

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

LIFELONG LEARNING (HIGHER EDUCATION FEE LIMITS) BILL

First Sitting

Tuesday 21 March 2023

(Morning)

CONTENTS

Programme motion agreed to.
Written evidence (Reporting to the House) motion agreed to.
Motion to sit in private agreed to.
Examination of witnesses.
Adjourned till this day at Two o'clock.

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Saturday 25 March 2023

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The Committee consisted of the following Members:*Chairs:* †JUDITH CUMMINS, SIR ROBERT SYMS

† Clarke-Smith, Brendan (<i>Bassetlaw</i>) (Con)	† Moore, Robbie (<i>Keighley</i>) (Con)
† Evennett, Sir David (<i>Bexleyheath and Crayford</i>) (Con)	† Morrissey, Joy (<i>Beaconsfield</i>) (Con)
† Fletcher, Katherine (<i>South Ribble</i>) (Con)	† Perkins, Mr Toby (<i>Chesterfield</i>) (Lab)
† Furniss, Gill (<i>Sheffield, Brightside and Hillsborough</i>) (Lab)	† Randall, Tom (<i>Gedling</i>) (Con)
† Glindon, Mary (<i>North Tyneside</i>) (Lab)	† Russell-Moyle, Lloyd (<i>Brighton, Kemptown</i>) (Lab/Co-op)
† Halfon, Robert (<i>Minister for Skills, Apprenticeships and Higher Education</i>)	† Simmonds, David (<i>Ruislip, Northwood and Pinner</i>) (Con)
† Hughes, Eddie (<i>Walsall North</i>) (Con)	† Western, Matt (<i>Warwick and Leamington</i>) (Lab)
Hunt, Tom (<i>Ipswich</i>) (Con)	Sarah Thatcher, Bethan Harding, <i>Committee Clerks</i>
† Jarvis, Dan (<i>Barnsley Central</i>) (Lab)	
† McDonald, Andy (<i>Middlesbrough</i>) (Lab)	† attended the Committee

Witnesses

Professor Malcolm Press CBE, Chair of Universities UK's LLE advisory group and Vice-Chancellor of Manchester Metropolitan University

Liz Bromley, Chief Executive Officer, Newcastle and Stafford Colleges Group

Alun Francis OBE, Principal and Chief Executive, Oldham College

Ellen Thinnesen OBE, Chief Executive, Sunderland College

Julie Charge, Executive Director of Finance and Deputy Chief Executive, University of Salford

Professor Edward Peck, Vice-Chancellor and President, Nottingham Trent University

Sir David Bell KCB DL, Vice-Chancellor and Chief Executive, University of Sunderland

Rachel Sandby-Thomas, Registrar, University of Warwick

Public Bill Committee

Tuesday 21 March 2023

(Morning)

[JUDITH CUMMINS *in the Chair*]

Lifelong Learning (Higher Education Fee Limits) Bill

9.25 am

The Chair: We are now sitting in public, and the proceedings are being broadcast. I have a few preliminary announcements. As per usual, *Hansard* colleagues would be grateful if Members emailed their speaking notes to hansardnotes@parliament.uk. Please switch phones and electronic devices to silent. Tea and coffee are not allowed during sittings.

We will first consider the programme motion on the amendment paper. We will then consider a motion to enable the reporting of written evidence for publication, and a motion to allow us to deliberate in private about our questions before the oral evidence session. In view of the time available, I hope that we can deal with those matters formally without debate. The programme motion, standing in the Minister's name, was discussed yesterday by the Programming Sub-Committee for the Bill.

Ordered,

That—

1. the Committee shall (in addition to its first meeting at 9.25 am on Tuesday 21 March) meet

- (a) at 2.00 pm on Tuesday 21 March;
- (b) at 11.30 am and 2.00 pm on Thursday 23 March;
- (c) at 9.25 am and 2.00 pm on Tuesday 28 March;

2. the Committee shall hear oral evidence in accordance with the following Table:

<i>Date</i>	<i>Time</i>	<i>Witness</i>
Tuesday 21 March	Until no later than 9.50 am	Universities UK
Tuesday 21 March	Until no later than 10.25 am	Liz Bromley, Newcastle and Stafford Colleges Group; Alun Francis, Oldham College; Ellen Thinnesen, Sunderland College
Tuesday 21 March	Until no later than 10.55 am	Julie Charge, University of Salford; Professor Sir Edward Peck, Nottingham Trent University
Tuesday 21 March	Until no later than 11.25 am	Professor Sir David Bell KCB DL, University of Sunderland; Rachel Sandby-Thomas, University of Warwick
Tuesday 21 March	Until no later than 2.30 pm	Confederation of British Industry; Association of Employment and Learning Providers
Tuesday 21 March	Until no later than 2.45 pm	Sir Philip Augar
Tuesday 21 March	Until no later than 3.00 pm	Association of Colleges

<i>Date</i>	<i>Time</i>	<i>Witness</i>
Tuesday 21 March	Until no later than 3.00 pm	Dr Elizabeth Norton, Coventry University; Professor Sue Rigby, Bath Spa University

3. the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 pm on Tuesday 28 March.—
(*Robert Halfon.*)

Resolved,

That, subject to the discretion of the Chair, any written evidence received by the Committee shall be reported to the House for publication.—(*Robert Halfon.*)

Resolved,

That, at this and any subsequent meeting at which oral evidence is to be heard, the Committee shall sit in private until the witnesses are admitted.—(*Robert Halfon.*)

9.26 am

The Committee deliberated in private.

Examination of Witness

Professor Malcolm Press gave evidence.

9.28 am

The Chair: Before we hear from the witness, do Members wish to make any declarations of interest in connection with the Bill?

David Simmonds (Ruislip, Northwood and Pinner) (Con): I am an honorary fellow of Birkbeck, University of London.

Andy McDonald (Middlesbrough) (Lab): I am an honorary governor of Middlesbrough College.

The Chair: We will now hear oral evidence from Professor Malcolm Press CBE, chair of University UK's advisory group on the lifelong loan entitlement and vice-chancellor of Manchester Metropolitan University. Professor Press is appearing by Zoom. I remind Members that questions should be limited to matters within the scope of the Bill, and we must stick to the timings in the programme order that the Committee has agreed. We have until 9.50 am for this panel. Professor Press, could you please introduce yourself for the record?

Professor Press: My name is Professor Malcolm Press, and I am here in my capacity as chair of Universities UK's group working on the lifelong loan entitlement. I am also vice-chancellor of Manchester Metropolitan University.

The Chair: You are very welcome, and thank you for your time. I am Judith Cummins, a Member of Parliament and Chair of this Bill Committee. We will take a series of questions from MPs. We start with our Minister.

Q1 The Minister for Skills, Apprenticeships and Higher Education (Robert Halfon): Good morning, Professor Press. Thank you for being a witness. The chief executive of Universities UK said:

"A more flexible approach to higher education funding is right for learners, right for employers and right for providers."

In what ways would greater flexibility in the student finance system be beneficial to students? How do you think the lifelong loan entitlement will encourage more part-time students to take up learning?

Professor Press: The flexibility is welcome. It will help people to align their study with the other demands on their life, both their personal life and their professional career journey. It will make a big difference. For part-time learners in particular, the maintenance elements are very welcome, and the removal of the ELQ—the equivalent or lower qualification—rule will also be helpful, since for some people that has been a barrier to learning, particularly later on in life.

Q2 Robert Halfon: What will be the impact on universities? Obviously, it is hard to know how behaviours will change, but once level 6 is introduced under the lifelong loan entitlement, how do you think universities will respond?

Professor Press: The response of universities is not just dependent on level 6 being introduced; it is dependent on programmes that are not HTQs—higher technical qualifications—being opened up. That will be the key thing. At the moment, you will find that universities that want to offer HTQs will do so, and we very much welcome that, but the majority of students at the majority of universities are not doing HTQs, so the long-term success of this will depend on opening up flexibility for regular degree programmes. That is where the big transformation will come.

Q3 Robert Halfon: Given what you say about HTQs, and level 4 and 5, do you foresee much greater collaboration between universities and further education colleges once the lifelong loan entitlement is up and running?

Professor Press: There will have to be, otherwise people will leave just with a series of certificates. The challenge is that employers will find it difficult to understand what those things mean. The lifelong loan entitlement provides an opportunity to build up micro-credentials and to stack them into qualifications, and that really matters. That will require collaboration between institutions, whether they are further education or higher education.

Q4 Matt Western (Warwick and Leamington) (Lab): Good morning, professor. I will start with questions about the funding model for higher education institutions. What impact do you think the introduction of the lifelong loan entitlement and the proposed funding model in the Bill will have on higher education providers, particularly given the declining unit of resource?

Professor Press: I think the LLE will open up opportunities for part-time learners, and that is to be welcomed enormously. The unit of resource is fixed, as we know. You might come on to ask me about this, but the bit I find most difficult to understand is the difference between the credit-based and the fixed-mechanism methods of calculating the fee cap. I hope you will ask me a question about that; I think that needs a bit of clarification. However, the sector will continue to face challenges when it comes to delivering at quality, given that the fee cap is frozen. Nevertheless, the opportunity to open up learning to new groups of students is welcome, and will be beneficial to business and the country.

Q5 Matt Western: Do you mind expanding on that difference between credit-based and fixed fees, for the benefit of us around the table?

Professor Press: As I understand it—forgive me if I have got this wrong—it is up to the Secretary of State to decide which method will apply. My understanding of what the Bill is trying to do is this: in a sense, we should enable any credit to be costed at a credit fee's cost, and it should be up to the providers to assess whether there is demand and supply—a demand for the learning at credit level—and whether, if that is opened up, businesses and employers will want to recognise the value of that. At the moment, it feels like a slightly false divide, and it leaves the decision as to what can and cannot be offered in a modular way to the Secretary of State. That is how I have understood it, but if I have got that wrong, I apologise.

Q6 Matt Western: May I pick up on the point raised by the Minister about collaboration between institutions, whether that is between FE and HE, or laterally, between HE and HE or FE and FE? You are in Manchester; you have a good cluster there. Do you think that this might work better in metropolitan, urban areas, but be much more difficult for a coastal or town-based FE college in a wider, open, more remote landscape?

Professor Press: For modular learning that is purely attendance-based, yes, I think you are right. I think it will be easier to operationalise in places such as Greater Manchester, and I suppose part of the learning that we will get as the LLE is phased in is an understanding of the obstacles that might exist. Then perhaps we can work out ways of addressing those in areas where there is not a large cluster of HE and FE providers. Of course, the largest university in the country is the Open University, and I think we have to think more flexibly about either blended or digital learning. There may be opportunities for institutions that are not clustered in the way that they are here in Manchester to take full advantage of partnerships.

Q7 Matt Western: So you would support remote learners being covered by this?

Professor Press: I would, because I think we should focus on the outcomes for learners, rather than the inputs to the learning.

Q8 Sir David Evennett (Bexleyheath and Crayford) (Con): Good morning, Professor Press. We are grateful to you for being with us today. I have two questions. First, do you think this approach is exciting for universities and offers real opportunities for advance? Secondly, what administrative challenges do you foresee for your university arising from the introduction of this approach and the courses offered?

Professor Press: Those are great questions. I really do think it is exciting, because it provides learners with the opportunity to study in a different way, and the more we can do to encourage people to focus on their professional development, the better it will be for our businesses and employers across the country.

The key challenge, I think, will be around the information, advice and guidance that people get about what the opportunity is, particularly for adult learners, who may not be in institutions that are used to providing that sort

of careers guidance. That will be a particular challenge for any institution. Who is responsible for doing all of that? There will be many partners responsible for doing that, and that really does matter.

The challenges for my university—I am answering as vice-chancellor, rather than as a UUK representative—will be the mechanics of how we do all this. We are used to recruiting, admitting, onboarding, educating and supporting with pastoral care students who come mostly for three or four-year programmes. We will have to evolve ways of doing that for students who come for 30-credit—or multiple 30-credit—modules. There will be an additional cost of doing that, so we will need to work out what we can offer that can be delivered sustainably, given the cost base. That means that there will need to be a sufficient supply of students wanting to take a particular module, and a demand from the workplace for those students to achieve a successful outcome. We will look very carefully at what we offer. This gives us a chance to tailor our provision to local demand from employers. It is not without its challenges, but it is an exciting prospect.

Q9 Sir David Evennett: Will this mean that you need more collaboration with other universities and colleges in your area, so that you are not duplicating, and so that you can fit together like a jigsaw puzzle, so that students and would-be students have the greatest choice?

Professor Press: That is exactly right. I will not digress too much, but in Manchester we have an organisation called the Oxford Road Corridor, which is the businesses and employers on the Oxford Road; they include my university and the University of Manchester. We are already looking at what Manchester Met and the University of Manchester can offer together to support the other members of the corridor, which are the Manchester University NHS Foundation Trust, Manchester City Council and some private businesses, and to encourage local people to upskill. We are already trying to work together, and this makes it easier because it provides a mechanism and a funding stream that can assist with that.

Sir David Evennett: That is very encouraging; thank you.

Q10 Mr Toby Perkins (Chesterfield) (Lab): On the number of new students who are likely to take up learning opportunities and would not have done so without this provision, how much of a game changer do you believe this legislation will be? Is it likely to bring lots of new students into learning, or will it just be an alternative option for those who would have studied? Secondly, is there anything you would like to see in the legislation that might enable it to be used by more learners?

Professor Press: Our university does not offer higher technical qualifications, and we do not validate providers that deliver HTQs. At the moment, the provision is targeted at a particular group of learners. Once it opens up in 2027-28, it will provide significant opportunities for both new and current learners who might want to space out their learning in a different way. My understanding—again, forgive me if I have misunderstood—is that this will develop slowly while we work out how we can operationalise it, and then there is a point at which it can open out and support many additional new learners.

Q11 Mr Perkins: What role do you believe there is for local employers in deciding which courses are on offer through the LLE?

Professor Press: While local employers will not provide the courses, there is not much point in us putting on modular learning if there is not a demand for the students who have gained that learning. We are a large and accessible provider of degree apprenticeships, and we work with over 500 employers in thinking about what sort of apprenticeships to run. I will be thinking about extending engagement with our apprentice employers, so that we can have the same sorts of conversations about putting on modular learning. It is through the providers that the employers will have the opportunity.

Q12 Dan Jarvis (Barnsley Central) (Lab): I was interested to hear what you said about the link to local businesses, and you mentioned the city council. I am particularly interested in the skills and educational landscape at regional level. Greater Manchester is one of two trailblazer mayoral combined authorities; the other is the West Midlands. What is your sense of the role for the Mayor and the mayoral combined authority in all this?

Professor Press: In Greater Manchester, we have a civic university agreement between the five higher education providers and the Greater Manchester Combined Authority. We work very closely together. The proposed legislation gives us the opportunity to align much more closely what we can provide and the sorts of skills that the combined authority wishes to deliver, because of the benefit there will be to local businesses and employers. I am very positive about working with the combined authority. The key thing to note is that the relationships are good, the conversations take place and people know one another. That builds trust and confidence and enables us to have the right sorts of conversations that deliver positive outcomes.

Q13 Matt Western: Professor, could we come back to the financial implications and the administrative side of delivering this in institutions? Could you expand on how you think it will work? How much additional resource might be required in the delivery of short-length courses versus the traditional model for a higher education institution?

Professor Press: I have not done the modelling and am not sure whether anyone else has yet, but there will be an additional cost from doing this. It is clear that that is bound to be the case. If people are taking, for instance, four 30-credit modules rather than one level 4 or 5 programme, there will be onboarding and exiting costs associated with the student four times over compared with just once. As you will appreciate, Matt, universities spend a lot of time, effort and money on inducting, familiarising, briefing and onboarding students. We would have to do that every time a new student came to study a 30-credit module.

There will also be the costs and complexities associated with the production of the certificates, and if credit transfers were to take place with other organisations. It is going to be costly. I do not know what the exact costs are, so I am sorry but I am unable to answer your question in a quantitative way.

Q14 Matt Western: I understand that, and I do not think you are alone in not having done the modelling. I guess if you are talking about a 30-credit module versus

a traditional year of, say, 120 credits, it would not necessarily be four times the administrative burden. It will not be four times 30, but it could be three times or two times or something like that. Do you think that is a reasonable assumption?

Professor Press: It would depend on whether a student is a returning student or in a new body of students, and on their particular needs. Some students will benefit from this. Thinking particularly about our local context, something like half our students here at Manchester Met are the first in their family to come to university, about a third of them come from families with parental incomes of below £25,000, and about a third are from black, Asian or minority ethnic communities where they had other responsibilities, such as working or care.

We put a lot of effort into supporting these students. We put millions into our student hardship fund to help these students. There are all sorts of other complexities in addition to the technical aspects, including onboarding and those types of things that cost universities money. We invest in our students because we believe in their futures. It is much more complicated than a simple “three times” or “two times” kind of numerical argument. I am going to have to go away and do some work on that.

The Chair: Given our time constraints, we have time for just one quick last question.

Q15 Lloyd Russell-Moyle (Brighton, Kemptown) (Lab/Co-op): First, I draw attention to my registered interest in the universities sector.

I am interested in what you were touching on in respect of the wraparound pastoral care that you offer students. I studied my masters over three years, part time at the University of Sussex, but I was a student throughout the whole of it, so the university was able to offer that wraparound care. In a modular system, in which people pay for modules and may come back in a year or two, how will you be able to offer that continuing care? Even if they have breaks of only a few months, they might still need some kind of care as a student. Have you considered how you would organise that?

Professor Press: Every university will have a different answer to that. My university provides close care—

The Chair: Professor Press, I am sorry but, given the constraints of time and the fact that we have many other witnesses, I am afraid I have to end your session there. I thank you immensely for taking the time to give evidence to our Committee.

Examination of Witnesses

9.50 am

Liz Bromley, Alun Francis and Ellen Thinnesen gave evidence.

Q16 The Chair: We will now hear oral evidence from Liz Bromley, chief executive officer at Newcastle and Stafford Colleges Group; Alun Francis OBE, principal and chief executive of Oldham College; and Ellen Thinnesen OBE, chief executive of Sunderland College. Both Liz and Alun will be appearing via Zoom, and we have Ellen here in person. For this panel, we have until 10.25 am. I ask the witnesses to please introduce themselves for the record once they appear on screen.

Ellen Thinnesen: Hello everyone. My name is Ellen Thinnesen and I am chief exec of Education Partnership North East, which includes City of Sunderland College, Northumberland College and Hartlepool Sixth Form.

Alun Francis: My name is Alun Francis and I am the principal and chief exec at Oldham College.

The Chair: I do not think we have Liz.

Q17 Robert Halfon: I will start with Alun Francis. It was good to visit Oldham College recently—thank you. What do you think will be the impact on your most disadvantaged students of their now having access to the lifelong loan entitlement?

Alun Francis: I am really sorry; I cannot hear the question. The sound is really poor.

The Chair: We will pause while the sound is sorted. I am very sorry. Alun, can you rejoin on Zoom? Apparently that will get rid of the glitches.

Q18 Robert Halfon: I will turn to Ellen. Good morning and thank you again for coming today. Which students do you think will stand to benefit most from the lifelong loan entitlement and from being able to do fairly priced short courses and modules?

Ellen Thinnesen: Ideally, if this works and drives forward a cultural change, it would certainly allow greater upskilling and retraining. For example, I know a young student who left the forces and wanted to get into the renewable energy sector. He was not able to gain any higher technical qualification experience and balance the demands of his job at the same time.

On the one hand, this will bring great benefit to students, whether they are from a disadvantaged background or not, but I am concerned about the ability about some of the students my college teaches and supports—64% are from disadvantaged backgrounds—who will need substantial careers advice and guidance to understand, for example, how you would stack credits in order to achieve a full qualification.

We also need to understand how employers will respond to this. Over a number of years there has been a significant decline in employer investment in delivery. I am concerned about how employers will be held to account to ensure that they do not continue to pass that cost on to employees who, through a credit-based system, would be entitled to their loan. I hope that helps.

Q19 Robert Halfon: Absolutely. Careers guidance will be essential to ensure that the lifelong loan entitlement works properly for students. Do you think the personal accounts that students will be given will make a difference? Each student will have a personal account, which will give them all the information in terms of what course they have done, how many credits they have left and what loan entitlement they have. We also very much hope that UCAS will take a significant role in that as well. Do you think that will make a difference in terms of the things you just discussed?

Ellen Thinnesen: I think there is a significant amount of benefit to having what will essentially be a portal for students to log on to and see what their account is showing, and for them to be able to utilise that account over the years they have available. Some thought needs to be given to quite a significant number of people who

do not have easy access to the internet, phones and IT equipment. Therefore, I take you back to the importance of strong, comprehensive investment in careers advice and guidance.

Q20 Robert Halfon: I think there will be a one-to-one service for those students, which is part of the Government service that exists already, but absolutely. I very much hope that not just UCAS but the National Careers Service, which we are doing a lot on, will have an important role in directing students to the training and retraining options that they might want to consider.

Do you not think that good employers will welcome this? We know that there is often not as much investment in training as they would like, but now students will be able to access short courses and modules, rather than having to do long courses. As you know, they will also have 12 entry points, rather than just four, throughout the year, which will make a difference. It may actually be that employers think this is a good idea and that a lot more employees are trained and retrained in the skills that employers need.

Ellen Thinnesen: I agree with you, actually. I think, from both an employer perspective and a further education college perspective, that it will allow greater agility to be able to meet the changing skills needs that are required. In Sunderland College, for example, we are evolving quite rapidly into electrification, but it is currently incredibly difficult to respond with agility and at pace in relation to the technical skills training needs that are required.

I do think we should be very careful, because the devil is always in the detail. We know that the Learning and Work Institute reported that employer investment in skills has fallen by 28% in real terms since 2005. We need to be really careful, as we culturally drive this change, that factors such as that are taken into account.

Q21 Matt Western: Thank you, Ellen. I am afraid you are very much the centre of our attention for the time being. I will ask specifically about quality, as I understand that you have a certain expertise in its delivery and measurement. How are we going to ensure that there is a consistent measure of quality across courses and providers with the LLE?

Ellen Thinnesen: That is a big question, and there are a number of answers to it. First, being very clear about what a credit is and what a student can expect to receive in that module—that credit—of learning is incredibly important. We know that the current system sets out the direct learning per credit that a student can expect to receive, as well as the demands on their indirect study time. We know that in the current system, as a student, you can go to two different but similar higher education providers that are delivering very similar modules. What you get in direct and indirect learning can vary considerably within that offer. So in the first instance, the publication of clear information for students about credits and what they can expect to receive in that module in teaching and learning is really important.

A significant amount of work needs to happen in colleges on the continued quality assurance of modularised study. For example, in a college, if we are to quality assure the teaching and learning, we will pay a visit to that programme to assess how well academic standards

are being delivered. The quality of that provision to students becomes incredibly difficult and the logistics increase significantly when modules are happening across a year at any given time.

Q22 Matt Western: Should the Bill have written into it some sort of definition of what a credit is?

Ellen Thinnesen: My personal and professional opinion is that it should. If we are defining fee limits attached to credits, it is really important to communicate to a student what a credit means. Essentially, a student wants to know a number of things. First, how much is this going to cost me? Secondly, what will I have to expend in effort and energy to complete this module? Thirdly, what will I get for that module and those credits from the institution that I am choosing to go to? So transparency about the relationship of credit to fees, and of credit to module content and what is expected within that, is very important.

Q23 The Chair: Thank you. Before any further questions, I ask Liz Bromley and Alun Francis to introduce yourselves—in your case, Alun, reintroduce yourself—for the record, please.

Alun Francis: Apologies, everyone, for the technical hitch. I am Alun Francis, the principal and chief executive of Oldham College.

The Chair: Again, you are very welcome. Liz, are you on mute?

Liz Bromley: My apologies—technical glitches endlessly. Apologies, too, for being late, which was another technical hitch. I am Liz Bromley, the chief executive of NCG, which is a conglomeration of seven colleges spread out across the country. I am sorry to have delayed you.

The Chair: Thank you. You are very welcome.

Q24 Brendan Clarke-Smith (Bassetlaw) (Con): Good morning, everyone. One thing that might be introduced as part of this new credit-based method is the move away from the academic year to the course year. A number of advantages have been outlined, but do you foresee that there could be any problems with it?

Alun Francis: I think all these things will take a little getting used to. The FE sector, certainly, is a very flexible, agile sector, and I think people will get used to it. The more important questions will be about the standardisation of the credits, which Ellen has already talked about, so that learners know what they are getting and paying for. That needs to be absolutely transparent.

It is also important to say that in these technical areas there is a big difference between what learners pay for here and in a traditional degree, because some degrees are positional goods—they are paying for the credential as much as the content—but in these qualifications they are paying for the content. Learners therefore need to be clear that what they are getting is what it says on the tin. The other aspects, I think, we will just get used to.

Liz Bromley: I think it is going to be tricky. You will all be aware of industrial workforce relations at the moment, and one of the biggest gripes of the University and College Union is about workload. While we in

management and leadership roles might say, “This is something that we can work through—we can make it work and we can make it student first,” I think there will be significant resistance from some elements of the workforce, who see the downtime in the summer as part of their right, dare I say.

Yes, technically, it absolutely can be done. Universities in the country are offering multiple entry points during the year and delivering them perfectly effectively, but I think there will have to be a cultural transformation which, given that further education has been reclassified, may well be more of a hill to climb than we might wish.

Q25 Brendan Clarke-Smith: Thank you. Ellen?

Ellen Thinnesen: You may be aware that colleges currently submit their data via something called the ILR—the individualised learner record—which is a piece of software that we use across the sector. That software allows us to submit data returns in an academic year. Obviously, with the implementation of credits, and a course year, that would require a change. The college systems will enable that to happen because we are able to adjust the years of start and end dates within our academic year returns.

The consequence of that, around the course year, will be in relation to the greater requirement regarding data management and monitoring, which is quite substantial. There will be hundreds and thousands more entries for students studying on credit-based provision on a college’s ILR data return.

Q26 Matt Western: Thanks very much; it is good to have you all on the call this morning. Thanks for joining us. This is really aimed at Liz and Alun: how might employer demand be measured in deciding what courses should be initially rolled out under this new system? We will start with you, Liz.

Liz Bromley: I think that employers are learning that they have a much more proactive role to play with the further education sector now, as we have moved towards local skills improvement plans and working with employers to deliver the right qualifications to deliver the skills that they need. I think that that is another conversation as part of this journey.

I am a great supporter of the principles of this Bill in its entirety. Flexibility for the learner, lifelong learning and smaller bites of learning? Absolutely. However, as I think you would expect, I am almost always focused on, “Well, where is this going to be difficult to implement?”

I suppose that my nervousness is about employer engagement. The good employers will see it as a real opportunity to enable their workforce to better themselves educationally, to give them time off to help them do that, and perhaps to co-fund some elements of the module. It will be great. They will work with the colleges and the universities, and it will fly. Where you have less scrupulous employers, I can see this as a really good opportunity to shift the burden of paying for continuing professional development from the employer on to employees, who may wish to better themselves and therefore take out a loan.

Again, it goes back to giving IAG—information, advice and guidance—to the student but also to the employer, to ensure that nobody is exploited and the qualifications that come onstream in the pilot phase

will demonstrably have an impact for the employer and for employees who are developing themselves while working and learning.

Q27 Robert Halfon: Could I start with Alun Francis? It was good to visit your college a few weeks ago; I had a wonderful visit. What do you think, in terms of FE, about the impact of the LLE encouraging disadvantaged students—particularly those from low-income backgrounds—to take up the LLE? What impact will it have on colleges such as yours?

Alun Francis: Thank you, and thank you for coming to visit us; it was a very enjoyable visit. We see this as part of a package of reforms. Just to give the context, Oldham is an extremely deprived area. Nearly 80% of our learners come from the bottom 20% of deprived boroughs. The level of English and maths on entry is one of the lowest in the country. We do not have a big private sector economy. That all sets the context in which we work, and different colleges will have different contexts. It is important to say that.

I think that we see this as part of a set of reforms that help to rebuild the opportunities for those who do not want to, or cannot, follow the route to university at 18 or 19, which has almost become the default route for higher skills. What we have seen is the collapse in that period of part-time learning and the old HNC/HND route. These are all parts of the process of rebuilding that.

There are issues. The point was made very well about where the balance will lie in whether the learner or the employer will pay for higher skills, but we see this as an important way of opening up people’s choice when coming back into learning. There is an issue about the balance between these routes and the workplace routes of apprenticeships and the levy—for SMEs funded through other means. We believe that a significant number of adults want the choice to come back into learning—perhaps after having a family or other gap, or having done some low-skilled work and now wanting to improve their skills—and traditionally we have offered them foundation degrees or degrees. This allows us to offer them a wider variety of choices, and we think there is demand for that.

It will take time for the market to grow. It is not a quick hit. It needs good information, advice and guidance. People need to know with confidence that what they are paying for is worth the loan. That is why sorting out the credits and engaging employers, so they know they are getting qualifications that are worth it, is of absolute importance. Addressing those three issues will make this work best, but I do think there is demand. We have a significant number of adults who do not want to or cannot go back to university for the full three years. Without this approach, opportunities will not be open to them. It is much more difficult than we imagine. While this approach will not solve the whole problem, it will help to solve a considerable part of it.

Q28 Robert Halfon: May I ask the other two witnesses, in relation to your institutions, about the impact on disadvantaged students? We know that more disadvantaged students than ever before are going into HE, but at some institutions more than at others, there are issues with their completing courses. What impact do you think this approach will have on disadvantaged students

in terms of module starts and higher completion rates? Would all three of you give us your views on the phased approach we are taking? We are starting with levels 4 and 5 in higher technical qualifications and employer-led qualifications, and moving on to level 6 later, so that we bring this through slowly and cautiously?

