




View metadata, citation and similar papers at core.ac.uk

brought to you by  CORE

Agency

24+ Advanced Learning Loans – April 2013

Policy Overview and Frequently
Asked Questions

April 2013

Of interest to colleges and training providers

24+ Advanced Learning Loans – April 2013

Policy Overview and Frequently Asked Questions

Introduction

1. This document provides colleges, training organisations, employers (as Apprenticeship providers) and National Careers Service advisers with an overview of 24+ Advanced Learning Loans (Loans) and responses to frequently asked questions (FAQs). This document replaces all previous versions.
2. This document supplements the monthly updates on Loans from the Department for Business, Innovation and Skills (BIS) and replaces the previous guides and updated FAQs released by the Skills Funding Agency (the Agency).

Policy Overview

1. The policy to introduce Loans was set out in the reform plan document [New Challenges, New Chances](#), which BIS published in December 2011, following public consultation.
2. Grant funding is being prioritised for those with the greatest need. Without Loans, we would see a significant fall in learner numbers; with Loans, thousands of learners will continue to benefit from life-changing opportunities.
3. Loans will be available for eligible learners aged 24 and above studying at Level 3 and 4, including Advanced and Higher Apprenticeships. This is a small subset of learners, representing between 10-15 per cent of the total budget for further education (FE). Most FE learners will continue to be grant-funded.
4. For the first time, Loans will give FE learners access to financial support for tuition costs similar to that which is available in higher education (HE). This means that rather than an individual having to pay for their course upfront, they have the option of accessing a Loan from the Student Loans Company (SLC), which they will only start to repay once they have left the course and are earning over £21,000 each year.
5. Individuals who are qualified at Level 3 and above experience benefits, including increased wages, compared to those who are not qualified similarly. Therefore, it is

fair that we should ask those individuals to make a greater contribution to the costs of their courses – although the Loans system means they will only start making that contribution after they have finished their training and are earning more than £21,000 each year.

6. [Market research](#) commissioned by BIS shows that three-quarters of learners say they would consider learning funded by a Loan. BIS has commissioned further research to consider in more detail the attitudes of older learners, those with learning difficulties and disabilities, Muslim learners, and apprentices and employers. Loans do not appear to be a disincentive for the debt-averse. Specific groups (Black/Asian, young people, those seeking work) are more likely to say they would take out a Loan. The labour-market benefit of learning is the most important factor in deciding to learn.
7. Employers will receive support from the National Apprenticeship Service (NAS) to help potential apprentices aged 24 and above wishing to undertake an Advanced or Higher Apprenticeship using a Loan. Employers can make individual agreements with their employees about Loan repayment.
8. The Government has provided a budget for Loans of £129 million in the 2013-14 financial year and £398 million in the 2014-15 financial year.
9. A Written Ministerial Statement was issued on 12 July 2012 confirming that an extensive and substantial range of support measures will be put in place alongside the introduction of Loans, comprising the following:
 - an offer to individuals taking Access to HE courses that, on completion of their HE programme, the SLC will write off the amount outstanding on the Loan for their Access course. Access courses are designed to help those with low qualifications but high ambitions progress into HE; it is our duty to support those learners
 - a £50 million Bursary Fund over two years, disbursed by colleges and training organisations. This will help vulnerable learners such as those with learning difficulties or disabilities, parents who need help with childcare, and ex-military personnel. The level of the Bursary Fund will be kept under review so we continue to provide the right level of support for those who need it
 - additional careers information, advice and guidance for adults who are uncertain about Loans, provided by the National Careers Service. This includes a targeted face-to-face session – a 'learning health check' – with a careers adviser for older adults who, research BIS published in May 2012 suggests, are less likely to respond positively to the idea of taking out a Loan.

10. Finally, whilst the introduction of Loans does not require primary legislation, secondary legislation is required similar to that required for HE student support. This secondary legislation was laid before Parliament on 12 July 2012 and came into force on 1 September 2012.

Supporting the Programme of Change for Colleges and Training Organisations

11. The introduction of Loans is a significant reform for the FE sector, and colleges and training organisations will need to factor the availability of Loans into their business plans.

12. Colleges and training organisations should:

- continue to speak with their Agency relationship manager
- speak to their lead/prime provider about the implication of Loans if they are a subcontractor for Agency provision
- consider what impact this will have on their organisation's systems, processes and people
- use the materials provided on the [Agency's webpage](#) to communicate the information to relevant teams and staff within their organisation, including:
 - [Funding Rules 2013/2014](#) (Loans have now been integrated into the main Funding Rules)
 - details on the Loans Facility and its management
 - guidance and templates for the Learning and Funding Information Letter
 - copies of seminar materials
 - research from NIACE
- go to the LSIS [Excellence Gateway](#) to access all toolkits and support materials covering a wide range of issues
- go to the [SLC's Practitioner website](#) for support and materials for learner-facing communications including:
 - learner factsheet
 - learner FAQs
 - learner journey storyboards
 - employer 'lines to take' for colleges and training organisations.
 - posters
 - guide on how to create learner communications
 - 24+ Advanced Learning Loans Logo

- consider the market research and Equalities Impact Assessment published by BIS, which may provide a useful resource for colleges and training organisations as they plan and carry out their own analysis of their local market
- continue to access Update, the Agency's primary weekly communication to colleges and training organisation, and review the Agency's website
- direct learners to the [National Careers Service](#) for information and advice on learning, career and funding options
- direct learners to [The Money Advice Service](#) for impartial money advice if this is a particular concern.

Frequently Asked Questions

1. This section includes answers to all questions raised specifically regarding the policy and implementation of 24+ Advanced Learning Loans (Loans). This version supersedes all previous versions and we will continue to update this regularly with any additional questions raised.
2. If you have a question which is not answered within this document, please email it to advancedlearningloans@skillsfundingagency.bis.gov.uk.

Table of Contents

1	Policy.....	6
2	Roles and Responsibilities	8
3	Communications with Learners, Colleges and Training Organisations.....	10
4	Eligibility	10
5	Fees and Learner Support.....	16
6	Selection of Colleges and Training Organisations.....	20
8	Application and Payment Process	28
9	Repayment	30
10	Loan Write off for Access to HE Learners *NEW SECTION*	33
11	Complaints.....	36
12	VAT Technical Questions	36

1 Policy

1.1 Why is the Government introducing Loans. Isn't it just about removing funding for adult learners?

- i. In a tighter spending environment, it is right to focus available funds on 19- to 24-year-olds who didn't complete their education at school, those without basic skills, and those seeking employment; and it is right to maintain access to learning for people outside these groups.
- ii. The introduction of Loans gives thousands of adults the opportunity to access advanced and higher-level courses.

1.2 It is anticipated that the Loans system will fund 204,000 enrolments each year; what is the current provision and what reduction does this mean for the current cohort?

- i. By offering Loans, we are enabling thousands more people to learn than otherwise: 204,000 new learners each year, if the entire Loans budget is used. This represents around 90 per cent of the learner numbers that were supported prior to the Comprehensive Spending Review (CSR).

1.3 In the current economic climate, isn't it wrong to be asking people to take on more debt?

- i. New market research published by BIS suggests that Loans do not appear to be a disincentive to the debt-averse and that the terms and conditions are received positively. The labour-market benefits of learning are the most important factor in deciding to learn, so if the quality of training is good, people are prepared to pay for it.

