



Department
for Education

Higher Education Policy Statement and Reform

Government consultation response

July 2023



Higher Education Policy Statement and Reform

**Government consultation response
Presented to Parliament by the Secretary
of State for Education by Command of
His Majesty**

July 2023

CP 876

OGL © Crown copyright 2023

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

Any enquiries regarding this publication should be sent to the Department for Education at www.education.gov.uk/contactus.

ISBN 978-1-5286-4310-8
E02940012 07/23

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office

CORRECTION SLIP

Title: Higher Education Policy Statement and Reform

Session: July 2023

CP 876

ISBN: 978-1-5286-4310-8

Please can the following 3 corrections be made to the document:

1. Correction

Pages 23, 3rd paragraph.

Text currently reads:

July 2023

Text should read:

Autumn 2023

Date of correction: 16th August 2023

2. Correction:

Page 29, final paragraph.

Text currently reads:

The government commissioned the Industrial Facts and Forecasting research agency to consider

Text should read:

The government commissioned IFF Research to consider

Date of correction: 16th August 2023

3. Correction:

Page 21, last sentence on page. To replace 37 with 38 and 62 with 66 respectively.

Text currently reads:

The most recent OfS data shows that at 37 providers fewer than 75% of full-time students studying for their first degree completed their course. There were 62 providers where fewer than 60% of full-time first-degree graduates progressed to high-skilled employment or further study fifteen months after graduating.

Text should read:

The most recent OfS data shows that at 38 providers fewer than 75% of full-time students studying for their first degree completed their course. There were 66 providers where fewer than 60% of full-time first-degree graduates progressed to high-skilled employment or further study fifteen months after graduating.

Date of correction: 16th August 2023

Contents

Ministerial Foreword	2
Introduction	5
Executive Summary	6
Improving outcomes for students as a result of higher education	7
The future of the higher education sector	11
Improving outcomes for students as a result of higher education	13
Level 4 and 5 courses	14
Summary of responses	15
Fee limits for Level 4 and 5 courses	16
Employer involvement and learner demand	17
Higher Technical Qualification Modularity summary	17
Preventing the growth of provision with poor outcomes	20
Minimum Eligibility Requirements	24
Foundation Year Fee and Loan Limits	27
National State Scholarship	31
The Future of the Higher Education Sector	33
Franchising in higher education	33
Future action	35

Ministerial Foreword

We are delighted to be publishing the government's response to the higher education reform consultation. The reforms set out here will complement the wider skills revolution at the heart of this government's plans to grow the economy. They are based on the recommendations made by Sir Philip Augar and his Independent Panel in 2019.

This country is one of the best places in the world to pursue higher education, with four universities in the world's top ten. They help students grow the skills and knowledge they need to get a well-paid job, advancing social justice by helping all students to succeed.

Whilst the traditional degree route continues to be of value, it is not, and should not be, the only higher education option; both technical and academic qualifications offer clear ways to progress in a wide range of careers. The Lifelong Loan Entitlement is central to this. It will provide transformative access to funding which will help people to train and retrain throughout their lives and deliver a workforce which is central to the success of our economy.

We want 16-year-olds to know about all the brilliant opportunities that are available to them. We have made great strides in revolutionising technical post-16 routes into higher education, introducing new qualifications including T Levels and Higher Technical Qualifications. The same is true of our higher education sector, which provides many options alongside traditional degrees, including degree apprenticeships and higher technical courses. Degree apprenticeships offer a unique opportunity to combine degree-level study with a job, earning from day one without the burden of student debt. We've seen year-on-year growth of degree-level apprenticeships, with over 188,000 students enrolling since the 2014/15 academic year.

At their best, higher technical education options have equivalent, or even better, wage returns than a full-time degree.¹ This is why we are investing up to £115m of funding to prime providers across the country to deliver Higher Technical Education. We are confident that this, incentivised by the introduction of the Lifelong Loan Entitlement, will help to close local and national skills gaps.

Ensuring disadvantaged students can take up high-quality higher education is one of the cornerstones of our vision for the sector. Our commitment to social justice is why we want to ensure that students are not recruited onto courses they are unlikely to benefit

¹ [Centre for Vocational Education Research: A comparison of earnings related to higher level](#)

from. In particular, our access and participation programme has been refocussed on creating a system that supports young people from disadvantaged backgrounds to access more opportunities. Furthermore, the Prime Minister's plans for Maths to 18 will help ensure more students are prepared for the rigours of higher education.

For this flexible system of the future to succeed, it is vital that all higher education is of the highest quality, as is already true across much of the sector. However, there are still pockets of provision where an unacceptable number of students do not finish their degree or do not find a good job after graduating. Students and taxpayers invest tens of thousands of pounds in higher education. This investment must lead to good quality qualifications, which equip students with the skills they need to achieve their potential.

We have set out in this document what more government will do to continue to drive up the quality of higher education. This includes asking the Office for Students (OfS) to use recruitment limits to help drive out provision which is not delivering good student outcomes, a sharp focus on franchising arrangements, and a reduction in the maximum fee and loan limits for classroom-based foundation years. We will also ask the OfS to consider how they can take graduate earnings into account in their quality regime. We know many factors influence graduate earnings – but students have a right to expect that higher education will lead to improved employment opportunities and commensurate earnings.

We believe in the power of higher education to transform lives and power the economy. This is why it is so important to ensure our universities continue to meet the high expectations that we, and the world over, hold of them. These reforms represent the start, and not the end, of our determination to drive out low-quality provision. We are confident that this will be successful with the support of the sector. The Government has decided not to proceed with a minimum eligibility requirement at this point in time, but if the quality reforms set out here do not result in the improvements we seek, we will consider further action if required.

Finally, we want to extend our wholehearted thanks to the sector for their balanced and considered responses to the consultation. We look forward to working with them closely on the ongoing delivery and implementation of this suite of reforms, and ensuring that our universities and higher education providers continue to be leaders across the world.



Gillian Keegan
Secretary of State for Education



Robert Halfon
**Minister for Skills, Apprenticeships
and Higher Education**

Introduction

The government believes that all students should expect their higher education studies to advance them on the ladder of opportunity and lead them into gainful employment. Higher education qualifications should be of a high quality, give students the skills they need to improve their outcomes in life, and support the growth of our economy by embedding careers-based learning throughout the course of their studies.

This was recognised in the comprehensive Review of Post-18 Education and Funding, led by Sir Philip Augar. The Review's recommendations set out how we can improve our already excellent higher education system to ensure it continues to deliver good outcomes for students, the economy, and society more broadly.

In February 2022, the government launched the higher education policy statement and reform consultation,² in response to these recommendations. This set out how we are investing in higher education 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.

The consultation document also sought views on proposals for higher education reform in relation to:

- Student number controls – controls on provider recruitment, to restrict the entry of students into provision which offers poor outcomes, thereby reducing access to such provision.
- Minimum eligibility requirements – a minimum academic standard for access to higher education student finance (and relevant exemptions), to avoid students being misdirected into degree-level study before they were ready to take advantage of the opportunities that higher education can offer.
- Maximum fee and loan limits for foundation years – whether to reduce the maximum fee and loan limit for foundation year study to £5,197 in line with comparable Access to Higher Education diplomas, and whether there should be any courses exempt from this.
- Eligibility for a national state scholarship – consulting on the eligibility for the proposed national state scholarship.

