

REVIEW OF HIGHER EDUCATION FUNDING & STUDENT FINANCE

Phase 2: Call for Proposals

Submission from the 1994 Group

14 May 2010

The following is a response from the 1994 Group to the Call for Proposal for the Review of Higher Education Funding and Student Finance.

Members of the 1994 Group are: University of Bath, Birkbeck University of London, Durham University, University of East Anglia, University of Essex, University of Exeter, Goldsmiths University of London, Institute of Education University of London, Royal Holloway University of London, Lancaster University, University of Leicester, Loughborough University, Queen Mary University of London, University of Reading, University of St Andrews, School of Oriental and African Studies, University of Surrey, University of Sussex and University of York.

The 1994 Group is established to promote excellence in university research and teaching. It represents 19 of the UK's leading research-intensive, student focused universities. Around half of the top 20 universities in UK national league tables are members of the group.

1994 Group universities are delivering an excellent academic experience to their students. In the latest National Student Survey seven of the top ten universities rated on overall student satisfaction are 1994 Group members, 88% of students saying they are satisfied with the overall student experience compared to a national average of 81%.

1994 Group Universities achieved outstanding results in the Research Assessment Exercise 2008. 1994 Group members are UK leaders in seventeen major subject areas, achieving 1st place in their field. 57% of the 1994 Group's research is rated 4* world-leading or 3* internationally excellent.

We welcome the opportunity to meet with the Review panel and expand upon any of this submission through oral evidence.

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This is followed by seven **Appendices** which provide details of the proposal covering the various stages of a student's experience, information on a scholarship scheme, a report produced for OFFA on bursary schemes, and Institute for Fiscal Studies modelling of our proposals.

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EXECUTIVE SUMMARY

Introduction

The 1994 Group's primary concern is that quality is maintained so that universities are able to meet the nation's needs: strengthening the economy, delivering novel solutions to major challenges through research, and developing a world-class highly skilled workforce. Universities need long-term sustainable funding to maintain the quality of the academic experience, meet students' rising expectations and develop the highly skilled, well-rounded graduates that our nation needs. In the current funding environment quality can only be maintained by increasing funding.

Principles underpinning a Sustainable Future for Higher Education

While we understand the complex challenges that the Review Group face in making its recommendations for the future funding of the higher education (HE) sector, we strongly believe that there are certain principles which must be observed in any future system. In summary, these principles are:

- It is essential that the future financial sustainability of the higher education sector is achieved, in order for the student experience to remain high quality. This means achieving additionality on the current income level per student.
- Higher education should be free at the point of consumption for all students. Fees should be paid by a deferred payment, but should include the option to pay upfront.
- There should be no barriers to able students entering higher education due to inability to pay. There should be no fee which cannot be met by a combination of borrowing and bursary.
- Higher education fees should be subsidised for the poorest students. Non-repayable student support should be directed to those in most need.
- The rationale for Government supporting HE is a social purpose and indeed a requirement. Therefore, Treasury should be primarily responsible for the student support system.
- The artificial barrier between full-time and part-time students is unacceptable in a modern, diverse and accessible HE system. The full-time undergraduate finance and support system should be extended to part-time and postgraduate taught (PGT) students, if this can be made affordable.
- There is a need to enable HE to operate in a less regulated environment to allow it to deliver the highest quality. A mechanism needs to be developed that enables universities to increase their student numbers. There should be a national cap on numbers, but competition for those numbers between universities.

Two fundamental guarantees must be at the centre of any considerations. Firstly, a guarantee that a targeted and robust student support system is in place that ensures that no student is unable to attend university because of cost. HE should continue to be free at the point of delivery with repayments contingent on income after graduation. Secondly, a commitment from universities to continue to enhance the student experience on offer to all students.

Summary of Recommendations

With these overarching principles in mind, the following is a summary of recommendations from the 1994 Group for the future operation of the HE funding system. We offer these proposals as a package, and it is essential that they are regarded as such. There are many instances where implementing one of our recommendations without implementing the others would not achieve the right result, and could even be counterproductive.

- > Introduce a new basic unit of resource (formed of both the HEFCE teaching grant and the student fee) to secure a moderate increase in resource to ensure quality is maintained.
- > To enhance quality, implement a staged increase in the fee level to an appropriate level as determined by the Review Group, within which universities would have the freedom to set fees at course level up to a maximum cap. Set the fee cap at a level which generates genuine competition, in order to enhance excellence in learning and teaching.
- > By continuing a system of fees, retain a connection between the quality of provision at universities and the price repaid by graduates, and between the graduate's repayment and the university they attended.
- > Communicate the benefits of fees more effectively. Help people internalise the idea that HE is free to students on entry and that student loan repayments are a payroll deduction, not a credit-card debt.
- > Introduce flexibility in the movement of student numbers on the basis of consistent and demonstrable student demand and quality of output, for example rewarding universities that show high retention and completion rates.
- > To the poorest students, provide an automatic fee waiver paid by the institution of £1,000, a Government non-repayable maintenance bursary, and access to maintenance loans.
- > Ensure that a well-communicated, flexible, efficient variable system of bursaries, funded from a range of sources including private giving, is in place, which allows universities to target their widening participation and outreach activity.
- > Rectify the huge student loan subsidy by charging interest above the Government's rate of borrowing, reducing default, and introducing income-contingent support.
- > Expand the current support system to part-time students and to postgraduate taught students, if the Review Group determines this can be made affordable.
- > Enhance information, advice and guidance available to applicants about the real value and benefits of attending university and address deficiencies in advice and guidance about interpreting the information available.
- > Investigate a sector-owned 'student charter' setting out a package of minimum standards a student might expect from a university experience, and continue the powerful independent complaints body in the form of the Office of the Independent Adjudicator for HE (OIAHE).
- > Enhance institutional autonomy and remove over-regulation by discontinuing the Office for Fair Access (OFFA) and by ensuring that the Quality Assurance Agency (QAA) and HEFCE support institutional freedom in accordance with a framework of quality and standards, rather than imposing planning or regulatory constraints.
- > Create incentives for employers to become involved in co-curricular programmes, such as developing a scheme in which Government matches employers' contributions to university employability awards.

MAIN SUBMISSION

1. Introduction

- 1.1 The 1994 Group's primary concern is that quality is maintained so that universities are able to meet the nation's needs: strengthening the economy, delivering novel solutions to major challenges through research, and developing a world-class highly skilled workforce. Universities need long-term sustainable funding to maintain the quality of the academic experience, meet students' rising expectations and develop the highly skilled, well-rounded graduates that our nation needs. In the current funding environment quality can only be maintained by increasing funding.
- 1.2 The following is a set of proposals from the 1994 Group for the future operation of the higher education (HE) funding system. We offer these proposals as a package, and it is essential that they are regarded as such. There are many instances where implementing one of our recommendations without implementing the others would not achieve the right result, and could even be counterproductive. For example, without securing the extra funding that is needed to achieve the sustainability of the sector, many of our proposals for enhancing the student experience will be unachievable.
- 1.3 As we described in our first submission to the Review, the current system is very progressive and should be grown and developed, rather than fundamentally changed. The system has resulted in a deep cultural shift in the way that students are perceived, the role they play in university life and the strategic importance of the student experience to universities. The student experience now underpins decisions of universities at the highest strategic level. Countless initiatives have been developed across all aspects of university life aimed at enhancing students' satisfaction with their courses, increasing the levels of support available to them, improving information and guidance to help them make informed choices, opening up opportunities for extra-curricular activities, and enhancing their employability skills. The set of proposals we have drawn up aim to maintain, enhance and increase access to this student experience.
- 1.4 The HE system and the progress made since variable fees were introduced in 2006 is under threat, a threat that became all the more real with the announcement of cuts to the unit of resource in December 2009. The *Financial Sustainability Strategy Group* reported in 2009 that the sector is already papering over the cracks in the delivery of the student experience and that the ability to secure the quality and fitness for purpose of higher education is currently coming under severe strain.¹ We are approaching a critical point for the future quality and international competitiveness of UK HE, and now is the time to put in place a system which will be genuinely sustainable for many years.
- 1.5 There is some potential to develop certain income streams available to universities, such as that gained from international student recruitment, voluntary giving and income from business. However, these alone cannot generate the required resource to achieve sustainability. It is also unrealistic in an expanding system of mass higher education to expect the taxpayer to provide the necessary funding. The most feasible option is for the fees cap to be raised to a level to bring in sufficient funding to maintain high quality provision, and for a sensible interest rate to be introduced on

¹ Financial Sustainability Strategy Group, 'The sustainability of learning and teaching in English higher education', Feb 2009

student loans, set at the Government cost of borrowing. Critical to this is a guarantee that a targeted and robust student support system is in place.

- 1.6 In taking forward its work, the Review Team needs to face the reality that there are three options open for the future of our world-class HE system.

Scenario 1: There is no increase above current resource levels: quality decays

If there is no rise in funding the quality of what excellent universities such as those in the 1994 Group are able to deliver will decay. The unsustainable activity that universities are currently engaged in to maintain and enhance quality will become unaffordable. The biggest impact will be felt by those experiencing higher education as the quality of services and support that are currently on offer and paid for by 'coping strategies' by universities will be eroded. The UK's international competitiveness will suffer, both in terms of academic quality and in economic impact.

Scenario 2: There is a moderate increase in resource: quality is maintained

A moderate increase in resource, above 2009 levels, would allow universities to plug the gaps in sustainability that they are currently using coping strategies to fund. Universities would be able to continue to deliver the high quality that is delivered currently, and there may also be opportunity for moderate enhancements to be made. The *Financial Sustainability Strategy Group* report concluded, before the December 2009 cuts to the unit of resource, that pressures in critical areas could be relieved by a relatively modest 20% uplift in funding to provide a level of resource to institutions for teaching and learning closer to the full economic cost of future sustainable teaching. Of course this estimate has been affected by the cuts to the higher education budget, and we now require an increase of more than this percentage in order to sustain our high quality HE system.

Scenario 3: There is a significant increase in resource: quality is enhanced

If there was to be a more significant increase in funding, that well outstretched the resource levels of 2009, universities would not only be able to sustain the quality they currently deliver, but would be able to make the changes and enhancements that they constantly talk about and push for but are unable to implement due to financial restrictions. If a significant increase in funding was secured this would result in clear areas of enhancement in various areas of the student experience, making what is already internationally excellent quality HE even better, and securing the UK's position in an increasingly competitive international HE marketplace.

- 1.7 In making its decisions about the future of HE funding, the Review Group must place at the heart of their work a fundamental principle that the fee level should deliver additionality on the current system. We believe that a reasonable basic unit of resource (formed of both the HEFCE teaching grant and the student fee) should be set at £7,200, and this level would deliver Scenario 2 above (for more details, see **Appendix D**, and Institute for Fiscal Studies (IFS) modelling of this at **Appendix G**).
- 1.8 It is essential that the overall level of income per student is set at this new £7,200 basic unit of resource, to ensure the future sustainability of HE, and avoid a decay in quality. There must also be a commitment that should the Government element of the new unit of resource be reduced, there would be an automatic assumption that the student contribution would increase. There would also need to be careful consideration of the wider impacts of this, particularly in relation to postgraduate activity.
- 1.9 If we are to achieve Scenario 3 above, in which quality can be enhanced through a significant increase in resource, this would require building upon the £7,200 basic

unit of resource and setting the maximum tuition fee at a level which achieves genuine competition at course and institution level.