1.4 In introducing Loans, won't there be a damaging impact on participation in learning?

- i. If the full Loans budget is used then we can fund 204,000 new learners in 2014/15, which represents around 90 per cent of the pre-CSR participation levels. Market research commissioned by BIS surveyed a representative sample of FE learners: three-quarters of learners say they would consider undertaking learning following the introduction of Loans, with only three per cent saying they would definitely not. The research also demonstrated that learners become more positive once the terms and conditions of the Loan are explained. Whilst these

findings are positive overall, they underline the importance of clear information about Loans. BIS is developing learner-facing communications so that potential learners have the information that they need. These materials are now available on the [SLC provider site](#). We will monitor and evaluate the introduction of Loans carefully.

1.5 How can the Government ask apprentices to take out Loans? It could be perceived that individuals are being required to take out a Loan to go to work.

- i. Loans will be available to support the Apprenticeship programme. Grant funding will continue to be available for all apprentices aged under 24 and for Level 2 Apprenticeships for all ages. The Loans available for Advanced and Higher Apprenticeships will reflect the contribution that employers are expected to make toward the costs of the course. However, undertaking an Apprenticeship has clear benefits for both the individual and the employer and therefore allowing apprentices to access Loans is entirely consistent with the Government's broader strategy for investing in skills.
- ii. Support for employers will be available from the National Apprenticeship Service, which will help employers think about how Loans can help their employees and their business.
- iii. Employers can, of course, make individual agreements with their employees about Loan repayments.

1.6 If there is not a strong take-up of Loans within the first year, what is the consequence of not spending the entire budget? Would it remain in the system and be distributed across the sector?

- i. No. There are no specific arrangements to allow under-spends in the Loans budgets to be rolled forward to future years. The assumption is that any under-spends would not be available for future years.
- ii. The Loans budget is separate to the Adult Skills Budget (ASB) and there will be no flexibility to vire between the two budgets either nationally or at the level of colleges and training organisations.

1.7 Will Loans be implemented in Wales and Scotland?

- i. Education is a devolved matter and therefore any decision to introduce Loans elsewhere in the UK would be a matter for the relevant Devolved Administration.
- ii. BIS's decision to introduce Loans will only apply in England.

1.8 What is the policy for the unemployed, particularly for those who Jobcentre Plus mandates to participate in training?

- i. Loans apply to all training for those aged 24 and over, training at Level 3 or 4 including Advanced and Higher Apprenticeships, and for the unemployed. The regulations regarding the mandating of benefits claimants to undertake training can only apply where there is no expectation that the individual makes a contribution toward the cost of that training. Therefore, it is not possible for Jobcentre Plus to mandate those aged 24 and over to provision at Level 3 or 4, including Advanced and Higher Apprenticeships. BIS is working with the Department for Work and Pensions (DWP) to ensure that the position is fully understood and will make sure that Jobcentre Plus advisers are aware of the impact the introduction of Loans will have on the unemployed.
- ii. BIS has worked with DWP to develop questions and answers that are now available to Jobcentre Plus Advisers.

2 Roles and Responsibilities

2.1 Who will apply for the Loan?

- i. The individual will apply for the Loan and the SLC will assess eligibility; once the application has been approved the SLC will inform the individual and college/training organisation.

2.2 What is the approach for a learner who is unable to complete the application form online?

- i. For those individuals who are unable to complete the application online, the SLC will make paper-based application forms available.

2.3 What will be the role of colleges and training organisations in promoting and advising individuals about Loans? *UPDATED*

- i. As a college or training organisation you will work with the individual to identify a suitable learning programme to meet their identified needs, as you do now. The individual will need to understand the cost of the programme and their options for funding it. You will not be expected to offer any financial advice to individuals but

you can signpost them to [The Money Advice Service](#) who will be able to support individuals with impartial money advice.

- ii. Should the individual decide to apply for a Loan, they will need relevant information from you, including your UK Provider Reference Number (UKPRN) and the learning aim reference for their qualification before making an application to the SLC. You will need to provide this via the [Learning and Information guidance and Letter](#) which will ensure consistent information is available to the individual at the point of application.
- iii. In addition, you may wish to encourage individuals to look at [FE choices](#) in order to promote the value of studying at your college or training organisation.

2.4 Who will provide financial advice to prospective learners? *UPDATED*

- i. Similar to higher education there will be no specific financial advisory service for individuals however, [The Money Advice Service](#) is available to provide individuals with impartial money advice if affordability and managing funds is a particular concern.

2.5 How should colleges and training organisations prepare for this change?

- i. BIS, the Agency and the SLC are working in close partnership with the FE sector to introduce Loans. A full programme of activity is underway to help colleges and training organisations prepare, which includes:
 - regular updates and resources available on the implementation of Loans through a number of communication channels
 - Learning and Skills Improvement Service ([LSIS](#)) support service
 - Agency relationship teams speaking with colleges and training organisations.

2.6 What will be the role of the National Careers Service advisers in promoting and advising individuals about Loans?

- i. For customers aged 24 and over, National Careers Service advisers will be expected to make the learner aware of the availability of the Loan as part of a wider discussion about learning, and provide access to relevant information on the Loans offer. We do not expect advisers to provide financial advice.

3 Communications for Learners, Colleges and Training Organisations

3.1 How will learners be made aware about the availability of a Loan?

UPDATED

- i. Information for learners in respect of Loans is available on the National Careers Service website as part of their remit for providing individuals with information, advice and guidance. This provides learners with a broad overview and a detailed fact sheet and frequently asked questions.
- ii. The primary route for communications with learners will be through the sector; communications and materials for provider use are available through the [SLC's Practitioner website](#), and we will tell you about new additions to these resources through 'Update', the Agency's weekly newsletter to the FE sector and BIS's FE and Skills Newsletter to colleges and training organisations.

3.3 Will Loans feature in Lifelong Learning Accounts for learners?

- i. It is expected that information about Loans will be available to learners at significant points in the FE system. The primary source of information on Loans will be via the [National Careers Service](#).

3.4 Will there be any marketing for Loans when they are launched?

- i. There is marketing for 24+ Advanced Learning Loans. We have produced and made available a [range of information and marketing material](#) for colleges and training organisations, and further resources will be made available.

4 Eligibility

4.1 Who is eligible for a 24+ Advanced Learning Loan?

- i. Individuals who:
 - are aged 24 or over at the start of their course
 - are resident in the UK and undertaking eligible provision at an approved college or training organisation in England
 - have not previously had a Loan to do the same qualification type and level of qualification.

- i. Loans will not be means tested (or subject to credit checks) and any individual who meets the criteria above will be able to apply for a Loan, irrespective of their current employment status.

4.2 Is there an upper age limit for an individual applying for a Loan?

- i. No, there will be no upper age limit for an individual wishing to apply for a Loan.

4.3 Will learners in the British Armed Forces be eligible for Loans?

- i. Yes, learners will need to meet the standard eligibility criteria as set out above in 4.1. Please refer to the Agency's [Funding Rules 2013/2014](#) for further information.

4.4 What are the arrangements going forward for ex-military personnel and first full Level 3 qualifications?

- i. The Government want Loans to be made available to ex-military personnel however, the current offer of full grant funding for this cohort's first full Level 3 qualification will remain. Please refer to the Agency's [Funding Rules 2013/2014](#) for further information.

