



Advanced Learner Loans changes to Subcontracting and Growth Request Process

Introduction

This note provides important information and changes concerning the following 3 aspects of the advanced learner loans (ALL) programme:

- (1) Removal of subcontracted loans delivery for 2017 to 2018
- (2) Growth requests
- (3) Recording loans learners on the ILR

1 Removal of subcontracted loans delivery for 2017 to 2018

The decision to remove subcontracting from the loans programme from 1 August 2017 was announced on 22 February 2016 to enable providers sufficient time to bring the delivery in house or, if necessary, to cease such delivery.

As we enter the final few months of the 2016 to 2017 funding year, and prepare for the launch of the 2017 to 2018 loans application service for learners we can still see:

- individualised learner records indicating that subcontracted delivery which commenced in the 2016 to 2017 funding year will go beyond 31 July 2017, contrary to the funding rules
- providers requesting increases to their loans facilities in 2016 to 2017 associated with subcontracted delivery.

We are also receiving feedback from a small number of existing loans subcontractors that some lead providers are seeking to renew their subcontracting contracts with them as 'partners' or 'associates'. This type of delivery model is not permitted under the 2017 to 2018 funding rules.

We remind you that subcontracted delivery which started after August 2016 must end by 31 July 2017. We must continue to safeguard learners by ensuring they receive a high quality service directly from you.

For all providers with subcontracted loans provision, we will stop approving any requests for increases to loans facilities for 2016 to 2017 associated with subcontracted delivery. This means that with immediate effect we will not agree any loans growth that is intended to be delivered by a subcontractor.

Provider Management

To ensure clarity of the intent of the decision to remove subcontracting beyond 31 July 2017 and better understand your 2017 to 2018 delivery arrangements we intend:

- to visit all providers with an ALL facility of more than £750K and declared subcontracted loans delivery of more than 50% before the end of March. During these visits we will expect assurance that current loans subcontracting contracts have been or are in the process of being terminated and not replaced with 'partner' or 'associate' or other such arrangement that is subcontracting by another name
- to speak to all other providers with subcontracted loans delivery to secure the above assurance

2 Growth requests

In November 2016 we introduced changes to the process for requesting an increase to your loans facility, including the introduction of limits to the amount of growth that could be requested.

- If your approved loans facility was £500,000 or less, as at 2 November 2016, a maximum growth limit of £250,000 will apply.
- If your approved loans facility was £500,000 or more, as at 2 November 2016 a maximum growth limit of £750,000 or 50% or your 2016 to 2017 loans facility value, whichever is the lesser, will apply.

There was an opportunity for you to apply for growth beyond these limits in exceptional circumstances. As we now enter the final few months of the 2016 to 2017 funding year we are removing that opportunity.

We have brought forward the last date by which you can request an increase to your loans facility or loans bursary allocation for 2016 to 2017 from 30 September 2017 to 25 July 2017.

The changes set out above are included in an addendum to the [ALL funding and performance management rules 2016 to 2017 Version 4](#).

3 Recording loans learners on the ILR

You are reminded that you must complete ILR for all loans-funded learners and that the data reported through the ILR must match the information you report to the Student Loans Company through the learning provider portal. This is set out in the [Advanced Learner Loans Funding and Performance Management Rules 2016 to 2017](#) (funding rules F127 and F128).

We have identified a number of loans learners that are not recorded in the ILR. The FM27 report in BIRST provides further details.

If you have any queries, please contact your provider manager.