- 1.10 A *ComRes* poll, commissioned by the 1994 Group, shows that 86% of the UK public back further investment in higher education to maintain the quality of teaching and research.² As the public have recognised, further investment is the only viable option to prevent universities being forced into severe cutbacks that would cause a serious decay in the UK's higher education system with universities struggling to maintain teaching or research quality and unable to invest in the necessary world-class facilities and staff. The result will be a fall in student experience, a fall in the quality of the academic experience and a fall in the employability and life options of graduates from UK universities.
- 1.11 The current Review of Higher Education Funding and Student Finance offers the perfect opportunity for our nation to ensure the most fair and progressive system possible, in order to secure and sustain the highest quality university education in the UK.

2. Principles underpinning a Sustainable Future for Higher Education

- 2.1 While we understand the complex challenges that the Review Group face in making its recommendations for the future funding of the HE sector, we strongly believe that there are certain principles which must be observed in any future system. In summary, these principles are:
- It is essential that the future financial sustainability of the higher education sector is achieved, in order for the student experience to remain high quality. This means achieving additionality on the current income level per student.
 - Higher education should be free at the point of consumption for all students. Fees should be paid by a deferred payment, but should include the option to pay upfront.
 - There should be no barriers to able students entering higher education due to inability to pay. There should be no fee which cannot be met by a combination of borrowing and bursary.
 - Higher education fees should be subsidised for the poorest students. Non-repayable student support should be directed to those in most need.
 - The rationale for Government supporting HE is a social purpose and indeed a requirement. Therefore, Treasury should be primarily responsible for the student support system.
 - The artificial barrier between full-time and part-time students is unacceptable in a modern, diverse and accessible HE system. The full-time undergraduate finance and support system should be extended to part-time and PGT students, if this can be made affordable.
 - There is a need to enable HE to operate in a less regulated environment to allow it to deliver the highest quality. A mechanism needs to be developed that enables universities to increase their student numbers. There should be a national cap on numbers, but competition for those numbers between universities.

² For more details on this November 2009 poll see: <http://www.1994group.ac.uk/newsitem.php?item=307>

- 2.2 Two fundamental guarantees must be at the centre of any considerations. Firstly, a guarantee that a targeted and robust student support system is in place that ensures that no student is unable to attend university because of cost. HE should continue to be free at the point of delivery with repayments contingent on income after graduation. Secondly, a commitment from universities to continue to enhance the student experience on offer to all students.
- 2.3 With these overarching principles in mind, the following is our proposal for enhancing the current system.

3. Proposal for a Sustainable Future for Higher Education

- 3.1 In our proposed system (detailed in full in **Appendices A to D**) a new unit of resource for teaching would be introduced, so that extra resource generated by changes to the system will be channelled into enhancing and sustaining excellence in teaching and learning. We propose a commitment to a new basic unit of resource for a HEFCE Band D student (including HEFCE contribution and student fee) set at £7,200 (as detailed in **Appendix D**, with IFS modelling in **Appendix G**), which equates to Scenario 2 above. We propose a staged increase in the fee level to an appropriate level as determined by the Review Group to ensure the sustainability of the HE system, within which Universities would have the freedom to set fees at course level up to the maximum cap. There must be a commitment that should the Government element of the new unit of resource be reduced, there would be an automatic assumption that the student contribution would increase. There would also need to be careful consideration of the wider impacts of this, particularly in relation to postgraduate activity. If we are to achieve Scenario 3 above, in which quality can be enhanced through a significant increase in resource, this would require building upon the £7,200 basic unit of resource and setting the maximum tuition fee at a level which achieves genuine competition at course and institution level.
- 3.2 Lifting the sector cap on student numbers would enable the best universities to expand what they deliver, however this is not politically viable at present. Therefore, to ensure that student demand for quality provision is met under a continued sector cap on student numbers, we propose that flexibility be introduced in the movement of student numbers on the basis of consistent and demonstrable student demand and quality of output, for example rewarding universities that show high retention and completion rates. However, we would oppose the use of any formula which enabled the Government to determine the reallocation of places on the basis of perceived subject need, as this would seriously constrain institutional autonomy.
- 3.3 It is essential that HE continues to play a key strategic role in enhancing Widening Participation (WP) and ensuring access to our institutions from students from the lowest socio-economic backgrounds, but it should also be recognised that this problem is a broader one, mainly stemming from prior attainment and aspirations. It is right that HE plays a role in working with the wider education system to raise attainment and aspirations and provides appropriate support both through directed Information, Advice and Guidance (IAG) and through financial assistance to ensure that the most socio-economically disadvantaged are able to attend HE. (See our submission to Martin Harris' review in **Appendix F** for a description of how we are working with schools to achieve WP).
- 3.4 We therefore propose that the poorest students receive a fee waiver paid by the institution of £1,000, along with a Government non-repayable maintenance bursary; will be eligible for universities' own scholarships and bursaries, and will have access to maintenance loans up to a capped amount. Consideration should be given to the

introduction of a cut-off point beyond which students would not be eligible to receive state supported loans. It is essential that the sustainable funding already outlined above is achieved in order for universities to be able to deliver these mechanisms for supporting students.

- 3.5 Due to the blanket interest subsidies on student loans, the Government currently makes a loss on every loan and the overall cost to the taxpayer is huge, over £1 billion annually. Tax-payers pay a relatively high subsidy to provide interest-free loans for all students no matter what they, or their parents, earn, and with no guarantee that the subsidy will ever be repaid. This subsidy is unacceptable and its removal must be addressed as amongst the highest priorities of the Review.
- 3.6 We propose that a new system of new support arrangements is introduced whereby all graduates taking out loans for fees or maintenance will pay an interest rate set at 1% above the Government rate of borrowing, to offset the financial risk of defaulters. Interest would start accumulating from the beginning of studies. Graduate repayment would continue to be income-contingent (although we suggest that in order to increase the cash flow to the Treasury, the payment be 10% of salary above £15,000, compared to 9% currently) taken out of earnings as tax and would be cancelled after 30 years (compared to 25 years currently).
- 3.7 Furthermore, graduates could choose to instruct the Student Loans Company to increase their repayments above the 10% level or make early lump sum repayments. There would be no penalties for students choosing to repay their fee or maintenance loans at a faster rate. By making the student support viable and protecting it from risks of default, this proposal protects the interests of the most vulnerable students whilst serving the best interests of universities and the Government.
- 3.8 The current system was never explained or communicated properly to users, and this has resulted in an increasingly difficult political situation. Talk of crippling graduate debt clouds the reality of a personal investment repaid through an income-contingent contribution. We must reach a point where people have internalised the idea that HE is free to students on entry, and that student loan repayments are a payroll deduction, not a credit-card debt. Whereas HE used to be paid for by a general taxation to which everyone contributed, it is now a personal contribution, an investment in one's own learning and experience: it is borrowing for investment, not borrowing for consumption.
- 3.9 There is a need to enhance the information available to applicants, and importantly to address deficiencies in the advice and guidance they receive regarding how to properly interpret the information available. A lack of understanding amongst applicants about the real value and benefits of attending university has hindered the creation of a true market, as it has reduced the power of applicants to make informed choices. To protect the interests of all students, all applicants should be provided with a wide range of clear information about the nature of the specific student experience being offered by each university, the scholarships and bursaries available, and graduate earnings and employability data, alongside guidance about how to make use of this information. More accurate information, advice and guidance would enable applicants to differentiate between various types of institutions in an increasingly diverse sector.
- 3.10 There should be less regulation in the bursary system. Whilst a variable system of bursaries is the correct one, it should be made more flexible and efficient. 1994 Group institutions are going far beyond the current blanket system of bursaries, our institutions invested over £45m last year in student support and outreach activity, as well as offering a range of scholarships and bursaries that continue to grow annually. We believe that targeted outreach activity has had a profound effect on widening the pool of applicants to the most selective universities, see **Appendix F**, but do not

believe that the blanket system of bursaries has had such a significant effect, an issue that has been raised by the Director of the Office for Fair Access (OFFA). However, we also acknowledge that the sector needs to publicise these scholarships and bursaries earlier in the applicant journey.

- 3.11 Our universities are using scholarships and bursaries as a tool to assist fair access and persuade students from lower socio-economic groups to attend world-class research-intensive universities. A forced pooling of tuition fee income (a national bursary scheme), which would be distributed away from the institution to which a student pays his or her fee, would seriously compromise the direct relationship between a student's fees and their education, whilst a fee waiver retains that link. One of the reasons the current national bursary is not properly recognised amongst applicants is the fact it is a relatively small amount. Making it a fee waiver of £1,000 would not only increase its visibility, but also the impact it has for the poorest students.
- 3.12 Access to the most prestigious courses has been restricted by the current cap on student numbers. A new system must be developed to enable the flow of student numbers around the system in accordance with demonstrable student demand and of output, for example rewarding universities that show high retention and completion rates. However, we would oppose the use of any formula which enabled the Government to determine the reallocation of places on the basis of perceived subject need, as this would seriously constrain institutional autonomy.
- 3.13 The overregulation of the system is limiting institutional autonomy. Bodies such as HEFCE and the QAA should primarily be concerned with supporting institutional freedom in accordance with a framework of quality and standards rather than imposing artificial planning or regulatory constraints designed to limit the natural diversity of the system. We propose that OFFA and OFFA agreements should be discontinued and its powers to determine fee levels removed, due to the fact that the relationship between the university and the Funding Council is adequate and appropriate to protect Government and student interest in the charging of fees. The independent OIAHE protects the interests of students within the system and should continue.
- 3.14 Recognised co-curricular activity and awards, run in parallel to degree programmes, is a route through which to meet employers' demand for skills obtained outside the academic curriculum and develop the employability and career prospects of graduates as well as enhancing their experiences while at university. The Government should recognise the huge impact that this area has and show its support for co-curricular activity by creating incentives for employers to become involved, such as a scheme in which Government matches employers' contributions (whether these are cash or in kind).
- 3.15 Finally, it is the Group's position that the artificial barrier between full-time and part-time students is unacceptable in a modern, diverse and accessible HE system. There is no reason why part-time should be treated any differently than full-time students, nor, in principle, should postgraduate students be treated differently from undergraduates. It is for the Review Group to determine how to extend the support system so that no taught student, whether studying full-time or part-time, undergraduate or postgraduate, is deterred from attending university.

4. The overall benefits of the proposals for students

University is free at the point of entry; the student experience is maintained and enhanced; increased access is provided to institutions with high demand; graduate contributions are income-contingent and limited to 30 years; there is targeted support for disadvantaged students; students' interests are protected by IAG, the QAA, HEFCE and the OIAHE; part-time students receive the same support as full-time students on a pro-rata basis.

5. The overall benefits of the proposals for the Government

The costs of student support (as reflected in the resource accounting & budgeting (RAB) charge subsidy and the actual costs) are reduced; student support is appropriately targeted at those most in need; the student experience is maintained and enhanced; more students, including part-time, can benefit from HE.

6. The overall benefits of the proposals for universities

Increased funds are available from the Treasury to contribute towards sustainability in teaching funding; student numbers are able to move around the system on the basis of demand; the student experience is maintained and enhanced; institutional autonomy is enhanced; over-regulation is removed.

