public Sector Equality Duty (PSED) alongside this document, including impact on students, and welcome further views and evidence on any potential impact of these policies.<sup>6</sup>

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<sup>6</sup> See Equality Analysis accompanying this document.

## Who this is for:

This policy statement and reform consultation is for anybody throughout the UK with an interest in HE and the future landscape of the sector. This includes:

- HE providers, including further education colleges offering HE and some independent training providers.
- HE stakeholders, representative bodies, and charities.
- Schools and further education institutions and their staff, career advisors, teachers, and leaders.
- Other government bodies and departments.
- Graduates and students of the HE system, or people who plan to access it in the future and their parents/guardians, where applicable.
- Graduate employers.
- While some of these proposals will only directly impact HE in England, we are interested in views from stakeholders across the UK.

## Issue date

The policy statement and reform consultation were issued on 24 February 2022.

## Enquiries

If your enquiry is related to the policy content of the policy statement and reform consultation you can contact the team by email:

[HE-Reform.CONULTATION@education.gov.uk](mailto:HE-Reform.CONULTATION@education.gov.uk)

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the DfE Ministerial and Public Communications Division by email: [Consultations.Coordinator@education.gov.uk](mailto:Consultations.Coordinator@education.gov.uk) or by telephone: 0370 000 2288 or via the DfE Contact us page.

## Additional copies

Additional copies are available electronically and can be downloaded from GOV.UK DfE consultations.

## The response

The results of the policy statement and reform consultation and the Department's response will be published on GOV.UK.

## **Respond online**

To help us analyse the responses please use the online system wherever possible. Visit [www.education.gov.uk/consultations](http://www.education.gov.uk/consultations) to submit your response.

## **Other ways to respond**

If for exceptional reasons, you are unable to use the online system, for example because you use specialist accessibility software that is not compatible with the system, you may download a word document version of the form and email it:

[HE-Reform.CONULTATION@education.gov.uk](mailto:HE-Reform.CONULTATION@education.gov.uk)

## **Deadline**

The HE reform consultation closes on 06 May 2022.

# Part 1: Policy statement on higher education funding and finance

## Investing in HE and promoting effective use of our investment

It is fundamental that we invest in HE that delivers for students and graduates, the taxpayer, and government. Particularly in light of COVID-19, we must support a system that delivers the skills needed for recovery, for the economy, and for society more broadly.

As outlined in the introduction to this document, we are investing substantial funding to support the delivery of high-quality HE as part of the Spending Review 2021 in the form of an additional £300 million investment in the SPG recurrent funding and a total of £450 million capital funding across FY2022-23 to FY2024-25, and up to £75 million for a scholarship to support talented, disadvantaged students. We are also investing £60m to support the Student Loans Company (SLC) in delivering the LLE as well as our reforms to higher education and student finance.

For AY2021/22, we asked the OfS to deliver substantial reforms to the SPG, reallocating funding to ensure that taxpayers' money is effectively supporting priority areas.

We will continue to work with the OfS to identify ways that the SPG can be targeted to ensure the funding effectively supports our wider objectives - including looking at ways to ensure that the grant is used to incentivise providers to offer high-quality level 4 and 5 provision as well as considering how to continue to support STEM subjects and specific labour market needs, including for the NHS and wider healthcare policy.

As set out in more detail in Part 2, we are also continuing to reform higher technical education. The introduction of approved HTQs has been supported by an £18m Growth Fund, the launch of a 'quality mark' and activities to raise awareness and demand including improved information, advice and guidance for learners and employers, and national communications campaigns aimed at young people, employers, and adults in work. In addition to SPG funding to encourage and support growth of level 4 and 5 provision, we will provide further funding specifically to support providers with the upfront investment required to roll out HTQs as a high-quality offer at level 4 and 5, through a further iteration of the Growth Fund. As set out below, we are also strengthening the HTQ student finance offer.

## Student finance

The current fiscal context, particularly in light of COVID-19, is tight. It is more crucial now than ever that the student finance system is just and sustainable, provides value for money for society and represents a sound investment for students. We must also ensure that students are protected as far as possible against rising costs, and that tuition fees represent good value for money and are worth the investment.

We maintain that the cost of the HE system should be shared between the learners who benefit from it directly and the general taxpayer. This was a defining principle of both the Dearing Report (1997) and the Independent Panel Report.

Our reform plans set out elsewhere in this document make clear how we propose to ensure that HE is delivering the highest possible outcomes for students. Here, we explain how we will ensure those graduates make a reasonable contribution to the costs of the system, ensuring it remains sustainable in the long term and able to continue benefitting future generations of students.

While taxpayer investment should make a substantive contribution towards the costs of HE, and should underwrite some of the financial risk to students, contributions are, at present, skewed too far towards the taxpayer and not far enough to the learners who benefit from the system financially. We must also ensure that taxpayers' money is spent well, funding high-quality courses that are aligned with opportunities for graduates and help meet the skills needs of the economy. Accordingly, we are putting student finance for approved HTQs on a par with degrees by extending student finance access for HTQs and allowing learners studying HTQs part-time to access maintenance loans, as they can with degrees.

Through the changes to student finance terms and conditions that are outlined below, we will address the rising costs to the taxpayer of the HE system, while ensuring that student loans remain good value for students.

We will also reduce the interest rates charged on student loans, fulfilling our manifesto commitment, and giving students greater clarity about how much they will have to repay over the lifetime of their loans.

We will reduce interest rates to RPI+0% for new borrowers from September 2023, so that, under these terms, students will not repay more, in real terms, than they borrow.

Through a continued freeze in maximum tuition fee caps until 2025, we will reduce debt levels for students in real terms and encourage further efficiency gains from providers. In combination, the reduction in interest rates and the ongoing fee freeze mean a borrower entering a three-year course in academic year 2023/24 could see their debt reduced by up to £6,500 at the point at which they become eligible to repay. When the total seven-year fee freeze is taken into account, this totals up to £11,500 less debt at the point at which they become eligible to repay. This change will take place alongside substantial reforms to provider grant funding, to ensure taxpayer money is spent effectively in

supporting priority areas of education for our continued recovery from the COVID-19 pandemic.

Unlike the proposals put forward in Part 2 of this document, we are not seeking views on changes to student loan terms. Rather, this document sets out a clear plan to help ensure the sustainability of our student finance system for future generations of students set to benefit from our world-class HE sector.

## The current system

Taxpayer funding for HE in England is primarily routed through: (a) tuition fee loans, which are paid directly to providers on behalf of students by the SLC; and (b) the SPG, paid by the OfS to eligible providers to support priorities such as the delivery of high-cost, strategically important subjects, increasing access, and supporting our world-leading specialist providers. The OfS is responsible for monitoring the financial health of the sector in England. Its most recent analysis shows that in aggregate terms, the sector remains sound, with generally reasonable financial resilience.

In FY2021-22, government outlay on tuition fee loans for full-time HE is forecast to be £10.5bn, and the SPG will be just under £1.5bn.<sup>7</sup> Total government outlay on full-time HE student loans in England – incorporating loans for both tuition fees and living costs – is forecast to be around £18.5bn in 2021/22 and increase to around £21.3bn in 2024/25.<sup>8</sup>

Student loans offer unique protections to borrowers, by only requiring repayments when students have left study and are earning over a certain amount (currently £27,295 per year for 'Plan 2' borrowers who commenced study in or after 2012). Any unpaid loans are also written off after 30 years at no detriment to the individual. While it is important that lower earners are protected from making repayments, not allowing the taxpayer subsidy for student loans to grow too large is vital in making the system financially sustainable for the long term.

Interest is currently charged on Plan 2 student loans at a rate of RPI+3% for all borrowers during study, and a variable rate of RPI+0% to RPI+3% after study depending on earnings. Borrowers who earn under the repayment threshold of £27,295 are charged the lowest rate, and interest increases on a sliding scale up to RPI+3% if your taxable income exceeds the upper interest rate threshold (currently £49,130). Like the repayment threshold, the upper interest rate threshold is increased annually in-line with average earnings.

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<sup>7</sup> Including £150m capital funding and £47m for the Higher Education Innovation Fund in FY2021-2022.

<sup>8</sup> [Student loan forecasts for England, Financial Year 2020-21 – Explore education statistics – GOV.UK](#)

The total cost of the HE system will increase in coming years due to demographic change. The size of the UK's 18-year-old population is forecast to commence a sustained period of growth, from around 717,000 in 2020 towards a multi-decadal peak of over 890,000 in 2030<sup>9</sup>.

In parallel, there are indications that the graduate premium for HE may be falling. Graduates born in 1990 earned 11% more than non-graduates at age 26, down from 19% for graduates born in 1970<sup>10</sup>. In 2020 (the most recent year for which data is available), the median salary for working-age graduates in England was £35,000, up 6% from £33,000 in 2017; this compares to a 11% rise in median non-graduate salaries over the same period, from £23,000 to £25,500<sup>11</sup>.

There is also some evidence that learners can achieve higher average earnings at age 30 following a level 4 (for men) or level 5 (for women) course than an undergraduate degree. Men who finished compulsory education in England between AY2001/02 and AY2005/06 and who possess level 4 qualifications had average annual earnings £5,100 higher at age 30 compared to those qualified to level 6; women in the same cohort who possess level 5 qualifications had average annual earnings £2,700 higher at age 30 compared to those qualified to level 6<sup>12</sup>.

The proportion of student loan outlay that is expected not to be repaid when future repayments are valued in present terms is referred to as the Resource Accounting and Budgeting (RAB) charge. The RAB charge for student loans issued to full-time undergraduates in FY2021-22 is now expected to be 44%, meaning that borrowers will, on average, repay 56 pence in every pound over the lifetime of these loans. The RAB charge is discussed in more detail in the equality analysis that accompanies this document.

## **Efficient use of our investment in higher education**

We need to ensure that the very significant investment in HE made by taxpayers and students alike is used to best effect. Funding should be well-targeted to deliver the outcomes that are priorities for students and for the nation. Resources should be used as efficiently as possible by all providers.

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<sup>9</sup> [Zipped population projections data files, UK - Office for National Statistics](#)

<sup>10</sup> [The return to a degree: new evidence based on the birth cohort studies and the labour force survey \(2019\) HESA and Warwick Economics](#)

<sup>11</sup> [Graduate labour market statistics, Reporting Year 2020 – Explore education statistics – GOV.UK \(explore-education-statistics.service.gov.uk\)](#)

<sup>12</sup> [Post 18 Education – who is taking different routes and how much do they earn? \(Centre for Vocational Research 2020\) - Table 7.](#)

The evidence on how providers spend to deliver their offer to students shows a wide variety of approaches, which is to be expected given the diverse range of providers that make up the HE sector in England. There are some characteristics that tend to enable a provider to avoid having relatively high spending per student: economies of scale arise from the size of a provider and the breadth of its teaching offer can have positive effects. But such differences in the size and nature of providers do not account for the variance evident in the data. The Independent Panel Report states that there is a wide variation in spend on similar subjects at apparently similar institutions, with no known correlation to outcomes. This applies to direct teaching costs and central costs, and the report notes the relatively high level of non-teaching costs. In line with the Independent Panel's considerations, we consider that there is scope for the application of best practice by providers across the sector to yield further efficiency savings.

In the adversity of the pandemic, providers have found efficiency savings as well as reduction in expenditure and have innovated in delivery. Over the coming years, in the context of our proposed reforms, there will be much further innovation in how providers deliver the flexible post-18 education offer the nation needs. There is an opportunity to be taken here to build in best practice and efficiency across the sector as new approaches evolve.

We want to free up HE providers to concentrate on delivering the high-quality teaching and research that our economy and society need. Therefore, in September 2020, we announced a set of measures to reduce bureaucracy in HE and research to enable providers to focus on front line teaching and research activity. The OfS has committed to review and stop several reporting activities, to deliver reduced bureaucracy for providers.

We are clear that providers must play their part by reducing their own unnecessary bureaucracy, including administrative tasks and requirements placed on academics that do not demonstrably add value: our primary goal must be to maintain delivery of our world-class, high-quality teaching, and ground-breaking research.

Our intention to improve the quality of HE and its focus on what the nation and economy needs, aligns with students' perspectives on which factors are most important in securing value for money from their own investment. Evidence shows that they prize most highly the quality of teaching, backed by fair assessment, helpful feedback, and good learning resources; and how well their education sets them off into the world of work.<sup>13</sup>

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<sup>13</sup> [OfS \(2018\) Value for money: the student perspective](#)



## Fees

The Independent Panel to the Review of Post-18 Education and Funding observed that, at the time their report was published, the £9,250 fee cap appeared to be more than the reasonable cost of providing the lowest-cost courses, and that this has resulted in an oversupply of lower-cost courses and undersupply of higher-cost subjects which offer a greater return to the graduate, the taxpayer, and the economy.

The Panel further noted that following the 2012 increase in the fee cap, spending per student on lower-cost subjects had risen at a faster rate than for higher cost subjects, suggesting that this is more likely to be due to the increased funding these subjects now received rather than because the costs of provision had risen significantly. This led the Panel to conclude that further efficiencies were possible over and above those which the sector has already achieved.

We will continue to freeze maximum tuition fee caps for undergraduate degrees (encompassing full-time, part-time, and accelerated degree caps) for two further years, up to and including AY2024/25. This means that the maximum level of tuition fees for a standard full-time undergraduate course will remain at £9,250 throughout this period.

The continued fee freeze will reduce debt levels for students in real terms, i.e., compared to allowing tuition fee caps to rise with inflation, and will encourage increased efficiency at HE providers. The tuition fee freeze will mean students starting 3-year degrees in AY2022/23 will borrow up to £780 less during their studies than if their tuition fees had risen in line with forecast inflation from September 2023.

## Student loan terms

We agree with the principle expressed in the Independent Panel Report that all graduates who benefit from the HE system should contribute towards its costs. This is only fair to taxpayers who choose not to undertake HE.

While there is some evidence that the salary premium for graduates may be declining as non-graduate salaries have increased more quickly (discussed in the section on the current student finance system above), HE is still a very good investment in most cases. About 80% of students are likely to gain financially from attending university, with men being on average £130,000 better off over their working lives after taxes, student loan repayments and foregone earnings are considered, and women being £100,000 better off.<sup>14</sup>

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<sup>14</sup> [The impact of undergraduate degrees on lifetime earnings - Institute for Fiscal Studies - IFS](#)

The repayment threshold is a key aspect in determining the size of the graduate contribution. The Independent Panel noted that increases the decision to increase the repayment threshold for post-2012 borrowers from £21,000 to £25,000 in April 2018, and to legislate for further increases each year thereafter in-line with average earnings growth, significantly increased the cost to taxpayers of the HE system.

