

# adults learning *extra*

January 2012

## Perspectives on further education loans

An Adults Learning  
special issue

 niace  
promoting adult learning

# COLLEGES IN THEIR COMMUNITIES

## A dynamic nucleus

**Margaret Sharp, NIACE and CFE**

April 2012

£14.95 (+P&P), 176pp, 234x156mm

ISBNs: 978-1-86201-604-0 (print); 978-1-86201-605-7 (PDF);  
978-1-86201-606-4 (ePub); 978-1-86201-608-8 (online);  
978-1-86201-607-1 (Kindle)

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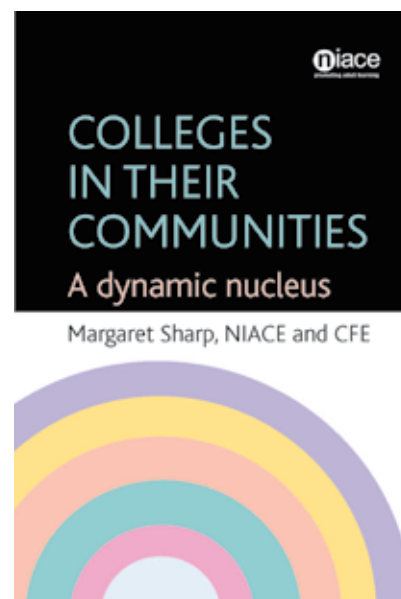
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# Fairness will be the acid test of reforms

**T**his special issue of *Adults Learning* aims to inform the ongoing debate about the introduction of further education loans for adults aged 24 and over in England from 2013. The short, sharp contributions gathered together here – from across the adult and further education sector – were written during December 2011 and January 2012, as the government began to work with stakeholders to develop options for the implementation of the policy.

The current further education (FE) loans debate is part of a wider discussion that has raged for much of the last decade about who pays for adult learning, what learning is eligible for government funding, and how that funding is financed. Much recent debate has focused on *income-contingent* loans for higher education (HE). Most discussion in this arena has been about the size of the loan, the repayment criteria, and eligibility (for example, for part-time students). But the principle that it is the role of the state to *finance* (rather than *fund*) individuals to participate is largely unchallenged. This is important as the chosen model for FE loans follows the HE template (income-contingent and managed by the Student Loans Company) rather than other options (like commercial loans).

The government is now in the implementation phase. Loans will be available from March 2013 for learning programmes in the 2013/14 academic year. Adults over 24 years will be eligible if they wish to study for a certificate or diploma at Level 3 or 4. The implementation phase has included market research, while outline impact and equality impact assessments have been carried out, with a full one expected to be published in April 2012. That gives barely a year before the loans 'go live' and much less time before potential students start

making choices, and providers finalise their course programmes.

So, time is of the essence and much of the devil will be in the detail, as a number of our contributors point out. There are issues of principle at stake too. Some of our contributors stress the public value of further education, while others raise concerns about the likely impact on adult participation in FE, the impact on access to HE and the potential threat to some of the wider benefits of adult learning. Alongside these matters of principle are critical issues of detail which will need to be addressed, including:

- How will FE and HE debt be managed?
- What will be the impact on courses which cost more to deliver, such as STEM courses?
- What administrative challenges will the changes pose for providers?
- How will recruitment to adult apprenticeships be affected?
- How will the reforms be communicated to adults?
- How will FE and HE loans work together?
- What impact will the reforms have on take-up of initial teacher training?

These and other questions are posed with the aim that we can translate into practice the principles of fairness, freedom and responsibility, which underpin *New Challenges, New Chances*. Given greater freedoms, providers have the opportunity to be creative in meeting the demands of learners. But this will matter very little if current educational inequalities are reinforced rather than ameliorated by this policy. Fairness will be the true acid test of whether this is good policymaking.

Paul Stanistreet  
Editor, *Adults Learning*

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### UK subscription rates (print copy and e-edition)

Individuals £41

Organisations (single-user access) £67

Organisations (full-site access) £110

Concessionary rate (part-time tutors  
and learners) £25

Extra copies £27 each

### Overseas subscription rates (print copy and e-edition)

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*Adults Learning* is published by the  
National Institute of Adult Continuing  
Education (England and Wales).

