



Department
for Education

Government Response to the House of Lords Economic Affairs Committee Report:

Treating Students Fairly: The Economics of Post- School Education

August 2018

Cm 9689





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Treating Students Fairly: The Economics of Post School Education

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

August 2018

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Government Response to the House of Lords Economic Affairs Committee Report: Treating Students Fairly: the Economics of Post-School Education

The House of Lords Economic Affairs Committee published its report, *Treating Students Fairly: The Economics of Post-School Education*, on 11 June 2018.¹ This document sets out the Government's response to the Committee's report.

This response reflects the fact that the Government is continuing to develop policy in these areas, alongside the Review of Post-18 Education and Funding. The Review's independent panel will publish an interim report before the overall review is concluded in early 2019.

Introduction

The Government welcomes the Committee's report. It highlights the importance of providing genuine choice for prospective students and apprentices about where and what they wish to study. It is essential that there are clearer pathways into and through further education (FE) and higher education (HE) to employment, with different but equal routes to rewarding careers. Ensuring that every person is able to access high-quality education and training that has clear benefits for individuals, and drives both social mobility and economic growth is in our national interest.

We are reforming technical education. Our reforms include the introduction of T Levels and raising the quality of apprenticeships. With the help of employers, and sitting alongside HE options, these will promote a wider choice of high quality training available to young people and adults. We are also boosting higher-level technical provision through new Institutes of Technology and National Colleges, built on strong collaborations with employers.

The Review of Level 4 and 5 Higher Level Technical Education is being led by the Department for Education (DfE) and will consider the supply of, and demand for, high quality higher-level classroom-based technical education. It is working closely with the Review of Post-18 Education and Funding to ensure a coherent vision for FE and HE, and will in particular examine how classroom-based Level 4 and 5 education, particularly technical education, meets the needs of learners and employers. We want excellent quality provision for those progressing from the new T Levels and other full time education, and for those in the workforce looking to upskill or retrain. The Review team are engaging with a wide range of employers, providers, and others with expertise in this area, to gather evidence relating to level 4 and 5 provision to help inform our thinking. We will make further announcements in due course.

¹ <https://www.parliament.uk/business/committees/committees-a-z/lords-select/economic-affairs-committee/news-parliament-2017/education-post-school-report-publication/>

In order to respond to changes in the labour market, it is becoming increasingly important for people to both up-skill and reskill throughout their careers. The Government announced, at the 2017 Autumn Budget, a National Retraining Scheme that is an ambitious, far-reaching programme to drive adult learning and retraining, particularly where jobs are at risk from automation.

The Government has introduced major reforms to HE that place students at the heart of the system. We have introduced the Teaching Excellence and Student Outcomes Framework (TEF) to focus on further improving teaching quality and delivering value for money for students. The TEF is improving teaching standards by holding providers to account for the teaching they deliver to students, and it will provide students with clearer information about where they are likely to receive the best outcomes.

Through the Higher Education and Research Act 2017 (HERA), the Government established a new HE regulator, the Office for Students (OfS). In performing its duties, the OfS must have regard to the need to promote greater choice in the provision of HE by English HE providers. This includes choice about the means of provision, for example, part-time study or alternatives to 3-year degrees such as accelerated degrees. The OfS will place a renewed focus on students and greater emphasis on ensuring that they and taxpayers receive value for money. Action taken by the OfS, such as imposing registration conditions on providers to embed clearer student contracts to provide greater transparency, is intended to empower students. These initiatives will give them better information about what they can expect from their course and how their institution is run.

In addition, the OfS will play a key role in social mobility and widening participation through the approval of individual providers' Access and Participation Plans. These plans are expected to address access for all students, including those entering HE from vocational or non-traditional routes, and ensure that students get the support they need to succeed in and progress from HE.

Through HERA the Government has created a platform for supporting innovation including by introducing a level playing field and single route to entry, making it easier for new 'challenger' HE institutions to emerge. This seeks to drive diversity and innovation, creating more choice for students and providing competitive pressure to increase quality.