² [Higher education policy statement and reform consultation](#)

- Growing high-quality Level 4 and 5 provision – considering how best we can encourage the uptake of high-quality, classroom based technical qualifications, including courses such as foundation degrees and Higher National Certificates/Diplomas now employer-approved as Higher Technical Qualifications.

The consultation closed on the 6 May 2022 and received a total of 318 responses.

The respondents to the consultation were wide-ranging, spanning further education and higher education providers, awarding bodies, and members of the public. The government also held a series of discussions with higher education providers, further education providers, and sector experts.

A comprehensive analysis of responses was undertaken by York Consulting and has been published alongside this document.³ The government has taken careful account of these responses when considering which policies to implement.

An impact assessment and equalities analysis has been conducted to assess the impact of the two reform measures, recruitment limits and reducing the maximum fee and loan limits to £5,760 for foundation years in classroom-based subjects.

The government is grateful to the sector and other interested parties for sharing their views on our proposals and would like to take this opportunity to thank them for their work.

Executive Summary

This document outlines the government's response to the specific proposals set out within the higher education policy statement and reform consultation, as well as our vision for the higher education sector.

Our priority is to make sure that higher education provision represents value for money for the taxpayer, supports economic growth and provides students with a route into employment.

There is evidence that a wide range of subjects play a vital role in providing the UK economy with the skills pipelines it needs across a range of important industries. When taught rigorously, and with high-quality teaching, all these subjects can provide a rewarding experience that can lead to well-paid and rewarding jobs and help transform

³ [Higher education reform consultation analysis: research report - GOV.UK \(publishing.service.gov.uk\)](https://www.gov.uk/publishing.service.gov.uk)

lives. Equally the evidence shows that even in subjects which are clearly in high demand in the economy, such as computer science, health and social care, and bioscience, there are some courses that do not lead to the experience and outcomes that students have a right to expect.

This focus on high-quality outcomes across all areas of higher education, and ensuring students have the information they need to make informed decisions, has driven a range of reforms already in train:

- **The OfS implementing significant regulatory reform, including the introduction of a more rigorous and effective quality regime.** In 2022, the OfS implemented changes to its requirements relating to quality and standards in higher education. These included introducing more stringent student outcome thresholds to be met at subject and provider level. These changes were implemented alongside the OfS launching a programme of investigations into higher education providers to help to identify and address low-quality higher education provision more effectively – which the government fully supports.
- **The OfS expects to consult later this year on the design of a third category of registration.** Subject to consultation, the introduction of a third category of registration will mean that all provision funded by the student finance system under the Lifelong Loan Entitlement will be subject to OfS's quality regulation.
- **Measures to ensure virtual learning is appropriately delivered.** This transparency should also extend to the way courses are delivered. Providers must be transparent about the number and type of contact hours students can expect, including on the balance between face-to-face and online learning. We have asked the OfS to consider where there are potential concerns about over-reliance on virtual learning when making decisions about future investigatory work.

Following consultation, the government has decided to proceed with a number of measures, detailed below.

Improving outcomes for students as a result of higher education

The reforms outlined in this section of the document stem from recommendations made by the Independent Panel Report to the Review of Post-18 Education and Funding.⁴ In 2019, the Panel concluded that too many students were being recruited to poor-value

⁴ [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

higher education courses, including with both poor graduate retention, which students are unlikely to complete, and poor graduate outcomes.⁵⁶ It recommended government intervention to address this problem – and we outline our position on this in the relevant policy sections.

The Independent Panel also made recommendations regarding the removal of funding for foundation years. The government outlines the position on foundation year reform in the relevant chapter.

Level 4 and 5 courses

Level 4 and 5 qualifications sit between A levels and T Levels (Level 3) and degree-level study (Level 6). These are usually technical in nature, providing occupational skills for employers. In the consultation, we asked a range of open questions to gain insights into how we could grow high-quality Level 4 and 5 provision, such as Higher Technical Qualifications, across the country.

We outline within the relevant sections the rollout of our newly employer-approved Higher Technical Qualifications, and how we are helping to grow the supply and study of this provision, both at universities and further education colleges. We envisage this provision being incentivised further by the introduction of the Lifelong Loan Entitlement. We know students from a disadvantaged background already make up a large proportion of Level 4 and 5 students, and anticipate that reforms to improve the flexibility and attractiveness of such provision will help more disadvantaged students to access high-quality Level 4 and 5 courses.⁷

We have carefully considered responses regarding the fees providers can charge for these courses, which are currently the same as for degree level. We are not proposing to change these fee limits at this time but will continue to monitor them to ensure value for money in the Level 4 and 5 market as we continue to rollout Higher Technical Qualifications.

⁵ [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\) p.102](https://publishing.service.gov.uk/p.102)

⁶ [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\) p.47](https://publishing.service.gov.uk/p.47)

⁷ [Higher Level Learners in England, \(DfE 2023\)](#)

Recruitment limits on low quality provision

The government wants to prevent the growth of higher education provision which does not deliver the high-quality employment prospects and the long-term economic returns students should expect. Respondents to the consultation highlighted the OfS's approach to regulating quality and standards as the route through which provision delivering poor outcomes should be identified and addressed.

We will issue statutory guidance to the OfS, setting out that it should impose recruitment limits where provision is found to be in breach of OfS's condition B3, which requires OfS-registered providers to deliver positive outcomes for students on higher education courses. In simple terms, condition B3 sets minimum thresholds for proportions of students who continue from the first year into second year, complete their degree, and go on to professional or managerial employment or further study within 15 months of graduation.

Following the OfS's investigation (including consideration of broader contextual information), limits may be imposed on the number of students which can be recruited to this provision. In extremis, those limits could prevent any recruitment to that course. This policy will aim to prevent the growth of provision which is not delivering positive student outcomes, until the OfS is content the quality concerns have been addressed.

Minimum eligibility requirements

Since higher education providers set their own admissions requirements, the government sought views on the principle of a minimum eligibility requirement for access to student finance for degree-level study. This included whether to set this at Level 2 (GCSE) Grade 4 in maths and English or Level 3 (A level) Grade EE, and whether any exemptions should be made.

Consultation respondents were opposed to the principle of a minimum eligibility requirement. Responses to the consultation suggested they would likely have disproportionate impact on some groups, with no clear evidence that a minimum eligibility requirement as consulted on would deliver the intended policy outcomes.

Provision with poor retention rates and poor graduate outcomes is clearly unfair to students. We believe the other reforms outlined in this document will help tackle poor-quality provision, and that the Prime Minister's commitment to Maths up to 18 for all will help prepare more students for degree-level study. This is why we judge there is not a need for a minimum eligibility requirement at this point in time. However, if the higher education sector does not deliver the improvements to quality we are seeking and move away from recruiting students who are unlikely to benefit from HE courses, then we will consider all levers available to us.

Foundation Year fee limit reduction

The government is concerned about the significant and rapid increase in students undertaking some foundation years, as identified by the Independent Panel, and which has continued since 2019. This growth is concentrated in a small number of classroom-based subjects, which are less expensive to teach than other provision and that, in many cases, require little or no subject-specific entry requirements or knowledge.

