

**The Independent Review of Higher Education Funding  
and Student Finance**

**First call for evidence**

**Submission by the Office for Fair  
Access (OFFA)**

**31 January 2010**

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# **Response of the Office for Fair Access (OFFA) to the Independent Review of Higher Education Funding and Student Finance: first call for evidence.**

## **Introduction**

OFFA welcomes the opportunity to submit evidence to the Independent Review of Higher Education Funding and Student Finance (the “Review”).

### **Scope of response**

1. This response to the first call for evidence addresses only those questions pertaining to our role and remit. We therefore concentrate our submission on widening participation and fair access, and the impact of access agreements. We comment to some extent on sustainability, but do not comment on quality.
2. We note that a second call for evidence will focus on “views and principles to orient recommendations for the future”. This submission therefore focuses on an assessment of the current system.
3. We commissioned work on the impact of bursaries before the precise timing of this Review was known. This work is due to report by the end of March, at which point we will make the results known to the Review.
4. Sir Martin Harris, Director of Fair Access, has been asked by the Secretary of State to write a report on what more could be done to widen access to highly selective universities. This report will also be available by the end of March or early April.
5. We also await the outcomes of our 2008-09 monitoring round which is due to be published in May. However, we will be able to provide provisional data to the Review earlier.
6. Unless otherwise stated, this response refers to full-time undergraduate higher education in England.

## Key points

### **The new system has worked well in many respects:**

- Significant additional income has been raised for higher education - £1.5 bn gross per annum in steady state<sup>1</sup> ( this is £1.1 bn net once universities have paid for their bursaries and additional investment in outreach activities)
- There is better support for students – they no longer pay up-front fees and enjoy more support while they study thanks to the reintroduction of grants, larger subsidised loans, improved loan repayment criteria and the introduction of institutional bursaries
- Institutions have demonstrated strong commitment to widening participation and fair access by exceeding expected investment levels in bursaries and outreach
- Significant additional institutional support has been targeted at disadvantaged students - over £350m per annum in steady state
- Additional institutional investment has been secured for outreach work - around £40m a year in steady state
- Variability has incentivised applications to the most selective, least diverse institutions, through the availability of higher value bursaries at such institutions. It has also been key in generating higher than expected investment in bursaries and outreach and in promoting experimentation and innovation in bursary schemes.

### **The current fee and support arrangements have not deterred students:**

- There have been significant and sustained increases in participation rates over the last five years – these increases have been highest for students from the most disadvantaged backgrounds
- The gap between participation of students from the most advantaged and most disadvantaged groups has narrowed
- Given current levels of support, finance is not a key factor in decisions about higher education for most students. The macro level data support this, indicating that bursaries are not playing a significant role in influencing most students' choice of institution

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<sup>1</sup> Students are normally entitled to the support arrangements that are in place in their year of entry. As some degrees take four or five years (e.g. medicine) it takes a number of years before all students are on the same package. In the case of the new fee arrangements steady state is technically reached by 2010 -11, although, as there are relatively few five year degrees the new system is almost in steady state by 2009-10.

- However, survey results indicate that for a significant minority of cost sensitive students, finance and bursaries may be influencing their choices. We have commissioned more sensitive statistical analysis and await the outcome to see if it confirms this.

**There are some issues to address:**

- Although take-up of bursaries is no longer an issue, low awareness of bursaries at the pre-entry stage among students, parents, and school and college higher education advisors is reducing their impact
- In particular, many students are not sufficiently informed about bursaries before they apply through UCAS to factor this information into their decision making process
- Exaggerated or misleading claims about the costs of higher education, are affecting understanding and perceptions of the system, including bursaries. Bursary messages need to be clearer and be given higher prominence in national information campaigns
- Fair access to the most selective institutions appears to have continued to move more slowly than access to the sector as a whole.

## The role and responsibilities of OFFA

Mission: **“Working collaboratively we promote fair access to higher education in particular for low income and other under-represented groups.”**

### Why OFFA was established

7. The Office for Fair Access (OFFA) is an independent public body that helps safeguard and promote fair access to higher education. OFFA was established under the Higher Education Act 2004 to ensure that:
  - the introduction of higher tuition fees in 2006-07 did not deter people from entering higher education for financial reasons
  - universities and colleges were explicitly committed to increasing participation in higher education among under-represented groups.
8. OFFA is a very small organisation. We have an annual budget of under £0.5m and operate with four staff and a director (a total of four FTE). As well as our core work of approving and monitoring access agreements for institutions charging higher fees, we work closely with the sector to ensure the effective implementation of bursaries and to minimise the burden of reporting to us. From time to time, issue guidance to the sector. For example, we recently published research and good practice on raising awareness about bursaries.

### How access agreements work

9. OFFA safeguards access by requiring all institutions that decide to charge higher fees for full-time undergraduate students to have what is called an ‘access agreement’. In their access agreement – which is subject to approval from OFFA – each institution must set out how they will ensure that students from the poorest backgrounds are not discouraged from applying for their courses. They do this primarily by providing financial support (bursaries) for students from low income backgrounds. Many also deliver additional outreach activities aimed at increasing aspirations and raising awareness of higher education. Access agreements last up to five years. However, institutions can – subject to our approval – revise their access agreement annually. Each year we ask institutions to confirm their fee and bursary levels.
10. Each year we monitor institutions’ compliance with their access agreement commitments and progress against their objectives and publish the outcomes. This level of transparency plays an important role in reassuring the public that institutions are committed to making sure that higher fees do not damage access. Our monitoring also demonstrates the level of support that is made available to students from poorer backgrounds and other under-represented groups each year.

### **Our regulatory powers**

11. As a regulator, we have powers to refuse an institution's access agreement if we believe it does not show sufficient investment or commitment to fair access. We also have powers to instruct the Higher Education Funding Council for England (HEFCE) to impose a fine and to withhold funding grant from institutions that are in wilful breach of their agreements. If an institution is consistently in breach of its agreement and does not work with us towards a resolution of any issues, then we can refuse to approve subsequent agreements for a period at the Director's discretion.<sup>2</sup>

### **Our key performance indicators**

12. OFFA's key performance indicators are based around widening participation to full-time undergraduate higher education, maintaining appropriate investment by the sector in access agreements, and supporting clear and accessible financial information.

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<sup>2</sup> The sanctions available to OFFA are set out in the Higher Education Act 2004. See also Office for Fair Access (2004) *Producing Access Agreements: OFFA guidance to institutions*, Office for Fair Access, Bristol. <http://www.offa.org.uk/wp-content/uploads/2006/07/Producing%20Access%20Agreements.pdf> Accessed 30/01/10

# What access agreements have delivered

## Additional fee income

13. The primary reason for the introduction of variable fees was the need to generate additional income for universities and colleges that was not subject to fluctuations in government funding or programmes.
14. Additional fee income<sup>3</sup> will generate an estimated £1.5b per annum in steady state (from 2009-10). Once expenditure on bursaries, scholarships and additional outreach has been deducted, net income is estimated at around £1.1b per annum (see Table 1).

**Table 1. Additional fee income (HEIs and FECs)<sup>4</sup>**

	Additional fee income (£m) <sup>5</sup>	Net additional fee income (after access agreement commitments) (£m)
2006-07 (actual)	458	<b>339</b>
2007-08 (actual)	892	<b>667</b>
2008-09 (predicted)	1,349	<b>992</b>
2009-10 (predicted)	1,490	<b>1,099</b>
2010-11 (predicted)	1,564	<b>1,164</b>

Source: OFFA, monitoring outcomes reports for 2006-07 and 2007-08. For 2008-09 to 2010-11, figures are based on institutions' own estimates

15. The overwhelming majority of this income (98.5%) goes to higher education institutions (HEIs), which includes their franchised provision. The other 1.5% of income goes to directly-funded further education colleges (FECs).<sup>6</sup>

<sup>3</sup> This refers to fee income for HEIs and directly funded FECs. A small amount of income is also generated by SCITTs (School Centred Initial Teacher Training providers), but as they are a small part of the PGCE sector we haven't included them here. See our annual monitoring outcomes for details.

<sup>4</sup> We do not have complete data on the reported cost to institutions of implementing their access agreement commitments. However, those institutions that did return figures reporting on the costs of delivery, reported an average of around 1% of additional fee income.

<sup>5</sup> N.B. Additional fee income is only that charged above the standard fee per student of £1,200 in 2006-07, £1,225 in 2007-08, £1,255 in 2008-09 and £1,285 in 2009-10.

<sup>6</sup> This is based on the latest actual figures from our 2007-08 monitoring data.



## **Expenditure on bursaries and additional outreach**

### **Expected levels of expenditure**

16. When OFFA was established it received explicit guidance from the then Secretary of State Charles Clarke that all institutions charging above the standard fee should deliver a minimum amount of financial support for their students. This “minimum bursary” (£300 in 2006-07) was guaranteed to all students receiving the full state maintenance grant and was based on the principle that it should meet the difference between the full grant (£2,700 in 2006-07) and the level of fee charged (up to £3,000 in 2006-07).<sup>7</sup>
17. Delivery of the minimum bursary was expected to cost no institution more than around 10 per cent of its additional fee income, even for the most diverse institutions with significant proportions of students receiving the full grant. However, in order to encourage progress on widening participation and fair access across the sector, institutions with further to go in securing a diverse student body were expected to do more than offer the minimum bursary. The Secretary of State made this clear at several points in his letter, for example: *“I would expect that you would expect the most, in terms of outreach and financial support from institutions whose records suggest that they have furthest to go in securing a diverse student body.”*

### **How bursary schemes are designed**

18. The design of institutions’ bursary schemes, beyond the minimum bursary, is for individual institutions to determine. Precise levels of investment are not set out in legislation, nor explicit in OFFA guidance, so giving institutions the freedom to decide – within the broad guidance – what is an appropriate investment for their particular institution. However, in approving access agreements, an overall expenditure level (for both bursaries and additional outreach) of around 20% was acceptable to OFFA for those institutions with further to go. We felt that this level generated significant expenditure on access measures, while also making “the lion’s share” of additional funds available to institutions – as was the policy intention.