The Review of Post 18 Education and Funding is looking at a wide variety of issues around value for money and access to education, including the coherence of the post-18 education system overall. The independent panel have already completed an extensive programme of stakeholder engagement, and are now considering the evidence in order to inform their recommendations. They will publish their report at an interim stage, before the Government concludes the review in 2019.

Response to individual recommendations

Funding and Regulation

A new deal is required for higher education funding which promotes all types of learning regardless of where or how it takes place. The system of funding higher education should be reformed so that it facilitates a fair and balanced provision of loan and grant funding across higher education. (Paragraph 143)

The Government has commenced the Review of Post-18 Education and Funding to look at ensuring a joined-up system that works for everyone. The review is looking at how best to make certain that funding arrangements across post-18 education and training are transparent and do not act as barriers to choice or provision. It is also considering how we can support people to make effective choices between the range of options available after the age of 18.

Other post-school options need more funding

For students, there should be one system of funding: students should be able to access loan funding and maintenance support for all full and part time courses at Level 4 and above. This does not mean identical levels of support for students studying, for example, a one-year diploma and a three-year undergraduate degree. Differences between qualifications should be reflected in the loan rates and repayment structure. (Paragraph 144)

The Government should explore restoring some teaching funding for further education colleges so they can cover costs and stimulate demand for courses at Levels 4 and 5. This should also be considered for part-time courses and modules at Level 4 and 5 such as those offered by the Open University. (Paragraph 145)

Last October, the DfE launched a review of classroom-based, technical education at Levels 4 and 5. The Review aims to address the intermediate and higher skills needs of the economy by ensuring that learners have high quality, accessible and attractive study choices at Levels 4 and 5. Access to loan funding and maintenance support for all courses at Level 4 and above including wider funding for FE colleges will be considered as part of the Review of Post 18 Education and Funding.

The purpose of these reforms is to raise the status of all higher education qualifications, creating more flexible full and part-time routes and rebalancing the current offering. The Government should explore whether this should be supported by new financial incentives for entrants into higher education to study for qualifications other than undergraduate degrees. (Paragraph 146)

Since 2016, the Government has introduced financial support across a range of qualifications and modes of study. At undergraduate level, from academic year 2018/19 maintenance loans have been made available for the first time to part-time

students, studying at degree level in attendance, and Masters and Doctoral loans are now available for application.

The Review of Post-18 Education and Funding will consider how we can ensure that the education system for those aged 18 years and over is supported by a funding system that incentivises choice. This would include flexible and part-time routes of study, complementing on-going government work to empower people to study at different times in their lives.

In higher education, one regulator should take responsibility for the whole sector. We recommend the Office for Student's remit be extended to regulate and fund all higher education. It should have clear responsibility for all students in higher education, regardless of their course and level of study. (Paragraph 154)

HERA gives the OfS powers to regulate only those English HE providers that register with it. The Government would like the OfS to look beyond the providers who register with it in order to ensure that where possible, it is taking action that is in the best interests of all students. In his strategic guidance letter 2018/19, the Minister for Universities asked the OfS to *'look beyond its register, develop an understanding of providers and students in the currently unregulated parts of the HE sector and consider ways of encouraging such providers to register and engage with good regulatory practice.'*

There are already other bodies involved in regulating and funding HE under this definition, with which the OfS will work closely. While the OfS does provide direct funding to HE providers (for example, through the teaching grant), its primary function is as a regulator. The majority of funding for HE comes from tuition fees (as a loan to the student but paid direct to the provider).

The Office for Students should be specifically required to:

(a) Ensure quality across all levels and institutions that provide higher education, and not just in one part of the system

The OfS has significant powers to ensure a high quality HE experience for students, for example through conditions of registration relating to quality and standards.

As explained above, the Government has asked the OfS to work beyond registered providers, to encourage all providers of HE to engage with good regulatory practice – this extends to engaging with, for example, quality assurance measures. The OfS has committed to making it a priority to determine how it can most effectively help protect the interests of students at providers that are not registered with them. HERA gives the OfS the power to assess the quality and standards of HE provided by all English HE providers, whether they are registered with the OfS or not.