The Chair: Given the pressures on time, may I ask questioners and witnesses to be brief?

Ellen Thinesen: I think it will make a substantial difference to disadvantaged students. For example, many of our disadvantaged students have caring responsibilities or are single parents, so to be able to attend education and study flexibly, on a credit, modularised basis, will make a significant difference. Removing the equivalent level qualification regulation is really important, because many of our disadvantaged students have progressed into higher education but, unfortunately, have obtained HE qualifications that are not relevant to the technical careers that they want to go into. This measure allows those students to go back and retrain, upskill and relearn.

Liz Bromley: I endorse everything my colleagues have said. One of the greatest disadvantages that disadvantaged students have is lack of confidence—you know, they say, “Families like ours don’t go to university.” This is a wonderful opportunity to build up confidence that they can access the system and understand how it works. It helps them manage this notion of terrible debt because they can do it on a much smaller scale. While concurring absolutely with everything my colleagues say, I think this is just as important for young people as for those who are reskilling or coming back later in life. The phasing is really important, because it is part of getting their confidence built up at levels 4 and 5. It is a great way to enter the HTQ market, and that is the basis on which young people, as well as reskillers, can think, “I’ve done this. I could top up and get a full degree. I am in one of those families who can achieve.” I think that is terrific.

Q29 Lloyd Russell-Moyle: I am interested in the workforce. Liz, you mentioned the need to manage the workforce; if we are to have, in effect, all-year-round entry, with people able to join at different points, will there be additional workforce costs? The workforce in the further education sector is one of the worst paid workforces in the education sector overall, because the funding for your sector has been among the worst overall. Are there some challenges, given that staff have never been paid as much as, say, university sector staff?

Liz Bromley: One of the biggest challenges that my colleagues and I face is that we have a finite amount of resource and it has to be split between pay costs and non-pay costs. I think in the implementation of the system we will incur significant non-pay costs in terms of our systems and administration, to get all the points that Ellen referred to about the ILR and the data collection correct. That will have a knock-on effect on our ability to raise pay.

We already have a real challenge in attracting people from industry—the industry experts—to come and teach, because they can earn so much more in industry. What would be wonderful—I would say this, wouldn’t I?—would be an injection of funding to see this through so that we can improve pay and address the workload issues. I think that would cause the workforce to embrace this far more willingly.

Q30 Lloyd Russell-Moyle: Of course, in the FE sector you are paid less per head than people in schools or in universities—it kind of dips at a crucial time—so that is a fair point.

I wonder about the modularisation discussion we have been having, and employers. I am supportive of the measures, as I have heard you are, but is there a danger that employers push staff members to use their credits, and then when staff members actually want to make a career change their credits have all been used up because the employer has forced them to do modules that, really, they should have paid for? Should there be some provisions in the Bill to make it clear that credits are personal and should not be used for in-work professional development? Is that possible?

Ellen Thinesen: This is one of the areas that I am concerned about, knowing a number of employers that I work with, the constraints they are under and what they have done with their own professional development budgets. I would need to go away and think about that, but in the same sense I encourage you to think about it and explore the problem in a little more detail, because I do think it needs some consideration.

Q31 Lloyd Russell-Moyle: Alun, you are nodding along; did you want to say anything about the safeguards that might need to be in the Bill?

Alun Francis: I am with Ellen on this: I have not thought it through sufficiently to give a really punchy answer to your question, but I do think it is a concern. It is about the balance of who should pay for training. It feels like there is the potential for it to skew perhaps too much towards the employer encouraging learners to pay for training that the employer could pay for. How we police that, I do not know. There is a variety of things that we might explore in more detail, but I cannot give you a really clear sense of how we would solve that problem right now.

Q32 Sir David Evennett: I am particularly interested in potential older students who are in employment and want to progress or change their careers. First, I welcome what you have said about business involvement, but now that we have a new framework—or will do, hopefully, when the Bill is passed—what can you do to try to get more employers involved who have not expressed interest in the past?

Secondly, you highlighted how hard you have worked, Ellen, to reach the disadvantaged, and I am sure that your two colleagues are doing the same. How are you doing outreach to those who are in employment to let them know what you offer?

Ellen Thinesen: In terms of the work we do with employers to help them to understand what is available, which I think is what the question was about, in a college such as mine, and I know in many other colleges, we employ business development teams—essentially employer liaison personnel—whose entire job is to work with employers and help them to understand how they can translate their workforce development needs into workforce solutions and upskill and reskill their workforce. That is easier for larger colleges such as mine; I can flex funding and use it in creative and different ways. We go back to the underfunded nature of colleges and the impact on smaller colleges, where it is incredibly difficult to do that.

On outreach, we employ a significant number of school liaison personnel, who are out working on a daily and weekly basis in schools giving careers information, advice and guidance, and delivering training to school teachers and staff. Again, I am able to do that, as I am sure Liz is in Newcastle College Group, because we are large enough to be able to reconfigure our budget to invest in resources such as that. Again, for smaller colleges, that is not always possible.

For example, my college merged with a sixth form in 2017, which now benefits from that service. Prior to the merger, it would never have been able to deliver that type of infrastructure to enable employers to understand what they need to do and what is available, and to enhance outreach.

Q33 Sir David Evennett: That is great, but what about those who are, say, 40 and coming back into the workforce—women returners and people who want to change careers? How will you get out in your community to encourage them, when this goes through, to take up the opportunities that your great colleges are providing?

Ellen Thinesen: For example, at Sunderland College, we have established a partnership with Sunderland City Council and the DWP, and we co-locate with the DWP. When a service user comes in to job-seek, the college is sitting side by side with the DWP and is able to provide that line of sight to educational routes. Similarly, we are working with employers and the workforce. We do a lot of workforce analysis.

Q34 Sir David Evennett: Brilliant. Are you doing the same in your areas?

Alun Francis: *indicated assent.*

Liz Bromley: *indicated assent.*

Q35 Sir David Evennett: That is really good news, because you are outreaching to people who are in jobs. Their employer may not be interested, but they may be.

Liz Bromley: FE colleges are absolutely part of the community. We have so many ways to engage with everybody in the community, from refugees to 16-year-olds and 60-year-olds who are looking for a change of career. We are absolutely embedded in our communities in ways that sometimes universities are not because they have a more global outlook. We have to be very fleet of foot. We have to use digital media, paper-based media, posters and, most of all, the art of engagement through conversation, which we do very well.

Alun Francis: I absolutely endorse what Liz just said. I will just add a couple of very quick observations. First, the way colleges work with employers to design and deliver curriculums is one of the most misunderstood parts of our job. We need to have more investment in doing that better. Under devolution, the Mayor's role can be very strong around convening powers, but the key to getting the skill system working well is the partnership between employers and providers, and FE colleges are key to that.

I will give you a very good example, which relates to the question that one of your colleagues asked a few moments ago about phasing. We endorsed phasing because it allows us to grow the capacity to do this well. In Greater Manchester, all 10 FE colleges have been collaborating for over 18 months, supported by the skills development fund, to develop the new higher technical qualifications in digital, and we are now moving

on to the structure. That is a really good example of how colleges have worked together, and engaged employers to come up with a product that we think will be very attractive for learners. We have collectively built our skillset, and we have supported that with marketing and so on. As you described, we will make that qualification work really well. That is a methodology that I think other colleges will emulate and copy.

Investment in the capacity of colleges to work with employers and the workforce issue are the two big challenges around this curriculum reform. Those are the two that we find hardest.

Sir David Evennett: Thank you.

The Chair: We just have time for one more very quick question.

Q36 Andy McDonald: On the staff stressor costs and employer engagement, is also there an additional administrative burden? Is there enough in this Bill to enable providers to cope with those additional costs?

Liz Bromley: I think there will be a significant administrative burden. There is every time you change. For me, the big one will be the change of the academic year to a course year. Every time you change something that changes the way we collect and report our data, the way we admit our students, the way we provide the support that they need on their journey to education, you increase the administrative burden. It sounds like a constant whinge, but in practicality I have worked in both universities and colleges, and it is always the infrastructure that supports the delivery of the core product of education that costs the money and takes the time. So yes, there will be an additional administrative burden that will be expensive, but we will get there.

Q37 Andy McDonald: Will it work without money, Alun?

Alun Francis: I think it depends on how big the administrative burden grows, because the bigger it gets, the more that might be a challenge. For me, it is difficult to say what that will look like now. There will be a change. I can also see some positives, though, in some of the changes around the course year. Some staff will prefer not to have an academic year—our apprenticeship teams already do not have an academic year. There will be pluses and minuses on that side. For me, the model—

The Chair: Order. I am afraid that that brings us to the end of the time allocated for the Committee to ask questions. Before we move on to the next panel, may I thank our witnesses on behalf of the Committee for your evidence. Thank you ever so much.

Examination of Witnesses

10.25 am

Julie Charge and Professor Edward Peck gave evidence.

The Chair: We will now hear oral evidence from Julie Charge, chief executive and director of finance at the University of Salford, and Professor Edward Peck, vice-chancellor and president of Nottingham Trent University. The witnesses are appearing by Zoom, but Sir Edward Peck is not yet with us, so please bear with us and we will interrupt proceedings as we did previously. We have until five to 11 for this panel. Could you please introduce yourself for the record, Julie?

Julie Charge: Good morning everyone. My name is Julie Charge. I am the director of finance and the deputy chief director for the University of Salford.

The Chair: Thank you. I call the Minister.

Q38 Robert Halfon: Good morning. Do you expect students to respond favourably to the new system of limits per credit, instead of limits per year?

Julie Charge: The terminology of credit is something that is familiar to students in terms of understanding credits, but there is probably more work that we would need to do to link credits to what they might see as an overall course. Generally, when students are thinking about their degree, they are thinking about a period of time and the content of it, and not necessarily the link between the work effort and the credits themselves.

Q39 Robert Halfon: What work needs to be done, apart from careers guidance, to get students more familiar with the new system and the fact that they can do modules or short courses as well as long courses?

Julie Charge: It is the connectivity. Students will be familiar with modules as part of something that, when they are applying, they see described to them in a range of different ways. There is therefore some work that we as a university would need to do to make it easy for them to understand the relationship between the module of the course that they want to participate in and the credits.

I think there is another aspect here, which is that, again, as a university, we link hours to credits. If we can link all those things in a way that gives much more clarity for a student, by saying, “This is the undertaking in hours, which equates to number of credits, which is therefore part of a module, and the module then builds up your course,” that clarity will help with that sort of common understanding.

Q40 Mr Perkins: Do you anticipate that this will mainly be utilised by learners who are in work currently and are looking to develop their careers, whose employers are looking to develop their skills, or by learners who are either out of work or looking to change jobs or employers?

Julie Charge: Probably a combination of both. We did the pilot on short courses. It was a very small sample size in terms of the take-up, but 40% of the applicants and those who went on to do the short course were in the 26 to 30 age group—and it was a combination of retraining after some initial work or an initial degree, and some initial training. Then we saw a different group: the other big group, who were retraining and upskilling, was aged 36 to 40. Of that group, some were continuing their studies, but the majority were external and returning to do that training. I cannot comment on whether there was unemployment, but there were certainly two big groups, in terms of age profile, that were returning to do the pilot course with us.

Q41 Mr Perkins: At that stage of their careers, the prospect of taking on debt did not dissuade them?

Julie Charge: No—of the people who took part and were recruited to that course, 50% took up the lifelong learning loan entitlement.

Q42 Mr Perkins: Do you have any concerns about the delivery of this approach or how it would operate for learners who are transferring from one institution to another? Do you think that there is enough clarity on those aspects?

Julie Charge: I think there is some way to go to understand how that transfer will work in practice. Having a commonality of modules and credits per module helps with that level of understanding, but in terms of the qualifications that go alongside that and the end result, that is unclear at this stage. Further work would be needed to work out things like who the awarding power would be for a course set up in such a way.

There are also some other points regarding the outcome of the course. I will just reflect on what we have at the moment with a three-year course. As you work through your levels—through levels 4, 5 and 6—the complexity obviously builds, in terms of your learning and understanding. Therefore, when we work through this, we would need to be assured of the level of work and the level of learning that is occurring through those years, in order to be assured that at the end the student can be awarded at the right level, and we can maintain that quality.

Q43 Mr Perkins: Finally, there is currently no involvement of the apprenticeship levy in the design of this system. What role would you expect existing initiatives, like the apprenticeship levy, bootcamps and others, to have in interacting with this kind of approach?

Julie Charge: This could absolutely play into an apprenticeship arrangement. Again, if we as an institution can think a bit more creatively about how we could do that, it would align quite nicely with the degree apprenticeships that already exist. It would need a bit of work, but that could sit alongside. Again, it is really important to reflect on trying to make it as easy as possible for students to understand their options and the outcomes—what this leads to for them; it will be important to join some of the dots, with a wide range of skills routes they can take. This is about making it easy, having clarity, and students understanding their outcomes.

Q44 Gill Furniss (Sheffield, Brightside and Hillsborough) (Lab): I want to dig a bit deeper into the workforce issues. Having worked in further education for many years, I am very aware of the problem that the FE sector is having with recruitment and retention now. Much of that is because of the pay differential between, for instance, school teachers and FE lecturers—as well as, obviously, higher education lecturers. A previous witness said that an injection of cash would be very welcome. Can this be successful if there is not an injection of cash?

Julie Charge: If I go back to the experience that we had of trialling the short courses, it is possible to set this up. The administration is slightly more complex. It does not sit comfortably within an individual module or modules, because that is not how universities work. We have a three-year degree; a number of costs are included to support students during that period, and some modules are more expensive than others. There is some work here.

One of the learnings was not so much about the marketing, but about the understanding of what was available and ensuring there was enough knowledge in

the marketplace for people to understand what they were coming into. In terms of cost, it is possible to do that, but there is something about the messaging of what is on offer, and making that clear for prospective students.

Q45 Gill Furniss: What impact might these changes have on the workforce and your industrial relations?

Julie Charge: Again, speaking for my institution, we do an awful lot of work with industry, so we are very linked to industry. Going back to the trial, this was very welcomed among employers—that constant reskilling. That is particularly because a lot of the jobs that we are training and upskilling our students for do not exist yet. We are trying to give them the skills for those future jobs. Therefore, it is really important to have those skills going across industry, and to provide that constant ability to learn—be that through credit bearing or non-credit bearing.

Q46 The Chair: We now have Professor Sir Edward Peck on the line as well. Would you like to introduce yourself for the record, Sir Edward?

Professor Peck: Yes, sorry about that slight technical challenge. My name is Professor Edward Peck; I have not yet been knighted—but, of course, you live in hope.

Matt Western: It's on the record!

The Chair: That's twice today. I call the Minister.

Q47 Robert Halfon: I should declare that I am an honorary professor of Nottingham Trent University. Good morning to you, Professor Edward Peck. You have written about the short course trial. Obviously, the numbers have been small at the moment, although the purpose of the trial is not about numbers. You said that focusing on the numbers taking the short course trial is missing the point. Could you explain why, and why you think there will be significant take-up of the LLE?

Professor Peck: Yes; thank you. I am happy to do that, Minister. The short course is only in its first year so far. It was trying to do something relatively quickly and it did not get as many students registering as you might have hoped, but I think it is premature to judge what might happen in years two and three of that pilot. There are other things we are trying to learn from that pilot about the regulatory regime and the capacity of the Student Loans Company to deal with a new form of loan for modules. There is a lot of learning coming out of the pilot.

In terms of demand, if you look at the stabilisation of foundation degrees—the two-year degrees—the demand for HNCs, HNDs or HTQs, and the number of advanced learner loan level 4 and 5 courses being run, there is a lot of evidence for sub full-degree level technical and vocational education. What the LLE will do is open up a whole new range of people who either want to do a particular module of that provision, or want to do it in bitesize chunks rather than commit to the whole programme at the outset. I think the numbers at levels 4 and 5 are already significant, and the LLE will increase those numbers even more.

Q48 Robert Halfon: You have talked about the advanced learner loan as well, and the numbers taking that up. Could you expand on that a bit?

Professor Peck: Yes, about 9,000 to 10,000 students each year are doing the advanced learner loans. There are programmes such as the diploma in social care and the diploma in construction site management, which are level 4 or 5 programmes. You will be able to take modules of those on the lifelong loan entitlement. There are some technical questions about how you work out the credit arrangements for advanced learner loans, but I know that the DfE is doing a lot more thinking about that. There will be further guidance and consultation on how advanced learner loans are integrated into the LLE in due course. I understand that is work in progress.

Q49 Robert Halfon: You have a close relationship with the Mansfield college. I want to understand how you think the LLE will impact both on HE and FE and also in terms of franchising to other institutions, as in the way that you are doing.

Professor Peck: We have a very close relationship, whereby we do all the training and education for level 4 and above for the people of Mansfield and Ashfield and the college does level 3 and below. That means we can design the programmes in the college to have really easy pathways of progression from level 3 to level 4 and, in future, we will start promoting the options around modular provision in the programmes we already run at Mansfield, in things like computing, construction management and those sorts of areas, where there is a real demand for skills.

If I can give you one example, we are seeing really high uptake in a level 4 course we are running in retrofit green construction. There is a massive demand. Eighty per cent. of the houses that we will live in in 2050 are already built, and the challenge is to retrofit them to be greener and more energy efficient. We do not have a workforce to do that. We now have a level 4 course in Mansfield where you can study that particular skill and, in future, you will be able to study it on a modular basis, which will open it up to a greater range of people who do not want to study that particular course full-time.

Q50 Matt Western: Hello Professor—good to see you. Likewise, I was very impressed by Mansfield when I came to visit. I am just interested to know your thoughts on the rationale of having a minimum of 30 credits. Do you think we should be considering a lower threshold?

Professor Peck: It is a challenge we faced on the Augar review, when we considered what the credit basis should be of a lifelong loan entitlement. Thirty credits hits a compromise between having a level of granularity where the Student Loans Company can give and administer loans for both fees and maintenance, and the bitesize learning that people are going to want to do. Thirty credits is notionally 300 hours of learning. I think it is the best compromise to start off with between those two different pressures that drive in different directions—the SLC to make it bigger, and maybe some of the requirements of learners for more bitesized learning to make it smaller. I think it is one of those things where we should just see how it rolls out as we implement and then change it if it seems like we have not quite got the balance right.

Q51 Matt Western: Okay. I know that in Canada, for example, they offer 10, don't they? That seems to be quite successful.

Professor Peck: Yes. You can bundle them, actually, can't you? You can sign up for three 10-credit modules. It is slightly clunkier than the Canadian system, but again, I think it will give people a chance to do smaller bitesize modules without having to take a loan out for every 10 credits, which I think would stretch the capacity of the Student Loans Company. I heard my colleague talking about transaction costs. If you start to get down to 10 credits per module, the transaction costs of recruiting the student, inducting them and so on gets quite large in relation to the fee you might get, so there is an economy of scale for providers around 30 credits as well.

Q52 Matt Western: Finally, can I just ask you about the future of the apprenticeship levy? It is currently not written into, or not within, this legislation. How do you see that sitting alongside the lifelong loan entitlement and the role for employers?

Professor Peck: Yes; I do think many employers will make use of the modular learning that the lifelong loan entitlement will promote. I think many employers will pay for their staff to do some of this upskilling and reskilling as part of investment in their training more broadly, which takes place outside the levy. I think there are some challenges at the moment about the levy and its size, aren't there? We might be getting to a point where much of the levy is now being committed around apprenticeships, which is a real success. The question is: how do we keep apprenticeships growing over the next five to 10 years? That is for a very different group of staff. Apprenticeships often are for new starters or people completely changing their career with an employer, whereas the LLE is about modules enabling people to upskill and reskill when they are already in the workforce and established in the workforce.

Q53 Lloyd Russell-Moyle: At the moment, students come and study part-time or via the workplace. Predominantly, who pays for those courses?

Professor Peck: It is a really mixed picture. Some are paid for by employers and some will be paid for by individuals who have the means to do so. Those are the two major sources that we currently accept.

Q54 Lloyd Russell-Moyle: Do you have a "finger in the wind" kind of breakdown between own-paid for and employer-paid for?

Professor Peck: At NTU, the vast majority of UK undergraduate students are paid for by the Student Loans Company loans. We have some students undertaking short courses, which are professional qualifications and paid for by their employers, and about 2,000 apprentices who are, again, paid for by their employers. At the moment, it is heavily weighted towards full-time undergraduates, and I think that is the challenge that the LLE is trying to unlock.

Q55 Lloyd Russell-Moyle: I was trying to exclude the full-time undergraduate. I am trying to get at if there is a danger that, for some of those who might already be accessing technical, part-time, upskilling skills courses that are paid for by their employers, the employers will shift that burden on to the students. My follow-up question, which I have asked to other panel members, is do you believe there are other things that can be done to

ensure that employers do not shift that burden—for example, in regulation putting things that make it clear that this is for personal, not professional, development?

Professor Peck: It is a really interesting challenge. One of the things that the short course pilot should tell us, even if they are relatively small numbers, is how many trainers are paying for themselves through taking out a loan with the SLC and how many are coming in through employers. There is a suggestion that there are bigger numbers doing those modular programmes but actually they are being paid for by employers. I have not seen the data on that yet, but I am trying to get those data to see if that is the case.

I think most employers would see it as part of their responsibility to pay for training their current employees. Indeed, they might want to do that in a different way from doing it employee by employee. In sufficient numbers, you would commission your own training; that happens already. It is important to ensure that we are not transferring the cost from employers to the individual employee. I think how you do that is a really interesting question, which probably bears more consideration, but there may be ways of ensuring that that does not happen.

Q56 Katherine Fletcher (South Ribble) (Con): Thank you so much for your evidence. As we transition into this new world, I am interested in hearing your expert view on where you are seeing immediate demand—for example, the renewable energy retrofit gets discussed regularly in Lancashire. Could you give us the top three from both of your perspectives?

Julie Charge: The main one we are seeing is around computer science; that is definitely top of the agenda. The other ones for us in terms of all the range of skills are things like the artificial intelligence and robotics space, and absolutely sustainability. That understanding of sustainability actually touches a lot of subjects, whether that is housing through the retrofit or others. Those are the three areas that are definitely at the top at the moment.

Q57 Katherine Fletcher: That is very interesting. It almost reflects the economic drivers in the Salford-Manchester complex at the moment, even before we get the National Cyber Force up at Salford. Sorry, Professor Peck, I wanted to make sure that was right. What are you saying, outside of retrofitting?

Professor Peck: We have not colluded, but I agree entirely with my colleague: we are seeing construction, digital manufacturing, digital engineering and computer science, particularly coding.

Katherine Fletcher: That is really interesting; thank you.

The Chair: If there are no further questions from Members, I thank the witnesses for their evidence, and we will move on to the next panel.

Examination of Witnesses

Sir David Bell and Rachel Sandby-Thomas gave evidence.

10.50 am

The Chair: We will now hear oral evidence from Sir David Bell KCB DL, vice-chancellor and chief executive of the University of Sunderland, and Rachel Sandby-Thomas, registrar at the University of Warwick. Sir David

will be appearing via Zoom, and we have Rachel with us in person. For the record, could the witnesses please introduce themselves?

Rachel Sandby-Thomas: Good morning, everybody. I am Rachel Sandby-Thomas, and I am the registrar at the University of Warwick.

Sir David Bell: Good morning. I am David Bell, the vice-chancellor and chief executive at the University of Sunderland.

The Chair: Thank you very much for attending this morning.

Q58 Robert Halfon: Rachel, do you agree that without these measures, students who want to learn flexibly could be disproportionately affected by significant fee limits?

Rachel Sandby-Thomas: They could be. I think this measure is very helpful; we welcome it and the flexibility it introduces. I absolutely understand the rationale behind the Bill, which is to make sure that, financially, students will not be disadvantaged by adopting a modular approach.

Q59 Robert Halfon: We are introducing this in a phased way, starting off with levels 4 and 5 and then level 6. We want to get it right. It will be hard to predict behaviour change, although I think it will be very positive. What is your view of the phased approach and starting off with levels 4 and 5, particularly HTQs and employer-led qualifications?

Rachel Sandby-Thomas: I think it is really sensible, because we want to get this right. I welcome the fact that there has been a pilot, and I heard from a previous witness that lessons are already being learned from that, which is great. It is very sensible. Levels 4 and 5 lend themselves well to the modular and flexible approach, and then we can learn the lessons for level 6. At Warwick, we are very keen for it to be extended to level 7 at some stage, because we think that the postgraduate year could easily be subject to a modular approach too.

Q60 Robert Halfon: Do you imagine yourselves offering level 4 and 5 courses under the LLE to begin with?

Rachel Sandby-Thomas: We tend not to; we tend to offer levels 6 and 7. In conjunction with Jaguar Land Rover, we have done some apprenticeships where we do not do the level 4 and level 5, but we are the end of a pathway with one of our local college groups.

Sir David Bell: There are two good reasons for doing this in a phased way. One is to do with technical matters—I think we all accept that there is quite a bit of technical work to be done to get us to the point of implementation in the higher education sector in particular.

The second goes to your point about behaviours and trying to inform people about a new system. I know from my experience, and I am sure you know from yours, that people do not always behave the way that policymakers and Ministers would like them to behave. There will be quite a big communications job here. Others have already commented on the need for high-quality careers information, advice and guidance support, particularly for those who might be beyond school and college at the age of 18, are thinking of coming back into education, and want to understand how this opportunity sits alongside others.

Q61 Mr Perkins: I have a question for each of the witnesses. First, Sir David, prior to your current role, you were for a period the permanent secretary at the Department for Education. This legislation was originally intended to be in the Skills and Post-16 Education Bill but was then withdrawn, and we now have it as a separate Bill. We appreciate that the Government are rolling this out slowly. Notwithstanding that, what is your sense—we do not have the DFE responding to the Committee today—about how feasible and likely it is that the system will be in place by 2025-26, and about any barriers there might be to that operating properly?

Sir David Bell: I should probably remind the Committee that my experience of the Department is now long out of date, so I am not really in a position to comment on the current DFE. What I would say, however, is that the Department and the civil service more generally have always been used to managing these complex kinds of changes, so I have confidence there. I also know—this is an important part of the whole process—that the Student Loans Company is busily engaged in making all the preparations necessary to make the Bill a success. Looking in from the outside, I am confident that this will happen. Going back to the previous point, I think the time this will take is a good thing. Sometimes I am impatient about a slower pace of change, but in this case it is a very sensible and pragmatic approach.

Q62 Mr Perkins: Clearly, success partly depends on the number of institutions at which students will be able to access these courses. Rachel, will you spell out the incentives for higher education institutions to put on courses in a much more bite-sized model, and the barriers to them doing so?

Rachel Sandby-Thomas: I am glad you raised that because I think there are obstacles. I am not saying this to obstruct the policy; I am actually trying to be constructive. It will introduce a lot more complexity into the higher education system, both for the students and for the institutions, and at lots of levels. It will kick off with uploading the courses on to the UCAS site. That might not seem complex, but the modules, how they all fit together and how they potentially fit with other institutions' modules will actually be complex. Then, it is about how we market that clearly, because as was said, rightly, communicating clearly with prospective students is key to the success of the system.

There will need to be a lot of advice and guidance given to prospective students, who will want to know whether their prior learning will be taken into account and whether what they have done before and are proposing to do will actually form a coherent structural programme that will be recognised. You will then have the admissions. We hope that there will be a greater volume of admissions, but each of those admissions will have to be looked at very carefully on an individual basis, because of the matters of recognising prior learning and so on.

Data is another big and complex area. At the moment, the Data Futures programme is trying to get rid of the need to return data on modules, whereas this will obviously need the return of data on modules. There is a tension there that needs to be resolved. I could easily see it going into an extra framework of data returns, so that will be an issue. There is a big issue with the student information technical services, called SITS—I was going to say “fondly called”, except it is not—which is very

much programmed on a system's architecture, which is based on programmes that comprise modules, but is at that programme level. That will have to be completely refigured, which will be timely and costly.

Of course, you then have the issue of services and all the wraparound support services that we offer students, which will see an increase in volume. There are also tricky issues about how long students will have access to them. Do we know when they leave the university; how do we know when they go elsewhere for university; and do they have some sort of associated student status for a while? None of us knows the answers, but they are all things that need to be worked out. I say this because there is little by way of incentive for a business case at the moment. While I completely understand—going back to the first question—not wanting to provide a disincentive for students to do a modular course, there is a business disincentive in terms of the cost to the higher education institutions, unless they are already doing lots of modular provision.

Matt Western: Rachel, I am keen to understand how you see this fitting within the current regulatory landscape for higher education, particularly in the light of what it is fair to describe as an increased regulatory burden on the sector in recent years.

Rachel Sandby-Thomas: I think there will have to be differentiation between the two systems. There are quite a lot of concepts in the current OfS regulatory system that sit unhappily with this new system. For example, the concept of the completion of an award is key to the current system, but of course a student might not be completing an award as such when they are doing a module at one's institution, so that needs to be changed. In the current degree system, there is quite an emphasis, for perfectly understandable reasons, on continuation and the importance of having a student continue for a year from the beginning of the course. Quite a lot of judgment is implied in that continuation being a good thing, whereas actually whether or not a student completes a module within or outside a year is a neutral thing, judgment-wise, in a modularised approach.

We also have the question of who will “own” the student in terms of graduate outcomes. Who can claim success, or to whom can success be attributed? I am reminded of that lovely quote of how success has many fathers, but failure is an orphan. I think there might well be many fathers for these students. Again, none of these things is insurmountable by any means, but they all need to be thought about in an intelligent manner.