- 75% of borrowers who took out a Plan 2 loan for a full-time course starting in AY2020/21 are not expected to repay their loan in full.
- 45% of graduates who took out a Plan 2 loan for a part-time course starting in AY2020/21 are not expected to repay their loan in full.<sup>15</sup>

Moreover, while in FY2018-19 the average annual repayment from borrowers via HMRC for HE loans in the first year of repayment was £350, this is down from £410 in the two years prior to that.<sup>16</sup>

We are now also in a situation where the repayment threshold for Plan 2 student loan borrowers exceeds the median non-graduate salary. In 2020 (the most recent year for which salary data is available), the Plan 2 repayment threshold was £26,575, while the median non-graduate salary was £25,500.<sup>17</sup>

## Alternative Student Finance

The Government has been considering the development of a new student finance product compatible with Islamic finance principle carefully as it considered the report of the Independent Panel of the Post 18 Review. We will consider if and how Alternative Student Finance (ASF) could be delivered as part of the new LLE.

## Changes for Plan 2 borrowers

### The repayment threshold

HE can deliver real benefits to individuals, society, and the economy. However, it is vital that we ensure the student finance system is sustainable for the taxpayer and delivers good value for money at a time of rising costs. This must be the case for both existing and future student loan borrowers, to maintain the long-term viability of the system.

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<sup>15</sup> [Student loan forecasts for England, Financial Year 2020-21 – Explore education statistics – GOV.UK](#)

<sup>16</sup> [Student loans in England financial year 2019-20: Table 4A \(iii\): Higher Education - England & EU: Average amount repaid by ICR Student Loans Borrowers making repayments via HMRC](#)

<sup>17</sup> [Graduate labour market statistics, Reporting Year 2020 – Explore education statistics – GOV.UK - median non-graduate salary quoted is for calendar year 2020](#)

The government will maintain the repayment threshold for all borrowers on Plan 2 (post-2012) loan terms at its current level of £27,295 up to and including FY2024-25. This will apply to: (i) students who began study in or after 2012 and have reached their statutory repayment due date; (ii) students who are currently studying; and (iii) students who commence study and take out student loans on current terms in AY2022/23.

Maintaining the Plan 2 repayment threshold at its current level of £27,295 up to and including FY2024-25 will generate significant savings for the taxpayer and ensure that individuals who are benefiting financially from their qualification continue to contribute towards the cost of their studies.

The impacts on individual borrowers' monthly outgoings will be gradual and moderate. If a graduate's salary remains the same, their repayments will not increase. In financial year 2022-23, borrowers earning more than £27,295 per year will repay up to £9 more per month than if the threshold increased. In FY2024-25, borrowers earning more than £30,880 per year will repay up to £27 more per month than if the threshold increased each year from now. Lower earning graduates whose salaries fall below the threshold will continue to be protected.

The government does not propose to change the repayment threshold for pre-2012 student loan borrowers which is currently £19,895 and already increases annually in-line with RPI. Nor does the government currently plan to change the repayment threshold for postgraduate loans, which stands at £21,000.

### **The uprating mechanism**

From April 2025, the repayment threshold for Plan 2 loans will increase annually by RPI, rather than average earnings growth. This will align the uprating mechanism for the Plan 2 and pre-2012 (Plan 1) repayment thresholds, and further help to reinforce the sustainability of the HE funding system for future years. We will continue to keep these terms under review to ensure that they deliver value for money for both students and the taxpayer.

## **Changes for new borrowers commencing study from AY2023/24 onwards**

### **Interest rates**

We recognise that the interest rates charged on student loans create uncertainty for borrowers about how much they will have to repay over the lifetime of their loans. Responses to the call for evidence conducted by the Independent Panel in 2018 highlighted interest rates as an unpopular feature of current loan arrangements, and the above-inflation rate of interest that applies to those earning above the repayment threshold after graduation means that middle earners can accrue significant interest charges throughout much of their working life, which the very highest earners can avoid by repaying their loans early. For these reasons, this government pledged in its 2019

manifesto to consider the interest rates charged on student loans with a view to reducing the burden of debt on borrowers.

We are now acting on this with a major reduction to both the in-study and post-study interest rates for new student loan borrowers. For those commencing study from AY2023/24 onwards, government will reduce both the in-study and post-study interest rates to RPI+0%. **This will mean that, under these terms, students with loans under these terms will not repay more, in real terms, than they borrow.**

### Repayment threshold

The Government will introduce a repayment threshold for new borrowers who commence study from AY2023/24 onwards of £25,000, keeping it at this level up to April 2027, when the first students on new loan terms will have finished three-year degrees and become eligible to make repayments.

The change will ensure that those who benefit most from HE pay a reasonable contribution towards its costs. The repayment threshold will be uprated annually from FY2027-28 onwards in-line with RPI, so that repayment demands on students do not increase in real terms year-on-year.

While this change will result in new borrowers becoming liable to make loan repayments at lower earnings levels than existing borrowers with post-2012 loans, new borrowers will benefit from the reduction in the interest rates applied to their loans, and graduates who earn less than £25,000 (adjusted for inflation from April 2027 onwards) will still be protected from making repayments towards their student loans.

The £25,000 repayment threshold – in combination with the other changes to loan terms for new borrowers - balances affordability for graduates and value for the taxpayer. It is higher than the repayment thresholds for pre-2012 loans and postgraduate loans for master's and doctoral degrees (currently £19,895 and £21,000 respectively, as noted earlier in this section).

### Repayment term length

Where student loan borrowers are benefitting financially from the major investment the taxpayer makes on their behalf, the requirement to make repayments on their student loan should continue for a greater proportion of their careers (unless the debt is cleared sooner in full). With the current 30-year loan term, graduates who complete their degrees in their early 20s will have any unpaid loans written off when they reach their early 50s – a decade in which the earnings premium for most graduates is still likely to be significant and (for male graduates) be growing further still.<sup>18</sup>

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<sup>18</sup> [R167-The-impact-of-undergraduate-degrees-on-lifetime-earnings.pdf \(ifs.org.uk\)](#)

For new borrowers who start study in AY2023/24 onwards, we will therefore extend the number of years over which loan repayments can be collected before any outstanding debt is written off from 30 to 40 years. A 40-year period was recommended by the Independent Panel, who noted the importance of recouping payments later in life, when graduates are likely to be earning more.<sup>19</sup>

Despite the increase in the loan length in the new loan terms, more borrowers will clear their loan balance in full within 30 years because: (i) their loan is accruing less interest; and (ii) they are repaying more quickly due to the repayment threshold change. Around fifty percent of the first cohort of full-time undergraduate borrowers who start degrees supported by the new loans in AY2023/24 are forecast to pay their loans off in full within the loan term, compared to just 25% of full-time undergraduate borrowers who took out a loan on current terms in AY2020/21.

It is the extension to the loan term, combined with the £25,000 threshold, that enables the major reduction in interest rates that, under these new terms, students will not repay more, in real terms, than they borrow.

We will continue to keep the student finance system including all repayment terms under review to ensure that they are delivering value for money for both students and the taxpayer.

### **Impacts of the changes on borrowers**

The impacts of the changes to loan terms on borrowers, including by earnings and protected characteristics, are discussed in detail in the equality analysis that accompanies this document.

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<sup>19</sup> [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\) p.171](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/100000/independent-panel-report-to-the-review-of-post-18-education-and-funding.pdf)

## Part 2: Consultation on potential reform areas

### Section A: Improving the quality of student outcomes

#### Introduction

Our HE sector is world class, producing leading talent across a range of industries, as well as in teaching, research, and innovation. Our students, graduates, teachers and researchers are among the best and have extraordinary international renown. We must do everything we can to maintain and, where possible, strengthen our national and international standing.

HE providers, including universities and further education providers, have a fundamental role to play in educating people with the higher-level skills, knowledge and creativity our economy needs, now and for future growth. Central to this is a mix of provision at all levels that employers and the economy need: locally, regionally and nationally.

The policies regarding student loan terms and conditions set out in part 1 of this document explain how we are going to ensure the system is sustainable for taxpayers and fair for students. However, further intervention could do even more to ensure that the taxpayer investment continues to best represent value for money and deliver a better deal for students.

Our refreshed approach to access and participation, announced in November 2021, will reform the system to refocus on standards and outcomes, with a view to ensuring that, not only should universities work with schools to drive up standards and ensure that disadvantaged students are more able to access HE, but that the courses they are admitted to are genuinely high quality, supporting students both to successfully complete their studies and to develop the skills and knowledge that will lead to graduate employment or further study. This is particularly important for disadvantaged students, as a means of facilitating levelling up across the country.

As set out in the introduction to this document, there are already changes underway to improve the quality of English HE. The OfS has consulted, and continues to consult on, how it regulates quality and standards, with a view to enabling more robust intervention where it is needed. The potential interventions set out in this section, if taken forward, would supplement ongoing action in this area, to help ensure students can be confident that their experience in HE will improve their outcomes.

While excellent provision can be found in the vast majority of our HE providers, there are areas where the system is not achieving all it can for students, graduates, and the economy. The Independent Panel reported that:

*‘There is a misalignment at the margin between England’s otherwise outstanding system of higher education and the country’s economic requirements. A twenty-year market in lightly regulated higher education has greatly expanded the number of skilled graduates bringing considerable social and economic benefits and wider participation for students from lower socio-economic groups. However, for a small but significant minority of degree students doing certain courses at certain institutions, the university experience leads to disappointment. We make recommendations intended to encourage universities to bear down on low value degrees and to incentivise them to increase the provision of courses better aligned with the economy’s needs.’<sup>20</sup>*

We should not perpetuate a system whereby a significant minority of students do not realise adequate benefits from their HE courses and do not receive a fair deal for their investment. We must strive to ensure that the quality of student outcomes, including in terms of continuation, completion and progression to high-skilled employment, is supported and improved, in line with the factors the OfS also considers when regulating quality.<sup>21</sup>

The ambitious proposals considered here seek to rebalance incentives in the system and refocus funding on provision that realises positive outcomes for students, supporting them to gain relevant and applicable workplace skills at the level which best suits their abilities, in line with what we are doing to ensure a fair and sustainable finance model.

HE providers’ finances are complex and varied. The Independent Panel found that:

*‘The data on which analysis of university finances is usually based measures what they spend on their various activities, not their cost. The data do not and cannot measure the reasonable and efficient cost of high-quality provision: that will vary according to HEIs’ resourcing decisions, priorities, efficiency and other factors.’<sup>22</sup>*

Whilst we recognise and celebrate the diversity of the sector, the public funding directed to HE should be used efficiently and in ways that best support the needs of the nation and economy, reflecting the significant investment made by both students and the taxpayer.

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<sup>20</sup> [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\)](https://publishing.service.gov.uk) p. 10

<sup>21</sup> [Consultation on regulating quality and standards \(officeforstudents.org.uk\)](https://officeforstudents.org.uk)

<sup>22</sup> [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\)](https://publishing.service.gov.uk) p.72



We want to ensure our finance and funding system consistently supports provision that is most relevant to the workplace and thereby improve outcomes for graduates while providing the skills our country needs. We want every student to know that when they undertake a HE course, they can be confident that it has a strong chance of improving their life outcomes. Although most courses deliver this, it is not always the case. For example, while there are many good business and management courses, at one university only 26% of those who enrol in business and management are expected to go on to professional employment or further study.<sup>23</sup> There are many other examples of this for different subjects, and despite this the 2019 Employer Skills Survey suggests that skills shortage vacancies accounted for 24% of all vacancies in the UK, and that 1.25 million staff lacked full proficiency, amounting to 4.5% of the UK workforce<sup>24</sup>. This further demonstrates the need for provision that delivers skills needed in greater numbers, supporting the best possible outcomes to individuals, the economy and society.

In delivering this system, we also want to promote genuine social mobility, meaning that learners are supported not just to access HE, but that they access courses which will provide genuine opportunities to improve life chances for those with the prior attainment, ability, and the will to pursue them. We want to support everyone to contribute towards their own success and that of the nation and levelling up across the country.

We want to support disadvantaged students through improved outcomes but also through proposed further reforms. The Independent Panel noted that:

*‘Though the higher education entry rate for disadvantaged 18-year-olds in AY2018/19 was the highest on record, huge gaps in access and progression remain’.*<sup>25</sup>

That is why this Government is committed to refreshing access and participation plans as set out in our recent guidance to the OfS. We also intend to introduce a new national state scholarship scheme, for high achieving disadvantaged students. At the core of our work is a desire to ensure that every student with the ability, attainment and desire to benefit from HE can succeed both at university and beyond, regardless of their background.

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<sup>23</sup> [Projected completion and employment from entrant data \(Proceed\): Updated methodology and results - Office for Students](#)

<sup>24</sup> [Employer Skills Survey 2019 research report \(publishing.service.gov.uk\)](#)

<sup>25</sup> [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\) p.24](#)



We want HE to serve all students, graduates, employers, and local, regional and national economies by delivering quality courses with good outcomes. We set out here our plans to provide real opportunities for all those students who can benefit from HE and a comprehensive range of opportunities for prospective students. We want to ensure that students whose aspirations and educational needs can be better met in other forms than the traditional, three-year undergraduate degree typically taken around the age of 18, have access to these opportunities regardless of their background or stage of their life, through supporting high-quality options at level 4 and 5 and introducing the LLE.

## **Prioritising provision with positive outcomes**

In gathering evidence to support the recommendations of the Augar Report, the Independent Panel found that the current structures and incentives for HE funding have resulted in over-investment in some subjects and under-investment in others, judged by their alignment with students' and society's interests. The Independent Panel judged that:

*'The current method of university funding has resulted in an accidental over-investment in some subjects and an under-investment in others that is at odds with the government's Industrial Strategy and with taxpayers' interests.'*<sup>26</sup>

The panel also concluded that too many students were being recruited to HE courses which offered them poor outcomes, including poor retention, poor graduate employability, and poor long-term earnings potential.<sup>27</sup> The interventions in this section aim to address this issue and ensure that students are receiving a fair deal for their investment in HE.