It is a forum for debate on all issues  
affecting adult learning and contributions  
are welcome from those in the field. The  
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January 2012

ISSN: 0955-2308

Designed and typeset by  
Prestige Colour Solutions Limited, Leicester

Printed in Great Britain by  
The Russell Press, Nottingham



Photo: Ed Mellia

**A**s I write this, Richard Branson is busily tweeting, 'Let's make loans available to young entrepreneurs on the same terms as students'. He is calling for a Youth Investment Fund and on his corporation's website it says, 'The PM thought it was "a brilliant idea".' Loans are very much in the news, the twittersphere and other social media. They are the subject of vigorous public debate. True, it is mainly about the mechanics of the proposals, but it is underpinned by a central question: what is it right and proper for the state to *fund*, and what should the state *finance*? Trace that back still further, you get the question: 'What is the role of the state?'

But let us stay with Sir Richard's proposal for a bit longer. He starts by saying 'Let us', by which he means there is some kind of *collective* responsibility at work here. He doesn't mean,

18-24 age group and what could be on offer for would-be Bransons or Sugars.

Sir Richard no doubt already knows (presumably having read *Learning Through Life*) that the vast majority of public and private investment in adult learning is already focused on this age group. But he makes a valid point: if we are investing in higher education students through income-contingent loans, why not do the same for young people who do not want to go to HE... yet.

This might be 'a brilliant idea' but it cannot be considered in isolation from other policies. Any system of income-contingent loans will mean that the taxpayer will pick up some of the tab. If 'Going Dutch' in this context could mean as much as 60 per cent cost to the taxpayer, you have to ask how much public value is generated by the taxpayer's share. Furthermore, if the

# A shared responsibility

**MARK RAVENHALL** considers the likely impact of FE loans policy and asks how it could benefit learners, their communities and the rest of 'us'

I think, let Virgin PLC make loans available, although as Virgin Money now owns the former taxpayers' bank Northern Rock, that would be interesting. No, he is not saying that because commercial banks do not tend to take risks on young entrepreneurs or people wanting to undertake career development through skills. They might take other risks, but not those ones.

So if it is collective responsibility, it is one shared between state, individual and employer. That is one of the principles underpinning the current skills strategy in England. And if it is a *shared* responsibility, it is presumably because the benefits from the investment accrue to the individual taking out the loan and wider society. We will all benefit in some way. The case is being made that entrepreneurialism is a public good, partly at least.

Perhaps he is also saying that young entrepreneurship is a public good, or that the young need more help than older adults. I'm not sure but it is interesting that the comparison is being made between the English higher education loans system mainly accessed by the

Treasury has finite resources then choices need to be made about when to invest in HE loans or loans for young entrepreneurs. To make that choice there needs to be some evidence, first, that it works and, second, that it works fairly.

This might seem to some a long way from the further education loans debate but it does provide us with a way for thinking about how this policy could benefit learners, their communities and the rest of 'us'. As with any policy change, there is a degree of protectionism and institutional interest as learning providers quite rightly think about their budgets and curriculum planning. That's natural and in my experience is also largely based on their knowledge of their current learners. Many of these concerns are eloquently put forward in this special edition of *Adults Learning*. But these are not the sole voices in this debate. The Department for Business, Innovation and Skills has put forward a cogent argument in *New Challenges, New Chances* and consulted widely. It has begun the process of sound market research and is part-way through

its full equalities impact assessment. These will no doubt inform implementation from March 2013 for courses starting that September.

In curriculum-planning terms that is all quite a rush, especially viewed alongside the crucial development of the National Careers Service, the readiness of the Student Loans Company and other aspects of the *New Challenges, New Chances Reform Plan* that are interlinked with this particular policy. The overall plan is about doing 'more with less': participation funding for all adults falls throughout the Comprehensive Spending Review period, and the government argues income-contingent loans are a way of protecting 'access to learning'. As the quantum of funding falls, some groups have to contribute more than others.

So why adults over the age of 24 years? In last August's consultation document on FE loans it says, 'in line with the principles of fairness and greater responsibility, public grant support will be prioritised on younger learners and those with lower skills'.

So the criteria used here for the allocation of public investment are age and existing skills as defined by qualification level. Why? The case made in the *FE Loans Impact Assessment* is the argument set out in Leitch's report of 2006 that the economic benefits of gaining a Level 3 qualification accrue to the individual and/or employer. The so-called 'spillover' benefits that accrue to 'society' provide the rationale for government funding. These 'wider' benefits (for example, to social cohesion or reduced crime) are higher at Level 2 and below. It is also argued that people at Level 2 or below face greater challenges in terms of overcoming barriers to learning and accessing information.