For example, in academic year 2021/22, 51% of all foundation year students studied business and management courses (compared to 13% of first year undergraduate students), generally at low tariff providers, which deliver nearly 30% of all foundation years.⁸ Such courses are likely to be easy for providers to recruit to, without clear need for an additional year of study at full undergraduate fee level.

The government has therefore decided to lower the maximum fee and loan limit to £5,760, in line with the highest standard funding rate for Access to HE Diplomas, for foundation year courses in classroom-based subjects, in which the rapid and disproportionate growth is focused. We will retain the maximum fee and loan limits at £9,250 for all other subjects, which include lab-based science subjects important for filling vital gaps in our workforce. We envisage this change will be implemented for academic year 2025/26.

Through these changes, government will ensure that students are charged a fairer price for lower-cost provision which may not require an additional year of study while simultaneously ensuring that higher cost and strategically important provision is protected.

We recognise the importance of some foundation year provision for supporting access for some learner groups but want the sector to carefully consider whether classroom-based courses require this additional year of study. We anticipate some of this provision may be withdrawn but are confident that existing alternative pathways and our drive to incentivise uptake of Higher Technical Education through the Lifelong Loan Entitlement will ensure a rich range of alternative routes for these students to progress into higher education.

National State Scholarship

The government wants to make sure that our efforts are focused on providing a ladder of opportunity that enables students to attain good jobs and progress in their careers. This

⁸ <https://www.gov.uk/government/publications/understanding-the-costs-of-foundation-year-study>

begins with the opportunities needed to access excellent education and skills training which lead to positive outcomes.

This is why government has been considering options for a national scholarship scheme for disadvantaged students. We are clear that it is of vital importance to support talented, disadvantaged students to succeed in higher education. We want to do this in the way that impacts those who will benefit most and achieve value for money. For example, we have made £276 million of student premium funding available for the 2023/24 academic year to support successful outcomes for disadvantaged students. We will give further consideration to whether a scholarship scheme or other form of support will add significant value.

The future of the higher education sector

The Lifelong Loan Entitlement will be introduced from 2025, providing individuals with a loan entitlement to the equivalent of four years of post-18 education to use over the course of their careers (e.g. £37,000 in today's fees). It will support flexible, modular learning in addition to full courses, to help people study as the need arises and in a way which suits them. The Lifelong Loan Entitlement will form a vital cornerstone of the government's agenda to ensure people can retrain and upskill flexibly and help us move towards a more flexible system across both higher education and further education.

We are clear that this drive towards high-quality at all levels of higher education will be integral for the success of the Lifelong Loan Entitlement, complementing our ongoing drive to encourage Higher Technical Qualifications and degree apprenticeships. Only through a flexible, agile, and high-quality higher education system can students be adequately prepared with the skills needed to grow our economy, and respond to future technological advancements, and indeed future challenges.

We remain steadfast in our commitment to a fees-based system, and believe, as the Independent Panel did, that an income-contingent repayment approach, and a fair balance of contributions between students, the government, and the taxpayer should remain at the heart of our higher education funding system. We see no reason to change a system which enables wide access to higher education and ensures that finance is not a barrier to accessing it.

However, this system can only be considered fair if higher education provision equips students with the skills needed to succeed in life – therefore delivering strong returns for the taxpayer, the economy, and society at large. The reforms we have outlined to reduce low-quality provision will serve to make the system fairer still by ensuring this is the case.

We are pleased to see positive, proactive moves from higher education providers in response to the OfS's new B3 requirements; feedback suggests many providers are now

incorporating the B3 metrics into their own quality assurance processes and are taking action where the data indicates they aren't securing the outcomes students deserve.

We will continue to explore what more we should do to drive up quality in higher education, including the quality of franchised provision. We will work with the OfS and the sector to ensure these arrangements are sufficiently transparent and high-quality, offer value for money, and are robustly overseen. We will closely consider whether we should take action to impose additional controls on franchised provision, in particular around the delivery of franchised provision by organisations that are not directly regulated by any regulatory body.

It is the higher education sector's responsibility to ensure that students are receiving high-quality provision. We know the sector will respond to the challenge with the ambition and focus on excellence required, and we look forward to continuing our collaboration on this. However, we will not shy away from further action if this drive to eradicate low-value provision is not continued.

Improving outcomes for students as a result of higher education

Education is the key to driving forward the skills and knowledge needed for growth, innovation, and to get students into gainful employment.

Level 4 and 5 courses including Higher National Certificates (L4), Higher National Diplomas (L5), Foundation Degrees (L5) and Certificates (L4)/Diplomas of Higher Education (L5) often lead to good outcomes for learners.⁹ Yet, as the Independent Panel noted, take-up of level 4 and 5 courses within the UK remains low, particularly compared to Organisation for Economic Cooperation and Development peers such as Canada and Germany.¹⁰ It is essential that we move away from the view that a three-year degree is the default, and that level 4 and 5 qualifications are somehow 'less valuable.'

Of course, it is not enough for just level 4 and 5 courses to be of high-quality. These reforms to higher technical education will be complemented by our proposals to drive up the quality of education at all levels. The Independent Panel stated that providers 'recruit too many students who will not benefit from a degree' and noted that within the higher education sector 'the connection between going to university and achieving social mobility has become something of an unquestioned – although we believe questionable – mantra.'¹¹ It is for this reason that the Panel recommended measures such as student number controls, a minimum eligibility requirements, and a foundation year fee limit reduction.

The government has considered the views received on our proposals for these measures. We believe it is unacceptable for providers to recruit students onto provision with poor outcomes and agree with the Independent Panel's recommendation that government intervention is required to prevent this.

⁹ [Post 18 Education – who is taking different routes and how much do they earn? \(CVER 2020\)](#) 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. CVER also estimates that at 26 earnings can be £9,000+ p/a vs. stopping at level 3 (40%+ premium). This varies by sex, level and qualification, and high-value subjects may be key.

¹⁰ [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\) p.35](#)

¹¹ [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\) p.99](#)

Level 4 and 5 courses

Summary

Skills at level 4 and 5 are vital to meeting the needs of the economy. We want to move towards a system that reflects this, and provides all students with the skills they need for high-quality employment.

We know that students from a disadvantaged background make up a large proportion of level 4 and 5 study and envisage our reforms will have a strong positive impact on them. In the consultation, we asked how we could grow high-quality level 4 and 5 provision across the country. We are taking steps to deliver this by:

- Rolling out Higher Technical Qualifications: Higher Technical Qualifications began teaching from September 2022, with all routes due to be rolled out by 2025, where relevant standards are available. 172 Higher Technical Qualifications across seven occupational routes have been approved in the first three cycles of rollout.
- Introducing the Lifelong Loan Entitlement from 2025: to support a more flexible, accessible student finance system, with eligibility for modular funding from the outset.
- Supporting providers to develop capacity and deliver more Higher Technical Qualifications and other high-quality level 4 and 5 courses: we have made around £93m of funding available through the HTE growth fund, the Skills Injection Fund, and through funding the OU to support FE providers to expand L4/5 in underserved areas.
- Collaborating with further education providers and employers to address local skills gaps and deliver Higher Technical Qualifications: further education providers play a critical role in the delivery of Higher Technical Qualifications. Employer Representative Bodies have been designated to lead the development of Local Skills Improvement Plans which will provide a three-year strategic framework setting out how to make skills provision more responsive to employer needs and the local economy.
- Establishing Institutes of Technology: up to £300m investment to establish up to 21 Institutes of Technology as flagship providers of higher technical education.