As previously set out, the Independent Panel found that there is a misalignment at the margin between England's otherwise outstanding system of HE and the country's economic requirements. While the system has increased the number of skilled graduates to the benefit of society, the economy, and equality of opportunity, there remains a significant minority of students who are disappointed by their university experience.

We are considering whether and how government intervention could better focus funding on high-quality provision that delivers good outcomes for students, society, and the economy at large, protecting and developing skills pipelines required by a wide range of future-facing industries to underpin the UK's economic, technological, and creative success, as well as better value for money for the significant investment made by the taxpayers. We want to refocus on the core aim of HE: to equip students with the skills and knowledge they will need to succeed later in life.

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<sup>26</sup> [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\) p.84](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/671112/independent-panel-report-to-the-review-of-post-18-education-and-funding-2016-17.pdf)

<sup>27</sup> [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\) p.102](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/671112/independent-panel-report-to-the-review-of-post-18-education-and-funding-2016-17.pdf)

We have already demonstrated that HE is a significant investment for both students and the taxpayer: we want students who access government-backed funding to succeed in, and benefit from HE, and for our society and economy to benefit too.

## **Student number controls (SNCs)**

Student number controls are one lever among others that could potentially be used to prioritise provision which offers the best outcomes for students, society and the economy. They are by no means the only measure that could address the changes we aim to make, and indeed the Independent Panel made several recommendations relating to this issue, including changes to funding structures like the SPG and fees for foundation years explored elsewhere in this document. However, there is some evidence to suggest levers relating to varying fees can prove relatively ineffective in influencing student behaviour. The 2012 reforms to the English HE system that saw fee caps increase from £3,000 to £9,000 did not result in any long-term reduction in student numbers, but rather a growth in the student body<sup>28</sup>. And looking further afield, countries including Australia, New Zealand and Canada vary HE tuition fees by subject, but evidence remains limited about the efficacy of differential fees to achieve aims such as satisfying labour market needs, sending signals about the value of different courses, and widening participation.

SNCs could potentially be a significant method for prioritising provision with the best outcomes and preventing a ‘race to the bottom’, whereby some providers are incentivised to compete by offering low cost, low value provision, rather than courses which deliver good outcomes for students and for the nation.

By consulting on SNCs the Government is not taking a position on what the correct proportion of people going to university should be. Rather than focusing on the proportion who go, the Government believes that the focus should instead be on ensuring that those who go participate in provision which they are likely to complete and which leads to positive graduate outcomes. Appropriately applied SNCs could be a means of supporting this, by preventing the uncontrolled expansion of provision that does not lead to good outcomes while continuing to permit student choice and, where appropriate, growth of provision with good outcomes.

## **Past approaches to controlling student numbers**

SNCs, in various forms, have been a feature of the HE system in England for much of the last 25 years. From AY1994/95 to 2001/02 the Higher Education Funding Council England (HEFCE) set maximum aggregate student numbers for individual HE providers, which set the maximum number of domestic and EU students across all cohorts, rather than controlling the number of new entrants.

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<sup>28</sup> [Participation measures in higher education, Academic Year 2019/20 – Explore education statistics – GOV.UK \(explore-education-statistics.service.gov.uk\)](https://www.gov.uk/explore-education-statistics)

No formal SNCs were in place from 2002 to 2011, but recruitment was effectively limited by the HEFCE teaching grant introduced in 1998 which required universities to maintain their unit of funding (i.e., the level of resources available per student) within a tolerance.

In AY2010/11 HEFCE reintroduced a different model of SNCs for all full-time undergraduate study. These controls evolved over time and became more flexible gradually. In 2013/14, 5,000 student places were distributed without any reduction in other parts of the system. Students who achieved ABB at A level or equivalent, and students topping up recently completed full-time level 5 foundation degrees to turn them into honours degrees were exempted from the controls.

Following this relaxation, SNCs were removed for all subjects in AY2015/16, except for medical and dental degrees, where grant funding for places has continued to be limited using an intake target, owing to the very high cost of delivering these courses. These limits were temporarily relaxed in 2020 and 2021 due to the unprecedented impact of the COVID-19 pandemic on A-level exams.

Temporary SNCs were introduced in 2020 in response to the COVID-19 pandemic to ensure a fair, structured distribution of students across providers, to help stabilise the admissions system and to ensure the financial sustainability of providers. These controls were withdrawn in August 2020 to ensure that students whose A levels had been affected by the pandemic could progress to HE.

### **HE after the removal of SNCs**

The Independent Panel noted that the lifting of SNCs, alongside the increased maximum tuition fee cap, was part of an intention to create a market where universities would be encouraged to expand, and student choice would be increased<sup>29</sup>. It was expected that removing SNCs would boost the choice of good career paths for young people<sup>30</sup>. This would support an equitable balance between taxpayers' direct contribution to HE provision, i.e. their underwriting of student loans, and graduate repayments. The government also has a responsibility to seek to ensure that taxpayers' money is spent well on high-quality courses aligned with opportunities for graduates.

The envisaged benefits of the transformed system have not been fully realised. The current system has sometimes incentivised Approved (fee cap) providers to recruit more students onto courses which are less expensive to teach, while still charging the maximum fee limit, whilst higher cost subjects, including strategically important STEM degrees, have become less attractive to some providers. More generally, the maximum fee limit has been charged by default. The Independent Panel report concluded that

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<sup>29</sup> [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\) p.63](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/644444/independent-panel-report-to-the-review-of-post-18-education-and-funding.pdf)

<sup>30</sup> [HM Treasury, Autumn Statement 2013. p.52](https://www.gov.uk/government/speeches/hm-treasury-autumn-statement-2013)

*'The removal of number controls combined with a high fee cap created the conditions for a very competitive market. This has taken the form of extremely limited competition on price but intense competition for students through quality of offer, extensive marketing, and other inducements.'*<sup>31</sup>

The Independent Panel report found that 98% of full-time degrees are now charged at the maximum when it was originally expected that this would only be applied in exceptional circumstances, such as where subjects have particularly high delivery costs.<sup>32</sup> It found evidence that this 'over-funding' of lower-cost subjects relative to higher cost subjects has created perverse incentives for providers to prioritise lower-cost courses over higher-cost courses. Yet, higher-cost courses, such as STEM provision, are often better investments for students, society and the economy. These changes created a perverse incentive for providers which should be corrected. The Independent Panel reported that some lower-cost courses had grown much faster than the student population, citing the 20% increase in the study of social science courses and a 17% increase in courses in business and administration between AY2013/14 and AY2017/18.<sup>33</sup> These growth rates are consistent with and may reflect a prioritising of courses where funding levels are higher than reasonable costs of provision.

The Independent Panel reported that since 2012, the number of domestic full-time students has grown despite a fall in the 18-year-old population. A record number of 18-year-olds are now entering HE<sup>34</sup>, and that number is forecast to grow over next decade as the number of 18-year-olds increase.<sup>35</sup> The Independent Panel found that some providers had also engaged in risky borrowing based on an optimistic forecast of the student population.<sup>36</sup> Practices aimed at maximising intake have included cash and in-kind inducements for students. The report concluded that the removal of SNCs and a higher fee cap had resulted in a competitive market for students but not on the terms intended, and that some recent developments could be seen as both a result of market competition and as compromising academic standards<sup>37</sup>.

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<sup>31</sup> [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\) p.80](#)

<sup>32</sup> [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\) p.69](#)

<sup>33</sup> [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\) p.81](#)

<sup>34</sup> [UCAS Undergraduate sector-level end of cycle data resources 2021 | Undergraduate | UCAS](#)

<sup>35</sup> The size of the UK's 18-year-old population is forecast to commence a sustained period of growth, from around 717,000 in 2020 towards a multi-decadal peak of over 890,000 in 2030. [Zipped population projections data files, UK - Office for National Statistics.](#)

<sup>36</sup> [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\) p.69](#)

<sup>37</sup> [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\) p.78](#)

We are considering whether and how to review the incentives in the system so that providers can refocus on high-quality provision and subjects which deliver the best outcomes, for students, society and the economy. In doing so, we would like to rebalance the system so that providers are not incentivised to recruit increasing numbers of students onto courses which are of limited long-term benefit to them and create significant expense for the taxpayer. One possible approach is to use some form of SNCs. SNCs could potentially be introduced to restrict the entry of students into provision which has offered poor outcomes and instead tilt growth towards the provision of post-18 education and training with the best outcomes for students, society, and the economy. SNCs might also be an effective measure to ensure taxpayer money is used efficiently to not only better support the needs of the nation and economy but also improve the life chances of students and contribute to the government's levelling up agenda.

### **Question 1:**

What are your views of SNCs as an intervention to prioritise provision with the best outcomes and to restrict the supply of provision which offers poorer outcomes? Please explain your answer and give evidence where possible.

If you consider there are alternative interventions which could achieve the same objective more effectively or efficiently, please detail these in your submission.

### **Approaches**

Broadly speaking, there are several approaches government could take if it were to introduce SNCs, which range from a basic sector-wide cap on all providers and subjects, like the SNCs administered by HEFCE between AY2010/2015, through to more granular outcome-based judgements about what provision should be capped and at what level.

These approaches include:

- Overall student numbers could be controlled at sector level, where individual providers are set the total number of students they can recruit, as their share of the aggregate total.
- Individual providers could be set the total number of students they can recruit, with provision for certain subjects (to be agreed based on a set of criteria or metrics) allowed to continue to grow.
- Individual providers could be set the total number of students they can recruit for certain subjects, based on an assessment of student/graduate outcomes for each subject, at a national level.
- Individual providers could be set the total number of students they can recruit, for certain subjects, based on an assessment of student/graduate outcomes at each individual provider. This would mean that each provider's student number control was based on all student/ graduate outcomes for that provider.

These options could be nuanced to create variable caps, which allow for uncapped growth or controlled growth of some subjects, and/or different emphasis for controls at each level of study, for example to encourage growth in high-quality level 4 and 5 provision, and/or modular study.

## Question 2:

What are your views on how SNCs should be designed and set, including whether assessments of how many students providers can recruit should be made at:

- Sector level?
- Provider level?
- Subject level?
- Level of course?
- Mode of course?

Please explain your answer and give evidence where possible.

If SNCs were to be used to incentivise high-quality provision and prioritise provision with the best outcomes for students, society and the economy, the question of how we identify such provision will be central to the consideration of the design of any potential SNCs policy. How such provision is identified and measured would determine allocations, and whether and where student number growth is unconstrained.

These outcomes might be divided into three broad and related categories, none of which should be considered in isolation:

**Quantifiable:** These are outcomes with quantifiable and measurable returns for students, taxpayers, and the economy. We suggest these would be, but may not be limited to, outcomes such as:

- Earnings, which supports the fiscal sustainability of the system given its link to student loan repayments.
- Progression to high skilled graduate employment.
- Completion or continuation rates.

**Societal:** These are outcomes that may have less favourable measurable returns but present clear benefits for society as a whole and contribute to the greater good of the nation. We suggest these would contribute to public services such as:

- Education and teaching.

- Medical and healthcare<sup>38</sup>.

**Strategically important:** These are outcomes with a forward focus, that contribute to the strategic priorities of Government, and underpin future economic growth and stability, contributing as well to the greater good of the nation. We suggest these would contribute to priorities such as:

- Net Zero and clean growth.
- STEM<sup>39</sup>, digital skills and capabilities.
- Build Back Better: our plan for growth.<sup>40</sup>
- Migration Advisory Committee’s Shortage of Occupation List<sup>41</sup>.
- Specific career pipelines from HE to shortage occupations, including in the creative industries.
- Areas identified by the Future Skills Unit.

### Question 3:

What are your views of the merits of these various approaches to consider outcomes and/or do you have any other suggestions?

Please explain your answer and give evidence where possible.

### Implementation and Delivery

Following the outcome of this policy statement and reform consultation, we would consider whether and how to implement and deliver SNCs. Implementation considerations would include, but would not be limited to:

- How and when SNCs would be:
  - Set.
  - Monitored.
  - Enforced.
- The use of data and metrics, including whether the data considered would be gross or contextualised using benchmarked data.

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<sup>38</sup> The number of places available for the study of medicine and dentistry is regulated by the government using intake targets which are operated by the OfS. These intake targets will remain in place.

<sup>39</sup> As set out in the former Secretary of State for Education’s letter to the Office for Students: [rt-hon-gavin-williamson-cbe-mp-t-grant-ofs-chair-smb.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/968403/PfG_Final_Web_Accessible_Version.pdf)

<sup>40</sup> HM Treasury, Build Back Better: our plan for growth: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/968403/PfG\\_Final\\_Web\\_Accessible\\_Version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/968403/PfG_Final_Web_Accessible_Version.pdf)

<sup>41</sup> Migration Advisory Committee, Review of the Shortage Occupation List: 2020: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/927352/SOL\\_2020\\_Report\\_Final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/927352/SOL_2020_Report_Final.pdf)



- Which delivery body would set, monitor, and enforce them.
- Legislative requirements.
- Coherence with the OfS approach to regulating quality and standards, including condition of registration B3.
- The impact of the COVID-19 pandemic on policy and delivery decisions.

#### **Question 4:**

Do you have any observations on the delivery and implementation of SNCs, including issues that would need to be addressed or unintended consequences of the policy set out in this section?

Please give evidence where possible.

### **Minimum eligibility requirements (MERs)**

We want to make sure students are pursuing the best post-18 education and training options and are encouraged onto pathways in which they can excel, accessing high-quality education leading to high-quality employment, and that we provide value for money for students and the taxpayer. At the heart of our reforms is restoring the Robbins Principle: that university courses should be available to all who are qualified by ability and attainment to pursue them and who wish to do so.<sup>42</sup> As part of these plans, we will consider how we can support students to retake exams, to reach this level of attainment, where needed.

We want to address the specific problem of students starting undergraduate degrees, who are not yet qualified by ability or attainment to pursue them, and whose future outcomes in terms of financial benefit and employment are unlikely to be improved, at the current time, by level 6 (L6) study. Addressing this problem will help to ensure that taking up L6 study represents a fair investment for students, and those who would not benefit from L6 study are encouraged into high-quality alternative pathways, which will lead to better outcomes.