(b) Promote better availability and a more balanced offer across routes and levels within higher education

The Government welcomes this recommendation and is already determined to increase the diversity of provision. We are delivering 15 new Technical Routes, developing a National Retraining Scheme and supporting business growth across the country through Skills Advisory Panels to identify and deliver local skills needs. We are boosting higher-level technical provision through new Institutes of Technology and National Colleges built on strong collaborations with employers.

We have introduced Degree Apprenticeships, which bring the benefits of employer led jobs with training to all levels of apprenticeship employment, equipping employers and the workforce with the higher-level skills needed in our economy. They provide opportunities to progress to higher qualifications and access to the technical jobs and professions, whilst complementing HE provision. Since the introduction of Degree Apprenticeships in 2015, we have seen over 5,500 starts at Level 6 and 7. There are over 100 HE providers on the register of Apprenticeship Training Providers.

We have also introduced T Levels, which may be broader than a particular apprenticeship and provide progression opportunities into skilled work (including apprenticeships) or higher-level education, including degrees. Together apprenticeships and T Levels will provide a comprehensive and high quality technical option.

The Government also wants to improve student mobility across routes and levels. The Review of Level 4 and 5 qualifications will contribute to this, and we have legislated in HERA to give the OfS a duty to monitor and the power to encourage student transfer arrangements.

The Review of Post-18 Education and Funding will look across the full post-18 education landscape. It will make sure that funding arrangements across post-18 are transparent and do not act as barriers to choice or provision.

(c) Identify and remove funding rules and regulatory barriers, which prevent innovation and integration of different types of higher education.

The new Regulatory Framework for HE in England is explicitly designed to remove barriers to new provision and reduce the regulatory burden on providers. The 2018/19 ministerial strategic guidance letter says that the OfS: *'should be bold in its operation of the framework, explicitly supporting diverse, innovative approaches and models of provision'*. It will be simpler, quicker and easier for innovative and specialist universities to be set up, award degrees and compete alongside existing institutions, while maintaining the high bar for quality. The Minister for Universities recently announced the creation of a focused team within the DfE, working alongside the OfS, to help those who want to set up new high quality universities. This group will help these providers understand the regulatory system to allow them to make the most of the opportunities the new landscape offers.

However, innovation is not confined to new providers. Existing providers continually demonstrate creativity and ingenuity. For example, the new Alison Gingell Building was a flagship project for Coventry University. This new, modern, multidisciplinary building includes state-of-the-art healthcare simulation, research and ‘super-lab’ environments. For distance learners, the Open University’s OpenSTEM Labs concept embraces practical teaching in all aspects of STEM. Through the Catalyst Fund, HEFCE, the former HE funding council in England, supported universities and colleges to develop and evaluate innovations in learning and teaching. The OfS will continue to support such work. In addition, in 2018/19 the OfS will provide £2m to support development of accelerated degrees.

(d) Ensure that clear information is provided to school leavers about the choices available to them and the lifetime financial consequences of those choices. This should extend to information about apprenticeships including the available salaries and likelihood of permanent employment. (Paragraph 155)

School leavers need access to high-quality information and advice about their choices if they are to make the most of their skills and know about the full range of opportunities available to them. In December 2017, we published the Careers Strategy setting out a long-term plan to build a world-class careers system that will help young people and adults choose the career that is right for them. The Strategy commits to a new, improved National Careers Service website, which will include all of the information citizens need to find out about and consider the different ways to pursue a particular career. This will include links to finding an apprenticeship and information on salaries on the job profile pages.

The provision of information is one of the OfS’s top priorities. The strategic guidance letter asked the OfS to play a key role in ensuring better information, advice and guidance is provided to students so that they can make the right choices for them. Publishing the Longitudinal Education Outcomes (LEO) data on salary outcomes will further increase transparency. Alongside this, the DfE has asked the OfS to reform Unistats, the official HE course comparison website, by September 2019 and to work with students to identify what information they need and how to present it most effectively. DfE will continue to work closely with the OfS while the regulator develops its information, advice and guidance strategy by Autumn 2018.