### **Average sector expenditure**

19. Institutions have demonstrated their strong commitment to widening participation and fair access by exceeding expected investment in their access agreements.
20. On average (2006-07 and 2007-08), the sector spent 25 per cent on access agreement commitments (comprising 21.8 per cent on financial support for students and a further 3.6 per cent on additional outreach or other widening participation activities). Institutions’ predictions to 2010-11

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<sup>7</sup> The minimum bursary requirement has changed from 2010 as a response to maintenance grants being held at 2009 levels. The new minimum bursary is 10 per cent of the fee charged.

indicate that this level of commitment and expenditure has been sustained (see Table 2) despite the increasingly challenging financial environment.

21. This investment has resulted in significant additional financial support for students (over £350m per year in steady state) as well as a valuable additional funding stream - controlled by institutions themselves - for institutional outreach activities and infrastructure (£40m per year in steady state).
22. The overwhelming majority of total sector expenditure (97.5%) is by HEIs, including through franchised provision. Around 2.5% of expenditure is by directly-funded FECs. (Again, this is based on the latest actual figures from our 2007-08 monitoring data.)

**Table 2. Access agreement bursary and outreach expenditure as a proportion of additional fee income (HEIs and FECs)**

	<b>Additional fee Income (£m)</b>	<b>Spend on bursaries (£m)</b>	<b>Spend on bursaries (%)</b>	<b>Spend on outreach (£m)</b>	<b>Spend on outreach (%)</b>	<b>Total spend (£m)</b>	<b>Total spend (%)</b>
<b>2006-07 actual</b>	458	98	21.4	21	4.6	119	26
<b>2007-08 actual</b>	892	197	22.0	28	3.1	225	25
<b>2008-09 predicted</b>	1,349	322	23.8	35	2.6	357	26
<b>2009-10 predicted</b>	1,490	352	23.6	39	2.6	391	26
<b>2010-11 predicted</b>	1,564	360	23.0	40	2.6	400	26

Source: OFFA data

### **Most support is targeted at students from the lowest income backgrounds**

23. The majority of institutional financial support is targeted at students from the poorest backgrounds (in 2007-08 this was defined as those with residual family incomes up to the full maintenance grant threshold of £17,910). In 2007-08, 71 per cent of total bursary and scholarship expenditure was awarded to 133,000 such students.
24. The remaining 29 per cent of financial support went to a further 73,000 students from backgrounds with household residual incomes above the full maintenance grant threshold and from other under-represented groups (see Table 3).

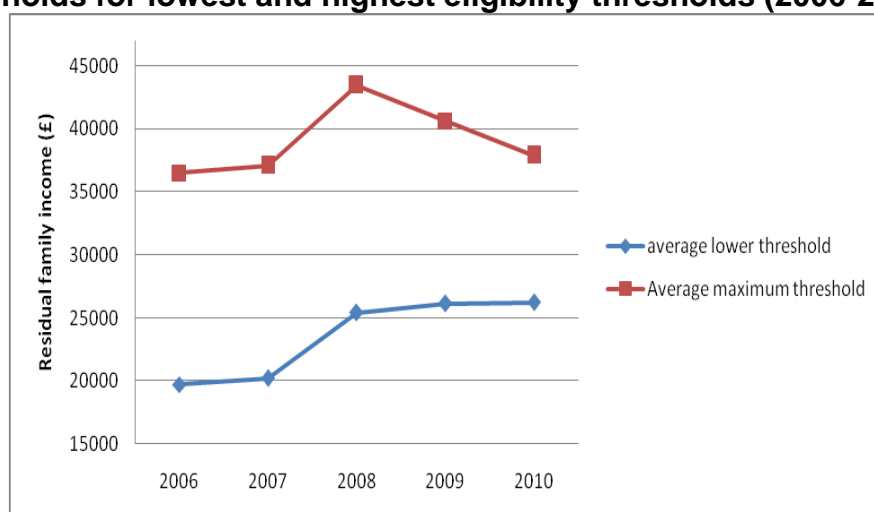
**Table 3. Expenditure on bursaries and scholarships by income group (actual 2007-08)<sup>8</sup>**

	(£m)
Household income up to £17,910	136
Household income between £17,911 and £38,330	47
Household income between £38,331 and £48,330	4
Other under-represented groups	5
<b>Total</b>	<b>192</b>

Source: OFFA data.

25. Over time we have seen fluctuations in the eligibility thresholds of bursaries for new cohorts of students. Institutions have partly reviewed their schemes in response to changes in the state maintenance grant thresholds in 2008 and 2009.<sup>9</sup> However, we have also seen institutions start to target their main bursary away from higher incomes from 2009 (see Figure 1).

**Figure 1. HEI core bursary schemes - average family income eligibility thresholds for lowest and highest eligibility thresholds (2006-2010)**



Source: OFFA data

<sup>8</sup> N.B. OFFA only collects information on OFFA-countable awards (those that benefit lower incomes and other under-represented groups). OFFA only counts non-targeted support where this has been awarded to students in OFFA target categories. We count low-income backgrounds as incomes up to £47,425 (this 2006-07 figure is increased by inflation each year). In 2006-07, this figure was £10,000 above the means-tested threshold for a maintenance grant and reflected the concern amongst a significant number of institutions that there might be a particularly vulnerable group of students just above the grant threshold who might be deterred from higher education because of a lack of financial support.

<sup>9</sup> Full and partial grant thresholds rose in 2008 to £25,000 and £60,005 respectively. The partial grant threshold was then reduced in 2009 to £50,020, to bring the number of eligible students back in line with the Department's expectations.

## Support for students from other under-represented groups

26. Institutions are free to broaden their targeting to include non income-based measures of disadvantage. Some target local or regional areas of disadvantage while others have chosen to tackle national issues. For example, the educational disadvantage of students from care backgrounds has been a focus of government policy in recent years. OFFA has supported this by encouraging institutions to develop bursaries for care leavers and adopt the Frank Buttle Trust Quality Mark for care leavers in higher education. In 2006 only one institution offered a care leaver bursary as part of its access agreement. In 2010, 26 institutions are offering care leaver awards under their access agreements, averaging £1,500 per annum.<sup>10</sup> This support is in addition to any other means-tested bursaries and state support that these students are entitled to.

## Variability

### Little variability in HEI fees

27. There is very little variability in HEI fees for first degrees. There is some variability in the price of HEI sub-degrees, although many of these are provided by HEIs' franchise partners in FECs. There is significantly more variability in the fees charged by directly-funded FECs.

28. Variability in fees has decreased in HEIs since the introduction of the new student finance system in 2006-07. A total of eight institutions (7%) chose not to charge higher fees for their main degrees in 2006-07. This has reduced steadily, with all HEIs opting to charge the maximum amount in 2010-11 (see Table 4). This suggests that institutions charging lower fees have not realised sufficient competitive advantage in doing so to outweigh the benefits of increasing their fee income. It might also suggest that students are not primarily concerned with the fee price when choosing where to apply.

**Table 4. Proportion of HEIs (%) charging the maximum fee for first degrees**

2006-07	2007-08	2008-09	2009-10	2010-11
93	94	95	96	100

Source: 2006-09 from OFFA annual reports, 2010-11 from current data<sup>11</sup>

29. However, variability remains high in directly funded FECs, with almost half of those institutions that charge higher fees opting to charge below the maximum level (see Table 5). Over half of directly-funded FECs don't

<sup>10</sup> Source: OFFA data.

<sup>11</sup> Figures exclude the Open University which charges a lower fee for a flexible post graduate certificate in education (PGCE). This course requires an access agreement as it is technically a full-time undergraduate course. However, it is not representative of the provision we are commenting on and so has been omitted from the figures.

charge fees above the standard level (in 2009-10, 55 out of 124 directly-funded FECs charged higher fees).

**Table 5. Proportion of FECs (%) charging the maximum fee for first degrees**

2006-07	2007-08	2008-09	2009-10	2010-11
61	46	43	46	Data not yet available

Source: 2006-09 from OFFA annual reports

### **Significant variability in bursaries**

30. Whilst there is little variability in fees, there is considerable variability in bursaries. In 2007-08 (latest year of actual rather than predicted data) expenditure on bursaries, scholarships and additional outreach (as a proportion of additional fee income) ranged significantly by institution, from 10 per cent to 52 per cent.
  
31. Institutions that have the furthest to go in securing a diverse student body have met OFFA's expectations to do more than the minimum. The least diverse institutions have, on average, offered higher bursary amounts than more diverse institutions (see Table 6) and have met the expectation that their overall expenditure on bursaries and additional outreach should not be less than around 20 per cent of additional fee income.
  
32. However, many institutions that already have diverse student bodies have also chosen to invest significant proportions of their additional income in bursaries and in some cases, additional outreach. There are a number of possible reasons for this, including competition and the uncertainties of a new market, as well as a level of pastoral concern for their students. Whatever the reasons behind their decision, the volume of eligible students at such institutions has led to significant overall expenditure. We have seen fairly even expenditure levels across the institutional mission groups. However, some institutions are clearly spending well in excess of the amounts that the government and OFFA originally envisaged (see Table 6).

**Table 6. Average bursary and additional outreach expenditure as a proportion of additional fee income in 2007-08 by mission group**

<b>Mission Group</b>	<b>Average spend on bursaries and outreach (%)</b>	<b>Range of spend on bursaries and outreach (%)</b>	<b>Average bursary amount (£)</b>
<b>Million +</b>	26.3	10 to 43	769
<b>Universities Alliance</b>	25.4	17 to 36	826
<b>Other (non-aligned) institutions</b>	25.3	11 to 52	813
<b>Russell Group</b>	24.1	17 to 33	1,536
<b>1994 Group</b>	22.6	16 to 30	1,211
<b>All HEIS</b>	24.9	10 to 52	952

Source: OFFA data

33. The clearest differentiation in the bursary market is between the most selective, least diverse institutions (Russell Group and 1994 Group) and the rest of the sector. The most selective institutions offer, on average, around twice that offered by the most diverse institutions. However, it should be noted that there is considerable variation within mission groups and some institutions offer considerably more, or less, than the average for their peers.