Q63 Matt Western: Who do you think is best placed to be providing the advice and guidance? Is it down to the individual institutions, or is there a role for the OfS?

Rachel Sandby-Thomas: I do not think it should necessarily be the OfS, because that is not its area of expertise. This is really tricky. An institution can do some advice and guidance, and obviously, if a student is going to do all of the modules within an institution, that is comparatively simple. It is trickier when it is inter-institutional, which is the purpose and intention behind this.

On an individual basis, when a prospective student comes, there will be quite a lot of work for the university looking at what that student has already got and their prior learning, recognising it, and seeing how it might

fit into one of their degrees or whatever. However, in a way that does not help the student very much at the beginning of the journey, because they might well have embarked on a kind of pick and mix, which might not amount to something that will end with a degree, if that is what the student wants. I do think that there is a sector-wide gap in terms of information, advice and guidance, and I think it is completely key to get that right for the success of this policy.

Q64 Matt Western: Sir David, may I put to you a question that has been put to previous witnesses about the funding situation across the sector? Given that you have worked in the Department for Education and also given your role today, what do you see as the risks to the sector in terms of an additional financial burden?

Sir David Bell: Rachel has articulated very clearly some of the additional costs that will come to the sector. There is also a question, going back to the issue of demand, about this kind of course. Some of the questions that we always ask ourselves at institutional level when we are asked to put on new programmes are: what is the demand, what are the costs of implementation, and what is the likely return? We have to think in that way. I think this is why the focus on careers information, guidance, pathways and so on will be very important, because if I might use a Scottish-ism here, I think the case for demand is not proven.

Q65 Matt Western: Sorry to cut across you. I think that Lord Johnson—Jo Johnson—was calling for a further pilot. Do you think that would have been a good idea?

Sir David Bell: The risk is, of course, that you pilot and you pilot and you pilot, and you never get there; you never get to the destination, as it were. We are part of the Department's pilot on a higher technical qualification, and that will be one of those courses presumably that would be subsumed in the period between, say, 2024-25 up to 2027. So it will be quite interesting to see how that works.

The problem we have, and I think that goes back to something that Rachel said, is that we will be operating this at considerable scale, because if we are going to do that modularisation and upload it all and make it all available, that is a really big job. It is a big technical job, but I am also worried, ironically, about choice. I am slightly concerned that people are overwhelmed by choice of modules and other kinds of study.

We also know from our previous experience—one might say our current experience—that asking careers or guidance professionals to be absolutely up to speed with new qualifications or new routes to qualifications is quite a task, and therefore there is a big training and development opportunity requirement for people who are going to be advising those who might want to follow this more modular route.

Q66 Matt Western: Thank you. I have a specific question, perhaps for you, Sir David. We heard a moment ago from Ellen Thinnesen from Sunderland College, and she was talking about just how well the college works not only with the university, but also with the Department for Work and Pensions and so on. In terms of what this Bill might offer, it is about getting people back into work by reskilling, retraining them and so on,

which is terrific. However, in the Bill we are looking at a cut-off at age 60—I speak personally now—so do you think that, given the fact that retirement ages are getting later and later, that should be more flexible, or higher?

Sir David Bell: I am not sure whether I am required to declare an interest in this matter as well. *[Laughter.]*

Matt Western: As much as me!

Sir David Bell: It is a really interesting question, and I must say that that is one of the things that slightly surprised me about the cut-off. There has been a lot of debate recently about trying to encourage more people back into the workplace post 50. And I would have thought that the opportunities afforded by the LLE would be ideal for people who might have trained in one area and then, later in life, decided they want to do something else. A module would be absolutely the right size of qualification for them, so I wonder whether that is something that could be thought about.

I mean, it's that old cliché that 70 is the new 50, as it were. So I think there is probably some consideration worth giving to that 60-to-70 age range, because I think we will see more and more people, for one reason or another, continuing in employment. And if they continue in employment, presumably they will want to continue to upskill and enhance their qualifications.

Q67 Katherine Fletcher: This is a very interesting debate. In terms of being overwhelmed by choice, perhaps I could start with ladies first again, but I would like both of your opinions. Is there a bigger role for employers? If I am bowling along and I have decided that my biology degree is not relevant to being an MP and I want to get a level 4, 5 or 6 qualification to be an MP—I look forward to that training course, by the way—I will come along, but I will be doing it because I am trying to gain a qualification that either helps me with existing employment or that helps me to gain new employment.

I am interested in what you will do to engage with employers, so that rather than people being overwhelmed by choice there are pathways that kind of say: “If you get to this level”—is that something that can be set out in advance? Also, are you set up to then track outcomes? That is, this suggested pathway has taken 20 people through it, and 20 people have gone on to work with Jaguar Land Rover, even when they were not employees, having gained this qualification. Is that something that you are set up to do—almost to narrow the choice of modularisation to aid industry?

Rachel Sandby-Thomas: We do a lot of work with employers, and we work with them a lot on degree apprenticeships, as you would expect, but, especially in our business school and in our Warwick Manufacturing Group, we work with employers to design courses that will be good for them. That would just be a variation on that. We would track the learning outcomes, as we call them. Again, that sits slightly oddly with this modularisation, but again, it should be able to be worked through. Those learning outcomes pertain to the student and the student's progression. We do track the students, partly because they are our alumni and partly because of graduate outcomes and what they are doing. What we might not do, although we would probably measure it by repeat business, so to speak, is track how the employer thinks that it has helped the student.

Q68 Katherine Fletcher: Fair, yes; I can see that is different, but a student coming in in five years' time when this is established could say, “Well, if I go through this modularisation programme and come out without a qualification, then 80% of the other people who have done it have gone and got a job in AI coding,” or whatever.

Rachel Sandby-Thomas: Because we tend to do this with specific employers, it is easier to do it within that employer. What we can say to them is, “Well, this employer did this.” That would suggest that if you do it with a similar type of employer, it should help, but without a specific conversation with that employer, you can use it only by way of analogy.

Q69 Katherine Fletcher: I can see how there would be a feedback loop here for almost honey-potting around in educational institutions in key industries.

Sir KCB Bell—I always start with flattery; I find it safer. Would you track outcomes to help people make informed choices to narrow down that modularisation overwhelm?

Sir David Bell: Yes, and I think we probably need to draw a distinction, don't we, between the individual making a choice under LLE to follow a particular route or pathway of study and the employer working with the employee to put together a programme that is very much designed to support the employer's business objectives. In both cases, you would be able to say either to the individual or to the employer, “If you put together this little package of modules, that would meet your needs.”

One of the benefits is that the LLE will not be the only show in town, if I can put it that way, because there will be employers who continue to say, rightly, that they want to offer the apprenticeships route and employers who say, “Actually, we want something that is more of a short-course opportunity, rather than more formal and modularised at 30 credits.” This is part of a suite of opportunities. Therefore, maybe it only emphasises the point even more that we have to provide good guidance to people so that they can understand the best way through.

Q70 Katherine Fletcher: Yes, I am very interested. Say I was to take advantage of these loans and invest my time and hard-earned money in moving from one job sector to another via the modular course, which allows me still to put food on the table while I am learning new skills, would you be tracking the successful outcomes of the pathways that those individuals had taken? I accept it is different for employers.

Sir David Bell: Absolutely, and I suspect that part of the regulatory regime will require us to do that. It is entirely appropriate, isn't it, that we will have to demonstrate that. However, I think Rachel made an interesting point earlier about there being perhaps a number of players involved. Let us take the example of credit transfer arrangements; we can make that work. Someone might start a module in one institution, such as a further education college, and might then go to a university and go on to another university. That needs to be sorted out, but I would have thought from the point of view of the public purse—never mind what institutions want to be able to demonstrate—you would have to have a mechanism for tracking outcomes and successful outcomes.

Q71 Andy McDonald: Very briefly, on the issue of cost, we have talked about the cost that may be visited on the student and the administrative cost on the institutions. I wonder whether either of you have given any thought to how the unspent apprenticeship levy fund might be utilised to mitigate some of those costs, either individually or collectively. Rachel, would you like to start?

Rachel Sandby-Thomas: It would be another source of funding if the levy were expanded outside apprenticeships, because currently it is only for apprenticeships. If that were to be amended to have wider training involved, that would be another source of funding. I do not really think it helps the university very much, because obviously the purpose of this legislation is to prescribe how much it can charge, but it could help the prospective student if the employer used the levy to contribute in order to reduce the size of the loan that the prospective student takes out.

Andy McDonald: Sir David, any thoughts?

Sir David Bell: That is a policy choice about the allocation of apprenticeship levy funding, but I would have thought that one of the tasks for policy makers is to try to ensure that we have a coherent system of funding that supports all the different routes, including apprenticeships, those who would want to study under the LLE and so on. That is important, but I do not really think it is for us to comment on the allocation of apprenticeship levy funding.

Q72 Andy McDonald: You appear to be somewhat sanguine about heaping yet further choice and complexity into an already complex system. Is that a genuine reflection of your concerns?

Sir David Bell: I do think it gets a bit more complicated, and we are in the process of trying to work out how we can address those complexities. I would go back to the point that Rachel made. I have not had the chance to say it, but I too want to say that this is a really positive development if it is giving people more opportunities to undertake additional education at different stages of life. That is a very good thing. We want to make it work, and if it is a bit more complicated than perhaps the system has been up until now, there is an onus on all of us to ensure that we provide the right kind of guidance and support. There are all kinds of players in that regard. Reference was made to the work in Sunderland through DWP, which is a really good source of advice. There is the university or college itself, and independent advice and careers guidance. All of that has to connect, so that people get the right advice in what I think will be a slightly more complicated system under this reform.

Q73 Lloyd Russell-Moyle: I am interested in the additional costs for institutions. Rachel, you touched on that. Do you think there need to be some additional payments to institutions to incentivise them to do this? Who should look after students between modules? Who should offer that ongoing support? Should it be the institution, or should there be another body?

Rachel Sandby-Thomas: That is a really good question. Let me do the first part first, because that is a slightly easier question. I do not want to appear as if I am putting out a begging bowl and saying, "Yes, please—more money," but I do think it would help. There are certain

one-off costs, such as the reconfiguration of SITS. Seed funding happens quite a lot. Little pilots are started, and a little bit of money is given to get a bit of resource in. Everybody gets used to the fact that it is there, and then they just keep it. Universities are very good at responding to that initial incentive, absorbing it and making it part of their resource base as they move forward, so I think that that would be welcome. If we want this policy to take hold, which we do, it would be money well spent.

The second part of your question is really tricky. I know that policy makers very often go to the most nefarious possible outcome: the wily student who might have mental health problems and thinks, "Aha! I can get a far better service if I do a 1,000 module at Warwick. I'll just stay on for ages and ages, and get great-value mental health services that are not publicly or privately available for that money." That would not be a good outcome. However, I am a firm believer that most people are not nefarious, and we should be regulating for the majority of players with good intent rather than evil intent.

There has to be a cut-off at some point, otherwise somebody could do one module but be able to access the library and take up library space forever and ever. On whether somebody should hold things in between, I do not quite know who that would be. There probably needs to be a bit of a time-bound associated status. You do not want to just chuck somebody out the door as soon as they have finished a course. That is not what universities want—universities want stickiness with their graduates and students—but nor do we want loads of library space blocking. There should be a bit of a time-bound lapse.

Q74 Robert Halfon: I want to ask you both about credit transfer. It will obviously be for the institution to decide on this—where people move their courses if they decide to transfer. There are good examples of this taking place already, as you well know. How will this work in practice? Will it be embraced by colleges and HE institutions?

Rachel Sandby-Thomas: As you rightly say, we do credit transfer sometimes, but it tends to be in the minority of students. The 2+2 course is a good example of that—generally students will do two years at a college and come to us for the final two years—but we know that college well, we know what they are teaching and we know the standards the students get to at the end of their two years at college, and that makes for an easy progression to us. That makes it much easier. There will be a lot more work if this really takes off, because we will have to get to know, assess and understand that prior learning in order to be able to recognise it. It would be a short-sighted kindness to allow a student who is not properly prepared to come on to a module if they have not reached the standard needed for that module. It might seem a kindness, but it does them no favours at all.

Sir David Bell: Making credit transfer work is a very important requirement if the lifelong loan entitlement is to work, because people will want to move between institutions. If we hold the mirror up to ourselves, I think universities also have to be a bit more liberal in this regard; we can at times be a bit sniffy when it comes to the qualifications that have been accrued in another

institution. As Rachel said, there are a lot of good examples of this happening where you know your partner institutions. As a sector, we have to show that we are engaged in this by having better credit transfer arrangements without putting enormous bureaucratic hurdles in the way of students, who think, “Why can’t I transfer from this place to that place?”

Q75 Matt Western: We heard from a previous panellist about the importance of confidence in any new scheme. I think about T-levels, which have not really taken hold in the way the Government had perhaps hoped. If we are looking at 2025-26 as the year that this system may start, how can the Government make sure that there is the massive take-up to ensure it is a success?

Rachel Sandby-Thomas: The T-levels example is an interesting one. The take-up has been disappointing, but most people I talk to do not really know what T-levels are. It is all about communication and understanding. There needs to be a massive, well-planned communications campaign. It will be trickier with this policy, because it is more complex than T-levels. There

have to be lots of lessons learnt from T-levels and the fact that take-up has been disappointing, and those lessons can be applied to this. It will be about communication, communication, communication—and, just when you think you have drenched people, communicate a bit more. We know what needs to be done, but sometimes it is a bit hard to do it.

Sir David Bell: We have had experience before with things such as accelerated degrees, where everyone thought, “Oh, there will be massive demand,” but that really did not materialise, so perhaps the lessons to learn—

The Chair: Order. I am afraid that that brings us to the end of the time allocated to the Committee to ask questions, and indeed the end of this morning’s sitting. On behalf of the Committee, I thank our witnesses for their evidence.

11.25 am

The Chair adjourned the Committee without Question put (Standing Order No. 88).

Adjourned till this day at Two o’clock.

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

LIFELONG LEARNING (HIGHER EDUCATION FEE LIMITS) BILL

Second Sitting

Tuesday 21 March 2023

(Afternoon)

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Examination of witnesses.
Adjourned till Thursday 23 March at half-past Eleven o'clock.
Written evidence reported to the House.

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Saturday 25 March 2023

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The Committee consisted of the following Members:*Chairs:* JUDITH CUMMINS, †SIR ROBERT SYMS

Clarke-Smith, Brendan (<i>Bassetlaw</i>) (Con)	† Moore, Robbie (<i>Keighley</i>) (Con)
† Evennett, Sir David (<i>Bexleyheath and Crayford</i>) (Con)	† Morrissey, Joy (<i>Beaconsfield</i>) (Con)
† Fletcher, Katherine (<i>South Ribble</i>) (Con)	† Perkins, Mr Toby (<i>Chesterfield</i>) (Lab)
† Furniss, Gill (<i>Sheffield, Brightside and Hillsborough</i>) (Lab)	† Randall, Tom (<i>Gedling</i>) (Con)
† Glindon, Mary (<i>North Tyneside</i>) (Lab)	† Russell-Moyle, Lloyd (<i>Brighton, Kemptown</i>) (Lab/Co-op)
† Halfon, Robert (<i>Minister for Skills, Apprenticeships and Higher Education</i>)	Simmonds, David (<i>Ruislip, Northwood and Pinner</i>) (Con)
† Hughes, Eddie (<i>Walsall North</i>) (Con)	† Western, Matt (<i>Warwick and Leamington</i>) (Lab)
Hunt, Tom (<i>Ipswich</i>) (Con)	Sarah Thatcher, Bethan Harding, <i>Committee Clerks</i>
† Jarvis, Dan (<i>Barnsley Central</i>) (Lab)	
† McDonald, Andy (<i>Middlesbrough</i>) (Lab)	† attended the Committee

Witnesses

Matthew Percival, Programme Director – Skills & Inclusion, CBI

Simon Ashworth, Director of Policy, Association of Employment and Learning Providers

Sir Philip Augar

David Hughes CBE, Chief Executive, Association of Colleges

Dr Elizabeth Norton, Policy Adviser, Coventry University

Professor Sue Rigby, Vice-Chancellor, Bath Spa University

Public Bill Committee

Tuesday 21 March 2023

(Afternoon)

[SIR ROBERT SYMS *in the Chair*]

Lifelong Learning (Higher Education Fee Limits) Bill

Examination of Witnesses

Matthew Percival and Simon Ashworth gave evidence.

2 pm

The Chair: We now proceed, as this morning, with our witnesses to the Committee. We are sitting in public and proceedings are being broadcast. We will hear oral evidence from Matthew Percival, programme director of skills and inclusion at the Confederation of British Industry, and—on video—Simon Ashworth, who is director of policy at the Association of Employment and Learning Providers. Will you say who you are for the record, starting with Simon?

Simon Ashworth: I am Simon Ashworth, director of policy at the Association of Employment and Learning Providers—AELP for short.

Matthew Percival: I am Matthew Percival of the CBI.

The Chair: The Minister will start the questions.

Q76 The Minister for Skills, Apprenticeships and Higher Education (Robert Halfon): Thank you for coming today. Thank you also for the CBI's constructive support for the principles of the lifelong loan entitlement. How do you think employers will respond to the LLE? There was some discussion about that in this morning's sitting. Do you think they will respond positively and work with employees to make sure that they have the benefits? Some of them will actually support the cost of the LLE courses.

Matthew Percival: We are obviously in a situation that is very well documented at the moment—the extent of skills shortages combined with labour shortages in the economy. The topic is right up there in terms of the labour market as a business issue. One reason we have been strongly supportive of the principles that are looking to be embedded into the LLE is that they go with the grain of a number of the changes we see in the economy—in the nature of learning, in who learners are and what their needs are.

The way we see technology changing jobs now is more often evolving a job rather than replacing a job. The stock of learning needs in our economy is increasingly adults rather than just young people, and it is increasingly about incremental changes in a role rather than a fundamental retraining to shift occupation. There will still be people who fall into that category, but an element that we are particularly welcoming in the approach of the LLE is that it is taking a broader understanding of what quality is—that it is not just about whole qualifications but can be about keeping your learning topped up as well.

You asked about how employers will respond. We have a lot of work to do to improve employer awareness about the scheme. When we surveyed on it last year, 80% of businesses said that they were not aware of it. There is an extent to which that is not so surprising because it is largely a policy that considers the interaction between the state and the individual learner, rather than the employer being an integral component. We are all thinking about how we design the policy—not what is on the face of the Bill, but the policy—to minimise the risk that this becomes a transfer of things that employers used to pay for and now get funded through the LLE. We then need to have a positive vision for how this can leverage more business investment.

I would love to see adopted as an objective for the policy that we measure success also by the extent to which it leverages additional business investment. I am not sure that is an objective at the moment. This could have a really positive impact. Our last estimate work with McKinsey said that one in six people will need to retrain by 2030, but in only 25% of those instances of retraining will there be a return on investment for an individual employer to pay to get the learner from where they are today to where they need to be to make that transition. We either respond by saying the state or the individual has to step in and fund the entire gap to get somebody ready for the job, or we can be a bit more flexible, which is what I hope the LLE will allow us to do. How do we get somebody ready enough, to the point where there is now a return on investment more often for employers, and then get the employer to step in, and where we expect more of the employer—to step in and hire people with training involved?

Q77 Robert Halfon: How do you think it will be distinct—going back to part of your answer—in terms both of the normal training of an employee, and of an employee separately taking out a lifelong loan entitlement?

Matthew Percival: A couple of things could go on in parallel. We could see a situation where somebody is employed full-time by their current employer, but they want to be able to switch careers. It would be unusual to expect their current employer either to be funding time off to train, or to be funding the cost of their training, so that person will be able to leave the employer and go somewhere else. But you can see how some people could use the LLE in that kind of way to help them navigate through the labour market while having a job, and that more flexible approach helps them to do it. Personally, I do not see the LLE as a massive tool for employers to upskill and evolve their current workforce for the jobs they are already doing. Normally, that is where you would be trying to create a skills environment where you could leverage the business investment into that already, rather than the LLE doing it. We are talking about quite a small amount of a large amount of investment, but, in terms of the grand cost across somebody's lifetime—what their total training cost is likely to be—this will be a smaller element of it. You could use three quarters of it in a single undergraduate degree here.

The Chair: Shall we bring in Simon?

Q78 Robert Halfon: Yes. I want to put my final question to Simon. Simon, I again want to thank you for the AELP's constructive support for the principles of the Bill. It would be helpful to understand what you

think the impact of the Bill will be on your members. We have done a lot of work on further education and higher education this morning, but it would be good to understand the impact on your members and how they see it going forward.

Simon Ashworth: As you say, we are broadly in favour of the principles. We need a better mix between employer, state and individual investment in skills. For our members in the FE space, I guess awareness of the LLE is still underdeveloped. Probably the biggest impact for a lot of our members will be on those who already did not deliver advanced learner loan provision. That is a programme source that has diminished over the past few years as a result of the challenges around cost of living, and the free courses for jobs offer negating the need to take out a loan. We were particularly excited to see the move to offer a third pathway for regulation through the Office for Students. That is a really important move to ensure that our members are part of the landscape, and this does not just include an HE-provider dominated landscape; it is a true mix of FE and HE providers. Obviously, there is more work to do on what that registration process looks like, and to move more of our members to be recognised and regulated by the OfS outside the full degree-awarding powers piece.

Q79 Matt Western (Warwick and Leamington) (Lab): Thank you both for joining us. Matthew, I have a couple of quick questions for you, and then I will come to Simon in a second. In the current economic environment, do you foresee a situation where a lot of employers, particularly small and medium-sized enterprises, will be cutting back on training? If that is so, what are the risks of this being very much individualised, by which I mean the training being left to the individual as opposed to the business? Obviously, what happens in most recessions—not that we are in a recession, but we are facing difficult times—is that training gets cut back.

Matthew Percival: We are certainly not meeting anybody's growth ambitions. It is a difficult economic position. Added to that, we are seeing some squeezing of training budgets, but there are two factors to that. It is not just the traditional case of, "If there is a slowdown in the economy, do we see some cutbacks there?"—often it is about protecting jobs in those sorts of recessionary situations. The current one is a lot of pressure being put on employers' budgets by things such as trying to do everything they possibly can to support employees with basic pay. I know a number of employers who have squeezed their training budgets and other discretionary costs like that in order to do everything they possibly can to support with a higher basic pay settlement at the moment.

From our own indications, the same survey I mentioned on our measurement of the extent of skills shortages still reports more businesses saying they intend to increase their spend on training than saying they would decrease it, and significantly so. But there is a weaker balance than the year before. The one bit of context I would add is that last year we saw a big spike to record levels of intent to increase, because the 12 months people were referring to previously was the heavily-disrupted period of the pandemic, and therefore that was a big increase.

Now we are back to levels in our surveys of similar intent as previous years, but I also note that our survey tends to end up being more optimistic of employers

telling us their intentions for the following 12 months than official measures of skills spend would show. It feels like we are in a similar environment to the five years before the pandemic rather than a different position at the moment.

Q80 Matt Western: I have a very brief question, again to you, Matthew. To what extent should lifelong learning be aiming also to improve the productivity puzzle in the UK?

Matthew Percival: There is an important link between productivity and skills, more so in individual productivity than in a macro sense. I tend to think that the ways in which we do jobs, and the ways in which technology supports us to do jobs, create the productive potential of a job. Our skills are the extent to which we manage to realise that potential in any individual job. There is always a risk that sometimes we train somebody to do a job but do not consider how to change the job itself. We make a worker more productive, but not the jobs in the stock of our economy.

I do not see that, though, as the principal objective of the LLE, because it feels like the LLE is more about how we help individuals to navigate their path through the labour market, rather than that in-role piece. If an employer adopts a new piece of technology or a new way of working that requires a skills investment to get the benefit of it from their workforce, I would expect to see that being picked up more by the employers rather than through the LLE.

Q81 Matt Western: Simon, could I briefly ask you what role the new platforms might play—online platforms particularly—in the delivery of LLE? How do we ensure that any new providers coming into this area provide quality?

Simon Ashworth: That is a really good question. You can look back in history at the individual skills accounts and some of the challenges. We have moved forward significantly and have some learnings, including ensuring that we have regulated providers who are delivering from a regulated list of qualifications. Some online platforms now negate some of the challenges we had historically around a paper-based system, which was probably a little bit of its time. There are key principles there around the controls and the providers.

As I said, the Office for Students regulates the provider base. I think we have moved on significantly from where we were previously in terms of access to providers and how the system can and does work. The whole concept of empowering learners and giving them an individual lifelong learning account is a really exciting move. It gives them much more control over where they access their provision, who they choose and when they choose it. I think it is a real game-changer for the individual. I would be less worried about some of the challenges we saw 20 years ago when we moved to a similar approach.

Q82 Mr Toby Perkins (Chesterfield) (Lab): Matthew, we always seem to talk about skills shortages, and it feels like the sense among employers that there are skills and labour shortages now is stronger than ever. However, a recent National Audit Office report showed that in 2018-19, businesses were spending less on training than they had been nine years before. What is your sense as

[Mr Toby Perkins]

to why employers who recognise there are massive skills shortages are at the same time not spending the extra amount you might expect on training in comparison to 10 years before?

Matthew Percival: There is an interesting dynamic at play, particularly at the moment, around labour shortages. Given the extent of the skills and labour shortages, there is a stronger incentive and a stronger need than ever to be able to meet your skills needs, yet, at the same time, there are forces pulling in the opposite direction. I mentioned that in this environment, we have had a lot of job-to-job moves within our labour market. People have been able to move into different roles for more money, and there is pressure around salaries on hiring and salaries for retention. If you do not do something on retention salaries, you incentivise everybody to move more and to swap employers, so you get that element of the squeezing of budgets.

There are other things that we see going on in relation to the current shortage environment. There can be an element of the off-the-job opportunity cost of a worker going off to do training. When you are already short on the frontline, it is even harder to free somebody up to go and put the time into the training, and we see a number of the providers in our membership—we have a mix; as well as the ples that we are most synonymous with, there are universities, colleges and independent providers in our membership—particularly the colleges feeling the pinch when there are these shortages. They also have their own workforce challenges, which often make it so much more difficult to be able to provide the training where the employer is willing to do so. It is more important than ever to be able to address the skills gaps, but it is also more difficult to be able to deliver that at the same time, rather than a universally positive driver towards unlocking more investment than we have.

I think we miss a trick in terms of policy to be able to think about the question of what it would take to create an environment to unlock higher levels of business investment in skills. A lot of our political debate around skills often gets focused on what the state will buy for the individual, rather than on how the state could play a role in creating an environment for higher levels of business investment. An imperative for us would be to have more of that conversation.

Q83 Mr Perkins: Simon, we just heard from Matthew that one of the reasons that businesses are not able to invest in training is their inability to access a course, maybe because the provider—whether it is from the public or private sectors—cannot recruit the lecturers or the course does not pay. One of the strengths of your members has been their relationships with employers, and what we have seen under the apprenticeship regime is that, since we have had more of an employer-led approach, the bigger employers have taken on more and more apprenticeships, and SMEs have quite often been left out. Given that one of the ideas in the Bill is that new courses will be produced—to be paid for by the learners—to what extent is there an expectation that learners at SMEs might miss out again? The bigger employers might be able to have a course with 10 to 15 employees who can come to the fore. Once again, we will have a skills system that excludes SMEs.

Simon Ashworth: I think there is a real possibility of that risk materialising. As you say, one of the big challenges for SMEs is the complexity of accessing and funding the system. We know that large employers have a significant influence, certainly on institutions, around course development and course design, so we could see some of the challenges that you have articulated replicated here in terms of the provision and some of the accessibility arrangements. As you say, on the apprenticeship side, the role of providers to support SMEs is pivotal, because SMEs and small employers tend to be time poor as well—I am thinking about their engaging with the system. But I would absolutely echo the challenges with the LLE that we have seen in apprenticeships.

Q84 Sir David Evennett (Bexleyheath and Crayford) (Con): Your comments so far have been very interesting. There are two things I would like to raise. First, you mentioned publicity, and a lot of firms do not know what training is available. That obviously needs to be addressed by employers, politicians and the Government.

Secondly, one of the things we find when going around the country in various roles is that businesses complain that they are not getting people trained to have the skills they require. Do you think that the Bill will encourage more businesses to get more involved with universities and colleges, so that they can work together to make sure that they are encouraging colleges and universities to have the courses to fill the skills shortages? Subsequently, the firms will be able to participate in the upskilling, as well as individuals, or the Government.

Matthew Percival: I completely agree with the sentiment and the objective of how we get employers more involved in the system; I am not sure this is the mechanism we are pinning our hopes on for that. You would expect more of that objective to be achieved through a reform like the local skills improvement plans, which try to get that employer voice out to provide us with that bit more, rather than this being the specific mechanism for it.

To your earlier comment about employer engagement with programmes, the job we really have to do is not just to say, “Let’s make employers aware of the LLE”, but to ask whether we actually have a coherent story to take to employers and say to them, “This is what is valuable for you about engaging in this process and why you should do it.” If we have that story to tell, we can be a lot more effective in helping to engage people.

Often the way it comes across to employers is that there is a whole plethora of initiatives and they will say, “I am confused as to which one”. I know part of my job, as a representative employer, is to hold a bit of that challenge back to them and say, “Well, you can’t say both that you need it to be dead simple and there to be only one option, and when there is only one option say, “There isn’t an option that works for me.”

We need a plurality of different initiatives and options, but we also need to challenge and support employers to navigate that environment. Rather than just saying, “Let’s try to raise awareness” and getting them to tick the box that says, “I’ve heard of the LLE”, because they might have heard about it as individuals rather than as employers, it is about how much we can get to the objective of them giving us quite a consistent message

that, “This is the value in it for me, and I am confident that I know that element of it”, rather than just brand awareness.