Overall, the impact assessment (and it is to be applauded that government invests so much time in setting out its case in a 50-page document) focuses on the economic case for adopting the FE loans option over others, although there is a nod to the work the department, NIACE and others are undertaking on the social returns on investment in adult learning. When there is more evidence here, perhaps the case will be revisited.

However, the argument tends to be sliced one way: by skills level as measured by existing qualification. There is some reference to the age at which one attains those skills and the lifetime benefits in wage returns for getting particular Level 3 qualifications (they differ as you'd expect). The argument is *for* investing in younger adults rather than *against* older ones. The impact assessment says, 'international

evidence shows that the 19-25 age group is a critical period where the UK has traditionally fallen behind other developed countries'.

Of course, part of this market failure is due to the relative value placed on vocational qualifications in France and Germany, but funding could be an issue too. No clear link is drawn between youth unemployment of people at whatever skill level and the policy, but it's bound to be in the back of people's minds.

So what about the impact? The government forecasts that FE loans will, initially at least, result in a decline in overall participation at Level 3 but precisely how much is unclear. It is also unknown where those tens of thousands of 'lost learners' will go. Will provision be made for them in other parts of a more integrated employment and skills system, or via their employer or union perhaps? Or will loans result in more creative approaches that boost participation for some groups? To a large extent experience shows that this will depend on their individual circumstances and who they are.

I find it worrying that disadvantage is so clearly correlated to skills level as defined by existing qualification level. As part of a previous skills strategy roll-out in 2006/07 NIACE ran what we called 'Leitch Learner' events. I recall in one of the discussion groups a single mum with four kids talking eloquently about her Level 2 teaching assistant course and how she'd really like to do a Level 3 but there was no funding. She understood that Lord Leitch thought the investment was down to her but she didn't want to get into debt to the tune of £1,000 so she would not be doing a Level 3.

Times might have moved on, but the success of FE loans will be tested in such conversations. Currently we are talking about around 450,000 learners over the age of 24. But although the quantum is important, it is more pertinent to consider the impact on groups less likely to participate in adult learning. What will be the impact on female learners (64 per cent of current cohort)? Or the 40+ age group (45 per cent) who will have less time to repay their loans? But there are many other interrelated considerations beside age and gender, and we look forward to a thorough analysis by race, religion/belief, disability, etc. Not just because the principle of 'fairness' needs to be looked at alongside 'shared responsibility' – in addressing all forms of disadvantage the social returns on the investment are likely to be higher.

In considering, as Richard Branson says, how 'we' benefit, we first have to think about who 'we' are.

**Mark Ravenhall**  
is NIACE Director for  
Policy and Impact

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# A step into the unknown that could hit social mobility

LYNNE SEDGMORE

**W**hile we understand the financial logic, introducing further education loans at Level 3 from 2013 is a major step into the unknown for the UK. As far as the 157 Group is aware, the only advanced country with remotely similar arrangements is New Zealand where fees are leading to skills shortages as high costs discourage participation. We fear similar consequences in England.

Further education (FE) loans may impact on choice and hit STEM subjects hardest. Learners will have to take out bigger loans if they wish to study these subjects, which typically cost more to deliver. By contrast, STEM subjects in higher education will still be subsidised.

FE loans could damage Access to HE courses. The *Times Educational Supplement* reported last summer that 'access-to-higher-education courses could be threatened by

changes that will see students seeking a second chance in education paying five times more in fees'. The government's own Advocate for Access, Simon Hughes MP, recommends that 'The government should consider the reclassification of access courses in FE colleges so that they will be eligible for funding for students over the age of 24 in the future'.

Most importantly, FE loans may damage equality and social mobility. Access course learners – 70 per cent women and 27 per cent ethnic minority – are typically seeking entry to lower-paid professions – nursing, teaching and social work. Without the prospect of a highly paid career, the fear of increased debt is very likely to put people off unless a major culture change and transition support process is put in place.

*Lynne Sedgmore is Executive Director of the 157 Group of large further education colleges*

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# Loans for apprenticeships could inhibit recruitment

ANDY PALMER

**D**uring a period of financial tightening we appreciate that difficult decisions over the use of finite resources must be made. We at BT are, however, concerned that the proposed introduction of fees and loans for certain learners undertaking apprenticeships could act as an inhibitor to individuals and businesses benefitting from the transformational effect that apprenticeships have.