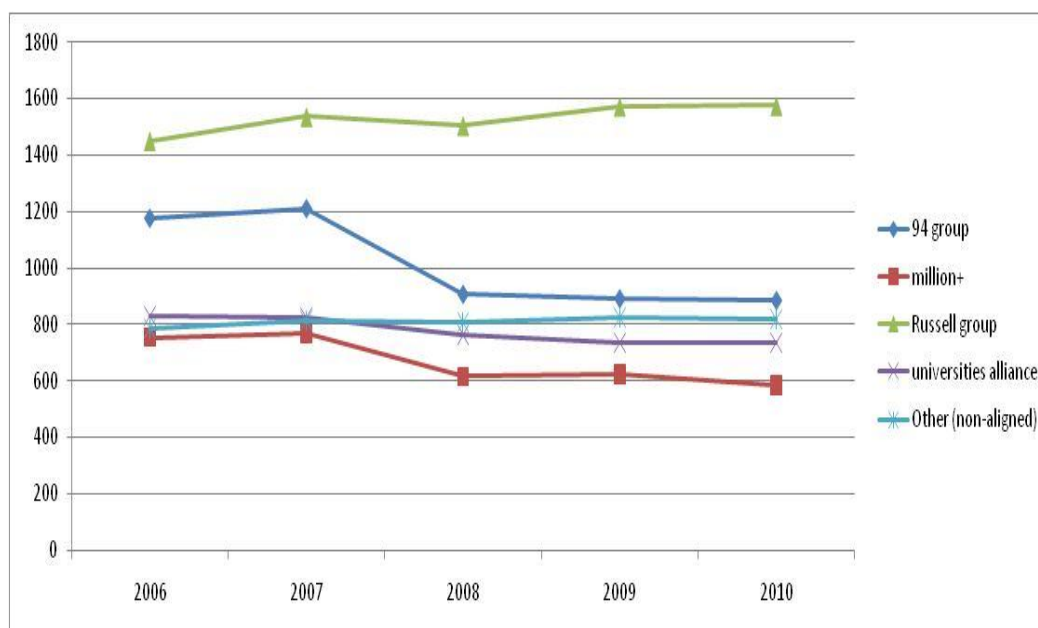
**Table 7. Average bursary amount offered to students at the full maintenance grant threshold by mission group, 2006-07 to 2010-11**

	Full grant threshold £17,500		Full maintenance grant threshold £25,000			Average
	2006-07	2007-08	2008-09	2009-10	2010-11	
<b>Mission group</b>						
<b>Russell group</b>	1,450	1,536	1,505	1,573	1,576	1,528
<b>94 group</b>	1,178	1,211	909	893	887	1,011
<b>Other</b>	787	813	807	826	821	811
<b>Universities alliance</b>	832	826	765	737	737	780
<b>Million+</b>	755	769	615	625	584	669
<b>Average All HEI</b>	926	952	871	872	877	901

Source: OFFA data

34. The gap between average core bursaries offered by the most selective, least diverse institutions and the rest of the sector has grown slightly over time (see Figure 2). However, average core bursary amounts have remained relatively stable. The apparent reduction in average core bursary amounts in 2008 is partly attributable to a change in measurement caused by the increase in the full maintenance grant threshold, but also to some revising of bursary amounts in response to widening thresholds (see Figure 1).

**Figure 2. Average core means tested bursary value at the full grant threshold, by mission group, 2006-07 to 2010-11<sup>12</sup>**



Source: OFFA data

35. In addition to core means-tested bursaries, the majority of institutions offer additional financial support in the form of bursaries or scholarships with additional or separate criteria (see Table 8)

<sup>12</sup> N.B. In 2006 and 2007 the full grant threshold was £17,500 and £17,910 respectively. In 2008 this threshold was raised significantly to £25,000. The years 2006 and 2007 are not therefore directly comparable with subsequent years.

**Table 8. Institutional support offered above core bursary amounts, 2008-09**

94 per cent (117) have additional awards
38 per cent (48) have some form of scholarship scheme. Of those 48, less than a third (14) include a means-test. A typical award is £1000
20 per cent (25) have awards based on subject
18 per cent (22) offer awards for achievement or progression while at university, with awards ranging from £100 to £10,000 (not all scholarships are paid per annum)
13 per cent (16) offer awards aimed at students progressing from partner schools
18 per cent (22) offer awards aimed at care leavers
14 per cent of HEIs are creating or contributing additional funds to discretionary funds or awards

Source: OFFA annual report 2008-09 p.19

## The importance of variable bursaries

36. Some argue for a national bursary scheme on the grounds that it would provide the same level of support for students with the same income regardless of where they study. They argue that this would be both more equitable for students and would reduce the complexity of different universities offering different bursaries which, they say, confuses students.

### National support already exists

37. Our view, however, is that a national support system *already* exists, through nationally determined maintenance grants, loans, and the minimum bursary requirement.

38. Over and above the national minimum bursary requirement, we believe that bursaries, like fees, are part of the overall pricing policy set by individual universities and as such are an important part of institutional autonomy. We therefore take the view that institutions should be able to design their bursary schemes in line with their own mission and circumstances and so as to best attract the students that are under-represented in their particular institution.

### The positive effects of variability

39. Variability encourages competition in core bursary schemes for students from lower income backgrounds, so generating higher support for such



students. It is highly unlikely that a national bursary scheme would have generated as much money for bursaries as has been generated under the current system.

40. Variability also enables experimentation and innovation in bursary schemes to widen access among specific disadvantaged groups e.g. care leavers and local students living in areas of particular disadvantage. And it enables institutions to encourage applications for particular subjects (e.g. STEM subjects) and to reward academic achievement through merit-based scholarships.
41. Most importantly, variability provides a mechanism through which the least diverse (often the most selective) institutions can be required to go beyond the minimum expected of others (thus supporting social mobility and access to the elite professions). And by making institutions responsible for their own bursary schemes and by linking these schemes to milestones and targets in institutions' binding access agreements, variability ensures that institutions are explicitly and publicly responsible for their own performance on widening participation and fair access.

#### **Bursary messages must be better publicised**

42. We accept that variability is more complex than a national scheme. However, the core bursary messages are actually relatively simple to explain (bursaries are non-repayable, if you're receiving the full state maintenance grant you're entitled to a minimum bursary etc). But clearly, if any bursary effect is to be maximised, these messages need to be better publicised at a national level to raise bursary awareness among students and those who advise them.

### **Going forward - future institutional expenditure**

#### **Risk that institutions may reduce expenditure on access measures**

43. Access agreements have already been fixed for 2010-11. Institutions will look to agree bursary levels for 2011-12 this summer (2010).
44. There is a risk that, in order to respond to increasing financial constraints over the coming years, institutions will look to reduce what they spend on access measures from 2011-12, either by reducing their bursary commitments, or by reducing their additional outreach expenditure.
45. There is also a risk that, if widening participation funding is reduced from central sources, access agreement funds might be diverted to sustain previous funding streams, leading to a net reduction in the total outreach or widening participation activity of institutions.

#### **In some cases, reduced or rebalanced expenditure may be acceptable**

46. Our overarching objective is to support widened participation and fair access and we are determined to maintain access agreement commitments at appropriate levels. However, this does not necessarily

mean that we will oppose revisions to access agreements that result in decreased expenditure. If institutions are able to deliver their access agreement commitments by more cost-effective use of bursaries and additional outreach, then we will be happy to consider revisions to their access agreements. For example, efficiencies may be found by targeting bursaries better at the most disadvantaged students (some institutions currently offer bursaries to students on higher incomes, or offer bursaries or scholarships that are not means-tested). We also recognise that there are some institutions with already diverse student bodies that have greatly exceeded our expectations of what they should be spending. Any revisions by such institutions, although downward, may still result in levels of expenditure that exceed our expectations.

47. We are also happy to consider revisions that allow institutions to rebalance their funds so that money is spent where it can have the greatest impact. For example, some institutions may decide that some of the money they currently spend on bursaries – particularly bursaries targeted at students with higher incomes – might be more usefully spent on creating stronger links with schools in disadvantaged areas, or other additional outreach.

**Any increase in the fee cap *must* be accompanied by appropriate student support**

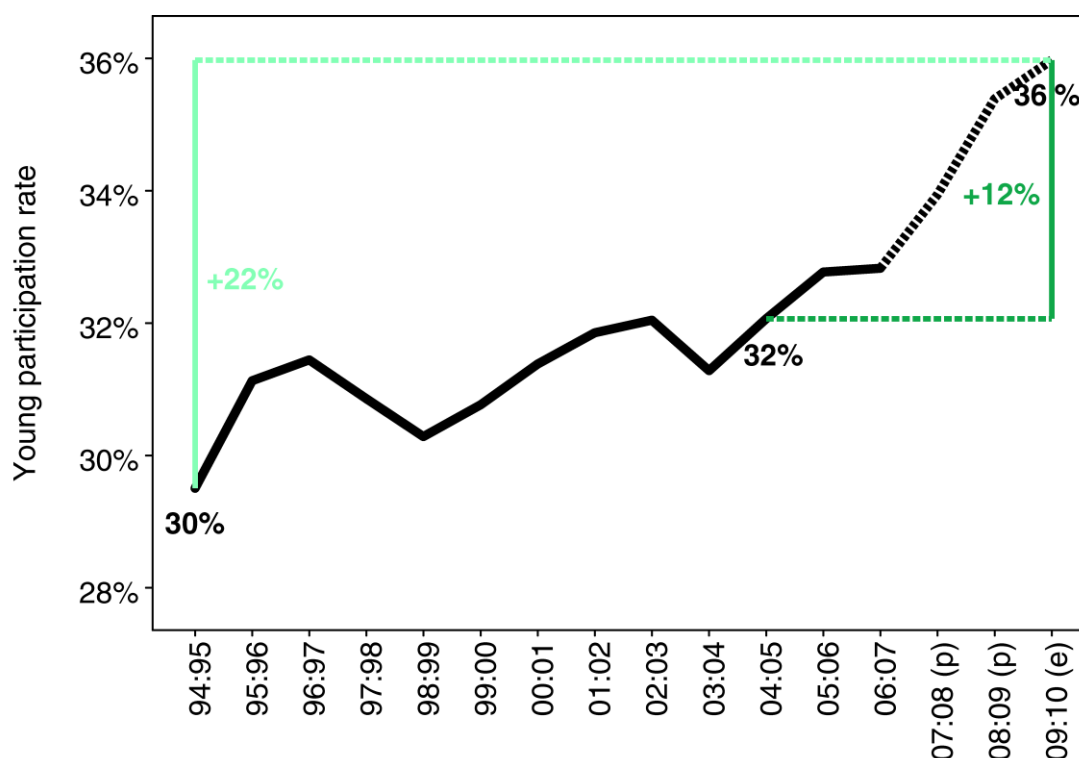
48. If the Review considers any change in the fee cap, it will need to give careful consideration to the minimum that institutions are required to spend under their access agreements – both on the minimum bursary and on additional outreach or other access measures – to support access for the most disadvantaged students.
49. OFFA commissioned key analysis work around the impact of bursaries before the precise timing of the review was known. This work is due to report in March, at which point we will make the results available to the Review. At present however, this submission is unable to fully address the issue of bursary impact.

