

# Aligning the Lifelong Learning Entitlement and the Growth and Skills Levy: how these policies could work together under a new Government

Rose Stephenson, Director of Policy and Advocacy, HEPI and Nathalie Hulbert, Content Marketing Manager, Instructure



Higher Education Policy Institute



**INSTRUCTURE**  
THE MAKERS OF CANVAS

HEPI Policy Note 59

November 2024

## Executive summary

In 2024, Instructure convened a Commission of higher education and lifelong learning experts to assess emerging policies related to skills development, including the Lifelong Learning Entitlement (LLE) and the Growth and Skills Levy (GSL). These policies aim to reform how education and training are funded and delivered to provide flexibility to learners and ensure the UK's workforce remains competitive. This report provides a detailed analysis of these policies, addressing how they may be implemented to reflect the new Labour Government's priorities.

### *Key findings*

- The Lifelong Learning Entitlement and the Growth and Skills Levy risk being implemented as two stand-alone policies. Urgent consideration is needed on how these two policies will overlap and interact.
- These policies span the higher and further education sectors. Understanding the intertwining nature of these sectors is essential to the successful implementation of these policies.
- Existing regulatory metrics, particularly continuation and progression will impede provision at the modular level and therefore new measures for evaluating modular outcomes are needed.

### *Recommendations*

- The Office for Students (OfS) should continue to consider how modular learning can be regulated appropriately without undue regulatory burden. This new regulatory framework should be developed in close collaboration with the sector. The OfS should also work closely with other further and higher education regulators to prevent regulatory overlap or contradiction.
- Develop a clear, easy-to-use and widely communicated mechanism for building qualifications between the LLE and GSL pathways. This function may sit with the Universities and Colleges Admissions Service (UCAS) which has committed to 'working with the sector to establish a verified qualification and credit account'.
- The Department for Education (DfE) should consider developing a mechanism for employers to fund modular learning in the academic pathway, allowing the learner both to self-fund and be employer-funded through their modular learning journey.
- Encourage the awarding of 'exit' qualifications at Levels 4 and 5 during undergraduate degree study and the use of these as stepping stones to further study.

## Introduction

In the summer of 2024, the education technology company Instructure convened a Commission of higher education and lifelong learning experts to examine emerging policies linked to lifelong learning and skills development. These policies were discussed in the context of the new Labour Government and an evolving policy landscape. The Commission comprised senior leaders from higher education, educational technologists and education policy experts.

The Commission considered:

- the current policy context;
- the stakeholders who need these policies to function effectively;
- the opportunities these policies provide;
- the challenges associated with implementing these policies; and
- recommendations.

The Commission's collective position is that lifelong learning will be essential to the future growth and prosperity of the UK, and the policies considered are ambitious in the change they seek to invoke. However, to succeed, the Lifelong Learning Entitlement and the associated proposed skills policies must be simplified and unified while maintaining their objective of increasing flexibility.

## Current policy context

Education, training and skills policies are devolved to the Scottish and Welsh Governments and transferred to the Northern Irish Executive.<sup>1</sup> This paper is focussed on the English policy context.

This paper will consider the following overlapping policies:

- **The Lifelong Learning Entitlement for England (LLE):** This will provide learners in England with up to four years of funding for education and training at Levels 4 to 6. This funding is available on a loan basis for full qualifications or modular learning up to the age of 60.
- **The Growth and Skills Levy (GSL):** This Levy will replace the current Apprenticeship Levy in England and intends to provide more flexibility to employers.

Under the current Apprenticeship Levy businesses with a pay bill of over £3 million pay 0.5% of this into the levy 'pot'. Businesses can then use the levy fund to cover the cost of training their employees, but only through apprenticeships. Currently apprenticeships must last for a minimum of 12 months.

- **The UK Standard Skills Classification (SSC):** This system will categorise and standardise different occupational skills to help educators, training providers and employers plan their provision and identify skills gaps. This has also been described as a UK skills taxonomy.

The Commission also notes the establishment of Skills England, a new body to ensure training, including training funded by the Growth and Skills Levy, meets the needs of the jobs market. Skills England is in its infancy and has published its first report, setting out that it will:

*Bring together the fractured skills landscape and create a shared national ambition to boost the nation's skills.*

Before analysing the policies themselves, it is worth noting that this policy context spans both the further and higher education sectors. The policies also work across multiple qualification pathways. The English qualification landscape is complex, and an attempt to capture a simplified version of this is shown in Figure 1, alongside the main current funding mechanisms.

Figure 1: Qualification pathways and funding in England

Level	Academic pathway	Vocational pathway	Work-based pathway		
8	Doctorate				
7	Master's degree		Higher apprenticeship	Degree apprenticeship	Level 7 NVQ
6	Honours degree				Level 6 NVQ
5	Diploma of HE / Foundation degree	Higher National Diploma (HND)			Level 5 NVQ
4	Certificate of HE	Higher National Certificate (HNC)			Level 4 NVQ
3	A Level	BTEC Diploma / Certificate / NVQ Level 3	Advanced apprenticeship		T-Level
2	GCSE (grades 4 - 9)	BTEC First Diploma/ NVQ Level 2	Intermediate apprenticeship		
1	GCSE (grades 1 - 3)	Foundation diploma	Traineeships		

#### Funding

	The education system / adult learner fund		Higher Education Student Finance
	Apprenticeship Levy		Doctoral funding - multiple routes
	Advanced learner loans / employer funded		

Figure 1 shows that in the academic pathway, learners can gain a Level 4 qualification (a Certificate of Higher Education) and a Level 5 qualification (a Diploma of Higher Education or foundation degree). While this is the case, the vast majority of students sign up for a three-year undergraduate degree encompassing Level 4, 5 and 6 study.

There is an oft-repeated notion that:

- universities deliver academic higher education courses; and
- colleges deliver technical and vocational further education courses.

This is not true, with many colleges offering higher education qualifications and universities delivering technical and vocational qualifications – including apprenticeships. This confusion may occur due to conflating the level of education with the type of education. For example, politicians often mistakenly speak as though technical and vocational courses are a lower level of qualification than academic courses.