Simon Ashworth: We refer to our members—providers—as the sales force. I think there is absolutely a role for Government to do with engaging employers. Our members—-independent training providers, colleges and universities—deal with employers all the time. It is important to harness their links with industry and employers around awareness of the LLE. Ultimately, the LLE and the entitlement is about the individual as well. There is the employer demand and the employer support, but there is also the individual because, at the end of the day, it will be the individual who takes out the loan entitlement. There is a role for organisations such as UCAS to help promote that.

I would certainly encourage the Government to work with stakeholders and providers, which could do some of the heavy lifting around awareness. I do not think it is just the Government’s role to try to reach a million employers. I think they need to pull on all the different stakeholders that can promote the programme and make it a success.

Q85 Gill Furniss (Sheffield, Brightside and Hillsborough) (Lab): I am glad that Matthew referred to the local skills improvement plans. I would be interested in hearing what your view is as to what connectivity they should have with the system that is coming forward. That is one question.

My other question is probably to Simon. I started work in the ’90s, and we definitely had a skills shortage then. It seems that we have always had a skills shortage, so why is that? What have we learned or not learned from it? What is wrong with the current system? How will this solve the problem?

Matthew Percival: I will answer both. On the way businesses are thinking about the LSIPs programme, the best model is if it is adding an employer voice into the system for those employers that are currently struggling to have a voice. A lot of employers that feel they are confident with their existing provider relationship—they are understood and are getting what they want—are taking a backseat from LSIPs, because LSIPs are not a skills plan for the area with the totality of all skills needs. It is an extra source of information to try to give a voice to the businesses that are struggling most for a voice at the moment.

If that was to feed into the LLE through a consideration of how we make that information available to learners to make informed choices—I spoke about the LLE being less about someone who is in a job already and how they progress with the current employer, and more about how they navigate the labour market—and we were able to say, “Actually, there is a demand in the local area,” it is the LSIPs that would help work out what the job opportunities are.

What LSIPs will not be able to do, and where there would need to be some extra support in the LLE system, would be giving advice on what training someone would buy that would get them to the point of readiness for an employer to hire them with training, rather than their being fully competent. That is an element to add. That would be the interaction between LSIPs and the LLE for me.

Simon Ashworth: On local skills improvement plans, we have been fortunate to be involved in some of the pilots. Some of the findings for us were that employers are just keen to get individuals with really good basic skills—maths and English—and who turn up on time. They are quite happy to support them with the technical skills. There is almost an acceptance now of getting people in and being willing to invest in them and train them. We should not lose sight, certainly on the local skills improvement plans, of some of those key employability skills.

The question on skills shortages is key. Some of it is a lack of coherence around the skills system—a lack of progression. Apprenticeships are a really good example, where the reforms started with the development of high-level programmes, and lower-level programmes tended to come later. Having progression pathways is important. We also rely too much on imported labour. We have seen that coming back again in the imported skills in construction announced recently.

We see a lack of synergy between some of the Government Departments—the Departments for Work and Pensions, for Education, for Business and Trade—and some conflicting programmes. They are very complex for employers to understand and for learners to access, whether it is the Skills Bootcamp or the Restart programme. They just operate in silos. We need a much more integrated system that does not overlap, which is less complex for employers, and a lack of reliance on foreign labour; those are some of the challenges that we would say are holding things back, as well as having those skills shortages.

Q86 Andy McDonald (Middlesbrough) (Lab): Picking up on Toby’s point about the squeezing out of small and medium-sized enterprises, has the CBI done any thinking or work about any fiscal advantages in favour of SMEs to encourage employer engagement in training? It seems that may be a block.

Clearly, we want employers to invest in training as best we can. If SMEs are being excluded, should we be considering, in addition to these measures, some fiscal settlement for SMEs to give them an advantage over the larger employers?

Matthew Percival: You mean outside of the consideration of the LLE—a broader question around skills investment?

Andy McDonald: Yes. You said the LLE was not necessarily the silver bullet.

Matthew Percival: Okay. There a couple of things going on there. Yes, I would agree with you, and it links into my point about having a stronger conversation about what it means to create the environment for every business to invest in their skills. SMEs will find different challenges and are in a different environment to larger firms.

One point that is sometimes misunderstood when we think about size is that a big business can be a small business in a place, and the skills conversations are all happening in different places. A number of larger businesses nationally, which have multiple sites, will tell us that they have got excellent provider relationships in one area because their business happens to go with the grain of the sector in that area and it is really prominent, like food manufacturing in Shropshire, and therefore they have got loads of providers available to them.

[*Andy McDonald*]

The same company in a different bit of the country tries to take the same approach and cannot, because there is not the same critical mass of similar businesses in the area to make it economic for the providers to offer to the same extent. Size can be the business's size to the local economy, rather than the business's size as a business individually. Both of those factors are at play here.

The Chair: With a brief final question, Toby Perkins.

Q87 Mr Perkins: Matthew, you were speaking about advertising the programme. When more businesses know about it, might some of them say, "Well, actually, I don't have to pay for training myself any more. I don't have to pay it through my apprenticeship levy pot. I can expect my employees to start investing in themselves, rather than me spending this money." Do you see the possibility of this shifting the burden of who pays for training?

The Chair: I would love to know the answer, but unfortunately it is now 2.30 pm.

Mr Perkins: Oh goodness!

The Chair: Thank you to both Simon and Matthew. If you have anything else to say, you can always do so in writing.

Matthew Percival: Happy to follow up.

Examination of Witness

Sir Philip Augar gave evidence.

2.30 pm

Q88 The Chair: We will now hear oral evidence from Sir Philip Augar. Would you like to introduce yourself to the Committee?

Sir Philip Augar: I am Philip Augar. I chaired the post-18 panel, which sat between 2018 and 2019 and was convened by the May Government. The panel disbanded about four years ago, almost to the month, and therefore I speak this afternoon in a private capacity.

The Chair: Thank you.

Q89 Robert Halfon: As the key architect of the lifelong loan entitlement, are you happy?

Sir Philip Augar: Thank you, Minister. I am not actually the architect. The panel that I convened were very much as one on this, and we built on the work of the Sainsbury review and the review of skills and vocational education written by Professor Alison Wolf, who was a member of the panel. I think, however, that all of us involved would indeed be very happy with the progress that has been made. There is clearly a lot of work to do to make this happen, but it has the potential to be a game changer and to address a lot of the issues raised by the previous witness and others.

Q90 Robert Halfon: Are you content that the approach in the Bill—as you know, it is in essence a technical Bill with three clauses—is the right one?

Sir Philip Augar: The approach looks sensible. It is clearly important to establish a mechanism whereby learners taking modules do not end up overpaying, and this Bill sets in place the framework to ensure that a fair price is set.

Q91 Robert Halfon: Finally, in terms of the phased approach, starting off at levels 4 and 5 and moving on to level 6, are you happy with the direction of travel and the timing?

Sir Philip Augar: I think this has to be an incremental approach. It would be a bad thing if this got off on the wrong foot. We have seen that with previous attempts to address the skills gap. I am very much in favour of starting small and rolling out. This may take several years to really kick in, but by the end of this decade, when the demography—the number of 18-year-olds—starts to fall away, there will be an incentive for providers to step up to the plate. By then, I think the awareness on the part of learners, schools, colleges and, indeed, employers ought to be much greater. I think we could have a real flier then.

Robert Halfon: Thank you.

Q92 Matt Western: Sir Philip, thank you for joining us and for all your work on this subject with your panel members. I am interested to know whether you have any thoughts about or concerns over the financial ramifications of what this might mean for institutions—as we currently have funding within this £37,000 budget. Do you have any views on financial sustainability?

Sir Philip Augar: I missed a word there. Is your question about the impact on institutions?

Matt Western: Yes.

Sir Philip Augar: I think, potentially, this could be very significant. It is a significant opportunity for independent providers. It is a significant opportunity for FE colleges, which could really see them enter the mainstream. I will be interested to see how the universities respond. For the next few years, there will be pressure on places, as the population of 18-year-olds increases. When that turns down in 2030, there might well be places at universities that require filling, and this modular approach could be a really good way to do that. I think there are positives, actually, for all types of institutions.

Q93 Matt Western: Thank you. On the Bill, we have a figure of £37,000 as the envelope for the personal lifelong loan entitlement. Say we are in 2033, 10 years from now: should it still be £37,000, or should we be, in some way, linking that to inflation? Clearly, someone could be doing a couple of modules now, and some in five years' time and in 10 years' time.

Sir Philip Augar: The panel that I chaired recommended that the total unit of resource—the amount allocated to each student—should remain frozen until 2025. We recommended a slight variation in the mix between the loan and a direct grant, but we felt that, by 2025, there would be a case for having another look at whether the unit of resource was right. That will be at £9,250.

Since then, we have had a period of substantial inflation. That would be the right moment to have another look at this to find out whether providers are spending the

money wisely and frugally in the public interest. Without carrying out that piece of work, I would not really like to say what the fee should be 10 years out, but, clearly, one would expect that inflation would have been reflected in it to some degree

Q94 Matt Western: But given the nature of what LLE is trying to deliver, it could be over a 20-year span, in terms of someone taking up their £37,000—

Sir Philip Augar: That seems a pretty reasonable assumption, given where we are with inflation.

Q95 Matt Western: Fine. Finally, can you give any thoughts about an individual trying to assess the choice of course they may undertake? How should we be measuring the relative quality of the modules?

Sir Philip Augar: That is a really good question. For this to work, we need a number of parties to respond to the opportunity. We clearly need providers to respond. We need them to understand the needs of the economy—the national and local economies—and to put on modularised courses. We need schools and colleges, in the form of their careers advice—the information and guidance that they give—to actually broaden that advice from what is currently; it is not just about universities.

We also need employers to step up to the plate. The local skills improvement plans are—and potentially could be even greater—a forum where employers can understand the needs of their local area. FE colleges are now obliged to take that into consideration, so we potentially have a joined-up system in place here. I think all that needs to happen before learners—and I suppose parents—can make a balanced judgment of the next, best step to take.

Matt Western: Thank you.

Q96 Mr Perkins: There are several things that could result in this not leading to the amount of take-up that we all hope for, and one of those is not enough institutions actually offering courses in this format. You spoke in your review about the incentives for higher education institutions needing to change, and those changing their behaviour. At this stage, are you able to see whether there is enough in this to mean that we are likely to get the enough course availability for people for this to be the game changer that you hoped?

Sir Philip Augar: That is a question that I ask myself quite a lot, Mr Perkins. It is hard to come up with a definitive answer. Obviously, for the independent providers and FE colleges, this is a massive opportunity. This is a chance to completely expand their market, and I would have thought that they are already on to it. For the universities, I am not so sure, because there is considerable demand from domestic and overseas students for the full three-year degrees.

I would hope that the forward-thinking institutions are looking at that demographic downturn in 2030 and thinking that it is not far away. This will come by very quickly. The cohort that starts in 2025 will have its three years and then we are into it. I hope that the forward-thinking institutions—the type that will be interested and able to offer modularised, credit-based lifelong learning—will be thinking about this: if not now, then pretty quickly.

Q97 Mr Perkins: I will not ask you to name the forward-thinking institutions, but is there a danger that the Russell Group universities will say this is not for them, and it will be what some people see as secondary HE institutions that do it? Is there a danger that it will get seen as a second-rate option at level 6 when we get to that?

Sir Philip Augar: That is clearly a risk, but a lot depends on how lifelong learning is portrayed by the schools and colleges that are speaking to young people and parents. Not everyone is suited to an academic route. That does not make someone who pursues a vocational route a less worthy person; it just makes them different. I very much hope that we can get away from thinking it is university or bust. It is absolutely not, and this is an important way to get us there.

Mr Perkins: Thank you.

Q98 Andy McDonald: Sir Philip, you talked earlier about the role of parents and pupils, and their ability to make informed choices. In the course of your work, did you come to any views about engagement with business? As MPs, we see a mixed bag in terms of business engagement in the education system and the transfer of knowledge about opportunity. Did you come to any views about whether, for example, there is space in the curriculum to develop this sort of awareness and engagement? How important is that?

Sir Philip Augar: It is a very good point, and the panel did engage directly with employers and representative organisations. We had a number of roundtable meetings and invited them all along. The response varied, frankly. Some representative bodies and some employers absolutely got it. There is possibly a sense in other quarters of, “Look, this really isn’t our problem. We can’t get the staff, you know.” Actually, that is your problem. I am a big fan of the LSIPs. The engagement between local business, local education providers, chambers of commerce and the rest has the potential to close the gap that you identify, and I agree with you.

Q99 Andy McDonald: But is there space in the curriculum in our schools and colleges?

Sir Philip Augar: I am not so sure that it is actually in the curriculum, but it is a close adjunct to the curriculum in terms of professional, carefully considered, disciplined provision of information and guidance about career opportunities and further and higher education opportunities—not just when you are leaving a place but throughout your life. It is a core part of the rounded function of a good school and college.

Andy McDonald: Thank you.

The Chair: We are coming to the last couple of minutes. A brief question from Matt Western.

Q100 Matt Western: Just a brief question in the remaining seconds. I am not asking this for personal reasons, but do you have any views on the age cap of 60 for accessing the lifelong loan entitlement? Given some of the skills shortages, the expertise and the Government talking about returnerships, do you think there would be an advantage in making it later than 60?

Sir Philip Augar: If I were thinking of a lifelong loan, I am afraid I would be excluded by that barrier. We live in the real world. It would be great to extend it right through for much longer than that, but if these loans are not repaid, they are picked up by the general taxpayer. We have to be realistic about that, and 60 seems to me to be a reasonable number. It could be a little higher, but it seems a reasonable number.

The Chair: Thank you very much, Sir Philip.

Examination of Witness

David Hughes gave evidence.

2.45 pm

Q101 The Chair: We now move back to Zoom. Welcome, David Hughes, chief executive of the Association of Colleges. Would you like to introduce yourself?

David Hughes: Good afternoon. I am David Hughes, and I am the chief executive of the Association of Colleges.

The Chair: Good afternoon. Minister, would you like to start with questions?

Q102 Robert Halfon: Thank you. David, when I have met you in the past, you have often said, “What about the colleges?” That is the catchphrase you shout frequently, and I agree with you. The previous witness, Sir Philip Augar, said that this measure would benefit further education quite significantly. Do you agree with that? What do you think the impact of LLE will be on FE in general?

David Hughes: I was listening to Philip, and I agree with everything he said. I think it is an opportunity for colleges, but you will not be surprised to hear me say that more needs to be done. The LLE can be a real game-changer as part of a suite of changes that are needed. We need to understand what the LLE is for. It goes back to Philip Augar’s report, which said that we have a tale of two halves: half of young people are going into higher education by the age of 30, and half are not. It seems to me that the LLE is about particularly trying to help the other half who have not been into HE to have a higher education experience. That, almost always, will need to be local, will need to be flexible and will need to be affordable. The LLE helps enormously with that, and colleges should be at the forefront of delivering particularly modules at levels 4 and 5 and sometimes level 6 and beyond. We need to think about what is happening below level 4 and the investment needed to get more adults to level 3, because about 62% of 25-year-olds have a level 3, but we need more of the ones who have not to be able to get a level 3 as an adult in order to use the LLE.

Q103 Robert Halfon: There is an issue that 10% of the adult population have levels 4 and 5, so there is a concentration on that. Earlier, we heard about the collaboration between Nottingham Trent University and the college in Mansfield in terms of delivering the LLE. Do you think there will be a lot more collaboration between HE and FE once the lifelong loan entitlement has come through?

David Hughes: I hope so. The Nottingham Trent and West Nottinghamshire College example is a really good one. There are others—London South Bank University has some really good work going on, and Derby University has. Around the country there are good examples, but sadly, there are also examples of colleges and universities not collaborating effectively, and there are not really the incentives to do so. I would like to see more work carried out to try to get better links, particularly to give young people the option of doing one or two years in a college, getting their level 4 and maybe their level 5 without having to go residentially to get their bachelor’s degree, but perhaps topping up with an extra year or two at university. We need to help colleges and universities to collaborate better. The system needs to help, and we need to look at the regulation and the metrics of achievement, because some of it militates against that collaboration.

Q104 Robert Halfon: Finally, we have talked about credit transfer in terms of HE. What do you think the response of colleges will be to credit transfer? Do you think they will embrace it, or do you think some colleges will do it more than others?

David Hughes: Again, I think it will depend a lot on their relationships with universities in particular. There is a lot of potential for young people and adults to do some of their higher education in their local college and perhaps transfer that credit to a university somewhere else, if that is what works well for them, but that needs individual relationships to be good. In some parts of the country we will definitely see that. It would be great—wouldn’t it?—if there was a much more open sector in which those options of credit transfer became quite normal and part of what we offered to every adult of every age, but I think it will take some time to get there.

Robert Halfon: Thank you.

Q105 Matt Western: Thank you for joining us, David. I am concerned that, although there will clearly be some advantage in terms of driving and hopefully improving the numbers who access FE and HE through this route, there are, as we heard from previous witnesses, costs associated with delivering this proposal, in terms of the administration not only for students but more widely. Given the financial circumstances of colleges, to which you alluded, what should be the concerns? Does this idea need much more funding to make it viable?

David Hughes: The problem colleges have is that they do not have any of what the private sector might call risk capital: they cannot set up new courses unless they are absolutely certain that those courses will be successful. I think that will make them cautious, and when you are trying to introduce a very different type of higher education, caution is a real barrier. I would love to see the Department for Education supporting colleges to share some of the risk and to pilot courses.

One of the things that colleges do really well is work very closely with local employers. It would be lovely to see some more work, in specific sectors of the economy where there are skills shortages, to pilot colleges and employers working together to develop modules that are attractive to individuals and that help them to get into those skills-shortage jobs. To imagine that will happen just by chance is stretching reality; I do not

think it will require tens or hundreds of millions of pounds, but it will need investment to make sure the risk is shared. If we do that, we could really get the ball rolling and show it works, and then more organisations—more colleges and employers—would engage. It is incumbent on the DFE to really start with that investment and risk sharing.

Q106 Matt Western: You mentioned that you would like to see, as I think we all would, greater progression from levels 1 and 2; what more should be done to encourage progression from those levels to level 3 and maybe level 4?

David Hughes: The investment in adult education has plummeted over the past 12 years, so there are fewer opportunities now than there were in 2010. That is a major problem. The funding rate for colleges has not changed for 10 years. That is a major problem. We need more investment in colleges just so that they can recruit the skilled staff to be able to deliver.

There is an investment question, then, but there is a pathway issue as well. We need to make it much more straightforward for people to understand how they can get from wherever they are—whatever level—through to the sort of skills acquisition that really works in the labour market. Adults with children, mortgages, car loans and whatever other responsibilities need to see a return on their investment. The LLE is a fantastic opportunity, but it is not going to be taken unless it is super clear that getting that level 2, level 3, level 4 or level 5 will actually make a difference to a person's chances in the labour market and, let's face it, to their income to help with the cost of living crisis.

Q107 Gill Furniss: You have more or less answered quite a few of my questions. My concerns are about the disparity in pay between school and FE and between FE and HE. It worries me that this proposal cannot be successful unless the Government put in some investment to make it more equitable, because, as you say, recruitment and retention is a massive difficulty, particularly in specialist subject areas where people can earn far more in business. Do you agree?

David Hughes: I completely agree, and it looks as though it might get worse in the short term. The Government are negotiating with the teachers' unions at the moment; if teachers get a better settlement, the gap between schoolteacher pay and college lecturer pay will get wider. It will get even more difficult. I know that the Minister is aware of that; I have talked to him about it. It is a difficult one, but we absolutely need college staff to be paid the right wage to attract and retain them.

Q108 Lloyd Russell-Moyle (Brighton, Kemptown) (Lab/Co-op): Following on from that, given the modularisation and the ability for people to draw down things and then use the credits in other institutions later on in life to build up a portfolio of higher education, is there a danger that some universities will be less willing to take on students who need additional support and will wind up pushing them into the Association of Colleges members to do the work that sometimes they have to do? We see that a bit in the American system. People go to a community college, which is where the

heavy lifting is done to get someone ready to learn, and then they go off and do their final year at an institution, and the institution gets all the kudos. Is there a danger of something similar happening with this?

David Hughes: I think it is happening now. It happens as part of the system. We have a system in which if you have good level 3 and good A-level results or BTEC results, you get into a university. If you are an adult and you have not got quite the same simple set of results, it is much harder to get into a university, and colleges open their arms to that group of people. So we already have that schism between a university sector that does not include those people and a college sector that does. It might get worse. A lot of adults need to build their confidence and learn how to learn, and colleges are very good at doing that. Often universities are not as good at doing that. They can teach someone a subject and can teach the research. Colleges are experts at teaching and universities are experts at research. Somehow we need to accept that and applaud it and use it to deliver to the right people.

Q109 Lloyd Russell-Moyle: Is that fair? When we talk about the cost basis we are talking about the same for both institutions rather than understanding that colleges, rather than having less than they have at the moment, might need more to do this than a university would.

David Hughes: Yes, I think that is absolutely right. If you think about the extra learner needs and the high number of young people and adults in FE colleges with additional learning needs and disabilities, it is enormous—much higher than in any other sector. That learning support needs to be fully invested in. Students tend to come from poorer backgrounds as well, so bursaries and support with their finances are equally important.

Q110 Lloyd Russell-Moyle: Finally, could I ask about diversion from what employers are paying at the moment? The Association of Colleges will have lots of your members running adult education and lifelong learning courses that employers pay for because they want to upskill their workers. Are there significant protections in the Bill to stop employers offloading that to the personal debt of the individual and then not putting the professional development money in that they should do?

David Hughes: I think employers in this country generally pay less than in other OECD countries, so we are not doing very well on employer investment. Some employers are brilliant; many are not. I think there are massive dangers. We need to make sure that universities, colleges and private providers do not allow that to happen, because I am absolutely certain that some employers will want to do that. In my 32 years' experience of working with employers and skills, we know that some will want to game the system, so we absolutely need to be alert to that. It will be a small number, but it could be significant. We must think about how to drive that out of the system. The providers need to make sure they are not playing that game as well.

The Chair: I am afraid we have run out of time, so there is no time for further questions. Thank you very much for your contribution to the Committee this afternoon, David Hughes.

Examination of Witnesses

Dr Elizabeth Norton and Professor Sue Rigby gave evidence.

3 pm

The Chair: We now hear evidence from Dr Elizabeth Norton, policy adviser from Coventry University, and Professor Sue Rigby, Vice-Chancellor of Bath Spa University. Please can you start by introducing yourselves?

Dr Norton: Hi. My name is Dr Elizabeth Norton. I am a policy adviser at Coventry University and I specialise in Office for Students regulation.

Professor Rigby: I am Sue Rigby. I run Bath Spa University. As a member of the board of the Quality Assurance Agency for Higher Education, I rewrote the credit framework in 2021.

Q111 Robert Halfon: Do you think that introducing the fee limit method based on credits is sensible from a higher education and university perspective?

Professor Rigby: In theory, it makes lots of sense. Nearly every university uses credits, with the exception of Oxford, Cambridge and medical schools. The exceptions in the Bill allow for that. I am worried about unintended consequences, and they focus on students who may fail a course or who may need to resit.

At the moment, the failure and the resitting is bound up within the fees for a year. We have clarity from the Department for Education that, in the provisions in this Bill, students would be responsible for paying for both the course they have failed and for the resit course.

The premise of the LLE is that the minimum fee quantum will be 30 credits. Most students will fail subsets of that—we run 10s, 15s, 20s. I think there may be some unintended consequences to explore to make sure that students are not disadvantaged.

Intellectually and theoretically, this measure will work beautifully, but in practice, I would love to see a risk analysis on unintended consequences for my students.

Q112 Robert Halfon: On the OfS, there will be registration for new providers. What is your view of that? Is that the right way forward?

Dr Norton: It is absolutely right that there will be a third category of registration—if a new entrant to the OfS provider system is only doing modular provision, it will need to be regulated separately—but the OfS will need to consult the sector widely on how it integrates monitoring student outcomes, progression and completion of modules to really ensure that standards, in terms of access, student experience and value for money, are maintained.

Q113 Robert Halfon: What is your view on the provisions working for FE providers who are fairly new to this system?

Dr Norton: I think a lot of FE providers have already joined the OfS register. I cannot speak for them entirely—we are a university—but I think the main barrier for them, from my point of view, might be that there is a lot to be done to keep up with OfS regulation and to keep up with compliance. I worry about the amount of bandwidth that FE colleges have to do that—it is its own little

cottage industry. That would be my main concern: do they have the capacity to integrate these new regulation challenges?

Q114 Robert Halfon: Professor Rigby, you talked about unintended consequences. What is your view on how they should be dealt with?

Professor Rigby: Probably, in this Bill, the solution resides in that course year. If one could identify a course year with a loose allocation of credit—let's say, plus or minus 20 or 25—that would not break the intent of the lifelong loan entitlement being a 30-credit minimum, but it allows 18-year-olds to fall over once or twice during a year and to be picked up in-year, rather than getting another £3,000 taken off their lifelong loan entitlement.

Q115 Mr Perkins: You will be aware that the legislation envisages moving from an academic to a course year, which can start at any time and run for 12 months from there. Universities, like colleges, are traditionally much more used to a big intake at the start of the academic year, checking out later on. Often, they have monetised their facilities over the summer, encouraging foreign students in that period. What sort of challenges will moving to the proposed approach pose for universities? In practical terms, do you see a lot of courses starting at other times of the year or, as it is broadly up to universities what they choose to run, will they end up choosing to run in line with when they do currently?

Dr Norton: Coventry has multiple start dates throughout the year already—we have six, I believe—so the volume of applications may increase throughout the year, which would cause some capacity issues, but overall I think it is a positive.

Professor Rigby: Most universities currently have multiple start dates, even the research-intensive ones, mainly because a lot of international students start their master's courses in January. In the Bill as written, this is a technical realignment, which means that instead of someone starting partway through a year and their fees running through four years if they are on a three-year course, their fees will run over three years but in practice they will start and end in the same month. It is a technical change.

Throughout the Bill, I have identified a multitude of technical changes that will affect the provision of probably a couple of million existing students in order that, in '27-28, we will start to see the roll-out of the LLE. Intuitively, I wonder why form does not follow function, in that we should design the LLE and then make sure that the funding system will permit it, rather than changing the funding system ahead and precluding some of the design opportunities that would otherwise reside in the LLE.

Q116 Mr Perkins: On your own institutions providing level 4 and 5 courses—with level 6 coming further downstream—do you anticipate offering significant numbers of those courses, or will you wait predominantly until the level 6 offer?

Professor Rigby: All undergraduate degrees tend to be 4, 5, 6. We currently accept top-ups into 5 and into 6, but there is limited demand at the moment for that provision. The real opportunity here exists in growing

this ecosystem almost organically, and colleges working with their cognate universities—we are federated with Bath College, for example, and New City College in London. We are developing novel provision in that space, assuming that the funding will permit it. There is little that the funding will not permit; it is just not so obvious to the person in receipt of it. There is little in terms of top-up, one-year, short courses that we cannot do currently, but we sometimes have to look for something from commercial entities, rather than individuals taking out loans.

Q117 Matt Western: May I start with a couple of questions to you, Professor Rigby? On how the legislation is written, I have sensed concern elsewhere about giving the Secretary of State powers to remove modules or to say that they will not be funded. What is your view of how such powers might be exercised were we to have an institution or organisation where there is, not a vendetta, but a certain sense of action against it?

Professor Rigby: As I read the Bill as written, nothing gives me direct cause for concern, but it does give permissions for things to happen down the line that are not part of what is conceptualised at the moment in the lifelong learning entitlement. For example, nothing in the Bill would stop the Secretary of State in future refusing to fund a module or course in a particular discipline. Universities are worried about that, because we have seen the removal of extra funding for courses such as archaeology and design over the past few years. It makes us conscious that the Bill, while not designed for that function, gives permission to the Secretary of State to set fees at whatever level they might want for a degree that they might like, or to refuse funds at any level for a degree that they do not like. All of us around the table might worry about archaeology—notwithstanding that you did it; people do move on later—but most of us would see that design is something that is broadly useful to the economy.

Q118 Matt Western: For the measurement of quality, how do you see modules being given some sort of sense of currency by OfS or whoever?

Professor Rigby: The geek in me would say that all modules have currency because they count for credit. We already have transfer schemes between colleges and universities and between universities—one with another—that will accept aliquots of credit at a particular level and allow that to stand in lieu of partial learning. So I could take half a year's work, I could get entry into a different university and I could be let off that half-year of study, despite the fact that the curriculum might be slightly different.

To an extent, any 30-credit module taken under the lifelong loan entitlement will have currency. It would be useful to badge or brand them with a series of designations that would make a lot of sense. If I turn up and say I have a 30-credit module at level 6, you are probably not that impressed, but it is about the same amount of effort as an A-level, for example, and at a higher level of intellectual demand. It would be useful to badge and brand these things so that they made sense to everybody. However, in their raw form, as long as they carry credit, that will make sense not just here but internationally, so you can go through the four nations and into Europe with that attribution of credit.

Q119 Matt Western: Dr Norton, do you want to come in on that? Then I have a specific question for you.

Dr Norton: I was just going to say that the LLE consultation response document says that there are plans for transcripts to be standardised. If that could be integrated into the LLE gateway system, along with advice and guidance, it would give a lot more clarity to students and employers. There is a real issue of brand recognition, I think, in the value of modules, especially to employers, who might view 30 credits differently to how we in the sector do.