4.5 What happens if an individual or asylum seeker from the European Union wishes to apply for a Loan and does not have a National Insurance number?

- i. All learners will need to submit their National Insurance Number (NINO) to release payment of their Loan to the relevant college or training organisation. The NINO is required to make the payment, but it is not mandatory to establish a learner's eligibility for a Loan.
- ii. A learner will be able to arrange an appointment with their local Jobcentre Plus to have a NINO assigned to them.
- iii. The SLC uses its links with the DWP to check electronically the validity of each NINO.

4.6 Are there any other factors that may result in an individual becoming ineligible for Loan, even if they meet the personal eligibility criteria?

- i. A learner must meet the eligibility criteria. The SLC can make a learner ineligible for a Loan or deem them unfit for support in one of the following circumstances:
 - the learner is in arrears from a previous Loan or HE Loan

- the learner has not ratified the loans agreement for a previous HE Loan.
- ii. However, such circumstances are very rare and cannot arise if the individual has not previously received a Loan from the SLC.

4.7 Which qualifications and Apprenticeship frameworks are eligible for Loan funding?

- i. To be eligible for a Loan, qualifications have to be approved for FE grant funding and listed on the Learning Aims Reference Application (LARA) at the point of application. The types of courses are defined in the FE Loans Regulations as follows:
 - a number of A-levels/AS/A2 not greater than four
 - a Quality Assurance Agency (QAA) Access to HE Diploma
 - a Qualifications and Credit Framework (QCF) Level 3 Certificate
 - a QCF Level 3 Diploma
 - a QCF Level 4 Certificate
 - a QCF Level 4 Diploma
 - an Advanced Apprenticeship Framework, or
 - a Higher Apprenticeship Framework.

As confirmed in the Skills Funding Statement released in December 2012, for the 2013/14 academic year onwards, funding and Loans for qualifications above Level 4 will only be available for Higher Apprenticeships at Levels 5 and 6.

4.8 When will the Learning Aims Reference Application be available showing information regarding Loans eligible courses for 2013/14? *UPDATED*

- i. The Agency published the [24+ Advanced Learning Loans: Maximum Loan Amounts spreadsheet](#) at the end of January 2013 which confirms Loans-eligible learning aims and Apprenticeship Frameworks with the associated maximum loan value for 2013/14.
- ii. We will maintain and publish these funding rates on the Learning Aims Reference Application (LARA) when it becomes available for the academic year 2013/14.

4.10 When will you release the Individualised Learner Record guidance for the academic year 2013/14, to show how to record data on Loans-funded learners? *UPDATED*

- i. *The information authority* published the [2013/14 Individualised Learner Record \(ILR\) Specification](#) on its website on Friday, 30 November. The specification includes the changes approved by *the information authority* board at its meeting on 26 September, including changes associated with the introduction of 24+ Advanced Learning Loans.
- ii. Learning aims financed by a 24+ Advanced Learning Loan are recorded using Funding Model 99 ('No Skills Funding Agency or EFA funding for this learning aim') with a Learning Delivery Funding and Monitoring Indicator of code ADL 1. The data requirements are the same as for other non-funded learners, unless indicated otherwise in the ILR specification and are requirements stated in the Funding Rules 2013/2014, paragraph 269.
- iii. Further guidance will be available in the ILR provider support manual, which will be published on [the information authority](#) website.

4.11 Will subsidiary diplomas and extended diplomas be eligible qualifications for Loans? *UPDATED*

- i. Yes they will be eligible. If the learner is intending to progress from one diploma type to another that is, subsidiary to an extended diploma, they will not be able to take a second loan to fund this second qualification; this would be assessed as a second diploma at the same level which isn't allowed.
- ii. It is possible for a learner to raise a change of circumstance with the SLC before completion of the original learning aim to change the learning aim to the extended diploma and, if required, apply to increase the value of their loan to cover the fee for the extended diploma. It should however be noted that the payment profile cannot be changed after three months of the initial Loan and therefore any additional payments required may be made in a lump sum to the provider if the change is after this three-month period. Colleges and training organisations should consider the consequences to the learner and explain this clearly ahead of any change being submitted.
 - a. Learners will begin to accrue interest on the full sum paid earlier than if paid by or through the normal profile
 - b. Should a learner withdraw early how the provider will reduce the learner's liability to reflect learning received.

4.12 Will the Specification of Apprenticeship Standards for England requirements apply for Apprentices co-funding their framework with a Loan?

- i. Yes, all Specification of Apprenticeship Standards for England (SASE) requirements apply.

4.13 Will provision at Levels 3 or 4 delivered as part of the Innovation Code, be eligible for a Loan for learners aged 24 and above?

- i. Whilst provision is in development as part of the Innovation Code, it will be ineligible for funding through a Loan. Once provision has been moved onto the Qualifications Credit Framework (QCF) and a full funding rate is available on LARA, this qualification will become eligible for a Loan, providing it is either a Certificate or Diploma and is at Level 3 or 4.

4.14 Why are you restricting the courses that are eligible for Loans?

- i. It is right that this investment is focused on those courses that will improve employability and deliver the greatest personal benefits.
- ii. All eligible qualifications or Apprenticeship frameworks must be approved for public funding and listed on the LARA at the point of application.

4.15 Can an individual access a Loan for a unit or an award on the Qualifications Credit Framework (QCF)?

- i. No, providing Loans for individual units or smaller award qualifications on the QCF would not represent good value for money. Loans for qualifications on the QCF are only available for learners undertaking certificates or diplomas.

4.16 Can learners accessing a Loan for a qualification on the Qualifications Credit Framework use credit accumulation and transfer?

- i. Yes, our expectation is that providers will use the flexibilities of credit accumulation and transfer (CAT) so that, where Rules of Combination permit, a learner may use credit from other units towards achievement of their new qualification. This provides opportunities to maximise any previous investment and reduce learner fees while still ensuring the learner achieves a target qualification.

4.17 Will prior study restrict access to Loans?

- i. Previous educational study will not affect a learner's entitlement to their first Loan.
- ii. If an individual has already received a Loan then they would not be eligible to receive a further Loan for the same type of qualification at the same level. Additional Loans would be available for different types of qualifications or at different levels to support progression.

4.18 Will Loans allow for a level of flexibility or will they be tied into the start of the traditional academic year?

- i. Learners can access Loans at any point throughout the academic year, subject to budget availability; they are not bound to September starts.

4.19 How many Loans can an individual have? *UPDATED*

- i. An individual can have a maximum of four Loans over their lifetime.
- ii. The four Loans can be used for any combination of the following qualification types in any order:
 - a number of A-levels/AS/A2 not greater than four
 - a QAA Access to HE Diploma
 - a QCF Level 3 Certificate
 - a QCF Level 3 Diploma
 - a QCF Level 4 Certificate
 - a QCF Level 4 Diploma
 - an Advanced Apprenticeship Framework, or
 - a Higher Apprenticeship Framework.
- iii. An individual may only take out one 24+ Advanced Learning Loan for each qualification type and an individual can only access one 24+ Advanced Learning Loan at anytime.
- iv. The only exception to this rule is where an individual undertakes a programme of A-levels; an individual is entitled to apply for up to a maximum of four loans for an A-level programme comprising individual AS, A2 or full A-levels in any combination. Each A-level Loan application must be made within two years of the previous application.
- v. If a learner is unable to complete their course due to compelling personal reasons then the SLC will take this into account when assessing their eligibility for subsequent Loans, and they would be able to take out a further Loan for the

same qualification type. The learner remains liable for the payments made for learning undertaken before their withdrawal.