7. Conclusion

The current Review of Higher Education Funding and Student Finance offers the perfect opportunity for our nation to ensure the most fair and progressive system possible, in order to secure and sustain the highest quality university education in the UK. The following is a summary of recommendations from the 1994 Group for the future operation of the HE funding system. We offer these proposals as a package, and it is essential that they are regarded as such. There are many instances where implementing one of our recommendations without implementing the others would be counterproductive, and without securing the extra funding that is needed to achieve the sustainability of the sector, many of our proposals will be unachievable:

- > Introduce a new basic unit of resource (formed of both the HEFCE teaching grant and the student fee) to secure a moderate increase in resource to ensure quality is maintained.
- > To enhance quality, implement a staged increase in the fee level to an appropriate level as determined by the Review Group, within which universities would have the freedom to set fees at course level up to a maximum cap. Set the fee cap at a level which generates genuine competition, in order to enhance excellence in learning and teaching.
- > By continuing a system of fees, retain a connection between the quality of provision at universities and the price repaid by graduates, and between the graduate's repayment and the university they attended.
- > Communicate the benefits of fees more effectively. Help people internalise the idea that HE is free to students on entry and that student loan repayments are a payroll deduction, not a credit-card debt.

- > Introduce flexibility in the movement of student numbers on the basis of consistent and demonstrable student demand and quality of output, for example rewarding universities that show high retention and completion rates.
- > To the poorest students, provide an automatic fee waiver paid by the institution of £1,000, a Government non-repayable maintenance bursary, and access to maintenance loans.
- > Ensure that a well-communicated, flexible, efficient variable system of bursaries, funded from a range of sources including private giving, is in place, which allows universities to target their widening participation and outreach activity.
- > Rectify the huge student loan subsidy by charging interest above the Government's rate of borrowing, reducing default, and introducing income-contingent support.
- > Expand the current support system to part-time students and to postgraduate taught students, if the Review Group determines this can be made affordable.
- > Enhance information, advice and guidance available to applicants about the real value and benefits of attending university and address deficiencies in advice and guidance about interpreting the information available.
- > Investigate a sector-owned 'student charter' setting out a package of minimum standards a student might expect from a university experience, and continue the powerful independent complaints body in the form of the OIAHE.
- > Enhance institutional autonomy and remove over-regulation by discontinuing OFFA and by ensuring that the QAA and HEFCE support institutional freedom in accordance with a framework of quality and standards, rather than imposing planning or regulatory constraints.
- > Create incentives for employers to become involved in co-curricular programmes, such as developing a scheme in which Government matches employers' contributions to university employability awards.

Appendix A:

Opening up fair and informed access to the system

1. Pre-application

- 1.1 It must be a fundamental guarantee that HE should continue to be free at the point of delivery with repayments contingent on income after graduation, and that a targeted and robust student support system is in place that ensures that no student is unable to attend university because of cost. We recognise, however, that for some students the fear of debt might still provide a barrier to accessing higher education. We believe that there is not only a role for the Government, the graduate, the universities and the taxpayer in financing the HE system, but also for families. We propose that the Government incentivise a change in culture, coupled with a major promotional campaign, to encourage lifelong saving for studies.
- 1.2 There are various existing schemes which might form the basis of any new system, including the Child Trust Fund.

2. Application

- 2.1 The first stage of the Browne Review rightly asked the HE sector for evidence of how they have enhanced the student experience.
- 2.2 The National Student Survey (NSS) has been a considerable success and is one of the few public national indicators directly focused on assessing the student experience. The most positive outcome of the NSS has been that it has enabled institutions to highlight areas which need attention and to focus efforts on directly enhancing aspects of the student experience in order to improve satisfaction scores. We believe that the NSS have been a great success providing substantial benefit to Government, universities and, most of all, students. The NSS must remain and consideration be given to its review and extension as appropriate. The extension of the NSS to postgraduate students, as proposed in the Postgraduate Review report³, should be considered by the Review Group, as well as the outcomes from the review of the NSS currently being undertaken at the Institute of Education.
- 2.3 Although universities are successfully enhancing the student experience through ambitious investment in modern facilities, responsive support services and world-leading staff, there has not been an adequate focus on providing accurate and accessible information about the nature of the academic experience on offer. As previously stated by the Group, providing transparent and accurate information about universities and the nature of what they offer is a priority in delivering excellent student experience. Students deserve clear and accessible information to enable them to understand the choices available. Prospective students deserve more than glossy advertising prospectuses to inform crucial decisions about which university to attend and which course to study.
- 2.4 It is essential to the smooth running of the system that users are appropriately informed. We therefore believe there is a need for good information, advice and guidance (IAG) and public information about HE, so that students can make well-informed decisions about their application.
- 2.5 The 1994 Group has been campaigning for three years to improve the transparency and accuracy of information available and believes that the Browne Review and the

³ *'One Step Beyond: Making the most of postgraduate education'*, Professor Adrian Smith, BIS, March 2010

Government should encourage universities, and sector agencies, to be more open with the data they hold, and support the progress being made to make information more accurate and accessible to applicants.

- 2.6 The Group is currently working to produce a high-quality, online resource for potential students, and their parents and families. The resource will ideally signpost to current sources of information which will include graduation/completion rates, information about loans, scholarships and bursaries, and figures for course fees and associated interest rates. It will also enhance IAG, to give applicants an understanding of the varying nature of the education that is offered to them by different institutions.
- 2.7 The kind of information the resource will provide could form the basis of a type of sector-owned 'student charter' setting out a package of minimum standards a student might expect from a university experience. Building on the work currently being taken forward by UUK, this would be an entirely voluntary document and not subject to review or examination by any national body.
- 2.8 From the point of view of universities, the Group is of the opinion that it is in universities' best interests to admit the best students regardless of background, and that universities will do so. Widening access and encouraging social mobility is at the heart of the founding vision of many 1994 Group universities. Our universities are strongly committed to improving access and are using a significant amount of income, both from fees and other income streams, to offer variable bursaries to assist fair access, and encourage students from lower socio-economic groups to attend world-class, research-intensive universities.
- 2.9 Two additional areas where universities are spending income are on WP outreach activities. It is crucial that universities work in partnership with schools to provide excellent IAG and raise aspirations from an early age. Universities should also continue to use progression accords and work closely with Further Education Colleges to continue efforts to improve progression to university.

3. Admissions

- 3.1 The Group believe that, in order drive up quality of provision, student numbers will need to be deregulated, in the short to medium-term to allow a proportion of institution numbers (defined in relation to the HEFCE 2008 student number cap) to move around the system using a mechanism which recognises demonstrable and consistent quality and demand for places (perhaps using NSS results; graduate employability rates (on a 3 ½ year basis); applicant to place ratios and drop out and completion rates). Demand, and thus the redistribution of places, would be placed directly in the hands of students.
- 3.2 The Group would oppose the use of any formula which enabled the Government to determine the reallocation of places on the basis of perceived subject need, as this would seriously constrain institutional autonomy. In time, perhaps through a phased approach, the Government may wish to remove the cap on the overall number of students in the system.

Appendix B:

Providing Fair Financing and Support for Students through Study

1. Finance (fees, maintenance and bursaries)

- 1.1 The 1994 Group's primary concern is that quality is maintained so that universities are able to meet the nation's needs: strengthening the economy; delivering novel solutions to major challenges through research; and developing a world-class highly skilled workforce.
- 1.2 The HE system and the progress made since 2006 is under threat, a threat that became all the more real with the announcement of cuts to the unit of resource in December 2009. The *Financial Sustainability Strategy Group* reported in 2009 that the sector is already papering over the cracks in the delivery of the student experience and that the ability to secure the quality and fitness for purpose of higher education is currently coming under severe strain.⁴ We are approaching a critical point for the future quality and international competitiveness of UK HE, and now is the time to put in place a system which will be genuinely sustainable for many years. Universities need long-term sustainable funding to maintain the quality of the academic experience, meet students' rising expectations and develop the highly skilled, well-rounded graduates that our nation needs. Businesses have highlighted that they need high quality graduates to remain internationally competitive and have raised concerns that a fall in the quality of graduates could have serious consequences for productivity and economic success.
- 1.3 As previously stated by the Group, there is no evidence that tuition fees have limited access. In fact, to the contrary, there has been a significant rise in applications to university over recent years. For example, last year (2009) saw a record-breaking number of applications and acceptances to universities. The final figures⁵ show 481,854 applicants had a place confirmed at a university or college for entry in 2009, an increase of 25,227 (5.5%) on entry for 2008. The numbers of students from poorer backgrounds has also risen. We support the assessment made by Sir Martin Harris, Director of the Office for Fair Access that the introduction of top-up fees has not deterred poorer students from going to university and that applications from students from working-class homes had increased⁶.
- 1.4 The fee cap being set where it is has not achieved the price competition that was expected between universities, as almost all have decided to charge the maximum fee. This mutes competition and its beneficial effects of increasing the pressure on universities to enhance the product and services they deliver to students. The fee cap should rise in order to provide the resource required to place the system on a sustainable footing and to establish competition between institutions and between courses, which will drive up investment in enhancing the student experience.
- 1.5 Resulting from increased competition, better, more transparent and accessible IAG will mean that students have an improved understanding of the returns of studying different courses at different institutions and will encourage universities to continue to

⁴ Financial Sustainability Strategy Group, 'The sustainability of learning and teaching in English higher education', Feb 2009

⁵ UCAS final figures 2009 http://www.ucas.com/about_us/media_enquiries/media_releases/2010/210110

⁶ Martin Harris, Director of the Office for Fair Access, comments that there is no evidence that finance has been a significant impediment to participation <http://www.guardian.co.uk/education/2009/may/22/university-top-up-fees-offa-martin-harris>

focus on enhancing the student experience. It is for the Browne Review, not the HE sector, to determine where an appropriate and affordable fee cap should be established. It is for the Review Group to determine how bold it wishes to be to achieve the sustainability of the system.