Q120 Matt Western: The sector has made it clear that some of the regulatory burden it faces is far greater than it was, say, five years ago. What concerns do you have about the introduction of the LLE in terms of the additional administrative burden it might bring on an institution? I am conscious, Dr Norton, that Coventry is at the vanguard as one of the early adopters of modularised learning. What, in your experience, does that look like in administrative terms?

Dr Norton: We in Coventry have an open-framework approach to certain areas of provision. The one that springs to mind is a professional development course that ends up in a BA or BSc for professional athletes. Through that approach, all the different campuses within our group structure are open to students, who can take modules from across the spectrum of what we deliver: sports science, business management, and exercise and life sciences. Students can complete over six years, allowing them to continue their sporting career, because obviously time is important to athletes in terms of completing their career. It is more about having standardised processes.

There is administrative burden, but it is more in terms of curriculum transformation. Adaptations will also have to be made again in advance of the LLE, once the Secretary of State has made decisions about which subjects are to be prioritised and things like that. The main burden I am worried about is financial forecasting and the behaviour of students towards admissions. We do not really know yet how popular this offer is going to be. At the moment, we run on five-year financial forecasting and have largely three-year cycles. It becomes extremely difficult to plan if you are only taking modules. So we do not have an idea of learner demand fully yet. Although we are at the vanguard of LLE provision, as you kindly say, it is only a small part of our portfolio at the moment.

Q121 Matt Western: Related to that financial forecasting, one concern that the Government have been raising in the last year or so has been about continuation completion. What is your experience with modularisation? Are you seeing lower, higher or similar numbers of drop-outs?

Dr Norton: I am afraid that I would have to come back to the Committee with actual student figures on that. I do not have access to them here, but I would be happy to submit them as evidence.

Professor Rigby: Can I briefly come back on those questions? In terms of the regulatory burden, it is significant. I would estimate that the cost of regulation to my university over the last year has been in excess of half a million pounds. We might have been lucky or unlucky—I do not think that data is collected across the sector.

[*Matt Western*]

Once we break that down into subject areas—I run around 80 different subject areas—we amplify that level of bureaucratic oversight potentially by 80. Breaking that down into modules means that every one of my degrees, which at the moment are a unitary entity, is broken down into 12 pieces, any one of which could be the focus of oversight by the Office for Students. You are amplifying my administrative or overhead burden of regulation by 80 times 12, which is significant, given that it is not cheap.

Everybody wants to be well regulated. No university is trying to escape its burden, but I think that that burden is worth considering because the metrics on which the risk assessment is based for universities will not operate for a module. I cannot come here and pretend that one 30-credit module will change someone's entire career. I cannot assume that the progression for a module will be as high as it would be for an entire degree, mainly because the demographic of students taking a single module will be very different to the demographic of students taking a full degree. We are in different regulatory risk metrics; the risk is that those metrics will then be less broadbrush than they currently are, and there will be another amplification of the regulatory burden. So it is something that is worth considering, even if you fillet out from that the natural excesses of a vice-chancellor getting regulated.

Q122 Katherine Fletcher (South Ribble) (Con): Listening to what you are saying, I am trying to chase through a real-world example because I do not have your expertise in the field. I am hearing that we need some kind of standardisation within the modules that allows for a certain transferability. For example, if you are doing artificial intelligence, a basic tick-box, “I understand what a black box AI system is,” would be worth 30 credits in theory, and would be applicable across the piece. I am also hearing that to get to that level of granularization across your full curricular suite is going to be burdensome.

Is there an argument that says we start small, by introducing it only for level 4 and 5, with level 6 to come, and that we focus on the more technical, easy-to-define areas of study at levels 4 and 5? They also have the happy coincidence of being in demand in the job market. Is it possible that we could go some way without having to modularise, for example, archaeology? I love archaeology, but you know what I mean. Can you help me understand what I have got wrong in that sentence?

Professor Rigby: Modularising a degree is easy. We did it at Bath Spa just for fun, to see what the answer to your question would be. We took it right through the formal processes. We have a fully stackable, modularised degree on our books, where every module has individual value. The solution to your problem is that in any degree, there are core modules that you have to do, and optional modules that you choose to do. You make sure that your core modules are, for example, your black box AI at levels 4, 5 and 6, and then your options can change over time and keep current. If ChatGPT was not part of your degree four years ago, you can do a module on it now. You can slot that in at the right academic level, and when you have enough tokens, you automatically get the next qualification, whether that is a year of study, a diploma of higher education, a

certificate of education or a degree. That is easy. It is also easy to modularise every degree that is not taught by Oxford, Cambridge or a medical school, because they all bear credit, so they are already modular. What we cannot pretend is that some of our later modules have standalone value irrespective of earlier-level modules. You cannot just drop in to a third-year module on advanced ecology unless you have done it in second and first year. That is where we need to be clever, because if people are taking time out of the workforce, they cannot necessarily come back in.

You are absolutely right. The easiest thing is to start with the equivalent of first year at university—level 4—and then develop on, but you can do it through a series of generic technical qualifications from now. You can devise a degree in health or computing or business. Those things are amenable to immediately meeting all the LLE requirements. It is just a matter of good design in the background. If we can do it, so can any university.

Q123 Katherine Fletcher: Okay. So while the modularisation of the 80 subjects is a potential issue, it is not a day one issue but can happen over time as well?

Professor Rigby: Imagine doing a computing degree over 10 years. If I described the degree to you now, it would be completely irrelevant in a decade, because the things you would need to know would have changed dramatically. With archaeology—and palaeontology, which is my subject—you can go 100 years and not have to redesign your degree an awful lot.

Katherine Fletcher: So the Elrathia trilobites that we probably both have at home are still 500 million years old.

Professor Rigby: The beauty of this is that you could design a degree that has a core that is significantly generic.

Q124 Katherine Fletcher: And that would achieve 4 and 5, but it is 6 where the problem kicks in.

Professor Rigby: Six is still fine. The opportunity is to put in those optional modules that are current and not prescribed by the degree description.

Q125 Katherine Fletcher: Sorry to interrupt, I just want to understand you. Surely at that point, the individual who has agency within their learning, whether by their employer or from their own heft, has the ability to choose. You can get through 4 and 5 and potentially have a positive impact in the labour market, and then when 6 comes along you can move forward. I am just trying to understand why it stops the spirit of the lifelong loan entitlement, which is to give people modular access to learning.

Professor Rigby: I do not think there is any reason why level 6 is structurally different. At the moment, if I made an offer to you to read a degree, I would need to specify for data protection issues exactly what you would learn through the duration of the degree, right up to the last module you would do in your third year. The LLE degrees will have to be different from that, because the subjects move too quickly. If you take a degree over 15 or 20 years, for me to specify at the beginning exactly what the content is at the end—

Katherine Fletcher: I would agree with that. I started off coding visual basic C, and I can code ABAP 4 and VBA. You would get quite close to a computing degree—that is 20 years' worth of technology.

Professor Rigby: All you need is to define your module as coding and they will stick into it what you need. I don't think modularisation is a problem. I don't think level 3, going below degree level, or 4, 5 and 6 are a problem. I think what you probably want to do is bespeak some qualifications that fit that, rather than just modularising everything that we offer and hoping that somebody wants to do research methods in the third year of their archaeology degree.

Katherine Fletcher: Fine—now I understand you. Ecology might not be top of the list—I am a biologist who did a lot of ecology so I can say it—and that is a bit like archaeology. The initial stuff at level 4, 5 and, ideally, 6 could be more granular in detail and perhaps more obviously tied to a job—moving satellites around in space or whatever. Thank you very much for putting up with my questions.

Q126 Lloyd Russell-Moyle: That was very interesting. At the moment with a three-year degree something that protects students from universities completely destroying their course is that universities have to honour the programme they started with. You will allow a cohort to continue. I have been in many fights while representing the unions when universities have done that. I should make a reference to my entry in the Register of Members' Financial Interests on that. With a modularisation process over 10 years, is there a danger that someone starts a process of collecting credits and modules that they want to pursue over a long period and ends up at a dead end, where they have used up all their money and credits but are not able to get the degree because it does not exist any more? How can that be mitigated?

Professor Rigby: I do not think we can avoid that risk. If we imagine that the lifelong loan entitlement will be drawn down from 18 to 50, that is 30 years of continuity, and we have not had 30 years of continuity in higher education in the last century. It is quite possible that an organisation or, indeed, a subject area would cease to exist during that time. You are working from the premise that people would start an LLE in a modular form always intending to get a degree as an outcome, and I am not sure that they would not then just do a degree, because they could do that at any age. The commitment of time might stop them, but I doubt that many people over 30 years would have their eyes set exactly on a particular degree outcome; they would surely be moving in and out of the workplace, revisiting their own choices of modularity. It would be lovely if those modules stacked so that they end up as a generic degree, but I would have thought that the risk is only if we over-specify what that degree would be on graduation. If we say it is a geology degree, that is fine. If we say it is a palaeontology degree on vertebrates that can only be delivered by the University of Bristol, we would have to be assuming that it would have continuity of delivery through 40 years. It probably could, but others might not.

Q127 Lloyd Russell-Moyle: So there has to be some acceptance in other courses and pathways and possibly other institutions of these credits and modules. That happens on a case-by-case basis, building up institutions'

networks. Does there need to be more co-ordination or somewhere for that information to be published, so that, rather than having to go to a university and find out whether it accepts a module, a student can go to a portal and see whether a module is accepted and where they can transfer it, or is that unnecessary?

Professor Rigby: It is complicated. It would be adorable, but universities will always have the right to reject people. My son went for an interview at Oxford, and he did not get in. His qualifications were recognised; he just was not quite over the line. Universities will always have the capacity to be selective, and that means that any qualification may be insufficient for entry. I suspect that for the bulk of people, the reason for their not being admitted would be something other than the status of the qualification they have brought through the LLE.

Q128 Lloyd Russell-Moyle: Where would the support come from for people wanting to design that journey, not from the institution's point of view but from the learner's perspective, to understand what those modules mean, rather than just having lots of institutions shouting at them, "Come to us"?

Dr Norton: That is where the OfS can step in. The student protection directions under the OfS have needed a review for quite a long time, but they are certainly not capable of dealing with the level of consumer protection that the LLE will demand. As Professor Rigby said, we cannot have a totally pick-and-mix approach; there would need to be certain pathways followed and competencies gained as someone bundles together, so that they can learn in the proper order. The OfS can step in and provide advice and guidance. It already has Discover Uni, which contains a lot of information regarding student outcomes, and that could be added to one of its websites.

Q129 Lloyd Russell-Moyle: At the moment, a student who is choosing different modules in a course will have guidance from their institution—for example, they will speak to their tutor, who will say, "Actually, maybe that's not the best one to do"—to make sure they are following the right pathway. Should it just be the Office for Students, or do institutions have a role in that beyond the fixed period during which someone has studied with them?

The Chair: It will have to be a short answer.

Professor Rigby: Any institution will have a vested interest in giving that advice, because having put all the effort into recruiting somebody and training them and realising they can learn with us, we will not want to lose them later on. The risk is that it will be partial advice, not impartial advice. The assumption has to be that the lifelong loan entitlement will be something that someone takes through mature adulthood, so they can temper to an extent their own expectations with an increasing degree of curatorial ability as they move through a career. In a sense, we are presupposing that people will remain ignorant of this system, whereas actually, they will quickly work out what works in it and what works less well, and those mores will guide someone through a career. It is not like they will do it all immediately and with the open-mindedness that we are presupposing before it starts, I suspect.

The Chair: We have come to the end of the session. Thank you very much for your evidence. There have been some interesting comments. The Committee will meet again on Thursday at 11.30 am for line-by-line consideration of the Bill.

3.30 pm

The Chair adjourned the Committee without Question put (Standing Order No. 88).

Adjourned till Thursday 23 March at half-past Eleven o'clock.

Written evidence reported to the HouseLLB01 ResPublica on behalf of the Lifelong Education
Commission

LLB02 The Open University

LLB03 Mike Ratcliffe

LLB04 The WEA

LLB05 Staffordshire University

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

LIFELONG LEARNING (HIGHER EDUCATION FEE LIMITS) BILL

Third Sitting

Thursday 23 March 2023

(Morning)

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CLAUSE 1 under consideration when the Committee adjourned till this day
at Two o'clock.

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Monday 27 March 2023

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The Committee consisted of the following Members:*Chairs:* JUDITH CUMMINS, †SIR ROBERT SYMS

- | | |
|---|--|
| † Clarke-Smith, Brendan (<i>Bassetlaw</i>) (Con) | † Moore, Robbie (<i>Keighley</i>) (Con) |
| † Evennett, Sir David (<i>Bexleyheath and Crayford</i>)
(Con) | † Morrissey, Joy (<i>Beaconsfield</i>) (Con) |
| † Fletcher, Katherine (<i>South Ribble</i>) (Con) | † Perkins, Mr Toby (<i>Chesterfield</i>) (Lab) |
| † Furniss, Gill (<i>Sheffield, Brightside and Hillsborough</i>)
(Lab) | † Randall, Tom (<i>Gedling</i>) (Con) |
| † Glindon, Mary (<i>North Tyneside</i>) (Lab) | Russell-Moyle, Lloyd (<i>Brighton, Kemptown</i>) (Lab/Co-
op) |
| † Halfon, Robert (<i>Minister for Skills, Apprenticeships
and Higher Education</i>) | Simmonds, David (<i>Ruislip, Northwood and Pinner</i>)
(Con) |
| † Hughes, Eddie (<i>Walsall North</i>) (Con) | † Western, Matt (<i>Warwick and Leamington</i>) (Lab) |
| † Hunt, Tom (<i>Ipswich</i>) (Con) | Sarah Thatcher, Bethan Harding, <i>Committee Clerks</i> |
| Jarvis, Dan (<i>Barnsley Central</i>) (Lab) | |
| † McDonald, Andy (<i>Middlesbrough</i>) (Lab) | † attended the Committee |

Public Bill Committee

Thursday 23 March 2023

(Morning)

[SIR ROBERT SYMS *in the Chair*]

Lifelong Learning (Higher Education Fee Limits) Bill

11.30 am

The Chair: I have a few preliminary reminders for the Committee. Please switch electronic devices to silent. No food or drink is permitted during sittings of the Committee, except for the water provided. *Hansard* colleagues will be grateful if Members email their speaking notes to hansardnotes@parliament.uk.

We will now begin line-by-line consideration of the Bill. The selection list for today's sittings is available in the room. It shows how the selected amendments have been grouped together for debate. Amendments grouped together are generally on the same or similar subjects. Please note that decisions on amendments do not take place in the order that they are debated; they sometimes appear later than on the final list. The selection grouping shows the order of debates and decisions for each amendment.

A Member who has put their name to a leading amendment in the group is called first. Other Members are then free to catch my eye to speak on all or any of the amendments in the group. A Member may speak more than once in a single debate. At the end of the debate on a group of amendments, I will call the Member who moved the leading amendment. Before they sit down, they will need to indicate whether they wish to withdraw or seek a decision on the amendment. If any Member wishes to press any other amendment in the group to a vote, they need to let me know.

Clause 1

NEW METHOD FOR DETERMINING FEE LIMIT

Matt Western (Warwick and Leamington) (Lab): I beg to move amendment 3, in clause 1, page 2, line 5, at end insert—

“in consultation with relevant higher education sector stakeholders.”
This amendment would ensure that in determining whether the credit-based method or the fixed method is to be used, the Secretary of State will consult relevant higher education sector stakeholders.

The Chair: With this it will be convenient to discuss amendment 5, in clause 1, page 2, line 34, at end insert—

“(3A) In determining which activity is to be regarded as a ‘credit-differentiated activity’ under subsection (3), the Secretary of State must consult the relevant provider, relevant higher education sector stakeholders, and any other sector stakeholders relevant to the credit-differentiated activity in question.”

In determining the nature and extent of “credit-differentiated activity” and the number of credits associated to it, the Secretary of State must consult the provider in question, higher education stakeholders, and other stakeholders to which the credit-differentiated activity relates to, for example, NHS Trusts or other representative bodies.

Matt Western: Thank you, Sir Robert, in advance of this morning's sitting, and thanks to the Clerks for all their work hitherto.

I thought that the evidence sessions the other day were useful. The contributions of the Government witnesses, as well as those whom we had proposed, were extremely helpful. What we heard consistently was that the previous consultation was healthy, but we did not have the report back until relatively late. Perhaps there could be greater consultation.

The purpose behind the two grouped amendments 3 and 5 is to incorporate more consultation in the Bill and in particular the need for the Minister to consult stakeholders when deciding what method should be used to determine the fee limit. A second expectation to be included would be that the Minister consult the provider in question, higher education stakeholders and other stakeholders relevant to how many credits are attached to the credit-differentiated activity—that is the term used to describe non-traditional modes of teaching, or placement.

I start with amendment 3. The Bill gives the Secretary of State sweeping powers to decide unilaterally what method to apply to courses in determining the fee method, whether the credit-based method or the fixed method. In the evidence sessions, we heard from Professor Press, the Vice-Chancellor of Manchester Metropolitan University, who has done a lot of work in this area. In what was not so much a confession as a revelation, he said that

“the bit I find most difficult to understand is the difference between the credit-based and the fixed-mechanism methods of calculating the fee cap.”—[*Official Report, Lifelong Learning (Higher Education Fee Limits) Public Bill Committee*, 21 March 2023; c. 5, Q4.]

In addition, we also helpfully heard from Julie Charge, the deputy chief executive officer at the University of Salford, about their experience of the Office for Students' short-course trial, as it was the Office for Students that conducted the trial. We heard that that might have been better had it been undertaken by the Department for Education itself. Salford's experience revealed two significant cohorts of people taking the loan: the 26 to 30-year-olds in one; and the 36 to 40-year-olds in the other. That is valuable data for the Government. I like to think that that will provide behavioural insight into how the opportunity for lifelong learning will apply, because there seems to be a market and a need for such provision among those cohorts. I hope that the Minister will be interested in learning from the trial and implementing it when deciding many of the things that he has the power to do in regulations.

The memorandum from the Department for Education to the Delegated Powers and Regulatory Reform Committee states that the fixed method will be used only

“for courses which do not easily lend themselves to the credit-based system”.

However, the Bill grants sweeping powers to the Secretary of State to decide what method should be used, irrespective of whether the fixed method should be used exceptionally. There is a concern here. If it is decided that the credit-based method should be used, it is important that that does not lead to unintended consequences for providers or learners. The Minister would therefore surely accept that there is a real benefit to sector consultation.

The importance and relevance was underlined by the fact that the Russell Group has expressed its support for the amendment, as it believes universities should have autonomy on all decisions relating to the types of courses and provision offered, and whether or not to modularise the courses and the associated credit. I expect the Minister might not want to include sector stakeholder consultation in the Bill, but, if he does not, what assurances can he give the sector that, first, there will be an avenue for sector stakeholders to contribute before the Secretary of State decides on the fee limit to be applied? Secondly, universities will have the ability to express an opinion as to what type of courses

“do not easily lend themselves to the credit-based system”,

and the Secretary of State will take that into account in deciding what method to apply.

Mr Toby Perkins (Chesterfield) (Lab): My hon. Friend raises an important point. The consultation that he refers to sets up an opportunity to debate clause 1. For me there were two key concerns that came out of the evidence sessions on Tuesday. The first was whether the policy would lead to a shift from employers having responsibility for their staff’s learning to employees now being expected to take responsibility. The second was whether that would be attractive enough for institutions to take them on, and whether the concerns about the financial stability of the sector had been considered in the Bill. The evidence sessions showed why it is so important that we have a full consultation on the issues.

Matt Western: My hon. Friend is right that we heard quite widely from all the witnesses. Over the last 30 years, there has been a significant fall-off in the provision of adult education and of education or training through employers—we heard that from the CBI and others. There is a real concern about whether the proposal will lead to an individualisation of the responsibility for all training and skills, which would be to the detriment of what is needed for us economically as well as socially. I agree with his point about whether what is being proposed might be a burden in the context of the current education landscape and the financial precarity, which we particularly see in colleges and also in higher education institutions. We will come on to that when we discuss other amendments.

I will come back to the assurances I am seeking from the Minister on the need for consultation. I spoke of two. The final one I want to raise is that there was seemingly some confusion among the witnesses we heard from on Tuesday. These are heavyweight college leaders, who are widely respected across the sector. I am really seeking assurance from the Minister and his team that he himself will reassure the sector on the difference between the two fee limit methods.

I will turn to amendment 5. In the Bill, “credit-differentiated activity” is the term used to describe non-traditional learning activity, such as placements with employers. That is not a term that a lot of people will be familiar with; I am not sure if you, Sir Robert, or others would have been familiar with it ahead of getting involved with this legislation. An obvious example is in hospitals, where placements are a vital part of nursing degrees and other medicine-related courses.

Providers may wish to define future courses with a placement element to them or that include engagement with employers. That is to be welcomed, of course; it

is a vital part of the learning experience—the direct, practical experience—that a person can have by being in that place of work and learning very much on the job alongside the theory they may have learned in the classroom. That is a vital part of their training—understanding not just the theory but how that relates in practice to the workspace.

The Bill currently allows the Secretary of State to set down in the regulations the description of the credit-differentiated activity to be undertaken and make provision about the number of credits attached to that type of activity. Given the vast range of areas that such activity could fall in and the number of sectors and bodies that could and, I believe, should be engaged—national health service trusts, other sector-representative bodies involved in course provision and qualification bodies—would it not make sense to ensure they are consulted before the Secretary of State puts a number of credits on the activity?

The amendment also includes consultation with the provider, which is important. Let us take the worst-case scenario. Say that a provider allows a student to undergo a placement during a course year: the Secretary of State provides for that activity to be 20 credits—i.e. 200 hours—but say, in reality, the placement is much more onerous, and the university envisaged that the student would spend 300 hours on placement, or 37.5 hours for eight weeks. That example illustrates that there would be a clear discrepancy. What mechanisms are in place in the legislation to prevent that happening? Would consultation with the provider not be sensible?

We also heard from Simon Ashworth of the Association of Employment and Learning Providers that

“awareness of the LLE is still underdeveloped.”—[*Official Report*, Lifelong Learning (Higher Education Fee Limits) Public Bill Committee, 21 March 2023; c. 39, Q78.]

That is backed up by the CBI’s education and skills survey 2022. We heard from Matthew Percival about that, and he explained that the survey revealed that four in five respondents were totally unaware of the plans to introduce the lifelong loan entitlement. We also heard examples on Tuesday of how previous Government initiatives in the skills space have massively underperformed the expectations of Government. I do not mean to criticise that, because some of the initiatives have been very positive, but it demonstrates how difficult it is to get some of those new initiatives up, running and accepted by institutions, and understood by employers and learners. We have seen that with T-levels and accelerated degrees.

11.45 am

Mr Perkins: My hon. Friend is more generous than I am; he touches on one of the crucial parts of this entire debate. For the measures to have the force that we all hope for, providers have to be able to afford to run the courses, and, in the context of independent providers, to do so profitably. The Government have been very good at allotting budgets for projects that never get taken on and never deliver the numbers originally hoped for. There is every prospect, given the evidence that we heard this week, that this measure could fall into the same trap, if the issues raised by my hon. Friend are not addressed. It behoves the Government to ensure that they not only come up with a good idea but make it work for those who are being asked to deliver it.

Matt Western: My hon. Friend understandably has a different perspective on the sector and he has real expertise. With some of the initiatives—I am thinking of T-levels and how the Government sought to remove BTECs—there has been resistance, and a difference between what the Government and colleges and employers believe worked successfully. The introduction of any new approach brings massive challenges. As the Minister knows, the Opposition are in favour of lifelong learning, but it is important that the delivery of it is successful, and there is not a failure from the start. We are at this stage in the Parliament, and there is a lot of work to be done if the measures are to be successful.

One benefit of consultation is engagement. There has been a desire across the sector to have more engagement with the Government, but it has been made difficult. I welcome the Minister to his place; he is a decent individual with expertise and knowledge about the skills sector. There has been such upheaval and turmoil across the ministerial line-up that I think it has made it very difficult. We are five years on from the 2018 Augar report. There needs to be consistency and stability across the ministerial line-up to deliver some of these ideas.

Andy McDonald (Middlesbrough) (Lab): Does my hon. Friend share my perception of the role of the local skills improvement plans in this area? From my own experience, it would appear that there is a degree of frustration in those who are seeking to drive the plans when gaining qualitative information from employers. I wonder whether that is indicative of well-intentioned plans not being thought through thoroughly, and not being coherent, intelligible and effective.

Matt Western: My hon. Friend has a lot of experience as a Member of Parliament for Middlesbrough, and understands how important it is, with economic change and new sectors emerging, that training and skills provision is available and co-ordinated. I worked with my hon. Friend the Member for Chesterfield on the Skills and Post-16 Education Act 2022; the introduction of local skills improvement plans was seen as a good proposal, but it is about delivery and making it work. It is important to have the right people involved in those plans, who are acting not simply out of self-interest but in the interests of the long-term—10 or 15 years hence. I still believe there is much work to be done on that.

Our amendment would bring all the relevant stakeholders together, simultaneously limiting unintended consequences and engaging the relevant groups with the policy while boosting awareness of the lifelong loan entitlement policy. I think this is a very sensible suggestion, but I guess I would say that.

So, on behalf of the sector, I just ask the Minister to provide some assurances that decisions made under clause 1(4) will not be implemented without sector and representative consultation and approval, and that is what these two amendments seek to ensure.

Mr Perkins: I do not intend to dwell on these two amendments; my hon. Friend the Member for Warwick and Leamington has forcefully set out their purpose. Regarding the consultation, given what we heard in the evidence session, it is important that the sector is engaged.

There is a real concern that until there is clarity about a new method of funding further education and skills, which we know will be more expensive for providers to provide, although—quite rightly—it will not be any more expensive for learners to learn, there will be a gap there. So, unless someone steps forward, there is a real danger that an excellent opportunity will be created for learners that they will not actually be able to access in their local area.

On the subject of the definition of a credit, it is important to remind the Committee what we heard in the evidence session. My hon. Friend asked:

“Should the Bill have written into it some sort of definition of what a credit is?”

Ellen Thinnesen from Sunderland College responded:

“My personal and professional opinion is that it should. If we are defining fee limits attached to credits, it is really important to communicate to a student what a credit means. Essentially, a student wants to know a number of things. First, how much is this going to cost me? Secondly, what will I have to expend in effort and energy to complete this module? Thirdly, what will I get for that module and those credits from the institution that I am choosing to go to? So transparency about the relationship of credit to fees, and of credit to module content and what is expected within that, is very important.”—[*Official Report, Lifelong Learning (Higher Education Fee Limits) Public Bill Committee*, 21 March 2023; c. 12.]

It was crucial and right that she said that, with her understanding of what motivates learners. It is also important, of course, that future employers understand what those credits mean; other witnesses referred to receiving a handful of certificates, but said that there was no clarity about what those certificates meant.

Alun Francis from Oldham College responded to a question from the hon. Member for Bassetlaw by saying:

“The more important questions will be about the standardisation of the credits...so that learners know what they are getting and paying for. That needs to be absolutely transparent.

It is also important to say that in these technical areas there is a big difference between what learners pay for here and in a traditional degree, because some degrees are positional goods—they are paying for the credential as much as the content—but in these qualifications they are paying for the content. Learners therefore need to be clear that what they are getting is what it says on the tin. The other aspects, I think, we will just get used to.”—[*Official Report, Lifelong Learning (Higher Education Fee Limits) Public Bill Committee*, 21 March 2023; c. 13.]

Those are very powerful voices from the sector speaking in support of my hon. Friend’s amendment and if the Minister is not minded to support it, we will need real clarity for the sector as to how the definition of a credit will be assured if it is not in the Bill.

The Minister for Skills, Apprenticeships and Higher Education (Robert Halfon): I thank the shadow spokesman, the hon. Member for Warwick and Leamington, for tabling his amendment and for his comments on it. He talked about the timing of the consultation and he said that it came out quite late. It came out quite late because we wanted to make sure that we got it right: we were having extensive consultation with the sector and with other stakeholders, as he rightly wants, and we wanted to make sure that we responded carefully. I do not know if he has seen the recent tweet by the vice-chancellor of the Open University, who said that he welcomed the engagement with the Government. There

has been an LLE roundtable with previous Ministers and officials. I attended one such meeting only a few days ago on the LLE.

Matt Western: Will the Minister give way on that point?

Robert Halfon: Yes, of course. I will come on to deal with some of the hon. Member's remarks.

Matt Western: It would have been really helpful if the Minister had been in post in March last year, because we might have got to this a lot sooner—that is the point I was making. I am sure that the intention was there in the Government, and of course the Augur report was published five years ago, but I have lost count of how many people I have stood opposite here in this past year. Had this Minister been in place, I am sure we would have had this Bill Committee in the autumn of last year.

Robert Halfon: The hon. Member is very kind, as always. I cannot speak for the past; I can just speak for the present and the future. My intention is to get this Bill right, which is why this Bill Committee is so important.

The hon. Member opened by saying that there was some confusion about the fixed-rate method and modules and credits. He mentioned Professor Malcolm Press. Universities UK has strongly welcomed the lifelong loan entitlement; I noted that point on Second Reading.

I will just clarify, for the benefit of the Committee, that the Government intend for all courses offered under the LLE to use the new credit-based system for calculating fee limits. That includes longer programmes, such as three-year degrees, as well as short courses or modules, regardless of whether they are studied on a full-time, part-time or accelerated basis.

