



Rt Hon Nadhim Zahawi MP

Secretary of State

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Dear Robert,

Thank you for your helpful and thoughtful questions at the Education Select Committee meeting I attended on 20th April. As I promised, I am writing to you to update you on the progress that the Government has made on introducing an alternative student finance (ASF) product.

Firstly, I can assure you that I understand the concerns held by some Muslim students and their families about student finance. The Government took new powers in the Higher Education and Research Act 2017 to enable me, as Secretary of State, to provide ASF payments in addition to grants and loans. We have carried out design work with specialist advisers, the Islamic Finance Council UK, on an ASF product for tuition fee and living cost support that is compatible with Islamic finance principles.

The Government wants to help ensure higher education remains accessible to all those with the desire and ability to benefit from it. We are currently considering whether and how ASF could be delivered as we take forward the Lifelong Loan Entitlement (LLE), which is a major reform of our system of student finance support for higher education.

Our consultation on the detail and scope of the LLE closed last Friday 6th May. In this consultation we sought views on what barriers learners with protected characteristics might face in accessing or drawing on their LLE, and how these barriers could be overcome, noting that answers to this question could include consideration of an ASF product for students whose faith has resulted in concerns about traditional loans.

A further update on ASF will be provided when we issue the Government response to the LLE consultation.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'N. Zahawi'.

Rt Hon Nadhim Zahawi MP
Secretary of State for Education