- 1.6 In the proposed system we propose that a new unit of resource for teaching is introduced, so that extra resource generated by changes to the system will be channelled into enhancing and sustaining excellence in teaching and learning. A fundamental principle in undertaking this analysis must be that the fee level should deliver additionality on the current system. A reasonable basic unit of resource (formed of both the HEFCE teaching grant and the student fee) is £7,200, and this level would deliver Scenario 2 above (for more details, see **Appendix D & Appendix G**). It is essential that the overall level of income per student is set at this new £7,200 basic unit of resource, to ensure the future sustainability of HE, and avoid a decay in quality. There must also be a commitment that should the Government element of the new unit of resource be reduced, there would be an automatic assumption that the student contribution would increase. There would also need to be careful consideration of the wider impacts of this, particularly in relation to postgraduate activity. If we are to achieve Scenario 3 above, in which quality can be enhanced through a significant increase in resource, this would require building upon the £7,200 basic unit of resource and setting the maximum tuition fee at a level which achieves genuine competition at course and institution level.
- 1.7 Should a more market-oriented, differentiated system be established, it is a fundamental requirement that HEFCE does not operate as a planning body in the allocation of its teaching, or any other, resource. The unit of resource reflects the Government's investment in the social good of HE for both citizens and the greater good of the economy. The 1994 Group would oppose any attempts by HEFCE to use T grant, or any other income stream, to rebalance the institutional funding for those institutions unable to charge fees towards the upper end of the cap. The sector needs to find a way to talk about differences in quality and provision between institutions. HEFCE in its role as a light touch regulator needs to support rather than mute this.
- 1.8 We believe it is right to encourage institutions to generate private resource to underpin the state-funded student support system. Group institutions have a range of scholarships and bursaries derived from private giving and these continue to grow annually. For example, following an extremely generous donation, the 1994 Group and Russell Group institutions have developed the Eliahou Dangoor Scholarship scheme which provides £1,000 bursaries to over 4,000 students to support their study at the UK's leading universities (further details are given in **Appendix E**). This scholarship scheme would not have been offered without the matched funding scheme. Business should also be encouraged to provide scholarships and bursaries, in addition to engaging with universities on student work placements and in universities' employability awards as previously proposed by the Group.
- 1.9 On the basis that student support for all students can be made affordable, and that the unit of resource is not reduced, there should be a guarantee that a targeted and robust support system is in place that ensures that no taught student, whether studying full-time or part-time, undergraduate or postgraduate, is deterred from attending university because of cost. We propose that the artificial barriers erected within the current system which significantly disadvantage part-time study and constrain the flexibility of the system be removed. Whilst the examples provided in this paper relate to full-time students, we believe that, as they are presented, the new system can be extended to part-time students, in time, in exactly the same way as to full-time students, on a pro-rata basis, with eligibility determined by credit load in any given year.

2. Repayable fees (standard ft student)

- 2.1 The fee cap should rise in order to provide the resource required to place the system on a sustainable footing and to establish competition between institutions and between courses. It is for the Browne Review, not the HE sector, to determine where an appropriate and affordable fee cap should be established. It is for the Review Group to determine how bold it wishes to be to achieve the sustainability of the system.
- 2.2 As in the current system, students can choose to pay the fee up-front or agree a fee loan with the Student Loans Company (SLC). For the student, the repayment system will be exactly the same as it is now, through the SLC, via the Inland Revenue. This is important as it keeps the system simple, but it also means that the Revenue can continue to take the lead with European partners in order to ensure that their students repay. It must be clearly communicated that HE is free to students on entry, that student loan repayments are a payroll deduction, not a credit-card debt, and that the graduate repayment scheme is very protective of students in its repayment terms.
- 2.3 To ensure that the fee loans system is viable, we propose new rules for repayment under which the standard student will pay interest, at a rate of 1% above the Government's rate of borrowing, which will start accumulating from the start of their studies; they will continue to start repayment once they have graduated and are earning £15,000, but they will now pay 10% of their salary above £15,000, over a maximum period of 30 years. A repayment made upon graduation would attract a 10% discount on the fee charged (without a financial penalty to the institution). There would be no penalties for students choosing to repay their fee or maintenance loans at a faster rate than the proposed 10% level.
- 2.4 Under the current system students from the lowest socio-economic groups are automatically entitled to receive an automatic national entitlement to a £319 non-repayable bursary paid from the institution to the student. We believe, however, that there is a strong case that the current £319 national non-repayable bursary entitlement provided by an institution directly to a student is not large enough to be attractive to, or make sense to, the most disadvantaged applicants, we therefore propose that this automatic bursary entitlement be abolished and replaced with an automatic institutional £1,000 waiver for students in receipt of the full maintenance grant against their course fees paid to the institution. In addition to the maintenance grant, these students would also be eligible to receive institutional scholarships and bursaries.
- 2.5 These measures significantly increase the financial viability of the student support system, reduce the costs associated through default, create additional income for universities to enhance the student experience, whilst at the same time protecting students and providing them with a substantial insurance policy should their investment in HE not prove financially beneficial.

3. Non-Repayable maintenance grant (non-standard ft student)

- 3.1 The Group position is that providing a non-repayable maintenance grant to those in most financial need is an important requirement of any future system. The family income threshold for receiving a full maintenance grant should stay at the same level as it is currently (£25,000), to ensure that students from the lowest socio-economic backgrounds receive financial support to enable them to attend university. We

propose that the full level of the maintenance grant remains at £2,947. We do not believe that there is a case to be made for increasing this amount because fees have been increased.

- 3.2 We see no evidence that providing small partial maintenance grants to applicants from relatively well-off backgrounds influences the decisions of these applicants to attend university. The threshold for receiving a partial maintenance grant should therefore be reduced from the level it is currently (£50,020) to a more appropriate level, targeting those students determined by the Review Team to require access to this state support. For students in receipt of a partial maintenance grant, the maximum grant should remain at £2,947.

4. Non-repayable bursary (non-standard ft student)

- 4.1 The purpose of non-repayable support has to be seen within the wider context of the deferred graduate payment scheme. Within this system, it must be recognised that there is a danger that loans have the effect of deterring debt-averse applicants. The purpose of non-repayable support within this system must be to ensure that those in most need of help are not deterred from attending university. Evidence derived from a review undertaken by OFFA shows that the current system of variable bursaries is proving a success.⁷
- 4.2 The system is helping students to overcome financial barriers to higher education and, contrary to some current perceptions, is successfully encouraging high-achieving lower-income students to opt for more selective universities. In light of this success a 'national bursary scheme', as being proposed by some parts of the sector, would be a big mistake; it would effectively be a tax, a forced pooling of tuition fee income at sector level, which would be distributed away from the institution to which a student pays his or her fee. It would seriously compromise the direct relationship between a student's fees and their education.
- 4.3 Rather than adopt an impractical, artificial 'national bursary scheme' model, Universities have developed individual bursary schemes to meet the specific needs of their students. Variable bursaries give universities a tool for targeting specific regions, such as their local communities, in order to offer their product to those that require the most support. A strong and important link is thus built between a student and their university and thus the education he/she receives. To address the lack of knowledge in the current system, there will have to be an associated campaign to raise awareness of these and the amended national non-repayable bursary entitlement available to students at the pre-application stage.
- 4.4 In the light of experience and the research undertaken by OFFA as to the most effective ways to target bursary spend, we would oppose the automatic assumption that, should fees increase, that there be an automatic link between fee income generated and the proportion of that income spent on WP and access work. Universities are each unique and their approach towards WP and access will depend on a range of factors including their history, location and entry standards. We oppose the continuation of a notional connection between the fee income raised and the institutional funding of WP and access activity. Instead, we believe it is right that each institution be allowed to spend an appropriate percentage of its income to target WP entrants, using institutional resources including donor-giving, at levels which universities feel are appropriate. It is the progress made towards achieving goals set out in the institutional WP strategy that is the central concern of institutions and Government, not the drawing of arbitrary expenditure targets.

⁷ Callender, "Awareness, take-up and impact of institutional bursaries and scholarships in England", Dec 2009. Available at: <http://www.offa.org.uk/>

5. Maintenance loans

- 5.1 In line with our proposals for fee and maintenance loans, the viability of the maintenance loan system needs to be addressed. We propose that in an amended maintenance loan scheme interest be charged at a rate of 1% above the Government's rate of borrowing, which will start accumulating from the start of a student's studies; graduates will continue to start repayment once they have graduated and are earning £15,000, but they will now pay 10% of their salary above £15,000, over a period of 30 years, as with the terms we propose for repaying fees. Graduates will also be awarded a 10% discount if they repay the maintenance loan upon graduation.
- 5.2 Maintenance loans are currently means tested. In order to target the student support system on those in most need, the Review Team should determine whether, on the basis of affordability and appropriateness within the overall context of the review, the current thresholds used within the means-test are appropriate. Consideration should be given to the introduction of a cut-off point beyond which students would not be eligible to receive state supported loans.
- 5.3 The proposed system discourages students who do not need financial aid from applying for it because they have to be eligible for a loan and they will have to repay interest. The reduction in the RAB charge and the encouragement to repay more, sooner, frees up the additional resource needed to ensure the viability of the system.

6. Master's student fees, maintenance and bursaries

- 6.1 It is feasible that the new arrangements, in time, could be provided to Master's students in the same way, and this would be particularly important if the HEFCE teaching grant were reduced. The graduate fees and maintenance loans would be added to the undergraduate loans, and the effect in practice would be that the graduate's payroll deductions would extend for a longer period. This would help to ease the concern that undergraduate fees could lead to a downturn in Master's students, which in turn would result in a downturn of doctoral students and early career researchers.

7. Summary of finance (fees, maintenance and bursaries)

- 7.1 In summary, we are proposing a commitment to a new basic unit of resource per HEFCE Band D student (including HEFCE contribution and fee) of £7,200; a staged increase in the fee level to an appropriate level as determined by the Review Group to ensure the sustainability of the HE system, within which Universities would have the freedom to set fees at course level up to the maximum cap; and flexibility in the movement of student numbers on the basis of demand. There must be a commitment that should the Government element of the new unit of resource be reduced, there would be an automatic assumption that the student contribution would increase. There would also need to be careful consideration of the wider impacts of this, particularly in relation to postgraduate activity.
- 7.2 The HE system will become a more market-oriented system, with individual universities free to decide the level of fee at course level, if any, and where they wish to focus their own activity. Furthermore, we propose that all students should have access to a repayable maintenance loan up to a capped amount with the same provisos as for the fee loan. The Review Group will need to take a position on how to

assess the ability to repay, related to the age of applicants, and the amount of time they will spend in employment, and therefore repaying their loans, after their studies, particularly for mature and part-time students.

- 7.3 The result of these proposed changes to the system is that financial risk (i.e. that some students will default) will be substantially reduced, and our new proposal for repayment terms (once earning £15,000, 10% of salary above £15,000, over 30 years) makes it more affordable. The Government can then, should it wish, sell debt privately, as it will be more attractive now that the risks have been made more manageable.
- 7.4 Universities will still need to encourage donor-giving as an additional income source, but HEFCE's matched giving scheme should also be continued.