The UK Government defines higher education as ‘taken as part of an undergraduate or graduate degree’ and further education as ‘any study after secondary education that’s not part of higher education’.<sup>2</sup>

Understanding the overlapping nature of the further and higher education sectors – whether under the umbrella of a tertiary education system or as part of a wider landscape – is essential to the success of these policy initiatives. This is crucial to creating pipelines of progression to upskilling and reskilling that support local economies in recruiting and retaining talent.

#### The Lifelong Learning Entitlement

The Lifelong Learning Entitlement (LLE) policy was introduced under the previous Conservative

Government and aimed to improve the UK's higher education landscape with five main objectives:

- i. to enable greater parity of access between technical and academic courses;
- ii. to fund modules regardless of whether they are provided in colleges or universities;
- iii. to ensure that credit-bearing provision supports flexible lifelong learning;
- iv. to transform how learners access funding to enable them to study, train, retrain or upskill at any stage in their lives; and
- v. to encourage individuals to train, retrain and upskill in response to changes in labour markets and employment patterns.<sup>3</sup>

There may be questions over the LLE policy's relevance, given that it was announced by a previous Government almost five years ago. However, the Lifelong Learning (Higher Education Fee Limits) Act 2023 received Royal Assent in September 2023. There have been multiple delays to the original implementation timetable. However, from September 2026, learners can apply for LLE funding for courses and modules starting from January 2027.<sup>4</sup>

The Commission agreed that the goals of the LLE support improved workforce efficiency and economic growth – a priority for any government. Moreover, the need to adapt to fast-paced technological change, skills gaps and labour market demands has only become more urgent.

In addition, Baroness Smith, Minister for Skills, Further Education and Higher Education, explained at the Labour Party Conference in September 2024:

*The LLE will have an important role in the future of higher education.*

And that:

*Careful thought is being given as to how this can be delivered to prevent dead-weight costs and contribute to the Government's missions.*

Therefore, the LLE remains relevant despite a change in government. The Conservative Government carried out a consultation and published a consultation response to the LLE before the Act was passed. As such, there is plenty of published material to analyse.

The most radical element of the LLE is that instead of signing up for a full qualification (such as an undergraduate degree or a higher technical qualification, such as a Higher National Diploma), learners can sign up for as little as 30 credits of study. To put this in context, a three-year undergraduate degree normally consists of 360 credits. This can equate to 120 credits per year for three years or twelve 30-credit modules in total. One 30-credit module is roughly equivalent to a quarter of a year of study and will form around 300 hours of notional study. (The full reality is more complex than this; not all higher education providers use credits, some degrees include more than the required 360 credits and, where credit is used, modules can be organised in different size blocks, such as 10 or 20 credits.) An example of how a Bachelor's degree may be formed of different-sized credit-bearing modules is shown below:

*Figure 2: An example of how a Bachelor's degree may be formed of credit-bearing modules*

<b>First year</b>	20 credits at level 4	20 credits at level 4	20 credits at level 4	10 credits at level 4	10 credits at level 4	10 credits at level 4	10 credits at level 4	20 credits at level 4
<b>Second year</b>	20 credits at level 5	20 credits at level 5	20 credits at level 5	20 credits at level 5	20 credits at level 5	10 credits at level 5	10 credits at level 5	
<b>Third year</b>	40 credits at level 6	20 credits at level 6	20 credits at level 6	20 credits at level 6	20 credits at level 6	20 credits at level 6		

Source: QAA<sup>5</sup>

For the purposes of this paper, an undergraduate degree is presumed to be 360 credits made up of twelve 30-credit modules.

The LLE means that instead of taking out funding for a whole qualification (such as a Bachelor’s degree or a Higher National Diploma), students can access funding on a modular basis, ‘stacking’ 30 credit modules into a qualification if they wish to.

Figure 3: Current (full qualification) system

Levels	Academic pathway	Vocational pathway
6	Honours degree (120 credits)	HND
5		
4		
		HNC

Figure 4: Future (modular LLE) system

Levels	Academic pathway	Vocational pathway
6	30-credit module	
	30-credit module	
	30-credit module	
	30-credit module	
5	30-credit module	30-credit module
	30-credit module	30-credit module
	30-credit module	30-credit module
	30-credit module	30-credit module
4	30-credit module	30-credit module
	30-credit module	30-credit module
	30-credit module	30-credit module
	30-credit module	30-credit module

In this proposed environment, there are a number of unknowns related to how credit is stacked, if and how credit can be transferred between institutions, what will constitute a degree and who the awarding institution would be. These issues are discussed in more detail in the HEPI Policy Note: *Does the Lifelong Loan Entitlement meet its own objectives?*<sup>6</sup>

Growth and Skills Levy

Before forming the new Government, Labour’s manifesto introduced an additional policy in this space – the Growth and Skills Levy (GSL). However, given the GSL is a much more embryonic policy, the Commission’s analysis of this was more light touch.

The GSL aims to replace the Apprenticeship Levy, working closely with Skills England to fund a broader range of employer-funded courses.

The 2024 Labour manifesto stated:

*Under this system [the GSL] companies will have the freedom to use up to 50% of their total levy contributions on non-apprenticeship training, with at least 50% reserved for apprenticeships.*

*Skills England will hold a list of approved qualifications on which businesses can flexibly spend their Levy money, developed in collaboration with devolved authorities, businesses, unions and wider experts. This will include:*

- *Modular courses in priority areas, which lie at the core of our industrial strategy, including digital and green skills, social care and childcare, that would boost training opportunities with a view to supporting national ambitions such as the transition to net zero; and*
- *Functional skills and pre-apprenticeship training, helping tackle key skills gaps, especially around basic digital skills that hold back individuals and organisations.*<sup>7</sup>

The Chancellor’s Budget announced in October 2024 confirmed a £40 million investment for developing the Growth and Skills Levy.<sup>8</sup>

## Skills classification

In October 2023, the Department for Education (under the previous Conservative Government) published *A Skills Classification for the UK – plans for development and maintenance*.<sup>9</sup> This report details why a UK-based skills classification is needed and describes how it could be developed. The development of a UK Skills Classification is reiterated in the Skills England report, which states:

*[Skills England] will undertake and share further analysis, including the delivery of a standardised skills taxonomy for the UK and mapping occupations onto education pathways to understand the most common routes into priority professions.*

Another way to describe a UK Skills Classification (or taxonomy) is simply ‘a list of skills’. Having this agreed list of skills would provide a common skills language for employees, learners, providers and employers. The *A Skills Classification for the UK* document outlines that this agreed classification system would allow a job seeker to:

- identify their transferable skills;
- evaluate their career options (by identifying jobs that match their skillset);
- identify skills gaps (if they are considering a career change);
- choose the best course to close skills gaps; and
- consider the opportunities of living elsewhere (for example if their skillset is in high demand in another region).