## Changes in participation

### Overall participation has increased

50. Applicant, enrolment and participation data all clearly show that demand for and participation in higher education have followed a significant upward trend over recent years, both in terms of absolute numbers and proportionally when measured against the background population.
51. Gradual growth in participation in the 1990s and early 2000s has become steeper since the mid 2000s. HEFCE analysis shows that the young participation (18 and 19 year old entrants) rate has increased from 30% for the 1994-95 cohort to 36% for the 2009-10 cohort, with the majority of this increase since the 2004-05 cohort. Young people today are 12% more likely to enter HE than they were five years ago (see Figure 3).

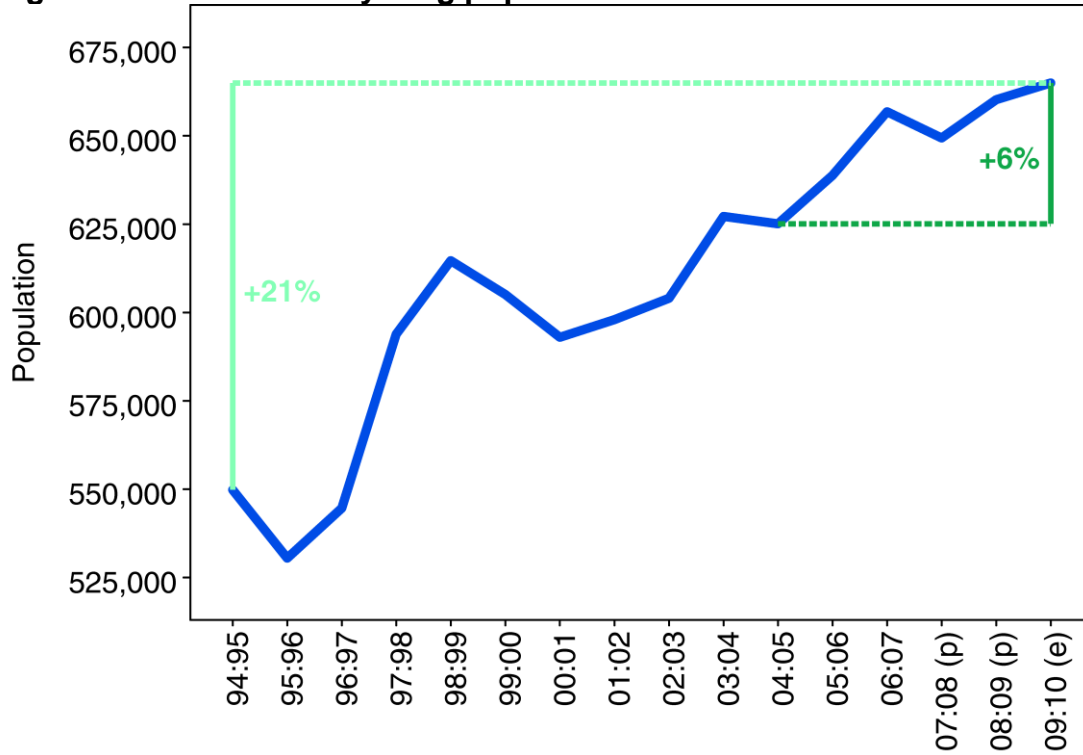
**Figure 3. The young participation rate for England**



Source: HEFCE 2010/03: Trends in young participation: core results for England, p.4, Jan 2010

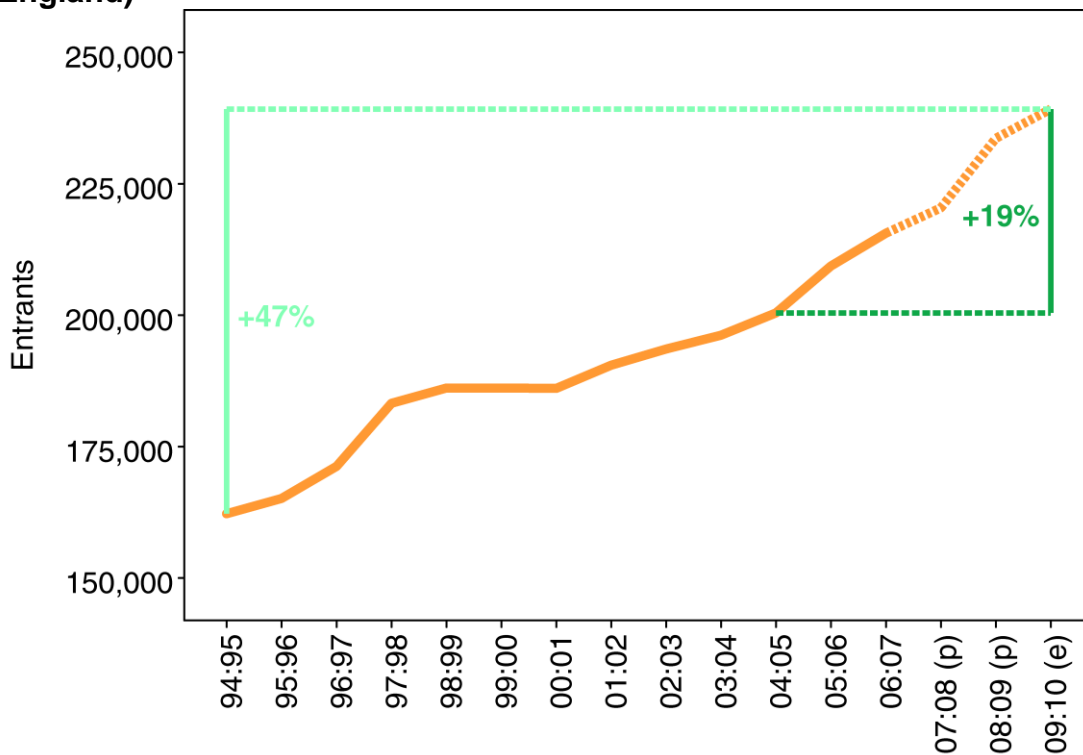
52. These increases in young participation have occurred against a challenging demographic background. The young population increased by 6 per cent between 2004-05 and 2009-10 cohorts. To accommodate this at the same time as increasing young participation by 12% (see Figure 3), the number of young entrants to higher education increased by 19 per cent over the same period (see Figures 4 and 5).

**Figure 4: Trends in the young population**



Source: HEFCE 2010/03, 'Trends in young participation: core results for England', p 15, Jan 2010.

**Figure 5: Trends in young entrants to higher education (from England)**



Source: HEFCE 2010/03, 'Trends in young participation: core results for England', p 14, Jan 2010.

### Higher growth in England

53. Growth in demand for higher education among the young population has been stronger in England than in the other home nations in the period following the introduction of variable fees in 2006 (see Table 9), despite Wales providing large fee remissions to Welsh domiciled students and Scotland moving from a low fee to having no fee.<sup>13</sup>

**Table 9. UCAS: UK applications per thousand of 17 year olds to institutions by country of accepting institution – percentage change 2006 to 2009**

	England	Wales	Scotland	Northern Ireland
Applicants per thousand of 17 year olds 2006	411	402	417	621
Applicants per thousand of 17 year olds 2009	521	455	449	610
Percentage change 2006 to 2009	27%	13%	8%	-2%

Source: Universities UK, 'Variable tuition fees in England: assessing their impact on students and higher education institutions', p.7, October 09.

### The impact of the new student finance system on participation in 2005 and 2006

54. UCAS and Higher Education Statistics Agency (HESA) data (see Tables 10 and 11) show there was a significant rise in the numbers of applicants and enrolments for 2005-06 followed by a significant downturn in the numbers of applicants and enrolments in 2006-07, the year in which variable fees were introduced. However, in 2007-08 the numbers of applicants and enrolments exceeded the record levels seen in 2005-06 and they have continued to rise steeply to 2009-10. The larger than expected increase in 2005-06 and subsequent dip in 2006-07 is largely the result of some young people bringing forward their entry into higher education from age 19 (in 2006-07) to age 18 in 2005-06. The participation of 18-year-olds in 2005-06 was about one percentage point higher than trend, and that of 19-year-olds in 2006-07 about one percentage point lower than trend. It seems then that the fluctuations in the Higher Education Initial Participation Rate (HEIPR) around the

<sup>13</sup> Until 2008, Scottish students paid a graduate endowment of around £2,000. This was abolished in February 2008 and a no-fees policy introduced, applying to students graduating from 2007 onwards.

Welsh students pay deferred fees at the same level as in England (around £3,000), but Welsh students living in Wales receive a non-means tested subsidy of around £2,000 towards the fee].

introduction of variable fees in 2006 (see Table 12) were related to a redistribution of students from 2006-07 to 2005-06, rather than a change in the dominant upward trend of increasing participation. HEFCE's young participation measure differs from the HEIPR by recording entrants from an actual cohort (rather than a single entry year) and does not show this fall in participation (see Figure 3).