There may be some courses that are more suited to annual fee limits than credit-based fee limits, for example postgraduate certificates of education or first degrees in nursing. Where that is the case, the intention is that the Government will set fee limits using a consistent rate of 120 credits per year. That includes for Oxbridge, where there is no credit system for degrees; there will be a default credit system for those universities.

The Government intend to retain the ability to set fee limits using the current yearly fee system as well as the new credit-based system, but would use this ability only by exception. These exceptions will be set out via regulations, using the affirmative procedure.

Let me go through the amendments in a little more detail. They focus on the Government consulting with stakeholders regarding the fee limit method and credit-differentiated activities. We have engaged with a wide range of stakeholders to gather input to inform policy development and believe it is absolutely critical that we continue to engage with stakeholders all the way through. I mentioned the vice-chancellor of the Open University. He said:

“The Lifelong Loan Entitlement... has the potential to enable people at any stage of their working lives to improve their knowledge and skills and drive productivity and growth.”

The Government's consultation on the lifelong loan entitlement included a question specifically on the issue suggested by amendment 5—whether any courses should

be on the per academic year, or fixed, method of funding. We intend for all courses under the LLE to use the new credit-based method for calculating fee limits.

We understand, following the consultation and engagement with the sector, that there may be some courses that would be more suited to annual fee limits, such as nursing. In those cases, as I have said, the Government will set fee limits using a consistent rate of 120 credits per year for full-time courses. That will create parity with the current yearly fee system, but via a credit-based mechanism.

On amendment 3, I will provide some additional detail on credit-differentiated activities. A credit-differentiated activity is intended to be a period of study or other activity that has a different fee limit rate to another period of study within the same year—for example, a year containing substantial periods of taught study and time abroad. Credit-differentiated activities make it possible to set fee limits on sandwich placements and overseas study in a more flexible way.

Currently, placements and overseas study have a reduced fee limit rate, but that reduced rate can only be applied to a full year at a time. We are trying to make it possible to fee cap shorter periods of mobility in the year that they actually take place. Where I disagree with the hon. Member for Warwick and Leamington is that an explicit requirement to consult on the detail of credit-differentiated activities is not necessary and potentially burdensome.

12 noon

It is entirely up to providers whether to design courses that contain credit-differentiated activities. Providers can continue to design courses that have just one type of study within each year, and those will not be subject to any of the rules on credit-differentiated activities. I give an assurance that the regulations on fee limits will follow the affirmative resolution procedure, so Parliament will have the opportunity to debate and formally approve them.

The hon. Member for Warwick and Leamington asked whether the Bill gives the Secretary of State the power to tell providers how many credits there are in CDAs. The Bill does not give the Secretary of State the power to tell providers how many credits they attach to placements, as I have just mentioned, for time abroad or taught study. It is a fair, consistent basis for setting the limits for credits.

To sum up, we cannot support these amendments. Amendment 3 is unnecessary and burdensome, and amendment 5 seeks to require that the Government consult on an issue that they have already consulted on, and will continue to consult on and engage with all the way through.

Mr Perkins: If I have understood correctly, the Minister is effectively saying that what makes up a credit is up to the providers. They can decide what constitutes a credit, 10 credits or whatever else. Given the feedback we heard from Ellen Thinesen and Mr Francis, and given the reservations we heard from those in the sector that there is a danger this might be burdensome and costly for them, how will the Government ensure that providers will not stretch what is worth 10 credits or a credit? How can we ensure that there is quality within this?

Robert Halfon: I thank the hon. Member for his question. As he knows, a credit is a unit of learning time. We are using the standardised system that exists already, but breaking it down into modules. As I said, the maximum will be 120 credits per year. In terms of the modules, there will be a minimum of 30 credits. If providers want to charge for more credits, that is up to them, but the student will not pay for those extra credits that they charge for. We are just breaking down the existing system to ensure that we can introduce modular and flexible learning.

Matt Western: I thank the Minister for his comments. However, we will press the amendment to a vote.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 9.

Division No. 1]

AYES

Furniss, Gill	Perkins, Mr Toby
Glendon, Mary	
McDonald, Andy	Western, Matt

NOES

Clarke-Smith, Brendan	Hunt, Tom
Evennett, rh Sir David	Moore, Robbie
Fletcher, Katherine	Morrissey, Joy
Halfon, rh Robert	Randall, Tom
Hughes, Eddie	

Question accordingly negatived.

Matt Western: I beg to move amendment 4, in clause 1, page 2, line 10, at end insert—

“(1A) The definition of credit must follow sector-recognised standards.”

This amendment would ensure there is a sector-recognised, standard definition of credit, consistent with the Quality Assurance Agency for Higher Education (QAA) Higher Education Credit Framework.

The Chair: With this it will be convenient to discuss amendment 9, in clause 1, page 4, line 33, after “course” insert

“as specified in a standardised transcript.”

This amendment would ensure that there is consistency amongst the academic record of students wishing to transfer between providers through a standardised transcript.

Matt Western: The amendments seek to incorporate two elements into the Bill. The first would ensure that the definition of a “credit” is aligned with sector-recognised standards, and the second would ensure that the definition of a “transfer case” includes reference to the need for a standardised transcript. This is particularly important for ensuring consistency and quality.

Let me start with amendment 4. The sector has clearly done a huge amount of work in this space, and we heard from Professor Sue Rigby of Bath Spa University, who was responsible for rewriting the Quality Assurance Agency for Higher Education’s credit framework alongside Ellen Thinnesen of Sunderland College, who was an advisory member for the development of the QAA’s quality code for higher education. Ellen made it very clear in her evidence that being precise on the face of the Bill about what a credit is would be a really important step. Interestingly, she said that it would provide clarity

about the relationship between credits, fees and module content. As I said in my opening remarks, the concept of a credit—both as a term and as a currency—is alien to the wider public, which is an issue. The public’s understanding about what a T-level is and its value is not well appreciated, which, sadly, may devalue it in the eyes of employers or others. That is why we believe that the definition of credit should be on the face of the Bill.

The term is certainly understood by the sector, with one credit equating to 10 notional hours of learning. The minimum proposed 30-unit course available to a student benefiting from their LLE would therefore equate to 300 hours of notional learning. Without a clear commitment to a sector-recognised definition of credit on the face of the Bill, what is to stop the Government amending the value of a credit without any proper scrutiny? I was pleased to see reference to credit in the explanatory notes, which define one credit as representing 10 hours of notional learning. Elsewhere, this understanding or valuation of a credit is found in Ofqual’s conditions of registration and the Office for Students’ sector-recognised standards, as well as in the QAA’s higher education credit framework.

I think it is the sector’s definition to own. In not making it clear on the face of the Bill, the inevitable concern is that Ministers may well step in and start amending the value of a credit, which has implications for the fee cap that providers are able to charge. What assurances can the Minister give us that a credit is to be aligned with sector-recognised standards?

Of course, the benefit of our amendment is that it would provide flexibility: should the sector decide to amend its definition of a credit, that would be updated in the Bill. Our amendment would simply enshrine the autonomy of providers against potential interference by the Government, and I think most of us would say that that is a very healthy place to be, irrespective of where we sit in the Chamber. The context is the creeping Government interference that we have seen within the Office for Students, so it is really important that the definition of a credit is transparent and owned by the sector.

On amendment 9, I thank the Minister for publishing the consultation ahead of Report, following cross-party representations on Second Reading from me, the hon. Member for West Worcestershire (Harriett Baldwin) and the hon. Member for Twickenham (Munira Wilson). The publication of that report has invariably improved the quality of debate. The amendment is inspired by the Government’s own commitment, in their response, to introduce the requirement for providers to give standardised transcripts to learners on completion of their modules. That is a good thing. During the evidence session, we heard several concerns about how transfer cases would work. Julie Charge, for example, raised concerns about how they would work in practice and who would be the awarding body. That is certainly not clear.

We also heard from Rachel Sandby-Thomas, who explained that in transfer cases the providers involved currently have a good relationship. It is really important for there to be trust and an appreciation of the values and standards of the institution that is transferring out as well as an appraisal of the relative standards. It will take time for providers to build up such relationships when, in theory, students will be able to transfer from any provider to another. That is why the issue is so

important. A standardised academic transcript would give value and credit to the qualifications achieved by a learner.

Andy McDonald: Could I take my hon. Friend back a step to the level of requirement on providers to settle a standardised script? One of my local colleges has got in touch to say that although it welcomes the idea, it understands that there are no plans to make it a firm requirement of higher education providers. Instead, they will be encouraged only to consider standardised transcripts. Does that accord with my hon. Friend's understanding or is there something stronger in the Bill that we have not seen?

Matt Western: It is interesting to hear the voice of one of my hon. Friend's local colleges in Middlesborough. The need for standardisation is at the heart of the issue; as I say, where this is working currently there is an existing relationship between education providers—whether colleges or higher education institutions—when it comes to the person who may be transferring out or in and what they will have attained by arriving at the other institution. That is really important.

We have to establish a currency or there will not be trust between the institutions when it comes to taking people on—they might not appreciate the value or standard that the learner may have previously achieved. It will take time for providers to build up these relationships and that is why standardised academic transcripts are important.

Mr Perkins: In the evidence session, we heard the Minister at pains to encourage our witnesses to say that as a result of the new approach there might be greater collaboration between the further and higher education sectors. We all recognise that that would be a good thing, and my hon. Friend and I have seen good examples of that. Does amendment 9 not give the opportunity for that collaboration to be far more consistent than it currently is? If someone has clarity about what they are getting at every stage, about the transfer and about where the responsibilities lie in the learning, it is much easier for those partnerships to form.

Matt Western: My hon. Friend is absolutely right. It is important that these relationships form—and they are relationships of trust, really. That is why consistency and a standardised approach are really important to give substance to that trust and relationship.

We also heard from Coventry University, which is very much at the vanguard of modular study. We heard from Dr Norton, who was concerned about how stackability might actually work in practice. She was keen to ensure that credits are widely recognised and that there is a currency across the sector. She suggested that standardised transcripts would provide the absolute clarity and brand recognition—perhaps acceptance—that are needed. I would be grateful if the Minister can explain a bit more about what a standardised transcript looks like, what it could include and, importantly, what value it will hold.

12.15 am

Robert Halfon: I thank the hon. Gentleman for his amendments. The standardised transcript, which is important, will be provided at the end of a module. It provides a clear record of the learner's study in a recognisable format. It is something that courses already have in their existing certificates.

There are already qualifications for large courses, and employers know that. The standardised transcript will be given on the completion of the student's module. It is intended to be a requirement of the regulations for loan funding purposes, but it does not necessarily need to be referred to in relation to fee limits.

Amendment 4 would require the definition of credit to align with sector-recognised standards. I emphasise that the Government fully understand the importance of that. We have introduced a definition of credit on the face of the Bill in proposed new paragraph 1A, which defines credits as units used to signify the total amount of learning time that a student would ordinarily be expected to spend in order to complete a course or part of a course. That relates to the hon. Gentleman's question. As he said, it aligns with the definitions held by the Office for Students and Ofqual.

The Bill does not introduce a power further to define credits in regulations. However, regulations will set out that, for a course or module to be treated as credit-bearing, each credit must be equal to 10 learning hours. That mirrors existing sector practice. The Government do not intend to change regulations on the number of learning hours in a credit unless standards in the sector change. Learning hours are, and should continue to be, based on sector-led standards. I can give an assurance that regulations on learning hours will follow the affirmative resolution procedure so that Parliament will always get an opportunity to debate and formally approve any changes to regulations. As such, the amendment is not necessary.

Let me explain that a bit further. If learning hours are put into secondary legislation, rather than primary, providers that use a different number of learning hours per credit will simply have their courses treated as non-credit bearing, rather than being considered in breach of the fee limit rules as a whole. The Office for Students would have the ability to take action against the provider from a quality and standards standpoint if it deems that necessary, but the provider would not face additional consequences for breaching fee limits rules. As I say, regulations on learning hours will have to follow the affirmative resolution procedure, so Parliament will always get the chance to debate and formally approve any such number of hours before a law is made or changed.

On amendment 9, the Government fully intend to support transcripts for modules of courses. Although we encourage their use as good practice to support students for all level 4 to 6 study, we are not making transcripts mandatory for full courses. That is because modules are a novel concept in terms of designation for student finance, and do not have the fully established standards that exist for full courses. By providing transcripts for modules, the lifelong loan entitlement will enable credit transfer and boost labour market currency, allowing students to make full use of their academic achievements to progress.

Since transcripts are not mandatory for full courses, it would not be appropriate to reference them in primary legislation in the context of both courses and modules. I reiterate that employers know what courses are. Most courses come with a qualification of some kind. For those reasons, the Government will resist the amendments.

[Robert Halfon]

Matt Western: I hear what the Minister has said. I would like to believe the point about what might happen with the credit definition, and I appreciate that it is referenced elsewhere, but it would still be healthy to have it defined in the Bill.

On the standardised transcript issue, I certainly understand the problem with what he was describing as a full course as opposed to a module. A full course is understood, because there is a defined quantification and qualification on what has been studied. That is well understood. The issue is that, with modules, it will be much less understood.

The full course may typically be undertaken at or provided by one institution; we are talking about the movement of people over time or place, between institutions. Some standardised transcript would be in everyone's interests, whether that is the employer, in understanding what someone has attained, the incoming institution, or, most certainly, the learner.

For those reasons, we will push both amendment 4 and amendment 9 to a vote.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 9.

Division No. 2]

AYES

Furniss, Gill	Perkins, Mr Toby
Glendon, Mary	
McDonald, Andy	Western, Matt

NOES

Clarke-Smith, Brendan	Hunt, Tom
Evennett, rh Sir David	Moore, Robbie
Fletcher, Katherine	Morrissey, Joy
Halfon, rh Robert	Randall, Tom
Hughes, Eddie	

Question accordingly negated.

Amendment proposed: 5, in clause 1, page 2, line 34, at end insert—

“(3A) In determining which activity is to be regarded as a “credit-differentiated activity” under subsection (3), the Secretary of State must consult the relevant provider, relevant higher education sector stakeholders, and any other sector stakeholders relevant to the credit-differentiated activity in question.”—(*Matt Western.*)

In determining the nature and extent of “credit-differentiated activity” and the number of credits associated to it, the Secretary of State must consult the provider in question, higher education stakeholders, and other stakeholders to which the credit-differentiated activity relates to, for example, NHS Trusts or other representative bodies.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 9.

Division No. 3]

AYES

Furniss, Gill	Perkins, Mr Toby
Glendon, Mary	
McDonald, Andy	Western, Matt

NOES

Clarke-Smith, Brendan	Hunt, Tom
Evennett, rh Sir David	Moore, Robbie
Fletcher, Katherine	Morrissey, Joy
Halfon, rh Robert	Randall, Tom
Hughes, Eddie	

Question accordingly negated.

Matt Western: I beg to move amendment 2, in clause 1, page 3, line 16, at end insert—

“(4A) Regulations made under this paragraph must provide for the default number of credits to be no more than 10 credits.”.

A probing amendment to ascertain the extent to which the Government is prepared to extend the lifelong learning entitlement to modules worth 10 credits.

The Chair: With this it will be convenient to discuss amendment 6, in clause 1, page 3, line 16, at end insert—

“(4A) Regulations made under this paragraph must provide for the default number of credits to be no more than 20 credits.”.

A probing amendment to ascertain the extent to which the Government is prepared to extend the lifelong learning entitlement to modules worth 20 credits.

Matt Western: It might be disappointing that my hon. Friend the Member for Brighton, Kemptown cannot be with us today, but it is probably in all our interests that he did not come in, given what he described to me earlier. However, he would have been keen to speak to amendment 2, tabled in his name. In particular, I think he would have had real validity in moving the amendment, given his personal expertise and experience of having delivered courses—that is why he believed that it was important to include the amendment in the Bill.

We are trying to understand the Government's justification for choosing the minimum number of credits available, which they have set at 30. On the face of it, 30 may appear to be an arbitrary figure. The amendments are not intended to represent our specific view on whether the minimum should be 20 credits or 10 credits; they are very much intended to open a debate on the benefit of having smaller credit blocks available to learners and encourage a culture of bitesize learning.

In the evidence we had on Tuesday, Professor Edward Peck of Nottingham Trent University felt that the 30-credit minimum hit the balance between not overwhelming the Student Loans Company and meeting the needs of learning. On this side of the House, we want to ensure that the balance has been struck at the right point. I appreciate that the Augar review recommended that the minimum should be set at 30 credits for much the same reasons given by Professor Peck who, of course, was on the panel working alongside Sir Philip Augar. I understand that position.

However, we have also received evidence that 30 credits may still be too high a minimum. For example, I was particularly struck by the view of ResPublica in its submitted written evidence, which expressed concern about the 30-credit minimum. It noted that

“the evidence strongly suggests that learners and employers value shorter courses, and would therefore advocate a 10 credit minimum threshold”,

which is the position that my hon. Friend the Member for Brighton, Kemptown wished to speak to.

Interestingly, as it happens, I think we can learn a lot from the Canadians, but the Canadian Government offer modular lifelong learning on a micro-credential level, offering 10-credit unit courses. Why are they able to set the minimum at a rate three times lower than our minimum? Does the Minister think that the Student Loans Company would be really overstretched in delivering that, or are there other reasons?

Mr Perkins: My hon. Friend raises an important point. In this place, we often talk about the cost of learning as if the major cost to an employer is paying for the training. Of course, one of the other costs to an employer is the amount of time that an employee is out of the workplace in the learning institution. That is a very real consideration for many employers. For precisely that reason, a shorter-form commitment is often very attractive to employers, but it might enable their employee to develop skills that will either help them in their current job or help them into their next job. Particularly given that as a country, we are way below the OECD average in the amount that employers spend on training their staff, anything that can be done to make it more affordable for employers to let their employees have time away from work should be encouraged. Does my hon. Friend agree?

Matt Western: It may come as no surprise that I often do agree with my hon. Friend. He genuinely has insight into and expertise in this sector.

I have a particular concern from not only the evidence that we heard from Matthew Percival of the CBI but my anecdotal experience of talking to businesses in my constituency, the Federation of Small Businesses, the chamber of commerce and others. There is a desire to upskill and improve the training provided to employees, but small and medium-sized enterprises face a particular challenge in doing so. There is a barrier to their taking up opportunities because the size of the course, the commitment and the financial obligations are just too much.

12.30 pm

My hon. Friend the Member for Chesterfield is right. I really believe there is an economic imperative for us to consider the idea behind the amendments, because it would be of huge value to drive the SME sector in particular. I am sure that you, Sir Robert, will be more aware than many of us of the importance of the SME sectors in Italy and Germany—the *Mittelstand* in Germany—and of how the provision of training for their businesses is way ahead of what we are doing in the UK. I am not trying to be onerous or to make life difficult for the Government; I have a genuine intent to explore what could be done better to aid the hundreds of thousands of small businesses up and down the country that may—and I am sure do—want to give more training opportunities to their staff.

I appreciate that learners will be able to bundle multiple 10-credit courses, but they will still have to achieve the 30-credit minimum, which represents 300 hours of notional learning time. That is almost eight weeks of full-time study, which is where the issue lies. It is a huge commitment for an SME, which is why there is a huge economic opportunity in having smaller bite-sized blocks. Notwithstanding the point I made earlier about delivery through the Student Loans Company, greater flexibility is really important. At the end of the day this is about creating a flexible system; is the Government's proposal as flexible as we would like it to be?

In the spirit of collaboration, let me ask the Minister some questions. What is his justification for choosing 30 credits as the minimum number available to users of LLE? Does he intend to lower the minimum number of credits as the system develops? Would he consider reviewing

that a year or two after start-up? Does he agree that setting the minimum at 30 credits might discourage people from pursuing modular lifelong study?

Robert Halfon: I thank the hon. Gentleman for moving the amendments. Let me respond first to how they are worded before I address the specific issue of the 30 credits. Amendments 2 and 6 have been worded to limit the default credit value to 10 and 20 credits respectively. I completely get that the intention is to probe the extent to which the Government are prepared to loan-fund modules of fewer than 30 credits under the LLE, but the amendments would not achieve that end because that is not what the default credit values in the Bill relate to.

It is worth clarifying the purpose of the default credit value: it is intended to allow fee limits to be set on full courses if they are not credit-bearing or the course is more suited to annual fee limits than credit-based fee limits. As mentioned, such courses may include some degree programmes at Oxford and Cambridge, and other courses such as nursing. For those types of courses, the fee limit will be calculated using a default number of credits instead of any provider-assigned credits. The default values will be set at 120 credits a year for full-time courses, which aligns with the sector-recognised standard number of credits in a full year.

The default credit values are there to provide a credit value for non-credit-bearing full courses only. They will not apply to modules. As all modules under the LLE will be credit bearing, modules will always have the fee limit calculated using the actual provider-assigned number of credits, not a default number of credits.

The Government have been clear that the modules must have a minimum size of 30 credits for funding purposes. We believe this is a suitable level to attract fees and maintenance loans as it represents a substantial-enough package of learning. It is based on significant consultation with stakeholders and is much smaller and more flexible for training, retraining and upskilling opportunities than the current one-academic-year minimum-size offer.

As mentioned, modules of a smaller size can also be funded—provided that they are bundled together in a single entry from a parent course to meet the 30 credits—to allow sufficient flexibility for retraining purposes. This will mean that funding will be available for a 20-credit module and a 10-credit module of the same course combined.

The hon. Gentleman cited the Augar report. Philip Augar is the key architect of this reform, alongside the former shadow spokesman for skills and universities, Gordon Marsden, who often spoke about lifelong learning. The Augar report is clear that a 30-hour credit represents a “a significant amount of teaching and learning, and is an appropriate minimum for upskilling or reskilling.”

Mr Perkins: Will the Minister clarify for the Committee and for others listening to our proceedings how much loan a student who took on 30 credits would need?

Robert Halfon: Under the current loan system, the loan would be divided up in proportion to the 30 credits that the student was taking. It would depend on whether the credit is charged at £77 or £60, which would depend

[Robert Halfon]

on whether the provider had a teaching excellence framework or an access and participation plan. If the credit was charged at £77, it would be £77 times the 30 credits. It would then be up to the student to decide whether they wanted to do the course.

To return to amendment 2, to cap all default values at 10 credits would make them unfit for purpose, as a full-time year is 120 credits. With that in mind, the Government cannot support the amendment.

Matt Western: I hear what the Minister says but am disappointed. I would have liked him to say that, within a year or two of the scheme being in operation, this idea might be up for review. We do buy into lifelong learning, and the Minister is right in what he says about Gordon Marsden, a former colleague, and the work done by the Augar review. However, although the intent is right, we need to consider the delivery and maximising the opportunity, which is why we think there is a real opportunity for the Government, at a certain point, to review the merit in lowering the default so that the minimum is not 30 bundled credits.

There is a huge need to address this country's training and skills gap, and particularly to be more supportive of small businesses such as those represented by the Federation of Small Businesses, to help them with the training of their staff. We will not push the amendment to a vote, but I ask the Minister to reflect further. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Matt Western: I beg to move amendment 11, in clause 1, page 3, line 18, at end insert—

“(6) In determining the maximum number of credits for a course year, the Secretary of State must—

- (a) have regard to the impact on the variety of courses on offer from providers,
- (b) prepare and publish an equality impact assessment, and
- (c) have regard to the impact on student numbers.”

This amendment would ensure that in setting the maximum cap of credits per course year, the Secretary of State takes a variety of steps to ensure there are no unintended consequences of setting the cap at a certain level.

The amendment relates to maximum credit cap considerations and aims to ensure that the Secretary of State has regard to the wide variety of courses on offer, the impact on student numbers and the need to publish an equality impact assessment when determining the maximum number of credits for a course year. I will take each of those in turn.

The paragraph on the impact on the variety of courses on offer will ensure that when the Secretary of State decides on the maximum number of credits for a course year, they do so in a way that does not unintentionally choke off the provision of certain courses that do not fit the traditional 120-credit structure. I am thinking mainly of accelerated degrees, which often equate to 180 credits and require the learner to spend more notional learning time to complete their degree in just two years instead of three.

As I have said, the uptake of accelerated degrees has perhaps not been as high as desired or met the Government's ambition. That is not to say that the offer of accelerated degrees does not have potential, but it has certainly not

been as successful as we or the Government would have hoped. For such degrees, a fee capped at a maximum of 120 credits a year would make it financially unsustainable for providers to continue to run courses and they would no longer be offered.

Not a huge number of people have taken up accelerated degrees. Perhaps the Minister has better data than I do, but I think that, nationally, we are in the five digits—maybe the 10,000s or 12,000s. It is not a great number, but it is a good and important offer that perhaps requires further development. It works for a particular population of students who, depending on their personal circumstances, or perhaps their employer, see the advantage of getting through a degree in a shorter period.

If the Secretary of State was required to have regard to the need to protect provision, it would prevent any unintended consequences from arising from ministerial decision making. That is another good reason why we think consultation is so important; I refer back to my previous amendments, which related to involving stakeholders across the piece in the process.

On the point about publishing an equality and impact assessment, if the setting of the maximum number of credits for a course year were to have an impact on the provision and availability of courses, that in turn would inevitably have an impact on student choice. That is a concern, and we absolutely want to ensure that it does not happen.

Students are not as homogenous a group as they are sometimes portrayed; people arrive into education at all stages of life, with different demands and different needs. We need to ensure that there are no barriers to their pursuing higher education as they need and wish to, whether that is for their careers or because their life circumstances have changed.

12.45 pm

Andy McDonald: My hon. Friend is making an important point about the lifetime nature of study. There is some confusion: I do not know whether he can assist me on this, but apparently the loans will be made available up to the age of 60. That is revealed in the consultation. On the same page, however, it also states that a reduced rate maintenance loan will continue to be available for those over 60. Does that mean that over-60s can continue to receive the funding, or is it only for those who started before the age of 60? I am somewhat confused. Can my hon. Friend clarify? Perhaps the Minister will when he sums up.

Matt Western: My hon. Friend makes an important and pressing point, which is perhaps more pressing to certain of us than others—

Andy McDonald: Well, I might have a future career ahead of me!

Matt Western: In all seriousness, the issue was discussed at the evidence sessions on Tuesday and there seems to be an anomaly. I am sure that the Minister will want to address that.

Listening to the witnesses the other day, I think there was some concession. If we have rising pension thresholds and we want to re-involve a sector of our population

that has withdrawn from employment and the economy—we heard in the last few days about the Government’s intention regarding returnerships—people need to be able to access this provision; I am also thinking of the WASPI women. People suddenly find that they do not have the incomes they need to sustain themselves. The sorts of work they previously were involved in might no longer be open to them, and they might need to retrain. Age 60 is an arbitrary guillotine, and it is not necessarily appropriate. I very much hope that the Minister will clarify the issue for my hon. Friend the Member for Middlesbrough and the rest of us. Perhaps he might reflect on the economic needs, as well as the social needs, that such a change would meet.

It is important that Ministers should be confident that there will be no disproportionate effect on certain groups of students, some of whom we have mentioned, including those from disadvantaged backgrounds. I am thinking in particular of those mentioned in the evidence sessions—those with particular responsibilities, financial challenges, social and domestic challenges, caring responsibilities and so on. In the evidence sessions, I was pleased to hear from Professor Sue Rigby from Bath Spa University, who endorses the plan to ensure a risk analysis of the unintended consequences for students.

Finally, I believe there is a need to have regard for the impact on student numbers. I was intrigued to hear the suggestion from Sir Philip Augar, whom I respect greatly. He suggested that, with a declining population rate, “forward-thinking institutions” may see this route as a viable one to attract more students. A pessimist might say that, given a declining post-18 population rate post 2030, some institutions may see this route as a way to boost their declining student numbers. Although it might seem like a problem for the future, that future does not seem that far away—particularly in terms of electoral cycles. It might not be a problem that we envisage in the immediate short term, but modular study surely should not be seen simply as an avenue through which providers can boost student numbers, being purely driven by their own financial interests.

Sir David Bell of the University of Sunderland raised the prospect of the learner being overwhelmed by choice and he has a very real point. The choice on offer should always be a choice in the learner’s interest, and the Secretary of State would be wise to have due regard for how student numbers might be impacted in setting the maximum number of credits.

Amendment 11 seeks to avoid the unintended consequences of the 120 limit, which is a particular issue for accelerated learning courses, which give an offer to a particular population for whom getting through a qualification in a shorter period of time is really vital, or perhaps vital for the organisation that employs them. That is why we think amendment 11 should be accepted.

Robert Halfon: I thank the hon. Gentleman for his amendment. On his question about the maintenance loan, I confirm that the LLE tuition loans will be available up to the age of 60. We believe that is fair to students and fair to the taxpayer. Currently, just over 3,000 people—from memory, it might be 3,500 people—aged 60 take up student loans. However, learners near retirement or in retirement are likely to repay a very small proportion of their loan and their maintenance support will be subject to taper from the age of 60. I

think that is what the statement refers to, but of course I am happy to write to the hon. Gentleman with clarification if he would like.

I can confirm that the setting of the maximum credits per course year will be based on robust analysis of any impact on learners and providers. More importantly, I can confirm that there is absolutely an opportunity for the sector to provide feedback on the proposed maximum values before regulations are laid. I can also give the assurance that regulations on maximum credits will have to follow the affirmative resolution procedure, so that Parliament will always get the chance to debate and approve formally any maximum credit values before the law is made or changed.

The regulations will cap the number of credits that providers can charge for within a given course year and for the course overall. That is to prevent providers from adding unnecessary credits to courses in order to raise tuition fees. The cap ensures value for money for the student and the taxpayer. The fee limits will remain aligned with the current rates, based on standard practice. A certificate of higher education will be capped at 120 credits; a diploma of higher education will be capped at 240 credits.