In many cases, apprenticeships are linked to job creation or new recruitment into a business. Having to take out a loan to pay fees in order to accept a job offer will surely make people question their choices and may well lead to a situation where some members of a recruitment cohort will be subject to taking out a loan while others are not – simply based on their age.

While apprenticeships are enjoying an ever-higher profile, significant work must be

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done to inform young people of the benefits of apprenticeships, the transferability of skills that are developed, and so on. Only by doing this will potential apprentices be able to make informed decisions about whether to take on the commitment of repayment of significant loans. This benefit must be articulated in the same way that the benefits (financial, progression, etc) of undertaking a course of higher education have been set out over numerous years.

The age at which an individual will be liable to pay fees is also very low. We believe that young people have an entitlement to develop their skills to Level 3 and we regularly meet

young people who take into their mid-twenties to understand not only the type of work that they wish to undertake but also their personal learning style.

While we appreciate that, with good careers guidance and greater engagement by employers in providing work placements and relevant and up-to-date information about careers, people could be better informed to make decisions, the current careers system simply doesn't offer this level of information, advice and guidance.

*Andy Palmer is Director of Education and Skills at BT*

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# Communicating the reforms will be a huge challenge

## EWART KEEP



**T**he Skills Funding Agency document on streamlining the funding system for adult skills observes that a strong message from consultation was that 'all changes must be clearly communicated'. To date, material aimed at getting the message across about the new fees regime to those adult learners potentially affected by it has been notable largely by its absence. There is a huge task still to be done in ensuring that individuals are aware that the new (and very alien) system is coming, understand their rights within it, and have the information available that will allow them to calculate whether a loan makes sense for them.

As with the higher education (HE) student loans, there are many problems. One is a potential threshold trap. Loans make good sense if you are liable never to earn over the repayment threshold (the case for many Level 3 students), or to earn a great deal more, and therefore be able to repay swiftly. Some universities are already talking (quietly) about a sales pitch focused on these two potential audiences. The people who are liable to get squeezed are those whose relatively modest earnings will place them just above

the repayment threshold, and who will spend longer repaying (and, therefore, face larger interest charges) than those who earn substantially more.

As with HE loans, there is a very strong likelihood that many further education students will never start, never mind finish, paying off their loans. This may be good news for them, but it may mean the Student Loan Company eventually becomes unviable.

*Professor Ewart Keep is Deputy Director of the ESRC Centre on Skills, Knowledge and Organisational Performance (SKOPE), Cardiff University*

 The people who are liable to get squeezed are those whose relatively modest earnings will place them just above the repayment threshold, and who will spend longer repaying 

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# Little understanding of the impact on student participation

**WES STREETING**

**T**he introduction of loans at Level 3 is taking place at a time of great instability and uncertainty around student finance in both the further and higher education sectors. More than any individual policy shift it is the cumulative impact of a number of reforms that concerns us most. Very little research has been conducted about the likely impact of student loans on student participation at Level 3 and what impact this might have on students' appetite to take on further debt in higher education. We do know that applications to higher education in 2012 from mature students are down disproportionately. Policy makers need to establish a sharper focus on the impact of student finance reforms on this group in particular. It is not clear that the government's student finance policies in FE and HE are being developed holistically.

One of the biggest challenges is that so

much change is taking place so quickly at precisely the same time as the information, advice and guidance infrastructure has been gutted. The long-awaited All Age Careers Service appears to be caught up in the Whitehall machinery but Aimhigher is gone and cuts to Connexions services are already biting.

Without clear messaging, evidence that the investment is worthwhile and good advice and guidance, the government is setting its own policy up to fail. The impact is most likely to be felt by those from the most disadvantaged backgrounds, who are by nature the most debt averse and risk averse.

*Wes Streeting is Chief Executive of the Helena Kennedy Foundation, which supports disadvantaged FE students to access higher education*

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# We need to unpick how FE and HE loans work together

**JUDITH NORRINGTON**

**W**e all understand that public finances are in a precarious position. The Autumn Statement and accompanying Office for Budget Responsibility report are clear that any recovery will be slow. So, alternative arrangements, encouraging employer and individual contributions alongside public funding, need to be found. As a skilled workforce has been identified as one way to

beat the recession, and as further education is the breeding ground for skills, we must do all we can to support them.

There are some critical ingredients, such as the need to properly advise anyone contemplating additional learning so that they make the right choice for them and their career path. It is important that the investment pays dividends in the future whether in relation to additional opportunity and experience

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or financial gain. There is also the knotty problem of exploring when the learner should take on this payment and when, if employed, the employer would want to take on this role, particularly when the new skills developed would be of benefit to the business. We work with very many employers who take training very seriously and would expect to support this activity financially.