If a skills classification system is implemented, this should link with the GSL and, where appropriate, the LLE.

## Policy interaction and overlap

There are two parallel policies here, both of which interact with the UK Skills Classification. The LLE offers a loan-based funding mechanism driven by the learner. This includes full qualification and modular funding, including for Higher Technical courses, and the GSL offers employer-funded full qualification and modular technical courses.<sup>10</sup>

While it is not clear exactly which qualifications will be included in the GSL, the first report from Skills England, *Driving Growth and Widening Opportunities*, suggests this will go beyond apprenticeships:

*Whilst uptake for level 4 and 5 is low, employer demand for technical skills is growing ... Labour market analysis of emerging trends suggests that this demand is only set to grow in the coming years. The introduction of Higher Technical Qualifications at levels 4/5 will help to meet this demand. The Department is deeply committed to supporting people in acquiring level 4 and 5 skills, ensuring a comprehensive approach to lifelong learning that enables individuals to gain the skills they need to enter into, or advance their careers.*<sup>11</sup>

This suggests that the GSL may fund Level 4 and 5 Higher Technical Qualifications (HTQs). Higher Technical Qualifications are Level 4 and Level 5 qualifications, such as foundation degrees, Higher National Certificates and Higher National Diplomas.<sup>12</sup> If this is the case, these qualifications – and the modules included within them – can be funded through both LLE and GSL funding streams. This paper will consider how the two policies could be implemented in a complementary manner to comprise a cogent lifelong learning strategy that meets the needs of learners, providers and employers.



## Stakeholders

The LLE and the GSL need to work for the following stakeholders:

- learners;
- providers;
- employers; and
- the Government.

The stakeholders have different needs that must be considered for these policies to succeed.

Learners need:

- advice and guidance on if and how different modules or levels of study can stack together into a qualification;
- to understand the potential value of their modules or qualification;
- to understand the opportunities of their local education offer;
- to understand the need for specific skills in their local area, region or industry sector – and if this can be met through modular provision;
- their options for financing their study; and
- access to local, flexible learning that fits around their work and caring commitments.

The final point here has historically been considered a ‘need’ for mature students. However, it is increasingly also the case for school- and college-leavers who are working long hours in paid employment to fund their studies and are increasingly balancing this with caring responsibilities. The LLE allows students the opportunity to complete their studies at their own pace to take account of other responsibilities. However, we should guard against a system where students from less affluent backgrounds take longer to complete their qualifications and enter the workforce due to the inadequacy of the maintenance loan system.

Providers need:

- straightforward unified policies to implement;
- consideration of the regulatory burden; and
- sufficient resources to help implement a new system.

Higher education providers already respond to multiple regulators. The Office for Students regulates higher education in England. However, Ofsted inspects the quality of apprenticeships at all levels and reports to the OfS and the Education and Skills Funding Agency (ESFA).<sup>13</sup> (The functions of ESFA are being moved into the Department for Education in 2025.)<sup>14</sup> Professional Statutory Regulatory Bodies (PSRBs) also hold a regulatory function for some courses. Some higher education providers have reported working with as many as 140 PSRBs to assess course quality.<sup>15</sup>

The complexity of the regulation of further and higher education systems was noted in the Labour’s election manifesto, which stated:

*Current work on encouraging effective collaboration across the system has identified four key barriers which can largely be summarised in the categories of funding structures, regulation, demarcation and incentive alignment.*

Careful planning and consideration will be needed to prevent further regulatory burden and overlap. The move to modular funding through the LLE also raises questions about the regulatory framework in higher education – this will be discussed further in the ‘challenges’ section.

Employers need:

- providers to develop the skills required to fill vacancies in their industry; and
- to access high-quality education and training for their employees.

Some organisations have moved away from qualification-based recruitment to skills-based recruitment. Rather than a blanket requirement for an undergraduate degree, the employer may focus their recruitment on the specific skills they need. The policies above allow the education sector to rethink some of its provision to meet both recruitment pathways. Both the LLE and the Growth and Skills Levy, if executed well, can:

- support the diversity of workforce that is required to close the skills gaps needed to solve complex global problems;
- support the development of current employees – allowing for growth through retention and development rather than recruitment; and
- support the development of either stackable or standalone credits required by skills-based recruiters.

The Government needs:

- implementable and impactful policies that support their five missions. As of autumn 2024, these are:
  - *to kickstart economic growth;*
  - *to make Britain a clean energy superpower;*
  - *to take back our streets;*
  - *to break down barriers to opportunity; and*
  - *to build an NHS fit for the future.*

The LLE and the GSL have the potential to support at least four of these five missions. Lifelong flexible learning breaks down barriers to opportunity for many learners. It can provide the workforce needed for established and growing industries such as healthcare and new ones such as the green workforce – all leading to a high-skilled, high-wage workforce that has the potential to grow the economy.

## Opportunities

### *Flexibility*

The LLE provides a mechanism to loosen the hold institutions have on their undergraduate students. Findings from the HEPI and Advance HE *Student Academic Experience Survey* show that only 60% of UK undergraduate students would make the same choice of both course and university again. Although notably, most of those would choose to stay in higher education. In the current system, where credit transfer is an exception rather than the norm, students may struggle to transfer to another course or institution.