Other post school education, at Level 3 (A-Level equivalent) and below, should also be regulated by a single agency. To ensure parity of esteem between the sectors, this agency should have equivalent status of the Office for Students. It should be a Council with sufficient resources and credibility to champion further education. (Paragraph 156)

The Office of Qualifications and Examinations Regulation (Ofqual) already regulates qualifications, examinations and assessments in England. It maintains standards and confidence in qualifications in England covering GCSEs, A Levels, AS Levels and vocational and technical qualifications.

The current funding arrangements for Level 3 qualifications provide a straitjacket: they prevent retraining and stifle attempts to create coherent pathways between higher and further education. We recommend providing uncapped state funding (on a tariff basis) for all students, full-time or part-time, irrespective of age, for their first qualification at Level 3. This is both fair and economically necessary. (Paragraph 161)

All young people aged 16-19 can access funding for a study programme covering a range of qualifications. This fits alongside the duty on young people themselves to continue to participate in education and training until they are 18 or have achieved Level 3.

The Government fully funds learners aged 19 to 23 to undertake a first full Level 3 qualification. Funding for adult skills provision is prioritised where its impact is greatest on individuals. It is focused particularly on young adults with low skills, and unemployed people who are actively seeking work.

Advanced Learner Loans are available to learners aged 19 and over, studying at Level 3 to Level 6. Government policy on Advanced Learner Loans recognises that much of the benefit of advanced vocational study goes to the learner. It therefore ensures responsibility for the funding of skills provision is shared, and that adults continue to be able to access and benefit from training at advanced and higher levels.

The Review of Post-18 Education and Funding is looking at ensuring that funding arrangements across post-18 education and training are transparent and do not act as barriers to choice or provision.

Flexible Learning

Flexible learning is one method to increase higher education qualifications. It needs to be supported and encouraged by: (a) higher and further education institutions working closely with each other and with employers; and (b) providers adopting innovative methods of study, such as online learning and shorter courses. (Paragraph 194)

We recognise that a diverse offer will improve the choices available to potential students. FE colleges can play a vital role for their local communities, including through offering franchised HE courses. There are many excellent examples of colleges and universities working very closely with employers to develop courses, target key skills needs, offer work placements and prepare graduates for employment. We encourage providers and employers to work together and jointly invest to improve students' readiness for employment.

The Government believes in the value of innovative methods of provision as a means of broadening choice available to students. To support students wishing to study part-time, we introduced full-time equivalent maintenance loans. The introduction of these loans supports many students studying later in life or with personal commitments that stop them from studying full-time in HE.

HERA made it possible to set a different fee cap specifically for accelerated degree courses, removing what our research identified as a key barrier to the wide availability of these courses. We have consulted on proposals to set a higher fee cap specifically for accelerated degrees, at 1.2 x the standard degree annual fee cap. This will make accelerated degree provision more affordable for providers, but also reduce the total tuition cost of an accelerated degree by 20% compared to its standard equivalent. We will publish the Government's response to the consultation later this year.

We are also supporting the New Model in Technology and Engineering, a new university in Hereford, an HE cold spot, which will deliver courses that will blend high-quality engineering with communication and employment skills.

We have simplified the regulatory system in a way that makes it easier for new providers with innovative approaches to emerge. A number of providers that have not been part of the publicly funded HE system before are now seeking to register with the OfS.

The Review of Post-18 Education and Funding will look closely at how to support choice and the flexible provision of learning opportunities for people in different circumstances.

Flexible learning must be backed by a robust, properly enforced credit-based system (where, for example credits accrued studying a Level 4 qualification would count towards and reduce the cost of a full degree). This requires regulatory reform and should be a priority for the new higher education regulator. (Paragraph 195)

HERA recognises the autonomy of HE providers in England to determine the content of particular courses and the criteria for the admission of those courses. This includes recognising prior qualifications.

The Government conducted a call for evidence on switching university or degree in 2016. Of the HE providers who responded to this, 91% said they already had formal credit transfer system in place between the courses they offered. However, this did not necessarily result in large numbers of students transferring between courses.

The OfS will monitor and report on the availability and utilisation of student transfer arrangements, in accordance with section 38 of HERA. The Act also confers on the OfS the power to 'facilitate, encourage, or promote awareness of' the provision of transfer arrangements'. From August 2019, the OfS will require all registered HE providers to publish information about their arrangements for student transfer.

