



Baroness Barran

Minister for the School System and Student Finance
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14 December 2023

Dear colleague,

Thank you for raising Alternative Student Finance (ASF) this year, including during the passage of the Lifelong Learning (Higher Education Fee Limits) Act and the Financial Services and Markets Act. I am pleased to provide an end of year update on ASF, as promised during the Bills' passage.

The Government remains strongly committed to delivering an ASF product compatible with Islamic finance principles, and we are making good progress to assess how we can deliver an ASF product as soon as possible after the introduction of the Lifelong Learning Entitlement (LLE).

This year, we have re-appointed the Islamic Finance Council UK (UKIFC) to provide advice on ASF and started work with the Student Loans Company (SLC) to plan the delivery of the ASF product.

I am pleased to confirm that the SLC commenced work to better understand delivery timescales for ASF in August. Work is progressing well and, so far, SLC have completed 18 workshops covering topics including central finance processes, reporting processes and repayment customer journeys. Work has also been undertaken to understand the impact of ASF on customers' repayment journeys, communications, and marketing. Staff across the SLC and Department for Education have received training on Islamic finance principles, and SLC are conducting user research on attitudes to personal and student finances.

This phase of work with the SLC will enable us to understand the cost, timeframes, and possible delivery solutions for the ASF product. It is on track to finish by the end of March 2024. The next phase of delivery planning work will be the detailed delivery assessment for the ASF product. This will include planning delivery activities and identifying where changes need to be made across SLC systems and products to introduce ASF.

When the ASF product is introduced, it will be one of the first state-backed student loan schemes in the world that is Sharia-compliant. As part of the ASF delivery project, we will undertake a thorough Sharia certification process. This is critical to ensure that the ASF product is developed and delivered in line with Islamic finance industry best practice, and that the product will be accepted by prospective students. To support the Sharia certification process, we launched an expression of interest exercise in November to gauge the market interest in providing this service. This will close on the 20th of December.

We have also made information about ASF more accessible to prospective students, publishing a blog post in July which set out what the ASF product is and how it will work when introduced. The blog post can be found here: [Alternative Student Finance – how we're making student finance accessible to everyone - The Education Hub \(blog.gov.uk\)](#).

We also published a policy paper on ASF which can be found here: [Alternative student finance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/papers-and-publications/alternative-student-finance).

Finally, I continue to meet regularly with interested Parliamentarians, such as yourself, and representatives from the Islamic community and the finance sector. In these meetings, we discuss stakeholder engagement plans, including how we can best communicate with the Muslim community about ASF, and the steps the government is taking to deliver ASF swiftly. We are next due to meet in March 2024, and I look forward to sharing the further progress we have made then.

I hope this letter has been useful and I will place a copy in the House of Commons Library.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'Dina Barran'.

BARONESS BARRAN
MINISTER FOR THE SCHOOL SYSTEM AND STUDENT FINANCE