For students who want to continue their studies but move courses or institutions, the LLE could provide the flexibility to facilitate this – thus loosening the monopoly that institutions have over degree students. In addition, the emphasis on modular study in the LLE could potentially drive better facilitation of exit awards at the end of the traditional years one and two of a full degree. As Mary Curnock Cook CBE describes in a Nesta report on ideas for education:

*Every university student could receive a qualification at the end of each year of full-time study. This differs from the default model for higher education, which is to study for three years to achieve an undergraduate degree ...*

*A new labour market for level 4 and 5 qualified workers would start to emerge. Reinvigoration of these qualification levels would shrink the current gap between level 3 and level 6 outcomes for students, reduce the social divide between graduates and non-graduates, and lift more people into higher-skill occupations as the labour market evolves.<sup>16</sup>*

This increase in flexibility has the bonus of being a potential driver of quality too. Mass movement may be unlikely as many students will wish to stay in a city they know, with friendship networks they have developed. However, institutions will be pushed to provide an excellent academic and broader student experience so their students, in whom they have invested the cost of recruitment, will stay with them for the entire three years.



### *Opportunity to learn from the devolved nations*

No nation in the UK has perfected a lifelong learning strategy. However, there will be benefits to the Westminster government (which oversees the skills agenda in England) learning from their devolved counterparts, who have taken a more streamlined approach to tertiary education. For example, Wales passed the Tertiary Education and Research Bill in 2021, establishing the Commission for Tertiary Education and Research (known as Medr). From 1 August 2024, Medr will fund and regulate:

- further education;
- higher education, including research and innovation;
- apprenticeships;
- adult community learning; and
- local authority maintained school sixth forms in Wales.

While the sectors are much larger in England, there may still be valuable lessons to learn from this approach for English-focused policies that cover both further and higher education.

Within the skills agenda, there has also been significant reference to the possibility of linking skills to further devolution to regions within England. For example, Baroness Smith discussed at the 2024 Labour Party Conference the potential to use devolved structures in England to identify and close regional skills gaps.

## **Challenges**

### *Scope*

The benefits of the LLE's flexibility are noted above. However, the scope of the LLE is unclear, and clarity is needed before any policy is fully implemented. A fully flexible model, where a learner could take, for example, twelve 30-credit modules, potentially from different institutions or even from different subjects to 'stack' their own degree, feels unwieldy.<sup>17</sup> Under a fully flexible model, being able to advise students on the viability and likely outcomes of their chosen degree pathway would be difficult due to the sheer volume of options. If no other students have ever 'stacked' a specific set of modules before, there will be no data on graduate outcomes or student satisfaction, for example.

At the same time, any LLE loophole that 'locks in' degree students to a three-year course without providing flexibility may feel unfair. Despite this being the status quo for full-time students for some time, if some students have a fully flexible model and others do not have the choice to vary their learning pathway, this may lead to frustration and poorer student satisfaction.

### *Credit transfer*

Central to the Lifelong Learning Entitlement idea is the portability of credit. However, a comprehensive review of institutional credit transfer policies by the Quality Assurance Agency (QAA) published in September 2024 identified 'significant disparities between the approach and nature of institutional policies in this area, making it difficult for learners to navigate and compare different policies'. The report also concluded that 'in the current system, many policies discourage engagement in the process, learners' experience is likely to vary significantly depending on which institution they engage with, and there is no viable route to growth'.<sup>18</sup>

Developing a national credit framework is a complex task, and there will undoubtedly be institutions that challenge the idea that the quality of teaching is transferable. Mike Ratcliffe, Academic Registrar at City St George's, University of London, proposed a mechanism for credit transfer in the HEPI blog 'Creditworthy: how to fix the LLE'.<sup>19</sup> UCAS has also written extensively about credit transfer and has stated:

*UCAS is committed to supporting successful delivery [of the LLE] by ... working with the sector to establish a verified qualification and credit account, integrated into the application, and building on its track record of qualification verification.*

Regional agreements could garner more support from the higher education sector. However, this option has serious pitfalls, given that some regions will have more limited study options than others and the asymmetric distribution of devolution across English regions.

### *Regulation*

The current regulatory framework is a significant barrier to the ambitions of the LLE. Focusing on completing full qualifications is important and valid but risks disincentivising or punishing institutions from offering hop-on, hop-off modular learning. The LLE offers four years of funding for study at Levels 4 to 6, which can be used on a modular basis. Even if most learners were to complete a three-year degree, they would still have the equivalent of 120 credits of funding available to them. If this were used on a modular basis to provide career-specific upskilling throughout the learner's lifetime, under the current framework these learners could be considered 'non-completers' by the regulator.<sup>20</sup>

Existing regulatory metrics, particularly continuation and progression, will be overly burdensome and impede provision at the modular level, and therefore new measures for evaluating modular outcomes are needed. Measuring the current definition of completion – that is, of a full qualification – will also be inappropriate in a modular system. However, if modules can be stacked into a qualification, students studying on a modular basis should be entitled to the same level of oversight as those who complete their qualification in one sitting. This Gordian knot feels particularly difficult to untangle.

This will require financial investment and additional oversight from a body that supports institutions through change. Working with external providers which have set up systems in similar markets globally would also be advantageous.

### *Communication*

To ensure the success of the LLE, a comprehensive communications campaign is essential to raise awareness about lifelong learning opportunities, the benefits of short courses and the new funding structures. The campaign should target potential learners, employers and educational institutions.

The Higher Education Short Course Trial was undertaken in the 2022/23 academic year. The evaluation of this trial highlighted a lack of public awareness and the perceived low value of short courses.<sup>21</sup> Despite the participation of part-time and commuter students and a diverse sector and student body, the UK holds a very fixed idea of what higher education is. The notion of a three-year full-time, residential degree for 18-year-olds is pervasive. Even innovation within this traditional system takes time to permeate the consciousness of students and the wider public. This was demonstrated when Instructure commissioned research into the awareness of short courses at higher education providers. This found that only 7% of students were aware of micro-credentials offered at their institution, compared to 93% of educators. Furthermore, only 41% of students were aware of short courses offered at their institution, compared to 99% of educators.