4.20 How will a college or training organisation be aware of all the specific Funding Rules for Loans activity?

- i. The Agency has published [Funding Rules 2013/2014](#) in which Loans activity has been integrated.

5 Fees and Learner Support

5.1 Will fee remission continue for all first Level 3 courses?

- i. No, from the academic year 2013/14, Adult Skills Budget (ASB) grant funding will cease for new provision at Levels 3 or 4, including Advanced and Higher Apprenticeships, and Loans will be available instead. The exception to this is ex-military personnel, where a covenant with the Ministry of Defence (MoD) offers grant funding to ex-military personnel for their first full Level 3 qualification. Please refer to the [Funding Rules 2013/2014](#) for further information.

5.2 What is the maximum value of Loan that an individual can access?

UPDATED

- i. We will cap an individual's Loan at the Agency's published funding rate. However, the amount of the Loan required could vary, depending on:
 - the fee a provider charges the individual
 - whether the individual chooses to fund the course in full with a Loan or has access to alternative funding (that is, from an employer or personal investment).
- ii. For Apprenticeships, the funding rate (and therefore the maximum Loan amount) will take account of the assumed contribution from the employer. Employers can make this contribution either in cash or in kind.
- iii. All eligible qualifications or Apprenticeship frameworks must be approved for public funding and listed on the LARA at the point of application.
- iv. The Agency published the [24+ Advanced Learning Loans: Maximum Loan Amounts spreadsheet](#) at the end of January 2013 which confirms Loans-eligible learning aims and Apprenticeship Frameworks with the associated maximum Loan value for 2013/14.

5.3 If a qualification programme (not an Apprenticeship Framework) contains a mix of learning aims at Levels 1, 2 and 3, will learners only be able to take out a Loan for the Level 3 aim? *UPDATED*

- i. Yes, a Loan would only be available for the Level 3 qualification within the programme.
- ii. For Apprenticeships the Loan amount covers the whole Apprenticeship Framework even if elements of it are below Level 3 (apart from HE elements which would be covered through an HE Loan).

5.4 If a Higher Apprenticeship has a prescribed HE element in the framework (normally Higher National Diploma or Foundation Degree), will the learner have the option to apply for an HE Loan and 24+ Advanced Learning Loan to cover the delivery costs of the full framework? *NEW*

- i. Yes, where a Higher Apprenticeship is made up of both FE and HE elements, they will be able to apply separately for a 24+ Advanced Learning Loan and an HE Loan to cover both the FE and HE elements of their Higher Apprenticeship.

5.5 Can a college or training organisation charge a fee that is above the published funding rate? *UPDATED*

- i. The maximum funding amount for any qualification for Loans activity will be as published by the Agency. It is the college or training organisation's decision as to what they charge the learner for a particular course. It is not expected that the college or training organisation would need to charge more than the maximum funding rate, as the rate can cover all costs and charges for items which a learner cannot complete their course without.
- ii. However, if the college or training organisation does charge more than the maximum funding rate, then they will need to agree with the individual how to fund the additional fee.

5.6 Can a provider charge less than the fully funded rate published?

- i. Yes.

5.7 Is there a large employer discount?

- i. No, there will be no discount of the rate applied for learners funding learning through a Loan. Colleges and training organisations are expected to charge

learners an appropriate fee which represents the economies of scale achieved in delivering to large employers.

5.8 Are there any processes to prevent learners who can afford to pay for their programme from applying for a Loan, therefore not reducing the budget for those that need a Loan?

- i. There is no means testing for Loans, therefore if they are in the cohort and meet the eligibility criteria then they can apply for a Loan.

5.9 Does the learner need to re-apply for each year of their programme of study?

- i. No, there is a single Loan application for each programme of study, even where this extends beyond an academic year.

5.10 How early into the academic year for the following academic year study can an individual apply for a Loan?

- i. Learners can submit applications for the academic year 2013/14 from April 2013. We will announce the timings for subsequent academic years shortly.

5.11 Will learners be liable for the whole Loan amount should they leave six months into a course?

- i. No. Loan payments will be paid on a flat monthly profile to the college or training organisation following confirmation of attendance. A learner will be liable for the payments made for the period of study undertaken.

5.12 If learners leave six months into a course, can the college or training organisation charge them for the remainder of the course costs?

- i. The college or training organisation will need to determine this within their contract with the learners. They will not be able to add the remaining amount to the Loan amount, as Loan payments will stop as soon as the learners leave the course.

5.13 What happens to individuals who have assessed learning needs, such as dyslexia, or require a reader for the theory aspect? Will this be incorporated within the Loan amount?

- i. No, A Written Ministerial Statement was issued on 12 July 2012 confirming that an extensive and substantial range of support measures will be put in place alongside the introduction Loans. The package includes:
 - a £50 million Bursary Fund over two years, disbursed by colleges and training organisations. This will help vulnerable learners such as those with learning difficulties or disabilities, parents who need help with childcare, and ex-military personnel. The level of the Bursary Fund will be kept under review so we continue to provide the right level of support for those who need it
 - further information relating to the distribution and rules for using the Bursary Fund are available in the [Funding Rules 2013/2014](#) into which Loans activity has been integrated.

5.14 What does the introduction of Loans mean for Professional and Career Development Loans? *UPDATED*

- i. Learners who take out 24+ Advanced Learning Loans may be eligible for Professional Career Development Loans (PCDLs) for the associated costs and living expenses of undertaking the learning aim that the 24+ Advanced Learning Loans is funding.
- ii. It is not expected that a learner will apply for a 24+ Advanced Learning Loan to support a learning aim while undertaking a separate learning aim that is PCDL-funded, or vice versa.

5.15 Is the Employer Ownership Pilot a concession on the loans policy?

- i. No. We have an established and coherent reform strategy for FE and skills, which is clearly articulated in the document *New Challenges, New Chances* and the introduction of Loans is an integral part of this strategy.
- ii. In tougher economic times, we are focusing our mainstream funding for skills on those with fewest advantages and offering Loans so that adults outside those groups can continue to participate and access life-changing opportunities.
- iii. In parallel, we are also testing new, exciting and different ways to improve skills, working directly through employers, and we are doing this deliberately outside the mainstream. So we are making best use of what we have, whilst at the same time exploring powerful new ways to get the most from what we may have in the future.

5.16 What happens if the Employer Ownership Pilot goes mainstream? Will that undercut Loans?

- i. The Employer Ownership Pilot is testing new approaches. We will make decisions about the future approach to working with employers on the basis of evaluation of the pilot. We remain fully committed to introducing Loans – it is an integral part of our reform programme for FE and skills.

5.17 What are the tax consequences if an employer chooses to make Loan repayments on behalf of their employee?

- i. BIS and HMRC will work together to explore the implications of employers making Loan repayments on behalf of employees. In the meantime, we would encourage employers to take their own independent advice on how the tax rules apply to them and any consequences of potential payments that they may make on behalf of their employees.