Appendix C:

Protecting the Needs of Students

1. At university

- 1.1 There should also be less regulation in the bursary and quality assurance system. Whilst a variable system of bursaries is the correct one, it should be made more flexible and efficient. As had been raised by the Director of OFFA, it was unclear whether a blanket system of bursaries had a significant effect on widening the pool of applicants to the most selective universities, and it was perhaps the targeted outreach activity of universities that had a more profound effect. In addition, HEFCE has recently extended its interests in the monitoring of institutional expenditure on WP duplicating the regulatory burden in this area. We believe that the relationship between the university and the Funding Council as determined by the current (**not the proposed revised**) Financial Memorandum are adequate and appropriate to protect Government and student interest in the charging of fees and we therefore propose that OFFA and OFFA agreements should be discontinued and its powers to determine fee levels removed. Indeed, the Director of OFFA has been reported⁸ saying that in future there may not be a need for OFFA, although he was clear that the monitoring of bursary provision would need to continue.
- 1.2 We believe that within a complex HE system increasingly catering for the activities of private providers and FE institutions gaining access to limited degree awarding powers, there is a need to retain a single simplified national system of quality assurance. We recognise, also, the benefit that the existence of such a system provides to reassure international students of the quality of their degrees. Despite this, the Group believes that the QAA should be reviewed to ensure that burden is minimised and is directed towards an assessment of the quality of outputs rather than process. In particular, the Group rejects the notion that any national agency should attempt to achieve through its actions parity of degree standards between institutions. Therefore the QAA should seek to ensure that minimum standards for the delivery of HE are adhered to rather than directly compare activity of different types of universities. The Group awaits the outcomes of the review of external examiner arrangements in this regard.
- 1.3 The interests of students are protected within the new system by the provision of accurate IAG in advance of application, the QAA and the conditions of the current (**not the proposed revised**) Financial Memorandum and, ultimately, the continuation of a powerful independent complaints body in the form of the OIAHE.
- 1.4 'Higher Ambitions' is clear in its objective to achieve a higher level of flexibility for different kinds of students with different needs, and to organise a credit accumulation and transfer system to make the system much more flexible, and to enable students to take credits at different institutions and come out with a degree in the end. A significant feature of credit systems is that they remove the practical distinction between full-time and part-time study. We propose that students will be able to change from full to part-time mode of studying, or change course or university, or take time out from their studies. Institutions would determine how flexible they wish to enable their programmes to become. Students choosing to accumulate credit and transfer, however, will be liable to pay towards their loans if they are earning £15,000 or more at any point during a study break or when studying part-time. The example of

⁸ Proportion of fee income spent on bursaries and grants varies widely, Times Higher Education 29 March 2009, <http://www.timeshighereducation.co.uk/story.asp?storycode=405928>

the US Higher Education system is that increasing the diversity and flexibility of the system leads to a decrease in overall graduation rates as students start to view accumulation of credit as a goal in itself rather than graduation. To counter this, HEFCE should incentivise institutions to push students to graduate by providing resource within the T funding mechanism to recognise institutional graduation rates.

- 1.5 Recognised co-curricular activity and awards, run in parallel to degree programmes, is a route through which to meet employers' demand for skills obtained outside the academic curriculum and develop the employability and career prospects of graduates. It is a way of attracting and building strong partnerships between universities, students and employers, who have a key part to play in the development, delivery and assessment of awards. It is also, crucially, an extremely effective way of enhancing the experience of students in higher education, whether they are undergraduate or postgraduate, from the UK or abroad, studying full-time or part-time. Resourcing is clearly a key challenge to delivering this activity effectively, especially when the extension of activity to larger numbers of students is considered. The Government should recognise the huge impact that this area has and show its support for co-curricular activity by creating incentives for employers to become involved, such as a scheme in which Government matches employers' contributions (whether these are cash or in kind).
- 1.6 Universities gain income through collaboration with business and industry, particularly through research, innovation and knowledge transfer, and through employers sponsoring specific students' courses. The Government should continue to support universities in their enterprise development and interaction with businesses through the discrete Higher Education Innovation Fund, which has been very successful in providing the platforms for HE – industry interactions. Business should be encouraged to engage with universities on student work placements and in universities' employability awards, through Government matching their contributions (whether these are cash or in kind).

2. Graduation

- 2.1 Two fundamental guarantees must be at the centre of any considerations. Firstly, a guarantee that a targeted and robust student support system is in place that ensures that no student is unable to attend university because of cost. HE should continue to be free at the point of delivery with repayments contingent on income after graduation. Secondly, a commitment from universities to continue to enhance the student experience on offer to all students. These guarantees provide strong protection for graduates and insure them against the failure of their investment.
- 2.2 The needs of graduates can also be protected by a suggested post-graduation careers advisory service, which would maintain a link between student and institution upon graduation.
- 2.3 Voluntary giving is a growing income stream in the UK, which has been assisted greatly by the Government's matched funding scheme, but it still lags far behind the levels achieved by universities in the US. Most UK university development offices are now taking a very strategic and professional approach to enhancing this income stream, and it will be extremely important to continue doing so into the future. We propose that across the sector a campaign needs to be made to encourage more donor-giving, graduates should be encouraged to give back to the sector, and furthermore, to start saving for their children's studies. To assist this, the Government needs to commit to the matched funding scheme for voluntary giving.

Appendix D:

Establishing a new basic unit of resource

- 1.1 The table below shows (using HEFCE forecast student numbers 2010-11 (ft UG excluding FDs) the numbers of students in the different price groups, and their percentage of the total.

Student Numbers per Price Group		% of total
A	23,000	3
B	148,000	19
C	317,000	42
D	271,000	36
759,000		100

- 1.2 HEFCE funds students according to four price groups, reflecting the different costs of subject provision. The 2009/10 HEFCE price groups (minus the £1,285 assumed fee), as follows:

A	£14,503
B	£5,425
C	£3,846
D	£2,662

- 1.3 Total cash income by bands in the current model in 2009/10:

Band D	£5,887 (£2,662 HEFCE & £3,225 fee)
Band C	£7,071 (£3,846 HEFCE & £3,225 fee)
Band B	£8,650 (£5,425 HEFCE & £3,225 fee)
Band A	£17,728 (£14,503 HEFCE & £3,225 fee)

- 1.4 In making its decisions about the future of HE funding, the Review Group must place at the heart of their work a fundamental principle that the basic fee level should deliver additionality on the current system. In 2009/10, for a HEFCE Band D student, the unit of resource received through the HEFCE Teaching grant was £2,662, and the maximum fee level was £3,225, meaning that universities received a maximum income of £5,887 per student.
- 1.5 In 2010/11, cuts in the teaching grant will reduce the HEFCE contribution to £2,641 and the maximum fee level will be £3,290, meaning that universities received £5,931 per student. However, if the 2009/10 unit of resource had been increased by the rate of inflation at 2%, the HEFCE contribution would have been £2,715, and that plus the new maximum fee level would be £6,005.
- 1.6 As the FSSG recommended, the unit of resource needs to rise by 20% if we are to achieve sustainability. Adding this increase to the £6,005 figure gives us £7,206. It is

this figure that we believe should form a new basic unit of resource (including HEFCE contribution and student fee) to ensure the future sustainability of HE. There must also be a commitment that should the Government element of the new unit of resource be reduced, there would be an automatic assumption that the student contribution would increase. If we are to achieve a scenario in which quality can be enhanced through a significant increase in resource, this would require building upon the £7,206 basic unit of resource and setting the maximum tuition fee at a level which achieves genuine competition at course and institution level.

- 1.7 For detailed modelling of this proposal, undertaken by the Institute for Fiscal Studies, see **Appendix G**.

Appendix E

Eliahou Dangoor Scholarship Scheme

- 1.1 The Eliahou Dangoor Scholarships have been created to provide talented students with the opportunity to study science, technology, engineering and mathematics subjects at the leading universities in the United Kingdom. The 1994 Group and the Russell Group of universities are the leading research universities who provide students with an outstanding academic experience. 38 institutions are participating in the scheme in 2009/10.
- 1.2 Dr Naim Dangoor came to London as a student from Iraq exactly 75 years ago to study engineering. Although he returned to Iraq after his studies, he promised himself that if one day he had the means to help others enjoy the same benefit, he would do so. Dr Naim Dangoor and his family settled in this country in the 1960s, and wanted to give something back to the country which has provided him and his family with welcome, refuge and support.
- 1.3 Dr Naim Dangoor sees the Scholarships as offering the opportunity for some of the best students to realise their full potential. He feels that support of this kind can help to transform people's lives and the life of the country. He hopes that this will act as an example to others who can provide similar support in the way that this already happens elsewhere.
- 1.4 It is a requirement of the donation that using funding derived from the Government's matched funding scheme for voluntary giving, the actual number of scholarships awarded will vary according to the institutional matched funding threshold and eligibility for the scheme. Each participating institution will receive funds to provide for the equivalent of 22 full-time scholarships in each of the three years of operation of the scheme. Institutions are free to determine how many full-time and part-time scholarships they offer at their institution within their allocation.
- 1.5 Following Dr Naim Dangoor's generous one million pound donation in 2005 to fund 1,000 Dangoor Scholarships at 1994 Group institutions, Mr Dangoor has provided a further three million pounds to be given as scholarships to students chosen for the scheme. The 1994 Group will receive a total donation of £1.2 million. This will mean that between 22 and 33 scholarships will be offered at participating institutions.

Appendix F

Report on the comparative effects of blanket bursary schemes and outreach projects on increasing the pool of applicants to HEIs.

07 January 2010

1. Background

- 1.1 Further to the publication of the Department for Business, Innovation and Skills' paper *Higher Ambitions: the Future of Universities in a Knowledge Economy* (2009) the government has asked Sir Martin Harris, the Director of Fair Access to:

“consult Vice-Chancellors and advise the government by Spring 2010 on further action that could be undertaken to widen access to highly selective universities for those from under-privileged backgrounds – and to ensure that measures for wider access are prioritised most effectively and do not suffer in a time of greater fiscal constraints.”⁹

- 1.2 The 1994 group has been contacted by Sir Martin Harris to explore this issue, and information has been collected from member institutions regarding the following areas:

1. What steps has your university taken to work directly with schools in order to increase the pool of applicants to your university (or to other research-intensive selective institutions)? Please include:
 - (i) examples of good practice where your university, rather than simply having blanket bursary schemes, have chosen to work directly with and in schools (particularly ages 11-16).
 - (ii) evidence of where this activity has produced the effect of increasing applications from these schools to your university (or to other research-intensive, selective institutions).
2. Would you be willing to consider directing money currently being spent on Widening Participation and Fair Access and/or bursary money into creating posts where people go out directly into schools (particularly ages 11-16) to offer advice and guidance (e.g. on appropriate A-level choices, targeted bursaries, applications processes, support available when making applications, etc)?

- 1.3 This report gives examples of the practice of 1994 Group universities in this area.

2. Introduction: research context, main issues.

- 2.1 1994 Group institutions are committed to outreach activity as a fundamental part of their strategies to widen participation in higher education. Most member institutions operate a wide range of activities which aim to enhance the aspirations and academic performance of children and young people both locally and nationally. The commitment of our institutions can be seen clearly through the considerable amount of

⁹ Department of Business, Innovation and Skills, *Higher Ambitions: the Future of Universities in a Knowledge Economy* (Nov, 2009). <http://www.bis.gov.uk/wp-content/uploads/publications/Higher-Ambitions.pdf>

resource dedicated to outreach activity, and also the number of young people who come into contact with our universities through participation in these activities.

- 2.2 However, assessing the success of these programmes, especially when considering them in their role alongside the bursary system, presents many challenges and, for the moment at least, it is impossible to come to any firm conclusions. In most universities, the proposals for monitoring the success of outreach activities as outlined in the National Audit Office's report *Widening Participation in Higher Education* (2008)¹⁰ have only just started to be implemented. A meaningful evaluation of such measures is likely to require a number of years in order to monitor the application rates, academic success, satisfaction and retention of students targeted through outreach activity.
- 2.3 It is also extremely difficult to ascertain the *relative* impact of outreach activities compared to the blanket bursary scheme. There are a number of problems in converting data about the numbers of students who come into contact with HEIs through outreach activities into a useful analysis of how universities are meeting the challenge of widening participation. One of the most serious is the lack of information concerning students who choose not to attend university at all. In the absence of a national tracking scheme, universities are also not able to gather information on the career paths of students involved in their outreach projects who chose to attend a different HE institution. Whilst good information has been published on the groups that are underrepresented in the HE sector, there is no evidence to particularly attribute this to a failure of any particular cause (e.g. outreach activities, or financial assistance). Similarly, universities simply do not, as of yet, gather the kind of feedback from their students which could help us to assess the relative importance of outreach and bursary schemes to students from underrepresented groups.
- 2.4 Therefore, the examples provided in this report should be considered in this context.