Regarding the hon. Gentleman’s point about the accelerated degrees, we intend all courses offered under LLE to be used under the credit-based method. That includes accelerated courses. The limit on credits will be set at 180 a year. Providers can offer more credits than the maximum, but cannot charge for them. That is in line with the current system, where providers offering the usual number of credits have the same annual fee limit as those offering more for the same type of qualification.

The Government are already factoring in the impact of these reforms on students and providers. That is why we resist the amendment.

Matt Western: I appreciate what the Minister says. It is encouraging to hear that those learners and the accelerated courses will be protected. However, we would like this amendment to be incorporated into the Bill, so we will put it to a vote.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 8.

Division No. 4]

AYES

Furniss, Gill	Perkins, Mr Toby
Glendon, Mary	
McDonald, Andy	Western, Matt

NOES

Clarke-Smith, Brendan	Hughes, Eddie
Evennett, rh Sir David	Moore, Robbie
Fletcher, Katherine	Morrissey, Joy
Halfon, rh Robert	Randall, Tom

Question accordingly negated.

Ordered, That further consideration be now adjourned.—(Joy Morrissey.)

12.56 pm

Adjourned till this day at Two o’clock.

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

LIFELONG LEARNING (HIGHER EDUCATION FEE LIMITS) BILL

Fourth Sitting

Thursday 23 March 2023

(Afternoon)

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CLAUSES 1 TO 3 agreed to.
Bill to be reported, without amendment.
Written evidence reported to the House.

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Monday 27 March 2023

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The Committee consisted of the following Members:

Chairs: †JUDITH CUMMINS, SIR ROBERT SYMS

† Clarke-Smith, Brendan (*Bassetlaw*) (Con)
 † Evennett, Sir David (*Bexleyheath and Crayford*)
 (Con)
 † Fletcher, Katherine (*South Ribble*) (Con)
 † Furniss, Gill (*Sheffield, Brightside and Hillsborough*)
 (Lab)
 † Glindon, Mary (*North Tyneside*) (Lab)
 † Halfon, Robert (*Minister for Skills, Apprenticeships
 and Higher Education*)
 Hughes, Eddie (*Walsall North*) (Con)
 † Hunt, Tom (*Ipswich*) (Con)
 Jarvis, Dan (*Barnsley Central*) (Lab)
 † McDonald, Andy (*Middlesbrough*) (Lab)

† Moore, Robbie (*Keighley*) (Con)
 † Morrissey, Joy (*Beaconsfield*) (Con)
 † Perkins, Mr Toby (*Chesterfield*) (Lab)
 † Randall, Tom (*Gedling*) (Con)
 Russell-Moyle, Lloyd (*Brighton, Kemptown*) (Lab/Co-
 op)
 Simmonds, David (*Ruislip, Northwood and Pinner*)
 (Con)
 † Western, Matt (*Warwick and Leamington*) (Lab)
 Sarah Thatcher, Bethan Harding, *Committee Clerks*
 † **attended the Committee**

Public Bill Committee

Thursday 23 March 2023

(Afternoon)

[JUDITH CUMMINS *in the Chair*]

Lifelong Learning (Higher Education Fee Limits) Bill

2 pm

Amendment proposed: 9, in clause 1, page 4, line 33, after “course” insert

“as specified in a standardised transcript.”—(*Matt Western.*)

This amendment would ensure that there is consistency amongst the academic record of students wishing to transfer between providers through a standardised transcript.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 7.

Division No. 5]

AYES

Furniss, Gill	Perkins, Mr Toby
Glendon, Mary	
McDonald, Andy	Western, Matt

NOES

Clarke-Smith, Brendan	Moore, Robbie
Evennett, rh Sir David	Morrissey, Joy
Fletcher, Katherine	Randall, Tom
Halfon, rh Robert	

Question accordingly negated.

Matt Western (Warwick and Leamington) (Lab): I beg to move amendment 7, in clause 1, page 5, line 3, at end insert—

“(4) When making regulations under paragraph 1B, 1C or 1F, the Secretary of State must have regard to the additional costs associated with the delivery of the course.”

This amendment would ensure that when exercising the powers granted in this Bill, the Secretary of State has regard to the additional costs associated with the delivery of modular study.

The Chair: With this it will be convenient to discuss amendment 8, in clause 1, page 5, line 3, at end insert—

“(4) When making regulations under paragraph 1B, 1C or 1F, the Secretary of State must have regard to the financial sustainability of providers.”

This amendment would ensure that when exercising the powers granted in this Bill, the Secretary of State has regard to the financial sustainability of providers.

Matt Western: It is a pleasure to serve under your chairship this afternoon, Mrs Cummins, and to welcome everyone back for this second sitting of the day. We had a constructive discussion on our various amendments under clause 1 this morning. We continue now with amendments 7 and 8, which have rightly been grouped together as they address a pretty thorny issue: financial

sustainability. The amendments set out that in exercising their powers under clause 1, the Secretary of State should first have due regard to the additional costs associated with delivery and secondly look at financial sustainability in the round.

On the additional costs associated with the delivery of modular learning, we heard collectively a plethora of evidence from our witnesses during Tuesday’s sitting about how the impact of lifelong learning might affect providers. Indeed, when it comes to higher education providers, Professor Press from Manchester Metropolitan University made it clear that there were difficulties for institutions in the “mechanics” of the delivery of lifelong learning, partly due to the additional cost of delivery when moving from a full year or full three years of a course to a module. Quite understandably, that will introduce an additional cost burden, whether that be costs of onboarding or administrative processing. Worryingly, given the take-up for lifelong learning is so uncertain—the pilot programme did not attract high numbers at all—Professor Press found it difficult to predict what precisely the costs would be. That is concerning.

It is important that we have seen that uncertainty, seen what it might mean and seen the additional costs. There has been very low take-up of the apprenticeship levy, T-levels and accelerated learning. Accelerated learning and the apprenticeship levy certainly have real merits, but they can bring an additional cost burden, and a restructuring or reshaping of courses for institutions. That means more financial pressure on institutions when things are already difficult—as I am sure, Mrs Cummins, you will be aware, given that you have a university on your doorstep.

The effect may be far worse for colleges, as acknowledged by Liz Bromley of Newcastle and Stafford Colleges Group and David Hughes of the Association of Colleges. Colleges clearly have already been facing a dire financial settlement over the past 13 years—a point that I am sure my hon. Friend the Member for Chesterfield will want to build on and explore thoroughly in his comments, given his expertise in and knowledge of the sector. Certainly, almost all the witnesses representing the further education sector whom we heard from on Tuesday called for an injection of cash—presumably, to combat a gradual decline in the real-terms funding settlement for further education colleges. Lecturer pay, workload, staff retention, the administrative burden and regulatory costs were all cited as reasons why modular provision in the form of lifelong learning may hit roadblocks in the years ahead. The recent decision to take the further education sector into the public sector, denying colleges the ability to borrow and limiting their access to risk capital, will also dampen the supply of new course provision.

In the impact assessment as published, there is an estimated cost of £211,000 for all providers to familiarise themselves with lifelong learning, although it is worth pointing out that the Russell Group thinks that that is a large underestimation. Perhaps the Minister can explain how the figure of £211,000 was arrived at. When we look at how many institutions we have, whether they be further education colleges or higher education institutions, that figure probably works out at about 300 quid each. I am sure the Minister can explain how the figure was arrived at and, indeed, what the approximate cost will be for those institutions, but even that rough calculation

suggests that the cost is massively understated by the Government in their impact assessment. That is concerning, because we all want to start this scheme on solid ground and ensure that it is being approached correctly and has the best chance of delivery and success. That example suggests that it has not been accurately thought out, but I will wait to hear what the Minister has to say.

Not only does the financial capacity of the sector affect the provision of courses; it also risks the financial sustainability of the whole sector. On Tuesday we heard from Dr Norton of Coventry University, who helpfully demonstrated that higher education providers work on a five-year forecasting model, which is made harder if students are opting for modular study over a several-years-long course. At a time when over one in three higher education providers are reporting a deficit, the real-terms value of tuition fees has crumbled to below £6,750—my understanding is that it is probably more like £6,400—and the Government's own policy impact assessment for the Bill admits that the lifelong learning entitlement

“could result in providers having less financial certainty”,

the concern is that this mammoth reform may well be the straw that breaks the camel's back. There is a real concern that it could bring down institutions in the sector. As of today, I am not entirely sure of the level of Government concern at that prospect. I hope the Minister will reassure us with his perspective of financial sustainability versus precarity of institutions in the sector—higher education and further education colleges alike.

This skeletal Bill introduces sweeping reforms to the way in which the student finance model works, and I would hope that the Minister would be totally assured that the reforms will pose as little risk as possible to institutional financial sustainability. That is why I was so concerned to read what I did in the impact assessment. What stress tests have the Department conducted ahead of implementation to ensure the sector can cope with the changes introduced in the Bill? What additional financial support, if any, does the Minister intend to provide to higher education providers and colleges seeking to implement modular study, given the limited financial capacity of the sector?

The amendments are important in establishing what risk there is to the wider tertiary education sector, and in ensuring sustainability. It cannot be logical that the costs per student unit will remain the same for modular learning provision. There will be a significant increase in the cost burden to institutions through the delivery of courses, but also in the administration and onboarding of students, and in managing departing students, and all the data needs around those changes. As we heard in our witness sessions, we have not even got to the wraparound support that students may require.

Mr Toby Perkins (Chesterfield) (Lab): Has my hon. Friend reflected particularly on the evidence from Professor Rigby in the evidence session? She went into quite some detail about the administrative costs and the regulatory burdens of the modular approach, and the costs that that approach is likely to add to providers. Does my hon. Friend share my concern that the result of those administrative burdens might be that, without the additional funds he is asking for, colleges will find these courses unsustainable to run, and we will not get the amount of provision that we all want to see?

Matt Western: My hon. Friend is right to cite the evidence of Professor Rigby, and we heard from others on this point. There is a very real risk here, and none of us should underestimate that. We support the Government and the purpose of a lifelong learning entitlement—there is a need for it, in society, and also economically—so it is important that provisions are brought in, but they should succeed, and the delivery is really important in that regard.

To pick up on the point made by my hon. Friend the Member for Chesterfield, an interesting parallel is degree apprenticeships. We see real interest in them, but there are significant costs associated with their provision, including the regulatory burden, of which my hon. Friend will be more than aware. Involving employers in designing those courses and so on is intensive for an educational institution. The implementation—getting the course up and running—is a significant process.

2.15 pm

Warwickshire College Group in my constituency, and other establishments that I have been speaking to up and down the country, would like to be able to do better and more on degree apprenticeships, but are being held back by the admin and financial burden; and it is that which will lead to much of the success or failure of these measures. It seems that there is currently no support, and that too much of the burden is falling on the institutions or the individuals. That will be the unravelling of what could be an important piece of legislation and policy to address the gap in our educational provision.

Gill Furniss (Sheffield, Brightside and Hillsborough) (Lab): The salaries of further education providers and lecturers is far less than school teachers and university providers. I asked one of the witnesses in the evidence session whether the lack of the injection of cash mentioned by a previous witness would make these measures unsustainable. There is a problem with recruitment and retention, and many people can get better money out there actually doing vocational jobs, but we need these people to teach others vocational skills such as construction and hospitality. We already know that there is a skills shortage. Why are we not looking to address those particular issues, so that we can get our economy up and running? We support this legislation, but we have to hope that the finances are appropriated in the right places.

Matt Western: My hon. Friend is totally right that one of the huge issues in the sector is the paucity of remuneration to further education college lecturers and staff. While going around the country, I have heard lots of anecdotal evidence about how difficult it is to recruit good staff. We clearly want the best, most inspiring people to deliver and impart information through their teaching. Whether it be in pure vocational education or in academic subjects, we want the best people, with expertise and talent, who can really inspire others to get into that subject and to succeed.

I hear, from talking to establishments around the country, that there is a huge remuneration or salary disadvantage—a difference between what people can earn vocationally in roles versus what they earn as lecturers in colleges. What I am hearing indicates that

[*Matt Western*]

there is a 40% difference in pay between delivering a vocational role and teaching. That is really to the detriment of the next generation, and it is why we do not have the number of people coming into teaching as we should have across the board. I totally agree with my hon. Friend's points, which highlight another immense challenge for the sector in the financial burden; the remuneration would ideally be greater.

Amendments 7 and 8 identify a real pressure point for the sector, in terms of the burden from this Bill. As I evidenced through the degree apprenticeships, institutions have to bear additional costs to deliver good-quality courses, but the yield—the cost cover—is not there. It is actually to the cost of the institution to provide them; it is the right thing to do, but it is coming at great cost to them to do that. With that, I will end my remarks.

Mr Perkins: It is a great pleasure to serve under your chairship, Mrs Cummins. I rise to speak to my hon. Friend's amendments. I think that he has already made the case well, but there are a few points that I would like to add, particularly regarding the financial sustainability of further education colleges and independent learning providers.

The amendments absolutely speak to the heart of our reservations about the approach being taken. They are quite modest in their scope, but given the evidence that we heard in the evidence sessions, which was touched on in earlier discussions on other amendments, they do, as I say, cut to the heart of our concerns. Amendment 7 asks the Secretary of State to have regard for additional costs associated with the delivery of the course, and amendment 8 asks the Secretary of State to have regard to the financial sustainability of providers.

I will speak to amendment 7 first. In the evidence session, David Hughes explained that colleges,

“do not have any of what the private sector might call risk capital”.—[*Official Report, Lifelong Learning (Higher Education Fee Limits) Public Bill Committee*, 21 March 2023; c. 50, Q105.]

Given that FE college funding has fallen by 27% in real terms between 2010 and 2019, according to the House of Commons Library, and given the increasing financial pressures—with the booming energy prices and wage inflation all affecting colleges too—the financial picture for many of our colleges, crucial as they are, is very difficult indeed.

For that reason, David Hughes told us that the risk appetite of colleges for putting on courses that they do not know that anyone will study is likely to be pretty limited and restrained. As my hon. Friend the Member for Warwick and Leamington said, with colleges now being inside the public sector and therefore unable to seek private-sector borrowing, and being forced to run balanced budgets, colleges will just not be able to run courses that they cannot be pretty certain will have learners taking them.

Andy McDonald (Middlesbrough) (Lab): My hon. Friend is making an excellent point about the difficult landscape that FE colleges find themselves in, but is he as surprised as I was to hear that Eton College was proposing to enter into the fray across the country—my own constituency included, notwithstanding that there

was an oversupply in the sector already—thereby adding to the difficulties and undermining existing colleges? Is that not exactly the wrong way to go when the landscape is already so difficult?

Mr Perkins: My hon. Friend makes an interesting point. I am not specifically aware of the intended provision that he raised but, absolutely, the strength of his oratory on the issues facing further education colleges is absolutely right, and I would be very interested to learn more about what it is that Eton College believes it can offer that is not currently being provided.

Returning to the point I was making, there is a real need for somebody to step in and provide the certainty of funding that might allow more courses to be put on. Realistically, this legislation will not even come into force until 2025, so it will fall on the next Government to make this work, not the current Government, with all their best intentions. It will fall on the next Government to ensure that our constituents and learners across the country can actually take advantage of what is being offered.

Over the course of the 13 years I have been a Member of Parliament, I have become used to quizzing Ministers on pieces of legislation: “How is it going to work? What are you going to do?” This is one of those situations where the Minister is laying out what he anticipates might happen with the legislation, but all these questions will probably be for his successor. He may still be the Minister—no one knows the outcome of a future election.

However, as His Majesty's Opposition, as a responsible Opposition, we have to think carefully about the fact that we might inherit this legislation and inherit responsibility for ensuring that these courses are available, that colleges and independent learning providers are sustainable, and that this provision is available to our constituents. It is therefore important for the Minister to confirm at this stage, given the recent Budget, whether any provision has put in place to recognise the additional costs for FE colleges or independent learning providers in delivering a more modular form of learning.

As we heard in evidence—I will expand on that in a moment—additional administrative and cost burdens will be placed on colleges. Will money be put aside to ensure that they are able to run these courses sustainably? If it is not the Department for Education or the Minister that will be ensuring additional funds, will it fall on local mayors to provide financial reassurance? Might the need for this kind of provision appear in local skills improvement plan? There would then be an expectation that a Metro Mayor would provide additional financial reassurance.

If not, I fear that this scheme will end up being something that largely happens in the private sector, where there is maybe a bit more risk appetite, and only with employers who can provide certainty about the economies of scale by placing several learners on courses. If a particular employer says, “Well, I want seven of my staff to do a specific course,” then someone might run one on that basis. But we are looking for colleges or independent providers to pre-emptively offer a course and see who signs up for it, so all these financial implications will only add to the potential nervousness around that. We heard several witnesses say that this measure has the potential to be a game changer for

colleges, but only if they can afford to take the risk. This amendment, proposed by my hon. Friend the Member for Warwick and Leamington, offers some potential for the Government to illustrate that that risk has been seriously considered.

It will be useful for the Committee if I specify some of the additional costs that learning providers will face. We know that one of the Bill's objectives is that someone who studies in this kind of modular way should not pay any more than they would have done had they studied in what you might call the usual way on a short-term, full-time course. Providers are saying that delivering in this new way will be more expensive, so there is a gap. Someone has to fill that gap, and it will either be some form of Government or the provider themselves. If it is going to be the providers, they will have to think carefully about whether that will be affordable.

If we think, for example, about the recruitment costs for any college that takes on lecturers—advertising a position, going through the interviews, all the administrative costs with collating CVs and going through and meeting to discuss those CVs—and all those things that might normally happen in advance of a three-year university degree, with all the revenues that will come in from that, all those costs still apply. However, it might be that those costs apply to someone who will actually be working for a short length of time and with far less revenue coming into the learning provider, and the barriers to recruitment will arguably grow.

2.30 pm

We have already heard from my hon. Friends the Members for Sheffield, Brightside and Hillsborough and for Warwick and Leamington about the difficulty in recruiting college lecturers because in sectors such as construction, IT and accountancy, they can earn 40%, 50% or 60% more doing the job than they can teaching other people to learn the job. If we think about attracting someone into that sector to give them a few hours of work—maybe eight weeks of work over the course of a year—that will further shrink the pool of people who might be available to do that.

The costs of recruiting are the same and the barriers to recruiting are arguably greater, yet the amount that the college or independent learning provider will receive will be considerably less. In his evidence session, David Hughes said these recruitment difficulties

“might get worse in the short term”—[*Official Report, Lifelong Learning (Higher Education Fee Limits) Public Bill Committee*, 21 March 2023; c. 51, Q107.]

rather than better. My hon. Friend the Member for Sheffield, Brightside and Hillsborough is absolutely right to say that there is now a huge discrepancy between the amount that people earn in FE in comparison with our school sector. That did not use to be the case, and if we look back 15, 20 years or so, further education lecturers were paid commensurately with people in our schools. The much greater cuts to the FE sector have led to wages falling behind and a huge talent drift either to schools or out of teaching all together and into industry. It is incredibly important to recognise that point.

It is also important to recognise the administrative and regulatory burdens. I will turn to Professor Rigby's evidence, where she was at pains to say:

“In terms of the regulatory burden, it is significant. I would estimate that the cost of regulation to my university”—

Bath Spa University—

“over the last year has been in excess of half a million pounds.”—[*Official Report, Lifelong Learning (Higher Education Fee Limits) Public Bill Committee*, 21 March 2023; c. 56, Q121.]

She went on to say:

“Once we break that down into subject areas—I run around 80 different subject areas—we amplify that level of bureaucratic oversight potentially by 80. Breaking that down into modules means that every one of my degrees, which at the moment are a unitary entity, is broken down into 12 pieces, any one of which could be the focus of oversight by the Office for Students. You are amplifying my administrative or overhead burden of regulation by 80 times 12, which is significant, given that it is not cheap.”—[*Official Report, Lifelong Learning (Higher Education Fee Limits) Public Bill Committee*, 21 March 2023; c. 57, Q121.]

It is beholden on all of us on the Committee to think about what we expect colleges and universities to sustain. That is not to say that we do not continue to support the intentions of the Bill; we just want the Committee to be candid with itself and honest with the sector about the challenges it will face, which will potentially prevent some of those institutions from running courses of this kind.

The evidence from David Hughes on further education salaries, in response to my hon. Friend the Member for Sheffield, Brightside and Hillsborough, in column 51 of the evidence session, said that he had spoken to the Minister, and there is real concern about the impact of the potential increase in school pay on further education sustainability—again, it is moving further away from what is being enjoyed by FE lecturers. He also said, in response to my hon. Friend the Member for Brighton, Kemptown:

“If you think about the extra learner needs and the high number of young people and adults in FE colleges with additional learning needs and disabilities, it is enormous—much higher than in any other sector. That learning support needs to be fully invested in.”—[*Official Report, Lifelong Learning (Higher Education Fee Limits) Public Bill Committee*, 21 March 2023; c. 52, Q109.]

The success that FE colleges have had in supporting students with special educational needs or disabilities is why they face additional running costs and why cuts to the FE sector have been so self-defeating over the last 13 years.

Turning to amendment 8, I have already described some of the additional costs that institutions could face. This Bill will create opportunities that the Minister and we all hope will lead to FE colleges and ILPs putting on modular bitesize courses that either do not exist in the same way today or will be much enhanced. My hon. Friend's amendment would demand that the Secretary of State gives regard to the financial sustainability of those institutions in the funding support that colleges and ILPs receive.

We have already spoken about our concerns that that could lead to a shift in the responsibility for funding for work-based learning from employers to employees. When an employer books several places on a course, it is easy to see how that could happen. When colleges have to pre-emptively run courses in the hope that they attract people in their local areas, if Government or Metro Mayors do not have regard to the sustainability of those institutions, they may just find that those colleges will not run the courses, and that learners in those areas that be disadvantaged.

Given the financial outlook for many colleges, exacerbated by the Government's decision on capital funding as they move into the public sector, it would be

a good thing for the Secretary of State to have regard for the financial sustainability of FE colleges in any case. Indeed, if she had that regard in the first place, we would not have seen a 27% real-terms fall in funding between 2010 and 2019. It is important that we hear from the Minister what steps the Government have taken, what budgets they have set aside, and how the sector can be assured that the opportunities that we are all promoting to learners will actually be available because FE colleges and ILPs are financially sustainable.

The Minister for Skills, Apprenticeships and Higher Education (Robert Halfon): It is an honour to serve under you, Mrs Cummins. I am supportive of the sentiment behind these amendments and recognise the importance of considering the impacts on providers. The Government have been fully mindful of the financial sustainability of providers during the development of the LLE, particularly of FE colleges. The Government are also mindful of the additional costs that providers may incur when offering shorter modular provision at large scale.

We engaged with a wide range of stakeholders to gather input, to inform policy development and to build awareness of the LLE. We are grateful to the stakeholders that have engaged with the Department on the LLE and, of course, we will continue to work closely with the sector on its design and delivery. It is important to note that the LLE and its ambitions have been strongly welcomed by the sector for the most part. Stakeholders responded positively to the flexibility and the keenness of a simpler finance system.

The Committee will be aware that the Government published an impact assessment for the Bill, which included a consideration of impact on the providers. The hon. Member for Warwick and Leamington and the hon. Member for Chesterfield both asked how the cost was constructed. The basis of the calculation is set out on pages 36 and 37 of the impact assessment. That sets out the estimates of the potential implementation costs to providers, which is separate to the wider assessment of the benefits of the LLE.

The hon. Member for Warwick and Leamington also mentioned FE reclassification. He will know that the decision was taken by the Office for National Statistics, but we are supporting colleges with a package that includes an additional allocation of £150 million over the 2023-24 period, and we have invested £300 million in the reprofiling of payments before the end of the financial year, to eliminate the current deficit.

Mr Perkins: How does that capital allocation compare with the number of colleges that had, were in the process of negotiating, or have received offers for, private sector loans in advance of becoming public sector institutions? Will the amount of money allocated enable all those arrangements to go forward? Or is it likely that some will no longer go forward?

Robert Halfon: As well as the figures I mentioned, the DFE is working closely with colleges to try to deal with the difficulties that have come about because of the reclassification of FE colleges. I hope to be able to set out more on that in the weeks ahead.

Mr Perkins: Will the Minister give way again?

Robert Halfon: If the hon. Gentleman does not mind, I want to press on because I have a fair whack to get through.

On the cost to providers, the Government will publish a full and detailed impact assessment, including the qualification of expected costs and the benefits of LLE in its entirety, when we lay the necessary secondary legislation to fully implement the LLE. It is important to note that the Bill is simply three technical clauses to create the architecture to enable the LLE.

On funding, I will always champion more resources for FE and skills. There have been some steps forward: we are spending an extra £3.8 billion on skills over this Parliament; increasing 16-to-19 funding by £1.6 billion; spending £2.7 billion, I think, on apprenticeships by 2025; and spending up to £500 million on T-levels. I could go on—for example, we are spending nearly £300 million on the institute of technology colleges.

The hon. Member for Sheffield, Brightside and Hillsborough raised the issue of FE recruitment, which does concern me. I accept absolutely accept that there is an issue; I do not deny that for one minute. We have an FE teacher training bursary programme to encourage recruitment in key areas of FE that is worth up to £26,000 and will over the coming year, 2023-24. We are investing in a further education workforce package to support the sector with the recruitment, retention and development of teachers, including through a national recruitment campaign.

The hon. Lady will know about our Taking Teaching Further campaign, which supports people business and industry to move into FE part time. I am concerned about recruitment and, although I cannot give any funding commitments other than those I have mentioned, it is very close to my heart, as it is to hers. We are going to make further increases in FE rates over the academic year 2023-24, which will mean that in the relevant financial year we will invest into 16-to-19 education a further £125 million of the £1.6 billion from the spending review. We are also increasing the national funding rate by 2.2%, from £4,500 to £4,642 per student.

The hon. Member for Warwick and Leamington knows that I champion degree apprenticeships. We have spent £8 million to facilitate an increase in the number of degree apprenticeships, of which we have had 140,000 over the past few years. It is a completely new concept that we introduced. I am looking at the burden of regulation and other issues, but I am keen to champion degree apprenticeships—I have always described them as my two favourite words in the English language.

The hon. Gentleman will know that we have devolved 60% of the adult education budget. The mayoral combined authorities will be important players in the skills systems, which is why the skills for jobs White Paper makes it clear that they will be engaged in the development of the local skills improvement plans. MCAs will continue to play an important role in the development of provision that responds to a local skills gap, and they obviously have a significant say when it comes to the devolved 60% of the adult education budget. It is important to note what the impact assessment shows: that providers may see increased tuition fee revenue if the LLE encourages more people to engage with lifelong education.

2.45 pm

Mr Perkins: Is the Minister saying that he is cognisant of the concerns, but that no additional money has been allocated in the recent Budget for the additional costs that providers have told us will be attached to this style of learning?

Robert Halfon: These things will be decided in future spending statements, and I have highlighted the extra money going into further education over the Parliament and over the coming Budget period.

The pilot scheme was mentioned briefly. I strongly recommend an article about the pilot scheme—the hon. Member for Warwick and Leamington has probably read it—by a witness to our Committee, the vice-chancellor of Nottingham Trent University, who says that the whole purpose of the scheme was to show the system working. It was not about quantity, even though there are 100 available courses. He writes that

“the effective administration of those received shows that SLC systems and processes are ready to support modular study.”

In the rest of the article, which I will not detain the Committee by quoting at length, he mentions all the other courses and pilots on modular learning that there have been, stating:

“The In-Work Skills pilot was also a pathway policy for the LLE. Delivered by Institutes of Technology (IoTs)...10 IoTs delivered the In-Work Skills pilot, which was a 1-year pilot that delivered high quality, higher technical short courses...The IoTs delivered a total of 59 short courses to 3,060 learners”.

He also cites other figures to show the extent of the move towards flexible and modular learning.

Importantly, as the hon. Member for Warwick and Leamington will know, the strategic priorities grant provides Government funding on an annual basis to support higher education providers’ ongoing teaching, and of course funding levels will be considered in the round at the next spending review, with the LLE in mind. Therefore, as the Government have been mindful of these concerns throughout the development of the LLE, and are confident that providers will be able to consider their own financial sustainability and costs when deciding which courses and modules to offer, we will not support the amendment.

Matt Western: We have had a pretty healthy debate on the amendments. I particularly appreciated the contribution of my hon. Friend the Member for Chesterfield, who has expertise specifically across the further education sector, but also in the delivery of apprenticeships.

I hear what the Minister says about the Government being mindful of the costs and so on, but when I look at the provision of further education and the costs at FE colleges, I wonder whether the Government are really being mindful of the cost pressures for them, and I wonder whether they are being mindful of the cost pressures that face the higher education sector, in which 32% of providers are currently in deficit, or of the cost of delivering degree apprenticeships.

Mr Perkins: This is a crucial point. We have already heard about the 27% cuts to the further education sector between 2010 and 2019. The Minister was at pains to say, “Well, there are some pots of money that

we are looking at,” but he has also made it absolutely clear that, as things stand, this is being handed over to the next Government with an additional price tag on it and no money allocated. That is what we have heard in today’s debate.

Matt Western: Indeed, which is why the amendments are important. We want to start this policy on solid foundations, because we buy into and support it, but currently it just does not have the financial structure to make it deliverable, because these institutions are already facing massive costs. As my hon. Friend said, there are pots of money, but they are small pots of money when the sectors—particularly the further education sector—are already at a significant disadvantage.

I admire the Minister’s ambition in wanting to increase the retention of staff across the further education sector, but we are also seeing in schools a massive haemorrhaging of the staff—expert teachers and lecturers and so on—and the technicians who support so many of these courses, because they just are not getting the remuneration that they deserve so are leaving. To retain people, we must give them the right reward, and they currently feel massively undervalued by the way the Government are doing things.