**Table 10. UCAS accepted applicants (English domicile to English institutions (2000 to 2009))**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
No. of accepted applicants	243,347	257,705	262,657	263,958	263,773	287,909	277,237	294,533	330,400	345,517
Percentage change on previous year		5.9	1.9	0.5	-0.1	9.2	-3.7	6.2	12.2	4.6

Source: UCAS, annually published final figures.

**Table 11. HESA: Full-time first year, first degree, foundation degree and other first year enrolments to English institutions 2002 to 2008**

	2002	2003	2004	2005	2006	2007	2008
No of enrolments	300,080	302,580	306,045	324,645	308,735	326,625	350,550
Percentage change on previous year		0.8	1.1	6.1	-4.9	5.8	7.3

Source: HESA, annually published first statistical release on higher education student enrolments.

**Table 12. Participation rates in higher education (England) 1999 to 2006<sup>14</sup>**

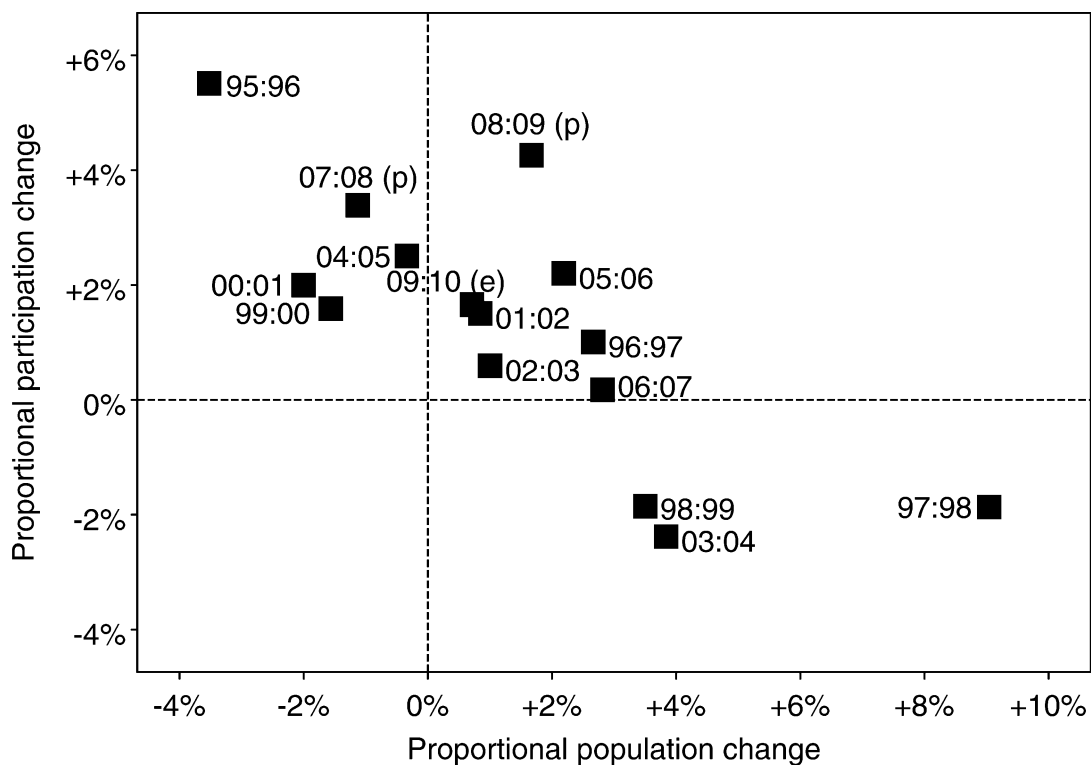
	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
HEIPR (full-time) %	34 (33.6)	34 (34.4)	35 (35.0)	36 (35.6)	35 (34.6)	34 (34.4)	37 (36.6)	34 (34.0)
Initial entrants (thousands)	202	205	211	220	222	224	243	231

Source: Department of Innovation Universities and Skills (DIUS) statistical first release, 02/2009

<sup>14</sup> Data for 2007-08 are not yet published.

55. HEFCE analysis of young participation rates from the mid-90s to 2009 shows that the lower than average increases in the national participation rate that are seen at both the introduction of tuition fees in 1998 and the introduction of variable fees in 2006, may be attributed to larger than average increases in the young population for those cohorts acting to depress the participation rate (see Figure 6). The analysis does not go on to explain why this is so, but it cautions against overstating the direct impact of changes in fee and support on a single year's participation figures. The analysis concludes that *"there is no indication from the national-level trends that changes to HE tuition fees or student support arrangements have been associated with material reductions in the overall HE participation rate"*.<sup>15</sup>

**Figure 6. Cohort-to-cohort proportional changes in population, entrants and young participation p.17**



Source: HEFCE 2010/03: 'Trends in young participation: core results for England', p.17, Jan 2010.

56. It is widely expected that UCAS applications for entry in 2010 will again be at record levels. This is supported by early figures indicating that applications for the early UCAS deadline of 15 October (students applying

<sup>15</sup> Higher Education Funding Council for England (2010), *Trends in young participation: core results for England*. Bristol: HEFCE, p.4  
[http://www.hefce.ac.uk/pubs/hefce/2010/10\\_03/10\\_03.pdf](http://www.hefce.ac.uk/pubs/hefce/2010/10_03/10_03.pdf) Accessed: 30/01/10

for medicine, dentistry, veterinary science and to Oxford and Cambridge) were up 10.2% on last year.<sup>16</sup>

## Participation has also widened at record levels

57. HEFCE’s recently published young participation analysis shows that “In the most disadvantaged areas there have been sustained and substantial increases in the proportions of young people entering higher education since the mid 2000s”. In 2009 students from the most disadvantaged areas are around 50 per cent more likely to attend higher education than they were in the mid 1990s and around 30 per cent more likely to attend higher education than they were just five years ago.<sup>17</sup>
58. This pattern of increased participation in higher education of young people from the most disadvantaged areas is broadly the same whether you measure disadvantage by participation rates themselves, or by measures of parental education, occupation (commonly classified as social class), or income (see table 13).<sup>18</sup>

**Table 13. Trends in young participation in the most disadvantaged areas by different measures**

Type of disadvantage	Young participation rate for 04:05	Young participation rate for 09:10	Proportional change between 04:05 and 09:10
Low HE participation rates	15%	19%	+31%
Parental education	16%	20%	+30%
Parental social class	17%	21%	+24%
Parental income	20%	25%	+27%

Source: HEFCE: Trends in young participation in higher education: core results for England, p.2.

59. It is noticeable from the HEFCE results that young participation rates when defined by parental income are not as low as when disadvantage is

<sup>16</sup> UCAS media release, 2 November 2009, First figures for 2010 entry  
[http://www.ucas.ac.uk/about\\_us/media\\_enquiries/media\\_releases/2009/2009-11-02](http://www.ucas.ac.uk/about_us/media_enquiries/media_releases/2009/2009-11-02)

Accessed: 30/01/10

<sup>17</sup> HEFCE (2010), p.2

<sup>18</sup> HEFCE (2010), p.2



defined in other ways. This may just reflect a feature of this classification<sup>19</sup> but is also a reminder that income level is just one - and perhaps not the most important - factor in differences in entry rates to higher education.

60. The proportion of young people from the most advantaged areas who enter higher education has also increased, typically by +5 per cent over the last five years and +15 per cent over the last 15 years.
61. However, the gap between the participation rates of the most advantaged and the most disadvantaged areas has been narrowing, both in proportional terms and percentage point terms, since the mid-2000s. This is the *first time* that this has happened across the mid-1990s to the present period and most likely ever.

### **Slower progress on widening access to the most selective institutions**

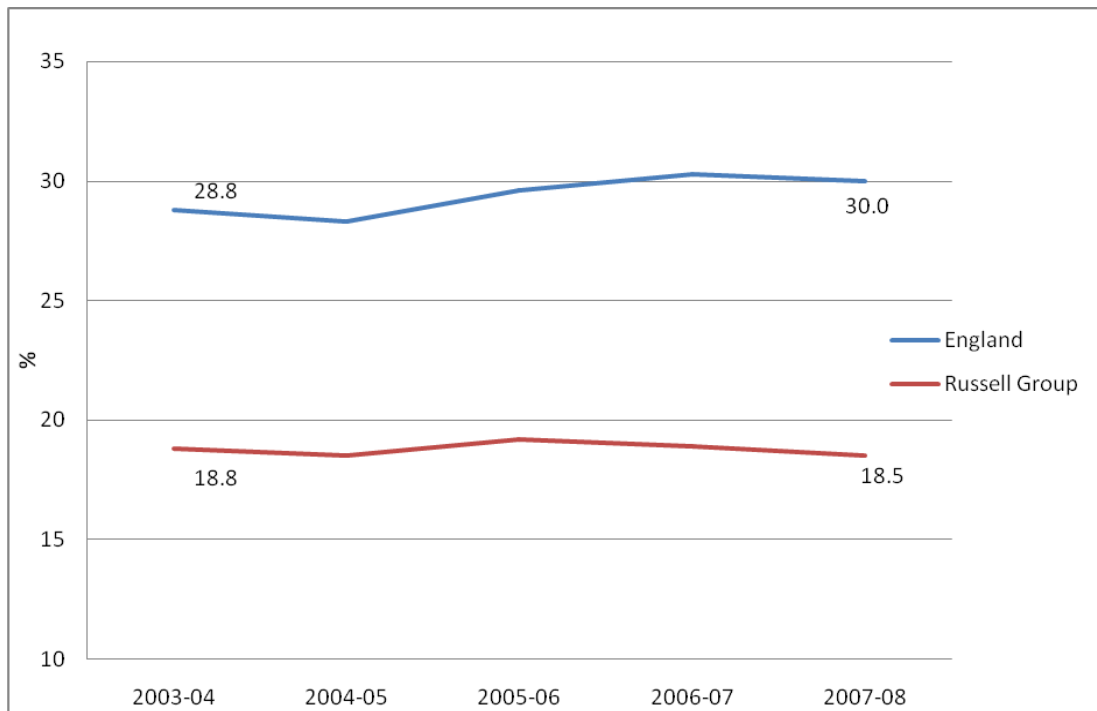
62. Whilst good progress has been made over the last five years in widening participation to the sector as a whole, there appears to have been less progress in widening access to the most selective institutions despite considerable efforts by these institutions to improve the situation.
63. As HEFCE's recent young participation analysis only looks at the core results for the sector as a whole, we don't yet have analysis on how the most selective institutions are performing on widening participation. However, HEFCE analysis has previously shown that patterns of participation at highly selective universities can be quite different from the results for the sector.<sup>20</sup>
64. HESA Widening Participation Performance Indicators (WP PIs) show that the most selective institutions (represented in the figures below by the Russell Group) have generally not improved against the sector average in respect of the percentage of their students in NS-SEC groups 4-7 (see Figure 7) or in the percentage of their students from low participation neighbourhoods (LPNs) (see Figure 8). Both of these have remained relatively flat over the period 2003 to 2007. However, the most selective institutions *have* kept pace with the small increase in students from state schools across the sector (see Figure 9).