Imperfect and asymmetric information in HE means that some students are not able to accurately assess the quality of teaching provision received or whether a course is suitable for them given their ability, attainment, and career needs. Addressing informational problems in the sector will help students make more informed choices which should lead to better outcomes.

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<sup>42</sup> 'Committee on Higher Education (23 September 1963), *Higher Education: Report of the Committee appointed by the Prime Minister under the Chairmanship of Lord Robbins 1961-63*, p8.



A university degree should not be the default choice for everyone, and evidence shows that not all students benefit from a level 6 university education.<sup>43</sup> A significant number of students are being encouraged to enrol on to degree courses for which they are not yet properly equipped, but who, nonetheless, make a significant investment in an HE course. Students with poorer entry qualifications are less likely to complete their degree and get a ‘good’ classification<sup>44</sup>, and more likely to have worse employment and degree outcomes<sup>45</sup>. As it stands, many students are enrolling onto degree courses (level 6) when they have not yet secured a baseline level of attainment at levels 2 or 3 (GCSE and A Level or equivalent respectively), suggesting that shorter, more technical, skills-oriented programmes of study may initially be a better match for their skills and offer better value for money, as well as – if they wish to – enabling them to progress to HE later in life with more success. The lack of a minimum eligibility standard increases the risk of students being enrolled who are less likely to succeed. We are therefore considering the introduction of MERs for accessing student finance for level 6 study.

We consider it important that students of all backgrounds are not misdirected or encouraged towards courses that are unlikely to provide high-quality outcomes for them and good value for money. That is why, alongside the introduction of a MER, we want to provide a range of viable alternatives to full-time undergraduate degrees, including high-quality technical routes. We are investing £3.8bn more in further education and skills over the Parliament so that adults and young people will be able to access training and education that provides the skills that employers want. As set out in Section C, we are reforming the level 4 and 5 market and within that Higher Technical Education (HTE), to support provision and uptake of high-quality courses that help learners benefit from the well-paid jobs that these qualifications can lead to.<sup>46</sup> We are putting student finance for approved HTQs on a par with degrees. We will provide further investment for providers to begin offering HTQ courses, and additional SPG funding to encourage and support growth of level 4 and 5 provision more widely. These alternative pathways will ensure that there is a greater range of valuable post-18 opportunities for learners, that can help promote genuine social mobility. The introduction of a MER would help encourage students to choose a post-18 education and training option that will offer them the best outcomes.

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<sup>43</sup> Evidence in the recent IFS report on lifetime returns:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/869263/The\\_impact\\_of\\_undergraduate\\_degrees\\_on\\_lifetime\\_earnings\\_research\\_report\\_ifs\\_df\\_e.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/869263/The_impact_of_undergraduate_degrees_on_lifetime_earnings_research_report_ifs_df_e.pdf)

<sup>44</sup> The OfS published data showing that degree outcomes are worse for students with lower prior attainment: [Degree outcomes: overall results - Office for Students](#)

<sup>45</sup> [Employment outcomes: overall results - Office for Students](#)

<sup>46</sup> [Post 18 Education – who is taking different routes and how much do they earn? \(CVER 2020\)](#).

The Independent Panel advised that *'Unless the sector has moved to address the problem of recruitment to courses which have poor retention, poor graduate employability and poor long-term earnings benefits by AY2022/23, the government should intervene. This intervention should take the form of a contextualised minimum entry threshold, a selective numbers cap or a combination of both.'*<sup>47</sup>

We have considered the Independent Panel's proposal and are of the view that a low-level MER that focuses on either basic mathematical and literacy skills or low-level grades at A-Level, or equivalent, should, as a starting point, form the basis of any required prior attainment. We believe a minimum eligibility requirement, applicable to all students, is the most proportionate interpretation of the panel's proposal and provides the flexibility to reconsider the format and efficacy of the minimum eligibility requirement in coming years. We accept there would need to be exemptions from the MERs, and we have set out some proposals below.

We are therefore considering the introduction of MERs for accessing student finance for level 6 study. MERs could potentially be used as a lever to encourage students to choose post-18 education and training which will offer them the best outcomes and provide better value for money for the taxpayer. Any solution to the problem detailed above should clearly identify those students who are prepared for and will benefit from studying for an undergraduate degree.

MERs are a common way to achieve this aim, and are standard practice in many other countries as well as, historically, in England and Wales. For example, in many countries, especially in Europe, successful completion of the upper secondary stage of education is the minimum requirement for entry into HE. In Spain, the minimum grade that was required in the EBAU (university entrance exam) to access undergraduate studies in the previous academic year is published annually, and this varies year on year. In some countries there are admissions examinations or rankings that govern access to universities. In China, minimum threshold grades in the Gaokao exams allow entry into different tiers of universities, but these threshold scores vary depending on the scores from the full cohort. In Australia, it is a broadly similar story, in that there is an Australian Tertiary Admission Rank<sup>48</sup>; technically, a student's rank at 18 years old does not determine eligibility for HE admission, but in practice those in the top 50% are considered suitable for access into undergraduate studies.

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<sup>47</sup> [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\) p.102](#)

<sup>48</sup> The results of each Australian student are ranked and assigned a percentile (between 0 and 99.95 – the higher, the better the performance relative to other students).

Internationally, England is an outlier at present in that we do not set universal MERs for entry to HE. However, MERs have existed previously in the HE system. For example, from 1962 until 1980, only students who had achieved two passes (Grade E or above) at A level were entitled to receive grant funding for their degree<sup>49</sup>, although local authorities retained the discretion to fund students who had not achieved that level.

We consider that a MER as a baseline 'standard' would help ensure that students who pursue level 6 qualifications do so at the point where they will be able to succeed, to ensure that it adds value to their lives and career prospects. Access to HE diplomas and foundation years, as well as the introduction of LLE, would support those students wanting to prepare for and progress to level 6 who have not already achieved the prerequisite grades to do so.

We are therefore consulting on the principle of a minimum eligibility requirement for access to student finance for those intending to study a degree-level qualification. We are seeking views on what would be a fair and proportionate level at which to set a potential MER. We intend that this policy would apply to students accessing English student finance for full-time level 6 study, so that public funding for access to university courses is directed to those students who are more likely to benefit.

We are seeking views from respondents on whether a minimum eligibility requirement would be a useful method to help ensure students can only access funding to pursue level 6 qualifications at the point when they are ready and able to succeed at this level of study as well as the best way to apply the MER.

### **Question 5:**

Do you agree with the case for a minimum eligibility requirement to ensure that taxpayer-backed student finance is only available to students best equipped to enter HE?

Yes or No.

Please explain your answer and give evidence where possible.

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<sup>49</sup> A requirement of 2 A levels was a recommendation in the Anderson Committee Report (on awards to students at universities and comparable institutions) of 1960. The Higher Education Report by Lord Robbins in 1963 noted: 'Two passes at the Advanced level of the General Certificate of Education are the minimum qualification for entry to universities in England and Wales; at present over 80 per cent of the students have at least three.'

## Level of proposed minimum eligibility requirement

One option is a minimum eligibility requirement at a pass (grade 4) in English and mathematics at GCSE, or equivalent, and we have set out below our reasoning for a proposed threshold at this level. We consider that a MER set at this level would ensure that students undertaking degree study have attained the baseline skills required to engage with and benefit from the course. We are also interested in evidence that it would be more appropriate to set the MER at Level 3.

Proficiency at level 2 in English and Mathematics, as indicated by a GCSE grade 4 or equivalent in those subjects, provides fundamental and essential skills that are more likely to improve life outcomes. We believe that everyone should have these essential skills and the opportunities to obtain them. That is why the government provides an opportunity for all pupils to achieve a level 2 qualification in English and mathematics by age 19, regardless of whether they are progressing to HE.

We would also include equivalent qualifications gained in Scotland, Wales, or Northern Ireland, such as the Scottish National 5: this will be applicable for students who meet other eligibility criteria for Student Finance England but who have studied their level 2 equivalent qualifications in the UK but outside of England. Our intended equivalent qualifications are set out in Table 1.<sup>50</sup>

**Table 1: Qualifications covered by the proposed level 2 minimum eligibility requirement, if introduced**

<b>Qualification</b>	<b>Grade needed in English and mathematics</b>
GCSE (England old grading system)	C
GCSE (England 9-1 grading system)	4
Scottish National 5	C
GCSE (Wales)	C
GCSE (Northern Ireland CCEA)	C
GCSE (Northern Ireland 9-1 grading system)	4

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<sup>50</sup> A full framework of equivalent qualifications will be published following the conclusion of the policy statement and consultation should this proposal proceed.

**Question 6:**

Do you think that a grade 4 in English and maths GCSE (or equivalent), is the appropriate threshold to set for eligibility to student finance, to evidence the skills required for success in HE degree (L6) study?

Yes or No.

Please explain your answer and provide reference to any pedagogical or academic sources of evidence to explain your reasoning.

An alternative option is a minimum eligibility requirement set at level 3 (A level or equivalent). The Independent Panel explored setting a minimum eligibility requirement at level 3 and considered the potential impact of using different A level thresholds (e.g., CCD and DDD). We consider the Independent Panel's consideration of A-level thresholds of DDD and above to be too high, and potentially have a detrimental impact on access and social mobility in HE. We are therefore exploring whether an A-Level MER, set at a lower level, would be more appropriate.

As mentioned in above, in England and Wales, there was previously a form of MER set at two Es (pass) at A level. An A-Level MER set at two Es, or equivalent, would allow more flexibility than a MER set at level 2 (a standard pass in English and Maths at GCSE, or equivalent) as there would be no subject specific requirement. We recognise that there are other markers of readiness, some of which may not be subject specific. A MER set at level 3 could provide that option.

For a MER set at this level, we propose that this policy will apply to all relevant qualifications at level 3 (including T Levels and the International Baccalaureate Diploma). We would also include equivalent qualifications gained in Scotland, Wales, or Northern Ireland.<sup>51</sup>

**Question 7:**

Do you think that two E grades at A-level (or equivalent) is the appropriate threshold to set for eligibility to student finance, to evidence the skills required for success in HE degree (L6) study?

Yes or No.

Please explain your answer and provide reference to any pedagogical or academic sources of evidence to explain your reasoning.

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<sup>51</sup> We will include equivalent L3 qualifications in the final policy statement and consultation.

## Exemptions

To ensure that the MERs, if implemented, are reasonable, and do not prohibit access to funding for level 6 study to students for whom the minimum eligibility requirement is no longer the best indicator of their potential, due to work and/or further qualifications, we are considering several possible exemptions. We explain our reasoning below and are seeking views from respondents on these proposed exemptions, should a minimum eligibility requirement be introduced. Within the context of these exemptions, we continue to have high expectations that providers will apply strong standards in assessing students' suitability to succeed at degree level.

The number of students affected by the proposed minimum eligibility requirement is likely to be relatively small compared to total numbers studying in HE. A minimum eligibility requirement at level 2, with the exemptions included below, would have affected around 4,800 England-domiciled 18-24-year-olds in AY2019/20, which is equal to 1.4% of all England-domiciled 18-24-year-old first degree entrants, or 0.8% of total level 6 entrants, in that year. We estimate that a minimum eligibility requirement set at L3 (two Es), with the exemptions included below<sup>52</sup>, would have affected up to 6,200 England-domiciled 18-24-year-olds in AY2019/20, which is equal to 1.8% of all England-domiciled 18-24-year-old first degree entrants, or 1.0% of total level 6 entrants, in that year.<sup>53</sup>

## Mature students

We suggest that the proposed minimum eligibility requirement should not apply to students aged 25 and over, as work-based learning and experience often leads to the development of skills and talent that supersede poor prior academic performance. Further, whilst obtaining a pass in qualifications at level 2 and/or 3 which develop skills remains vital to workplace success, we know that for each degree classification mature students are more likely than younger students to enter high skilled employment after graduation.<sup>54</sup> This may be due to several factors including having more previous work experience before undertaking their degree.

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<sup>52</sup> Excluding the A-level CCC exemption, which is not applicable to a MER set at L3.

<sup>53</sup> See analysis accompanying the consultation.

<sup>54</sup> We know from analysis that mature students are more likely than younger students to enter high skilled employment after graduations, for a given level of degree attainment. This may be due to several factors, including previous work experience.

<https://www.officeforstudents.org.uk/data-and-analysis/differences-in-student-outcomes/age/>

We consider that setting the threshold at age 25 or above, as opposed to 21, increases the likelihood that students younger than 25 years who are determined to progress to level 6 will opt to retake their qualifications to meet the proposed minimum eligibility requirement, thus encouraging them to improve proficiency, or will choose to pursue a level 4 and 5 course, or a foundation year (see below) instead. It will also increase the probability of those mature students, who plan to go on to study at level 6, gaining the breadth and quality of experience necessary to succeed.

### **Question 8:**

Do you agree that there should there be an exemption from MERs for mature students aged 25 or above?

Yes or No.

Please explain your answer and give evidence where possible.

### **Part-time students**

Students who choose to enrol in part-time courses usually do so for reasons relating to personal circumstances that make full-time study difficult for them. These might vary from the need to earn, to caring responsibilities, which may have impacted on their prior academic attainment. We consider that exempting part-time students would help protect and support those people who benefit from part-time level 6 study. This would apply to all part-time students, including but not limited to mature students, in line with the Government's ambitions to encourage flexible and lifelong learning.

### **Question 9:**

Do you agree that there should there be an exemption from MERs for part-time students?

Yes or No.

Please explain your answer and give evidence where possible.

### **Students with existing level 4 and 5 qualifications**

The Government is reforming the level 4 and 5 market to grow provision and uptake of high-quality level 4 and 5, such as HTQs. We are taking forward a range of measures to achieve this, including further funding to support HTQ rollout, national comms campaigns and improved information, advice, and guidance.



We are committed to ensuring that a range of high-quality pathways are available to students across the post-18 education landscape. We are introducing approved HTQs which are designed to provide students with the knowledge, skills, and behaviours they need to succeed in their chosen occupational field (the approval process for these qualifications is run by the Institute for Apprenticeships and Technical Education).<sup>55</sup> However, we recognise that some level 4 and 5 learners may wish to undertake further study either immediately following a level 4 and 5 course or later in life. Those learners who achieve a level 4 or 5 qualification will have shown that they are likely to be able to successfully study at a higher level. We therefore propose that students who have achieved a qualification at level 4 and 5 are exempted from the proposed minimum eligibility requirement, so they are not prevented from progressing to level 6 should they wish to do so. This would align with the aims of the LLE, by supporting learners to build up to qualifications flexibly.