As loans are to be introduced, what should we bear in mind? First, the government needs to ensure it learns from the past and communicates more effectively than it did with HE loans. Participants need to be informed clearly and concisely that, just as with HE loans, individuals will only start paying back when they are earning more than £21,000, and that the shorter course durations that are typical at Levels 3 and 4 (compared with a three-year university degree) will make the

final debt less burdensome.

We will need to review the real impact of the changes and, while we might celebrate that, for once, FE is being treated just like HE, it will be vitally important to unpick how these two sets of loans work together, where we might have learners applying for both at different points in their lifelong learning journeys. What we should be looking to do is bring each funding and financing method together into one coherent package. Some time ago, City and Guilds suggested that learner accounts could fill this niche. Many tests later, we are no closer to a universal system that works for all. So perhaps the time is right for us all to get together one last time and develop a working learner account service.

*Judith Norrington is Director for Policy, Research and Regulation at City and Guilds*

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# Too little recognition of the broader value of learning

**PAM COARE**

In a recent edition of *Times Higher Education*, the leader article asked when we started to hate young people. Well, of course, individually we don't; it's just that the government education policies that directly impact on them would make you think that, at the very least, we no longer care for them or their future prosperity. And, of course, we might just as easily ask when we started to hate all learners: the introduction of the equivalent or lower qualifications (ELQs) policy that disenfranchised so many mature learners in higher education, or the new culture of loans we are all expected to welcome for the benefits it brings to institutions at the expense of learners? However we dress up the loan culture ('it's not debt but a tax', and 'you won't start paying it until you start earning a [barely adequate] wage'), we are saddling learners with a level of debt that makes me deeply uneasy to be part of the 'marketisation' of HE.

The proposal to also introduce Level 3

loans is further evidence, should we need it, of the government's inability to see beyond cost and recognise value. The introduction of FE loans is based on the principle that those who benefit more should contribute more to the cost of their learning, without any recognition of the broader value that learning brings, or the societal benefits of a skilled and educated population. That education at both FE and HE level has always been the most effective vehicle to ensure social mobility has also been ignored in the race to balance the books.

The same *THE* leader asked 'who wants to be at the heart of something that seems to have mislaid its moral compass and lost its soul?' It's a question I increasingly struggle with as the tide of regressive policies sweeps away the values many of us came into education to promote.

*Pam Coare is Director of the Centre for Community Engagement at the University of Sussex*

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# Loan opportunities must be marketed professionally

**JILL WHITTAKER**

**T**he majority of learners that we currently work with at Hit Training are Level 2 apprentices in small and medium-sized enterprises within the hospitality sector, and, therefore, not eligible for loans. Of the small proportion of learners who will be eligible we believe they are unlikely to take up a loan unless they can see clear career enhancement potential.

We see the main opportunity in new learner groups:

- a growing number of second-career learners in mid- or later-life (e.g., people who cannot afford to retire but cannot maintain a physical job and people made redundant from jobs in declining industries);
- those who will choose not to go to university due to the high costs; and
- graduates who find their degree does not

help them to get work.

These three groups are relatively new phenomena and it will take time to engage with them (and their employers/prospective employers). If the loan scheme is to be a success the opportunities the scheme presents must be marketed professionally.

We are extremely nervous about having our staff recommend financial products to learners – our staff are not financial advisors – and we require assurance that no liability will fall on the company or any member of staff in the event of a claim for mis-selling.

We would like to see any provider loan allocations treated separately from the main provider delivery contracts.

*Jill Whittaker is Finance Director of Hit Training*

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# Existing debts could deter potential teachers from taking out further loans

**SHANE CHOWEN**

**L**earner choice and empowerment are some of many factors that make a successful further education and skills system; and whilst we share the government's ambition on this, we must ask serious questions about what will be a fundamental shift in culture as well as practice.

Whether or not we choose to accept it, loans and debt are interlinked and we know from the debate on higher education funding that you cannot separate the two. We know,

too, that very little evidence exists as to the willingness of adults to take out these loans. More specifically, we know very little about the behaviour of adult learners in terms of their willingness to progress, which, in a world moving towards funding on outcomes, should be of concern to our sector in particular. Society has changed in recent years and attitudes towards loans and debt have changed, and this point is relevant and concerning.