As the Committee's report acknowledges, we have adopted a number of measures to support part-time and mature students. Next academic year, for example, part-time students will, for the first time, be able to access full-time equivalent maintenance loans.

The Review of Post-18 Education and Funding will look closely at all options for encouraging learning that is more flexible, complementing on-going Government work to support people to study at different times in their lives.

Apprenticeships

An apprenticeship should be viewed by young people and society as just as valid an option as the academic route or sixth form and university: they offer a way of accessing higher education without incurring student debt and can address directly skills shortages in the economy. The Government should consider ways to promote the progression from lower to higher level apprenticeships, rather than higher level apprenticeships becoming the preserve of those with academic backgrounds. (Paragraph 237)

We agree with the Committee that an apprenticeship should be viewed as just as valid an option as any other route.

Our long-term vision is to have a positive impact on the progression and earning potential for apprentices over their lifetimes. Government already supports progression to apprenticeships at higher levels by providing funding so that both new and existing employees, including those that might have previously undertaken a lower level apprenticeship with their employer, can progress to apprenticeships at higher levels.

We saw an increase of over 12.5% in higher level (Level 4 plus) apprenticeship starts in 2017/18 compared to the same period in 2016/17.

We agree with the Committee that for too long apprentices have not received the quality of training we would expect. The inspection findings in Ofsted's annual report around inadequate provision are exactly the problems that our reforms are designed to address, such as not enough off-the-job training. Ofsted's report reflects that in 2016/17 over 95% of apprenticeship starts were on old-style frameworks rather than new apprenticeship standards.

We have introduced the Register of Apprenticeship Training Providers so that employers can be confident providers are offering high quality apprenticeship training. A provider with an inadequate Ofsted grade for apprenticeship provision is not eligible to apply for the Register; providers that receive an inadequate grade from Ofsted are removed from the Register.

We are making good progress on quality. Over 40% of new starts are now on new standards, compared to just 2.5% at this time last year.

The Government must renew its vision for apprenticeships, concentrating on the skills and choices that employers and individuals really need. An Apprenticeship should be a method by which a young person, or new entrant to an industry, develops skills while working. MBAs and other training activities that would have happened anyway should be the employer's sole

responsibility to fund and arrange. In addition, the Government should have a clearer plan for degree apprenticeships within its broader higher education policy. (Paragraph 239)

The apprenticeship reform programme has four major long-term benefits: to meet the skills needs of employers; to create progression for apprenticeships; to widen participation and social mobility in apprenticeships; and to create more quality apprenticeships. Central to our reforms is the principle that employers are best placed to determine the skills they need for their businesses to grow and succeed.

Employer groups are creating standards in occupations where apprenticeships are needed and employers decide where they create apprenticeships within their businesses. The Government will not sacrifice quality for quantity and is working closely with employers to help them take advantage of the changes to grow their apprenticeship programmes.

Whilst apprenticeships may replicate some training delivered by traditional courses, an apprenticeship has to meet certain requirements to ensure that it combines on and off the job training and delivers occupational competence. For people to be eligible to take an apprenticeship they must be either doing a new job role, or an existing job role, where they need significant new knowledge and skills to be occupationally competent. This applies to apprenticeships at degree and masters level as it does to any other apprenticeship.

The development of degree level apprenticeships aims to widen access to the professions and develop the higher-level technical skills needed to improve productivity and make sure businesses compete internationally. Not all occupations will lend themselves to a Degree Apprenticeship and not all people will want to work whilst doing their degree. Sitting alongside the HE, Degree Apprenticeships provide another route for employers and people to gain the skills that they need.