### Question 10:

Do you agree that there should be an exemption to the proposed MERs for students with existing level 4 and 5 qualifications?

Yes or No.

Please explain your answer and give evidence where possible.

### Good performance at A level or equivalent (if MER set at level 2)

If we set the MER at a standard pass (grade 4) in GCSE English and Mathematics, we recognise that there may be students who do not meet the requirement at level 2 but nevertheless go on to achieve well at level 3 and have therefore shown that they can benefit from HE.

We want to ensure that students who have not met the level 2 minimum eligibility requirement but achieve good results at A level, or equivalent, retain access to financial support for HE. We are therefore proposing that, if a level 2 minimum requirement is introduced, there should be an exemption to the minimum eligibility requirement for **students achieving good results at level 3.**

We are proposing that the exemption to MERs be set at the level of the student achieving **at least CCC grades at A level.** We intend that this policy will apply to all relevant qualifications at level 3 (including T Levels and the International Baccalaureate Diploma).

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<sup>55</sup> [Approved Higher Technical Qualifications / Institute for Apprenticeships and Technical Education](#)



### **Question 11:**

Do you agree that there should be an exemption from any level 2 eligibility requirement to level 6 study for students with good results at level 3?

Yes or No.

Please explain your answer and give evidence where possible.

### **Foundation Years and Access to HE Qualifications**

We recognise that there are many factors which influence a student's attainment at level 2 and level 3 and want to ensure that high-potential applicants who have not met the minimum eligibility requirement can retain access to a route into HE.

We are therefore proposing an exemption to any minimum eligibility requirement for students who enter level 6 via an integrated foundation year, or who hold an Access to HE qualification.

A foundation year is a one-year course offered by universities to support students without the necessary prior attainment to progress onto the first year of their chosen course. Foundation years are integrated into the degree-level course, meaning that successful completion of the foundation year leads directly onto the first year of the degree course. An Access to HE qualification is a level 3 qualification that provides an alternative route into HE to a foundation year. They are offered in a range of subjects and prepare people without traditional qualifications for study at a HE provider.

Taking a foundation year or an Access to HE qualification should support students to improve their basic skills, particularly writing skills, to bring them up to a standard which will improve their chances of securing a good degree outcome. We expect that undertaking either of these routes into HE will leave students who have not met the proposed minimum eligibility requirement better prepared for their first year of degree-level study.

Any proposed exemptions for foundation years should be read in light of our wider proposal for foundation year fee and loan limit reform, to align foundation year fees and loans with the maximum available for Access to HE courses (currently £5,197).

**Question 12:**

Do you agree that there should be an exemption to MERs for students who enter level 6 via an integrated foundation year, or who hold an Access to HE qualification?

Yes or No.

Please explain your answer and give evidence where possible.

**Question 13:**

Are there any other exemptions to the minimum eligibility requirement that you think we should consider?

Yes or No.

Please explain your answer and give evidence where possible.

## Section B: Access to HE

### Introduction

As part of our ambition to boost skills and support the levelling up of economic recovery and growth across the country, it is more crucial than ever that we tap into the brilliant talent that our country has to offer. The ambitious reforms to foundation year fee and loan limits, proposals for a national state scholarship and broader changes to England's access and participation regime will complement work already in train by the OfS to improve quality for all.

Ensuring equality of opportunity for talented young people across the country is one of this Government's highest priorities. It is essential that access to higher education, including to our best universities, is based upon a student's attainment and their ability to succeed, rather than their background.

This Government is committed to driving educational excellence and aspiration across further and higher education. This same aspiration has, since 2010, successfully transformed our school system. By **driving up quality** in higher education and ensuring that growth is focused in those areas which provide **genuine access to high-quality employment** and the professions, we believe we can deliver equality of opportunity and *real social mobility*. We want all students to be confident that, if they are investing in a degree, it will lead to positive employment outcomes.

### Foundation years

In preparation for undertaking a HE course, some students without the necessary prior attainment or required prior subject knowledge choose to undertake a foundation year. Provided that the course within which the foundation year is integrated, is itself designated for student finance, the foundation year is also eligible for the normal package of tuition fee and maintenance loans. Approved (fee cap) providers can currently charge up to £9,250 for tuition fees for a full-time foundation year, the same as for subsequent years of undergraduate degree study.

Foundation years can be an important way for students to reach the entry level for a degree, especially on courses which require clear subject-specific knowledge, such as medicine, dentistry, and STEM subjects. They can be particularly important for students from disadvantaged backgrounds with high potential, whose prior experience did not prepare them adequately for entry to high-quality provision. More generally, they offer a second chance for students who have not achieved their potential.

Foundation year provision has grown rapidly in recent years.<sup>56</sup> However, a large amount of foundation year provision is now in subjects with no specific entry requirements, and/or which are not closely aligned to the needs of the economy.<sup>57</sup> For instance, more than 30% of foundation years are offered in business studies where students are often not required to have met a specific set of prior qualifications in order to enter Year 1 and do not always see good continuation or completion rates.<sup>58</sup>

The Independent Panel suggested that:

*'Universities are using foundation years to create four-year degrees to entice students who do not otherwise meet their standard entry criteria'.<sup>59</sup>*

The panel questioned whether the expansion of foundation years had always been in the best interest of students: foundation year entrants are more likely to be from disadvantaged backgrounds, yet they take on additional debt burden compared to their peers and to those taking further education alternatives. The panel also questioned whether the content of foundation years automatically justified fees which were much higher than for Access to HE courses carrying out an equivalent function (and which are also higher than the cost of a third year of sixth-form study). As a result, the Independent Panel recommended that standard student finance funding should be removed from foundation years so that they should no longer be automatically eligible for the standard tuition fee and maintenance package, although exceptions could be made.

There are alternative, lower cost pathways that students can pursue, such as Access to HE diplomas, and we should encourage students to do so where appropriate. Foundation years should offer a distinct benefit to students. We agree that the Independent Panel was right to question whether all existing foundation year provision is in the best interests of students, and whether it represents good value for money for students or the taxpayer.

Unlike the panel, we agree that foundation years can be a useful route to access HE for some individuals, particularly to support talented, high-potential students from disadvantaged backgrounds to access high-quality HE leading to high-quality employment. However, the government thinks it is unfair that students are being charged up to £9,250 to access foundation years, when equivalent provision is offered elsewhere for only just over half of this price. We recognise there may be a case for allowing some foundation year provision to charge a higher fee than the rest.

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[56 Year 0: A foundation for widening participation? | HESA](#)

[57 Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\)](#)

[58 Preparing for degree study: Analysis of Access to Higher Education Diplomas and integrated foundation year courses \(officeforstudents.org.uk\)](#)

[59 Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\) p.103](#)

We consider that it is inappropriate for foundation years to attract fees which are far more than those applicable to Access to HE diplomas, especially as foundation years have strongly appealed to students from disadvantaged backgrounds. It should be possible, and would be appropriate, for most foundation years to be delivered with tuition fees aligned to the cost of comparable provision in the FE sector. The UK Quality Code for Higher Education recognises that HE starts at level 4, where both Access to HE diplomas and foundation years are considered level 3, we consider the fees should reflect this.

Access to HE diplomas are qualifications that prepare people without traditional qualifications for study at a HE provider, and as such, serve a similar purpose to foundation years. Students can access Advanced Learner Loans (ALL) to fund their Access to HE diploma.<sup>60</sup> The maximum ALL limit for an Access to HE diploma is currently £5,197.

We propose that, in future, both the maximum tuition fees and loans for foundation years and for Access to HE courses should be the same, with foundation year fees dropping, in the first instance, to align with current Access to HE diploma fees (where the current maximum fee is £5,197). This would help ensure that they are an accessible and attractive route into HE and represent a fairer and more affordable deal for students, in particular those from disadvantaged backgrounds. This will also help to address the growing and unsustainable level of subsidy of taxpayer funding and the value for money it represents. We are also exploring whether there are some instances where providers should be allowed to charge a higher fee for foundation years.

We intend for the reduction to the maximum tuition fee limit to apply to Approved (fee cap) providers offering foundation years in England, reducing fees for England-domiciled students across the UK. A similar reduction in maximum tuition fee loan would apply to students accessing English student finance for level 6 study with an integrated foundation year at a provider in England or elsewhere in the UK. Lower tuition fee loan limits would also apply to England-domiciled students at Approved providers offering foundation years in England or at equivalent providers elsewhere in the UK. We also anticipate that foundation years will continue to be funded once the LLE is implemented.

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<sup>60</sup> In the case of Access to HE courses, the ALL balance is written off if the student goes on to complete a level 6 degree course (defined as a course eligible for HE student support). There will be no changes to the funding model for Access to HE courses, but we are not proposing to introduce any loan write-offs for foundation years.

**Question 14:**

Do you agree with reducing the fee charged for foundation years in alignment with Access to HE fees?

**Question 15:**

What would the opportunities and challenges be of reducing the fee charged for most foundation years, and of alignment with Access to HE fees? Please explain your answer, providing evidence where possible.

**Question 16:**

Do you agree there is a case for allowing some foundation year provision to charge a higher fee than the rest? Or is there another way for government to support certain foundation years which offer particular benefits?

**Question 17:**

If some foundation year provision were eligible to attract a higher fee, then should this eligibility be based on:

- particular subjects, such as medicine and dentistry; or
- some other basis (for example by reference to supporting disadvantaged students to access highly selective degree-level education)?

Please explain your answer.

## Access and Participation

We have been clear that encouraging more and more students onto courses which do not provide good graduate outcomes does not provide real social mobility and serves only to entrench inequality.

It is essential that providers' access and participation plans lead to clear, measurable progress in improving access and participation for under-represented and disadvantaged groups. In particular, this should enhance their employment prospects and life opportunities, rather than seeing entry to higher education as an end in itself. In 2021, 18-year-olds from disadvantaged backgrounds were over 80% more likely to enter full-time higher education than in 2010 – but there is still more we can do<sup>61</sup>.

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<sup>61</sup> [UCAS Undergraduate sector-level end of cycle data resources 2021 | Undergraduate | UCAS](#)

That is why we recently announced a refresh of access and participation plans to ensure they are delivering on the Robbins principle, selecting, and supporting every student, regardless of background, who has the ability and the attainment to benefit from higher education and who wish to do so. As the Chair of the OfS has set out:

*‘Broadening access to university cannot be done by lowering standards. I do not accept the argument that levelling up can involve any reduction in the academic excellence and rigour of which our higher education sector is rightly proud. It is incumbent on our universities to play their part in raising standards and attainment both at the point of access and throughout the higher education experience.’*

A key priority for the new Director for Fair Access and Participation at the OfS will be identifying how providers can best help to improve outcomes in schools in a way that meaningfully raises the attainment of disadvantaged children. We believe it is crucial that providers lean in to support schools to ensure disadvantaged students achieve to the best of their ability, rather than lowering admissions standards to accommodate earlier unequal opportunities.

Another key priority for the new Director will be to ensure that courses not delivering positive outcomes for students are challenged.

Just as the Russell Group have become used to having to set ambitious targets for recruiting disadvantaged pupils for their plans to be accepted, from now on providers with poor outcomes will be expected to set ambitious targets for reducing drop-out rates and improving progression to highly skilled employment and further study.

As has always been the case for access and participation plans, it will be for universities to set their own targets, considering their own specific circumstances, challenges, and mission. But they must be ambitious, otherwise we do not expect plans to be approved by the OfS, and the provider in question may not be able to charge the higher rate of fees. The OfS will then hold providers to account for the delivery of the targets in their plans.

We have also asked the OfS to strongly encourage providers to set themselves ambitious, measurable targets to significantly increase the proportion of students on higher and degree apprenticeships, level 4 and 5 courses, including Higher Technical Qualifications, and utilising greater flexibility of access such as part time courses – all which aid results and outcomes.

It is also important that the admissions system for higher education is underpinned by this commitment to **fairness, quality of learning and teaching, and equality of opportunity**.

Therefore, we recently consulted on whether to change the current system of higher education admissions and move to a system of **post-qualification admissions (PQA)**. We are grateful to students, the HE sector, and school colleagues, as well as other interested parties for their engagement with the consultation. In depth analysis of the responses can be found in the [Post-Qualification Admissions Consultation Response](#).

We have listened to the consultation responses which highlighted concerns for some problems associated with the current system. We will not be pursuing changes to the HE admissions system to a system of PQA. Instead, we will continue to work with UCAS and sector bodies to tackle problems at their root, improving transparency, reducing the use of unconditional offers, and reviewing the personal statement to underpin fairness for applicants of all backgrounds.

We expect that the refocusing of the access and participation regime, driving up standards throughout the system will have a positive impact on admissions, attainment, and outcomes for young people from disadvantaged backgrounds.

These changes, as well as the reforms set out in this document, and alongside wider pandemic recovery, need to be the focus of the sector for this Parliament.

The commitment to levelling up opportunity in higher education needs to be end-to-end, from selection to graduation. Reforming how students access higher education is not enough on its own. It is essential that we level the playing field for students whilst they are studying, and that we seek to address the ongoing financial barriers that can restrict talented, disadvantaged students from achieving their full academic potential whilst studying in higher education.

That is why we are working on proposals for a national state scholarship to support talented, disadvantaged students to succeed in higher education. This is in addition to the significant sector interventions already in place. Providers plan to spend an average of £283m per year on bursaries and scholarships between 2020/21 and 2024/25 through their access & participation plans<sup>62</sup>. We envisage that the scholarship would aim to improve attainment, outcome and destinations for disadvantaged, high achieving students through alleviating financial concerns, widening provider and programme choice and allowing students to focus their time on their studies, rather than part-time employment.

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<sup>62</sup> <https://www.officeforstudents.org.uk/data-and-analysis/access-and-participation-plan-data/data-from-access-and-participation-plans/>



Perceptions of cost of living at high tariff providers and availability of part time work may **limit disadvantaged student choice**. Evidence shows that the most disadvantaged prospective students were 50% more likely to cite concerns relating to cost of living for not applying to high tariff providers than the most advantaged applicants, due to a perception of high tariff providers being in big cities with higher living costs.<sup>63</sup> Availability of term time work opportunities also influences the choices of prospective students from low-income families<sup>64</sup>.