Our role as the professional body for

teachers and trainers is to ensure that we encourage a sustainable supply of professional teaching practitioners in our sector. We believe that individuals with existing student debt of thousands of pounds are less likely to then take out further loans to cover FE initial teacher training of up to a further £9,000.

The government's silence on how this will impact on minority communities in particular is alarming.

*Shane Chowen is Policy and Public Affairs Consultant, Institute for Learning*

# Many providers will pull out of adult apprenticeship provision

**JUDY BRANDON**

**T**he Association of Employment and Learning Providers (AELP) feels that the principles which led to the decision to introduce loans are, on the face of it, both appropriate and reasonable in view of the financial situation the country is facing. Indeed, asking learners themselves to pay will position them as customers, a move which should help address quality issues in the sector as they will insist on improvements to provision to better meet their needs and aspirations.

That said, feedback from the AELP's membership suggests that many providers – across a wide range of sectors – will pull out of higher-level 25-plus apprenticeship provision as they do not believe that loans as proposed are appropriate for employed apprentices. They have pointed out that the driver for learners taking out loans for higher education is the belief that it will enable them to get a (better) job. The case is very different for apprentices who are, of course, already employed. Many, especially older workers with family commitments, will not see sufficient benefits from an apprenticeship to warrant taking on a long-term loan, especially if they consider that their employer's responsibility and they already have a mortgage to pay.

Some of the service industries are likely to be particularly hard hit by the introduction of loans. It will, therefore, be important to recognise the sectoral differences rather than applying a 'one-size-fits-all' approach. Another concern identified by AELP members is the

potential for loans to be socially divisive, as evidence suggests that people in lower socio-economic groups will be more resistant to taking out a loan and so be disadvantaged.

Independent providers have, therefore, identified the following needs to help prepare for the introduction of loans:

- the government must get the message out to employers and learners that full state funding will not be available for certain groups of learners;
- provider staff will need CPD on financial advice and repayment methods, etc, in order to inform prospective clients of the options open to them; and
- capacity-building programmes are required to support providers as they prepare for the introduction of loans.

*Judy Brandon is National Policy Manager, Association of Employment and Learning Providers*



Many, especially older workers with family commitments, will not see sufficient benefits from an apprenticeship to warrant taking on a long-term loan



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# A threat to both aspiration and economic competitiveness

TONI PEARCE

**T**he National Union of Students has grave concerns about the proposed system of loans and the increase in fees for Level 3 qualifications. This is a reckless policy about which the evidence of its impact is at best uncertain and at worst indicates a significant drop in adult participation.

The introduction of student loans in further education comes at a time of considerable flux in adult education funding, with previous cuts reducing the number of adult learners accessing courses over a number of years, confused changes to fee remission proposed then partially withdrawn, and the Adult Learning Grant withdrawn.

In this context comes the latest proposal on fees and loans to support them. When even the government's own impact assessment suggests that a 20 per cent reduction in the number of adult learners will be necessary simply for the

scheme to stay in budget, and the decline in enrolments may be as much as 40 per cent, it is clear the main driver of this policy is to achieve a reduction in government costs.

It is naïve to assume that the same underpinnings for the system in higher education exist in further education, or that the effects on providers or learners will be similar. A critical distinction is the complete lack of any statutory maintenance support for adult learners.

These proposals are not only a threat to aspiration and social mobility, but to the competitiveness of the UK economy at a time when the importance of a highly skilled workforce has never been greater.

*Toni Pearce is Vice President (Further Education), National Union of Students*

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# Loans could limit access and, in the long term, cost society dear

HILTON DAWSON

**T**he British Association of Social Workers (BASW) is extremely concerned about the prospects of any erosion of access to further education. Social workers work with the most vulnerable and disadvantaged people in society. Many of the people we work with and support suffer from multiple disadvantages. There is massive evidence that lack of employment, poverty and poor educational achievement are major causes of poor physical and mental health.

A recent report from the right-leaning

think tank, the Centre for Social Justice – *Completing the Revolution: Transforming mental health and tackling poverty – A policy report by the Mental Health Working Group* – argues that it is essential to tackle the ‘interlocking causes’ of poverty in which mental health is ‘so heavily implicated’. Children (and adults) from the lowest 20 per cent of household incomes are three times more likely than those in the richest 20 per cent to have common mental health problems. They are also nine times as likely to have psychotic disorders.