The role of the Institute for Apprenticeships is unclear. It should be abolished. Under our proposed new regulatory structure above, the quality and outcomes of Level 2 and 3 apprenticeships should be the responsibility of the new further education regulator; the quality and outcomes of Level 4 and above apprenticeships should be the responsibility of the Office for Students. The Minister for Apprenticeships and Skills should provide oversight of both. (Paragraph 243)

We do not need to abolish the Institute for Apprenticeships. The Government has given the Institute for Apprenticeships a clear remit. Its core functions are set through legislation and are as follows:

- setting quality criteria for the development of all apprenticeship standards and assessment plans, irrespective of the level, for occupations which the Institute considers appropriate;
- reviewing, rejecting or approving (and publishing) standards and assessment plans;
- for each standard, describing the occupation and the outcomes which a person will be expected to attain to successfully achieve the standard;

- maintaining and publishing occupational maps in relation to the 15 occupational routes; and
- ensuring all end-point assessments are quality assured.

The Institute has made good progress during its first year of operation. It has built up a network of over 100 industry leaders across 15 sectors to make up its route panels – ensuring each apprenticeship standard approved meets robust industry requirements. Over 300 standards are now ready for delivery to apprentices, with over 250 more in development.² It has listened to employer feedback, launching its Faster and Better programme to simplify the standards development process. As a result, the number of apprenticeship standards approved for delivery has increased considerably in the first half of 2018, with 90 standards approved to date, the highest number of standards approved in any half-yearly period.

The prioritisation of the undergraduate degree in schools, through the use of incentives and targets, has helped fuel perceptions that other routes are inferior. Schools must present all post-16 and post-18 options as equal. Incentives aimed at schools which encourage them to promote sixth form and university should be removed. Every pupil aged 16 should spend one day learning about apprenticeships and how to apply for them. (Paragraph 254)

The Government recognises that more could be done to improve information on post-18 options provided in schools. The Careers Strategy, published in December 2017, sets out that every school should offer at least seven employer encounters during their education with at least one encounter in each year (from years 7 to 13). Research shows that a young person who has four or more encounters with an employer is 86% less likely to be unemployed or not in education or training.

Since September 2012, schools have had a statutory duty to secure independent and impartial careers guidance on the full range of education and training options, including apprenticeships. A new law, introduced in January 2018, requires all maintained schools and academies to ensure there are opportunities for a range of education and training providers to access pupils in year 8 to year 13. The purpose of this is to inform students about approved technical education qualifications or apprenticeships. Young people can also access impartial careers advice and guidance from qualified careers advisers via the National Careers Service helpline and web chat facility.

Ofsted inspects careers provision against the current inspection framework, which includes matters relating to careers provision in most of the key judgements. When inspecting schools and colleges, inspectors will be mindful of the Government's Careers Strategy and the recently updated statutory guidance for schools and colleges, which now reflect the Gatsby Good Career Guidance Benchmarks.

26. There is a clear and well-understood process for university applications, which is not available for other forms of post-school education. The process for students considering routes other than university should be clearer and less complex. There is merit in a single, UCAS-style, portal for covering all

² <https://www.instituteforapprenticeships.org/apprenticeship-standards/>

forms of higher education, further education and apprenticeships. The Government should ask UCAS how such a portal could be designed and implemented. (Paragraph 260)

We agree that it is important that students have the necessary information to consider all of their options, not just the academic route. We are making sure that all Government careers information is available in one place on a new National Careers Service website. Online resources will include information on routes into apprenticeships, including higher and Degree Apprenticeships, and T Levels.

We are improving the functionality of the post-16 course directory. This provides information about all the courses that a young person might choose at 16. It highlights, for example, what engineering courses are available within 10 miles radius of a particular location. It can be used via the National Careers Service website. We will consider what further action might be helpful in ensuring that young people are able to make informed decisions about their education, training or career options.

We have considered whether apprenticeships should be included in a centralised application system (either at age 16+ or at 18+). Our discussions with employers have made it clear that they value having their own recruitment processes and so would not welcome an attempt to standardise the process.

The Government's 'Find an Apprenticeship' website allows individuals to search and apply for live vacancies. We are working with a range of partners to ensure that vacancies are also advertised on partner sites. We announced recently the launch of a vacancy snapshot on the 'Find an Apprenticeship' website that will provide information on some of the most prestigious employers who recruit apprentices and a look behind the scenes of their recruitment practices. We are also providing free sessions for schools and students on how to search and apply for vacancies and to help to prepare them for the apprenticeship recruitment process.