5.18 What is the Agency's definition of attendance for the purposes of Loans?

NEW

- i. Providers are responsible for monitoring the attendance and progress of all learners (including learners whose provision is being funded through a 24+ Advanced Learning Loan), in accordance with their own policies and procedures. You should be mindful that for each month a provider confirms a learner as being in attendance that learner accrues financial liability for the loan.
- ii. In cases where a learner's progress and/or attendance falls behind the provider should discuss the position and options with the learner and agree a way forward – this could include the learner transferring to another course more appropriate to their needs or withdrawing. Depending on the actions to be taken, if there is an implication for the learner's loan the provider should notify the Student Loans Company through the Change of Circumstance process.

6 Selection of Colleges and Training Organisations

6.1 Is inclusion on the Agency's Register of Training Organisations essential to being eligible to deliver Loans-funded learning?

- i. Yes. As well as having an Adult Skills Budget (ASB) contract, all colleges and training organisations need to be approved on the Agency's Register to be considered for a Loans Facility. For more information about the Register, please refer to [the Skills Funding Agency website](#).

6.2 How will Loans affect colleges and training organisations that subcontract rather than contract directly?

- i. Subcontracted delivery is subject to normal Agency rules: all Agency and SLC engagement will be through the prime/lead college or training organisation.
- ii. Different arrangements apply to large employers funded to deliver training to their own employees, which reflect the outcome of the recent Large Employer Simplification project. If you fall into this category, please contact the National Apprenticeship Service (NAS)for advice.

6.3 Can a subcontractor apply directly for a Loans Facility?

- i. No, we will only consider colleges and training organisations in direct receipt of Agency Adult Skills Budget for a Loans Facility.

6.4 How will subcontracting arrangements work in a Loans context and will management fees still apply?

- i. Subcontracted delivery is subject to normal Agency rules: all Agency and SLC engagement will be through the prime/lead college or training organisation. Subcontractors should discuss Loans with their relevant lead college or training organisation.

6.5 Will a subcontractor be allowed access to the prime contractor's provider portal?

- i. The SLC will provide prime contractors with super-user access rights, enabling them to grant access to other users. However, please note that we cannot restrict records to individual subcontractors and therefore the decision to provide access rests with the prime contractor.

6.6 Are learners studying at Specialist Designated Institutions out of scope for Loans? *NEW*

- i. No, all learners aged 24 and above studying at Levels 3 or 4, including Advanced and Higher Apprenticeships, with an Agency-approved college or training organisation are in scope for Loans. Each Specialist Designated Institution (SDI) that has a history of delivering provision to 24+ learners delivering Level 3 provision and above have been allocated a Loans Facility and Bursary.

6.7 At what funding rate can a learner studying at a Specialist Designated Institution take out a loan? *NEW*

- i. As with all other colleges and training organisations, we will cap Loans at the rate published by the Agency. Disadvantaged and vulnerable learners who take out a Loan will be eligible for Loans Bursary Funding to assist with hardship, travel, childcare and other in-learning support.

7 Budget and Performance Management

7.1 What is a 'Loan Facility' and how can I use it?

- i. A Loan Facility gives a college or training organisation the ability to offer Loans-funded learning from April 2013 for learning that starts from August 2013. It also acts as the baseline for monitoring the take-up of Loans-funded learning at the level of college or training organisation for performance management.
- ii. It shows the maximum value of Loans-funded learning in 2013/14 the college or training organisation is able to deliver and will be included within an Annex to the Terms and Conditions of the contract. The Agency will manage the performance of Loans to ensure these values accurately reflect delivery patterns.

7.2 How did you calculate the value of my Loan Facility? *UPDATED*

- i. The national budget for Loans in the 2013/14 academic year is £232 million.
- ii. To calculate the indicative Loan Facility for a college or training organisation we:
- iii. calculated how much each college or training organisation spent on the Loans-type learning in 2011/12 (based on R14 ILR)
- iv. calculated the individual college or training organisation's proportion (percentage) of the total value of Loans-type activity delivered in 2011/12
- v. applied the individual college or training organisation proportion to the budget available for Loans in 2013/14 (£232 million) to calculate each college or training organisation's initial Loans Facility
- vi. during October 2012 relationship teams worked with colleges and training organisations to agree any changes requested to the initial Loan Facility. All changes were approved and were reflected in the final Loan Facility issued. Where these changes have been agreed they are reflected in the final Loan Facility.

- vii. loans-type learning is calculated based on the R14 ILR return, and includes Agency-funded starts (ASB) on Level 3 or Level 4 provision for learners aged 24+.
- viii. a £5,000 'de minimis' has been applied and, where a college or training organisation is due to receive a Loan Facility less than the de minimis, it has been increased to this value to allow them to deliver Loans if they wish.

7.3 How was the value of my Bursary allocation calculated?

- i. The budget for the Loans Bursary was confirmed in July to be £50 million over two financial years (2013-14 and 2014-15).
- ii. The national budget for the Loans Bursary in the 2013/14 academic year is £17.33 million.
- iii. Most of the Bursary allocation (£9.7 million) has been allocated using the same approach as for the Loan Facility.
- iv. The balance of funding (£7.6 million) has been allocated based on the non-Apprenticeship delivery for the college or training organisation. This is to maintain a similar value of Additional Learning Support for Loans learners as that delivered in previous years.
- v. A £500 de minimis has been applied and, where a college or training organisation is due to receive a Bursary allocation less than the de minimis, it has been increased to this value. Again, this is in line with the approach used for the Facility and ensures colleges and training organisations have both a Facility and a Bursary Fund.
- vi. For colleges and training organisations delivering learning in London and parts of the South East, an additional sum has been provided in the Bursary to support the additional cost of delivering here (known as area costs). This is based on the funding earned for area cost for Loans-type learners in 2011/12.

7.4 Which learning aims were included in the calculation of Loans-type learning for the Loan Facility?

- i. Loans-type learning is identified as Apprenticeships, Higher Apprenticeships, A-levels (including AS and A2), Access to HE, Level 3 or Level 4 Certificates and Diplomas (identified in Shadow LARA).
- ii. 'Age' is defined as the learner's age at the start of the aim based on the policy for Loans.

- iii. Aim is defined as that which has generated a Standard Learner Number (SLN) or received a payment in the 2011/12 academic year.

7.5 My Loan Facility and Bursary allocation show funding split between two financial year envelopes. What does this mean?

- i. The value of Loan payments due in an academic/financial year will reduce the value of the Loan Facility remaining for the same periods.
- ii. Colleges and or training organisations are expected to manage their Loan Facility and Bursary allocation between the two financial years.
- iii. Through the Agency's budget management the Agency will monitor the value of approved Loans across the financial years and use this information to manage Loans Facilities at the college or training organisation level, reducing their need to manage the Loan Facilities over the two accounting periods.

7.6 I need to increase my Loan Facility; what should I do? *UPDATED*

- i. Please refer to the latest performance management guidance published on the Agency's [website](#).

7.7 What happens if a college or training organisation uses all of their Loan Facility? Do they have to stop recruiting learners?