Therefore, a significant awareness campaign is needed to make short courses and their benefits known to potential students and the wider public. This campaign must use consistent and uniform terms that the intended audience understands. There is a tendency to use terms like 'stackable courses', 'short courses', 'modules' and 'micro-credentials' interchangeably. These terms lack clear definitions, and further research must be done to understand how language to describe learning outside of the traditional degree resonates with all potential learners.

## **Simplification, unification and improving flexibility**

Labour's manifesto criticised the previous Government's approach to skills, stating in its manifesto:

*There has been initiative overload, with short-term programmes piled on top of one another, creating a confused and confusing landscape for people wanting to train, businesses wanting to recruit new talent or support employees to upskill, and providers trying to deliver the courses that individuals and employers need.*

However, the new Labour Government must avoid falling into the same trap of creating a confusing landscape. With a new government comes a fresh opportunity to drive robust change. The LLE, alongside

the GSL and the UK Skills Classification, can support a more flexible, inclusive and relevant education system that empowers learners throughout their working lives.

For these three policies to be successfully implemented, the Commission feels that further development needs to have three foci: simplification, unification and flexibility.

*Simplification*

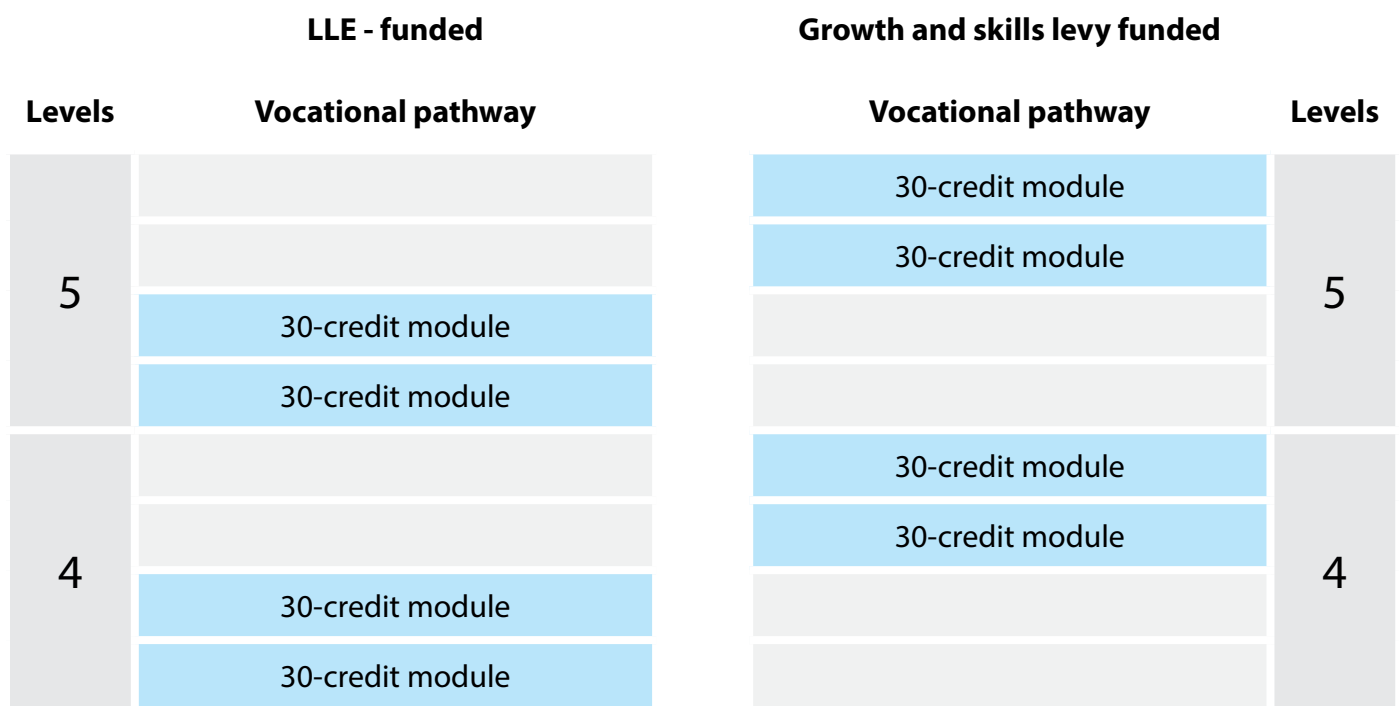
A streamlined lifelong learning initiative will rely heavily on a ‘personal account’ system. This will demonstrate the funding that is available to each learner. However, individuals will also benefit from a personal account which will guide them through education, link their education to employment and provide a way to demonstrate their skills. Countries such as Australia have already started making progress in this area by consulting on the implementation of ‘National Skills Passports’.<sup>22</sup> The UK Skills Classification offers an opportunity to achieve a similar outcome – a ‘digital National Record of Achievement’. Independent support and guidance on possible pathways and outcomes for learners will also need to be considered.

A core element of the LLE is the provision of loan funding for modular learning rather than restricting funding to full qualifications, as is currently the case. The impact of the availability of loans to drive demand for short courses remains unclear. However, feedback from the Higher Education Short Course Trial suggests that students found the loan application process cumbersome and time-consuming in the context of a short course application.<sup>23</sup> Therefore, the Student Loans Company may need to develop a less onerous, more user-friendly offer for smaller modules to reduce the burden on learners and encourage uptake.