3. Types of outreach activity

- 3.1 All 1994 Group institutions have supporting staff who organise, implement and administer widening participation strategy and activities. Many have entire teams and departments dedicated to this purpose. It is also common for many of the activities in question to be delivered, at least in part, by members of individual academic departments.
- 3.2 1994 Group universities are involved in a wide variety of outreach activities which range from personal support for disadvantaged students in local schools, to campus tours and HE fairs which reach thousands of young people from all over the country every year. The great variety in the nature of the events which take place reflects the fact that universities are attempting to address a number of different issues that affect the progression of students to HE. Details of the most common features of university outreach strategies are given below.

3.3 Providing information to prospective students and their advisors

- (i) The lack of good quality advice and guidance available to students throughout secondary education was a particular area flagged in the NAO's report *Widening Participation in Higher Education* (2008)¹¹. This lack of information is one of the main

¹⁰ National Audit Office, *Widening Participation in Higher Education* (June, 2008).
http://www.nao.org.uk/publications/0708/widening_participation_in_high.aspx

¹¹ *ibid*

issues that universities are trying to remedy. A number of 1994 Group universities send admissions specialists to sixth forms and HE fairs throughout the country to explain the UCAS application system and answer queries from prospective students. Many also offer campus visits to schools and colleges to give students an idea of what to expect from university life.

- **Durham University** undergraduates take prospective students on a walking tour of the university, preceded by talks from an Admissions Advisor about applying to Durham and the financial support available at the university.
- In addition to tours, **Lancaster University** Law School and European Languages and Cultures department run 'taster days' attended by hundreds of students every year where they can experience the kind of lectures and seminars that form a large part of the undergraduate experience.

- (ii) The recent best practice guidance issued by OFFA, *How to increase awareness, knowledge and take-up of bursaries and scholarships* (December 2009)¹² highlighted the problem that in order to be most effective, HEIs should not only focus outreach activities on prospective students, but also on advisors in schools who provide students with much of their information about higher education. As such, universities have not only endeavoured to provide the best possible information directly to students, but a number of institutions actively liaise with teachers, parents and secondary school staff.

- **Durham University** sends staff to the Annual Teachers' Conference organised by the Young, Gifted and Talented programme to give information and advice to teachers about how best to support their students when applying to a high demand university.
- **Queen Mary, University of London** publishes a quarterly newsletter called 'OnQ' which provides information to teachers and careers advisors. It gives details of the financial support available at the College and more general advice on the admissions procedure and UCAS applications designed to help teachers and school advisors best support their students. The College also organises general information, advice and guidance talks to students and parents on a range of themes aimed at raising awareness of higher education opportunities in the UK. The team typically delivers around 300 school talks a year, mainly in London and the South East, including 80-90 for parents at school HE evenings. Many parents attending these events are not graduates and find the information highly beneficial.
- **Loughborough University** has links with some teacher groups through the Local Authority and also sends staff to parents' evenings at local schools where they are available to answer questions from students and their parents about university life, funding and the application process.

¹² Claire Callender, *Awareness, take-up and impact of institutional bursaries and scholarships in England* (December, 2009). The summary and recommendations made by Professor Callender can be found at <http://www.offa.org.uk/wp-content/uploads/2009/12/OFFA-2009.07-summary-and-recommendations.pdf>

3.4 Working Directly with Underrepresented Groups

- (i) The National Audit Offices' 2008 report *Widening Participation in Higher Education*¹³ particularly highlighted groups such as those from lower socio-economic backgrounds, and those living in deprived areas as being underrepresented in UK HEIs. 1994 Group institutions take their commitment to widening participation within these groups very seriously.

- **The University of Surrey** tries to ensure that approximately two-thirds of the student beneficiaries of outreach schemes are from target groups, specifically those from the National Statistics Socio-economic Classification (NS-SEC) groups 4-7 but also include first generation students, local authority care leavers and travellers. The university uses POLAR2 (Participation of Local Areas) data to assist in targeting schools and colleges from low participation areas, and has a Compact scheme offering a reduced UCAS tariff to qualifying students from member institutions.

- **Queen Mary, University of London** has been involved as a co-sponsor in a major initiative to establish a new Academy school in Havering. The College is working with the Drapers' Company to sponsor this new science and mathematics specialist school, which aims to improve educational standards in an area of high unemployment, economic deprivation and low participation rates in higher education. Students from the new school who meet the appropriate academic requirements will be supported by the development of a progression agreement to higher education.

- **Lancaster University's** Student Ambassador's project is currently running a project which focuses on recruiting Black and Minority Ethnic (BME) students to Lancaster. Lancaster undergraduates from BME backgrounds visit schools, colleges and HE fairs nationwide to promote the benefits of HE.

- Sociology undergraduates from the **University of Leicester** have been involved in a volunteering programme whereby they can meet and shadow children from disadvantaged inner-city schools in Leicester. Students from the Student Community Action Group in Leicester's Students' Union are now coordinating a local 'partnership through progression' project under a national initiative supported by the Government and run by the NUS, the National Bureau for Students with Disabilities (SKILL), and Student Volunteering UK. The project aims to combat social exclusion and elitism in higher education, and to widen access to under-represented groups. The scheme specifically targets those in socio-economic groups three to five, students with disabilities, African-Caribbean males and Bangladeshi females. Mentors work in local schools helping to motivate 13-16 year olds, engage them in education and dispel any myths surrounding higher education.

3.5 Promoting Academic Achievement

- (i) Academic achievement before university is another key area in which universities are focusing their outreach activities. The NAO report *Staying the Course: the retention of*

¹³ National Audit Office, *Widening Participation in Higher Education* (June,2008).

http://www.nao.org.uk/publications/0708/widening_participation_in_high.aspx

students in higher education (2007) showed that prior attainment was the most significant factor in the retention rates in HE with students who achieved three A grades at A level or equivalent being more than twice as likely to continue into their second year of university than those with two D grades or equivalent¹⁴. In light of this, it is clear that any sustainable widening access policy must take into account the academic achievement as well as aspirations of prospective students in WP target groups. Inspiring enthusiasm about academia and helping young people to perform well whilst still at school is a central part of university outreach projects. Resources are often dedicated to individual departments who run their own activities aimed at encouraging school age students who may not have considered HE to develop a passion for their subjects and a desire to pursue them further.

- **Queen Mary** hosts and supports the *Centre of the Cell*, an innovative bioscience education centre at the heart of its medical school, which is designed as a resource for schools to stimulate awareness and understanding of bioscience and the careers to which it can lead. Academic departments at Queen Mary work with the *Centre of the Cell* to deliver outreach activities to inspire young people to study bioscience subjects, and to understand the opportunities that they can offer.
- **Durham University** offers a medicine e-mentoring service to local students, putting them in contact with Undergraduates from the Durham Medical Programme. Via a virtual learning environment Durham Undergraduates are able to support the local students who want to learn about applying for and studying medicine.
- In order to assist school age students to achieve more, the **University of Surrey** commits £100,000 pa to academic departments to create curriculum support material for schools. This money has been spent on projects such as creating software for children aged 12-13 years to assess the impact of the school run on local transport and air quality, and producing DVDs and workbooks in Spanish which were offered to schools nationwide. Staff from the Health and Medical Sciences department at the University also run on-campus revision lectures which reach over 700 students every year.
- **Lancaster University** runs a Further Maths Education Centre for students who wish to take Further Maths A-Level but whose schools do not currently have provision for this.
- The **University of Essex** runs a similar program for local students, as well as organising a sociology sixth form conference, political talks in schools and colleges, and a Biological Sciences Schools Link project.
- A number of universities also work with local schools to run volunteer placements for undergraduates. For example, students from **Goldsmiths** and **Queen Mary** Colleges are involved in the Lewisham A* Academy in which student ambassadors work in schools to help year 10 students gain A and A* grades at GCSE.

3.6 Special Admissions Schemes

- (i) Some 1994 Group universities run special admissions schemes designed to make university more accessible for students with the potential to progress to higher

¹⁴ National Audit Office, *Staying the Course: the retention of students in higher education* (July, 2007)

http://www.nao.org.uk/publications/0607/student_retention_in_higher_ed.aspx

education, but who may need extra support. The schemes give students the opportunity to develop new skills whilst gaining a qualification which will assist them in applying to universities.

- **Durham University** is now running a “Supported Progression” pilot scheme for Year 12 students in County Durham. The scheme is open to those with the ability to do well at a leading university who would benefit from additional help and support to reach their full potential. The scheme offers guidance about admissions and a substantial package of academic and financial support to aid progression to Durham University. Students will take part in a two-year, structured programme of events including an assessed summer school in Year 12. Those who successfully complete the programme will gain a qualification equivalent to 40-60 UCAS tariff points that can contribute towards meeting the entry requirements for a programme of study at Durham University, along with a guaranteed offer and bursaries of up to £2000 towards university costs.
- The **University of Leicester** runs the Leicester Progression Accord for year 12 and 13 students, which is intended to make university education seem a more attractive and achievable goal for those who might not otherwise have considered it. Students who complete modules in Careers and Guidance (e.g. Career Education and Management, or Making Choices), Enrichment (e.g. a Taster Course on Work Experience) and in the Wider Key Skills (e.g. Working with Others, Improving own Learning and Performance or Problem Solving). Applicants with the Accord Award will be given an enhanced offer of a reduction of 30 UCAS tariff points or one grade at A Level (or equivalent).
- The **University of Lancaster** offers a PASSPORT to Higher Education Certificate each summer for students hoping to enter higher education in the autumn. The scheme offers a number of academic and study skills modules designed to give candidates an extra qualification and prepare them for university life. Those students who successfully complete the required modules will be awarded a certificate which demonstrates their ability to study at university level and the award is accepted by many HEIs alongside A-Level results as supplementary evidence of a student’s ability to succeed in higher education. This scheme offers free tuition and sometimes free accommodation to students who meet a number of criteria targeted at attracting students from low participation backgrounds (e.g. they are from lower socio-economic groups, have a disability, or are the first in their family to enter higher education).

3.7 Mature Students

- (i) The NAO report *Widening Participation in Higher Education* (June 2008)¹⁵ points out the huge potential market in higher education provision for mature students, whilst also highlighting that it is these students who have the weakest provision of widening participation activities and student support. In response to this a number of 1994 Group institutions have a commitment to ensuring that potential mature students are encouraged and supported at every stage of the process.

¹⁵ National Audit Office, *Widening Participation in Higher Education* (June,2008).
http://www.nao.org.uk/publications/0708/widening_participation_in_high.aspx

- The **University of Sussex** runs 'drop in' sessions for mature applicants between November and February. These sessions incorporate campus tours and workshops on the application process, writing personal statements, and information about life as a mature student. **Loughborough University** runs a similar scheme of open days for mature students as well as events in Further Education colleges which are targeted at potential mature students.
- The **School of Oriental and African Studies**, where 40% of the student population are mature, offers a free one week bridging course to prepare mature students, many of whom have been out of formal education for an extended period, for university life. The course includes academic lectures given by SOAS staff, study skills workshops, personal skills sessions, working with current students, and help with writing a first-year level essay.
- The Centre for Training and Development at **Lancaster University** works in partnership with a variety of organisations in the public, private and voluntary sectors to provide part-time accredited programmes for work-based learners. These programmes include Masters Degrees, NVQs, Lancaster University Certificates and Foundation Degree. Participants include not only mature students, but also many from socio-economic groups 4-7 and learners re-training and returning to the workforce after unemployment.