- i. Colleges and training organisations should not turn any eligible learner away for a Loan based on their own facility in the first instance.
- ii. Colleges and training organisations have to confirm that they have the available facility before advising learners to apply for a Loan.
- iii. The Agency will continually monitor the demand for Loans at the national level and identify any colleges or training organisations likely to exceed or under- use their Loans Facilities.
- iv. We will contact colleges and training organisations likely to need an increase to discuss this.
- v. If you need an increase to your Loan Facility you should contact your relationship team as early as possible to discuss your requirements and minimise disruption to potential learners.
- vi. Please refer to the latest performance management guidance published on the Agency's [website](#).

7.8 Is the value of funding in my Loan Facility guaranteed?

- i. The value of the Loan Facility is not guaranteed.
- ii. Actual funding will be paid based on learners with approved Loans attending at an approved college or training organisation.

7.9 I have not received a Loan Facility; can I deliver Loans-funded learning in the academic year 2013/14?

- i. Only colleges and training organisations on the Agency's register of training organisations with a Loans Facility can offer Loans to learners. If a college or training organisation does not have a Loans Facility then they must contact their relationship team in the first instance.

7.10 What support is the Agency offering colleges and training organisations due to offer Loans-funded learning in the academic year 2013/14?

- i. Colleges and training organisations with a Loan Facility were awarded a proportionate share of a Loans Development Fund.
- ii. This amount was shown on the letter attached to the 2013/14 indicative Adult Skills Budget allocation. This is to support 'provider readiness' in advance of the implementation of Loans from April 2013.

7.11 How was the Loans Development Fund paid?

- i. The Agency paid the Loans Development Fund in one single payment during February 2013, upon agreement of a template showing how providers would use the funding.

7.12 I do not require my Loan Facility as I do not plan to offer Loans-funded learning?

- i. If you do not plan to offer Loans but you have a Loans Facility, then you need to contact your relationship team in the first instance to agree how to return the facility.

7.13 How can I provide additional learning or financial support for disadvantaged and vulnerable Loans-funded learners?

- i. All colleges and training organisations with a Loan Facility have been allocated funding from the Loans Bursary to support vulnerable learners.

7.14 How should I administer the Bursary Funding?

- i. Colleges and training organisations need to develop their own criteria and policies to manage payments from the Bursary to Loans learners and to pay for learner support costs that may be necessary.
- ii. You may wish to use the support materials produced by Learning and Skills Improvement Service (LSIS) and available on the Excellence Gateway to assist you.

7.15 Does the area cost increase apply to the delivery of Loans? *UPDATED*

- i. Additional funding has been made available for area costs since the indicative Bursary Fund was issued in October 2012. This is to offset the additional cost of delivering in London and parts of the South East.
- ii. We have added this funding to the Loans Bursary allocation for the colleges and training organisations in the respective geographical areas.
- iii. Colleges and training organisations will earn this funding automatically based on ILR data using the same uplifts and geographical areas as other Agency funds. Further details can be found in the [Funding Rules 2013/2014](#).
- iv. Funding will be paid directly by the Agency.

7.16 How will you pay funding for the Loans Bursary? *NEW*

- i. Funding from the Loans Bursary will be paid monthly based on ILR returns.
- ii. Colleges and training organisations will earn the Bursary element for learners requiring support recorded on the ILR. Two rates will apply; the higher of which will only apply where support costs includes childcare or residential accommodation costs.
- iii. Providers will be able to claim in excess of this rate by recording the funding needed above the fixed monthly rate to meet direct support costs. Colleges and training organisations claiming additional funding in this way will need to retain evidence of the actual direct expenditure incurred for audit purposes.
- iv. We will shortly confirm the rates to be used for the Loans Bursary in April to help providers advise learners due to start programmes from August 2013.

7.17 Can I use my Additional Learning Support / Additional Learning Needs or Discretionary Learner Support budgets to support Loans-funded learners?

- i. No, the budgets for Additional Learning Support (ALS)/Additional Learning Needs (ALN) and Discretionary Learner Support (DLS) cannot be used to support Loans-funded learners; the Loans Bursary is provided for this purpose.

7.18 What happens if my bursary fund allocation is insufficient to meet learner demand?

- i. The Agency will review Bursary allocations as part of the normal performance management process.
- ii. Loan applications can be submitted from April 2013 therefore, some providers may identify additional Bursary funds are needed before the start of the academic year. Providers should raise this as part of normal dialogue with the Agency.
- iii. The Agency will also review the Loans Bursary allocation as part of the process for amending the Loans Facility for a provider.

7.19 My annual enrolment profile is throughout the year; can the Agency give assurance Loans funding will be available to support this?

- i. The budget for Loans in 2013/14 is based on the anticipated demand throughout the academic year, allowing for colleges and training organisations whose recruitment pattern is ongoing across the academic year.
- ii. We will monitor take up of Loans funding by learners and provide regular updates to the FE sector about the national demand for Loans to assist colleges and training organisations with planning.
- i. Colleges and training organisations will have access to a summary of their approved Loans using the online portal provided by the SLC.

7.20 What if the budget for Loans is fully spent? Can I continue to offer Loans-funded learning?

- i. Once a Loan application is agreed, the funding for this is available to the college or training organisation subject to learner attendance and the return of data on attendance to the SLC.
- ii. If the demand for Loans funding nationally begins to exceed the planned budget profile, the Agency will work with BIS to discuss management options for handling this.

- iii. If availability of Loans funding nationally is fully committed, and the Agency has confirmation from BIS that no further funds are available then we expect all approved Loans to continue to be delivered and restrictions will apply to new applications.

7.21 How will the Agency manage Loans Facilities?

- i. The Agency will monitor use of the national budget for Loans based on applications approved by the SLC. Based on this we will approve increases to Loan Facilities for colleges and training organisations subject to the availability of funds.

8 Application and Payment Process

8.1 What happens when a learner is provided with a Learning and Funding Information Letter from two different colleges or training organisations and submits a Loan application to attend both of them?

- i. If, before starting the course a learner changes where they wish to study, they could submit a change of circumstance to cover the change in college or training organisation and also any change in learning aim details.
- ii. Where a learner subsequently changes where they wish to study they can submit a change of circumstance to cover the change in college or training organisation and also any change in learning aim details.

8.2 Do I need to issue a new or revised Learning and Funding Information Letter if the learning aim or fee changes *NEW*

- i. Yes

8.3 Does a learner need to apply separately for each A-Level (including AS and A2) *NEW*

- i. A learner is entitled to apply for up to a maximum of four loans for an A-level programme comprising individual AS, A2 or full A-levels in any combination. Each Loan application must be made within two years of the previous application.

8.4 How long will it take for you to assess and approve a Loan application?

- i. The SLC will aim to turn around all applications as soon as possible, but we expect that we will process most applications that are submitted online, with valid

UK passport details, within four to five days. We will aim to process all other applications within two to four weeks. This is dependent upon learners providing correct application data and the relevant original identity evidence at the time of application.

8.5 Requiring a Unique Learner Number before confirmation of attendance will be an additional burden for colleges and training organisations. Is this necessary? *UPDATED*

- i. The Unique Learner Number (ULN) is a key identifier in the FE sector. The Agency and BIS will use this key to match with data collected through the ILR. It had been the intention to collect this from the learner as part of the application process, with the provider supplying ULNs only where a learner had not.
- ii. From May 2013, colleges and training organisations will be able to submit this through the Learning Provider Portal for single or multiple learners at a time.