Currently, fee limits for designated level 4 and 5 courses are the same as for undergraduate degree courses. Fees themselves are set by providers and are generally lower than for degrees. Responses to the consultation generally indicated a preference for maintaining equal fee limits for level 4 and 5 courses, but government is keen to ensure that value for money is maintained in the level 4 and 5 market.

Therefore, we are not proposing to change level 4 and 5 fee limits at this time but will continue to monitor them to ensure value for money as Higher Technical Qualifications are rolled out.

The Independent Panel Report to the Review of Post-18 Education and Funding stated: *'The country's very small number of level 4 and 5 students translates into persistent skill gaps at technician level and also severely reduces opportunities for people who are unable, for whatever reason, to progress directly from level 3 to level 6'*.¹²

There is a perception that non-degree routes of higher education are less prestigious than the traditional three-year degree. This perception is not commensurate with their value or quality. This manifests itself in low uptake which disadvantages learners who would benefit from good salaries following study at level 4 and 5.¹³ It is the government's ambition to increase the uptake of level 4 and 5 courses to meet employer demand for skilled workers in key areas, such as digital, construction, and engineering.¹⁴ We anticipate that the Lifelong Loan Entitlement will play an integral role in incentivising the study of these qualifications.

Central to meeting this ambition is increasing the number of level 4 and 5 courses on offer. Within the higher education reform consultation, the government asked about the barriers faced by providers in offering high-quality level 4 and 5 courses and how the government could better support providers to grow this provision. The government also asked a series of questions related to value for money in the level 4 and 5 market, and which learners may be more or less price sensitive.

Summary of responses

The clearest message throughout the responses on this issue was the importance of maintaining the equal fee caps for level 4 and 5 courses. A large proportion of respondents were clear that value for money does not always equate to lower fees.

Many responses recommended increasing provider funding to support providers to invest in high-quality provision at level 4 and 5. Responses also suggested that there is a need

¹² [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\) p.33](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/431212/independent-panel-report-to-the-review-of-post-18-education-and-funding.pdf)

¹³ [Post 18 Education – who is taking different routes and how much do they earn? \(CVER 2020\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/431212/post-18-education-who-is-taking-different-routes-and-how-much-do-they-earn-cver-2020.pdf)

¹⁴ [Employer skills survey 2019 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/431212/employer-skills-survey-2019.pdf)

to stimulate demand for level 4 and 5 courses. Respondents stated that a lack of societal recognition and awareness of these qualifications is a major barrier to student uptake, and that employers needed to be key partners.

Responses also indicated that university provision is typically more expensive, driven by higher staff costs, often related to research, and greater access to facilities and student support services. Some further education colleges suggested that learner backgrounds play a role in driving fees and highlighted that further education colleges often lower fees to support student access.

Fee limits for Level 4 and 5 courses

In the consultation we set out principles which would guide our approach to level 4 and 5 fees and funding. These covered the need to set the right incentives for growth while avoiding an indiscriminate rise in fees and ensuring value for money for both learners and the taxpayer.

As noted in the higher education reform consultation, the level 4 and 5 market currently exhibits price competition. We know that providers carefully consider the financial viability of courses before putting them on. Responses highlighted that providers calibrate to their learner needs and local competition when setting fees. The government has noted the consensus in responses regarding equal fee caps at all levels.

Informed by the responses to the consultation, the government has concluded that changing level 4 and 5 fee limits could hamper growth of high-quality provision and, at worst, risk leading to providers reducing their offering of these courses or exiting the market. Therefore, we are not planning to change the maximum fee limits for level 4 and 5 courses at this time. Should fee levels rise indiscriminately, leading to poor value for money for the learner and taxpayer, we may need to take action in the future. We will therefore carefully monitor fee levels on an ongoing basis.

To support access for learners, we are putting the student finance package for Higher Technical Qualifications on par with degrees from academic year 2023/24. This will expand access to maintenance loans, especially for those studying part time, helping students to fit their studies around work and other commitments. The flexible student support offered by the Lifelong Loan Entitlement will further boost access, with Higher Technical Qualifications eligible for modular funding from the outset.

We have asked the OfS to strongly encourage providers to set targets for the proportion of learners on level 4 and 5 courses as part of providers' access and participation plans. Higher Technical Qualifications are being promoted as part of the three cross-government communications and engagement campaigns for young people, adults, and employers, which will help raise awareness of the various skills offers, help them decide which one is right for them (or their workforce) and drive take up. We are also working

with the National Careers Service, the Careers & Enterprise Company and UCAS to improve the information and support available to young people and adults.

Employer involvement and learner demand

The government is ensuring that employers are at the heart of reforms to level 4 and 5. Employers play a central role in the Higher Technical Qualification approvals process, and the higher technical education Skills Injection Fund will support partnerships between employers and providers. Employer representative bodies have also been designated to lead on the development of Local Skills Improvement Plans across the country. Local Skills Improvement Plans will make clear the changes needed in local areas, so that technical skills training is more responsive to employers' skills needs.

The government has also considered responses which emphasise the importance of increasing awareness and stimulating demand for level 4 and 5 courses. We are continuing to improve information, advice, and guidance, and are promoting higher technical education through our national communications campaigns.

Through the Skills and Post-16 Education Act,¹⁵ the government has strengthened legislation known as the 'Baker Clause'.¹⁶ This specifies a minimum number of encounters schools must provide between pupils and providers of technical education and apprenticeships, as well as introducing quality controls.

We are also investing £3.2 million annually in our Apprenticeships Support and Knowledge (ASK) programme to increase awareness of apprenticeships and T Levels amongst young people in schools and colleges.

Higher Technical Qualification Modularity summary

Higher Technical Qualifications are current (and new) level 4 and 5 qualifications, approved and quality marked by the Institute for Apprenticeships and Technical Education as providing the skills demanded in the workplace by employers. Employers are at the heart of the Higher Technical Qualification approvals process, with over 100 industry representatives across 15 sectors involved. Qualifications submitted for approval

¹⁵ [Skills and Post-16 Education Act 2022 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

¹⁶ The 'Baker Clause' [Education Act 1997 \(legislation.gov.uk\)](https://www.legislation.gov.uk) (Inserted by section 2 of the Technical and Further Education Act 2017, commenced on 2 January 2018)

are also required to provide evidence of employer collaboration in their development and plans for future employer reviews.

Higher Technical Qualifications began teaching from September 2022 – starting with Digital Higher Technical Qualifications – and all occupational routes are due to be rolled out by 2025, where relevant occupational standards are available. To date 172 qualifications have been approved as Higher Technical Qualifications across seven occupational routes for teaching in the first three cycles of rollout (cycle 3 first teaching from academic year 2024/25). Higher Technical Qualifications applications for cycle 4 of Higher Technical Qualification rollout (first teaching from academic year 2025/26) opened 8 May and closed 30 June 2023. Approved Higher Technical Qualifications for cycle 4 will be published by the end of June 2024.