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<sup>19</sup> For example, areas of low parental incomes are located disproportionately in London (personal communication, Dr Corver, HEFCE, January 2010)

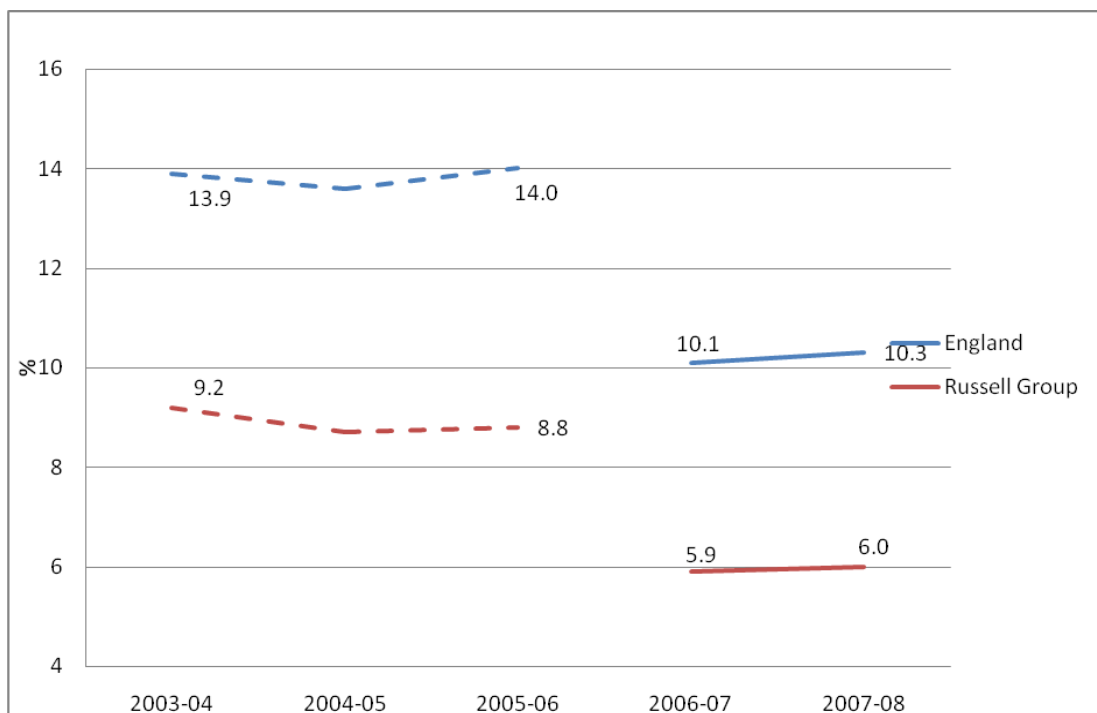
<sup>20</sup> "For example, entrants from the most disadvantaged areas are relatively less likely to attend HEIs that were formerly UFC funded (Table 2, page 120, HEFCE 2005/03)"

**Figure 7. Percentage of students from NS-SEC 4-7 from 2003-07**



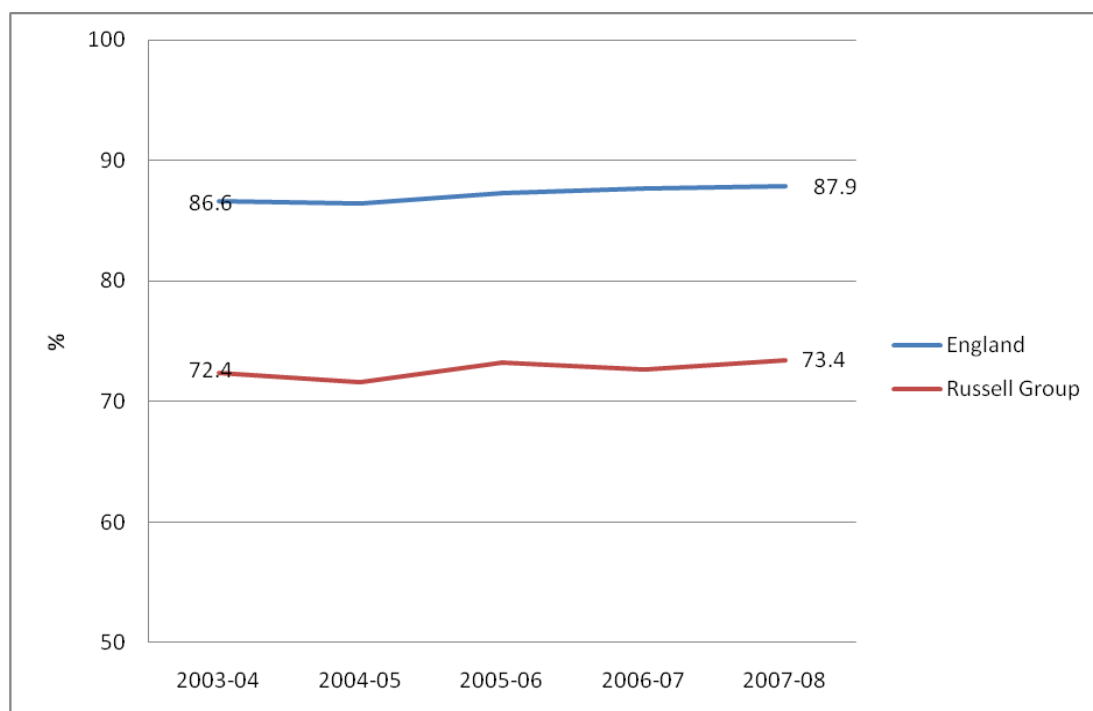
Source: HESA, annually published widening participation performance indicators

**Figure 8. Percentage of students from lower participation neighbourhoods**



Source: HESA, annually published widening participation performance indicators

**Figure 9. Percentage of students from state schools from 2003-07**



Source: HESA, annually published widening participation performance indicators

### **Interpreting Widening Participation Performance Indicators**

65. Although Widening Participation Performance Indicators provide evidence of progress, relying on the data does have drawbacks. The data is limited to the student population and is not linked to background populations. There are also difficulties with changes to the methodology for the LPN data in 2006, and there have been indications – such as increasing proportions of unknowns – that it is becoming more difficult to consistently assign social class for higher education entrants. Because of these issues and because the young participation data will show us more recent trends, we feel that the HEFCE young participation analysis is a better indicator of progress. We will therefore await the outcome of further work with HEFCE before drawing any more detailed conclusions.
66. Sir Martin Harris, Director of Fair Access, will report separately by the end of March or early April on what more can be done to improve access to the most selective universities.

### **Participation among other groups of students**

#### **Students with disabilities are increasing**

67. The proportion of students in receipt of Disabled Students Allowance has increased steadily over the period 2002 to 2007 from 2.6 per cent to 4.5 per cent. There is no indication from national figures that the 2006 reforms have had an effect on this trend (see Table 14).

**Table 14. Percentage of students in receipt of DSA, for full-time first degree undergraduate students**

2003/04	2004/05	2005/06	2006/07	2007/08
3.1	3.7	4.1	4.4	4.6

Source: HESA, performance Indicators in higher education, 07-08.

**Participation of students from minority ethnic groups appears stable**

68. Acceptances from minority ethnic groups have increased slightly over the period 2005 to 2008 from 25 per cent to 27 per cent. The proportion of unknowns remains relatively stable at between 5 and 6 per cent (see Table 15). There appears to be no indication from the national-level figures that the 2006 reforms have had an effect on this trend.

**Table 15. UK accepted UCAS applicants by ethnicity to English institutions, 2005 to 2008 years of entry<sup>21</sup>**

Acceptances	2005		2006		2007		2008	
Asian - Bangladeshi	2794	0.9	3040	1.1	3134	1.0	3588	1.0
Asian - Chinese	2998	1.0	2935	1.0	3104	1.0	3233	0.9
Asian - Indian	14001	4.6	13802	4.8	13553	4.4	13988	4.1
Asian - Other Asian background	3899	1.3	3849	1.3	4062	1.3	5065	1.5
Asian - Pakistani	8390	2.8	8463	2.9	8728	2.8	9790	2.8
Black - African	10163	3.4	10750	3.7	12204	4.0	15412	4.5
Black - Caribbean	4400	1.5	4695	1.6	4948	1.6	5951	1.7
Black - Other black background	1083	0.4	1073	0.4	1121	0.4	1191	0.3
Mixed - Other mixed background	2869	1.0	2813	1.0	3184	1.0	3455	1.0
Mixed - White and Asian	2865	0.9	2737	0.9	3148	1.0	3547	1.0
Mixed - White and Black African	862	0.3	982	0.3	1093	0.4	1233	0.4
Mixed - White and Black Caribbean	2011	0.7	2102	0.7	2616	0.9	3165	0.9
Other ethnic background	3418	1.1	3401	1.2	3709	1.2	3727	1.1
<b>Total minority ethnic</b>	<b>59753</b>	<b>19.8</b>	<b>60642</b>	<b>21.0</b>	<b>64604</b>	<b>21.0</b>	<b>73345</b>	<b>21.3</b>
Unknown	15745	5.2	16896	5.8	16858	5.5	19325	5.6
White	226300	75.0	211691	73.2	225497	73.5	250938	73.0
<b>Total</b>	<b>301798</b>	<b>100.0</b>	<b>289229</b>	<b>100.0</b>	<b>306959</b>	<b>100.0</b>	<b>343608</b>	<b>100.0</b>

Source: UCAS statistics online.