3.8 Part-Time Students

- (i) 1994 Group members are committed to fair access to higher education for all, regardless of their background or personal circumstances. Excellent part-time provision for students who are not entering HE through traditional routes is key to that commitment.

- Birkbeck, University of London has been awarded £5m by the Higher Education Funding Council for England (HEFCE) to take its flexible, evening teaching provision to east London, which has the lowest higher education participation levels in the London region. This ground-breaking project, known as **Birkbeck, Stratford**, aims to extend higher education into the heart of the 'hard to reach' communities by using Birkbeck's expertise to develop part-time, evening, undergraduate degrees offered locally in east London, meeting the needs of employers and individuals. Birkbeck will work closely with the University of East London (UEL), which enjoys excellent local partnerships and is recognised as a leader in the area of widening participation.

3.9 Partnerships

- (i) 1994 Group members work in partnership national organisations to work with schools, and colleges in delivering the best possible events and schemes as part of their widening participation strategies.

- Member institutions participate in Higher Education Fairs organised by UCAS, which reach up to 50,000 students every year, where university representatives are sent to engage with students from schools all over the country. Many institutions also work in partnership with regional Excellence Hubs to provide outreach activities, taster days and workshops for gifted and talented students from all social and ethnic backgrounds. **Loughborough University**, for example, offers activities to students from across the East Midlands in a range of subject areas including Materials, Design and Technology, Sport, Chemistry and Mathematics.
- The majority of 1994 Group universities are greatly committed to working in partnership with Aimhigher. The **University of Sussex** is a key player in the Aimhigher Sussex programme and hosts the Brighton and Hove Area team. Over 5000 year 9-13 students from 29 secondary schools and 16 sixth form and FE colleges are currently enrolled in this programme which involves campus visits, residential summer schools, mentoring and tutoring by trained Sussex undergraduates, subject tasters, revision and masterclasses. The **University of Essex** also works in partnership with Aimhigher to run summer schools aimed at Young People in Care and those with Specific Learning Difficulties. **Loughborough University** is currently participating in the new Aimhigher Associates initiative which aims to improve perceptions of higher education by developing further the opportunities for direct and sustained contact between current Undergraduates and school and college students.
- Some 1994 Group universities also work in partnership with the Nuffield Foundation to provide opportunities for sixth-form students in the sciences. At **Lancaster University** the Nuffield Bursary Scheme gives four local high school students the opportunity to experience working in the Biomedical lab during the summer, gaining access to the world class facilities that the university can offer and experiencing the kinds of opportunities for study that are available in higher education. **Queen Mary** also offers year 12 students the opportunity to participate in the Nuffield Bursary placement scheme.
- Members are also participants in local Lifelong Learning Networks and, as detailed above, play a strong role in supporting the work done in local schools, colleges, HEIs and FECs.

4. Measuring the success of outreach activity

- 4.1 A number of universities supply a significant amount of resource to the activities described above, including the provision of dedicated staff. The events which are held can reach up to 50,000 students in a year, but most universities target their efforts at raising the awareness and aspirations of young people from their local communities. However, evaluating the success of these activities is a difficult task. The proposals for monitoring the success of outreach activities as outlined in the National Audit Office's report *Widening Participation in Higher Education* (2008) have only just started to be implemented. As of yet, many HEIs do not possess appropriate data concerning their outreach activities which might enable a meaningful analysis of their successes or failures. A number of universities are now working with Aimhigher in their local areas to adopt a systematic and targeted data collection process, however, it is likely to take a number of years in order to monitor the application and acceptance rates, academic success, satisfaction and retention of students targeted through outreach activity.

4.2 We feel that there may be a larger role for schools to play in measuring the impact of outreach activity. Often HEIs can only know part of the picture as to the effectiveness of their own outreach activity, due to the fact that a school can be in contact with many HEIs. Many schools, particularly in populated areas with several local providers, come into contact with more than one HEI, and it is often difficult for universities to properly evaluate the impact of their own activities when so many different providers are involved. We welcome the view of the BIS Science and Learning Expert Group which recommends that schools should provide an annual report detailing the contacts between schools and HE and evaluating the success of the engagement in terms of increased applications.

4.3 The following is what we have been able to gather from our member institutions so far:

- **The University of Essex** has seen a substantial increase in the number of applicants and acceptances from the areas in which it focuses its outreach activity with schools, as the table below demonstrates:

Applications and acceptance from areas where Essex University is delivering activity with schools and colleges.

Year of Entry	Essex		London Boroughs		Suffolk	
	Total Applications	Total Accepts	Total Applications	Total Accepts	Total Applications	Total Accepts
2004	1380	423	754	149	333	91
2009	1746	617	1324	391	452	149
Percentage Change %	26.5	45.9	75.6	162.4	35.7	63.7

4.4 The University stresses that it is very problematic to assess the impact of outreach activities aimed at the 11-16 age group on applications to the university, as many of the students involved will go on to a number of different post-16 providers before entering HE. Essex has however kept records of the numbers of applicants from post-16 providers that the school works with directly and which are the major post-16 providers of the 11-16 schools that the University works with. These are shown in the table below:

Applicants from a local school sixth form, FE college and sixth form college with whom the University of Essex has delivered intensive outreach activity and/or who are the post 16 provider for the 11-16 schools the University has worked with.

School/College	Year of Entry		
	2004	2009	Percentage Change %
Local School Sixth Form	11	23	109.1
Local FE College	38	145	281.6
Local 6th Form College	165	228	138.2

4.5 These figures suggest a substantial improvement in recent years, though it is important to note that without specific student feedback it is extremely difficult to assess the importance of outreach activities in the decisions of the students in question to progress to higher education.

- **Queen Mary, University of London** has seen similar increases in the number of students who apply and are accepted into the college from schools with a high proportion of students from the widening participation target groups. The following table lists application and acceptance figures from such schools with whom their Education Liaison team has worked intensively.

Applications and acceptances in 2005 and 2008 from schools with which the Education Liaison team at Queen Mary, University of London has worked intensively.

School	2005		2008	
	Applications	Acceptances	Applications	Acceptances
Mulberry School, Tower Hamlets	55	9	119	32
St Marylebone School, Westminster	17	8	46	13
Palmer's College, Thurrock	27	4	67	14
Highams Park School, Waltham Forest	13	3	27	6
Dunraven School, Lambeth	6	2	18	5
St Angela's and St Bonaventure's Sixth Form, Newham	62	8	72	14
NEWVIC, Newham	217	45	295	57
Bexley Grammar School, Bexleyheath	11	3	29	9

- 4.6 The most recent HESA data (2007/8) also confirms that the percentage of young undergraduate students recruited to Queen Mary from state schools increased by 3.6 percentage points from 2006/7 to 2007/8, to 87.3% in 2007/8. The percentage of students from lower socio-economic groups also increased over the same period.

5. Existing Bursary Schemes

- 5.1 The recent OFFA report¹⁶ suggests that bursaries are an important contributing factor on widening participation in a significant minority of cases, especially where those bursaries are for a substantial amount. 1994 Group universities have a strong financial

¹⁶ Claire Callender, *Awareness, take-up and impact of institutional bursaries and scholarships in England* (December, 2009). The summary and recommendations made by Professor Callender can be found at <http://www.offa.org.uk/wp-content/uploads/2009/12/OFFA-2009.07-summary-and-recommendations.pdf>

commitment to bursary schemes designed to promote fair access to Higher Education for those from low-income backgrounds. Many do not require students to make a separate application for their bursary schemes, but use the application for government support to assess the eligibility of all successful applicants and offer support accordingly.

- 5.2 1994 Group universities offer a wide range of scholarships and bursaries in addition to the non-competitive means-tested bursary schemes which are available, many of which are partially based on financial need. **Sussex University** offers both a means-test-based bursary scheme and a part-means-tested, part-selective, widening participation scholarship scheme.
- 5.3 1994 Group universities also recognise the importance of offering adequate financial support to mature students, who are often amongst the most needy in terms of financial pressures. The **University of Durham** offers grants aimed particularly at such students, offering non repayable grants to some single parents and to those whose children are in registered or approved childcare. Grants are also available to some disabled students who are likely to incur additional costs, and to those with adult dependents.
- 5.4 The 1994 Group are also seeking to promote opportunities and financial support for potential students by working in partnership with private organisations to provide funding for scholarships. Currently all the Group's members offer Eliahou Dangoor Scholarships to talented first year students undertaking full and part-time STEM courses at university.¹⁷

6. Redirecting WP and bursary money to create schools engagement posts

- 6.1 Members were asked whether they would be willing to consider directing money currently being spent on WP and bursaries into creating posts which would work directly with schools.
- 6.2 A number of 1994 Group members have already diverted significant resources away from bursaries and into outreach projects and posts. In general this is felt to be an appropriate and effective use of this money. However concerns have been raised that any extension of this activity should be preceded by a review of the relationship between HE and the secondary education sector. It is important to ascertain whether there is a demand for the broadening of the service in the manner proposed and also, whether the capacity exists in schools to take advantage of such a service. 1994 Group members would also oppose any proposed model that would divert funds away from the university to be spent on activities provided by external agencies (e.g. schools, careers advisors).
- 6.2 Concerns have also been raised that the sector should not, in its attempts to raise aspirations of school leavers, lose sight of the need to support students targeted in widening participation activities who are already in higher education, and to aid the retention and academic achievement of these students.

¹⁷ For more information see: <http://www.1994group.ac.uk/dangoor>

7. Conclusions

- 7.1 1994 Group institutions are involved in a wide range of outreach activities which are focused on raising aspirations, enhancing academic achievement and providing the best possible information and advice to school age children.
- 7.2 The Group's members also organise events and programmes to encourage and support mature learners who are not entering higher education through traditional paths.
- 7.3 Members commit significant resources to funding posts which focus on working in schools and colleges to promote widening participation, as well as numerous bursary and scholarship schemes.
- 7.4 A number of 1994 Group members have already diverted significant resources away from bursaries and into outreach projects and posts. In general this is felt to be an appropriate and effective use of this money. However concerns have been raised that any extension of this activity should be preceded by a review of the relationship between HE and the secondary education sector.
- 7.5 Universities are seeing a greater number of students applying and being accepted from underrepresented groups. Data collected from schools in which some universities have focused their efforts does suggest significant successes in attracting students from targeted groups.
- 7.6 However, data which relates to the relative success of outreach activities and bursary schemes is incomplete, and in many cases entirely missing. Many universities are now cooperating with Aimhigher in order to respond to the NAO's suggestions on how to evaluate widening participation activities. Meaningful evaluations of this data is not likely to be available for a number of years as a thorough analysis of widening participation strategies should take into consideration not only the application and acceptance rates, but also the academic success and retention of students from targeted groups.
- 7.7 HEIs can only play a limited role in the evaluation of the relative success of bursary schemes and outreach activities. In the absence of a national tracking scheme, universities are unable to follow the progression of the many young people whom they come into contact with through widening participation activities but then go on to attend a different HEI.
- 7.8 Unfortunately the collection of the data detailed above over the coming years will almost inevitably lead to an incomplete picture, as it will all be gathered from those students who have succeeded in progressing to higher education. To enable a thorough evaluation of the relative successes and failures of outreach and bursary schemes, data must also be recorded concerning the relative importance of factors affecting the decision of school age pupils not to progress to higher education.
- 7.9 We welcome the view of the BIS Science and Learning Expert Group which recommends that schools should provide an annual report detailing the contacts between schools and HE and evaluating the success of the engagement in terms of increased applications.