To ensure Higher Technical Qualifications are fit for the student finance and higher education system of the future, we consulted on Higher Technical Qualification modularity in the higher education reform consultation. This explored how our approach would align or conflict with OfS and/or university requirements, which other approaches might be considered and whether any changes should be applied to qualifications already approved as Higher Technical Qualifications. Because this is relevant to Lifelong Loan Entitlement design, we published a full breakdown of responses to these questions in the Lifelong Loan Entitlement Government Consultation Response.¹⁷ A summary is also provided below.

As set out in the government response to the Lifelong Loan Entitlement consultation, with very few exceptions, Higher Technical Qualifications are already modular by design and credit bearing.¹⁸ Modules of Higher Technical Qualifications should be particularly attractive to those who may need to upskill in a particular area without the immediate need for a full course of study under the Lifelong Loan Entitlement. To build on this and further support flexible study, the government will ask the Institute for Apprenticeships and Technical Education to refine the Higher Technical Qualification approval process in accordance with the following in readiness for the introduction of the Lifelong Loan Entitlement from academic year 2025/26:

¹⁷ See pages 12-15 and 59-60 in the [CP 801 – Department for Education – Lifelong Loan Entitlement – Government consultation response – March 2023 \(publishing.service.gov.uk\)](#)

¹⁸ Ibid

- To be approved as a Higher Technical Qualification, a qualification should be modular in design and have a credit value assigned to the modules, unless, by exception, there are good reasons why a modular design is not appropriate in individual cases.
- As with other modules, to be eligible for modular funding under the Lifelong Loan Entitlement a Higher Technical Qualification module must be assessed and provided with a standardised transcript on completion to facilitate labour market currency or progression to the full Higher Technical Qualification, and support credit transfer.
- Alignment with this refined process will not be applied to existing Higher Technical Qualifications until the point at which the qualification, or the occupational standard is reviewed, whichever is earlier.

Preventing the growth of provision with poor outcomes

Summary

The Independent Panel Report to the Review of Post-18 Education and Funding found that too many students were recruited onto courses which offered poor outcomes, including poor retention, poor graduate employability, and poor long-term earnings potential.

Our consultation tested the principle of student number controls as a lever to prioritise provision which offers the best outcomes for students, society, and the economy and to restrict the supply of provision with poorer outcomes.

The government has decided that, in order to prevent the growth of low-quality provision, we will issue statutory guidance to the OfS setting out that it should impose recruitment limits where higher education provision, that does not deliver positive outcomes, is found to be in breach of OfS condition B3. This would mean that provision which does not deliver positive student outcomes may be subject to a recruitment limit. This would aim to limit the number of students who can be recruited onto that provision until the OfS is content that its quality concerns have been addressed.

The OfS is expecting to publish the outcomes of the first B3 investigations by Autumn 2023. The government will work with the OfS to ensure it can use recruitment limits in relation to the outcomes of these and subsequent investigations. As highlighted within the Lifelong Loan Entitlement consultation, the OfS plans to begin engaging with the sector in Summer 2023 on developing student outcome measures for modular provision. We will ask the OfS to consider including recruitment limits as part of this engagement.

The Independent Panel Report to the Review of Post-18 Education and Funding suggested that the government should: '*consider the case for encouraging the OfS to stipulate in exceptional circumstances a limit to the numbers a [higher education provider] could enrol on a specific course, or group of courses*'.¹⁹

¹⁹ [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\) p.102](https://publishing.service.gov.uk/p.102)

To address the problems raised by the Independent Panel and to ensure that students and taxpayers are receiving a fair deal for their investment in higher education, the consultation sought views on a range of potential high-level models for student number controls on provision with poor outcomes. The consultation also sought views on different ways to identify and measure outcomes. All of these proposals were sector-wide interventions that would result in all providers being in scope of student number controls.

Respondents to the consultation showed limited support for a sector-wide intervention, judging that it might have a negative impact on students, particularly those from disadvantaged backgrounds, by affecting their ability to freely choose provision. Many respondents also suggested that student number controls would negatively impact higher education providers, from a financial perspective and from increased regulatory burden.

Respondents also expressed concerns regarding suggested approaches for determining the quality of outcomes. It was highlighted that the OfS's regulatory framework already sets clear requirements for student outcomes. Many respondents thought that these requirements would offer sufficient mechanisms for ensuring the quality and standards of provision. Some respondents thought that the sector-wide proposals would be disproportionate interventions for addressing pockets of low-quality provision in the sector, and others suggested making a direct link to the OfS's regulatory framework.

The government recognises these concerns, particularly regarding the risk of overlap with the OfS's quality and standards conditions in the regulatory framework. We do not want a system of capped participation, or a command and control approach to higher education. However, we are clear that in order to ensure higher education provision meets minimum quality standards, safeguards are required.

Having considered the responses, we have decided to issue statutory guidance to the OfS, setting out that it should impose recruitment limits on provision found to be in breach of OfS condition B3, which requires OfS-registered providers to deliver positive outcomes for students on higher education courses, where appropriate to the OfS's assessment of the provider's regulatory risk. We consider that such recruitment limits would be set as a specific condition of registration, possibly in addition to other OfS measures, and would be enforced using the OfS's existing powers. This will build on and reinforce the work the OfS has already done over the last two years to strengthen its quality and standards regime.

The most recent OfS data shows that at 38 providers fewer than 75% of full-time students studying for their first degree completed their course. There were 66 providers

where fewer than 60% of full-time first-degree graduates progressed to high-skilled employment or further study fifteen months after graduating.²⁰

Ultimately if a provider fails to improve student outcomes, then the OfS is able to consider a range of interventions. This includes specific ongoing registration conditions, a monetary penalty (fine) and/or suspension or deregistration of a provider.

Condition B3 establishes minimum numerical thresholds for three outcomes measures.²¹ These thresholds are different for different combinations of mode and level of study. For example, for full-time students studying for a first degree, the numerical thresholds are:

- Continuation - the proportion of students who continue their higher education course after their first year (set at 80%).
- Completion - the proportion of students who have gained a higher education qualification (or who were continuing in the study of a qualification) four years after they started their course (set at 75%).
- Progression – the proportion of students who progress onto professional or managerial employment, further study, or other positive outcomes 15 months after they left higher education (set at 60%).

If provision falls below one of the numerical thresholds, the OfS may prioritise the provision for further investigation using its risk-based approach. In the second stage, the OfS considers contextual information to decide whether there are contextual factors which can justify outcomes which are below the minimum thresholds. If this is not the case, the provision is likely to be found in breach of B3.

As set out in the government response to the Lifelong Loan Entitlement consultation:

“The government has also considered how to adapt existing regulatory measures to accommodate the introduction of funding for modules. We want to avoid placing undue burden on providers wishing to offer modular learning, whilst ensuring learners access high quality learning experiences for shorter periods of study. To do this, we recognise the importance of creating outcomes metrics for modular study which build upon the

²⁰ [Office for Students student outcomes data dashboard](#) 75% and 60% are the minimum numerical thresholds for the B3 outcome metrics, completion, and progression to high-skilled employment, respectively, in this mode and level of study. Data include taught or registered provision.