It is our intention that the scholarship would be a national offer to encourage the most talented, disadvantaged students to set their sights on the highest quality course that will deliver the best outcomes for them, and support them during this study, such that the obligation to work alongside study lessens.

### **Question 18:**

What are your views on how the eligibility for a national scholarship scheme should be set?

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<sup>63</sup> [Through-the-lens-of-students.pdf \(ucas.com\)](#)

<sup>64</sup> [Claire Callender & Jonathan Jackson \(2008\) Does the fear of debt constrain choice of university and subject of study?, Studies in Higher Education, 33:4, 405-429](#)

## Section C: Level 4 and 5 courses

### Introduction

Most classroom-based qualifications at levels 4 and 5 are technical.<sup>65 66</sup> Qualifications at levels 4 and 5 include Higher National Certificates (L4), Higher National Diplomas (L5), Foundation Degrees (L5) and Certificates (L4) /Diplomas of HE (L5). Studying a level 4 and 5 technical qualification can benefit learners in the labour market, providing the skills required for roles such as a construction site supervisor or software developer.<sup>67</sup> It can also lead to further study.

Skills at level 4 and 5, particularly in technical areas, are vital to meeting the needs of the economy now and in the future and will play a central role in the levelling up agenda. At their best, level 4 and 5 qualifications, whether taught in further education colleges, universities, or other HE providers, provide a high-quality alternative to a degree. They can lead to better outcomes and life chances for those who take them, representing good value for money for the investment made by learners and the taxpayer.<sup>68</sup>

Despite this, take up of level 4 and 5 courses remains low, especially when compared internationally: only 10% of adults aged 20-45 in England hold a level 4 and 5 qualification as their highest, compared to around 20% in Germany.<sup>69</sup> There is a perception that non-degree routes of HE are less prestigious which is not commensurate with their value or quality.<sup>70</sup> This low uptake disadvantages learners, many of whom benefit from good salaries following level 4 and 5 courses.<sup>71</sup> Better uptake could also meet unmet employer demand for skilled workers, including in key areas, like digital, construction and engineering.<sup>72 73</sup> We seek views in this section on barriers faced by providers in offering and promoting level 4 and 5 courses, and the role of the fee and

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<sup>65</sup> 'Technical' means that they focus on progression into skilled employment and require the acquisition of a substantial body of technical knowledge and a set of practical skills valued by industry.

<sup>66</sup> [Higher Level Learners in England, Academic Year 2018/19 – Explore education statistics – GOV.UK \(explore-education-statistics.service.gov.uk\)](https://www.gov.uk/explore-education-statistics)

<sup>67</sup> [Higher technical education: current system and case for change - GOV.UK \(www.gov.uk\)](https://www.gov.uk/higher-technical-education)

<sup>68</sup> Post-18 Education: Who is Taking Different Routes and How Much do they Earn? (Centre for Vocational Education Research, 2020): CVER estimates that at age 30, average earnings for women with a level 5 qualification are expected to be around £2,700 higher than for women with a level 6. Similarly, men with level 4 qualifications are expected to earn around £5,100 more at age 30 than their counterparts with level 6 qualifications.

<sup>69</sup> [Skills beyond school - synthesis report \(OECD 2013\).](https://www.oecd.org/skills-beyond-school-synthesis-report)

<sup>70</sup> [Review of the Level 4-5 qualification and provider market \(publishing.service.gov.uk.\)](https://publishing.service.gov.uk/review-of-the-level-4-5-qualification)

<sup>71</sup> [Post 18 Education – who is taking different routes and how much do they earn? \(CVER 2020\).](https://www.cver.ac.uk/post-18-education-who-is-taking-different-routes-and-how-much-do-they-earn)

<sup>72</sup> [Employer Skills Survey 2019 \(DfE 2020\).](https://www.gov.uk/employer-skills-survey-2019)

<sup>73</sup> [Workplace Training and Development Commission Report.pdf \(britishchambers.org.uk\).](https://www.britishchambers.org.uk/workplace-training-and-development-commission-report)

funding system in affecting provider and learner behaviour.<sup>74</sup> We also invite views on options for enabling modular study of HTQs to allow flexible study under the LLE while also ensuring learners achieve occupational competence.

### **Growing the level 4 and 5 market**

To stem the generational decline in study at level 4 and 5 and significantly grow uptake we are:

- Introducing the LLE from 2025 to support a more accessible, flexible system.
- Providing further HTQ rollout investment and SPG funding to encourage and support level 4 and 5 provision and considering how we can further support providers to offer more level 4 and 5.
- Consulting on other policy interventions, such as SNCs, which could tilt providers of HE away from 3-year degrees as a default offer and towards level 4 and 5.
- Raising the profile and prestige of level 4 and 5 courses through improved communications and information, advice, and guidance, including through the launch of a new national communications campaign in January 2022; and
- Continuing to roll out reforms to HTE to ensure that, over time, HTQs are established as a flagship offer at level 4 and 5, including improving student finance to support learners in accessing HTQs.

### *Introducing the LLE*

The LLE will be available for both modules and full years of study at higher technical and degree levels (levels 4 to 6), regardless of whether they are provided in colleges or universities. Our vision sees the LLE driving a transformative impact on post-18 study, delivering greater parity between further and higher education, and making level 4 and 5 more accessible. It seeks to create a more efficient and streamlined funding system, making it easier for students to navigate the options available, and encouraging provision which better meets the needs of people, employers, and the economy.

Students will have a real choice in how and when they study to acquire new life-changing skills. Approved HTQs will form a core component of this vision, both by delivering the knowledge, skills, and behaviours that employers need, and clearly signifying to employers and learners the qualifications that align with occupational requirements for specific sectors and occupations. This policy statement and reform consultation aims to gather views about how best to ensure that HTQs continue to deliver occupational competence in the more flexible, modular system that will be supported by the LLE.

### *Level 4 and 5 fees and funding*

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<sup>74</sup> Responses will add to the evidence gathered through the Higher Technical Education consultation and subsequent research such as that commissioned by the Gatsby Foundation on the costs and funding of higher technical education.

We are committed to supporting higher and further education providers to grow high-quality level 4 and 5 provision that offers value for money for the learner and the taxpayer. This will open opportunities for learners to progress to higher skilled employment and following the introduction of the LLE will encourage learners to examine the value of courses and use their entitlement to upskill and retrain flexibly over the course of their lifetime.

We are already investing in higher technical providers through an £18 million Growth Fund which will support providers to deliver level 4 and 5 provision, including HTQs in Digital, Health & Science and Construction (cycles 1 & 2). Providers are using this fund to invest in the equipment, workforce development and business links they need to offer training that will meet growing employer needs. Through additional SPG funding we will encourage and support growth of level 4 and 5 provision. We will also provide further funding specifically to support providers with the upfront expenditure required to roll out HTQs as a high-quality offer at level 4 and 5, through a further iteration of the Growth Fund.

As set out above, in this section of the policy statement and reform consultation we are seeking views on the role of fees and funding in affecting learner and provider behaviour.

#### *Policy interventions to tilt providers of HE towards level 4 and 5 courses*

Our commitment to growing the level 4 and 5 market for the benefit of learners is reflected across the broader package of HE reforms on which we are consulting. In consulting on both SNCs and on MERs, we have highlighted and are seeking views on:

- whether SNCs, if they are introduced, should consider the level of the course to, for example, encourage growth in high-quality level 4 and 5 courses; and
- on whether successfully completing level 4 and 5 study should provide an automatic exemption from proposed MERs for level 6 courses.

#### *Raising the profile and prestige of level 4 and 5 courses*

We want learners to find out more about high-quality alternatives to degrees and the routes to get there, including T levels and apprenticeships. Since January 2022, HTQs have featured within several cross-government communication campaigns aimed at raising awareness and ultimately driving uptake amongst our key audiences, including young people.

The introduction of the HTQ quality mark<sup>75</sup> will also help signal to employers and learners that an approved HTQ will provide the skills employers need (HTQ approval is provided by the Institute for Apprenticeships and Technical Education). The quality mark was launched in June 2021 and will feature in promotional materials from providers, as well as through our various IAG partners. The Government has also established Institutes of

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<sup>75</sup> [Higher Technical Qualifications Logo Guidelines \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Technology (IoT) to act as leaders in the provision of high-quality HTE in STEM subjects, providing industry standard facilities and equipment for learners.

We are improving the availability of information, advice and guidance for learners and employers as part of our efforts to raise the profile and prestige of level 4 and 5. A provider access law, introduced in January 2018 and commonly known as the ‘Baker Clause’, requires all maintained schools and academies to publish a policy statement setting out opportunities for providers of technical education and apprenticeships to visit schools to talk to all year 8-13 pupils. Over 80% of schools and colleges are now using the Gatsby Benchmarks of Good Career Guidance, which include supporting learners to understand labour market information and to meet employers.<sup>76 77</sup> In support of this, we are also delivering outreach programmes into schools to promote level 4 and 5.

As set out in the Skills for Jobs White Paper, we will continue with the rollout of the careers infrastructure recommended by the Augar Report. We will deliver improvements to the National Careers Service website to bring together all the learning and careers routes available, along with improved content on work experience, applying for roles, and updated labour market information, to aid the development of a single source of government-assured careers information and data to support high-quality careers guidance. The Careers & Enterprise Company will also encourage use of the site as part of careers education.

#### *Continuing to roll out reforms to HTE*

The reforms to HTE published in July 2020 will help to ensure that there are more high-quality higher technical courses for learners at level 4 and 5.<sup>78</sup> Central to these reforms is the introduction of approved HTQs. These are new and existing qualifications which have been through an employer-led approval process, run by the Institute for Apprenticeships and Technical Education (the Institute). Our ambition is that these qualifications become the flagship offer at level 4 and 5.

We want to build on our existing reforms to support learner and employer demand for high-quality higher technical courses. In addition to further Growth Fund investment, we are putting HTQ student finance on a par with degrees. We are also gathering views through this policy statement and reform consultation on how best to ensure that HTQs continue to deliver occupational competence in the more flexible, modular system that will be supported by the LLE.

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<sup>76</sup> The ‘Baker Clause’, [Section 42B of the Education Act 1997](#), (inserted by section 2 of the Technical and Further Education Act 2017, commenced on 2 January 2018).

<sup>77</sup> [Skills for jobs: lifelong learning for opportunity and growth - GOV.UK \(www.gov.uk\)](#).

<sup>78</sup> [Higher technical education government response, July 2020](#).

## Level 4 and 5 fees and funding

### Current system

The HE student finance system enables people enrolled on designated courses at level 4 and 5 and degree-level courses to access tuition fee loans. Designated courses include Foundation Degrees, Higher Nationals (HNDs and HNCs) and Certificates/Diplomas of HE. Advanced Learner Loans (ALLs) provide support for people studying non-designated courses, which can lead to qualifications including Diplomas, Certificates and Awards in a wide range of vocational areas.

Students attending or undertaking level 4 and 5 HE courses qualify for HE student finance if their courses are designated under regulations 5 or 139 of, and Schedule 2 to, the Education (Student Support) Regulations 2011.<sup>79 80</sup> Fee limits vary depending on whether the providers have a Teaching Excellence and Student Outcomes Framework award and/or an access and participation plan. Depending on this, fees can currently be as high as £9,250 for full-time courses (the same as level 6 qualifications, e.g., bachelor's degrees) at OfS Approved (fee cap) providers. Level 4 and 5 students at Approved (fee cap) HE providers are included in calculations for the SPG, along with degree-level students.

There are no fee caps for Advanced Learner Loan funded courses at level 4 and 5. However, there are maximum loan limits that control the amount learners can borrow to study these courses, set out in the Further Education Loans Regulations 2012 (regulation 16(5) and Schedule 3). Learners cannot access maintenance loans for these courses. Instead, they can access limited financial support through a bursary fund administered by their provider.

### Level 4 and 5 pricing

There is significant variation in fees charged at level 4 and 5. Internal DfE analysis of SLC data from 2019/20 shows that 74% of level 4 and 5 HE student finance borrowers were on courses with fees of less than £8,000, while only 18% were on courses with fees greater than or equal to £9,000<sup>81</sup>. A large section of the HE student finance-funded level 4 and 5 market currently operates with fees below their maximum fee cap, indicating some level of price competition. For ALL-funded provision, the average maximum loan available for level 4+ was around £3,000 in AY2019/20<sup>82</sup>. This loan amount varies

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<sup>79</sup> [The Education \(Student Support\) Regulations 2011 \(legislation.gov.uk\)](https://www.legislation.gov.uk).

<sup>80</sup> Learners must also meet eligibility criteria set out in legislation.

<sup>81</sup> Figures were calculated by looking at all HE Student Finance borrowers in AY2019/20 for level 4 and 5 courses and the tuition fee for that course year as given by providers. Qualification categories were grouped as: 'CERT-HE', 'CertHE', 'HNC' as level 4, and 'DET', 'DIP-HE', 'FND-DEG', 'FD', 'FDa', 'HND' as level 5.

<sup>82</sup> This estimate is based on SLC data used in the Advanced Learner Loan forecast model. It uses the maximum loan amount the learner is eligible to take for the course.

depending on the length of the course and programme weighting. The ESFA states in its funding rules that it does not expect a need for providers to set course fees that exceed the maximum loan available<sup>83 84</sup>. Additionally, learners can self-fund their courses, or their courses can be funded by employers. We do not have current evidence on the average cost of courses where learners self-fund or are funded by their employers.

The position at level 4 and 5 stands in contrast to the degree market, where AY2016/17 SLC data shows that 98% of English domiciled, full time bachelor's degree students in receipt of a student loan at English HE providers had a headline tuition fee at the (then) maximum cap of £9,000 for level 6 courses<sup>85</sup>.

### Principles for reform

We are considering the role of level 4 and 5 fees and funding in growing the level 4 and 5 market in line with the following principles:

- A balance must be struck between the right incentives for learners to study courses and for providers to deliver them, to ensure that there is growth at level 4 and 5.
- Ambitions to grow level 4 and 5, including the introduction of HTQs, should not lead to a widespread and indiscriminate increase in level 4 and 5 fees.
- High-quality level 4 and 5 provision should be promoted to ensure strong degree alternatives exist, supporting the LLE's aims to promote flexibility and choice for learners, while ensuring that costs are controlled and represent value for money.
- Growth at level 4 and 5 will ideally come both from learners who might otherwise have chosen a full degree from the outset, and learners who might otherwise have stopped at level 3. T levels offer an ideal route to HTQs, as well as skilled employment and degree level study.