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The cost to the individual and society is enormous. The further education sector provides a vital way of empowering people to find a way out of poverty, unemployment and disadvantage. The sector, for over 100 years, has enabled people who have had poor access to educational opportunities to improve their lives and contribute to society. Anything that limits people's access to such educational opportunities is potentially really bad for the individual and society. The FE sector, unlike the HE sector, provides educational opportunities for people on low incomes or not in employment. The FE sector has also been very successful at supporting people with disabilities to access education and achieve educational progression and progression into work. Again, this is not only great for the

individual, but also for society. Restricting funding of Level 3 courses in FE would severely limit the number of people accessing these courses as they would not be able to afford the course. There is also the fear that people who can ill afford to will get into debt.

The introduction of educational loans to students will have a really negative impact on individual opportunities, their mental and physical health and, in the long-run, cost society dearly. In concrete terms it is anticipated that the restriction of access to FE will increase the demands on social workers as more people will struggle emotionally.

*Hilton Dawson is Chief Executive of the British Association of Social Workers*

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# Loans could restrict access to higher education

**JOHN STORAN**

**T**he government's HE White Paper looks to both higher education institutions (HEIs) and further education colleges to create a new framework for widening participation to support progression to higher education for learners from the most disadvantaged backgrounds.

Action on Access has argued that the need to understand progression from FE to HE is critical, not only to widening participation in higher education, but also to the crucial contribution that HE achievement can make to social mobility. We are concerned that the introduction of loans for Level 3 learners could impact in perverse ways which might deter potential adult learners 24 years-plus not only from undertaking Level 3 but, beyond this, from moving into higher education. Indicators from UCAS have suggested a significant reduction in applications from mature students already, which may prove to be an early indicator of the broad impact that the prospect of the changing financial landscape is having on adult returners.

The affordability of learning is a particularly important factor for part-time

adult learners on Level 3 who constitute 80 per cent-plus in FE. On this point, Action on Access acknowledges the recommendation of the Hughes Report on Access to HE, which proposed to the government that, in particular, Access to HE provision should continue to be supported through public funds. Without such funding, the report anticipates that damage could be done to the government's social mobility aspirations.

Access to HE provision forms the centrepiece of the local progression framework for adult learners from disadvantaged backgrounds. By extension, HEIs may in turn experience the impact of loans as restricting access rather than widening it. Although these comments focus on the introduction of loans at Level 3, it is important to recognise that the future progression opportunities into and within HE could be reduced in the years following the introduction of the policy by the prospect of accumulating debt starting at Level 3.

*John Storan is Director of Action on Access*

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# We'll be paying more for a less popular policy

**MICK FLETCHER**

**S**omething about the FE loans proposal doesn't stack up. At the moment, for co-funded provision, the government pays 50 per cent of the cost, and individuals pay the other 50 per cent in fees. In future, individuals will meet the full cost of the course and government will give a loan to help.

This sounds like a saving as loans should be repaid; but it is not that simple. The government's own impact assessment assumes only 40 per cent of loans will be repaid – many will not reach the income threshold or work for long enough to repay in full. Higher education experience suggests that the 40 per cent figure is realistic; since graduates earn more, perhaps 65 per cent of HE loans will be repaid, though some have suggested that it could be as low as 55 per cent.

If this is correct then instead of paying 50

per cent as at present the taxpayer will meet 60 per cent of the average costs of provision in scope. The plan seems to be to pay more for a less popular policy and one that discriminates against those with a justified fear of debt. There are two possible ways for this to make sense.

One is that the real motive is to reduce participation; the same impact assessment assumes that 40 per cent of current students would be put off by the switch to loans and that is probably an underestimate.

The other is that the terms of the scheme will rapidly become harsher, with lower repayment thresholds, or loans for less than the full cost.

Either way, this doesn't look a good deal.

*Mick Fletcher is an independent consultant*

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# Reforms will hit second-chance learners the hardest

**DAN TAUBMAN AND LIZ SHANNON**

**H**undreds of thousands of adult learners are set to be priced out of further education by changes that mirror the controversial hike in university tuition fees. The changes see a removal of public funding for many adult learners with the cost being passed directly to the student.

Many students in further education currently pay 50 per cent of their tuition costs – the government pays the rest. In 2013/14 anyone over 24 who wants to study at Level 3 or above will not be entitled to this financial support. They will instead be eligible for a tuition fee loan for 100 per cent of tuition costs. In effect, this means that fees will double. They will also increase up to as much as £4,000 a

year.