²¹ [Regulatory Advice 20: Regulating Student Outcomes \(Published by Office for Students on its website\)](#)

*existing course metrics and outcomes data available where possible. The OfS has previously announced that it will begin engaging with the sector in summer 2023 on developing student outcome measures for modular provision, including considering how to measure completion, employment outcomes and progression to further study”.*²²

As the independent regulator, it will ultimately be for the OfS to determine whether imposing a recruitment limit, in addition to other measures, is an appropriate response to the breach of condition B3. In practice, this would mean that specific providers in breach could have their ability to recruit new students onto such provision limited. We expect that the OfS would lift the recruitment limit if and when it determines the provision is delivering positive student outcomes. Provision which leads to positive outcomes for students and contributes to economic growth will not be affected.

The government expects the OfS to consider further aspects of operational design and will ask that OfS start using recruitment limits in relation to the outcome of B3 investigations, the first of which are expected in Autumn 2023, if proportionate and dependent on the facts of the case subject to OfS decision making on delivery and implementation.

Simply put, we will not tolerate the continuation or growth of low-quality provision that is not delivering positive student outcomes and does not represent value for money for students and the taxpayer, regardless of whether this is delivered at a university, further education college or any other provider. Preventing this growth will be to the benefit of all students undertaking higher education.

We will also ask the OfS to consider earnings data as part of its quality regime. We know many factors influence graduate earnings – but students have a right to expect that higher education will lead to improved employment opportunities and commensurate earnings.

²² [CP 801 – Department for Education – Lifelong Loan Entitlement – Government consultation response – March 2023 \(publishing.service.gov.uk\)](#)

Minimum Eligibility Requirements

Summary

The Independent Panel Report to the Review of Post-18 Education and Funding said that students were too often recruited onto undergraduate degrees which offered poor outcomes, including poor retention, graduate employability, and long-term earnings potential.

The government wants to ensure that students who undertake undergraduate degrees are appropriately prepared to do so. It is not fair or right for students to be taken advantage of by a system that encourages them to study when they are not ready to properly benefit from a university education, leading to poor quality outcomes for them and poor value for money for the taxpayer.

Our intention is that the use of recruitment limits and reforms to foundation year fee and loan limits will help drive out poor quality provision that does not benefit students. The government has therefore decided not to proceed with a minimum eligibility requirement at this point in time, but if the sector does not act to drive out low quality provision and improve student outcomes then the government will consider all levers available to us.

We are clear that degree-level study is just one of many ways to succeed in life. We encourage all students to explore the range of rich pathways into higher education, including higher technical education and apprenticeships. All students have numerous higher education options open to them which can lead to good jobs and successful outcomes. As outlined previously, we are clear that with the advent of the Lifelong Loan Entitlement, we expect providers to transition their offer to a broader range of tertiary options, including where appropriate more flexible, modular provision.

The Independent Panel Report to the Review of Post-18 Education and Funding suggested that *'unless the sector has moved to address the problem of recruitment to courses which have poor retention, poor graduate employability and poor longer term-earnings benefits by academic year 2022/23, 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'.²³

It is generally the case that students with poorer entry qualifications are less likely to complete their degree.²⁴ They are also more likely to have worse earnings outcomes than higher education students with higher prior attainment.²⁵

The consultation tested views on how a minimum eligibility requirement for student finance, set at either GCSE or A level, could help protect students of all backgrounds from being misdirected or encouraged onto courses unlikely to allow them to achieve the best quality outcomes from their studies. There is good evidence that students with poorer prior attainment are more likely not to complete their degree and have lower earnings after graduation than those with higher attainment. Consultation respondents argued that a minimum eligibility requirement at either two E grades at A level (or equivalent) or at a GCSE level could negatively impact the most disadvantaged students, and act as a barrier to them reaching their potential. In particular, respondents felt that a subject-specific GCSE minimum eligibility requirement (set at grade 4 in English and maths, or equivalent) could unfairly impact students with special educational needs and disabilities (SEND) and may not be appropriate for those undertaking certain degrees (such as creative arts).

Respondents also argued that students should not be stopped from going to university. We recognise the concerns raised through the consultation, but a minimum eligibility requirement would not stop students from ever going into higher education. Rather it would discourage them from beginning degree-level study as a default and encourage them to first build their knowledge and experience through other pathways, such as attaining Level 4 and 5 qualifications or degree apprenticeships, which can be just as valuable as degree-level study.

Respondents to the consultation demonstrated a preference for a minimum eligibility requirement, if introduced, set at A level (level 3), which was non-subject specific. Those in favour of a Level 3 minimum eligibility requirement suggested that Level 3 qualifications often relate to the area of study pursued by students at degree-level and, given they are the most recent of qualifications undertaken by students prior to higher

²³ [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\) p.47](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/671111/independent-panel-report-to-the-review-of-post-18-education-and-funding.pdf)

²⁴ The OfS published data showing that degree outcomes are worse for students with lower prior attainment [Degree outcomes: overall results - Office for Students](https://www.officeforstudents.org.uk/news-events/degree-outcomes-overall-results)

²⁵ DfE and OfS [Differences in Student Outcomes](https://www.officeforstudents.org.uk/news-events/differences-in-student-outcomes)

education, are more likely to reflect a student's future potential. Many raised that current entry requirements to most higher education providers are higher than two E grades at A level, or equivalent.

The government maintains that a minimum eligibility requirement could help to ensure that students are prepared to gain advantage from degree-level study. The purpose of a minimum eligibility requirement would be to ensure that students are not inappropriately recruited to a traditional three-year degree where other pathways into higher education, such as Level 4 and 5 higher technical education and apprenticeships could lead them to realise better outcomes and value for money.

However, we acknowledge that a minimum eligibility requirement would need to be carefully designed to avoid unintended consequences. If the HE sector responds to the use of recruitment limits, reforms to foundation year fee and loan limits, and the Office for Students' ongoing work to drive out low-quality provision, then we judge that a minimum eligibility requirement will not be needed. However, if the sector does not show evidence of responding, we will consider all levers available to us.

Foundation Year Fee and Loan Limits

Summary

The Independent Panel Report to the Review of Post-18 Education and Funding found that a large, and growing, amount of foundation year provision was being delivered in subjects without specific entry requirements, or not closely aligned to the needs of the economy.

We consider that foundation years offer a valuable pathway to higher education, particularly for students from under-represented backgrounds, adult learners and those who do not have the combination of A level subjects needed for their desired degree. Some foundation year courses, such as medicine and veterinary sciences, are important in ensuring under-represented student groups can progress onto these careers. The government wants to ensure that routes into higher education are accessible and cost-effective, while ensuring providers are supported to keep offering provision that leads to good outcomes for students and the economy.

We have found that the proliferation of foundation years is concentrated in a small number of classroom-based subjects. This category includes subjects such as business and social sciences that in many cases require little or no subject-specific entry requirements. We found little compelling evidence that full-cost foundation year provision is required for such subjects, and do not believe students should be charged maximum fees for an extra year of study where it may not be warranted, valuable or in students' best interests.

We are concerned that lower delivery cost is driving the rapid and disproportionate growth of these courses, rather than student need. We have therefore decided to lower the maximum fee and loan limit to £5,760 for foundation years in classroom-based subjects, while retaining the maximum fee and loan limits at £9,250 for all other subjects. We envisage this change will be implemented in academic year 2025/26.

We will keep fee and loan limits for foundation years under review, particularly where growth is concerning, and will not hesitate to impose further reductions if necessary. We encourage providers to ensure their business model is not reliant on income from foundation years.