**Gradual increases in older students**

<sup>21</sup> Although data is available for 2003 and 2004 years of entry, there have been a number of changes to the ethnic origin classifications between 2001 and 2005 entry, including the division of White into British/Irish/Scottish/Other and the introduction of other groupings such as Mixed and Chinese. Direct comparisons between the years are therefore not recommended.

69. There is a shallow gradual trend towards a greater proportion of older undergraduate students and this trend does not appear to have been affected by the 2006 reforms (see Table 16).

**Table 16. Accepted UK applicants to English institutions by age, 2003 to 2008 years of entry**

	2003 year of entry		2004 year of entry		2005 year of entry		2006 year of entry		2007 year of entry		2008 year of entry	
	Acceptances	%	Acceptances	%	Acceptances	%	Acceptances	%	Acceptances	%	Acceptances	%
20 and under	220,527	79.6	222,357	80.3	242,834	80.5	231,040	79.9	245,120	79.9	266,893	77.7
21 to 24	27,458	9.9	26,543	9.6	28,367	9.4	27,971	9.7	30,234	9.8	36,307	10.6
25 to 39	22,908	8.3	22,306	8.1	23,971	7.9	23,501	8.1	24,484	8.0	31,264	9.1
40 and over	6,037	2.2	5,873	2.1	6,626	2.2	6,717	2.3	7,121	2.3	9,144	2.7
Total	276,930	100.0	277,079	100.0	301,798	100.0	289,229	100.0	306,959	100.0	343,608	100.0

Source: UCAS statistics online.

### Decline in participation of part-time students

70. OFFA does not regulate tuition fees for part-time students. However, we note the gradual decline in entrants (outside of the OU and foundation degrees) from around 28,000 in 2002-03 to around 25,000 in 2008-09.<sup>22</sup> We have not undertaken any analysis of this decline but it is clear that consideration needs to be given to the disparity in student support between part-time and full-time students. We would particularly draw attention to the fact that part-time students pay upfront fees and are not eligible for tuition fee loans.

### Concerns about future participation

71. It is clear that the cost to the Treasury of student support has grown significantly following the 2006 reforms and is now restricting growth in student numbers.

72. While increased and widened participation has been possible in years where expansion has been funded, restrictions in the growth of student numbers is likely to put downward pressure on the participation rate. The decreasing size of the young population over the next decade<sup>23</sup> is likely to limit the impact but if recent increases in attainment and participation continue, demand relative to supply could remain high.

73. There is an additional risk that the significant increases in participation from the most disadvantaged areas might be disproportionately depressed or reversed as competition for places grows. It is important

<sup>22</sup> HESA participation data provided by HEFCE.

<sup>23</sup> The young population is predicted to decline by 15 per cent between 2009 and 2019 – HEFCE data.

therefore, that both the widening participation and fair access agendas remain high priority for both Government and institutions over the coming years. If we are to improve social mobility to the elite professions, this issue will be particularly important for the most selective institutions.

74. It is also evident from the young participation figures that, if growth in overall student numbers is maintained, then, with a declining young population, there is a genuine opportunity to realise the Government's 50 per cent participation target in the next few years.<sup>24</sup>

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<sup>24</sup> The 50 per cent target is defined relative to the HEIPR which has a different construction and broader age range than HEFCE's young participation measure. In recent years the HEIPR has been around 10 percentage points higher than the HEFCE measure.

# The impact of the 2006 changes

## Impact of the new system as a whole

### The current system has not adversely affected participation

75. We conclude from the participation data that the new fee and support arrangements, including bursaries, have not had a detrimental impact on participation, including participation of those from disadvantaged backgrounds. This is true of both the levels of support available in 2006-07 and 2007-08, and of the expanded levels of support available from 2008-09. All of these levels of support appear to be within acceptable parameters for students.

### Hard to pinpoint role played by student support

76. Although participation has increased and widened under the current system, it is difficult to know to what extent current support arrangements have positively affected participation levels. Other simultaneous interacting changes – such as improvements in attainment, the introduction of the Education Maintenance Allowance (EMA), greatly increased widening participation activities and demographic and societal changes - are more significant in driving up participation and this makes it very difficult to isolate the impact of student support.

77. However, Government attitudinal survey data on student finance, particularly the Student Income and Expenditure Survey (SIES) gives us some indication of students' views and how these have changed in relation to the current and previous student finance system. This data suggests that financial support is necessary to participation in higher education for most students. A total of 70% of both full and part-time students said they would not have studied at all without funding. But there was no significant difference between the responses of old and new system students.<sup>25</sup> For the majority of those students that entered higher education the rise in fee levels in 2006 had almost no effect on their decisions about study (see Table 17).

**Table 17. Did the cost of tuition fees affect decision about study in any way? Comparison between old and new system students**

Full-time undergraduate students		
	Old system (2004-05)	New system (2007-08)
Yes	15	16
No	85	84

Source: DIUS Research Report, May 2009, Student Income and Expenditure Survey for English domiciled students in 2007/08 p.247

<sup>25</sup> DIUS (2009), *Student Income and Expenditure Survey for English domiciled students in 2007/08* Research Report, p.244

78. Most new system students (89% of first year students in 2007-08) agree that the long term benefits of higher education outweigh the costs. Again this is not significantly different from the response from first year students under the old system when 84% of students in 2004-05 agreed with the statement<sup>26</sup>.

### **New system students are more concerned about debt**

79. However, according to the SIES<sup>27</sup>, new system students in 2007-08 were reporting higher levels of concern about debt, with concern about debt higher among students from lower NS-SEC groupings. The survey shows that 26% of new system students are concerned about debt compared to 21% of old system students in 2004-05. Concern about debt was more pronounced among students from routine/manual backgrounds (37%) compared to students from professional/ managerial backgrounds (17%). A survey by Futuretrack also confirms that students from higher NS-SEC groupings are less likely to worry about debt. But it also reports that less than half of all groups worried about debt.<sup>28</sup>
80. The Futuretrack survey<sup>29</sup> reports that a large proportion (32%) of those that didn't go to higher education cited the cost, or the prospect of debt, as a contributing reason. Other students (39%) said they were put off by the cost of HE while 19% said they didn't get the grades. We do not have comparable data from before 2006 and so are unable to measure how these attitudes may have changed in response to the new fee and support arrangements.
81. Whilst there is no statistical evidence that students have been deterred under the new system, these results suggest there is further to go in raising awareness and understanding of the student support package and the long term benefits of HE to students in schools and colleges.

### **Students may be relying less on term-time working**

82. There is also some evidence that the level of support available to students, including bursaries, may be reducing students' reliance on term time working. The SIES found that compared with their counterparts in 2004-05, full-time students are less reliant on parents and paid work for income and more dependent on sources of government financial support i.e. loans and, increasingly, grants.

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<sup>26</sup> Ibid, p.290.

<sup>27</sup> Ibid, p.248.

<sup>28</sup> Purcell, K., Elias, P., Atfield, G., Behle, H., and Ellison, R. (2009), *Findings from the Second Futuretrack Survey of 2006 applicants for UK Higher Education*, Higher Education Career Services Unit and Warwick Institute for Employment Research, p.42  
<http://www.hecsu.ac.uk/hecsu.rd/documents/FUTURETRACK/FT2Nov09.pdf> Accessed 30/01/10.

<sup>29</sup> Ibid, ch.9.



83. The SIES reports that the proportion of first year students working during the academic year fell from 58% in 2004-05 to 49% in 2007-8<sup>30</sup>.

#### **Student retention**

84. Only one year of data is presently available for the continuation rates of students entering under the new system. Although there has been a slight increase in non-continuation, this is within the range of ordinary year-on-year fluctuations (see Table 18).

**Table 18. HESA non continuation rates (percentage of students) from 2001-02 to 2006-07**

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
<b>Young entrants (under 21 on entry)</b>	7.3	7.8	7.7	7.2	7.1	7.4
<b>Mature entrants</b>	14.9	5.4	15.6	14.4	14.3	14.8
<b>Total</b>	9.0	9.5	9.5	8.8	8.6	9

Source: Higher Education Statistics Agency, performance indicators

85. HEFCE analysis concludes that retention and continuation rates have not decreased for the 2006-07 cohort.

86. A small number of institutions have reported that their bursary schemes may have had positive retention effects, but these reports have not been assessed for rigour and so must be taken at face value.<sup>31</sup>

87. Although non-continuation rates have remained flat, students who have withdrawn from their studies are citing finance slightly less as the primary cause. This is down from 31 per cent in 2004-05 to 26 per cent in 2007-08<sup>32</sup>.