*Unification*

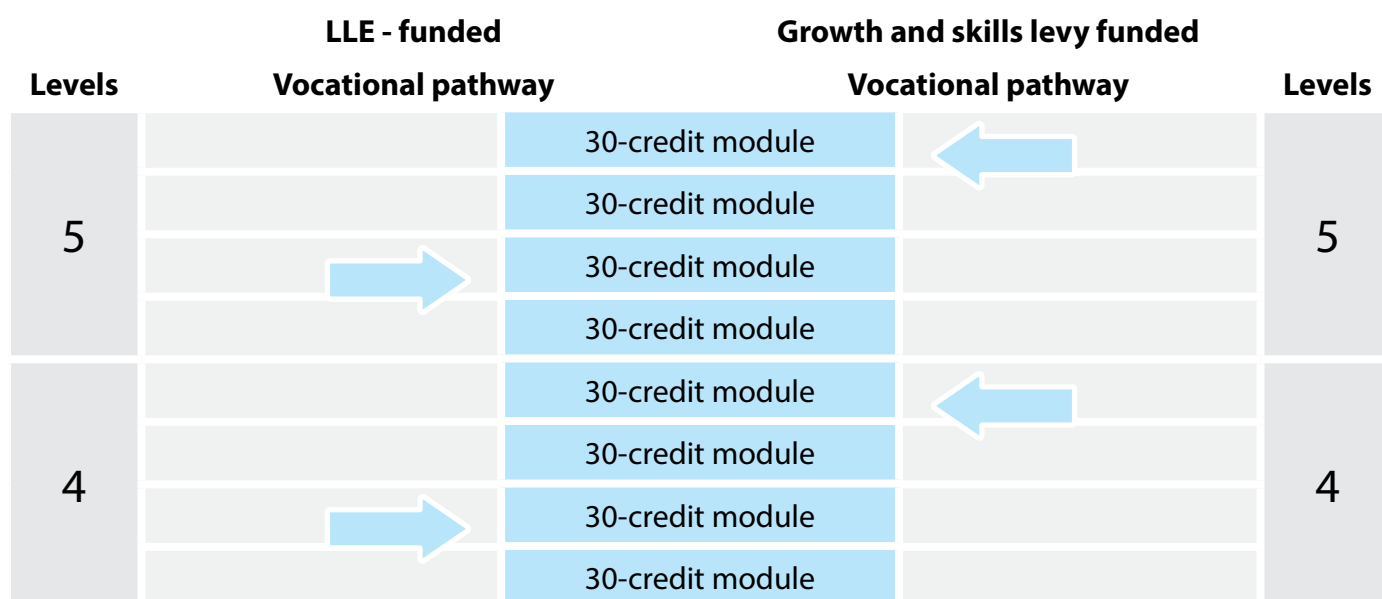
The LLE aims to fund technical and academic courses in both colleges and universities, including modular learning. Although limited information is available about the GSL, this will likely include funding of modular technical courses and full qualifications, potentially including HTQs. Both policies aim to encourage lifelong learning that aligns with employer needs. However, if the policies are not implemented holistically, there is a risk of a two-track system developing, with learners unaware of the opportunity to gain full qualifications.

*Figure 5: The ‘two-track’ system*



As the new modular learning landscape evolves, there needs to be a clear and well-recognised mechanism that allows learners to stack their modules across both funding streams. This approach is more likely to create a simplified approach and develop a true parity of esteem across a spectrum of opportunities in a learner's life.

Figure 6: An integrated approach



Furthermore, if there is a drive towards more modular-based academic as well as technical learning, there is a question as to whether employers should be able to use their Levy funds to fund academic as well as technical qualifications. In the Higher Education Short Course Trial, employers were frustrated by the lack of a mechanism to fund modular courses in the LLE track.<sup>24</sup> Modular learning creates the opportunity to develop a dynamic partnership between further and higher education providers and employers if there is a mechanism for students to self-fund, be employer-funded and know how to stack their modules across both funding streams.

Implementing the LLE and GSL in an integrated fashion moves the education landscape from a 'ladder' model to a 'climbing frame' model. This allows learners to choose modules in a flexible and responsive manner based on their requirements and circumstances.

### Flexibility

This is where it gets really interesting. The Commission is calling for increased simplification and increased flexibility from the new policies. However, there is a trade-off between these two factors. The system is currently fairly simple: a student can access funding through the Student Loans Company, often for full degrees as well as Higher Technical Qualifications. Students can also access funding for Level 3 to 6 qualifications delivered through a college or training provider through an Advanced Learner Loan.

While the LLE increases the simplicity of access to funding across a wider range of qualifications, it also complicates the entire system. The two extremes of this hypothetical seesaw are:

- 1) Funding is only available for full qualifications, including full degrees. This is the current system. It is simple but inflexible.
- 2) Funding is available for modular learning, from 30 credits as proposed or smaller modules as called for by many in the sector. There is an expectation of modular-level credit transfer across institutions and courses. Full flexibility is available, but it is arguably too complicated to implement.

3) The more flexible the system becomes, the less simple it is. Conversely, a straightforward system is likely to offer little flexibility.

The LLE offers several options for increased flexibility. Institutions could develop ‘suggested pathways’ that could be completed over a more extended time than the three-year full-time offer and involve collaboration with other institutions. The LLE could also be a springboard for an increased provision of ‘exit’ awards for a traditional year of Level 4 and 5 study offering greater student mobility between courses and institutions. This may include a ‘period of validity’ for these qualifications to count towards full degrees.

The LLE and the GSL could explicitly support funding for bitesize learning opportunities for further flexibility. To make learning more accessible to those with limited time but still looking to improve their skills, the Government should consider a funding model that supports smaller increments of credits. Deciding on the exact number of credits was challenging, but the Commission suggested that starting with 10 or 15 credits would provide more flexibility without compromising quality.

Moreover, the LLE will only currently provide funding for courses that are part of a larger ‘parent’ programme. This approach seems counterintuitive, given that emerging technologies require new and timely course provisions. There could be a distinction between ‘standalone’ modules offering reflexive and innovative education for emerging technologies and fields and stackable modules forming part of the ‘suggested pathway’ concept outlined above. There is a balance to be struck between the immediate skills needed by an employer in the short term and the long-term strategic development of the knowledge and skills of the workforce.

In addition, Skills England could work with employers and providers to establish best practice for keeping course provisions in line with evolving job market skills gaps. Skills England’s work could also include developing guidelines and incentives to encourage further collaboration between the education and business sectors.