### Question 19:

How can Government better support providers to grow high-quality level 4 and 5 courses? You may want to consider how grant funding is allocated, including between different qualifications or subject areas, in your response.

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<sup>83</sup> [Advanced Learner Loans funding rules \(ESFA, 2021\)](#)

<sup>84</sup> See Table 1 here: [Maximum loan amounts for advanced learner loans designated qualifications 2020 to 2021](#)

<sup>85</sup> [Higher education tuition fee prices, May 2019.](#)



## Striking the right balance of incentives for providers and learners

Many providers across the country are already delivering excellent higher technical education. This includes universities, further education colleges, independent training providers and our flagship Institutes of Technology, which we are backing with up to £290 million of investment.

However, as highlighted by the Independent Panel and HTE consultation and response, low uptake of level 4 and 5 is driven by a series of structural issues that disadvantage level 4 and 5 compared to other levels of study. In relation to funding specifically<sup>86 87</sup>:

- HE providers have strong financial incentives to offer longer, 3-year degrees.
- Providers, especially in FE, can find it challenging to make the upfront investments necessary to put on more high-quality level 4 and 5 courses<sup>88</sup>.
- For learners, there are often financial barriers to participating in level 4 and 5 study, and some learners with particular protected characteristics may be debt averse<sup>89</sup>.

We want to see excellent providers build on their success and expand their level 4 and 5 provision to provide skills needed in the economy, improved outcomes for students and value for money for the taxpayer. To strike the right balance of incentives to overcome the issues above and achieve this, we want to gather evidence and views on the costs of level 4 and 5 courses, and the role of fees and funding in provider and learner behaviour.

## Costs of level 4 and 5 provision

The fee loan data set out above indicates that providers, on average, charge lower tuition fees for level 4 and 5 courses than for level 6 courses. A 2019 review of the level 4 and 5 qualification and provider market also found that level 4 and 5 fees varied significantly by provider and qualification type. Based on qualitative interviews, the study found that:

*'foundation degree fees ranged from £5,000-£6,000 a year in FE providers to £8,000-£9,250 in HEIs; HNC/D, CertHE and DipHE fees ranged from £6,000-£9,000 a year in HEIs and £3,000-£6,000 a year in FE providers'<sup>90 91</sup>.*

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<sup>86</sup> [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\)](#)

<sup>87</sup> [Improving higher technical education - GOV.UK \(www.gov.uk\)](#)

<sup>88</sup> [Higher technical education: current system and case for change - GOV.UK \(www.gov.uk\)](#).

<sup>89</sup> [Impact of the student finance system on participation, experience, and outcomes of disadvantaged young people \(May 2019\)](#)

<sup>90</sup> [Review of the Level 4-5 qualification and provider market \(publishing.service.gov.uk\)](#).

<sup>91</sup> HEIs include universities and alternative HE providers and FE providers include colleges, private training providers and community learning providers, as described in the review of the level 4 and 5 market referenced above.



However, it is not clear if lower fees at level 4 and 5 reflects active price competition on the part of providers, a weakness of demand, or other factors. It is also unclear what drives the disparities between providers and courses, and we do not have evidence on whether there is a relationship between fee levels and learner outcomes.

To support the evidence which we will gather through this policy statement and reform consultation, we have collaborated with the Gatsby Foundation and sector membership bodies, including the AoC and UUK on research about the drivers of fee levels for level 4 and 5 provision<sup>92</sup>. We have also been working to better understand learner behaviour in relation to level 4 and 5 fees and funding.

We want to enable providers to grow high-quality level 4 and 5 courses. We expect that measures which change student access and improve learner information would have an impact on student choices and the demand for level 4 and 5 courses.

We would also like to explore how the overall fees and funding system, over and above the introduction of the LLE, might affect learner and provider behaviour, and seek views on the below questions.

**Question 20:**

What drives price differences at level 4 and 5, where average fees in FE providers are significantly lower than in HEIs?

**Question 21:**

To what extent do the drivers of fees at levels 4 and 5 differ from those for level 6 (including between universities, further education colleges and independent providers)?

**Question 22:**

How can we best promote value for money in the level 4 and 5 market to avoid an indiscriminate rise in fees?

**Providers and learners**

Taxpayer funding for level 4 and 5 provision primarily comes from tuition fee loans, and some grant revenue from the SPG. We want to consider how these two funding streams interact to drive uptake, quality, and value for money at levels 4 and 5.

In doing so, we are conscious of the different funding and pricing models used by different providers – for example between HE providers and FE providers (in both cases, on average), as described earlier.

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<sup>92</sup> [AoC briefing paper on level 4-5 costings research.pdf](#)

Similarly, there are two, potentially quite different, learner cohorts we want to target at level 4 and 5:

- **Young people in school/college** – For many young people the degree has become the default option. Others are simply stopping their education at 18 instead of going on to gain the higher-level technical skills that will lead to more high-skilled and high-wage jobs<sup>93</sup>.
- **Adults looking to upskill and retrain** – 80% of the workforce of 2030 are already in the workforce today.<sup>94</sup> In AY2018/19, approximately 38% of level 4 and 5 classroom-based learners were studying part-time, compared to around 12% at level 6<sup>95</sup>. To meet the skills needs of the economy and unlock people's potential we need more people to upskill and retrain throughout their lives.

Research on differential fees suggests that, overall, younger learners in higher education are insensitive to fee levels.<sup>96</sup> However, debt aversion may impact how learners respond to any fee rises. The current cohort of level 4 and 5 learners is, on average, mature,<sup>97</sup> and more likely to be from an ethnic minority background (18%) than the UK workforce (15%).<sup>98</sup> In 2018/19, 24% of entrants to learning at level 4 and 5 (excluding apprenticeships) were from deprived neighbourhoods according to the Indices of Multiple Deprivation (IMD) metric, which is higher than 21% for level 6.<sup>99</sup> Learners with these characteristics are more likely to be debt averse.<sup>100 101 102</sup> Notably, as set out above, we want to grow uptake across the board, while also considering how any changes may affect these more debt averse learners.<sup>103 104 105</sup>

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<sup>93</sup> [Improving higher technical education - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/improving-higher-technical-education)

<sup>94</sup> [UK Skills Mismatch in 2030: Research Paper \(Industrial Strategy Council, 2019\).](#)

<sup>95</sup> [Higher Level learners in England. Coverage: England, OfS recognised HE only.](#) (DfE, 2021).

<sup>96</sup> Burge et al. (2014) *Understanding the impact of differential university fees in England* [https://www.rand.org/pubs/research\\_reports/RR571.html](https://www.rand.org/pubs/research_reports/RR571.html).

<sup>97</sup> [Review of the level 4-5 qualification and provider market](#) (DfE, 2019).

<sup>98</sup> [Review of the level 4-5 qualification and provider market](#) (DfE, 2019).

<sup>99</sup> [Higher Level learners in England](#) (DfE, 2021).

<sup>100</sup> [Attitudes-to-debt.pdf \(universitiesuk.ac.uk\)](#)

<sup>101</sup> [Impact of the student finance system on participation, experience, and outcomes of disadvantaged young people \(publishing.service.gov.uk\).](#)

<sup>102</sup> Atherton (2016) A report for the UCU [Does-cost-matter-July-2016/pdf/Does\\_Cost\\_Matter\\_2\\_A\\_report\\_by\\_NEON\\_and\\_UCU\\_online.pdf](#).

<sup>103</sup> [Attitudes-to-debt.pdf \(universitiesuk.ac.uk\)](#)

<sup>104</sup> [Impact of the student finance system on participation, experience, and outcomes of disadvantaged young people \(publishing.service.gov.uk\).](#)

<sup>105</sup> Atherton (2016) A report for the UCU [Does-cost-matter-July-2016/pdf/Does\\_Cost\\_Matter\\_2\\_A\\_report\\_by\\_NEON\\_and\\_UCU\\_online.pdf](#).

### **Question 23:**

Which learner types are more or less price-sensitive and what drives this behaviour? As part of your response, you may want to specifically consider the learner cohorts described above and the equalities considerations set out in the level 4 and 5 section of the equality document, published alongside this policy statement and reform consultation.

### **Question 24:**

What are your views on the current barriers, including non-financial barriers, that providers face in offering and marketing level 4 and 5 courses?

Where possible please include evidence in your answer.

In answering this question, you may wish to consider the steps we have taken to reform HTE to date, as set out in the following section.

## **Reforming higher technical education and ensuring HTQs are a success**

### **High quality level 4 and 5: background and higher technical education reforms**

The current HTE market – which makes up most of the level 4 and 5 market – has some excellent and high-quality qualifications. But it is complex and difficult to navigate; there are over 4,000 qualifications available at level 4 and 5.<sup>106</sup> One way we are addressing this is by introducing HTQs from September 2022.

HTQs are qualifications approved by the Institute for Apprenticeships and Technical Education as delivering the skills employers need. These are set out in occupational standards, which are designed by groups of employers, and describe the knowledge, skills and behaviours required to perform a given higher technical occupation. HTQ approval can apply to new qualifications and existing qualifications such as Foundation Degrees, Dip/CertHEs, HNC/Ds and other level 4 and 5 qualifications currently offered by awarding organisations, providing they deliver the relevant occupational skills. HTQs will be offered by further education colleges, universities, independent providers, and Institutes of Technology. The first approved Digital HTQs have been announced and will be available for teaching from September 2022.<sup>107</sup> The Institute is now considering qualifications submitted for approval against employer-led occupational standards in Construction, and Health & Science for first teaching from 2023.

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<sup>106</sup> [Review of the Level 4-5 qualification and provider market \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/107144/level-4-5-qualifications-review-report.pdf).

<sup>107</sup> [Approved Higher Technical Qualifications - cycle one / Institute for Apprenticeships and Technical Education](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/107144/level-4-5-qualifications-review-report.pdf).

This has been followed by an approvals window which opened on February 16<sup>th</sup> for Business & Administration; Education & Childcare; Engineering & Manufacturing and Legal, Finance & Accounting (for first teaching in 2024). In 2023 there will be an approvals window open for Agriculture, Environmental & Animal Care; Catering & Hospitality; Creative & Design; Hair & Beauty; with remaining routes to be announced (for first teaching in 2025). There are further opportunities to submit new and existing qualifications once the relevant route has been launched.

Employers are at the heart of the HTQ approvals process, with over 100 industry representatives across 15 sectors involved. The Institute's Digital route panel includes representatives from Cisco, EY and Unilever. As set out in the Skills for Jobs White Paper, employers will have a central role in the technical education system. By the end of the decade most of the post-16 technical education and training will be aligned to national employer-led occupational standards.

We want HTE to be a high-quality, prestigious, and popular choice among both students aged 18+ who want to study a subject that will prepare them for skilled jobs and for adults looking to retrain or upskill. The establishment of HTQs will support a transparent system of HTE where learners and employers can have confidence that courses will provide the skills they need to succeed. To establish and promote Institute-approved HTQs in the level 4 and 5 market we have already:

- Introduced an £18 million Growth Fund which is supporting providers to deliver level 4 and 5 provision, including HTQs in Digital, Health & Science and Construction (cycles 1 & 2). Providers have used the funding to purchase industry-standard equipment; develop local employer partnerships to support learners; support and upskill teaching and technical staff; and promote and raise awareness of higher technical education.<sup>108</sup> These investments will allow providers to offer first-rate training and meet employer demand for technical skills.
- Launched a prestigious endorsement brand ('the quality mark') for HTQs in summer 2021. The quality mark will be used prominently and clearly by providers who offer HTQs, as a vital part of our strategy to promote this new option to potential students.
- Delivered communications activities to increase awareness and understanding of HTE and HTQs. From January 2022, HTQs now feature as part of new cross-government communications aimed at raising awareness, and ultimately driving uptake among our key learner audiences. We are engaging directly with sector specific employer audiences with the aim of building a group of employer

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<sup>108</sup> Specific examples include using the funding to: purchase equipment to replicate a hospital room/ward, such as electric hoists and geriatric suits; purchase virtual reality software and equipment for new dental and x-ray suites; equip dedicated networking and cybersecurity labs with VR and AI industry led equipment; and run outreach activity and roadshows to showcase HTQs and offer information sessions for all school staff on the benefits of HTQs.

champions and are working with networks of providers to support the marketing and promotion of HTQs.

In addition, the Institutes of Technology (IoTs) in-work skills pilot is delivering high-quality, higher technical short course and modularised study provision at levels 4 and 5 to in-work adults this year (FY2021-22). IOTs are at the forefront of delivering high-quality HTE in STEM subjects and these courses will support people to rapidly reskill or upskill to meet local economic needs. Providing a high-quality alternative to the traditional 3-year degree in HTQs is a crucial step towards making sure the Lifelong Loan Entitlement can deliver better outcomes for learners.

Now we want to go further. We will provide additional SPG funding to encourage and support growth of level 4 and 5 provision. We will also provide further funding specifically to support providers with the upfront expenditure required to roll out HTQs as a high-quality offer at level 4 and 5, through a further iteration of the Growth Fund.

We are also acting to make approved HTQs more accessible to learners and ensuring they are fit for the more flexible funding system of the future.

### **Increasing access to HTQs**

Currently, learners can only access HE student finance (including for an undergraduate degree) if the course is 'designated' for the purpose of students obtaining student loans. Within the designated system, part-time maintenance loans are typically only available for those studying degrees or degree level courses, not level 4 and 5 courses.

We are addressing financial barriers for learners and moving towards the flexibility envisaged by the LLE by putting the student finance package for HTQs from AY2023/24 on a par with degrees. This includes:

- **Ensuring access to HE student finance for approved HTQs.**<sup>109</sup> This is an important step towards the LLE, bringing FE and HE closer together, and delivering on the PM's commitments in his skills speech.<sup>110</sup>
- **Levelling the playing field so HTQ learners can access maintenance loans when studying part-time** (in the same way that degree learners can), which will help move towards a more flexible and accessible system where learners can fit study around work and other commitments. It will remove an inconsistency that incentivises degree study over HTQs for those that study part-time.