<sup>30</sup> DIUS (2009), *Student Income and Expenditure Survey for English domiciled students in 2007/08* Research Report, p.ix

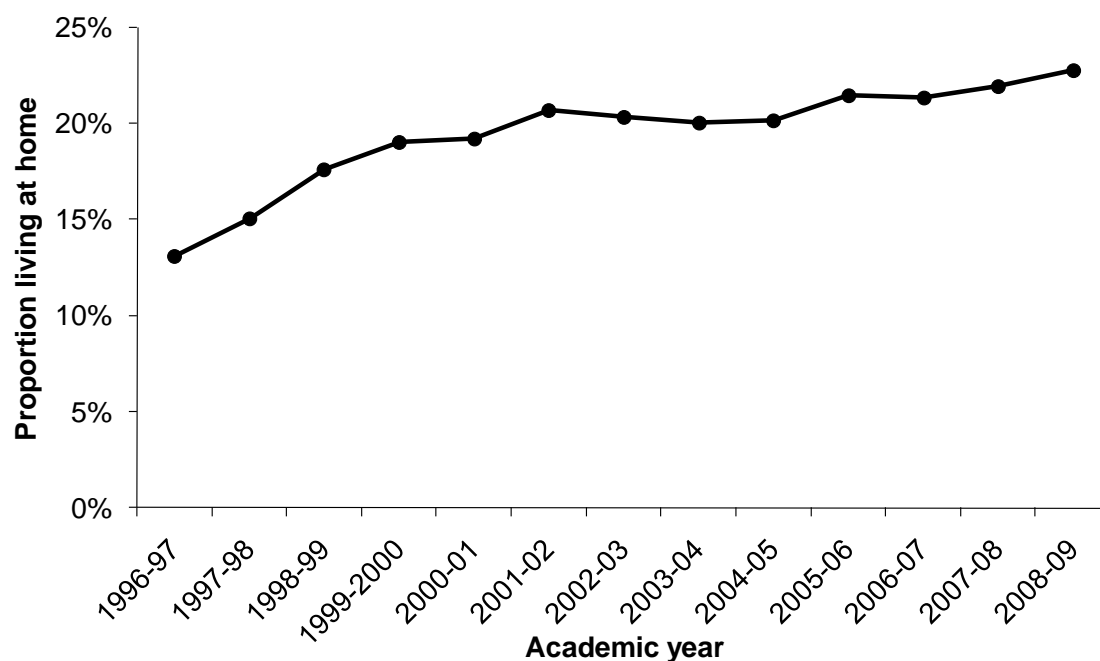
<sup>31</sup> Callender .C. (2009) *Strategies Undertaken By Higher Education Institutions In England To Increase Awareness, Knowledge, And Take-Up Of Their Bursaries And Scholarships* Office for Fair Access, Bristol [www.offa.org.uk/publications](http://www.offa.org.uk/publications), p52. Of 72 institutions surveyed in 2008, 49 institutions had evaluated the impact of their bursary schemes. Of these 7 had looked specifically at retention, of which 3 reported a positive effect.

<sup>32</sup> DIUS (2009), *Student Income and Expenditure Survey for English domiciled students in 2007/08* Research Report, p.288

## Study from home

88. The proportion of students living at home has increased slightly in 2007 and 2008, but this is within normal fluctuations and there does not appear to be an association with the introduction of fees in 2006 when the rate of change was flat (see Figure 10). Longer term figures<sup>33</sup> show a possible relationship between the growth in the proportion of students living at home and the period of expansion in the undergraduate population in the 1990s. However, such relationships are less clear in the 2000s.

**Figure 10. Proportions of UG FT first degree students living at home**



Source: Patterns in higher education: living at home – HEFCE 2009/20 – Updated for 2007-08 and 2008-09 through personal communication with HEFCE.

## Impact and influence of bursaries

### No clear statistical evidence that bursaries are influencing students

89. While bursaries form part of the overall financial support package and thus contribute to the reassurance that higher education is affordable, it is difficult to isolate their impact on student choice.

90. We are not yet aware of any clear evidence, at a macro level of statistical data, of a significant bursary effect on student behaviour. However, survey evidence, including OFFA-commissioned research<sup>34</sup>, indicates that finance is an influencing factor for a significant proportion of cost-sensitive students, particularly those from low income backgrounds, both in their

<sup>33</sup> HEFCE, 2009/20, *Patterns in higher education: living at home*, pg 11

<sup>34</sup> Office for Fair Access (2009), *Awareness, take-up and impact of institutional bursaries and scholarships in England*. pg 15-16

choice to go to higher education and sometimes in their choice of institution. This research found that 28 per cent of students (in receipt of a maintenance grant) who had heard of bursaries thought bursaries were important in deciding where to go. This rose to 37 per cent of students who were anxious about the costs of going to higher education. Students also reported that larger bursaries had a greater impact on their decisions than smaller amounts.

91. The SIES survey also indicates that bursaries may have an effect, with 40% of students saying cost affected their decisions about higher education study in some way and 29% of these saying they were influenced by bursaries.<sup>35</sup>

### **Institutional evaluation of bursary impact**

92. Some institutions have undertaken evaluations of the impact of their bursary schemes and have reported these to us. The results indicate that some institutions feel bursaries have contributed to improving or abating a decline in the numbers of students from low-income backgrounds, improving retention, influencing student choice and improving recruitment rates. However the numbers are small and we have not assessed the rigour of any of the evaluations.
93. In view of these results, OFFA has commissioned analysis to ascertain whether the reported influence of bursaries in the survey evidence can be measured statistically at an appropriately sensitive level<sup>36</sup>. We expect to be able to report on this by the end of March 2010.

### **Bursary take-up issues have now been largely solved**

94. There were initial issues with bursary take-up, largely as a result of a data-sharing problem which meant that the Student Loans Company could not automatically share a student's means test result with their institution without obtaining consent from both the student and their sponsor.
95. In the first year of access agreements, a significant number of students on full state support – around 12,000 – failed to consent to share their financial information with their institution, resulting in lower than expected bursary take-up.
96. Strenuous efforts by institutions saw take-up improve significantly in 2007-08 – up from an estimated 80 per cent to around 92 per cent.
97. Following changes to the student finance application form (now requiring students and their sponsors to opt out of sharing their information rather than opt in), the take-up rate for 2008-09 for students on full state support

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<sup>35</sup> DIUS (2009), *Student Income and Expenditure Survey for English domiciled students in 2007/08* Research Report, p.247

<sup>36</sup> This analysis has been commissioned from HEFCE analyst Dr Mark Corver, author of HEFCE's young participation analysis.

was 97 per cent. We now consider that the issues around take-up have largely been solved (see Table 19).

**Table 19. Take up of core bursary awards by students on full state support 2006-07 to 2008-09 (estimated)**

	2006-07	2007-08	2008-09
<b>Bursary take-up</b>	80	92	97

Source OFFA data

**Knowledge, awareness and understanding of bursaries and scholarships are still comparatively low, and this has limited their impact**

98. Although bursary take-up is good, prospective students and their parents continue to be far less aware of bursaries and scholarships than other aspects of the student finance package such as fees, loans and grants. Research for OFFA published in December 2009 found that a quarter of students and their parents surveyed had not heard of bursaries even though the students were just about to enter higher education.
99. The research also found that this lack of knowledge and awareness about bursaries and scholarships was also prevalent among those who advise students, such as higher education advisors in schools and colleges - one in ten higher education advisors in schools and colleges were unaware of bursaries<sup>37</sup>.
100. Consequently, many students are not taking bursaries into account when applying to university or deciding on their final offer. Some 61% of students surveyed had either not looked at information on bursaries or had only looked once they had selected which institution they wanted to attend. Only 14 per cent of students who had heard of bursaries had found out at some stage in the application process which of their chosen institutions awarded the largest bursary<sup>38</sup>.
101. High levels of misinformation about the new system have not helped here. Despite the very real successes of the new arrangements – for example, additional support and upward trends in access – the system continues to be reported in negative terms. Exaggerated or misleading claims are often made about the cost of attending university, student debt, and the perceived complexity and inequity of bursaries.

<sup>37</sup> Callender, C (2009a) *Awareness And Knowledge Of Institutional Bursaries And Scholarships Among Higher Education Advisors In Schools And College In England*, Office for Fair Access, Bristol [www.offa.org.uk/publications](http://www.offa.org.uk/publications), pg 9

<sup>38</sup> Callender .C., Hopkin, R., and Wilkinson, D. (2009) *Higher Education Students' Awareness and Knowledge of Institutional Bursaries and Scholarships*, Office for Fair Access, Bristol pg. 161

102. Going forward, if bursaries are to have the greatest impact in supporting fair access, more needs to be done to counteract this misinformation, with both institutions and the government publicising core bursary messages more strongly and improvements made in information, advice and guidance.
103. To address this, we are now working with higher education institutions, the Student Loans Company and others to ensure that more is done to publicise core bursary messages and inform students.

## Conclusion

107. As all the data clearly shows, the new system of variable fees and accompanying student support has not deterred students from accessing higher education. Bursaries play a role in reassuring students that higher education is affordable and there is survey evidence that some cost-sensitive students from poorer backgrounds are influenced by bursaries. We await the outcome of analysis to see if the statistical results support this.
108. The bursary system has generally worked well and provided significant additional support to students above the national system. Aspects of this support could be better targeted and we are starting to see this happen. However, bursary awareness remains a significant issue about and it is true to say that at the key stages in the application process too many applicants are unaware of bursaries or whether they are likely to be eligible for one. This has reduced the impact of bursaries. Bursaries need to be better publicised if they are to have the desired effect of widening participation to the more selective institutions.
109. Any future decisions on the fee cap will need to ensure that adequate support continues to be in place to ensure that finance does not become a deterrent to higher education and that participation continues to widen. However, as finance is not the primary factor in widening participation, the balance of an institution's commitments to both financial support and additional outreach work or other widening participation measures should remain flexible. Given the variety of institutions, it is also important that they retain the autonomy and accompanying responsibility to address these issues locally.
110. We are happy to support the Review in providing additional advice or information as required.

Links to OFFA's key publications and reports are provided below:

Annual monitoring reports (2006-07 and 2007-08)

[http://www.offa.org.uk/wp-content/uploads/2008/01/embargoeduntil0001\\_24108\\_fullreport\\_monitoringoutcomesfor2006.pdf](http://www.offa.org.uk/wp-content/uploads/2008/01/embargoeduntil0001_24108_fullreport_monitoringoutcomesfor2006.pdf)

[http://www.offa.org.uk/wp-content/uploads/2009/08/monitoring-outcomes-07-08\\_offa-report-a-w.pdf](http://www.offa.org.uk/wp-content/uploads/2009/08/monitoring-outcomes-07-08_offa-report-a-w.pdf)

Good practice guidance

<http://www.offa.org.uk/wp-content/uploads/2009/12/OFFA-2009.07-summary-and-recommendations.pdf>

<http://www.offa.org.uk/wp-content/uploads/2009/04/1-feb-07-offa-ipsos-mori-good-practice-guidance.pdf>

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