8.6 How will SLC make payments?

- i. The SLC will make payments on a set date each month. The SLC will profile payments based on a learner's start and end date on a flat monthly profile. For example, if the learning aim duration is six months, the cost is £600 and the learner takes a Loan to cover the entire amount, the SLC will make six monthly payments of £100.
- ii. If a learner completes their aim earlier than they anticipated, then colleges and training organisations will be able to notify the SLC of this and it will make a balancing payment to colleges and training organisations for the outstanding amount.

8.7 Will the Learning Provider Portal support data extracts and imports?

- i. If they choose, we will give colleges and training organisations the functionality to export learner data from the portal and the ability to import attendance confirmations and Change of Circumstances by means of an 'xml' upload.

8.8 What should colleges and training organisations do if a learner enrolls but then changes their mind?

- i. Colleges and training organisations can submit Change of Circumstances to notify the SLC of the following:
 - Change of Learning Aim details (this would not cover a change of colleges or training organisation as this should be treated as a withdrawal)
 - Cancellation (before the two-week liability point)
 - Withdrawal
 - Suspension
 - Resumption.
- ii. Change of Circumstances may result in reassessment against the eligibility criteria and a change to the Loan entitlement.

9 Repayment

9.1 How will learners repay the Loan?

- i. Employers will deduct repayments from the individual's earnings through the tax system. There will be no role for colleges and training organisations in the repayment process of the Loan.
- ii. Learners will make repayments at 9 per cent of annual earnings above £21,000. Therefore, if an individual earns £25,000 a year their Loan repayments would equate to around £360 a year or £30 a month. These repayments will be linked to earnings rather than Loan amount, so regardless of how much a learner owes, the payments will be the same.
- iii. **Example monthly repayment amounts, income each year before tax:**

Up to £21,000	Repay £0
£22,000	Repay £7
£25,000	Repay £30
£30,000	Repay £67
£35,000	Repay £105
£40,000	Repay £142

- iv. If annual earnings fall below £21,000, repayments will stop and only re-start when earnings increase to more than £21,000.
- v. Individuals will also have the opportunity to make voluntary payments to the SLC if they choose to do so.

9.2 When will learners repay the Loans?

- i. No repayments will be made through the tax system until April 2016, which is when HMRC will introduce the £21,000 threshold. Repayments will therefore start from the April after the individual has completed or left their course (but not before April 2016) and when they are earning more than £21,000 a year. If the individual is earning less than £21,000 each year they will not have to repay the Loan. If the individual starts to repay but their earnings go below £21,000 then repayments will stop. Any outstanding balance remaining after 30 years will be written off.

9.3 How much interest will be charged on the Loans?

- i. Interest will be charged at the Retail Price Index (RPI) + 3 per cent during the period of study, and up until the April after they leave the course. From this point interest is linked to earnings and will be:
 - ii. RPI for those earning less than £21,000 a year.
 - iii. On a sliding scale between RPI and RPI + 3 per cent for earnings between £21,000 and £41,000 a year.
 - iv. RPI + 3 per cent for individuals earning more than £41,000.

9.5 Will evidence have to be sent to the SLC to confirm completion of their HE programme? *NEW*

- i. A student will be regarded as completing their HE course when they have not withdrawn and all payments have been made.
- ii. A student will not be required to provide evidence of completion of their HE qualification and the SLC will assume completion based upon the final attendance confirmation and application status.
- iii. Therefore the higher education institution must advise the SLC when the student has withdrawn from their HE course.

9.6 Will a learner only ever pay 9 per cent of annual earnings above £21,000 irrespective of the number of Loans they are repaying?

- i. There will be a single payment and deduction at 9 per cent above the threshold, regardless of how large the Loans balance or how many Loans an individual has. This can be inclusive of both HE student loans and 24+ Advanced Learning Loans.

9.7 How does the repayment of a Loan work for individuals who are self-employed? Is the £21,000 income threshold applied to turnover or profit?

NEW

- i. Income tax is charged on the profit of a trade, profession or vocation. The profit has to be adjusted in accordance with the tax rules. The figure of taxable trade profit is then aggregated with other income from employment, property, savings and investments to give total income. The total income figure is then adjusted for the purposes of student loan repayments by exclusions and deductions including the relevant threshold.

9.8 If an apprentice is made redundant and cannot find another employer to employ them to complete the framework, is the Loan written off or are they expected to repay even though they have not completed the course through no fault of their own?

- i. It is expected that any apprentice who has been made redundant will be fully supported to find alternative employment and continue their programme. Where this is not possible the individual will be liable for all payments made until the point of withdrawal.

9.9 Will those individuals on low income pay back more overall than those on higher incomes?

- i. Lower earners will pay back less than higher earners in real terms. Repayments in future years are worth less than repayments now, so although lower earners will take longer to repay, their repayments are less in real terms.

9.10 What happens if an individual moves permanently to another country, and are still earning more than £21,000 do they still have to repay the Loan?

- i. Yes. There are currently arrangements in place to collect repayments from those who are outside of the UK tax system, which will also apply to those taking out a 24+ Advanced Learning Loan.

9.11 Will an individual's pension be taken into account, should it be over £21,000?

- i. Deductions will not be made from an individual's pension income.

10 Loan Write-Off for Access to HE Learners *NEW SECTION*

10.1 What is the additional support that has been agreed for learners who progress to HE? *NEW*

- i. The outstanding balance of an Access to HE Diploma loan (or loans) will be written off when the learner subsequently completes a designated HE course.

10.2 Which courses count as 'Access to HE Diplomas'? *NEW*

- i. Access to HE Diplomas are courses recognised by the Quality Assurance Agency for HE (QAA), through their Recognition Scheme for Access to Higher Education. A list of courses approved for funding can be found [here](#). (See 2013/14 Simplified Funding Rates Catalogue spreadsheet and click on QAA Regulated Qualifications tab).

10.3 What do you mean by 'designated HE course'? *NEW*

- i. HE courses that are prescribed and qualifying for HE funding. For instance, HNDs, HNCs, foundation degrees, NHS-funded courses and HE elements of a Higher Apprenticeship.

10.4 What do you mean by 'complete an HE course'? *NEW*

- i. We mean that a learner does not withdraw from the HE course at any stage and all scheduled payments are made to their HEI. The learner does not have to achieve a particular outcome such as passing exams / gaining for example. a 2:2 degree.

10.5 What do you mean by 'complete an Access to HE Diploma'? *NEW*

- i. We mean that a learner does not withdraw from their Access to HE Diploma course at any stage and all scheduled payments are made to their college or training organisation. The learner does not have to achieve a particular outcome such as passing exams, although to progress to HE a learner would normally be awarded an Access to HE Diploma by the awarding body, having met the requirements for the award of the particular Diploma for which they are registered.

10.6 What happens if a learner does not complete their Access to HE Diploma? *NEW*

- i. The learner will have to complete an Access to HE Diploma and go on to complete an HE course in order to be eligible for the write-off. If the learner withdrew from an Access to HE Diploma course for 'compelling personal reasons' then they will be able to undertake another Access to HE Diploma, funded through another Loan. On completion of an HE course the learner will be eligible to have the balance of the Loan for Access to HE Diploma written off, including any Loans for Access to HE Diplomas courses where they withdrew.