The Independent Panel Report to the Review of Post-18 Education and Funding recommended that student loans no longer be offered for foundation years and

suggested ‘universities are using foundation years to create four-year degrees in order to entice students who do not otherwise meet their standard entry criteria’.²⁶

The Independent Panel compared foundation years to Access to Higher Education diplomas, arguing that both pathways provide similar outcomes for students, though foundation year fees and loans are substantially higher. OfS research confirmed that 68% of Access to Higher Education students who started a degree course qualified within 4 years, compared to 69% of those who started with a foundation year.²⁷ The panel recommended that funding for foundation years be withdrawn, with possible exemptions for some courses with specific entry requirements.

We consulted on reducing the maximum fee and loan limit for foundation years in alignment with Access to Higher Education funding rates, and on whether there was a case for allowing some foundation year provision to charge a higher fee than the rest.

Views gathered through the consultation showed a relatively equal split of opinion on the government’s proposal. 43% of respondents agreed that foundation year fee limits should be reduced while 57% disagreed. While a minority of higher education providers that responded agreed that fee limits should be reduced, a majority of individuals, student mission groups, and further education providers that responded agreed with the proposed reduction.

Many respondents said that students were more likely to progress into higher education as a result of a foundation year than an Access to Higher Education diploma.²⁸ Respondents argued that higher education providers assign high levels of in-class contact time to foundation year students to help cement core learning and technical study skills. They also offer foundation year students bespoke support, including structured essay writing techniques, effective researching, use of technical equipment, teaching of data analysis, as well as increased pastoral support. However, these respondents did

²⁶ [Independent panel report to the Review of Post-18 Education and Funding \(publishing.service.gov.uk\) p.103](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/90421/independent-panel-report-to-the-review-of-post-18-education-and-funding.pdf)

²⁷ [Preparing for degree study: Analysis of Access to Higher Education Diplomas and integrated foundation year courses \(officeforstudents.org.uk\)](https://www.officeforstudents.org.uk/media/1111/Preparing-for-degree-study-july-2020.pdf)

²⁸ <https://www.officeforstudents.org.uk/media/f011eaa3-e55c-471d-b290-ea56473c4477/preparing-for-degree-study-july-2020.pdf> figure 15. To note, the approach used in this calculation is different to that used for foundation year and year one completion rates referenced elsewhere within this document. Also note that progression into higher education is much lower for Access to Higher Education students than foundation year students as evidence further down.

acknowledge that proposals to reduce the maximum fee limit would be advantageous for disadvantaged students to accrue less debt.

Many respondents, particularly providers, suggested that bringing foundation year fees down to £5,197 would risk the viability and quality of many foundation year courses. There were suggestions that a fee reduction would lead to a significant shortfall in funding and that this could lead to providers ceasing to offer foundation years, particularly in STEM subjects with higher delivery costs.

Department for Education analysis shows that the growth of foundation years is concentrated in a small number of classroom-based subjects. These classroom-based subjects accounted for 54% of all foundation year entrants in academic year 2021/22. In addition, 51% of all foundation year students studied business and management courses (compared to 13% of first year undergraduate students), generally at low tariff providers where nearly 30% of all foundation years are delivered.

Contrary to the Independent Panel's concerns about growth, there is little significant or rapid growth in the provision of places in higher cost subjects (such as courses that include laboratory, studio or fieldwork elements) at foundation year or undergraduate level. Evidence does not show that foundation years in these subjects are lower cost to deliver than in other subjects, so there is limited financial incentive for providers to unduly expand such provision.

The government commissioned IFF Research to consider the evidence on the cost-drivers of foundation year provision to understand better if foundation years could be delivered for less.²⁹ This research, based on interviews with a range of providers, found that, on average, foundation years currently cost the same as first year undergraduate provision, with some differences in delivery that affect the distribution of costs. These include:

- The most expensive subject areas such as biological, mathematical, and physical sciences; engineering and technology; and medicine, dentistry and health;
- Some providers assigning more in-class contact time; and

²⁹ <https://www.gov.uk/government/publications/understanding-the-costs-of-foundation-year-study>

- Other providers offering bespoke support e.g. structured essay writing techniques.³⁰

In addition, Access to Higher Education Diplomas are stand-alone courses, designed for students to obtain a Level 3 qualification which they can use either in the labour market or for further study, whereas foundation years are fully integrated into a larger programme of Level 6 study, with course content higher than Level 3.

The government has noted responses outlining the key differences between Access to Higher Education diplomas and foundation years, as well as the impact that a reduction in the maximum fee limit could have, especially on some subjects that have a higher cost of delivery. It maintains that some foundation year provision is important, particularly for mature students and students from certain ethnic minority groups, and funding for courses that support this should not be completely withdrawn as the Independent Panel initially recommended.³¹ However, it also recognises the Panel's concern about fast growing provision, particularly at low tariff providers.

The government has concluded that reducing fees for classroom-based subjects only to £5,760 would represent a fair compromise between maintaining the viability of higher-cost foundation year provision and ensuring that students can access lower cost provision at a lower fee, which we consider to represent a fairer deal. By "classroom-based foundation years provision" we mean the subjects currently in OfS Price Group D. The government will issue detailed guidance to the higher education sector on the subjects that the £5,760 fee cap will apply to in due course.

We expect removing any purely financial incentive for providers which could be driving further rapid and disproportionate growth of foundation years, will see growth level plateau, with only foundation years offered that are genuinely required by students. As detailed above, we will keep the number of students who continue to be recruited to these courses under review. We would encourage providers to consider whether these foundation years are necessary, and work to ensure their business models are not reliant upon funding from these foundation year courses.

Furthermore, a full 3-year degree, with an integrated additional foundation year of study will potentially use up students' entire Lifelong Loan Entitlement allowance. We are clear

³⁰ <https://www.gov.uk/government/publications/understanding-the-costs-of-foundation-year-study>

³¹ Providers of Medicine and Veterinary Medicine (such as the Royal Veterinary College) have suggested that foundation years play a key role in expanding the number of ethnic minority students who enter these courses.

that we expect to see providers transition to offer a broader range of tertiary options, including where relevant more flexible, modular provision for students on non-traditional pathways into higher education, and for the number of foundation years on offer to reduce significantly. We would advise that this comes alongside close collaboration with further education colleges, to ensure that other pathways such as Access to Higher Education Diplomas are as effective as possible in providing students the skills needed to progress into higher education studies.

Our intention is for the reduction in the maximum fee/loan limit for foundation years to be implemented in academic year 2025/26. The maximum fee/loan limits referenced are the current limits, which the government has committed to freezing until academic year 2024/25.

National State Scholarship

Improving access to post-16 study is a priority for the government. This is why higher education providers registered with the OfS and wishing to charge the higher rate of fees are required to have access and participation plans that lead to clear, measurable progress in improving access and participation for under-represented groups. In 2021/22, 61.8% pupils from the most advantaged POLAR quintile progressed to higher education by age 19. This is almost twice the rate of those from the most disadvantaged quintile, where only 31.7% of pupils had progressed to HE by age 19.³²

Guidance issued to the OfS in November 2021 tasked it to refocus the entire access and participation regime to create a system that supports young people from disadvantaged backgrounds throughout their education. The OfS has asked higher education providers to:

- Move away from just getting disadvantaged students through the door, and instead tackle dropout rates and support students through university to graduation and into high skilled, high paid jobs.
- Offer more courses that are linked to skills and flexible learning such as degree apprenticeships, Higher Technical Qualifications, and part-time courses.