To ensure equitable access to lifelong learning, it is also recommended that students enrolled in online modules or courses be considered for maintenance support. This would provide greater widening access opportunities for learners with competing priorities, including paid work and caring duties, as well as for students who live rurally. Amending the LLE loan criteria in this way can reduce existing barriers for potential learners in multiple ways.

There are a number of points in this section that are complex to implement and costly to the public purse. These include:

- the unified implementation of two policies across two sectors;
- developing and communicating a usable system for stacking credit;
- extending student maintenance loan funding to distance learners;
- extending the scope of the LLE to smaller-sized modules; and
- extending the scope of the LLE beyond modules that form part of a parent course.

Given the fiscal context, it may be wise to implement the LLE and GSL with a focus on their coherence, with the expansion of scope to be considered once these substantial policies are implemented and proven to be successful. While scope expansion formed an important part of the Commission’s discussion, the recommendations below reflect the prioritisation of linking and delivering the LLE and the GSL with an integrated approach.

## **Recommendations**

In its current format, the Commission believes the LLE policy will fail to achieve its goals, and the LLE and GSL risk being implemented as stand-alone policies rather than complementary ones. We recommend the following considerations and actions for the new Labour Government.

## *Simplification*

- In addition to a personal account (showing how much is left to borrow under the LLE), the account should show students their completed learning, whether this is funded through the loan or an employer levy system. This will be important if the system evolves to a modular framework, with learners studying over an extended period and possibly over multiple providers. Having all this information in one formal record will support job seeking and accessing further study. Where appropriate, this should link to the UK Skills Classification. There should be a mechanism to easily share qualification information with employers, possibly via digital credentialing.
- The Student Loans Company should implement a user-friendly, lower-burden approach to loan applications for modular study.
- The Office for Students should continue to consider how modular learning can be regulated appropriately without undue regulatory burden. This new regulatory framework should be developed in close collaboration with the sector. The OfS should also work closely with other further and higher education regulators to prevent regulatory overlap or contradiction.

## *Unification*

- Develop a clear, easy-to-use and widely communicated mechanism for stacking qualifications between the LLE and GSL pathways. This function may sit with UCAS which is committed to 'working with the sector to establish a verified qualification and credit account'.
- The Department for Education should provide clarity about how these two funding systems dovetail and, thus, support a seamless road to lifelong learning.
- The Department for Education should consider developing a mechanism for employers to fund modular learning in the academic pathway, allowing the learner to both self-fund and be employer-funded through their modular learning journey.

## *Flexibility*

- Level 3 adult education provision should provide information on how their qualifications can be a stepping stone to the LLE, fostering an approach to lifelong learning.
- The OfS should encourage the awarding of 'exit' qualifications at Levels 4 and 5 during undergraduate degree study and use these as stepping stones to further study.

By addressing the above recommendations, the LLE and GSL policies can better meet the needs of learners and the evolving demands of the labour market. These policies can also widen access to higher education, ultimately fostering a culture of lifelong learning and adaptability. If executed well, this reform has the potential to tackle the country's skills gaps and improve levels of social mobility.

---

## **Acknowledgements**

This paper was developed thanks to the time, knowledge and expertise of the Instructure LLE Commissioners:

- Jill Cowley, Pro Vice-Chancellor Skills and Training and Dean of the Faculty of Arts, Design and Humanities, De Montfort University;
- Professor Stefan Krummaker, Professor of Leadership Practice, Queen Mary University of London;
- Professor Nick Mount, Chief Executive Officer, University of Nottingham Online;
- Professor Tracy Lightfoot, Pro Vice-Chancellor for Teaching, Learning and Students, University of York;
- Sam Brenton, Director of Online Education, University of London;
- Professor Leigh Sparks, Deputy Principal (Education and Students), University of Stirling;
- Dr Sal Jarvis, Deputy Vice-Chancellor for Education, University of Westminster;



- Professor Colin Riordan, Secretary General, The Association of Commonwealth Universities;
- Laura Dent, Consultant in Online Education and Former Associate Director, LSE Online, London School of Economics;
- Russell Brooks, Chief Executive Officer, Heriot-Watt Online;
- Rod Bristow, Visiting Professor, University College London's Institute of Education and Chair of Council, University of Bradford;
- Rose Stephenson, Director of Policy and Advocacy, Higher Education Policy Institute;
- Stephan Fortier, Regional Vice President, Instructure; and
- Nathalie Hulbert, Content Marketing Manager, Instructure.

## Instructure

Instructure is the creator of Canvas VLE, the #1 educational software and the foundation of the Instructure Learning Ecosystem. Instructure powers learning for a lifetime, supporting tens of millions of users globally and helps turn that learning into opportunities.