Using figures from the Department for Business, Innovation and Skills (BIS), the University and College Union (UCU) estimates that around half a million learners could be affected by this change. BIS's own evidence suggests that a majority of learners could be deterred from courses if these loans are introduced.

This seems particularly perverse at a time of recession.

These changes will hit first and hardest those people who missed out on education the first time round – and, again, BIS evidence suggests it will disproportionately impact on women and minority-ethnic learners.

Access to education is a key factor in creating healthier, wealthier and more active citizens. Further education benefits the state and the economy as well as the student.

If loans are to be introduced, UCU believes they should be to cover the current upfront fee and not simply to remove the cost of education from the government.

We will be campaigning in 2012 with sister

organisations and unions to reverse this disastrous policy and urge all those who care about adult learning to join us.

*Dan Taubman is Senior National Further Education Officer and Liz Shannon is Head of Parliamentary and External Affairs, at the University and College Union*

# Few alternatives but major administrative challenges

**JULIAN GRAVATT**

Anyone who has explored the issue of FE loans realises quickly that it will be very complicated but also that there are few obvious alternatives given the public spending situation. The obvious Plan B is not to introduce loans at all but this means turning down a new source of government funding and facing the need to spread the Adult Skills Budget over a wider number of people from 2013.

This does not mean that the timing of the new scheme should not be reviewed. If there are significant problems with administrative issues, then it may be better to delay than to introduce the scheme badly.

We do have a number of specific suggestions, a few of which I detail here:

The Department for Business, Innovation and Skills (BIS) and the National Apprenticeship Service should work quickly on an alternative plan for 2013/14 which involves using the money earmarked for apprenticeship loans (£42 million in the first year) for a state-aid compliant loan scheme for employers.

BIS should review the allocation of its maintenance grant and fee loan budgets between higher and further education and switch funds between the two sectors. This would mean less grant expenditure on higher education students from middle-income families (e.g. in the £30,000 to £50,000 range) but higher maintenance loans to compensate. The money saved could be used to exempt particular categories of students from the need to take FE loans, for example those taking Access courses in particular areas or those on

income-related benefits.

BIS should review the flexibilities in the current rules to ensure that FE loans are used where they will be most effective. We believe that BIS and the Student Loan Company should set up arrangements to monitor the use of FE loans by non-UK EU citizens, by older students and by those with higher education qualifications. The risk is that available loan funds will be used in ways that do not fit with priorities. For this reason, we think it is sensible to consider whether access to FE loans should be restricted for higher-rate taxpayers.

BIS should make arrangements with the Treasury for a longer-term budget and for a different approach to annual budgetary control. There does not seem to be a good case in principle for managing £3 billion HE loans expenditure with a relatively light touch while nailing down the £300 million FE loan budget with annual budgets. It also seems odd to introduce a major new programme with a budget lasting just 18 months (i.e. until March 2015). The Treasury provides indicative budgets for other areas of capital expenditure so could do so here.

Finally, BIS should commission an evaluation of the impact of FE loans to recognise the fact that this is a major policy innovation and has various consequences for the organisation of education and skills in England.

*Julian Gravatt is Assistant Chief Executive of the Association of Colleges*

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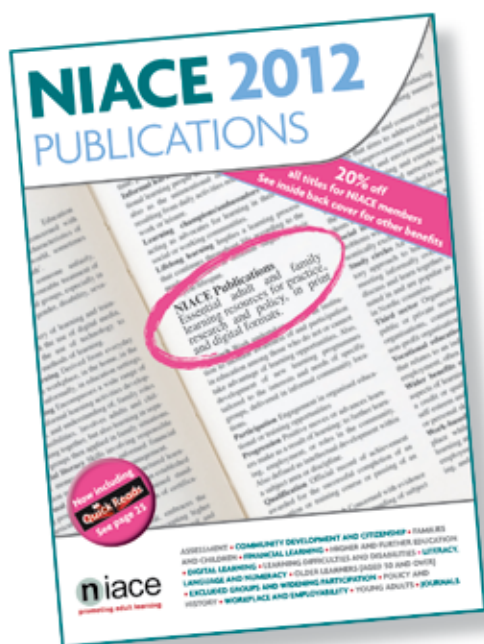
## About NIACE

NIACE is the National Institute of Adult Continuing Education, a membership-led, non-governmental organisation that both represents and advances the interests of adult learners at all levels and wherever they learn in England and Wales – especially those who have benefited the least from their initial education and training.

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