Appendix G:
IFS modelling of 1994 Group proposals



Some results for the 1994 Group

Alissa Goodman and Gill Wyness

Scenarios modelled

- Old loan system:
 - repayment at 9% of earnings above £15,000; loan write-off after 25 years; zero real interest rate
- New loan system:
 - repayment at 10% of earnings above £15,000; loan write-off after 30 years; 3.2% real interest rate (govt cost of borrowing + 1%)

Scenarios we have modelled (all figures below in 2010 prices)

1. Existing loan system under existing fee cap: **£3,290**
2. New loan system under existing fee cap
3. New loan system with 20% increase in resource, HEFCE element frozen from 2010 (entails fee cap of **£4,887**)
4. New loan system with HEFCE element frozen + further uplift through fee cap (entails fee cap of **£7,000**)
5. New loan system with 20% increase in resource, but HEFCE element going down to zero (entails fee cap of **£8,910**)

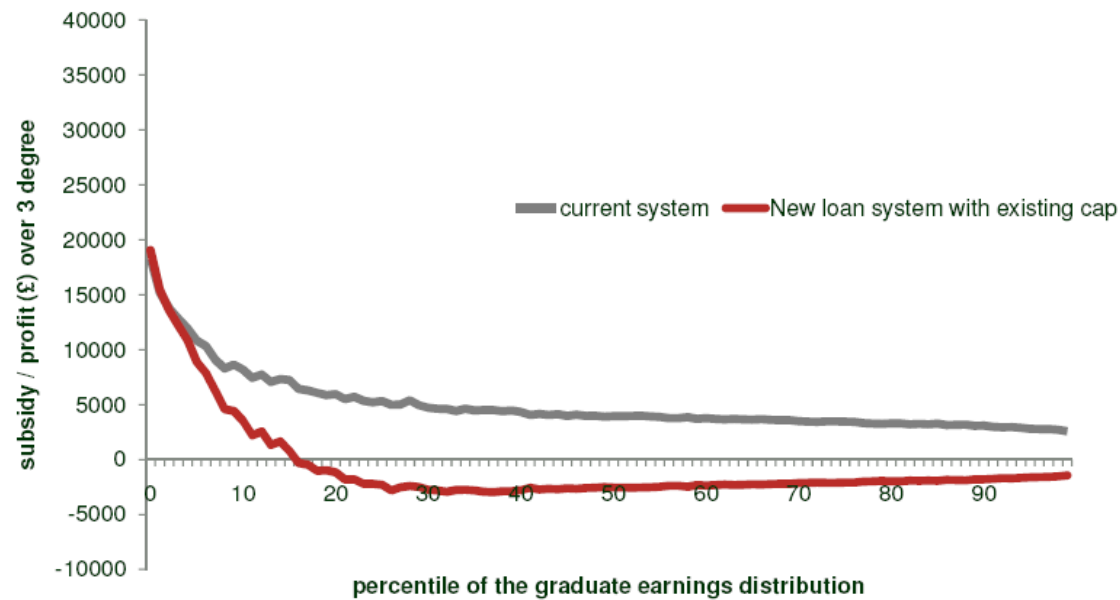
Results of scenarios (all in 2011 prices!)

	Subsidy/profit per student (£ per year) ¹	per £ loaned	Savings per student compared to current system (£ per year) ²
Current system	£1,662	23p	-
New loan system with existing cap	-£225	-3p	£1,886
New loan system with 20% uplift, HEFCE frozen, £4,887 fee	-£97	-1p	£1,758
New loan system, HEFCE frozen, £7k fee	£250	2p	£1,412
New loan system, 20% uplift, HEFCE zero, £8,910 fee	£748	6p	£914

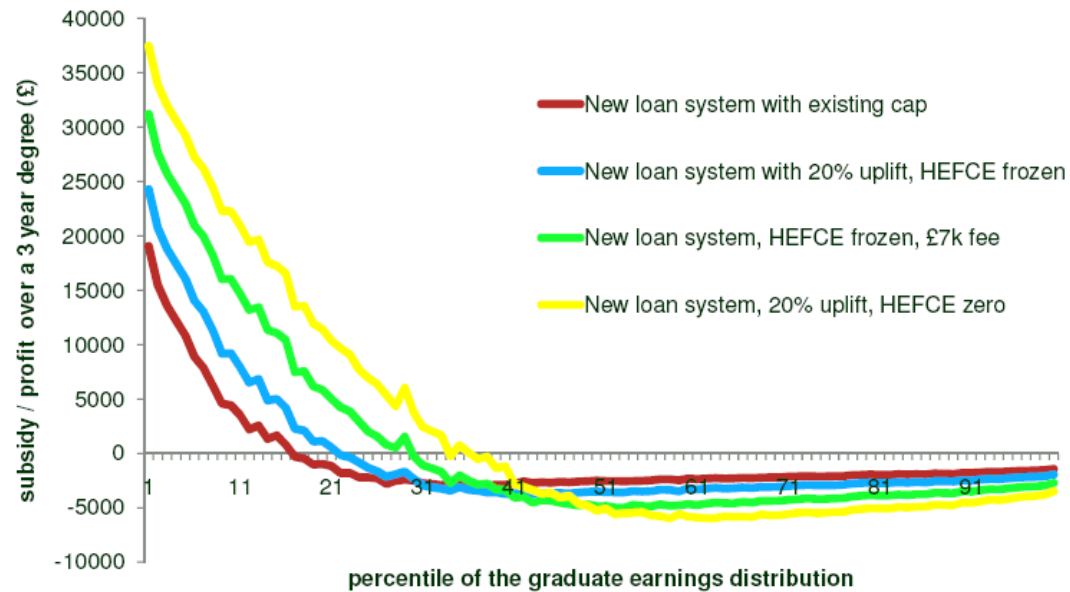
¹ Positive numbers denote a subsidy or cost to the government, negative numbers denote a profit

² Note: savings to government are solely from maintenance and fee loan subsidies and do not take into account savings in HEFCE money (but see circular flows for info on this)

The new loan system saves the taxpayer money, clawing back subsidy from all but the poorest 5% of graduates



Taxpayer contribution goes up as the fee cap increases:
this is due to an increasing subsidy to the poorest from the
30yr debt write off



Circular flows

- The following tables illustrate the flows of payments between the taxpayer, government, universities and students under the current system and some variations
- In each case these figures are expressed as *per year per student* figures rather than totals for 3 years
- Figures are constructed as follows:
 - Taxpayer – pays out HEFCE¹ money, maintenance grants, fee and maintenance loan subsidies
 - Student – receives maintenance grants, loans and bursaries
 - Graduate – pays fee and maintenance loans (less loan subsidies)
 - University – receives HEFCE and tuition fee money and pays out bursaries

¹HEFCE teaching grant (source HEFCE grant letter 2010)

Circular Flows – new loan system with existing fee cap (all in 2011 prices)

	Current System	New loan system w existing cap	Net Change
Taxpayer	-6994	-5108	1886
Student	5084	5284	200
Graduate	-5485	-7371	-1886
University	7395	7195	-200
Sum	0	0	0

This table shows that reforming the loan and bursary system but keeping the fee cap the same:

- saves the taxpayer £1886 *per student per year* (from reducing the loan subsidy)
- costs graduates £1886 *per student per year* (from increased loan repayments)
- saves students £200 *per year* (in additional bursary money)
- costs universities £200 *per student year* (in additional bursary payments)

Circular flows: new loan system with 20% uplift, HEFCE frozen, £4,887 fee

	Current System	New loan system w £4887 fee	Net Change
Taxpayer	-6994	-5236	1758
Student	5084	5284	200
Graduate	-5485	-8881	-3396
University	7395	8832	1437
Sum	0	0	0

This table shows that reforming the loan and bursary system and increasing the fee cap to £4887:

- *saves the taxpayer £1758 per student per year* (from reducing the loan subsidy)
- *costs graduates £3396 per student per year* (from increased loan repayments)
- *saves students £200 per student per year* (in additional bursary payments)
- *benefits universities £1437 per student year* (in additional fee income less additional bursary money)

Circular flows: New loan system, HEFCE frozen, £7k fee

	Current System	New loan system w £7k fee	Net Change
Taxpayer	-6994	-5583	1412
Student	5084	5284	200
Graduate	-5485	-10699	-5214
University	7395	10998	3603
Sum	0	0	0

This table shows that reforming the loan and bursary system, removing the HEFCE element and increasing the fee cap to £:

- *saves the taxpayer £1412 per student per year* (from reducing the loan subsidy)
- *costs graduates £5214 per student per year* (from increased loan repayments)
- *saves students £200 per student per year* (in additional bursary payments)
- *benefits universities £3603 per student year* (in additional fee income less additional bursary money)

Circular flows: New loan system, 20% uplift, HEFCE zero, £8,910 fee

	Current System	New loan system w £8910 fee	Net Change
Taxpayer	-6994	-1958	5036
Student	5084	5284	200
Graduate	-5485	-12159	-6674
University	7395	8832	1438
Sum	0	0	0

This table shows that reforming the loan and bursary system and increasing the fee cap to £8910:

- *saves the taxpayer £5036 per student per year (from reducing the loan subsidy and saving on HEFCE grant money)*
- *costs graduates £6674 per student per year (from increased loan repayments)*
- *saves students £200 per student per year (in additional bursary payments)*
- *benefits universities £1438 per student per year (in additional fee income less additional bursary money less lost HEFCE money)*

Circular flows

- The circular flows highlight (among other things!) the substantial increase in the graduate contribution under all the scenarios modelled
- E.g. The equivalent of an *additional average*
 - £1,900 per graduate each year (for 3 years) under the new loan system with the current fee cap
 - £3,400 per graduate each year (for 3 years) under the 20% uplift with HEFCE frozen
 - £5,200 per graduate each year (for 3 years) under the £7000 fee cap
 - £6,700 per graduate each year (for 3 years) under the 20% uplift with HEFCE down to 0
- Note these are averages across all graduates, with many of the poorest protected from the increases, meaning much bigger additional contributions from those with higher lifetime earnings

Some thoughts about the 10% discount at the end of graduation

- It looks to us like with your new loan system in place, this discount would probably not represent very good value to the taxpayer
- Of course this depends on exactly who decides to take it out:
 - For most graduates the implicit subsidy in your new loan system is far less than 10%: many are net contributors into the system, essentially paying for the protection to the poorest from the 30 year write off - if they could afford to, it would always be in their interests to take the discount instead, and this would make the taxpayer's position worse
 - For the poorest graduates, if they take the discount it *would* help the taxpayer in the longer term but at the expense of the lowest lifetime earners!
- On the other hand, it would bring forward re-payments which gives a cash flow advantage (at a cost!).