As the Minister said—he mentioned his two favourite words—he believes in the sector and its value. I urge him, in future Budget negotiations, to get the support that education needs, particularly in respect of the sectors we are discussing. Too often, they are described as the Cinderella sector, and it is just not good enough. We absolutely must believe in delivering proper education, whether it be technical or otherwise, across society, and presently that is just not happening.

My hon. Friend the Member for Chesterfield reminded us of the issue of risk capital, as described by David Hughes, and the situation we have with the reclassification of debt. I am sure the sector feels completely financially handcuffed by where it is, because it just does not have the funds to do what it needs to do.

On top of that, my hon. Friend reminded us of the statement from Professor Rigby. When we think of an institution delivering a course once or twice a year—with a September, October or January start date for the delivery of courses—and suddenly increasing that from two to 12, it has six times as many. How does an institution staff that? How does it make that happen, as opposed to having modules and courses delivered by a certain number of staff at those start dates? It must lead to a multiplication of the resource, which comes with a significant financial burden. I just do not believe that the impact assessment underlines the reality of what the sector will face. As my hon. Friend reminded us, the context is the 27% reduction in real-terms funding in the FE sector between 2010 and 2019, which has made it all the more difficult.

Let me go back to the Minister’s point, because I love the words “degree apprenticeships” as well. They are fantastic programmes, but as I understand it the problem is that we are seeing a tailing off, and institutions are already saying they will not expand the programmes because of the associated costs. That gives the lie to the ambition, because if that is already beginning to reduce, what chance does this policy have? We will face the

[*Matt Western*]

same sorts of challenges with lifelong learning, as it is currently set out, that institutions face with the delivery of degree apprenticeships.

The Chair: Does the Member want to press the amendment to a vote?

Matt Western: I do.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 8.

Division No. 6]

AYES

Furniss, Gill	Perkins, Mr Toby
Glendon, Mary	
McDonald, Andy	Western, Matt

NOES

Clarke-Smith, Brendan	Hunt, Tom
Evennett, rh Sir David	Moore, Robbie
Fletcher, Katherine	Morrissey, Joy
Halfon, rh Robert	Randall, Tom

Question accordingly negated.

Amendment proposed: 8, in clause 1, page 5, line 3, at end insert—

“(4) When making regulations under paragraph 1B, 1C or 1F, the Secretary of State must have regard to the financial sustainability of providers.”—(*Matt Western.*)

This amendment would ensure that when exercising the powers granted in this Bill, the Secretary of State has regard to the financial sustainability of providers.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 8.

Division No. 7]

AYES

Furniss, Gill	Perkins, Mr Toby
Glendon, Mary	
McDonald, Andy	Western, Matt

NOES

Clarke-Smith, Brendan	Hunt, Tom
Evennett, rh Sir David	Moore, Robbie
Fletcher, Katherine	Morrissey, Joy
Halfon, rh Robert	Randall, Tom

Question accordingly negated.

Andy McDonald: I beg to move amendment 1, in clause 1, page 5, line 23, at end insert—

“(11A) The fee limit as determined under paragraphs 1D, 1E and 1I is to be indexed to any future increase in tuition fees”.

This amendment is to ensure that should the Secretary of State or Parliament decide on any increase in the value of tuition fees, the fee limit is adjusted accordingly to ‘future-proof’ the value of the lifelong learning entitlement.

It is a delight to see you in the Chair this afternoon, Mrs Cummins. I thank the Minister for his commitment to lifelong learning and for his acknowledgement of the

position regarding FE lecturers and teachers. All of us who value our superb FE sector are aware of the pressures it is under, but I ask him to take up with me outside this discussion the unintended consequences of bringing other providers into a field where they can detract and take people away.

I welcome the commitment to lifelong learning but, as my amendment speaks to the issue of fees and therefore indebtedness, I also feel obliged to place on the record my thanks to Governments past for making the commitment to provide me and my generation with an entirely free education. Given that I started as an undergraduate in the 1970s, I recognise the wisdom of Harold Wilson in establishing the Open University. His good sense, and that of Jim Callaghan, ensured that working-class youngsters could fulfil their potential without the burden of long-term debt.

It is a different world now, and I very much regret the commodification and commercialisation of education in this neoliberal world. I hope that future Governments will abolish tuition fees for those embarking on their higher education journey. I am of the view that some of the changes we have seen since the 1970s have not been to the betterment of those wishing to further their training and education, or to the betterment of our economy and society. But we are where we are, and the Government’s intended commitment to lifelong learning warrants support—albeit, as ever, subject to the rigours of examination in the Bill Committee process.

3 pm

Specifically, my amendment inserts the following provision:

“The fee limit as determined under paragraphs 1D, 1E and 1I is to be indexed to any future increase in tuition fees”.

As part of the lifelong loan entitlement, learners will be entitled to a maximum of £37,000 to use to dip in and out of modular study. That is equivalent to the cost of four years of undergraduate study—£9,250 times four. Given that the system is intended for life, it is important that the real-terms value of the funding on offer does not decline over time. If the value were to decline, it would inevitably affect the uptake for courses on offer in the coming decades.

This issue should be seen in the context of the Conservatives presiding over a continual decline in the unit of resource for student funding at undergraduate level. Mark Corver, director of the higher education consultancy dataHE, has done some thorough work on the real-terms value of the annual tuition fee. The cap for full-time undergraduate fees at universities in England was set at £9,000 in 2012. It has increased just once, in 2017, to £9,250. That is not the entirety of funds for teaching because there is additional Government funding for certain high-cost subjects, but in England and Wales it dominates universities’ resources.

Even the relatively low inflation over the last decade has been sufficient to erode the value of that 2012 money. Real funding went from £9,000 in 2012 to around £7,760 by 2020, with universities having 15% less to spend on teaching each student than they did in 2012. Of course, that was before the recent spike in inflation. By 2022, real funding had fallen to £5,600—a 38% cut from 2012. Two years later, taking us to 2024, the real value will have slumped to £4,400—a 51% cut. By that

point, universities will be needing to teach two students with the resources they had for one in 2012. If universities made it through to 2030 under that scenario, they would find their real funding per student had dropped to around £2,000. That is less than a quarter of the 2012 resource. That is in line with analysis from the Institute for Fiscal Studies that up-front spending on teaching resources per higher education student was 18% lower in 2022-23 than it was in 2012-13.

The amendment would ensure that if the Secretary of State chooses—or rather, as the Minister pointed out, if Parliament votes—to increase tuition fees by any amount from their current level, the amount available to learners in their lifelong loan entitlement, which is a total of £37,000, would rise by the same amount. The aim is to futureproof the lifelong loan entitlement amount to ensure that learners who return to study a significant period of time after undertaking their first module receive no less funding than they did previously.

That idea was supported in some comments during our evidence session. Professor Sue Rigby, the vice-chancellor of Bath Spa University, has been quoted often this afternoon. She told us:

“Throughout the Bill, I have identified a multitude of technical changes that will affect the provision of probably a couple of million existing students in order that, in '27-28, we will start to see the roll-out of the LLE. Intuitively, I wonder why form does not follow function, in that we should design the LLE and then make sure that the funding system will permit it, rather than changing the funding system ahead and precluding some of the design opportunities that would otherwise reside in the LLE.”—[*Official Report, Lifelong Learning (Higher Education Fee Limits) Public Bill Committee*, 21 March 2023; c. 54, Q115.]

Sir Philip Augar, whose work leading the review of post-18 education and funding is widely and extremely well regarded, told us in his evidence:

“I would not really like to say what the fee should be 10 years out, but, clearly, one would expect that inflation would have been reflected in it to some degree.”—[*Official Report, Lifelong Learning (Higher Education Fee Limits) Public Bill Committee*, 21 March 2023; c. 47, Q93.]

In conclusion, I trust that the Government will accept the need to have that clarity on the face of the Bill so that the necessary assurance is plain to see for learners at the outset and so that they are not deterred at the first hurdle by any doubts about their ability to access the entirety of their lifelong learning programme.

Matt Western: I thank my hon. Friend the Member for Middlesbrough for tabling this amendment and arguing for it so well. He is quite right that, given what we have been through over the past decade or so, the effective freeze in tuition fees has led to a significant decline in the value of the unit of resource, and he is right about the need for some form of futureproof guarantee that, should there be a rise in tuition fees, that should be matched by a consequent rise in the value of the lifelong loan entitlement.

Over the last decade, we have seen tuition fees reach £9,250 but they have essentially been frozen for the last five years, having had, as my hon. Friend explained, a marginal reduction back in 2017. We have seen a real-terms decline in their value. Indeed, Universities UK calculated that by the end of the 2024 academic year inflation would reduce the value of the annual tuition fee to £6,600 based on prices in 2012, when the fees cap was trebled to £9,000. That is a reduction of almost £2,500

in the unit of resource to an institution, which is putting huge pressures on those institutions. That was the point we were making in the debate on amendments 7 and 8. Institutions are under real financial pressure as there has been such a massive decline in the value of that unit of resource. London Economics has estimated that over the past decade, the overall income for students per unit of resource would be back at 2006 levels, when fees were £3,000. That gives some context as to just how much the sums involved have been devalued over time.

As I mentioned earlier, that devaluation is having a tangible effect on institutional financial sustainability, with many institutions reporting deficits and having to cross-subsidise their courses, take on more international students or borrow from the private sector. The amendment would seek to tie the lifelong learning loan to any rise in the value of tuition fees, as I have said. The point is that if this really is to be a lifelong loan entitlement, it is important that learners who benefit from a module in, say, two years' time and who wish to return to studying 20 years later, in 2045, have access to the same quantity of learning as they would have done 20 years before. Otherwise, we will see the risk of individuals using their entitlement very early on in their lives paying the price of that and not being able to access further training or tuition later in life because they have used up their entitlements.

Given that there is a real need to make this work and to make the system as attractive as possible, we urge the Government to consider some form of indexation. Sir Philip Augar described this system as having

“the potential to be a game changer”—[*Official Report, Lifelong Learning (Higher Education Fee Limits) Public Bill Committee*, 21 March 2023; c. 45, Q89.]

We have heard that description before. But that potential can be realised only if the system is protected against the real risk of inflation. We saw inflation peak yet again yesterday—to, I think, 10.6%.

Mr Perkins: I want to come in at this moment, because we would all hope that learners who are looking for work and on universal credit might, as part of their efforts to get another job, take on courses and develop their skills. During the progression of the Bill that became the Skills and Post-16 Education Act 2022, we highlighted issues about the entitlement to study for those in receipt of universal credit, and amendments to the skills Bill in both the Commons and the Lords would have enabled some people in receipt of universal credit to study. Those were removed by the Government, but at the time, they offered the reassurance that they were consulting with the Department for Work and Pensions about the issue. I have heard nothing more since, so I hope the Minister might be able to tell us what happened with that consultation. Does my hon. Friend agree that in order for this measure to be as transformational and game changing as we hope, people who are in receipt of universal credit must be able to access a loan to develop their skills in order to get into another job, rather than being told, “No, you can't do that because you're not spending enough time looking for another job”?

Matt Western: My hon. Friend brings up a valid and pertinent point about the reality for so many people. The intent behind this legislation and policy is a good

[*Matt Western*]

one, and it should be there to assist people in that particular predicament, but, as he says, it does not seem that that will necessarily be the case. However, I am sure that the Minister listened to his points and will address them in his response.

This amendment would ensure the long-term sustainability of the lifelong learning model and allow students who “bank” their credits to have the same chances later on in life to add to that bank. I will understand if the Minister is unable to accept the amendment as drafted, but given that he is planning on introducing long-lasting reforms to be used by people in the course of their lives, I would like to press him on how he envisages the value of the LLE being maintained over the years.

Robert Halfon: I congratulate the hon. Member for Middlesbrough on his amendment and his kind words. I am absolutely with him on the Open University, which many of my constituents in Harlow have had incredible value from. It is one of the great education reforms of the last century, without a shadow of a doubt. As an anoraky child, I watched some of its content on television—now it is all on the internet—late at night, because I was at home a lot, growing up. I therefore have complete sympathy with his remarks.

It is worth mentioning that the lifelong loan entitlement is intended to replace, as we have discussed throughout today, the current student finance system. As a result, from 2025 onwards, the fee limit rate and the per-credit fee rate will be exactly the same thing. It may help if I provide further detail about paragraphs 1D, 1E and 1I, which set out the fee limit calculation for credit-bearing and non-credit-bearing course years, and introduce the per-credit method into existing clauses in schedule 2 that set out how the four different fee rates are applied. Essentially, they set out how the credit-based fee limit method will work.

3.15 pm

The LLE will be the route for people wanting student finance for levels 4 to 6 study across higher and further education. For example, from 2025 the LLE will replace current HE student finance support as the way an 18-year-old could fund their degree. The Government intend all courses offered under the LLE to use the new credit-based method for calculating fee limits. That includes longer programmes such as three-year degrees, as well as short courses and modules, regardless of whether they are studied on a full-time, part-time or accelerated basis.

As I have mentioned, from 2025 onwards the fee limit rate and the per-credit fee rate will be the same thing. Rather than the fee limit being set out as an annual amount, as it is under the current system, it will instead be set out as a per-credit amount. Those per-credit rates will apply to all courses and modules funded through the LLE. There is no separate method through which the Secretary of State can control tuition fees outside the setting of fee limits, which, under the LLE, will be in accordance with the Bill.

Providers will continue to be free to set their fees at or below the fee limit amount. All the Government have the power to do, subject to regulation made under the

affirmative procedure, is set the fee limit. The Government intend the fee loan rates to echo the fee limit rates, as they do under the current system, so that the amount a student can borrow matches the amount a provider can charge. For that reason, we cannot support the amendment as it is not necessary: the fee limits set for the LLE through the Bill will be the sole basis of fee limits, or controlling tuition fees, going forward. The whole purpose is to ensure a coherent, fair system, with fee limits that apply across all types of provision.

May I clarify something that the hon. Member for Middlesbrough said about the uprating of the £37,000 with inflation? The Secretary of State would have the facility to uprate the £37,000 entitlement with any change to fee limits. That will be subject to regulations made by affirmative resolution, so Parliament would have to decide.

The hon. Gentleman also talked about universal credit and the LLE. As he will know, the detail on claiming universal credit as a student is on gov.uk; those qualifying could include those aged 21 and under in full-time, non-advanced education who do not have parental support; those living with their potential partners for universal credit; and those who are disabled and have limited capacity for work. Under the LLE, students are eligible for benefits, and a student responsible for a child may continue to qualify for universal credit while they are studying on a higher education course. I reassure the hon. Gentleman that the Government intend to preserve existing safeguards that allow students eligible for benefits to access UC while studying.

The hon. Member for Warwick and Leamington asked for clarification on HE funding. We believe that a continued fee freeze achieves the best balance between ensuring that the system remains financially sustainable, offering good value for the taxpayer and reducing debt levels for students in real terms. To be clear, we are investing an extra £750 million over three years, from 2022 to 2024-25, to support high-quality teaching and facilities for subjects that support the NHS and degree apprenticeships.

Andy McDonald: I thank the Minister for his response. On the ancillary issue of universal credit, I have an uncanny feeling that the protections are not as universal as the Opposition hope. Nevertheless, we have been given some reassurances. On the substantive matter of my amendment, I am pleased that the system works, that the Minister has been persuaded of the veracity of our arguments and that it is already built into his thinking. With that, I will not press the amendment to a Division, and I thank the Minister for his clarifications.

Robert Halfon: I forgot to mention this but I think the hon. Gentleman asked to see me. I would, of course, be happy to meet him at any time.

Amendment negatived.

Question proposed, That the clause stand part of the Bill.

Robert Halfon: This has been a good debate on clause 1, which enables tuition fee limits for higher education courses and modules to be calculated using a per-credit method under the Higher Education and Research Act 2017. The current tuition fee limits system,

where fees are determined per academic year, cannot be applied appropriately to the short courses and modules that are integral to flexible lifelong learning and the wider LLE. If HERA is not amended, students who use the LLE to study shorter programmes could face tuition fees that are disproportionate to the size of their course. For example, a single parent studying one 30 credit module in social care could be charged £9,250 per year—the same as a student studying a full year of a degree programme.

The new per-credit method introduced by this clause will ensure that fee caps can be applied fairly to all types of learning under the LLE, whether the learner chooses to build up a qualification at their own pace or undertake the entire qualification in one go. Therefore, the single parent studying the 30 credit module will pay a proportionate amount compared to a larger programme, making it more affordable for them to space out their studies and learn at a pace that is right for them.

The principle of the credit-based method is set out in the Bill in new paragraph 1D, which is that fee limits will be set at the number of credits undertaken by the student, multiplied by the relevant per-credit limit. That is supplemented by the new powers in paragraph 1C, which ensure that the necessary numerical details can be set out in the regulations, as they are now, which Parliament will be able to scrutinise under the affirmative procedure.

To introduce the per-credit fee limit method, clause 1 includes three key measures. First, in new paragraph 1A, it introduces the concept of the credit as the basis of a new fee-limit calculation. Credits are defined in the Bill, in accordance with their current usage across further and higher education, and are already a popular measure of learner time.

Secondly, clause 1(2)(b) introduces the concept of a course year as the period to which fee limits are applied. The course year offers far more accuracy than the current academic year, as it can start on the first of any month in a year. That means fee limits for short courses and modules can be set with greater precision. Currently, if a course begins in November, its fee limits are applied from the 12 months beginning on 1 September. Under the course year system, courses will be capped from the start of whichever month they begin. That more precise approach will be needed to accurately fee cap the shorter periods of study that the LLE seeks to encourage.

Finally, as set out in new paragraph 1C, the clause enables the Secretary of State to limit the number of credits that can be charged for each type of course. Providers would not be able to charge for more than 360 credits for a three-year bachelor's degree with honours. As in the current system, they may still offer more than 360 credits for the degree, but would not be able to charge the student extra fees, preventing students from being charged unfairly for their studies.

The clause is an integral part of the Government's transformation of student finance, giving people a real choice in how and when they study, so that they can acquire new life-changing skills.

Matt Western: As I said at the outset and on Second Reading, we agree with the essence of this Bill. We certainly agree with the purpose behind introducing lifelong learning, but, for the reasons outlined in our

amendments, we have real concerns about its delivery and whether it will be successful. I am sure that the take-up of recent initiatives such as the T-level programme and accelerated degrees is not as high as the Government wanted it to be. We fear that this measure will not be successful either, for all the reasons given today and on Second Reading.

Picking up on the points made in Tuesday's witness sessions, we believe that there needs to be more consultation with all stakeholders—not just the education providers, but all those involved in the design and provision of training, particularly vocational and skills training. I am disappointed that those amendments were not agreed to.

We have made an important point about the definition of credits and the standardisation of transcripts relating to students moving between courses and providers. That should be reflected in the Bill. It is vital that the sector and the institutions have confidence in this programme and that they trust each other and the standard of the qualification with which individuals come to them. They already have those sorts of arrangements, but they are very much bespoke and ad hoc and have been built up over time. Suddenly, this is going to be opened up considerably. I am sure that the sector is very nervous about what that will mean for the onboarding of students into institutions.

We addressed financial sustainability at some length. The pressures faced by the sector—including FE colleges and higher education institution providers—cannot be exaggerated. The Minister said that there is no need to increase the unit of resource, but the fact that 32% of higher education providers are already in deficit really should be ringing alarm bells in the Department for Education regarding what our educational landscape will look like over the next few. That is why our amendments were important—they would have ensured that the Minister and the Department had due regard to the financial pressures faced by the sector.

I am disappointed that the amendment on minimum credits was not accepted, but I very much hope that the Minister will reflect on it, given that the purpose behind it is to reskill, retrain and help people back into the workplace. It would also have benefited the plethora of organisations of different shapes and sizes that the economy will support in the future, which will require a very different training model as they address social need. That is why I think that challenging the 30 credits was the right thing to do. I very much hope that the Government will remain open to thinking about how that might work, rather than just having a bundle of three 10-credit modules in future. We support the Bill, but we will abstain on the clause.

Question put and agreed to.

Clause 1 accordingly ordered to stand part of the Bill.

Clause 2

RELATED AMENDMENTS

3.30 pm

Matt Western: I beg to move amendment 10, in clause 2, page 6, line 18, after “courses” insert—

“which are defined as modules under subsection (6A)”.

This amendment would ensure that the Secretary of State is unable to treat modular courses and other modes of study or subjects differently from one another for the purposes of the fee limit.

Matt Western: Our amendment looks at the funding of modular study versus yearly study and seeks to incorporate into the Bill a greater assurance that the Minister cannot discriminate in granting funding to different types of courses or modes of study.

Numerous concerns have been expressed to me about proposed new subsection (7A), to which the amendment applies. In particular, providers are worried that it will give Government the ability to introduce variable fees by subject or mode of study. By extension, they are worried that the proposed new subsection could also pave the way for differential fees for undergraduate courses, depending on subject and institution.

We have already seen hints of that in recent years, with the Government deriding certain courses, labelling them with the names of all sorts of cartoon characters and reprioritising the strategic priorities grant away from arts-based courses towards STEM subjects. That has received widespread reaction and rejection, because of the importance of the arts and humanities not just to us socially but to the UK economy, whereby our soft power in the creative arts and commercial applications do so well.

The result of such changes has been uncertainty in the sector, with the closure of several renowned departments and increasing hostility from Government about the value of the arts. It would therefore be of great reassurance to the sector if the Minister could today provide a cast-iron guarantee that the Government have absolutely no intention of introducing variable fees based on course type or mode of study.

Robert Halfon: I am pleased to speak to the amendment. If the Committee will permit, I will provide some background information on what proposed new subsection (7A) is intended to achieve.

Section 10(7) of the Higher Education and Research Act 2017 sets out that if fee limits are set on one type of course, they must also be set on other courses of a similar type at the same or comparable level. The Bill makes a technical change to section 10 to put beyond doubt that the Secretary of State will not be required to place fee limits on courses and modules that are not designated for student finance.

I want to make it clear that that original section does not restrict the Secretary of State from setting differential fee rates for different subjects. That ability is provided for elsewhere in the Higher Education and Research Act, specifically through the power in section 119(5)(a) and schedule 2, which allow the Secretary of State to make different provision for different purposes, cases or areas. That power means that the ability to set different fee limits for different courses is already in the primary legislation.

Section 10(7) is specifically in reference to which courses have fee limits, and which do not. The amendment therefore could result in an LLE non-funded course being subject to fee limits even if the course were not designated for loan funding at all. For example, a university summer course could be forced to comply with per-credit fee limits rules, even though students on the course are not LLE-funded and they self-finance. That scenario would not be fair on providers, which is why we cannot support the amendment.

Matt Western: I hear what the Minister says, and I will look again at that. I take what he says on face value, and on that basis I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Question proposed, That the clause stand part of the Bill.

Robert Halfon: Clause 2 further supports clause 1 in ensuring that fee limits can be proportionate to the amount of study taken by students under the LLE. It makes further technical but necessary amendments to HERA 2017 as a result of the changes to legislation made in clause 1.

Clause 2 amends existing reporting duties on the Office for Students and providers so that the duties include the new credit-based fee limit amounts, in addition to any per-year fee limit amounts that apply. That is not intended to add any unnecessary burdens; it only adjusts the duty to reflect the new fee limit method. Subsections (2) and (4) provide explicit powers for the OFS to regulate fee limits at third-party providers, which will ensure that students cannot be charged thousands of pounds extra for choosing to study at a franchised provider.

Finally, clause 2 makes express provision in section 10 of HERA 2017 to allow the Secretary of State to set fee limits only on those courses and modules that are in scope for LLE funding. That will ensure that fee limits are not required for every single module of higher education, regardless of whether it attracts LLE funding.

The clause is an important part of the Government's transformation of student finance. The LLE will give people a real choice in how and when they study so that they can acquire new life-changing skills. I commend the clause to the Committee.

Question put and agreed to.

Clause 2 accordingly ordered to stand part of the Bill.

Clause 3

EXTENT, COMMENCEMENT AND SHORT TITLE

Matt Western: I beg to move amendment 12, in clause 3, page 8, line 36, after “may” insert “until 31 January 2024”. *This amendment would ensure that the transitional or saving provisions available to the Secretary of State are only available until 31 January 2024.*

Amendment 12 seeks to incorporate in the Bill a limitation on the Secretary of State exercising the saving and transitional provisions after 31 January 2024. It is a very simple amendment that aims at a compromise: to give the Secretary of State and the Minister just under a year to get this through and operationalised, and to give providers around 18 months to plan and anticipate how they might respond.

We have already seen delays to the lifelong learning policy, including in relation to the report by Sir Philip Augar in 2018, and not least the almost year-long wait between the consultation and the Government publishing their response. As I said earlier, that might suggest that the turmoil in the Department for Education has meant that this issue has very much fallen to the wayside and not been seen as a priority. Indeed, the Schools Bill was introduced, but also fell by the wayside. So much of the initiative and need to modernise education has been deprioritised by the Government over this last year in particular.

As my hon. Friend the Member for Sheffield, Brightside and Hillsborough mentioned on Tuesday, we have had a skills shortage in this country since time immemorial. If the reforms promised in this policy are to be revolutionary, we need to press on and advance this programme, because we suffer a significant skills shortage, certainly compared with our major European and global peers. One has only to look at Germany, France or Italy, which are significantly ahead of us.

It is also important that the provisions in this Bill are not implemented in a haphazard way, and that the reforms that they make to the student finance package are absolutely coherent. Therefore, if the Minister will not accept this amendment, I would ask him to explain where he envisages needing to delay the enactment of provisions in this Bill.

I am sure that the sector would welcome a clear timeline from the Minister on when he expects the framework within this Bill to be in place, subject to Parliamentary scrutiny, not least because of the institutional financial planning restraints that we heard about, particularly from Dr Norton, from Coventry University and Professor Rigby from Bath Spa University. Given those financial challenges, the additional administrative burden, and the costs to the institutions, it is vital that this is laid out clearly to ensure a managed transition to 2025. I hope that the Minister, in his response, will set out what that framework will look like.

Robert Halfon: Amendment 12 would require any regulations on transitional arrangements in connection with the coming into force of the Bill to be laid before the end of January 2024.

Due to the complexity of the regulations required, and consistent with our plans to introduce the LLE from 2025, we are not intending to lay the broader suite of regulations to enable the LLE until after January 2024. Part of those regulations will include transitional and savings provisions that are needed in relation to the new powers in clauses 1 and 2.

The LLE is a long-lasting systemic reform, as we have discussed today, set to affect generations of future students. It is imperative that we get this right, and that utmost care is taken of both the nation's finances and our future learners, giving them the consideration they deserve.

We have already published clear directions for the LLE in the consultation response and we will continue to engage closely with providers as the remaining aspects are developed. The consultation response sets out specific areas where we will engage with them in the future, such as the additional entitlement issue. That is why the Government cannot support the amendment, because we need to get this absolutely right and ensure that these regulations are done carefully.

Matt Western: I would like to take the Minister at face value. I am sure that that is the Government's intention, but, as I say, given some of the programmes and initiatives that have been introduced recently and the chaos and turmoil that we have seen within the Department for Education over this past year, I am not assured by what the Minister has said. On that basis, we will be pushing the amendment to a vote.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 8.

Division No. 8]

AYES

Furniss, Gill	Perkins, Mr Toby
Glendon, Mary	
McDonald, Andy	Western, Matt

NOES

Clarke-Smith, Brendan	Hunt, Tom
Evennett, rh Sir David	Moore, Robbie
Fletcher, Katherine	Morrissey, Joy
Halfon, rh Robert	Randall, Tom

Question accordingly negated.

Question proposed, That the clause stand part of the Bill.

Robert Halfon: Clause 3 provides for the territorial extent of the Bill, its commencement and the short title. The clause outlines the territorial extent of the measures, with the Bill extending to England and Wales. However, as education is a devolved matter, the Bill applies only to England, and the amendments made by clauses 1 and 2 apply only to English higher education providers.

Commencement of clauses 1 and 2 will be confirmed by regulations made by statutory instrument. The overall reforms to the student support system, along with the changes to be made as a result of the Bill, will not start until the academic year 2025-26, and we currently anticipate making the necessary secondary legislation over the course of 2024. Once enacted, the Bill will be known as the Lifelong Learning (Higher Education Fee Limits) Act.

I thank the Opposition for the way they have approached the Bill. We have had some serious and constructive debate, and I really appreciate the way they have taken it forward from their side. Of course, I also thank my own side for all their support for the Bill. We have been discussing credits and transfers, and my firm view is that the Bill will be transformative once it comes into play in 2025. It will potentially make a huge difference to many future learners.

I also thank officials at DFE, who have done an extraordinary job in preparing for everything; my Whip; and you, Mrs Cummins, for chairing today's session. I recommend that the clause stand part of the Bill.

Matt Western: We do not wish to oppose clause 3, but I will add my remarks to those of the Minister. I thank you, Mrs Cummins, and Sir Robert for chairing us through the last couple of days. I thank the Clerks and Department for Education officials for the work that they have put into the Bill. Most importantly, I thank Members and the Minister for the spirit in which the Committee has been conducted. I thank my colleagues for their forbearance, and I particularly thank my Whip as well.

Question put and agreed to.

Clause 3 accordingly ordered to stand part of the Bill.

Bill to be reported, without amendment.

3.48 pm

Committee rose.

Written evidence reported to the House

LLB 06 Birkbeck, University of London

LLB 07 London Higher

LLB 08 Right2Learn

LLB 09 Chegg, a global ed-tech company

LLB 10 University of Westminster