Government has been considering options for a national scholarship scheme for high achieving disadvantaged students.. There was recognition through the consultation of the

³² [Widening participation in higher education, Academic year 2021/22 – Explore education statistics – GOV.UK \(explore-education-statistics.service.gov.uk\)](https://www.gov.uk/explore-education-statistics)

potential for this scheme to benefit disadvantaged students and widen participation in higher education.

We are clear that it is vitally important to support talented, disadvantaged students to succeed in higher education. We want to do this in the way that impacts those who will benefit most and achieve value for money. For example, we have made £276 million of student premium funding available for the 2023/24 academic year to support successful outcomes for disadvantaged students. We will give further consideration to whether a scholarship scheme or other form of support will add significant value.

The Future of the Higher Education Sector

At the beginning of this Parliament, the government set out its ambition to maintain and strengthen our global position in higher education. We committed to reduce the burden of debt on students, and to tackle the problem of low-quality courses. We were clear that fairness, quality of learning and teaching, and access to higher education for those with the ability and desire to benefit from it, would underpin our approach to achieving these aims.

As the government continues to look towards the future, we want the higher education system to remain on a sustainable and fair footing for providers, taxpayers, and students which our reforms to the student finance system, and higher education provider funding sought to realise. We will do our utmost to ensure this continues to be the case.

We maintain, as the Independent Panel did, that a fees-based system, with a balance of contributions between government, the taxpayer and students is the right approach to higher education funding. However, this system should be underpinned by the principle that higher education gives students the skills needed to succeed in life and find gainful employment – therefore delivering strong returns for students, the taxpayer, the economy and society at large. The reforms detailed in this document aim to ensure this is the case.

The government and the sector have made significant progress towards these aims, and the policies set out here will enable them to continue to do so. Alongside these, introduction of the Lifelong Loan Entitlement from 2025 will give people the opportunity to study, train, retrain, and upskill according to career need and in a way that suits them. We anticipate that making it easier for students to access high-quality higher technical education, will help ensure a more nimble and agile higher education system, which can deliver a workforce fit for the future, which can adapt to changing skills needs and employment patterns.

Franchising in higher education

A franchising partnership is the relationship in which one provider (lead provider) subcontracts the delivery of the whole or part of its approved course to another provider (delivery provider). The OfS's Regulatory Framework is clear that the lead provider in franchising relationships is, and will continue to be, responsible for franchised students

and provision, including the programme's content, delivery, assessment, and quality assurance arrangements.³³

There are 126 lead providers who subcontracted out the delivery of some of their provision to a different delivery partner in 2021/22, involving at least 389 delivery partners.³⁴ The number of franchised students is a relatively small proportion of the total, at just 5.6% of the overall undergraduate student population (c.95k out of 1.7 million undergraduate students in 2021/22) and 2.2% of the overall postgraduate student population (c.13.7k out of 634k overall postgraduate students in 2021/22).³⁵ However, student numbers in franchised providers have risen sharply in recent years, with growth concentrated in a small number of providers. For example, many courses in business and management are now delivered by franchise providers, many of whom are not registered with the OfS.

We are aware of the role franchised provision can play in the delivery of higher education, especially at Levels 4 and 5, in cold spots, in bringing the higher education and further education sectors closer together and in reaching students who may not otherwise be able to benefit from higher education.

However, we have found that the publicly available data and information on these relationships is often unclear and inconsistent. Furthermore, where the data is available, quality, while generally above OfS minimum thresholds, is broadly lower than it is in non-franchised provision. There do not always appear to be clear and auditable regulatory and oversight controls between lead and delivery providers in all circumstances. This is of particular concern due to the marked increase in franchised provision between 2020/21 and 2021/22 where student numbers for the overall undergraduate and postgraduate population rose from around 85,000 to 108,600.³⁶

This government is clear that lead providers are just as responsible for the quality of franchised provision as they are for provision they deliver directly. And they are just as

³³ [Securing student success: Regulatory framework for higher education in England \(officeforstudents.org.uk\)](https://www.officeforstudents.org.uk)

³⁴ Source: OfS analysis of individualised student data returns submitted to the Education and Skills Funding Agency (ESFA) and the Higher Education Statistics Agency (HESA) annual data collections.

³⁵ Figures exclude students studying through apprenticeships and are sourced from the OfS [size and shape of provision data dashboard](#)

³⁶ Figures have been rounded from the partnership arrangements dashboard. This can be found here: [Size and shape of provision data dashboard: Data dashboard - Office for Students](#)

responsible for the students studying in franchised provision as students they teach themselves.

The OfS's regulatory framework is explicit that lead providers subcontracting all or part of a course to a delivery provider retain responsibility for the students on those courses and the quality and standards of that provision.³⁷ It is also the responsibility of providers to ensure that safeguards are in place to protect the interests of students during recruitment, including where domestic agents are used. We are concerned that it is not always clear to students that they are studying through a partnership arrangement, that students may not understand which of the providers are responsible for their provision and experience, and that the oversight of delivery providers may not always be robust.

We therefore plan to work with the OfS to make clearer our expectations of providers in these arrangements and to ensure that the oversight of franchised provision by lead providers is robust and effective. We will also closely consider whether we should take action to impose additional controls, in particular regarding the delivery of franchised provision by organisations that are not directly regulated by any regulatory body.

Future action

Only through driving up the quality of higher education at Levels 4 to 6 and improving access to high-quality provision will the government be able to ensure that learners develop the skills needed for high-value employment, throughout their lifetimes.

This will support our businesses with the talent they need to thrive and help facilitate a high-wage, high-skill economy, complementing our broader Skills reform agenda. Only through a combination of strong higher and technical education can we ensure that as a country we are building back better and ensuring skills gaps across the UK are addressed.

It is the higher education sector's responsibility to ensure that students are studying on high-quality courses. As outlined previously, we will ask the OfS to consider earnings data as part of its quality regime. It is important that higher education equips people to go onto jobs with good earnings potential. We recognise that many factors influence earnings, and it is important to take these into account, but graduate earnings should reflect students' considerable investment in the course they have undertaken.

³⁷ [Securing student success: Regulatory framework for higher education in England \(officeforstudents.org.uk\)](https://www.officeforstudents.org.uk)

We know the sector will respond to the challenge with the focus on excellence and ambition needed to make this a reality. However, should the sector not step up to improve and deliver this, we will consider all levers available to us.

There is always further work to be done, and the government will continue to challenge itself in considering what more needs to be done to ensure that our higher education system remains fair, sustainable, and high-quality.



Department
for Education

OGL © Crown copyright 2023

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

To view this licence:

visit www.nationalarchives.gov.uk/doc/open-government-licence/version/3

email psi@nationalarchives.gov.uk

write to Information Policy Team, The National Archives, Kew, London, TW9 4DU

About this publication:

enquiries www.gov.uk/contact-dfe

download www.gov.uk/government/consultations



Follow us on Twitter:
[@educationgovuk](https://twitter.com/educationgovuk)



Like us on Facebook:
facebook.com/educationgovuk

E02940012
978-1-5286-4310-8