UCAS advertises higher-level apprenticeships but also links through to employers' websites rather than allow applicants to apply through a standardised application form.

The Review of Post-18 Education and Funding is considering how we can help young people make effective choices between academic, technical and vocational routes after the age of 18.

Student Loan Design

We recommend that the interest rate charged on post-2012 student loans should be reduced to the level of the ten-year gilt rate (currently 1.5 per cent). This is fairer for students as it means that they only pay an interest rate, which is equivalent to the Government's cost of borrowing money. Interest should not be charged on loans until students have graduated. (Paragraph 275)

There should be no change to the repayment threshold, the repayment rate or the term of the loans. (Paragraph 276)

The student finance system is designed to ensure that those who benefit financially from HE contribute towards the cost of it. This is why repayments are linked to income and the interest rate and monthly repayments are increased with borrower income. Conversely, low-earning graduates are protected; those earning below the repayment threshold repay nothing.

Under the current student finance system, a reduction in interest rates would only benefit high earning graduates, who repay their loans within the 30-year term. However, the Review of Post-18 Education and Funding is looking at how students and graduates contribute to the cost of their studies, and will consider the report of the independent panel in this regard.

There is little transparency around what universities are spending their income on. Students have little idea about the activities that their course fees may be subsidising. Tuition fees should remain frozen at £9,250 for the medium-term. (Paragraph 300)

Ministers consider student finance arrangements on an annual basis. We have confirmed maximum fee amounts will be frozen at 2017/18 levels in 2018/19 and 2019/20.

Under the 2018 system, we estimate up to 70% of full-time undergraduate HE borrowers will not repay their student loans in full. The Government consciously subsidises HE as an important and deliberate investment in the long-term skills capacity of the economy.

The Review of Post-18 Education and Funding will look at how we can make sure that education for those aged 18 and over is accessible to all; is supported by a funding system that provides value for money; works for students and tax payers; incentivises choice and competition across the sector; and encourages development of the skills that we need as a country.

The structure of student maintenance support must not place students from poorer backgrounds at a long-term disadvantage. A maintenance system based only on income-contingent loans will deter some prospective students from applying; a grant-only system would be too big a burden on public funds. We therefore recommend that the Government reinstate the means tested system of loans and grants that existed before the 2016 reforms (paragraph 332)

The inadequate level of maintenance support is causing hardship to students. We recommend that the maximum maintenance support should be increased to reflect the cost of living for students. This increased support should be available as a mixture of means tested grants and loans as set out above. (Paragraph 333)

Access to maintenance support should be consistent across all post-school education, regardless of method or place of study. We recommend that the Government extend maintenance support to: (a) students studying for a qualification at Level 4 or above in a further education college; and (b) all part-time and distance learners at universities and further education colleges studying for Level 4 and above qualifications (Paragraph 338)

The decision to switch from grants to loans was taken to ensure that students, as well as the taxpayer, contribute to the cost of HE. This creates a fair balance of contribution between those who benefit – society and the student.

Replacing grants with loans has enabled the Government to increase the amount of up-front support for living costs to the highest ever amounts for students from disadvantaged backgrounds. Support for eligible full-time students on the lowest incomes increased by 10.3% in 2016/17 when compared to the previous grants system with further increases of 2.8% for the 2017/18 academic year and 3.2% for 2018/19.

Maintenance support in England is paid as a contribution towards students living costs at university rather than necessarily covering the full costs. This is because survey evidence shows that students' living costs vary widely. It is therefore not realistic to come up with one figure that represents the cost of attending university. The current system targets the most living cost support at those from the lowest income families who need it the most.

The Review of Post-18 Education and Funding is considering how disadvantaged students and learners receive maintenance support, both from Government and from universities and colleges.

Differences between qualifications should be reflected in the loan rates and repayment structure. (Paragraph 339)

The Review of Post 18 Education and Funding is considering the needs of all post-18 students to ensure a joined up system that works for everyone. It will examine funding arrangements across post-18 education and training to ensure they are transparent and do not act as barriers to choice or provision. It will also consider how students and graduates contribute towards the cost of their studies, while maintaining the link that those who benefit from post-18 education contribute to its costs.



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