## Endnotes

- 1 Civil Service, 'Devolution postcard' <https://assets.publishing.service.gov.uk/media/5c33255fe5274a659ce3d00c/Devolution-Postcard.pdf>
- 2 UK Government, 'Further education courses and funding' <https://www.gov.uk/further-education-courses>
- 3 Department for Education, *Lifelong Loan Entitlement: Government Consultation*, February 2022 [https://consult.education.gov.uk/lifelong-learning-entitlement-team/lifelong-loan-entitlement-consultation/supporting\\_documents/CP%20618%20Lifelong%20Loan%20Entitlement%20Consultation%20web%20version%201.pdf](https://consult.education.gov.uk/lifelong-learning-entitlement-team/lifelong-loan-entitlement-consultation/supporting_documents/CP%20618%20Lifelong%20Loan%20Entitlement%20Consultation%20web%20version%201.pdf)  
While the objectives set out in the Government Consultation refer to an objective of 'train, retrain or upskill at any stage in their lives', the subsequent response document limited eligible learners as 'being up to the age of 60'. Lifelong Loan Entitlement: Government consultation response' Department for Education, March 2023 <https://assets.publishing.service.gov.uk/media/64060e398fa8f52f310d54b/Lifelong-Loan-Entitlement-Consultation-Response.pdf>
- 4 UK Government, 'Lifelong Learning Entitlement overview', November 2024 <https://www.gov.uk/government/publications/lifelong-learning-entitlement-lle-overview/lifelong-learning-entitlement-overview>
- 5 QAA, 'What is Credit? A guide for students' <https://www.qaa.ac.uk/docs/qaa/quality-code/what-is-credit-guide-for-students.pdf>
- 6 Rose Stephenson, 'Does the Lifelong Loan Entitlement meet its own objectives?' HEPI Policy Note 45, May 2023 <https://www.hepi.ac.uk/2023/05/11/does-the-lifelong-loan-entitlement-meet-its-own-objectives/>
- 7 The Labour Party, *5 Missions for a Better Britain: Breaking down the barriers to opportunity*, June 2024 <https://labour.org.uk/wp-content/uploads/2023/07/Mission-breaking-down-barriers.pdf>
- 8 FE Week Reporter, 'Budget 2024: What the chancellor announced for FE and skills', *FE Week*, 30 October 2024 <https://feweek.co.uk/budget-2024-what-the-chancellor-announced-for-fe-and-skills/>
- 9 Peter Elias et al, *A Skills Classification for the UK: Plans for development and maintenance*, Department for Education / Government Social Research, October 2023 [https://assets.publishing.service.gov.uk/media/652fdb9d92895c0010dcb9a5/A\\_skills\\_classification\\_for\\_the\\_UK.pdf](https://assets.publishing.service.gov.uk/media/652fdb9d92895c0010dcb9a5/A_skills_classification_for_the_UK.pdf)
- 10 UK Government, 'Lifelong Learning Entitlement overview', November 2024 <https://www.gov.uk/government/publications/lifelong-learning-entitlement-lle-overview/lifelong-learning-entitlement-overview>
- 11 Department for Education, *Skills England: Driving growth and widening opportunities*, September 2024 [https://assets.publishing.service.gov.uk/media/66f19f7975446d60123ee2e3/Skills\\_England\\_report.pdf](https://assets.publishing.service.gov.uk/media/66f19f7975446d60123ee2e3/Skills_England_report.pdf)
- 12 Department for Education / Skills for Life, 'Higher Technical Qualifications (HTQs)' <https://find-employer-schemes.education.gov.uk/schemes/higher-technical-qualifications>
- 13 Office for Students, 'Checking the quality of apprenticeships' in *Degree apprenticeships: a guide for higher education providers* [https://www.officeforstudents.org.uk/for-providers/student-choice-and-flexible-learning/degree-apprenticeships/degree-apprenticeships-for-providers/checking-the-quality-of-apprenticeships/#:~:text=Ofsted%20and%20inspections&text=This%20means%20that%20Ofsted%20carries,Skills%20Funding%20Agency%20\(ESFA\).](https://www.officeforstudents.org.uk/for-providers/student-choice-and-flexible-learning/degree-apprenticeships/degree-apprenticeships-for-providers/checking-the-quality-of-apprenticeships/#:~:text=Ofsted%20and%20inspections&text=This%20means%20that%20Ofsted%20carries,Skills%20Funding%20Agency%20(ESFA).)
- 14 Department for Education / Education and Skills Funding Agency, 'ESFA functions to move to the Department for Education', News Story, 11 September 2024 <https://www.gov.uk/government/news/esfa-functions-to-move-to-the-department-for-education>
- 15 Universities UK, *Opportunity, growth and partnership: A blueprint for change from the UK's universities*, September 2024 <https://www.universitiesuk.ac.uk/sites/default/files/field/downloads/2024-10/opportunity-growth-and-partnership-a-blueprint-for-change.pdf>
- 16 Esme Yates et al, *Education: the ideas*, Nesta UK 2040 Options, September 2024 <https://options2040.co.uk/wp-content/uploads/2024/09/Education-the-ideas-2024.pdf>
- 17 Rose Stephenson, 'Does the Lifelong Loan Entitlement meet its own objectives?' HEPI Policy Note 45, May 2023 <https://www.hepi.ac.uk/2023/05/11/does-the-lifelong-loan-entitlement-meet-its-own-objectives/>
- 18 Quality Assurance Agency, *Achieving credit transfer at scale: An analysis of UK university policies*, September 2024 <https://www.qaa.ac.uk/news-events/news/qaa-charts-credit-transfer-practice-across-the-uk>
- 19 Mike Ratcliffe, 'Creditworthy: how to fix the LLE', HEPI Blog, 28 August 2024 <https://www.hepi.ac.uk/2024/08/28/creditworthy-how-to-fix-the-lle/>
- 20 Nick Hillman, 'Dropouts or stopouts or comebacks or potential completers?': Non-continuation of students in the UK', HEPI Policy Note 53, April 2024, <https://www.hepi.ac.uk/2024/04/25/dropouts-or-stopouts-or-comebacks-or-potential-completers-non-continuation-of-students-in-the-uk/>
- 21 Careers Research & Advisory Centre (CRAC) for the Office for Students, *Evaluation of the Higher Education Short Course Trial*, January 2024 <https://www.officeforstudents.org.uk/media/nlhjy3pm/evaluation-of-the-higher-education-short-course-trial.pdf>
- 22 Australian Government, 'National Skills Passport Consultation', August 2024 <https://www.education.gov.au/national-skills-passport-consultation>
- 23 Rose Stephenson, 'What could the higher education short course trial mean for the Lifelong Learning Entitlement?', HEPI Blog, 26 January 2024 <https://www.hepi.ac.uk/2024/01/26/what-could-the-higher-education-short-course-trial-mean-for-the-lifelong-learning-entitlement/>
- 24 Rose Stephenson, 'What could the higher education short course trial mean for the Lifelong Learning Entitlement?', HEPI Blog, 26 January 2024 <https://www.hepi.ac.uk/2024/01/26/what-could-the-higher-education-short-course-trial-mean-for-the-lifelong-learning-entitlement/>



Higher Education Policy Institute

99 Banbury Road, Oxford OX2 6JX  
 admin@hepi.ac.uk  
 www.hepi.ac.uk  
 @HEPI\_news