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<sup>109</sup> HTQs will still need to meet HE student finance academic year criteria to qualify for funding (in the same way as other designated qualifications).

<sup>110</sup> [PM's skills speech: 29 September 2020 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/speeches/pm-s-speech-to-the-parliament-on-29-september-2020).

Through addressing these financial barriers, we are supporting the Prime Minister's commitment to "expand and transform the funding system so it's as easy to get a loan for a higher technical course as for a university degree".<sup>111</sup>

### HTQs and modularity

The LLE will provide funding for modular study, with the aim of supporting more flexibility and choice for learners. So, we want to understand how higher technical courses approved as HTQs can fit with and support the flexible learning ambition of our LLE and HE reforms. In a world where learners are studying more flexibly, the HTQ approval process may need to adapt to ensure that they continue to meet the outcomes desired by employers.

The purpose of higher technical study is to attain the skills needed for a worthwhile and fulfilling occupation. It is therefore important, in a world of greater flexibility, that learners can accumulate and demonstrate occupational competence, even as they:

- step on and off study, possibly with substantial gaps between periods of study,
- study over long periods of time during which employer requirements may change, and
- move between providers, whose course structures and content may be different.

Additionally, where students are learning module-by-module over a long period, they should be able to make full use of the skills they have learned to further their career aspirations. We would ideally want modules of approved HTQs to be prestigious and clearly understood by employers in and of themselves.

We believe approved HTQs are well positioned to support flexible learning. Qualifications at this level are often broken down into **credit-bearing modules** and, to ensure this is consistently the case, we will work with the Institute to consider how this can be built in as a requirement of HTQ approval.

In addition, working with the Institute, we would like to explore a few potential approaches for adapting the HTQ approval and delivery process to support these aims further. These could help to bridge any gaps in learning and changes in provider, and potentially signal to employers the value of individual HTQ modules. We are interested in the extent to which we should adopt these approaches, separately or together.

Approaches we would like to explore include:

- **Specifying assessment requirements** - we could require a final assessment before completion of the HTQ. This would demonstrate that the accumulated modules add up to occupational competence, irrespective of the length of study or number of providers involved in delivery. Equally, we could require each module to

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<sup>111</sup> [PM's skills speech: 29 September 2020 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/speeches/pm-s-skills-speech-29-september-2020)

be individually assessed so that they clearly signal the skills the student has learned at each stage.

- Quality-marking to signal the **value of individual modules developed by awarding bodies within their HTQs**, such as the extent to which they are coherent, standalone, and providing valuable skills in their own right. This would provide assurance of the value of HTQ modules to learners and employers.
- Introduce an Institute/employer-led process to develop a **common modular structure for HTQs** in each occupation, within the relevant standard. This would allow modules from different providers to follow the same template for their content. In turn this could support transfer of modules between providers and stacking to add up to a full HTQ. This could also ensure that the skills provided by each module are as clear and employer relevant as those provided by the whole HTQ.

Any additional requirements would increase the information available to learners and employers, supporting more informed choice in technical education. But it would also mean a greater administrative burden on awarding organisations, HE providers and the Institute, and a reduction in awarding body freedom to determine the content and structure of their courses. We would therefore need to consider how any changes might affect different parts of the market (HEI-led vs Awarding Organisation-led qualifications, for instance). We welcome views on how important it is to adapt the approval process to support accumulation of occupational competence and to signal the value of individual HTQ modules, and which approaches provide the best balance of benefits and costs. Following the policy statement and reform consultation any options the government decides should be pursued will be set out in its statutory notice to the Institute.

**Question 25:**

We want to ensure that under a flexible study model, learners studying HTQs still develop occupational competence. We also want the quality and labour market value of individual higher technical modules to be signalled. Which of the approaches below, which could be introduced separately or together, do you prefer for delivering these aims, and why?

- Introducing requirements for each module to be individually assessed and/or for students to complete a summative assessment at the end of a qualification.
- Awarding bodies submit qualifications with a modular structure and the Institute carry out an assessment of the quality of individual modules to provide assurance of their value to learners and employers.
- An Institute/employer-led process to develop a common modular structure for HTQs, to support credit transfer and labour market currency of modules.

**Question 26:**

How would these approaches align or conflict with OfS and/or university course approval requirements?

**Question 27:**

Are there any other approaches we should consider?

**Question 28:**

How should any of these approaches be applied to qualifications already approved as HTQs?



## Annex A – table of interventions and consultation questions

### Part 1 – policy statement on higher education funding and finance

Policy area	Intervention announced
Tuition fees	We will continue to freeze maximum tuition fee caps for undergraduate degrees (encompassing full-time, part-time, and accelerated degree caps) for two further years, up to and including AY2024/25.
Plan 2 Borrowers: Repayment threshold	We will maintain the Plan 2 repayment threshold at its current level of £27,295 up to and including FY2024-25.
Plan 2 Borrowers: Annual repayment threshold uprating mechanism	From April 2025 onwards, the Plan 2 repayment threshold will be increased annually in-line with RPI rather than average earnings growth.
New borrowers commencing study from AY2023/24 onwards: Interest rates	RPI+0% in and after study from AY2023/24 onwards.
New borrowers commencing study from AY2023/24 onwards: Repayment threshold	£25,000, uprated annually by RPI from April 2027.
New borrowers commencing study from AY2023/24 onwards: Repayment term	40 years.
Higher Technical Qualification student finance and a further iteration of the Growth Fund	Extending student finance access for HTQs and allowing learners studying HTQs part-time to access maintenance loans, as they can with degrees. Providing further funding to support providers with the upfront investments required to roll out HTQs, as a high-quality offer at level 4 and 5, through a further iteration of the Growth Fund.

*We are not consulting on these interventions but setting out the clear government decision.*

## Part 2 – Consultation on supplementary reform options

Policy area	Consulting on
Prioritising provision with the best outcomes: Student number controls	The principle of their introduction and further detail on how they could be developed
Prioritising provision with the best outcomes: Minimum eligibility requirements	The principle of their introduction, the level at which they may be set and potential exemptions
Access to HE for all who can benefit from it: Foundation years	Reducing the fee cap in line with Access to Higher Education qualifications
Access to HE for all who can benefit from it: Access and participation	The eligibility requirements for the national state scholarship
Level 4 and 5 courses: Higher technical education	Growing level 4 and 5 provision and how HTQs can be delivered in a flexible, modular way. Also setting out HTQ student finance changes in more detail.

*We are seeking views on these proposals and options.*

## Consultation questions

### Student number controls

1. What are your views of SNCs as an intervention to prioritise provision with the best outcomes and to restrict the supply of provision which offers poorer outcomes? Please explain your answer and give evidence where possible. If you consider there are alternative interventions which could achieve the same objective more effectively or efficiently, please detail these below.
2. What are your views on how SNCs should be designed and set, including whether assessments of how many students providers can recruit should be made at:
  - Sector level?
  - Provider level?
  - Subject level?
  - Level of course?
  - Mode of course?

Please explain your answer and give evidence where possible.

3. The Government is considering which outcomes should be used if SNCs are introduced and has identified the three broad categories as quantifiable, societal, and/or strategically important. What are your views of the merits of these various approaches to consider outcomes and/or do you have any other suggestions? Please explain your answer and give evidence where possible. (*For further explanatory detail, please see pages 37- 40*).
4. Do you have any observations on the delivery and implementation of SNCs, including issues that would need to be addressed or unintended consequences of the policy set out in this section?

Please give evidence where possible.

### Minimum eligibility requirements

5. Do you agree with the case for a minimum eligibility requirement to ensure that taxpayer-backed student finance is only available to students best equipped to enter HE?

Yes or No.

Please explain your answer and give evidence where possible.

6. Do you think that a grade 4 in English and maths GCSE (or equivalent), is the appropriate threshold to set for evidence of skills required for success in HE degree (L6) study, managed through their eligibility for student finance?

Yes or No.

Please explain your answer and provide reference to any pedagogical or academic sources of evidence to explain your reasoning.

7. Do you think that two E grades at A-level (or equivalent) is the appropriate threshold to set for eligibility to student finance, to evidence the skills required for success in HE degree (L6) study?

Yes or No.

Please explain your answer and provide reference to any pedagogical or academic sources of evidence to explain your reasoning.

8. Do you agree that there should there be an exemption from MERs for mature students aged 25 or above?

Yes or No.

Please explain your answer and give evidence where possible.

9. Do you think there should be an exemption from MERs for part-time students?

Yes or No.

Please explain your answer and give evidence where possible.

10. Do you agree that there should be an exemption to the proposed MERS for students with existing level 4 and 5 qualifications?

Yes or No.

Please explain your answer and give evidence where possible.

11. Do you agree that there should be an exemption from any level 2 eligibility requirement to level 6 study for students with good results at level 3?

Yes or No.

Please explain your answer and give evidence where possible.

12. Do you agree that there should be an exemption to MERs for students who enter level 6 via an integrated foundation year, or who hold an Access to HE qualification?

Yes or No.

Please explain your answer and give evidence where possible.

13. Are there any other exemptions to the minimum eligibility requirement that you think we should consider?

Yes or No.

Please explain your answer and give evidence where possible.

## **Foundation years**

14. Do you agree with reducing the fee charged for foundation years in alignment with Access to HE fees?

Yes or No.

Please explain your answer, providing evidence where possible.

15. What would the opportunities and challenges be of reducing the fee charged for most foundation years, and of alignment with Access to HE fees?

Please explain your answer, providing evidence where possible.

16. Do you agree there is a case for allowing some foundation year provision to charge a higher fee than the rest? Or is there another way for government to support certain foundation years which offer particular benefits? Please explain your answer.

17. If some foundation year provision were eligible to attract a higher fee, then should this eligibility be on the basis of:

- particular subjects
- some other basis (for example by reference to supporting disadvantaged students to access highly selective degree-level education)?

Please explain your answer.

## **National scholarship scheme**

18. What are your views on how the eligibility for a national scholarship scheme should be set?

## **Level 4 and 5 courses**

19. How can Government better support providers to grow high-quality level 4 and 5 courses? You may want to consider how grant funding is allocated, including between different qualifications or subject areas, in your response.

20. What drives price differences at level 4 and 5, where average fees in FE providers are significantly lower than in HEIs?
21. To what extent do the drivers of fees at levels 4 and 5 differ from those for level 6 (including between universities, further education colleges and independent providers)?
22. How can we best promote value for money in the level 4 and 5 market to avoid an indiscriminate rise in fees?
23. Which learner types are more or less price-sensitive and what drives this behaviour? As part of your response, you may want to specifically consider the learner cohorts described above and the equalities considerations set out in the level 4 and 5 section of the equality analysis document, published alongside this consultation.
24. What are your views on the current barriers, including non-financial barriers, that providers face in offering and marketing level 4 and 5 courses?
25. We want to ensure that under a flexible study model, learners studying HTQs still develop occupational competence. We also want the quality and labour market value of individual higher technical modules to be signalled. Which of the approaches below, which could be introduced separately or together, do you prefer for delivering these aims, and why?
- Introducing requirements for each module to be individually assessed and/or for students to complete a summative assessment at the end of a qualification.
  - Awarding bodies submit qualifications with a modular structure and the Institute carry out an assessment of the quality of individual modules to provide assurance of their value to learners and employers.
  - An Institute/employer-led process to develop a common modular structure for HTQs, to support credit transfer and labour market currency of modules.
26. How would these approaches align or conflict with OfS and/or university course approval requirements?
27. Are there any other approaches we should consider?
28. How should any of these approaches be applied to qualifications already approved as HTQs?

## **Annex B - Our legal basis for processing your personal data**

task basis as set out in Article 6 (1) (e) of UK GDPR to process personal data which allows processing of personal data when this is necessary for the performance of our public tasks. Where you provide special category data, we process sensitive personal data such as ethnicity and disability, we rely on Article 9(2) (g) of UK GDPR as processing is necessary for reasons of substantial public interest.

### **Why we are collecting your personal data**

As part of this consultation process, you are not required to provide your name or any personal information that will identify you. However, we are aware that some respondents would like to provide contact information. If you or your organisation are happy to provide personal data, regarding this consultation, please complete the details below. We would like to hear as many views as possible and ensure that we are reaching as many people as possible. For us to monitor this, understand views of different groups and take steps to reach specific groups, we are asking for sensitive data such as ethnicity and disability to understand the reach of this consultation and views of specific groups. You do not have to provide this information and it is entirely optional.

If there is any part of your response that you wish to remain confidential, please indicate below. Where you have requested that your response or any part remains confidential, we will not include your details in any published list of respondents, however, we may quote from the response anonymously to illustrate the kind of feedback we have received. Please note that information in response to this consultation may be subject to release to the public or other parties in accordance with access to information law, primarily the Freedom of Information Act 2000 (FOIA). We have obligations to disclose information to particular recipients or including members of the public in certain circumstances. Your explanation of your reasons for requesting confidentiality for all or part of your response would help us balance requests for disclosure against any obligation of confidentiality. If we receive a request for the information that you have provided in your response to this consultation, we will take full account of your reasons for requesting confidentiality of your response and assess this in accordance with applicable data protection rules. Members of the public are entitled to ask for information we hold under the Freedom of Information Act 2000. On such occasions, we will usually anonymise responses, or ask for consent from those who have responded, but please be aware that we cannot guarantee confidentiality. If you choose 'No' in response to the question asking if you would like anything in your response to be kept confidential, we will be able to release the content of your response to the public, but we won't make your personal name and private contact details publicly available.

## How we will use your response

We will use your response to help us shape our policies. If you provide your personal details, we may contact you in relation to your response. We will analyse all responses and produce reports of consultation responses. During analysis, we will where possible avoid using your name and contact details. We will only process the body of your response, but we are aware that in some cases, this may contain information that could identify you.

## How long we will keep your personal data

For this consultation, DfE will keep your personal data (if provided) for a period of 2 years after the close of the consultation.

## Your data

Your personal data:

- will not be sent outside of the UK unless there are appropriate safeguards in place to protect your personal data;
- will not be used for any automated decision making;
- will be kept secure;

We implement appropriate technical and organisational measures to protect your personal data against accidental or unlawful destruction, accidental loss or alteration, unauthorised disclosure or access and any other unlawful forms of processing.



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