10.7 What if a learner takes out a 24+ Advanced Learning Loan for other FE courses (for example, A-Levels) and these help the learner progress to HE? Will these loans also be written off? *NEW*

- i. No. Only loans taken out to fund Access to HE Diploma courses will be written off.

10.8 Why does write-off only apply to Access to HE Diplomas and not all those progressing to HE? *NEW*

- i. Access to HE Diploma courses are targeted in particular at groups that are under-represented in HE. They are designed to provide a route into higher education for students who have few, if any, other qualifications, and to equip them to study successfully at that level. For some learners who may have missed out on earlier opportunities, left school early and been out of education for a number of years, Access to HE Diploma courses provide a 'second chance' route into higher education for those with high ambitions.
- ii. Therefore, the main purpose of an Access to HE Diploma is to support progression to HE. This is not the case for other courses funded by 24+ Advanced Learning Loans, which have a value in themselves and are not simply to facilitate progression to further learning. It is for this reason that we chose to write off loans for Access to HE Diplomas on completion of an HE course.

10.9 Does the Access to HE Diploma course need to be in the same subject area as the HE course for the loan to be written off ? *NEW*

- i. No. There does not need to be a relationship between the subject areas of the Access to HE Diploma course and the HE course.

10.10 Does a learner have to progress immediately from the Access course to the HE course? *NEW*

- i. No. We do not specify any timescale for progression. The offer to write off the Access to HE Diploma loan will remain open until the learner completes an HE course. It is possible that, in the interim period, a learner will enter employment and if earning over £21,000 will start to make repayments. The write-off will not be back dated and therefore only the outstanding balance at the point of completion of the HE course will be written off.

10.11 What do you mean by writing off “the outstanding balance” of the loan(s)?
NEW

- i. The balance of your loan will increase as interest is accrued, but the balance could also reduce if a learner is working and earning over £21,000 and/or makes voluntary repayments. The write-off will apply to the outstanding balance of the Access to HE Diploma Loan(s) at the point they complete the HE course. This means the write-off will cover any interest accrued on the loans amount, but we will not refund any repayments made in the interim period.

10.12 Will a learner have to apply to get their loan written off ? ***NEW***

- i. If a learner takes out loans for both the Access to HE Diploma course and a subsequent HE course, the SLC systems will automatically recognise you are eligible for write-off. The SLC will contact learners that are eligible for a write-off and advise that the outstanding loan balance will be written off.
- ii. If a learner self-funds their HE course they may be eligible if they had undertaken a designated HE course and they meet the HE eligibility criteria. This includes learners that were not eligible for HE support due to previous HE study. Where a learner also uses alternative funds to support their HE course (NHS bursaries, employer funding, and so on) then they will still be eligible for the write-off provided it is a designated HE course [and they meet the HE eligibility criteria]. The SLC will put a process in place for HEIs to notify the SLC of completion in the case where the learner is not on the SLC’s systems for HE due to self-funding. A learner will need to provide evidence to prove that they have completed their HE course and provide personal information and evidence.

10.13 Will a learner still be eligible if they suspend, repeat or transfer their HE studies? ***NEW***

- i. Yes. A learner will still be eligible as long as they complete an HE course.

11 Complaints

11.1 If a learner is not satisfied with the quality of training received, who should the learner contact in the first instance?

- i. Existing arrangements through the college and training organisation complaints procedure would apply for a learner funding their learning with a Loan.

12 VAT Technical Questions

12.1 Can I use Loans funding to pay the VAT where a college or training organisation charges VAT on their fees?

- i. You can use the Loan to pay for the VAT on the fee charged by a college or training organisation. The maximum amount of Loan will continue to be set at the maximum funding rate, as determined by the Agency.

12.2 Is VAT charged on both the employer and learner contributions for Apprenticeships?

- i. This will depend on whether the employer or the learner contracts for the education with the college or training organisation; this would determine who the supply would be with and therefore which contributions would be chargeable for VAT.

12.3 Could the maximum Loan value be uplifted by 20 per cent in cases where learners are attending 'for profit' organisations that charge VAT?

- i. No, the maximum Loan value is set in line with the funding rate, which sets the maximum amount of public funding that the Agency makes available for a given qualification.

12.4 Will 'for profit' organisations be required to show VAT separately on the course offer and will learners be required to show this separately on their Loan application to the SLC?

- i. We expect that 'for profit' providers will detail VAT on the course offer. Individuals will need to complete the Loan amount they wish to apply for on their application form. This Loan application can include VAT on the fee they are charged but would not need to be identified separately.

12.5 For other 'VAT-able' services 'for profit' organisations normally have to issue VAT invoices. Will private training organisations have to issue VAT invoices in respect of Loans-funded learning and, if so, should the invoices be addressed to the learner or to the SLC?

- i. VAT invoices must be issued to the learner / employer. Do not address them to the SLC.

12.6 When will the VAT on Loans be payable?

- i. The 'invoicing point' will be the point at which the learner has started their course, but the college or training organisation will account for VAT payments in line with when the SLC pays the Loan to them (which will be in equal monthly instalments).
- ii. Normal tax points will apply and more details are available in Chapter 14 of Notice 700 ['The VAT Guide'](#) on HMRC's website.

12.7 Will the Agency/BIS/SLC be revising its communications and key messages about Loans in the light of the VAT position; references to there being no upfront costs for learners are no longer appropriate as it will not be possible for all organisations to honour this?

- i. The learner-facing information and materials that have been made available on gov.uk and the SLC practitioner site do not specify that there will be no upfront costs.
- ii. They specify that the Loans will help with the upfront costs of training and that an individual will need to discuss with their college or training organisation the costs associated with the course and how far they can meet these costs through the Loan available.

12.8 Has there been any impact assessment or equality impact assessment undertaken on the disproportionate effect the introduction of VAT on Loans-funded provision in private training organisations will have on learners attending private training organisations (or on the training organisations themselves, and their subcontractors)?

- i. We have considered the volume of provision currently being delivered by those colleges and training organisations affected by VAT as well as looking at the

level of subcontracted provision delivered by these colleges and training organisations.

- ii. We will continue to work with colleges and training organisations to understand their response to Loans in light of the VAT position - both in terms of directly contracted and subcontracted colleges and training organisations. This ongoing dialogue and information on applications will allow us to gauge the impact on the range of colleges and training organisations delivering Loans provision in the academic year 2013/14.

12.9 Which organisations are exempt from VAT?

- i. A list of eligible bodies is available at chapter 4.1 in Notice 701/30 '[Education and Vocational Training](#)' on HMRC's website.

12.10 If a training organisation subcontracts from a VAT exempt organisation, for example, a college, will they still be liable for VAT? If so, when does the VAT become payable?

- i. It will likely depend on the contractual position. Any difficult cases can be referred to [HMRC's VAT Written Enquiry Team](#).



© Crown copyright 2013

You may re-use this information (excluding logos) free of charge in any format or medium, under the terms of the Open Government Licence.

To view this licence,
visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/>
or e-mail: psi@nationalarchives.gsi.gov.uk.

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

This document is also available from our website skillsfundingagency.bis.gov.uk

If you have any enquiries regarding this publication or require an alternative format, please contact us info@skillsfundingagency.bis.gov.uk

Publication number – P 130084